

ONE Minute Brief

10 June 2016

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Economic and Political News

South Africa's manufacturing production rose more than expected 2.9% YoY in April, compared to a revised drop of 2.4% in March.

The annual decline in South Africa's mining output eased more than expected to 6.9% in April from 17.8% decline in March.

In April, on an annual basis, gold production fell 1.9% in South Africa, from a drop of 7.2%, in the previous month.

In South Africa, platinum production eased 4.4% on an annual basis in April, compared to a decline of 23.7%, in the previous month.

Minister Jeff Radebe announced that the statement released by the Presidency on the recent terror alerts, is the only official Government position.

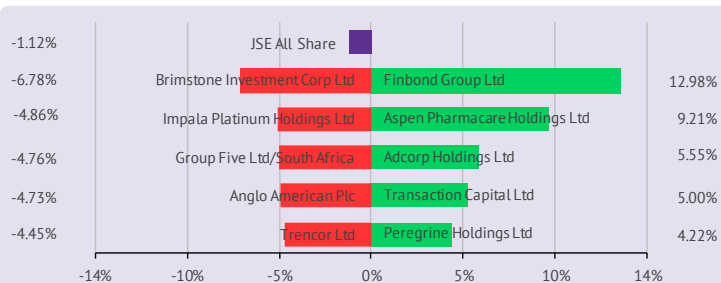
A state of disaster has been declared in South Africa's eight provinces, up from the previous five provinces.

S&P's cautioned that downgrade risks still remained for South Africa.

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 manufacturing production rebounded both on a monthly & annual basis in April. The JSE All Share Index fell 1.1% to close at 53,353.87.



Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53353.87	▼ -606.31	-1.12%	-1.67%	-1.02%	1.79%	5.25%
JSE Top 40	47176.52	▼ -539.68	-1.13%	-1.89%	-1.66%	3.23%	3.01%
FTSE 100	6231.89	▼ -69.63	-1.10%	0.36%	0.02%	-0.18%	-0.17%
DAX 30	10088.87	▼ -128.16	-1.25%	-0.14%	-1.69%	2.23%	-6.09%
CAC 40	4405.61	▼ -43.12	-0.97%	-0.37%	-2.22%	1.73%	-4.99%
S&P 500	2115.48	▼ -3.64	-0.17%	0.78%	0.88%	1.53%	3.50%
Nasdaq Composite	4958.62	▼ -16.03	-0.32%	0.33%	0.21%	3.62%	-0.97%
DJIA	17985.19	▼ -19.86	-0.11%	1.00%	1.11%	0.08%	3.21%

US Market ▼

The S&P 500 futures are trading in the red

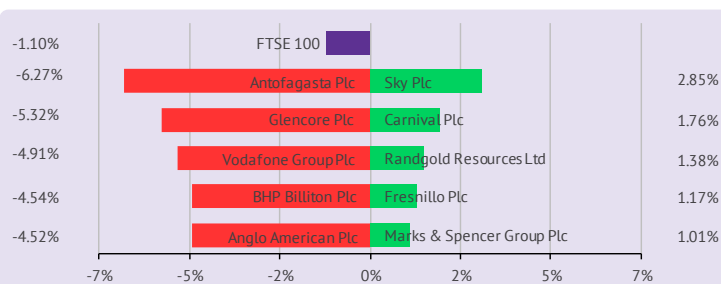
US markets closed lower yesterday, weighed down by losses in financial sector stocks and a decline in oil prices. Data revealed that the US initial jobless claims unexpectedly declined during last week. The S&P 500 Index dropped 0.2% to close at 2,115.48.



UK Market ▼

The FTSE 100 futures are trading in negative territory

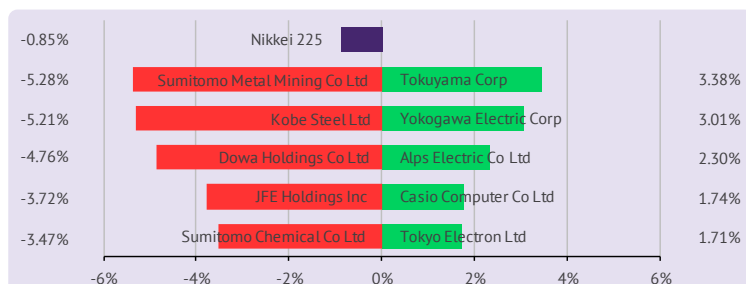
UK markets finished lower yesterday, led by losses in mining sector stocks. Data indicated that UK's total trade deficit narrowed sharply in April. The FTSE 100 Index declined 1.1% to close at 6,231.89.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. Markets in China remain closed today on account of a public holiday. The Nikkei 225 Index is trading 0.9% lower at 16,526.33.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R14.8270. Later today, traders will keep a close watch on US Reuters/Michigan consumer sentiment index and monthly budget statement for further clues.

The US Dollar rose against the South African Rand yesterday, after the number of Americans applying for the new unemployment benefits in the US surprisingly declined last week, suggesting a strengthening labour market. Moreover, wholesale inventories advanced in April, to register their largest increase in 10 months. Separately, in South Africa, manufacturing production rebounded strongly on a yearly basis in April, while the mining production dropped less-than-expected on an annual basis in the same month.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R21.4235. Later today, traders will eye UK's construction output and BoE/TNS inflation for next 12 months for further direction.

The British Pound advanced against the South African Rand yesterday. Data revealed that total trade deficit in the UK narrowed more-than-expected in April, as the nation's goods exports surged to a three-year high.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading marginally firmer against the South African Rand at R16.7612. Going forward, market participants will keep a tab on Germany's consumer price index, scheduled for release in a few hours.

The Euro weakened against the South African Rand yesterday. Separately, the ECB President, Mario Draghi, urged governments in the Euro region to play their role in boosting growth and inflation, warning that the Eurozone could not rely solely on the central bank's efforts and needs more action from the government. Elsewhere, Germany's trade surplus eased less-than-expected in April.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.9927. With no major economic releases in Australia today, investor decision will be based on global macroeconomic news.

The Australian Dollar fell against the South African Rand yesterday. Elsewhere, in China, Australia's largest trading partner, consumer prices slowed on annual basis in May.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.8270	▲	0.44%	-1.91%	-5.76%	10.36%	-4.32%
GBPZAR	21.4235	▲	0.14%	-2.30%	-5.91%	9.38%	-6.12%
EURZAR	16.7612	▲	-0.25%	-2.35%	-4.20%	7.28%	-0.31%
AUDZAR	10.9927	▼	-0.06%	-1.05%	-3.16%	4.99%	-3.14%
EURUSD	1.1297	▼	-0.69%	-0.45%	1.65%	-2.78%	4.14%
GBPUSD	1.4444	▼	-0.32%	-0.41%	-0.17%	-0.85%	-1.93%
Brent (\$/barrel)	51.8	▼	-1.07%	4.65%	4.13%	3.66%	39.35%
Gold (\$/oz)	1270.4	▲	0.83%	2.43%	4.56%	-5.87%	19.81%
Platinum (\$/oz)	998.9	▼	-0.81%	2.23%	2.39%	-9.09%	12.57%
Copper (\$/MT)*	4500.5	▼	-1.46%	-4.17%	-4.18%	-7.25%	-4.36%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed marginally to trade at \$1,270.40/oz.

Yesterday, gold prices rose 0.8% to close at \$1,270.20/oz, amid a decline in global equity markets and increasing expectations that US Fed will hold off a rate hike in the coming months.

Brent Crude Oil ▼

Trading weaker

Brent crude oil retreated 0.3%, at 06:00 SAST, to trade at \$51.80/bl, extending losses from previous sessions.

Yesterday, Brent crude oil dropped 1.1% to settle at \$51.95/bl, as the US Dollar strengthened.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.5% lower to trade at \$998.90/oz.

Yesterday, platinum prices declined 0.8% to close at \$1003.80/oz.



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Major South Africa Corporate News

Exxaro Resources Limited

The company revealed that the actions which the Finance Director, Mr. WA (Wim) de Klerk, had to complete, prior to his resignation, have either been completed or have progressed to a stage of finalisation. Thus, the Board agreed to a termination date of June 30, 2016, instead of August 31, 2016 communicated earlier. It announced further that Mr. PA (Riaan) Koppeschaar will be succeeding Wim with effect from July 1, 2016.

Lewis Group Limited

The company indicated that the proceedings to declare certain Directors of the company as delinquent, have begun in the Western Cape Division of the High Court, in Cape Town. It also revealed that it regards Mr. David Woollam's demands in terms of Section 165 as actions calculated to damage the company's reputation and drive down the price of Lewis's shares so that he may benefit by taking short positions. It further stated that it has filed a complaint in respect of Woollam's short position with the Financial Services Board.

Tiger Brands Limited

The company announced that it has sold its 51.0% stake in its Ethiopian business, East African Tiger Brands Industries Plc, to its partner East Africa Group Plc, which holds the remaining 49.0% at a price that was considered fair and reasonable. The transaction is expected to be completed not later than November 2016.

Major Global Economic News

US

The seasonally adjusted initial jobless claims in the US recorded an unexpected drop to a level of 264.00K in the week ended June 04, 2016, compared to market expectations of a rise to a level of 270.00K. Initial jobless claims had registered a revised reading of 268.00K in the prior week.

In the US, the seasonally adjusted wholesale inventories advanced 0.6% in April on a monthly basis, compared to a revised rise of 0.2% in the prior month. Market expectation was for the inventories to climb 0.1%.

UK

The UK registered a total trade deficit of GBP3.29bn in April, compared to a revised deficit of GBP3.53bn in the prior month. Markets were expecting the nation to post a deficit of GBP3.70bn.

Eurozone

ECB President, Mario Draghi urged for more Eurozone reforms with an aim to create more jobs and cope with ageing demographics.

The seasonally adjusted trade surplus in Germany dropped to EUR25.60bn in April, from a revised surplus of EUR26.20bn in the prior month. Markets were expecting the nation to record a surplus of EUR22.80bn.

Asia

On a monthly basis in May, the domestic corporate goods price index climbed 0.2% in Japan, compared to a revised fall of 0.4% in the prior month. Markets were anticipating the index to climb 0.1%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Domestic Corporate Goods Price Index (MoM) (May)	✓	0.20%*	-0.40%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Apr)	✓✓	0.60%	-0.70%	Monthly
Germany	08:00	Consumer Price Index (MoM) (May) (F)	✓✓	0.30%	0.30%**	Monthly
Germany	08:00	Wholesale Price Index (MoM) (May)	✓	-	0.30%	Monthly
France	08:45	Industrial Production (MoM) (Apr)	✓✓	0.40%	-0.30%	Monthly
France	08:45	Manufacturing Production (MoM) (Apr)	✓✓	0.80%	-0.90%	Monthly
Italy	10:00	Industrial Production s.a. (MoM) (Apr)	✓	0.30%	0.00%	Monthly
UK	10:30	Construction Output (YoY) (Apr)	✓	-4.80%	-4.50%	Monthly
France	10:45	Bank of France's Villeroy poses first brick on new branch	✓	-	-	As scheduled
Canada	14:30	Full Time Employment Change (May)	✓✓	-	-2.40K	Monthly
Canada	14:30	Net Change in Employment (May)	✓✓✓	1.80K	-2.10K	Monthly
Canada	14:30	Unemployment Rate (May)	✓✓✓	7.20%	7.10%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Jun) (P)	✓✓✓	94.00	94.70	Monthly
US	20:00	Monthly Budget Statement (May)	✓✓	-USD56.00bn	USD106.45bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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