

ONE Minute Brief

5 July 2016

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Economic and Political News

In South Africa, non-farm payrolls dropped 0.2% on a quarterly basis in 1Q16. In the previous quarter, non-farm payrolls had climbed 0.5%. Statistics South Africa has indicated that the recent droughts played a major role on the declining employment numbers.

EU ambassador to South Africa, Marcus Cornaro stated that South Africa's trade partnership agreements with the European Union will not be impacted, even as UK's future in Europe remains unclear.

The Congress of South African Trade Unions (COSATU) indicated that Finance Minister, Pravin Gordhan's statement that the government is close to announcing reforms to labour legislation were premature.

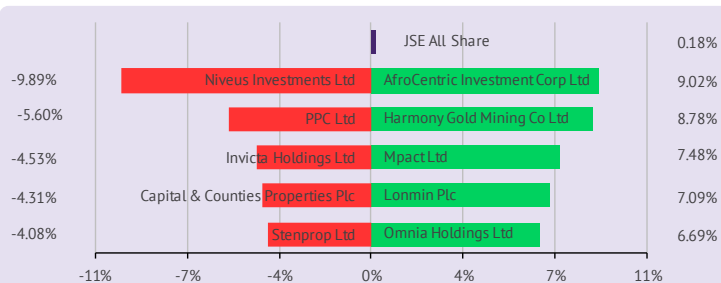
International Relations Minister, Maite Nkoana-Mashabane, mentioned that there has not been any negative impact on trade and investment relations with countries from the European region.

First National Bank, in its monthly property barometer, indicated that South Africa's economy picked up slightly in second quarter compared to the first quarter, judging by house prices.

South Africa Market ▲

South African markets closed higher

South African markets rose yesterday, led by gains in gold mining sector stocks. Data indicated that South Africa's non-farm payrolls dropped on a quarterly basis in 1Q16 from 4Q15. The JSE All Share Index rose 0.2% to close at 52,454.24.



Key Indices

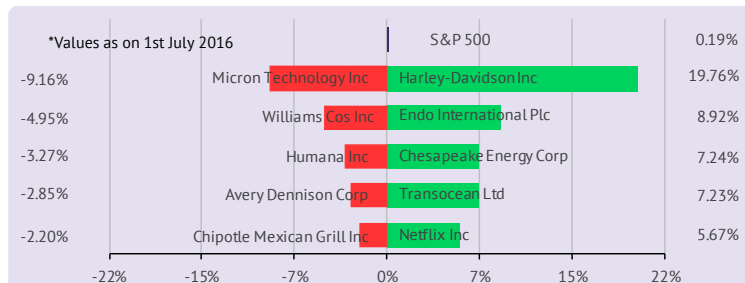
	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52454.24	▲	96.74	0.18%	0.18%	0.45%	-3.13%	3.47%
JSE Top 40	46027.48	▲	11.94	0.03%	0.03%	0.12%	-4.17%	0.50%
FTSE 100	6522.26	▼	-55.57	-0.84%	-0.84%	0.28%	4.39%	4.48%
DAX 30	9709.09	▼	-67.03	-0.69%	-0.69%	0.30%	-5.68%	-9.62%
CAC 40	4234.86	▼	-39.10	-0.91%	-0.91%	-0.06%	-5.95%	-8.67%
S&P 500*	2102.95	▲	4.09	0.19%	0.00%	0.19%	0.09%	2.89%
Nasdaq* Composite	4862.57	▲	19.90	0.41%	0.00%	0.41%	-2.13%	-2.89%
DJIA*	17949.37	▲	19.38	0.11%	0.00%	0.11%	0.80%	3.01%

*Values as on 1st July 2016

US Market ▲

The S&P 500 futures are trading in the red

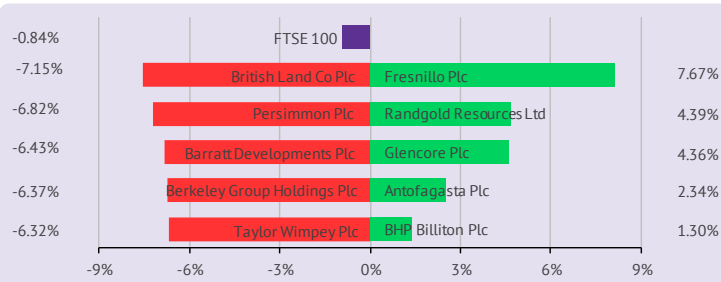
US markets were closed yesterday on account of Independence Day.



UK Market ▼

The FTSE 100 futures are trading in negative territory

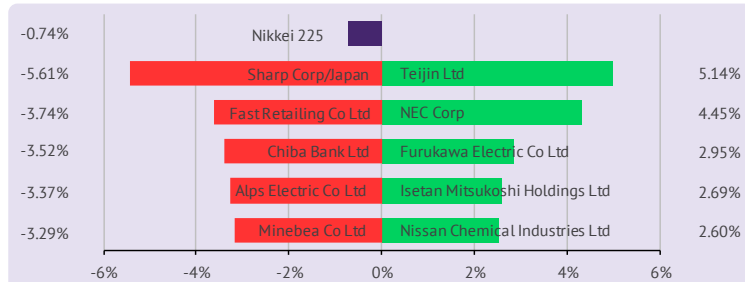
UK markets finished lower yesterday, weighed down by losses in property sector stocks. Data revealed that UK's Markit construction PMI dropped to a seven-year low in June. The FTSE 100 Index declined 0.8% to close at 6,522.26.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data released earlier in the session indicated that Japan's services sector contracted in June from May. The Nikkei 225 Index is trading 0.7% lower at 15,658.35.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% firmer against the South African Rand at R14.6186. Later today, traders will keep a close watch on US durable and factory orders for further clues. Additionally, South Africa's BER consumer confidence index and Standard Bank PMI data will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. Elsewhere, in South Africa, employment in the non-agricultural sector declined in the first three months of 2016.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R19.3760. Later today, traders will keep a watch on Bank of England's financial stability report for further direction.

The British Pound advanced against the South African Rand yesterday. Data revealed that UK's construction output dropped at its quickest pace since 2009 in June.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R16.2747. Going forward, market participants will keep a tab on services and composite PMI across the Eurozone and retail sales, scheduled in a few hours.

The Euro strengthened against the South African Rand yesterday. Data indicated that investor confidence in the Eurozone declined to its lowest level in more than one and a half years in July, suggesting optimism among investors about economic conditions had declined following the recent Brexit decision. Meanwhile, producer prices rebounded in May and notched its largest monthly increase since February 2015.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained marginally against the South African Rand to trade at R10.9873. Earlier in the session, data indicated that Australia's retail sales advanced less-than-expected on a monthly basis in May from April. Moreover, the nation's trade deficit expanded in May, amid a rise in imports. Separately, RBA kept the key interest rate steady in its monetary policy meeting.

The Australian Dollar rose against the South African Rand yesterday. Separately, data showed Australia's building approvals declined on a monthly basis in May from April.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.6186	▲	0.05%	0.05%	-1.08%	-6.25%	-5.85%
GBPZAR	19.3760	▲	0.14%	0.14%	-1.30%	-13.79%	-15.09%
EURZAR	16.2747	▲	0.17%	0.17%	-0.54%	-6.58%	-3.31%
AUDZAR	10.9873	▲	0.60%	0.60%	0.12%	-3.45%	-3.32%
EURUSD	1.1132	▼	0.16%	0.16%	0.43%	-0.23%	2.65%
GBPUSD	1.3251	▼	0.15%	0.15%	-0.18%	-8.09%	-9.87%
Brent (\$/barrel)	49.7	▼	-0.50%	-0.50%	0.78%	-0.36%	34.39%
Gold (\$/oz)#	1346.6	▲	1.39%	NA	1.39%	8.71%	26.30%
Platinum (\$/oz)#	1052.0	▼	3.25%	NA	3.25%	4.19%	18.28%
Copper (\$/MT)*	4879.8	▼	-0.40%	-0.40%	0.82%	3.05%	3.70%
*As of Previous Close		#1 D change as on 1st July 2016					

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,346.60/oz.

On Friday, gold prices rose 1.4% to close at \$1,339.00/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.7% lower to trade at \$49.74/bL.

Yesterday, Brent crude oil dropped 0.5% to settle at \$50.10/bL, as bullish comments from Saudi Energy Minister, Khaled Al-Faleh were more than offset by slowing demand in Asia, gasoline oversupply and further signs that crude output could rise.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$1,052.00/oz.

On Friday, platinum prices surged 3.3% to close at \$1054.70/oz.



ONE Minute Brief

5 July 2016



Major South Africa Corporate News

Famous Brands Limited

The company revealed that it has purchased a state-of-the-art tomato paste manufacturing plant, Cape Concentrate, located in the Coega precinct in the Eastern Cape. The new company will include a strategic alliance partnership between local farmers. The plant was bought out of liquidation at a considerably discounted purchase consideration. The acquisition will be funded from its cash reserves and the plant will be commissioned early in the 2017 calendar year.

MTN Group Limited

The company announced that the group's Chief Financial Officer (CFO), Brett Goschen, will leave the firm on September 30, 2016. Gunter Engling will take up the position of Acting Group CFO, until a permanent CFO is appointed. Moreover, Stephen van Collier has been appointed as Vice President of Strategy and Mergers & Acquisitions, effective October 01, 2016.

Major Global Economic News

Asia

In Australia, seasonally adjusted retail sales advanced 0.2% in May on a monthly basis, less than market expectations for a rise of 0.3%. Retail sales had climbed by a revised 0.1% in the previous month.

The seasonally adjusted trade deficit in Australia rose to AUD2218.00mn in May, compared to a revised deficit of AUD1785.00mn in the previous month. Markets were anticipating the nation's deficit to narrow to AUD1700.00mn.

The Reserve Bank of Australia kept its interest rate unchanged at 1.75%. Markets were anticipating the central bank to maintain its interest rate at 1.75%.

In China, the Caixin/Markit services PMI index recorded a rise to 52.70 in June, compared to a level of 51.20 in the previous month.

Eurozone

In the Eurozone, the investor confidence index eased to 1.70 in July, compared to a reading of 9.90 in the previous month. Markets were expecting the index to drop to 5.00.

In May, on a monthly basis, the producer price index (PPI) in the Eurozone climbed 0.6%, more than market expectations for a rise of 0.3%. The PPI had recorded a drop of 0.3% in the previous month.

UK

The construction PMI fell to a level of 46.00 in June, in the UK, lower than market expectations of a drop to a level of 50.70. In the previous month, the PMI had registered a level of 51.20.

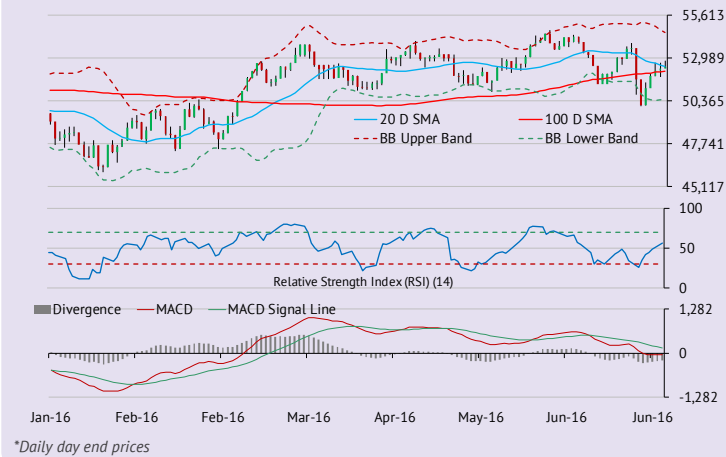
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5 July 2016

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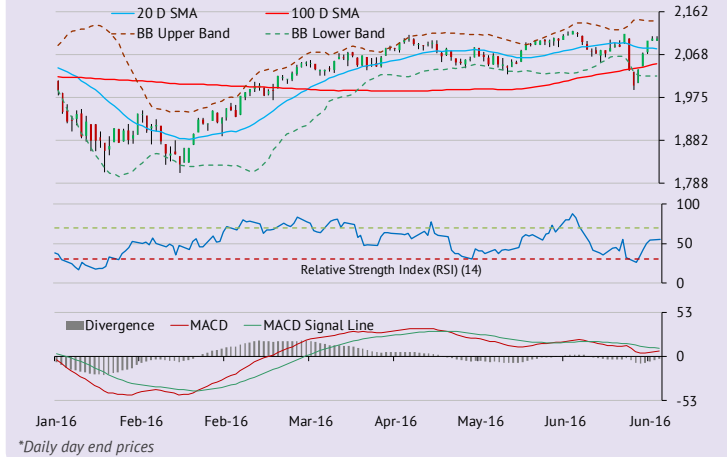
Technical Snapshot

JSE All Share



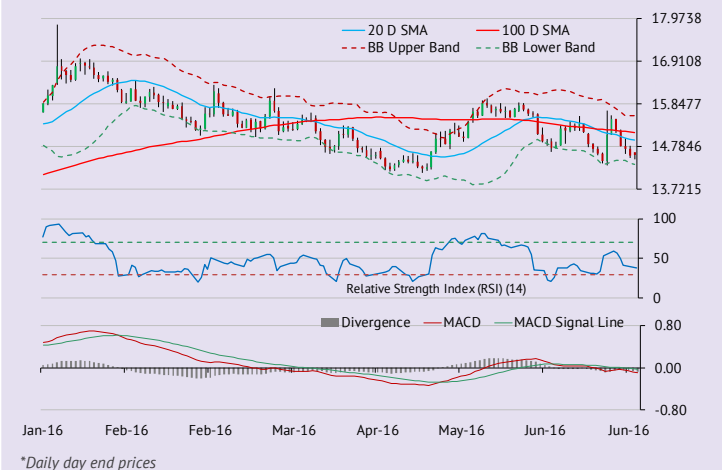
The JSE All Share index is expected to find support at 50,754.72, and a fall through could take it to the next support level of 49,055.19. The index is expected to find its first resistance at 53,485.73, and a rise through could take it to the next resistance level of 54,517.21.

S&P 500



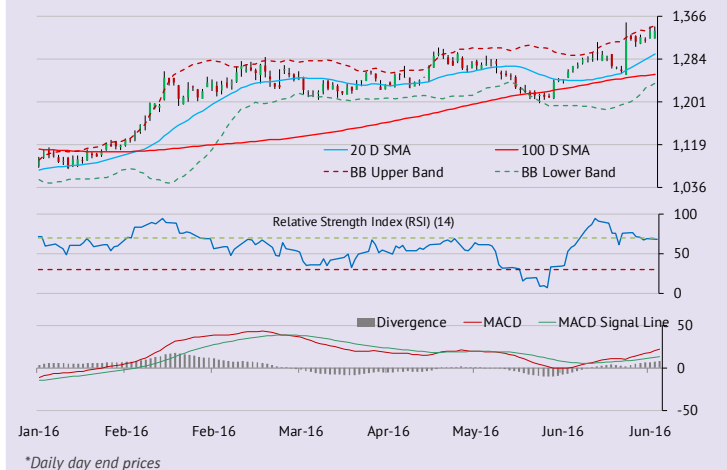
The S&P 500 index is expected to find support at 2,036.84, and a fall through could take it to the next support level of 1,970.74. The index is expected to find its first resistance at 2,138.88, and a rise through could take it to the next resistance level of 2,174.82.

USDZAR



The pair is expected to find support at 14.1907, and a fall through could take it to the next support level of 13.8133. The pair is expected to find its first resistance at 15.2137, and a rise through could take it to the next resistance level of 15.8593.

XAU/USD



Gold is expected to find support at \$1,315.80/oz, and a fall through could take it to the next support level of \$1,292.60/oz. The precious metal is expected to find its first resistance at \$1,354.60/oz, and a rise through could take it to the next resistance level of \$1,370.20/oz.

ONE Minute Brief

5 July 2016

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	Caixin/Markit Services PMI (Jun)	✓✓	52.70*	51.20	Monthly
Japan	04:00	Markit Japan Services PMI (Jun)	✓✓	49.40*	50.40	Monthly
South Africa	09:00	BER Consumer Confidence (Q2)	✓✓	-8.00	-9.00	Quarterly
France	09:50	Markit Services PMI (Jun) (F)	✓	49.90	49.90**	Monthly
Germany	09:55	Markit Services PMI (Jun) (F)	✓✓	53.20	53.20**	Monthly
Eurozone	10:00	Markit Services PMI (Jun) (F)	✓✓✓	52.40	52.40**	Monthly
France	10:00	Bank of France's Villeroy publishes report on payment cards	✓	-	-	As scheduled
UK	10:30	Official Reserves (Changes) (Jun)	✓✓	-	-USD1168.00mn	Monthly
UK	10:30	Markit Services PMI (Jun)	✓✓	52.80	53.50	Monthly
Eurozone	11:00	Retail Sales (MoM) (May)	✓✓	0.40%	0.00%	Monthly
UK	11:30	Carney Publishes BOE Financial Stability Report	✓✓✓	-	-	As scheduled
US	15:45	ISM New York Index (Jun)	✓	-	37.20	Monthly
US	16:00	Durable Goods Orders (May) (F)	✓✓✓	-2.20%	-2.20%**	Monthly
US	16:00	Factory Orders (MoM) (May)	✓✓	-0.80%	1.90%	Monthly
US	16:00	IBD/TIPP Economic Optimism (MoM) (Jul)	✓	48.30	48.20	Monthly
US	16:00	Durable Goods Orders ex Transportation (May) (F)	✓✓	-0.30%	-0.30%**	Monthly
Eurozone	19:00	ECB's Lautenschlaeger speaks in Frankfurt	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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