

ONE Minute Brief

29 July 2016

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Economic and Political News

South Africa's unemployment rate fell to a level of 26.6% in 2Q16 from 26.7% in 1Q16.

In South Africa, the producer price index advanced 0.6%, on a monthly basis in June, at par with market expectations. The PPI had recorded a rise of 0.3% in the prior month.

South Africa's Energy Minister asked the Central Energy Fund to investigate all contracts of Strategic Fuel Fund from April 2014 and also the sale of the nation's entire strategic fuel stock in December 2015.

The constitutional court in South Africa, citing lack of consultation, termed the Restitution of Land Rights Amendment Act as invalid.

South Africa's 20,000 workers from the petroleum industry have started a strike as they wanted an increase of 9% and a minimum basic monthly wage of ZAR8,000.

The Agricultural Business Chamber (Agbiz) and Industrial Development Corporation's (IDC) agribusiness confidence index remained in contraction territory for the second quarter of 2016.

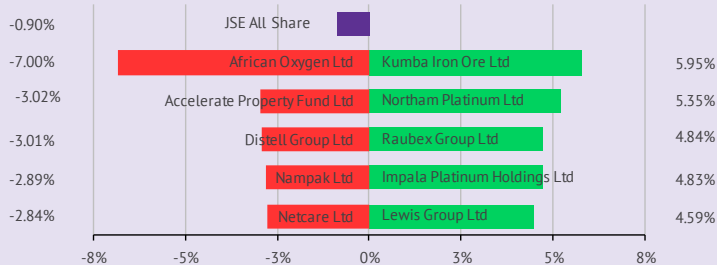
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53282.16	▼	-482.10	-0.90%	0.52%	2.04%	-3.13%	5.11%
JSE Top 40	46390.00	▼	-484.05	-1.03%	0.23%	0.90%	-4.17%	1.29%
FTSE 100	6721.06	▼	-29.37	-0.44%	-0.14%	3.33%	4.39%	7.67%
DAX 30	10274.93	▼	-44.62	-0.43%	1.26%	6.14%	-5.68%	-4.36%
CAC 40	4420.58	▼	-26.38	-0.59%	0.90%	4.32%	-5.95%	-4.67%
S&P 500	2170.06	▲	3.48	0.16%	-0.23%	3.39%	0.09%	6.17%
Nasdaq Composite	5154.98	▲	15.17	0.30%	1.07%	6.45%	-2.13%	2.95%
DJIA	18456.35	▼	-15.82	-0.09%	-0.62%	2.94%	0.80%	5.92%

South Africa Market ▼

South African markets closed lower

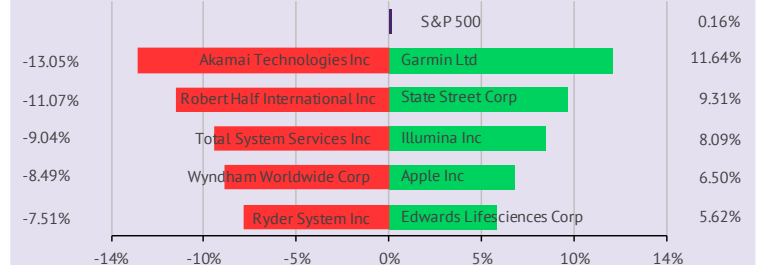
South African markets closed in the red yesterday, amid losses in industrial and banking sector stocks. Data indicated that South Africa's unemployment rate eased slightly in 2Q16. The JSE All Share Index fell 0.9% to close at 53,282.16.



US Market ▲

The S&P 500 futures are trading in the red

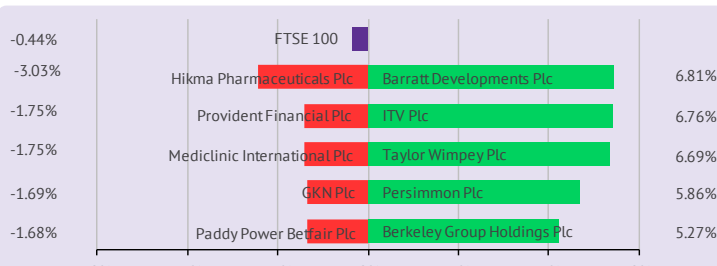
US markets closed mostly higher yesterday, supported by gains in consumer staple sector stocks. Data indicated that initial jobless claims in the US advanced higher than market expectations during the last week. The S&P 500 Index climbed 0.2% to close at 2,170.06.



UK Market ▼

The FTSE 100 futures are trading in negative territory

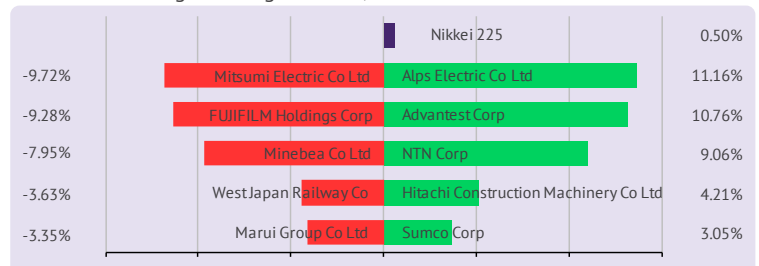
UK markets finished lower yesterday, led by downbeat corporate earnings. The FTSE 100 Index declined 0.4% to close at 6,721.06.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. In its monetary policy meeting, the Bank of Japan pledged to increase purchases of ETF, while keeping the key interest rate steady at -0.1%. The Nikkei 225 Index is trading 0.5% higher at 16,559.52.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% lower against the South African Rand at R14.0995. Later today, traders will keep a watch on US GDP and Reuters/Michigan consumer sentiment data for further direction. Additionally, South Africa's budget, trade balance and private sector credit data will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, after data indicated that the number of people applying for the new unemployment benefits in the US increased more-than-expected last week. Moreover, advance goods trade deficit widened in June from May. Elsewhere, South Africa's unemployment rate slightly eased in the second quarter of 2016. Moreover, producer prices advanced on a monthly basis in June.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R18.6120. Earlier in the session, data revealed that UK's GfK consumer confidence slipped more-than-expected in July. Later today, traders will keep an eye on UK's net consumer credit and net lending to individuals for further cues.

The British Pound declined against the South African Rand yesterday.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R15.6296. Going forward, market participants will keep a tab on Eurozone's GDP, unemployment rate and consumer price index, scheduled to release in a few hours.

The Euro weakened against the South African Rand yesterday. Separately, data indicated that Eurozone's business climate indicator advanced unexpectedly in July, while economic confidence rose in the same month. Moreover, services confidence index edged up in July. Elsewhere, Germany's unemployment rate remained steady in July, while the number of unemployed people eased for a tenth straight month. Further, the nation's consumer price index rose on a monthly basis in July.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.1% against the South African Rand to trade at R10.6268. Earlier in the session, Australia's private sector credit rose on a monthly basis in May.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's import price index fell on a quarterly basis in 2Q16. On the other hand, the export price index rebounded in the same period.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.0995	▼	-0.79%	-1.03%	-3.95%	-6.25%	-8.58%
GBPZAR	18.6120	▼	-1.28%	-0.61%	-5.06%	-13.79%	-18.33%
EURZAR	15.6296	▼	-0.69%	-0.14%	-4.09%	-6.58%	-6.77%
AUDZAR	10.6268	▲	-0.65%	-0.49%	-3.24%	-3.45%	-6.56%
EURUSD	1.1090	▲	0.17%	0.91%	-0.26%	-0.23%	1.94%
GBPUSD	1.3198	▲	-0.45%	0.42%	-1.10%	-8.09%	-10.70%
Brent (\$/barrel)	42.7	▼	-1.77%	-6.54%	-14.10%	-0.36%	14.54%
Gold (\$/oz)	1349.8	▲	0.42%	0.67%	0.89%	8.71%	25.66%
Platinum (\$/oz)	1147.8	▲	0.95%	4.91%	11.49%	4.19%	27.72%
Copper (\$/MT)*	4884.8	▲	0.95%	-0.53%	0.92%	3.05%	3.80%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.3% higher to trade at \$1,349.80/oz.

Yesterday, gold prices rose 0.4% to close at \$1,332.30/oz, following the US Fed's decision of keeping interest rates unchanged.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell marginally to trade at \$42.69/bl.

Yesterday, Brent crude oil dropped 1.8% to settle at \$42.70/bl, amid growing concerns surrounding the global crude glut.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.8% to trade at \$1,147.80/oz.

Yesterday, platinum prices climbed 1.0% to close at \$1138.90/oz.



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Major South Africa Corporate News

Anglo American Plc

In its 1H16 results, the company stated that group revenue decreased to USD9.94bn against USD11.56bn posted in the corresponding period of the previous year. Its diluted headline EPS rose 50.0% from the same period of the prior year to 0.34c. Its loss before tax fell to USD0.36bn, from USD1.92bn recorded in the similar period of the preceding year. The decisive actions it took to strengthen the balance sheet put it on track to achieve its net debt target of less than USD10.00bn at the end of 2016.

MTN Group Limited

The company announced that its Board of Directors has resolved to proceed with preparations for a listing of MTN Nigeria on The Nigerian Stock Exchange during 2017, and has established a management task team with the responsibility to guide the company towards a listing. Also, it appointed Stanbic IBTC Capital Limited (together with its affiliates, The Standard Bank of South Africa Limited and Standard Advisory London Limited) and Citigroup Global Markets Limited as its Joint Transaction Advisors and Joint Global Coordinators with Stanbic acting as Lead Issuing House. A full syndicate including Nigerian receiving agents, Nigerian receiving banks and other advisers would be appointed in due course.

Emira Property Fund Limited

The company indicated that its board of directors have carefully considered the expression of interest from Arrowhead Properties Limited to acquire all or the majority of its issued share capital, and has unanimously concluded that the proposals contained therein are not in the best interests of Emira shareholders.

PSG Konsult Limited

The company has been notified that Coronation Asset Management Proprietary Limited, on behalf of Coronation Group and its clients, has acquired a beneficial interest in PSG's securities, such that the total interest held by Coronation amounts to 6.55% (previously 4.76%) of the total issued capital of the company.

Major Global Economic News

Eurozone

In July, the business climate indicator climbed unexpectedly to a level of 0.39 in the Eurozone, compared to a reading of 0.22 in the previous month. Market anticipation was for the business climate indicator to fall to 0.17.

In July, the services sentiment indicator climbed unexpectedly to a level of 11.10 in the Eurozone, higher than market expectations of a drop to 10.30. In the prior month, the services sentiment indicator had registered a revised level of 10.90.

The economic sentiment indicator in the Eurozone recorded an unexpected rise to 104.60 in July, compared to a reading of 104.40 in the previous month. Market anticipation was for the economic sentiment indicator to fall to 103.50.

In July, the seasonally adjusted unemployment rate remained flat at 6.1% in Germany. Markets were expecting unemployment rate to record a steady reading.

In July, on a monthly basis, the flash consumer price index advanced 0.3% in Germany, more than market expectations for an advance of 0.2%. The CPI had advanced 0.1% in the prior month.

UK

In the UK, the GfK consumer confidence registered a drop to -12.00 in July, compared to a reading of -1.00 in the prior month. Market expectation was for the consumer confidence to fall to -8.00.

Asia

The Bank of Japan (BoJ) expanded the purchase of exchange-rated funds (ETF) to ¥6.0 trillion from ¥3.3 trillion yen. However, the central bank held the key interest rate steady at -0.1% and maintained its monetary base at an annual pace of ¥80 trillion.

In June, unemployment rate fell unexpectedly to 3.1% in Japan, compared to a reading of 3.2% in the prior month. Markets were anticipating unemployment rate to record a steady reading.

On an annual basis, in June, the national CPI fell 0.4% in Japan, at par with market expectations. The CPI had registered a similar fall in the previous month.

In Japan, the flash industrial production recorded a rise of 1.9% on a monthly basis in June, more than market expectations for a rise of 0.5%. In the prior month, industrial production had fallen 2.6%.

In Australia, private sector credit recorded a rise of 0.2%, on a monthly basis in June, less than market expectations for an advance of 0.5%. In the previous month, private sector credit had climbed 0.4%.

US

In the week ended July 23, 2016, the seasonally adjusted initial jobless claims in the US climbed to 266.00K, compared to market expectations of an advance to a level of 262.00K. Initial jobless claims had recorded a revised level of 252.00K in the prior week.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:05	Gfk Consumer Confidence (Jul)	✓✓	-12.00*	-1.00	Monthly
Japan	01:30	Job-To-Applicant Ratio (Jun)	✓	1.37*	1.36	Monthly
Japan	01:30	Unemployment Rate (Jun)	✓✓	3.10%*	3.20%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Jun)	✓✓	-0.40%*	-0.40%	Monthly
Japan	01:50	Industrial Production (MoM) (Jun) (P)	✓	1.90%*	-2.60%	Monthly
Japan	07:00	Construction Orders (YoY) (Jun)	✓	-	34.50%	Monthly
Japan	07:00	BoJ Outlook Report	✓✓	-	-	As scheduled
Japan	07:00	Housing Starts (YoY) (Jun)	✓	-2.70%	9.80%	Monthly
Germany	07:30	Short-term interest rates (Jun)	✓	-	-0.26%	Monthly
Germany	08:00	Retail Sales (MoM) (Jun)	✓✓	0.10%	0.90%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Jun)	✓	7.65%	7.79%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Jun)	✓	7.10%	6.60%	Monthly
France	08:45	Consumer Spending (MoM) (Jun)	✓	0.20%	-0.70%	Monthly
Switzerland	09:00	KOF Economic Barometer (Jul)	✓✓	101.40	102.40	Monthly
Italy	10:00	Unemployment Rate (Jun)	✓	11.40%	11.50%	Monthly
UK	10:30	Gross Consumer Credit (Jun)	✓✓	-	GBP21.45bn	Monthly
UK	10:30	Net Consumer Credit (Jun)	✓✓	GBP1.40bn	GBP1.50bn	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Jul) (P)	✓✓✓	-	0.10%	Monthly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q2) (P)	✓✓	0.30%	0.60%	Quarterly
Eurozone	11:00	Unemployment Rate (Jun)	✓✓	10.10%	10.10%	Monthly
South Africa	14:00	Trade Balance (Jun)	✓	ZAR7.20bn	ZAR18.70bn	Monthly
Canada	14:30	Gross Domestic Product (MoM) (May)	✓✓	-0.50%	0.10%	Monthly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q2) (P)	✓✓✓	2.50%	1.10%	Quarterly
US	14:30	Personal Consumption (QoQ) (Q2) (P)	✓✓	4.40%	1.50%	Quarterly
US	16:00	Reuters/Michigan Consumer Sentiment Index (F)	✓✓✓	90.20	89.50**	Monthly
Japan	-	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	-	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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