

ONE Minute Brief

12 August 2016

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Economic and Political News

South African manufacturing output unexpectedly advanced 0.7% MoM in June, confounding market expectations for a fall of 1.0% and compared to a revised 1.3% gain in the prior month.

In June, mining production recorded a drop of 2.5% in South Africa on a yearly basis, lower than market expectations for a fall of 3.5%. Mining production had registered a drop of 4.4% in the prior month.

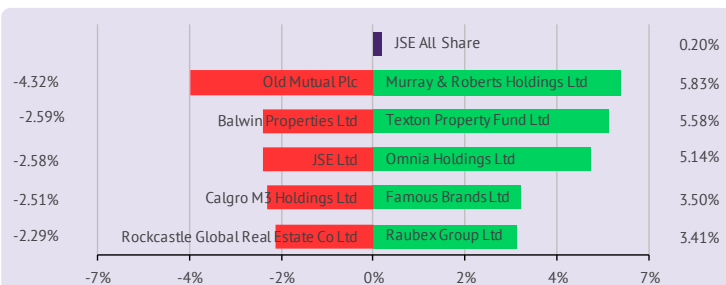
Gold production dropped 2.6% in South Africa on an annual basis, in June. Gold production had registered a rise of 1.2% in the previous month. Moreover, platinum production advanced 4.9% on an annual basis in June. In the previous month, platinum production had registered a revised rise of 23.2%.

The South African Reserve Bank's (SARB) Deputy Governor, Daniel Mminele stated that the central bank remains cautiously optimistic about the recent rand rally. He indicated while that its implications would be positive for inflation outlook, he was unsure for how long the strength in the currency would last.

South Africa Market ▲

South African markets closed higher

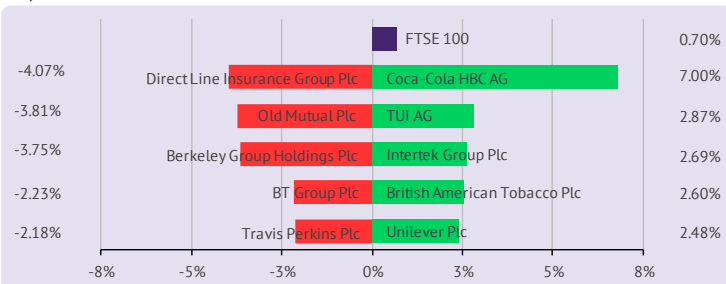
South African markets closed in the green yesterday, amid gains in platinum mining sector stocks. Data indicated that South Africa's manufacturing production unexpectedly advanced on a monthly basis in June. The JSE All Share Index rose 0.2% to close at 52,321.78.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, boosted by a rise in shares of Coca Cola HBC following upbeat interim results and amid gains in energy sector stocks. The FTSE 100 Index advanced 0.7% to close at 6,914.71.



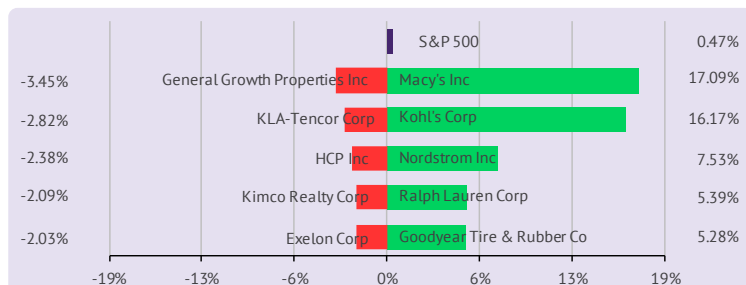
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52321.78	▲	103.17	0.20%	-0.05%	-0.90%	1.11%	3.21%
JSE Top 40	45205.64	▲	73.58	0.16%	-0.40%	-1.55%	-0.13%	-1.29%
FTSE 100	6914.71	▲	48.29	0.70%	1.78%	2.83%	3.38%	10.77%
DAX 30	10742.84	▲	91.95	0.86%	3.62%	3.92%	6.79%	0.00%
CAC 40	4503.95	▲	51.94	1.17%	2.12%	1.44%	4.77%	-2.87%
S&P 500	2185.79	▲	10.30	0.47%	0.13%	0.56%	3.56%	6.94%
Nasdaq Composite	5228.40	▲	23.82	0.46%	0.14%	1.28%	6.60%	4.41%
DJIA	18613.52	▲	117.86	0.64%	0.38%	0.98%	2.80%	6.82%

US Market ▲

The S&P 500 futures are trading in the red

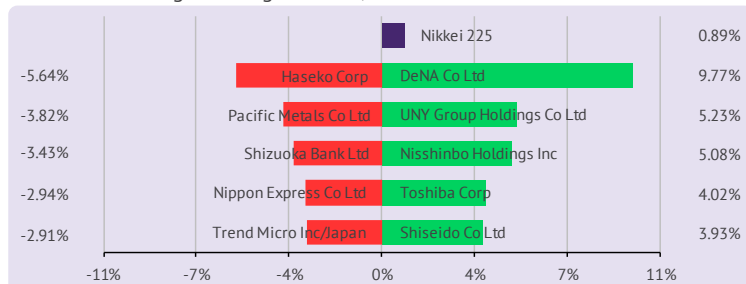
US markets closed higher yesterday, supported by gains in energy sector stocks. Data indicated that initial jobless claims in the US eased slightly last week. The S&P 500 Index climbed 0.5% to close at 2,185.79.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. Earlier in the session, data revealed that China's industrial production advanced at a slower pace in July. The Nikkei 225 Index is trading 0.9% higher at 16,884.29.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R13.4200. Later today, traders will keep a close watch on US advance retail sales, business inventories and Reuters/ Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday, after data indicated that the number of people filing for new unemployment benefits eased slightly last week. Moreover, the import price index advanced unexpectedly in July. Elsewhere, South Africa's manufacturing production increased at a quicker than expected pace on an annual basis in June.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R17.3980. Later today, traders will keep an eye on UK's construction output data for further cues.

The British Pound advanced against the South African Rand yesterday, reversing previous session losses.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R14.9334. Going forward, market participants will keep a tab on Eurozone's gross domestic product (GDP) and industrial production data, scheduled in a few hours. Moreover, Germany's GDP data and consumer price index will attract market attention.

The Euro strengthened against the South African Rand yesterday.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R10.3133. Earlier in the session, in China, Australia's largest trading partner, industrial production increased a slower pace in July, while retail sales grew less than expected in the same month, indicating signs of a further slowdown in the world's second largest economy.

The Australian Dollar rose against the South African Rand yesterday. Separately, data indicated that Australia's consumer inflation expectations weakened in August from July.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4200	▲	0.91%	-2.37%	-3.43%	-5.76%	-13.38%
GBPZAR	17.3980	▲	0.45%	-3.06%	-5.39%	-6.41%	-23.83%
EURZAR	14.9334	▲	0.58%	-1.86%	-3.79%	-5.05%	-11.20%
AUDZAR	10.3133	▼	0.80%	-1.23%	-2.30%	-3.73%	-9.17%
EURUSD	1.1139	▲	-0.35%	0.46%	-0.33%	0.61%	2.49%
GBPU\$	1.2973	▲	-0.42%	-0.89%	-2.07%	-0.61%	-12.11%
Brent (\$/barrel)	46.2	▲	4.52%	4.00%	5.77%	-12.43%	23.50%
Gold (\$/oz)	1345.8	▲	-0.13%	0.46%	-0.48%	2.15%	26.63%
Platinum (\$/oz)	1153.0	▼	-2.23%	0.45%	0.53%	12.64%	29.72%
Copper (\$/MT)*	4840.0	▲	0.49%	1.27%	-1.53%	1.55%	2.85%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.2% to trade at \$1,345.80/oz.

Yesterday, gold prices fell 0.1% to close at \$1,342.50/oz, amid strength in the US Dollar and a rise in global equity markets.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.4% to trade at \$46.24/bl.

Yesterday, Brent crude oil rallied 4.5% to settle at \$46.04/bl, after Saudi Arabia's Energy Minister Khalid al-Falih stated that OPEC members and non-members would discuss the market situation and take any further action to stabilise oil prices in an informal meeting scheduled next month. Moreover, the International Energy Agency forecasted that crude markets would tighten in the second half of 2016.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$1,153.00/oz.

Yesterday, platinum prices declined 2.2% to close at \$1156.70/oz.



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Major South Africa Corporate News

Advtech Limited

In its trading statement for 1H16, the company indicated that both basic EPS and headline EPS is expected to be between 40.0% to 50.0% higher than 24.60c recorded in the corresponding period of the previous year.

Fortress Income Fund Limited

In its FY16 results, the company revealed that its net rental revenue surged from the preceding year to R1.56bn. Its headline loss per A and B share stood at 181.38c/share, compared with an EPS of 249.50c recorded in the previous year. It reported a loss before tax of R5.28mn, compared with a profit before tax of R3.34mn in the prior year. It also announced that it intends to make a general offer to acquire all or part of Lodestone shares at a swap ratio of 1 Fortress A ordinary and 1 Fortress B ordinary share for every 6.66667 Lodestone shares held.

Ascension Properties Limited

The company indicated that it has concluded an agreement for the disposal of the property letting enterprises in respect of 3 properties; Bergstan House, Matrix House and Nedbank Centre to Camden Bay Investments 44 Proprietary Limited for a consideration of ZAR199.88mn. The disposal remains conditional upon Camden Bay obtaining debt finance for 60.0% of the sale consideration payable. The proceeds of disposal will be used to reduce Ascension's existing debt.

Mpact Limited

In its 1H16 results, the company stated that its revenue increased to R4.69bn from R4.41bn posted in the corresponding period of the previous year, with 1.7% of this growth attributable to acquisitions. However, its headline diluted EPS fell 29.0% from the same period of the prior year to 94.60c. For 2H16, the company expects earnings to continue to be impacted by a higher effective tax rate and higher finance costs. Additionally, depreciation charges related to the Felixton mill (Phase1) and Mpact Polymers projects, which were capitalised in 4Q15, will also weigh on earnings for 2H16.

Consolidated Infrastructure Group Limited

The company revealed that it has concluded an agreement with Conlog Proprietary Limited, a manufacturer and distributor of prepaid electricity solutions, to acquire its entire issued share capital. The purchase consideration comprises of an initial payment of ZAR700.00mn payable on closing, together with deferred consideration with an earn-out component of between ZAR50.00mn and ZAR150.00mn, depending on Conlog's 2016 adjusted earnings before tax, depreciation and amortization, and a closing net cash and working capital adjustment.

Tsogo Sun Holdings Limited

The group announced that its decision to acquire a controlling stake in Hospitality Property Fund Limited has been approved by the Competition Tribunal. It plans to sell a portfolio of ten hotel properties into Hospitality in exchange for the issue of Hospitality ordinary shares. Both firms anticipate that the remaining conditions precedent to the transaction will be fulfilled by August 31, 2016, such that the effective date of the transaction will be September 01, 2016.

Major Global Economic News

US

In the week ended August 06, 2016, the seasonally adjusted initial jobless claims in the US recorded a drop to 266.00K, compared to market expectations of a fall to 265.00K. In the previous week, initial jobless claims had recorded a revised level of 267.00K.

In July, the import price index unexpectedly rose 0.1% on a monthly basis in the US, compared to a revised advance of 0.6% in the prior month. Market expectation was for the index to fall 0.4%.

Asia

On an annual basis, industrial production in China climbed 6.0% in July, lower than market expectations for a rise of 6.2%. In the previous month, industrial production had climbed 6.2%.

In China, on an annual basis, retail sales climbed 10.2% in July, less than market expectations for an advance of 10.5%. In the prior month, retail sales had climbed 10.6%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	04:00	Industrial Production (YoY) (Jul)	✓✓	6.00%*	6.20%	Monthly
China	04:00	Retail Sales (YoY) (Jul)	✓✓	10.20%*	10.60%	Monthly
China	04:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Jul)	✓✓	8.10%*	9.00%	Monthly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q2) (P)	✓✓✓	0.30%	0.70%	Quarterly
Germany	08:00	Consumer Price Index (MoM) (Jul) (F)	✓✓	0.30%	0.30%**	Monthly
Germany	08:00	Wholesale Price Index (MoM) (Jul)	✓	-	0.60%	Monthly
France	08:45	Nonfarm Payrolls (QoQ) (Q2) (P)	✓	0.20%	0.30%	Quarterly
Spain	09:00	Consumer Price Index (YoY) (Jul) (F)	✓	-0.60%	-0.60%**	Monthly
Spain	09:00	Consumer Price Index (MoM) (Jul) (F)	✓	-0.70%	-0.70%**	Monthly
Italy	10:00	Gross Domestic Product (QoQ) (Q2) (P)	✓✓	0.20%	0.30%	Quarterly
UK	10:30	Construction Output (YoY) (Jun)	✓	-2.10%	-1.90%	Monthly
Portugal	10:30	Gross Domestic Product (QoQ) (Q2) (P)	✓	0.30%	0.20%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q2) (S)	✓✓	0.30%	0.30%**	Quarterly
Eurozone	11:00	Industrial Production s.a. (MoM) (Jun)	✓	0.50%	-1.20%	Monthly
US	14:30	Producer Prices (Jul)	✓	-	192.80	Monthly
Canada	14:30	Teranet/National Bank HPI (MoM) (Jul)	✓	-	2.30%	Monthly
US	14:30	Advance Retail Sales (MoM) (Jul)	✓✓✓	0.40%	0.60%	Monthly
US	14:30	Producer Price Index (MoM) (Jul)	✓	0.10%	0.50%	Monthly
US	14:30	Producer Price Index (YoY) (Jul)	✓✓	0.20%	0.30%	Monthly
US	16:00	Business Inventories (Jun)	✓	0.10%	0.20%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Aug) (P)	✓✓✓	91.50	93.50	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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