

ONE Minute Brief

11 August 2016

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Economic and Political News

According to the IMF GDP data, South Africa's economy is USD301.00bn at the ZAR's current exchange rate, while Nigeria's GDP is USD296.00bn, enabling South Africa to regain its position of Africa's largest economy in dollar terms, more than two years after losing it to Nigeria.

A Euler Hermes study revealed that South Africa's conditions are conducive to high failure rate among local businesses and predicts that insolvencies will spike 10% this year compared with 2015.

The Transnet National Ports Authority (TNPA) indicated that South Africa's bulk exports volumes fell by 15.4% year on year in July to 11.6 mn tonnes after rising by 6.2% in April.

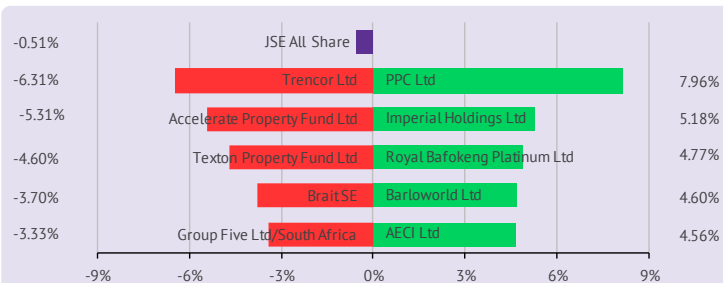
The Deloitte 2016 Global Manufacturing Competitiveness Index indicated that South Africa was still seen as the most competitive manufacturing country in Africa, although the nation dropped three places globally since 2013 to come in at 27th position.

The Democratic Alliance (DA) spokesperson stated that the party was pursuing coalition talks with the Economic Freedom Fighters (EFF).

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid losses in resources sector stocks. The JSE All Share Index fell 0.5% to close at 52,218.61.



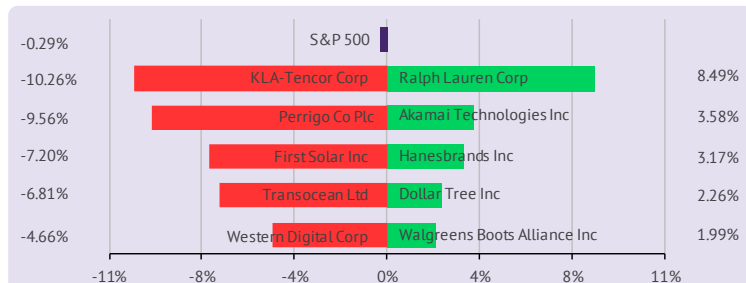
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52218.61	▼	-268.04	-0.51%	-0.25%	-1.10%	1.11%	3.01%
JSE Top 40	45132.06	▼	-378.59	-0.83%	-0.56%	-1.71%	-0.13%	-1.45%
FTSE 100	6866.42	▲	15.12	0.22%	1.07%	2.11%	3.38%	10.00%
DAX 30	10650.89	▼	-42.01	-0.39%	2.74%	3.03%	6.79%	-0.86%
CAC 40	4452.01	▼	-16.06	-0.36%	0.94%	0.27%	4.77%	-3.99%
S&P 500	2175.49	▼	-6.25	-0.29%	-0.34%	0.09%	3.56%	6.44%
Nasdaq Composite	5204.58	▼	-20.90	-0.40%	-0.32%	0.82%	6.60%	3.94%
DJIA	18495.66	▼	-37.39	-0.20%	-0.26%	0.34%	2.80%	6.14%

US Market ▼

The S&P 500 futures are trading in the green

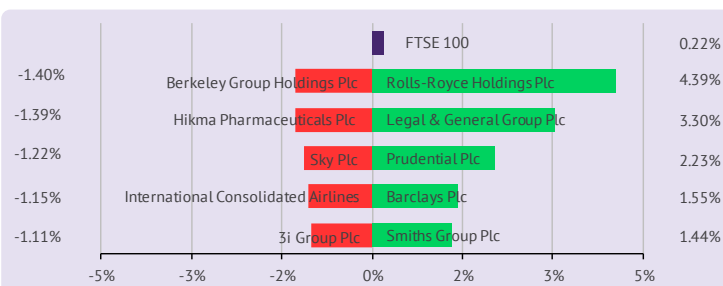
US markets closed lower yesterday, weighed down by losses in energy sector stocks following a decline in oil prices. Data indicated that the US reported a budget deficit in July. The S&P 500 Index dropped 0.3% to close at 2,175.49.



UK Market ▲

The FTSE 100 futures are trading in positive territory

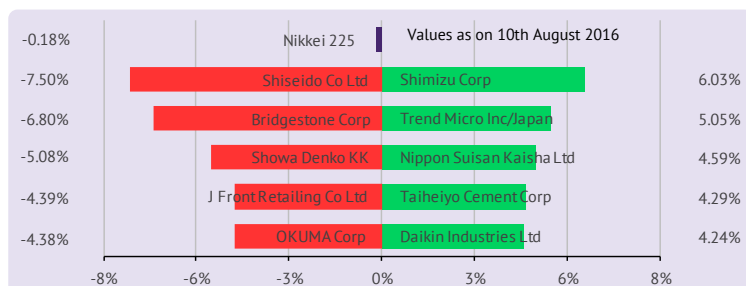
UK markets finished higher yesterday, led by gains in financial sector stocks. The FTSE 100 Index advanced 0.2% to close at 6,866.42.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Markets in Japan are closed today.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% firmer against the South African Rand at R13.3500. Later today, traders will keep a close watch on US initial jobless claims and import price index for further direction. Additionally, South Africa's manufacturing production data will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. Separately, data indicated that JOLTS job openings increased in June from May, while layoffs fell to their lowest in nearly two years. Moreover, MBA mortgage applications rebounded last week. Meanwhile, the nation recorded a budget deficit in July from a budget surplus in June.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.4% firmer against the South African Rand at R17.3572. Going forward, traders will keep an eye on UK's construction output, scheduled for tomorrow.

The British Pound declined against the South African Rand yesterday, extending losses from previous sessions.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro rose 0.4% against the South African Rand to trade at R14.8980.

The Euro weakened against the South African Rand yesterday, extending previous session losses.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.3% against the South African Rand to trade at R10.2688. Earlier in the session, data indicated that Australia's consumer inflation expectations weakened in August from July.

The Australian Dollar fell against the South African Rand yesterday. Separately, the RBA Governor, Glenn Stevens stated that slowing economic growth rate will make repairing the budget difficult and urgent, while reiterating his "serious reservations" about reliance on monetary policy across the world.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.3500	▲	-0.98%	-3.25%	-4.30%	-5.76%	-14.16%
GBPZAR	17.3572	▲	-0.86%	-3.49%	-5.81%	-6.41%	-24.17%
EURZAR	14.8980	▲	-0.49%	-2.42%	-4.35%	-5.05%	-11.71%
AUDZAR	10.2688	▲	-0.53%	-2.01%	-3.07%	-3.73%	-9.89%
EURUSD	1.1166	▼	0.53%	0.81%	0.02%	0.61%	2.85%
GBPUSD	1.3000	▼	0.05%	-0.48%	-1.66%	-0.61%	-11.75%
Brent (\$/barrel)	43.9	▼	-2.07%	-0.50%	1.19%	-12.43%	18.16%
Gold (\$/oz)	1348.3	▲	0.40%	0.59%	-0.35%	2.15%	26.80%
Platinum (\$/oz)	1177.7	▼	2.00%	2.74%	2.82%	12.64%	32.68%
Copper (\$/MT)*	4816.3	▲	0.99%	0.77%	-2.01%	1.55%	2.35%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,348.30/oz.

Yesterday, gold prices rose 0.4% to close at \$1,344.30/oz, amid weakness in the greenback and a slump in global equity markets.

Brent Crude Oil ▼

Trading weaker

Brent crude oil edged lower 0.4% at 06:00 SAST, to trade at \$43.86/bl, extending losses from previous sessions.

Yesterday, Brent crude oil dropped 2.1% to settle at \$44.05/bl, after the US Energy Department reported that US crude oil inventories rose 1.1mn bls last week. Moreover, the OPEC disclosed that Saudi Arabia's oil output reached a record high of 10.7 mn bls per day in July.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.5% to trade at \$1,177.70/oz.

Yesterday, platinum prices climbed 2.0% to close at \$1183.10/oz, rising to its highest level since April 2015.



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Major South Africa Corporate News

Aveng Limited

In its trading statement for FY16, the company indicated that it expects headline loss to be between 65.00c/share and 79.00c/share, which is between 45.0% and 55.0% higher than the corresponding period of the preceding year. It also anticipates basic loss to be between 17.00c/share and 29.00c/share, compared with 114.80/share recorded in the similar period of the prior year.

Brait SE

The company stated that its NAV per share decreased 3.2% from 4Q16 to R131.94 for 1Q17. NAV per share of ZAR131.94 reflects an increase of 64.2% from FY15, to ZAR80.34 per share in FY16.

KAP Industrial Holdings Limited

The company revealed that will acquire the entire issued ordinary share capital in Safripol Holdings Proprietary Limited for a cash consideration of ZAR4.10bn, on a debt free and cash free basis. The acquisition of Safripol will form part of the Diversified Chemical segment for KAP which will incorporate the Safripol, Hosaf and Woodchem businesses. The effective date for the Transaction will be January 01, 2017.

Net 1 UEPS Technologies Inc.

The company announced that the Competition Commission of South Africa has declined to refer a complaint lodged against the company and Grindrod Bank Limited by Hon. Elza van Lingen, a Member of Parliament, to the Competition Tribunal. Elza claimed that the firm's subsidiary, Cash Paymaster Services Proprietary Limited, provided other associates of the company as well as the bank access to the database of social grant beneficiaries. She further alleged that this gave the bank and the firm an advantage over other banks for the provision of insurance policies, loans and prepaid airtime and electricity.

New Europe Property Investments Plc

In its 1H16 results, the company revealed that its gross rental income advanced 37.5% from the same period of the preceding year to EUR68.36mn. Its diluted headline EPS stood at 16.81c, compared with 17.84c recorded in the corresponding period of the previous year. For FY16, it expects recurring distributable EPS to be approximately 15.0% higher compared with FY15.

Major Global Economic News

US

The US reported a budget deficit of USD112.81bn in July, following a surplus of USD6.25bn in the previous month.

JOLTs job openings in the US registered a rise to 5624.00K in June compared to a revised reading of 5514.00K in the prior month. Market anticipation was for JOLTs job openings to rise to a level of 5675.00K.

In the US, mortgage applications advanced 7.1% on a weekly basis, in the week ended August 05, 2016. Mortgage applications had recorded a drop of 3.5% in the previous week.

Asia

In Australia, the consumer inflation expectations registered a drop to 3.5% in August, compared to a reading of 3.7% in the previous month.

UK

In the UK, the RICS house price balance registered a drop to 5.00 in July, lower than market expectations of a fall to a level of 6.00. House price balance had registered a revised reading of 15.00 in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	RICS Housing Price Balance (Jul)	✓✓	5.00%*	15.00%	Monthly
Italy	10:00	Consumer Price Index (YoY) (Jul) (F)	✓	-0.10%	-0.10%**	Monthly
Italy	10:00	Consumer Price Index (MoM) (Jul) (F)	✓	0.20%	0.20%**	Monthly
Italy	11:00	Trade Balance EU (Jun)	✓	-	EUR1.78bn	Monthly
Italy	11:00	Trade Balance (Jun)	✓	-	EUR5033.00mn	Monthly
South Africa	11:30	Gold Production (YoY) (Jun)	✓✓	-	1.20%	Monthly
South Africa	11:30	Platinum Production (YoY) (Jun)	✓✓	-	23.10%	Monthly
South Africa	11:30	Mining Production (YoY) (Jun)	✓✓	-3.50%	-4.40%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Jun)	✓✓	-	1.60%	Monthly
US	14:30	Export Price Index (Jul)	✓	-	120.90	Monthly
Canada	14:30	New Housing Price Index (YoY) (Jun)	✓	-	2.70%	Monthly
US	14:30	Import Price Index (YoY) (Jul)	✓	-4.30%	-4.80%	Monthly
Canada	14:30	New Housing Price Index (MoM) (Jun)	✓	0.30%	0.70%	Monthly
US	14:30	Import Price Index (MoM)	✓	-0.40%	0.20%	Monthly
US	14:30	Initial Jobless Claims (06-Aug)	✓✓	265.00K	269.00K	Weekly
US	14:30	Import Price Index (MoM) (Jul)	✓	-0.40%	0.20%	Monthly
US	16:00	Mortgage Delinquencies (Q2)	✓	-	4.77%	Quarterly
US	16:00	MBA Mortgage Foreclosures (Q2)	✓	-	1.74%	Quarterly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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