

ONE Minute Brief

3 May 2016

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Economic and Political News

The investigation into suspended police commissioner, General Riah Phiyega's, fitness to hold office has begun and will be decided in the next five weeks.

The South African Communist Party (SACP) deputy general secretary, Jeremy Cronin, stated that arms deal corruption charges against President, Jacob Zuma should be reinstated in order to help him clear his reputation and that of the nation. Meanwhile, the SACP went on to mention that Cronin's comment regarding the reinstatement against Zuma were "misrepresented".

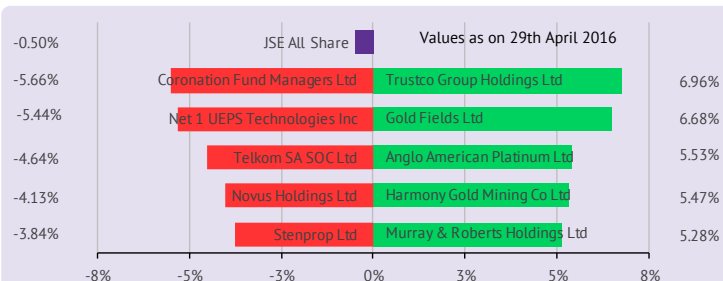
Cosatu President, S'dumo Dlamini, urged the labourers to defend the federation and fight to stop the pending job losses in the current economic climate.

The Democratic Alliance (DA) declared that the setting up of a trust by ANC to return the money to upgrade President Jacob Zuma's private residence at Nkandla is disgraceful and is similar to asking the citizens to pay for the expensive renewals for a second time.

South Africa Market ▼

South African markets closed lower

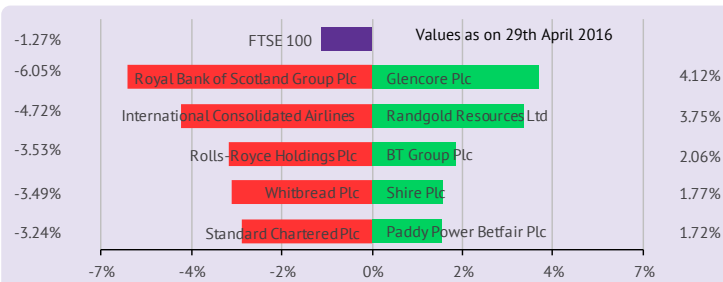
Markets were closed yesterday in South Africa on account of a public holiday. The JSE All Share Index fell 0.5% on Friday to close at 52,957.32, despite solid gains in gold mining sector stocks.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets were closed yesterday on account of a public holiday. The FTSE 100 Index declined 1.3% on Friday to close at 6,241.89, pulled lower by travel and finance sector stocks.



Key Indices

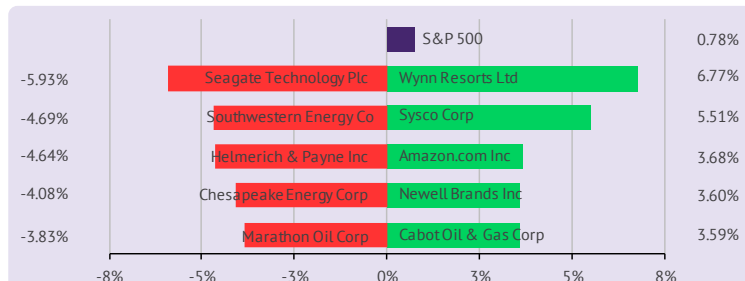
	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share*	52957.32	▼ -266.66	-0.50%	0.00%	0.00%	1.35%	4.47%
JSE Top 40*	46471.00	▼ -322.34	-0.69%	0.00%	0.00%	0.72%	1.47%
FTSE 100*	6241.89	▼ -80.51	-1.27%	0.00%	0.00%	1.08%	-0.01%
DAX 30	10123.27	▲ 84.30	0.84%	0.84%	0.84%	0.74%	-5.77%
CAC 40	4442.75	▲ 13.79	0.31%	0.31%	0.31%	1.00%	-4.19%
S&P 500	2081.43	▲ 16.13	0.78%	0.78%	0.78%	0.27%	1.83%
Nasdaq Composite	4817.59	▲ 42.24	0.88%	0.88%	0.88%	-1.94%	-3.79%
DJIA	17891.16	▲ 117.52	0.66%	0.66%	0.66%	0.50%	2.68%

*Values as on 29th April 2016

US Market ▲

The S&P 500 futures are trading in the red

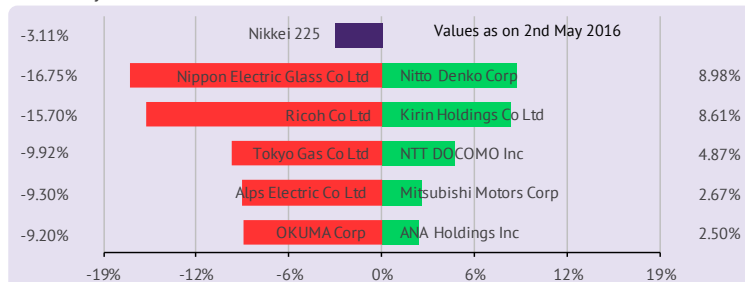
US markets closed higher yesterday, amid gains in consumer discretionary stocks. Data indicated that the US ISM manufacturing activity expanded less-than-expected in April. The S&P 500 Index climbed 0.8% to close at 2,081.43.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Earlier in the session, data showed that China's Caixin manufacturing PMI contracted again in April. Markets in Japan are closed today on account of a public holiday.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R14.2616. Later today, traders will keep a watch on the US ISM New York index for further cues. Additionally, South Africa's Barclays manufacturing PMI will also grab market attention.

The US Dollar rose against the South African Rand yesterday., Data showed that the US ISM manufacturing activity expanded modestly in April, due to a slowdown in new orders, thus indicating less signs of a pickup in businesses. Meanwhile, construction spending rose on a monthly basis to reach an eight and half year high level in March. Meanwhile, the Markit manufacturing activity index declined slightly in April.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R20.9395. Later today, traders will monitor UK's Markit manufacturing PMI for further direction. Additionally, the Barclays manufacturing PMI in South Africa will garner market attention.

The British Pound advanced against the South African Rand yesterday. Data released on Friday indicated UK's net consumer credit surprisingly expanded in March.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R16.4443. Going forward, market participants will keep a tab on the Eurozone's producer price index and the European commission's economic forecast.

The Euro strengthened against the South African Rand yesterday, after Eurozone's Markit manufacturing activity expanded slightly in April, with an improvement in factories and output not losing much pace as initially expected. Moreover, the German Markit manufacturing PMI advanced to a three-month high in April.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% firmer against the South African Rand at R10.9909. Earlier in the session, the Reserve Bank of Australia unexpectedly slashed the benchmark interest rate to 1.75%. Elsewhere, in China, Australia's largest business partner, the Caixin manufacturing PMI fell unexpectedly in April and remained in contraction territory for the 14th consecutive month.

The Australian Dollar fell against the South African Rand yesterday, after Australia's NAB business conditions and business confidence both eased in April.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.2616	▼	0.27%	0.27%	0.27%	-3.60%	-7.75%
GBPZAR	20.9395	▼	0.68%	0.68%	0.68%	-1.89%	-8.16%
EURZAR	16.4443	▼	0.99%	0.99%	0.99%	-3.01%	-2.05%
AUDZAR	10.9909	▲	1.10%	1.10%	1.10%	-4.28%	-3.69%
EURUSD	1.1531	▼	0.73%	0.73%	0.73%	0.62%	6.14%
GBPUSD	1.4682	▲	0.45%	0.45%	0.45%	1.72%	-0.47%
Brent (\$/barrel)	46.2	▲	-4.78%	-4.78%	-4.78%	19.34%	22.93%
Gold (\$/oz)	1296.4	▲	0.41%	0.41%	0.41%	4.56%	22.22%
Platinum (\$/oz)	1082.9	▼	0.74%	0.74%	0.74%	10.42%	21.83%
Copper (\$/MT)*	5064.0	-	0.00%	NA	0.00%	3.76%	7.61%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged marginally higher to trade at \$1,296.40/oz.

Yesterday, gold prices rose 0.4% to close at \$1,295.80/oz, amid a broad weakness in the US Dollar, increased demand for the safe-haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.8% to trade at \$46.21/bl.

Yesterday, Brent crude oil dropped 4.8% to settle at \$45.83/bl, after signs of an increased output from the Organisation of Petroleum Exporting Countries (OPEC), resurfaced oversupply fears.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.3% to trade at \$1,082.90/oz.

Yesterday, platinum prices climbed 0.7% to close at \$1086.40/oz.



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Major South Africa Corporate News

Allied Electronics Corporation Limited

In its trading statement for FY16, the company stated that its headline EPS from continuing operations is expected to be between 116.00c and 126.00c, indicating a fall in the range of 8.0% to 15.0% from the same period of the prior year. Its basic EPS is expected drop between 20.0% and 28.0% from the corresponding period of the preceding year to be in the range of 100.00c to 110.00c.

Coronation Fund Managers Limited

In its trading update for 1H16, the company indicated that it expects its diluted headline EPS to decline to between 222.00c and 246.70c, but not more than 10.0% from the corresponding period of the prior year.

SABMiller Plc

The company announced that it was notified by Anheuser-Busch InBev that it has submitted an updated package of commitments to the European Commission in which the company will divest the entirety of SABMiller's businesses in Central and Eastern Europe

Tiger Brands Limited

The company announced that Chief Financial Officer and Executive Director, Mrs Funke Ighodaro has resigned from her position but will continue to remain with the company until July 31, 2016.

Major Global Economic News

US

In April, the ISM manufacturing activity index in the US eased to 50.80, compared to a reading of 51.80 in the prior month. Markets were anticipating the index to ease to 51.40.

The final Markit manufacturing PMI in the US registered a drop to 50.80 in April, at par with market expectations. The preliminary figures had also indicated a fall to 50.80 and compared to a level of 51.50, in the previous month.

The ISM prices paid index in the US recorded a rise to 59.00 in April, following a reading of 51.50 in the previous month. Market anticipation was for the index to climb to 52.00.

In March, construction spending in the US climbed 0.3% on a monthly basis, less than market expectations for a rise of 0.5%. Construction spending had risen by a revised 1.0% in the prior month.

Asia

The Reserve Bank of Australia surprisingly slashed its interest rate by 25 basis points to 1.75%, against market expectations of an unchanged rate of 2.00%.

In China, Caixin/Markit manufacturing PMI index recorded an unexpected drop to 49.40 in April, compared to a level of 49.70 in the previous month. Market expectation was for index to rise to 49.80.

Eurozone

In the Eurozone, the final manufacturing PMI registered an unexpected rise to a level of 51.70 in April, compared to a level of 51.60 in the prior month. Market anticipation was for the index to fall to a level of 51.50.

In Germany, the final manufacturing PMI registered a rise to 51.80 in April, compared to a reading of 50.70 in the previous month. The preliminary figures had recorded an advance to 51.90 and the anticipation was for index to rise to 51.90.

In April, the final manufacturing PMI recorded a drop to 48.00 in France, lower than market expectations of a fall to a level of 48.30. In the prior month, the index had registered a reading of 49.60.

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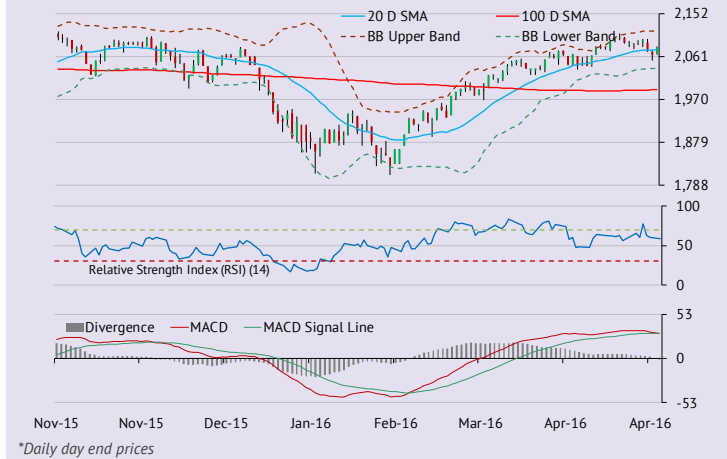
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 52,620.37, and a fall through could take it to the next support level of 52,283.42. The index is expected to find its first resistance at 53,442.79, and a rise through could take it to the next resistance level of 53,928.26.

S&P 500



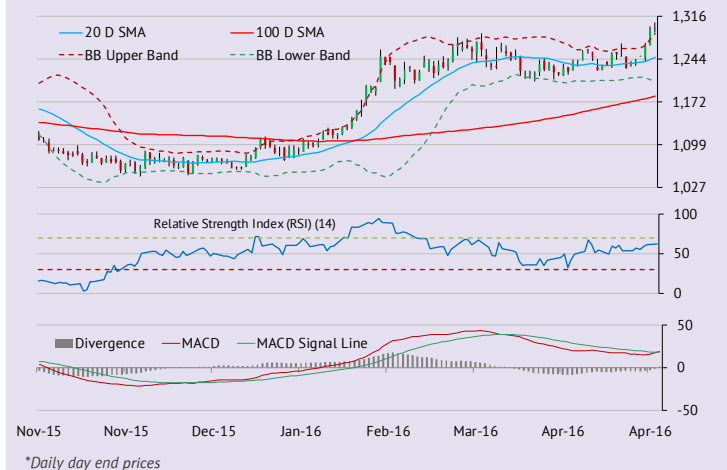
The S&P 500 index is expected to find support at 2,055.84, and a fall through could take it to the next support level of 2,030.26. The index is expected to find its first resistance at 2,103.45, and a rise through could take it to the next resistance level of 2,125.48.

USDZAR



The pair is expected to find support at 14.0546, and a fall through could take it to the next support level of 13.8359. The pair is expected to find its first resistance at 14.5513, and a rise through could take it to the next resistance level of 14.8293.

XAU/USD



Gold is expected to find support at \$1,250.53/oz, and a fall through could take it to the next support level of \$1,205.27/oz. The precious metal is expected to find its first resistance at \$1,323.53/oz, and a rise through could take it to the next resistance level of \$1,351.27/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	Caixin/Markit Manufacturing PMI (Apr)	✓✓	49.40*	49.70	Monthly
UK	10:30	Markit Manufacturing PMI (Apr)	✓✓	51.20	51.00	Monthly
Eurozone	11:00	European Commission Economic Forecasts	✓✓	-	-	As scheduled
Eurozone	11:00	Producer Price Index (MoM) (Mar)	✓	0.00%	-0.70%	Monthly
South Africa	11:00	PMI Manufacturing (Apr)	✓✓	49.90	50.50	Monthly
Eurozone	11:00	ECB's Mersch Speaks in Frankfurt	✓	-	-	As scheduled
US	14:55	Redbook Index s.a. (MoM) (29-Apr)	✓	-	-3.10%	Weekly
US	15:45	ISM New York Index (Apr)	✓	-	50.40	Monthly
US	16:00	IBD/TIPP Economic Optimism (MoM) (May)	✓	46.50	46.30	Monthly
Canada	18:30	Bank of Canada's Poloz Speaks on Panel in Los Angeles	✓✓	-	-	As scheduled
South Africa	-	Naamsa Vehicle Sales (YoY) (Apr)	✓	-8.20%	-14.00%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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