

ONE Minute Brief

1 June 2016

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Economic and Political News

South Africa has registered trade surplus of ZAR0.40bn in April, from a revised trade surplus of ZAR2.00bn in the prior month. Market anticipation was for a deficit of ZAR0.90bn.

On an annual basis, the private sector credit in South Africa climbed 7.0% in April, lower than market expectations for a rise of 8.8%. In the previous month, the private sector credit had recorded a revised rise of 8.7%.

Ahead of the Standard & Poor's sovereign ratings on South Africa to be released later in the week, the African National Congress(ANC), secretary-general Gwede Mantash, stated that the rating agencies have raised the topic of ANC's 2017 leadership battle as one of the political risks in South Africa.

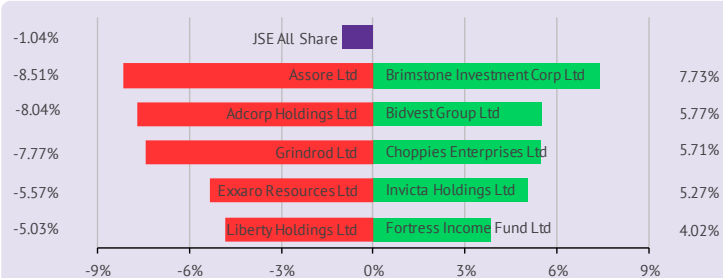
The DA claimed that ANC has misused amounts close to ZAR20.00bn over the past five years in unauthorised expenditures.

The SABC CEO, Hlaudi Motsoeneng announced that public broadcaster's 90% local content quota will be adopted by its TV channels.

South Africa Market ▼

South African markets closed lower

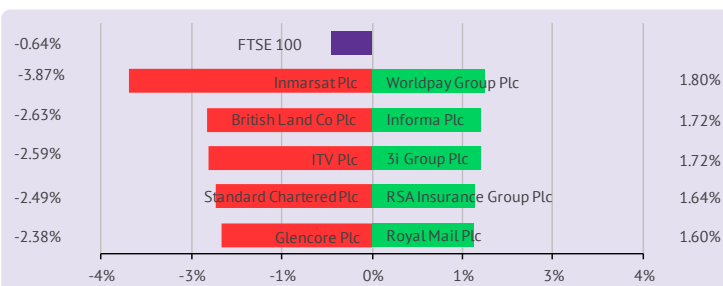
South African markets closed in the red yesterday, amid losses in platinum mining sector stocks. Data indicated that South Africa's trade surplus narrowed in April. The JSE All Share Index fell 1.0% to close at 53,905.21.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, weighed down by a fall in shares of satellite communications company, Inmarsat Plc. The FTSE 100 Index declined 0.6% to close at 6,230.79.



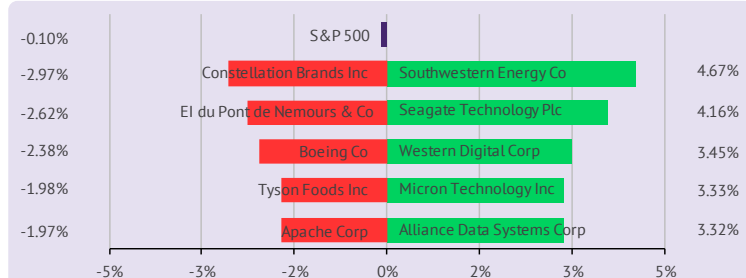
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53905.21	▼ -568.88	-1.04%	-0.37%	NA	1.79%	6.34%
JSE Top 40	47974.09	▼ -473.51	-0.98%	-0.20%	NA	3.23%	4.75%
FTSE 100	6230.79	▼ -40.00	-0.64%	-0.64%	NA	-0.18%	-0.18%
DAX 30	10262.74	▼ -70.49	-0.68%	-0.23%	NA	2.23%	-4.47%
CAC 40	4505.62	▼ -23.78	-0.53%	-0.20%	NA	1.73%	-2.83%
S&P 500	2096.96	▼ -2.10	-0.10%	-0.10%	NA	1.53%	2.59%
Nasdaq Composite	4948.06	▲ 14.55	0.29%	0.29%	NA	3.62%	-1.19%
DJIA	17787.20	▼ -86.02	-0.48%	-0.48%	NA	0.08%	2.08%

US Market ▼

The S&P 500 futures are trading in the green

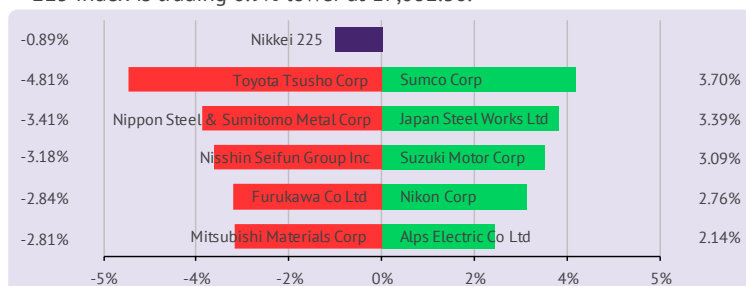
US markets closed lower yesterday, led by losses in energy sector stocks. Data revealed that the consumer confidence index in the US dropped surprisingly in May. The S&P 500 Index dropped 0.1% to close at 2,096.95.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Private data revealed that Chinese manufacturing output contracted in May while the official data suggested expansion for the third consecutive month. The Nikkei 225 Index is trading 0.9% lower at 17,082.30.



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 lower against ZAR

At 06:00 SAST, the US Dollar fell marginally against the South African Rand to trade at R15.7041. Later today, traders will keep a close watch on ISM and Markit surveys on the manufacturing PMI in the US for further direction. Moreover, the construction spending and ISM prices paid and new orders will be eyed by the investors'. Additionally, South Africa's Barclays manufacturing PMI will be on investors radar.

The US Dollar fell against the South African Rand yesterday, after confidence amongst the Americans regarding the overall business conditions and labour market in May, fell to its lowest level since late 2015. Meanwhile, the consumer spending rose more than expected in April, registering its biggest increase in six years, while personal income also advanced at par with market expectations in the same month. Elsewhere, South Africa's trade surplus narrowed in April, while the private sector credit rose less than expected in the same month.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound rose marginally against the South African Rand to trade at R22.7562. Later today, traders will eye UK's Markit manufacturing PMI and consumer credit for further clues.

The British Pound declined against the South African Rand yesterday. Separately, in South Africa, the private sector credit growth slowed on an annual basis in April, while the trade surplus narrowed during the same month.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R17.4690. Going forward, market participants will keep a tab on Markit's survey on the manufacturing PMI across the Eurozone, scheduled for release in a few hours.

The Euro weakened against the South African Rand yesterday. Separately, Eurozone's unemployment rate remained steady at 10.2% in April, marking its lowest level since August 2011. Moreover, the consumer prices eased on an annual basis in May, remaining in deflation, amid a sharp fall in energy and raw material prices. Separately, Germany's unemployment rate fell in May to 6.1%, while the jobless rate sank to its lowest level in more than 25 years.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.6% firmer against the South African Rand at R11.4279. Australia's economy expanded more than expected in the first quarter of 2016, amid strong export volumes and household spending on services. Elsewhere, in China, Australia's largest trading partner Markit/Caixin PMI eased in line with market expectations in May.

The Australian Dollar rose against the South African Rand yesterday, after Australia's current account deficit narrowed in the 1Q16. Moreover, the nation's private sector credit advanced slightly at par with market expectations in April.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.7041	▼	-0.66%	-0.13%	NA	10.36%	1.52%
GBPZAR	22.7562	▲	-1.77%	-1.10%	NA	9.38%	-0.22%
EURZAR	17.4690	▼	-0.73%	0.04%	NA	7.28%	4.05%
AUDZAR	11.4279	▲	0.01%	0.57%	NA	4.99%	0.01%
EURUSD	1.1122	▼	-0.05%	0.15%	NA	-2.78%	2.45%
GBPUSD	1.4484	▲	-1.07%	-0.96%	NA	-0.85%	-1.76%
Brent (\$/barrel)	49.4	▼	0.26%	1.16%	NA	3.66%	33.83%
Gold (\$/oz)	1217.2	▲	0.08%	0.08%	NA	-5.87%	14.58%
Platinum (\$/oz)	978.1	▼	-0.18%	-0.18%	NA	-9.09%	9.95%
Copper (\$/MT)*	4696.8	▼	-0.50%	-0.50%	NA	-7.25%	-0.19%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.2% to trade at \$1,217.20/oz.

Yesterday, gold prices rose 0.1% to close at \$1,214.80/oz, reversing previous session losses.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged lower 0.9% to trade at \$49.42/bl.

Yesterday, Brent crude oil advanced 0.3% to settle at \$49.89/bl, as optimism increased among investors that the global glut of crude will soon ease.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$978.10/oz.

Yesterday, platinum prices declined 0.2% to close at \$980.40/oz.

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Major South Africa Corporate News

Mr Price Group Limited

In its FY16 results, the company stated that retail sales increased to R19.04bn from R17.29bn posted in the previous year. Its diluted headline EPS rose 17.1% from the prior year to 1,012.90c. Its profit before tax rose to R3.67bn, compared with R3.16bn recorded in the preceding year.

Murray & Roberts Holdings Limited

The company announced that the final award to the Bombela Civil Joint Venture has been determined at R624.00mn. The Bombela Civil Joint Venture lodged a claim through the Bombela Concession Company against the Gauteng Provincial Government, related to the cost of construction of the Gautrain Sandton Station Cavern.

PPC Limited

In its trading statement, the company indicated that the basic headline EPS for 1H16 is expected to be between 54.00c and 48.00c, indicating a decrease between 10.0% and 20.0% compared with the preceding year. It indicated that S&P Global Ratings downgraded the company's long- and short-term South African national scale corporate credit ratings to zaBB-/zaB.

The Bidvest Group Limited

The company announced the Bidvest ordinary shares must be apportioned in the ratio of 28.05585% to a Bidvest ordinary share held after the unbundling of its foodservices business and 71.94415% to an unbundled BidCorp ordinary share. The ratios are based on the closing price of R118.55 per Bidvest share and R304.00 per BidCorp share as on May 30, 2016.

Major Global Economic News

US

The CB consumer confidence index in the US recorded an unexpected drop to a level of 92.60 in May, lower than market expectations of an advance to 96.10. In the previous month, the index had recorded a revised reading of 94.70.

In April, on a monthly basis, personal income advanced 0.4% in the US, meeting market expectations. In the previous month, personal income had registered a similar rise.

Personal spending in the US recorded a rise of 1.0% on a monthly basis in April, more than market expectations for a rise of 0.7%. Personal spending had recorded a revised unchanged reading in the previous month.

In the US, the Chicago Fed purchasing managers index eased unexpectedly to a level of 49.30 in May, lower than market expectations of a rise to 50.50. The index had registered a reading of 50.40 in the previous month.

Asia

The Caixin/Markit manufacturing PMI index in China dropped to 49.20 in May, compared to a level of 49.40 in the previous month. Markets were anticipating index to ease to a level of 49.20.

The NBS manufacturing PMI in China remained flat at 50.10 in May. Market anticipation was for the manufacturing PMI to drop to a level of 50.00.

In May, the final manufacturing PMI in Japan eased to 47.70, compared to a reading of 48.20 in the prior month. The preliminary figures had indicated a drop to 47.60.

In 1Q16, the seasonally adjusted gross domestic product (GDP) climbed 1.1% on a quarterly basis in Australia, compared to a revised advance of 0.7% in the previous quarter. Markets were anticipating GDP to advance 0.6%.

Eurozone

In the Eurozone, the unemployment rate remained flat at a level of 10.2% in April. Market expectation was for the unemployment rate to remain unchanged.

The final consumer price index (CPI) in the Eurozone registered a drop of 0.1% in May on an annual basis, compared to a drop of 0.2% in the previous month. The preliminary figures had indicated a drop of 0.2% and the markets were anticipating the CPI to fall 0.1%.

In Germany, the seasonally adjusted unemployment rate eased unexpectedly to 6.1% in May, compared to market expectations of a steady reading. In the prior month, unemployment rate had recorded a reading of 6.2%.

In Germany, retail sales recorded an unexpected drop of 0.9% in April on a monthly basis, lower than market expectations for a rise of 0.9%. In the previous month, retail sales had dropped by a revised 1.4%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (May)	✓	-1.80%*	-1.70%	Monthly
Japan	01:50	Capital Spending (Q1)	✓✓	4.20%*	8.50%	Quarterly
China	03:00	NBS Manufacturing PMI (May)	✓✓	50.10*	50.10	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (May)	✓✓	49.20*	49.40	Monthly
Japan	04:00	Nomura/ JMMA Manufacturing PMI (May) (F)	✓✓	47.70*	47.60**	Monthly
Switzerland	07:45	Gross Domestic Product s.a. (QoQ) (Q1)	✓✓	0.30%	0.40%	Quarterly
UK	08:00	Nationwide House Prices s.a. (MoM) (May)	✓	0.30%	0.20%	Monthly
Switzerland	09:15	Real Retail Sales (YoY) (Apr)	✓✓	-	-1.30%	Monthly
Spain	09:15	Markit Manufacturing PMI (May)	✓	52.50	53.50	Monthly
Switzerland	09:30	SVME - PMI (May)	✓✓	54.00	54.70	Monthly
France	09:50	Markit Manufacturing PMI (May) (F)	✓	48.30	48.30**	Monthly
Germany	09:55	Markit Manufacturing PMI (May) (F)	✓✓	52.40	52.40**	Monthly
Eurozone	10:00	Markit Manufacturing PMI (May) (F)	✓✓✓	51.50	51.50**	Monthly
UK	10:30	Gross Consumer Credit (Apr)	✓✓	-	GBP21.41bn	Monthly
UK	10:30	Markit Manufacturing PMI (May)	✓✓	49.60	49.20	Monthly
UK	10:30	Net Consumer Credit (Apr)	✓✓	GBP1.60bn	GBP1.90bn	Monthly
UK	10:30	Mortgage Approvals (Apr)	✓✓	67.90K	71.40K	Monthly
South Africa	11:00	PMI Manufacturing (May)	✓✓	-	54.90	Monthly
US	13:00	MBA Mortgage Applications (27-May)	✓	-	2.30%	Weekly
US	15:45	Markit Manufacturing PMI (May) (F)	✓✓	50.50	50.50**	Monthly
US	16:00	ISM New Orders (May)	✓	-	55.80	Monthly
US	16:00	Construction Spending (MoM) (Apr)	✓✓	0.60%	0.30%	Monthly
US	16:00	ISM Prices Paid (May)	✓✓	58.50	59.00	Monthly
US	16:00	ISM Manufacturing PMI (May)	✓✓	50.30	50.80	Monthly
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled
Japan	-	Japan Foreign Reserves (May)	✓	-	USD1262.50bn	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (May)	✓	-7.70%	-9.20%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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