

ONE Minute Brief

18 May 2016

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Economic and Political News

The Economic Freedom Fighters (EFF) party's 20 members were forcibly removed from the parliament by the protection services, after the EFF members tried to prevent an address by President Jacob Zuma, stating he was unfit to address the house after recent court decisions. Meanwhile, President Zuma stated that the behaviour from the opposition parties was the result of a very violent society.

Minister of Finance, Pravin Gordhan, mentioned that the recent reports regarding his arrest have been shocking and extremely upsetting and that he along with his lawyers would meet the police unit, Hawks and the National Prosecuting Authority for further information and clarity. He further added that it was hard to believe that he was being investigated by the Hawks for something he was completely innocent of.

The Treasury's Director-General, Lungisa Fuzile, stated that the strict revenue and fiscal consolidation targets set up for 2016/17 budget, are on track to be achieved, despite signs that the nation's economy was inching towards prolonged period of low growth.

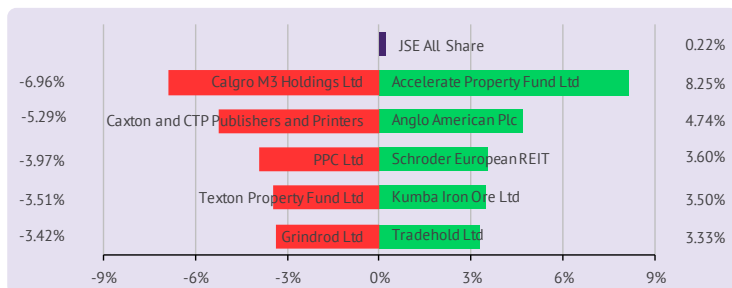
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52528.84	▲	116.16	0.22%	1.80%	-0.81%	1.35%	3.62%
JSE Top 40	46393.38	▲	135.04	0.29%	2.18%	-0.17%	0.72%	1.30%
FTSE 100	6167.77	▲	16.37	0.27%	0.48%	-1.19%	1.08%	-1.19%
DAX 30	9890.19	▼	-62.71	-0.63%	-0.63%	-1.48%	0.74%	-7.94%
CAC 40	4297.57	▼	-14.71	-0.34%	-0.52%	-2.97%	1.00%	-7.32%
S&P 500	2047.21	▼	-19.45	-0.94%	0.03%	-0.88%	0.27%	0.16%
Nasdaq Composite	4715.73	▼	-59.73	-1.25%	-0.04%	-1.25%	-1.94%	-5.82%
DJIA	17529.98	▼	-180.73	-1.02%	-0.03%	-1.37%	0.50%	0.60%

South Africa Market ▲

South African markets closed higher

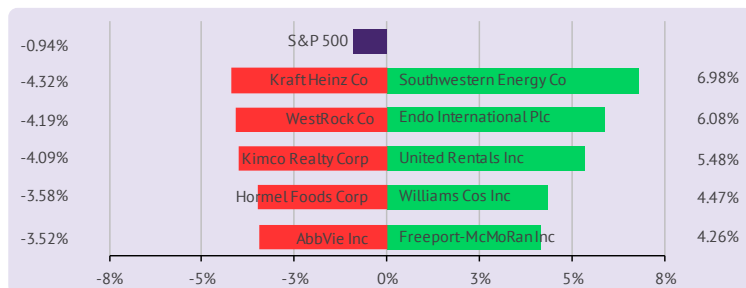
South African markets closed in the green yesterday, amid gains in resources sector stocks. The JSE All Share Index rose 0.2% to close at 52,528.84.



US Market ▼

The S&P 500 futures are trading in the red

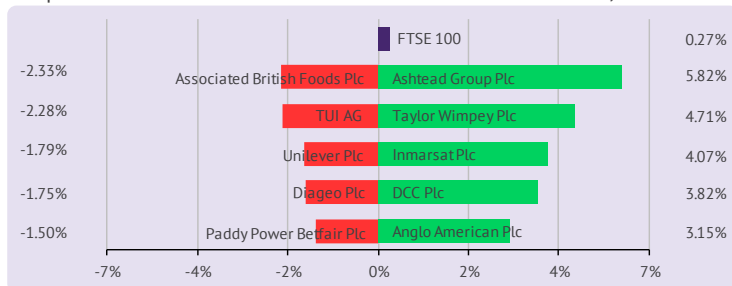
US markets closed lower yesterday, weighed down by losses in consumer staples sector stocks. Data revealed that US consumer prices advanced at its quickest pace in three years in April. The S&P 500 Index dropped 1.0% to close at 2,047.21.



UK Market ▲

The FTSE 100 futures are trading in negative territory

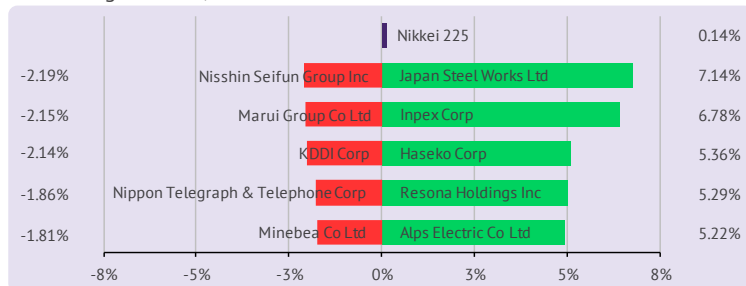
UK markets finished higher yesterday, after housebuilder, Taylor Wimpey announced plans for a special dividend in July 2017. Data revealed that UK's prices growth slowed in April for the first time since September. The FTSE 100 Index advanced 0.3% to close at 6,167.77.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Earlier in the session, Japan's gross domestic product (GDP) advanced more-than-expected on a quarterly basis in 1Q16. The Nikkei 225 Index is trading 0.1% higher at 16,676.45.



Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.7% higher against the South African Rand at R15.6537. Later today, traders will keep a tab on minutes released from the latest FOMC meeting and US MBA mortgage applications for further direction. Additionally, South Africa's consumer price index and retail sales will also be on investors' radar.

The US Dollar fell against the South African Rand yesterday, despite consumer prices in the US advancing at it quickest pace in more than three years in April, led by rising gasoline prices and rents. Moreover, the nation's manufacturing output indicated a turnaround in April, as it rose for the first time in three months, due to a pickup in demand in the auto sector. Further, industrial production showed a sharp rebound in April, its biggest increase since November 2014. Additionally, US housing starts advanced more-than-expected in April, while building permits advanced less-than-expected in the same month.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.6% firmer against the South African Rand at R22.6110. Later today, traders will keep an eye on UK's ILO unemployment rate, claimant count rate and the CB leading economic index for further clues. Additionally, traders will closely watch South Africa's consumer price index and retail sales.

The British Pound declined against the South African Rand yesterday, after consumer price growth slowed on a yearly basis in the UK in April for the first time since September 2015, led by cheaper airfares as the rally around the Easter holidays faded, thus painting a worsening picture for the UK economy. Moreover, the retail price index rose lower than estimated in April.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.5% higher against the South African Rand at R17.6712. Going forward, market participants will keep a tab on the Euro-zone's consumer price index scheduled in a few hours.

The Euro weakened against the South African Rand yesterday, despite Eurozone's trade surplus expanding in March, reaching a three-month high, amid a drop in imports.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R11.3943. Earlier in the session, Australia's Westpac leading index advanced in April.

The Australian Dollar fell against the South African Rand yesterday. The Reserve Bank of Australia's May monetary policy meeting minutes indicated that the policy makers considered keeping the interest rate on hold, but a weakening in the inflationary pressures persuaded the central bank to go ahead with the rate cut as it would help the economy.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.6537	▲	-0.67%	0.93%	9.22%	-3.60%	0.48%
GBPZAR	22.6110	▲	-0.27%	1.63%	8.09%	-1.89%	-1.40%
EURZAR	17.6712	▲	-0.82%	0.91%	7.91%	-3.01%	4.67%
AUDZAR	11.3943	▲	-0.19%	1.68%	5.23%	-4.28%	0.24%
EURUSD	1.1285	▼	-0.07%	0.04%	-1.20%	0.62%	4.11%
GBPUSD	1.4431	▼	0.42%	0.68%	-0.99%	1.72%	-1.89%
Brent (\$/barrel)	49.4	▲	0.63%	3.03%	2.39%	19.34%	32.19%
Gold (\$/oz)	1276.3	▼	0.21%	0.33%	-1.05%	4.56%	20.44%
Platinum (\$/oz)	1049.4	▼	0.09%	0.23%	-2.22%	10.42%	18.26%
Copper (\$/MT)*	4659.0	▲	0.20%	0.50%	-8.00%	3.76%	-0.99%

*As of Previous Close

Gold ▼

Trading in the red

Gold prices dropped marginally at 06:00 SAST, to trade at \$1,276.30/oz, reversing previous session gains.

Yesterday, gold prices rose 0.2% to close at \$1,276.90/oz, amid a broad weakness in the US Dollar and a decline in the major global equity markets, increased demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.2% to trade at \$49.36/bl.

Yesterday, Brent crude oil advanced 0.6% to settle at \$49.28/bl, as recent supply outages raised expectations that the global glut of crude will soon shrink. Moreover, the American Petroleum Institute (API) reported that crude oil inventories declined 1.1mn bls last week.

Platinum ▼

Trading in negative territory

Platinum prices dropped 0.5% at 06:00 SAST, to trade at \$1,049.40/oz, reversing previous session gains.

Yesterday, platinum prices climbed 0.1% to close at \$1054.50/oz.



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Major South Africa Corporate News

Aspen Pharmacare Holdings Limited

The company announced that it has concluded an agreement with Ani Pharmaceuticals for distribution of hydroxyprogesterone caproate injection in a finished dose form in the US. It was agreed that Aspen Global would be responsible for supplying the drug, while Ani Pharmaceuticals would be responsible for its marketing and distribution in the US.

Capital & Counties Properties Plc

The company indicated that it has signed a significant pre-let for its Kings Court development in Covent Garden, whereby the lifestyle brand Petersham Nurseries, will occupy over 16,000 square feet, close to 60% of the scheme's commercial space. It also stated that the development of Kings Court is progressing well and is on track for completion in 2017.

Coronation Fund Managers Limited

In its 1H16 results, the company stated that its revenue decreased to R2.07bn from R2.17bn posted in the corresponding period of the previous year. Its diluted headline EPS fell 6.9% from the same period of the prior year to 229.70c. Its profit before income tax stood at R1.07bn, compared with R1.17bn recorded in the corresponding period of the previous year.

Impala Platinum Holdings Limited

The company confirmed that two employees have been reported missing after a fall of ground incident at Impala Rustenburg's 1 Shaft during the morning shift of May 17, 2016.

Steinhoff International Holdings NV

The company indicated that at the close of business on May 16, 2016, Conforama and its concerned parties held 108,025,242 Darty shares, which is approximately 20.4% of the current issued share capital of Darty.

Super Group Limited

The company revealed that it would acquire the Western Cape dealership business from Sandown Motors Holdings Proprietary Limited. It will also acquire a property located at Century City for R200.00mn. The purchase price for the Sandown Motors acquisition is between R492.00mn and R512.00mn, which will be settled from cash resources.

Major Global Economic News

US

In the US, the consumer price index (CPI) registered an increase of 0.4% on a monthly basis in April, higher than market expectations for an advance of 0.3%. In the prior month, the index had risen 0.1%.

In April, US manufacturing production registered a rise of 0.3% on a monthly basis, at par with market expectations. In the previous month, production had recorded a drop of 0.3%.

In the US, on a monthly basis, industrial production advanced 0.7% in April, higher than market expectations for a rise of 0.3%. Industrial production had dropped by a revised 0.9% in the prior month.

The building permits advanced 3.60%, on monthly basis, to an annual rate of 1116.00K in April, in the US, compared to market expectations of 1135.00 K. In the prior month, building permits had registered a revised reading of 1077.00K.

Asia

In Japan, the flash GDP rose 0.4% on a quarterly basis in 1Q16, higher than market expectations for a rise of 0.1%. GDP had dropped 0.3% in the previous quarter.

The Westpac leading index in Australia recorded a rise of 0.2% on a monthly basis, in April. The index had dropped by a revised 0.1% in the previous month.

In China, the house price index recorded a rise of 6.2% on a yearly basis, in April. In the prior month, the index had climbed 4.9%.

UK

On an annual basis in April, the CPI climbed 0.3% in the UK, less than market expectations for an advance of 0.5%. In the previous month, the index had registered a rise of 0.5%.

The retail price index in the UK registered a rise of 0.1%, on monthly basis, to a level of 261.40 in April, lower than market expectations of 261.90. The index had registered a reading of 261.10 in the previous month.

On an annual basis, the DCLG house price index climbed 9.0% in the UK, in March, following a rise of 7.6% recorded in the previous month.

Eurozone

In the Eurozone, the seasonally adjusted trade surplus widened to EUR22.30bn in March, from a revised surplus of EUR20.60bn in the previous month. Markets were anticipating the region to post a surplus of EUR22.00bn.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Gross Domestic Product (QoQ) (Q1) (P)	✓✓	0.40%*	-0.40%	Quarterly
Japan	01:50	Gross Domestic Product Annualised (Q1) (P)	✓✓✓	1.70%*	-1.70%	Quarterly
China	03:30	House Price Index (YoY) (Apr)	✓	6.20%*	4.90%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Apr)	✓✓	0.80%	0.80%	Monthly
UK	10:30	Average Earnings excluding Bonus (3Mo/Yr) (Mar)	✓	2.30%	2.20%	Monthly
UK	10:30	Claimant Count Rate (Apr)	✓✓	2.10%	2.10%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Mar)	✓✓	5.10%	5.10%	Monthly
UK	10:30	Average Earnings including Bonus (3Mo/Yr) (Mar)	✓✓	1.70%	1.80%	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Apr)	✓✓	0.00%	1.20%	Monthly
US	13:00	MBA Mortgage Applications (13-May)	✓	-	0.40%	Weekly
South Africa	13:00	Retail Sales (MoM) (Mar)	✓✓	0.40%	0.50%	Monthly
Canada	14:30	Canadian portfolio investment in foreign securities (Mar)	✓	-	CAD4.37bn	Monthly
Canada	14:30	Foreign portfolio investment in Canadian securities (Mar)	✓	CAD10.35bn	CAD15.94bn	Monthly
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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