

ONE Minute Brief

23 June 2016

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Economic and Political News

In South Africa, the consumer price index (CPI) climbed 0.2% in May on a monthly basis, lower than market expectations for a rise of 0.4%. The CPI had climbed 0.8% in the previous month.

The World Steel Association has reported that steel production in South Africa fell 4.5% annually in May to an estimated 560,000 tonnes.

The Competition Commission has confirmed that it will be investigating the matter regarding the relationship between South African Airways (SAA) and its low-cost subsidiary Mango.

The Department of Trade and Industry announced that South Africa and Russia have committed to strengthening economic ties and improving trade in various fields of cooperation.

The National Union of Mineworkers (NUM) stated that South Africa's state-owned power utility, Eskom has revised its wage offer to 7.0% from 5.75% in discussions with workers.

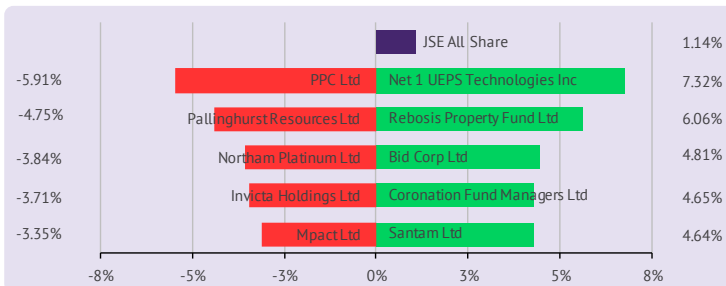
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53557.20	▲ 602.02	1.14%	2.72%	-0.65%	1.79%	5.65%
JSE Top 40	47475.23	▲ 563.20	1.20%	2.90%	-1.04%	3.23%	3.66%
FTSE 100	6261.19	▲ 34.64	0.56%	3.99%	0.49%	-0.18%	0.30%
DAX 30	10071.06	▲ 55.52	0.55%	4.57%	-1.87%	2.23%	-6.25%
CAC 40	4380.03	▲ 12.79	0.29%	4.44%	-2.79%	1.73%	-5.54%
S&P 500	2085.45	▼ -3.45	-0.17%	0.69%	-0.55%	1.53%	2.03%
Nasdaq Composite	4833.32	▼ -10.44	-0.22%	0.69%	-2.32%	3.62%	-3.48%
DJIA	17780.83	▼ -48.90	-0.27%	0.60%	-0.04%	0.08%	2.04%

South Africa Market ▲

South African markets closed higher

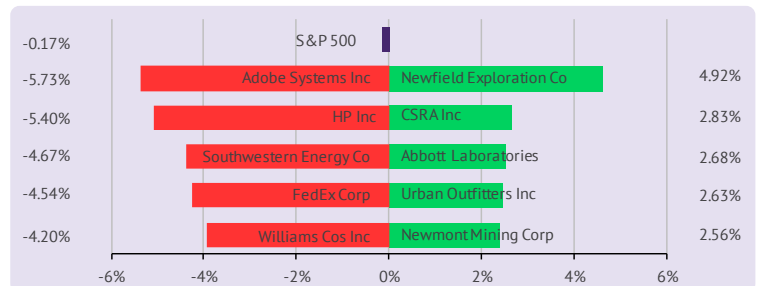
South African markets closed in the green yesterday, amid gains in banking and financial sector stocks. Data indicated that South Africa's consumer price index advanced less-than-expected on a monthly basis in May. The JSE All Share Index rose 1.1% to close at 53,557.20.



US Market ▼

The S&P 500 futures are trading in the green

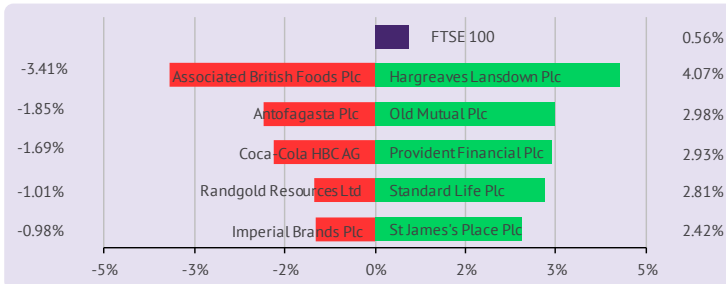
US markets closed lower yesterday, weighed down by losses in energy sector stocks. Data indicated that sales of existing homes in the US registered the fastest pace since 2007. The S&P 500 Index dropped 0.2% to close at 2,085.45.



UK Market ▲

The FTSE 100 futures are trading in positive territory

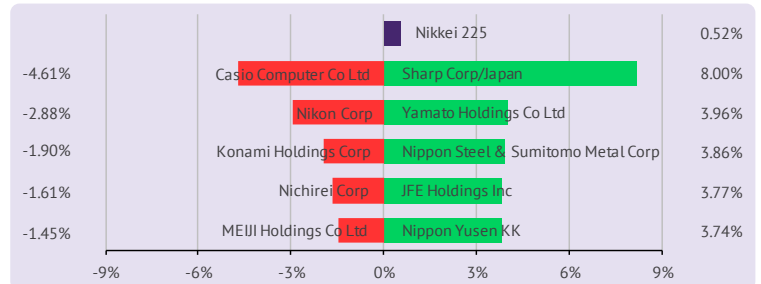
UK markets finished higher yesterday, supported by gains in financial sector stocks, despite uncertainty surrounding Britain's referendum on EU membership. The FTSE 100 Index advanced 0.6% to close at 6,261.19.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Earlier in the session, data indicated that Japan's manufacturing activity contracted for the fourth straight month. The Nikkei 225 Index is trading 0.5% higher at 16,149.37.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R14.5799. Later today, traders will keep a close watch on US Markit manufacturing PMI, initial jobless claims and leading indicator for further clues.

The US Dollar fell against the South African Rand yesterday. Separately, the US Fed Chief, Janet Yellen, sounded more optimistic and indicated that the recent weakness in the US employment is "transitory" and additions in jobs will rebound in the coming months. Moreover, data indicated that US existing home sales advanced in May to reach a nine-year high. Meanwhile, the housing price index rose less than expected on a monthly basis in April. Elsewhere, South Africa's consumer price inflation slowed on an annual basis in May.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.5% against the South African Rand to trade at R21.5930. Later today, traders will closely monitor Britain's vote on the European Union membership scheduled for the day.

The British Pound declined against the South African Rand yesterday. However, losses were limited, after a recent poll indicated more support for Britain to remain in the European Union at the referendum.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro gained 0.2% against the South African Rand to trade at R16.5366. Going forward, market participants will keep a tab on Markit's survey for manufacturing and services PMI across the Eurozone for further direction.

The Euro weakened against the South African Rand yesterday, after Eurozone's consumer confidence index dropped more-than-expected in May.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar rose marginally against the South African Rand to trade at R10.9641. Earlier in the session, in China, Australia's largest trading partner, the leading economic index rose in May.

The Australian Dollar rose against the South African Rand yesterday, after Australia's Westpac leading index climbed on a monthly basis in May.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.5799	▼	-0.71%	-3.56%	-6.99%	10.36%	-5.57%
GBPZAR	21.5930	▲	-0.37%	-1.23%	-5.54%	9.38%	-5.75%
EURZAR	16.5366	▲	-0.21%	-3.41%	-5.61%	7.28%	-1.78%
AUDZAR	10.9641	▲	-0.06%	-2.16%	-3.55%	4.99%	-3.53%
EURUSD	1.1343	▲	0.48%	0.17%	1.47%	-2.78%	3.96%
GBPUSD	1.4798	▲	0.38%	2.43%	1.55%	-0.85%	-0.24%
Brent (\$/barrel)	50.2	▲	-1.46%	1.44%	-0.02%	3.66%	33.80%
Gold (\$/oz)	1267.7	▼	-0.20%	-1.90%	4.38%	-5.87%	19.60%
Platinum (\$/oz)	978.4	▼	0.20%	1.80%	0.32%	-9.09%	10.29%
Copper (\$/MT)*	4692.5	▲	0.72%	3.32%	-0.09%	-7.25%	-0.28%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged marginally lower to trade at \$1,267.70/oz.

Yesterday, gold prices fell 0.2% to close at \$1,268.00/oz, with prices hitting the lowest level in two weeks, amid rising expectations that Britain will decide to remain in the EU.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.5% to trade at \$50.15/bl.

Yesterday, Brent crude oil dropped 1.5% to settle at \$49.88/bl, after the US Energy Department reported that crude oil inventories fell by 0.9mn bls last week, a smaller than expected decline in the inventories.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.5% lower to trade at \$978.40/oz.

Yesterday, platinum prices climbed 0.2% to close at \$983.50/oz.



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Major South Africa Corporate News

Adcorp Holdings Limited

The company announced that negotiations relating to partnering with financiers on its international expansion strategy are ongoing. It added that the negotiations if concluded successfully, may have an effect on the company's securities. It further advised shareholders to continue to exercise caution when dealing with the firm's securities until a further announcement is made.

Major Global Economic News

US

Testifying for a second day before the Congress, the US Federal Reserve (Fed) Chairwoman, Janet Yellen, sounded more optimistic than she has over the past couple of weeks. She indicated that the recent weakness in the US labour market is "transitory" and job additions will rebound in the coming months. She further stated that there has been a sharp increase in consumer spending and the central bank remains hopeful that the nation will see momentum in growth.

In the US, on a monthly basis, the housing price index advanced 0.2%, in April, compared to a rise of 0.7% in the prior month. Markets were expecting the index to climb 0.6%.

In May, existing home sales advanced 1.8%, on monthly basis, to a level of 5.53mn in the US, compared to market expectations of 5.55mn. Existing home sales had registered a revised level of 5.43mn in the prior month.

Eurozone

In June, the preliminary consumer confidence index eased unexpectedly to -7.30 in the Eurozone, higher than market expectations of a steady reading. The index had registered a level of -7.00 in the prior month.

Asia

The preliminary Nikkei manufacturing PMI in Japan climbed to 47.80 in June, compared to a reading of 47.70 in the prior month.

The leading economic index rose 0.2% in China on a monthly basis, in May. The index had fallen by a revised 0.1% in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	MNI Business Sentiment Survey (Jun)	✓	54.50*	50.00	Monthly
Japan	04:00	Nomura/ JMMA Manufacturing PMI (Jun) (P)	✓✓	47.80*	47.70	Monthly
Japan	07:00	Coincident Index (Apr) (F)	✓	-	112.20**	Monthly
Japan	07:00	Leading Economic Index (Apr) (F)	✓✓	-	100.50**	Monthly
France	08:45	Business Climate (Jun)	✓	103.00	102.00	Monthly
France	09:00	Markit Manufacturing PMI (Jun) (P)	✓	48.70	48.40	Monthly
France	09:00	Markit Services PMI (Jun) (P)	✓	51.60	51.60	Monthly
Germany	09:30	Markit Manufacturing PMI (Jun) (P)	✓✓	52.00	52.10	Monthly
Germany	09:30	Markit Services PMI (Jun) (P)	✓✓	55.00	55.20	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Jun) (P)	✓✓✓	51.40	51.50	Monthly
Eurozone	10:00	Markit Services PMI (Jun) (P)	✓✓✓	53.20	53.30	Monthly
Italy	10:00	Industrial Orders s.a (MoM) (Apr)	✓	-	-3.30%	Monthly
Italy	10:00	Industrial Sales s.a. (MoM) (Apr)	✓	-	-1.60%	Monthly
Eurozone	10:00	Markit Composite PMI (Jun) (P)	✓✓✓	53.00	53.10	Monthly
Eurozone	10:15	SSM Chair Daniele Nouy Speaks in Frankfurt	✓	-	-	As scheduled
US	14:30	Initial Jobless Claims (18-Jun)	✓✓	270.00K	277.00K	Weekly
US	14:30	Chicago Fed National Activity Index (May)	✓	0.11	0.10	Monthly
US	15:45	Markit Manufacturing PMI (Jun) (P)	✓✓	50.90	50.70	Monthly
US	16:00	Leading Indicator (MoM) (May)	✓✓	0.10%	0.60%	Monthly
US	17:00	Kansas City Fed Manufacturing Activity (Jun)	✓	-5.00	-5.00	Monthly
UK	-	UK-EU referendum Vote	✓✓✓	-	-	-

Note: ✓✓✓High ✓✓Medium ✓Low

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