

ONE Minute Brief

8 June 2016

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Economic and Political News

In May, the SACCCI business confidence index in South Africa fell to a level of 79.30 from a reading of 82.50 in the previous month.

In South Africa, the gross gold & forex reserve recorded a drop to USD46.08bn in May, compared to a level of USD46.96bn in the previous month.

South Africa's President Jacob Zuma and Finance Minister Pravin Gordhan discussed measures to improve economic conditions and struggling state owned firms, ahead of the ratings review by credit rating agency, Fitch.

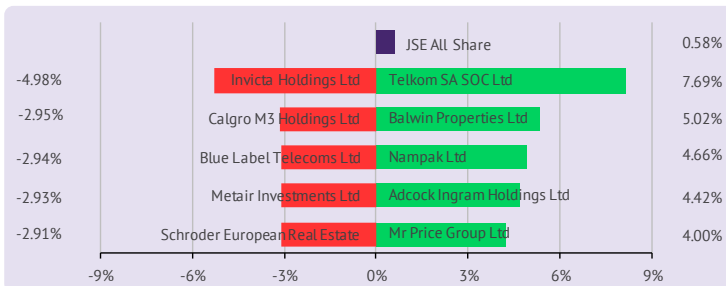
South Africa's Public Protector, Thuli Madonsela, stated that she wanted additional resources to conduct an investigation related to the Gupta family and whether they played a role in influencing President Jacob Zuma's cabinet appointments.

Democratic Alliance (DA) petitioned President Jacob Zuma to refer the Expropriation Bill back to Parliament as the opposition party believes that there were procedural irregularities in the way the bill was passed.

South Africa Market ▲

South African markets closed higher

South African markets rose yesterday, helped by gains in gold miners. Data revealed that South Africa's SACCI business confidence index eased in May from April. The JSE All Share Index rose 0.6% to close at 54,305.73.



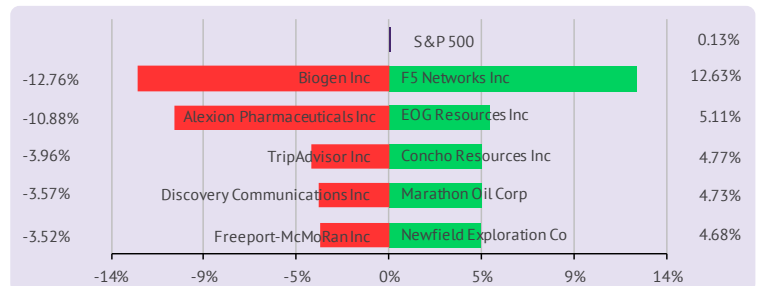
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54305.73	▲	314.97	0.58%	0.09%	0.74%	1.79%	7.13%
JSE Top 40	48053.20	▲	230.82	0.48%	-0.06%	0.16%	3.23%	4.93%
FTSE 100	6284.53	▲	11.13	0.18%	1.21%	0.86%	-0.18%	0.68%
DAX 30	10287.68	▲	166.60	1.65%	1.83%	0.24%	2.23%	-4.24%
CAC 40	4475.86	▲	52.48	1.19%	1.22%	-0.66%	1.73%	-3.48%
S&P 500	2112.13	▲	2.72	0.13%	0.62%	0.72%	1.53%	3.34%
Nasdaq Composite	4961.75	▼	-6.96	-0.14%	0.39%	0.28%	3.62%	-0.91%
DJIA	17938.28	▲	17.95	0.10%	0.74%	0.85%	0.08%	2.95%

US Market ▲

The S&P 500 futures are trading in the red

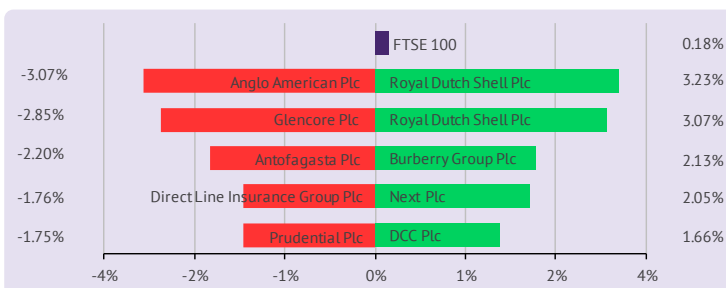
US markets closed higher yesterday, led by gains in energy sector stocks. The S&P 500 Index climbed 0.1% to close at 2,112.13.



UK Market ▲

The FTSE 100 futures are trading in negative territory

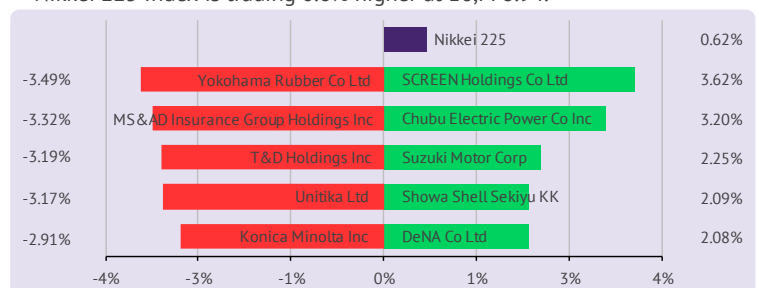
UK markets finished higher yesterday, supported by gains in energy sector stocks. The FTSE 100 Index advanced 0.2% to close at 6,284.53.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Earlier in the session, data indicated that Japan's annualized GDP growth for the first quarter was revised higher to 1.9% from a preliminary reading of 1.7%. The Nikkei 225 Index is trading 0.6% higher at 16,778.94.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar rose marginally against the South African Rand to trade at R14.9184. Later today, traders will keep a close watch on US JOLTS job openings and mortgage applications for further direction. Additionally, South Africa's GDP data will be on investors' radar.

The US Dollar rose marginally against the South African Rand yesterday. Separately, data indicated that the consumer borrowing in the US slowed in April from March. Elsewhere, South Africa's SACCI business confidence index declined to a new record low level in May, weighed down by poor performances in manufacturing and retail sectors. Moreover, the BER business confidence index eased for the second quarter of 2016.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R21.7220. Later today, traders will eye UK NIESR GDP, along with the manufacturing and industrial production data for further clues.

The British Pound advanced against the South African Rand yesterday, reversing previous session losses.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R16.9547. With no major economic releases in the Eurozone today, investor decision will be based on global macroeconomic news.

The Euro strengthened against the South African Rand yesterday, after Eurozone's economic growth rate for the first three months was revised back up to 0.6%, suggesting that the economy gained momentum in the first quarter. Separately, Germany's industrial production indicated a modest rebound in April from March.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R11.1112. Earlier in the session, data indicated that Australia's home loan approvals rose less than expected in April, while the investment lending dropped on a monthly basis during the same month.

The Australian Dollar rose against the South African Rand yesterday. Separately, the Reserve Bank of Australia (RBA) kept the benchmark interest rate steady at 1.75%, at par with market expectations. Explaining the rationale behind the central bank's recent decision to keep the policy unchanged, RBA Governor, Glenn Stevens, commented that policymakers felt that their choice would be consistent with sustainable growth in the economy and inflation returning to target over time.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.9184	▲	0.04%	-1.19%	-5.06%	10.36%	-3.62%
GBPZAR	21.7220	▲	0.69%	-1.05%	-4.70%	9.38%	-4.91%
EURZAR	16.9547	▲	0.06%	-1.27%	-3.13%	7.28%	0.79%
AUDZAR	11.1112	▼	1.27%	0.01%	-2.13%	4.99%	-2.11%
EURUSD	1.1363	▲	0.03%	-0.08%	2.03%	-2.78%	4.53%
GBPUSD	1.4557	▲	0.71%	0.19%	0.43%	-0.85%	-1.33%
Brent (\$/barrel)	51.5	▲	1.76%	3.63%	3.11%	3.66%	37.98%
Gold (\$/oz)	1250.9	▲	-0.02%	0.35%	2.44%	-5.87%	17.37%
Platinum (\$/oz)	1006.7	▲	0.29%	1.78%	1.94%	-9.09%	12.08%
Copper (\$/MT)*	4563.0	▼	-2.68%	-2.84%	-2.85%	-7.25%	-3.03%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.5% to trade at \$1,250.90/oz.

Yesterday, gold prices fell marginally to close at \$1,244.40/oz, as investors mulled over Fed Chief Janet Yellen's recent comments.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.1% to trade at \$51.48/bL.

Yesterday, Brent crude oil advanced 1.8% to settle at \$51.44/bL, following the oil supply disruption in Nigeria and expectations of declining US crude stockpiles. Moreover, the American Petroleum Institute (API) reported that crude oil inventories declined 3.6mn bls last week, marking a third straight week of declines.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.7% to trade at \$1,006.70/oz.

Yesterday, platinum prices climbed 0.3% to close at \$999.40/oz.



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Major South Africa Corporate News

Group Five Limited

In its trading statement for FY16, the company indicated that it expects EPS and headline EPS to increase more than 20.0%, due to improved expected future cash flows from its service concessions based in Eastern Europe.

Hudaco Industries Limited

The company announced that it has purchased the trading assets and liabilities of Brewtech Engineering CC, effective June 01, 2016. There is an initial payment of R29.00mn and the maximum price is R70.00mn. The total consideration would depend on average profits over a three-year period.

Invicta Holdings Limited

In its trading statement for FY16, the company stated that it expects operating profit to decline between 15.0% and 20.0%. It anticipates profit attributable to ordinary shareholders to fall between 25.0% and 30.0% and headline EPS to decrease between 47.0% and 52.0%.

Northam Platinum Limited

The company indicated that the management of its Zondereinde mine has urged employees to return to work, after underground mining activities were suspended. It stated that talks with all parties to reach a constructive conclusion would continue. It also indicated that the mine's management would assist the authorities in the investigation into the deaths of 2 employees.

Major Global Economic News

Asia

On a quarterly basis, the final annualized GDP in Japan, climbed 1.9% in 1Q16, meeting market expectations. The preliminary figures had indicated a rise of 1.7% and annualized GDP had dropped by a revised 1.7%, in the previous quarter.

The trade surplus in Japan narrowed to JPY697.10bn in April, following a (BOP basis) surplus of JPY927.20bn in the prior month. Market expectation was for the nation to record a (BOP basis) surplus of JPY919.00bn.

The trade surplus in China expanded to USD49.98bn in May, following a surplus of USD45.56bn in the prior month. Market anticipation was for the country's surplus to expand to USD55.70bn.

In April, the investment lending registered a drop of 5.0% on a monthly basis, in Australia, compared to a revised 0.8% gain in the prior month.

The World Bank kept China's growth forecast unchanged at 6.7% this year, while Japan is expected to expand by 0.5%, a bit slower than last year.

US

The World Bank expects the US economy to grow 1.9% this year, down from its 2015 growth of 2.4%, led by a steep decline in energy sector investment and weak exports.

In the US, the consumer credit advanced USD13.42bn in April, less than market expectations for a rise of USD18.00bn. Consumer credit had recorded a revised climb of USD28.38bn in the prior month.

Eurozone

The World Bank anticipates that Eurozone is expected to grow at a modest 1.6% in 2016 and 2017 before slipping to 1.5% in 2018.

In the Eurozone, the seasonally adjusted final GDP rose 0.6% on a quarterly basis in 1Q16, compared to an advance of 0.3% in the prior quarter. The preliminary figures had recorded a rise of 0.5%, and market anticipation was for GDP to advance 0.5%.

In April, the seasonally adjusted industrial production in Germany climbed 0.8% on a monthly basis, higher than market expectations for a rise of 0.7%. In the previous month, industrial production had dropped by a revised 1.1%.

UK

In the UK, the World Bank expects that the growth rate will be restricted to 2.0% this year and 2.1% in 2017 and 2018.

In May, the Halifax house price index rose 0.6% on a monthly basis in the UK, higher than market expectations for an advance of 0.3%. The index had dropped 0.8% in the previous month.

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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) (F)	✓✓	0.50%*	0.40%**	Quarterly
Japan	01:50	Gross Domestic Product Annualised (Q1) (F)	✓✓✓	1.90%*	1.70%**	Quarterly
Japan	01:50	Trade Balance - BOP Basis (Apr)	✓✓	JPY697.10bn*	JPY927.20bn	Monthly
Japan	01:50	Adjusted Current Account Total (Apr)	✓	JPY1625.80bn*	JPY1893.60bn	Monthly
China	05:00	Trade Balance (May)	✓✓	USD49.98bn*	USD45.56bn	Monthly
Japan	07:00	Eco Watchers Survey: Current (May)	✓✓	43.40	43.50	Monthly
Japan	07:00	Eco Watchers Survey: Outlook (May)	✓✓	45.90	45.50	Monthly
France	08:30	Bank of France Business Sentiment (May)	✓	100.00	99.00	Monthly
Switzerland	09:15	Consumer Price Index (MoM) (May)	✓✓	0.20%	0.30%	Monthly
UK	10:30	Industrial Production (MoM) (Apr)	✓	0.00%	0.30%	Monthly
UK	10:30	Manufacturing Production (MoM) (Apr)	✓	-0.10%	0.10%	Monthly
South Africa	11:30	Gross Domestic Product (QoQ) (Q1)	✓✓	-0.10%	0.60%	Quarterly
Eurozone	12:30	ECB's SSM Chair Nouy Speaks at Event in Paris	✓	-	-	As scheduled
US	13:00	Composite leading indicator (Apr)	✓	-	98.80	Monthly
US	13:00	MBA Mortgage Applications (03-Jun)	✓	-	-4.10%	Weekly
Canada	14:15	Housing Starts s.a (May)	✓✓	189.00K	191.50K	Monthly
UK	16:00	NIESR GDP Estimate (3M) (May)	✓✓✓	-	0.30%	Monthly
US	16:00	JOLTs Job Openings (Apr)	✓	5675.00K	5757.00K	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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