

ONE Minute Brief

1 September 2016

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Economic and Political News

South Africa's trade surplus dropped more than expected to ZAR5.20bn in July, following a surplus of ZAR12.50bn in the prior month.

South Africa's private sector credit recorded a rise of 6.78% on an annual basis in July, compared to a revised advance of 7.23% in the previous month. Market expectation was for the private sector credit to rise 6.9%.

South Africa's opposition party, Democratic Alliance stated that President Jacob Zuma is set to appeal to the Supreme court against a court ruling that corruption charges against him be reinstated.

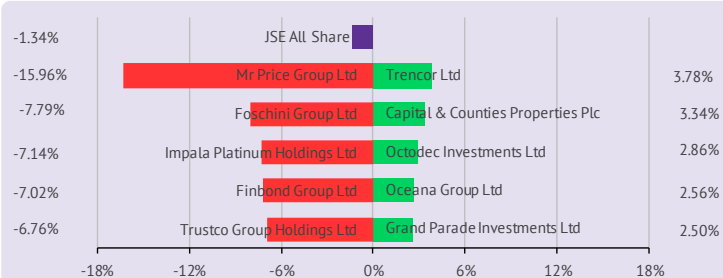
South Africa's asset manager Futuregrowth's CIO Andrew Canter announced that it has stopped lending to some state-owned local companies as it is concerned about the way they are being run.

Eskom's Chief Executive Brian Molefe denied allegations that he was corrupt or captured by the controversial Gupta family. He also added that the power utility's spat with the Treasury would not affect the company's credit ratings and expected South Africa to be out of danger of power cuts by 2018.

South Africa Market ▼

South African markets closed lower

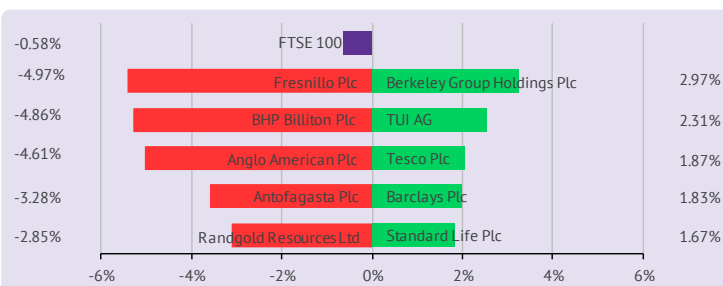
South African markets closed in the red yesterday, weighed down by losses in retail sector stocks. Data indicated that South Africa's trade surplus narrowed more-than-expected in July. The JSE All Share Index fell 1.3% to close at 52,733.12.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, led by losses in mining sector stocks. The FTSE 100 Index declined 0.6% to close at 6,781.51.



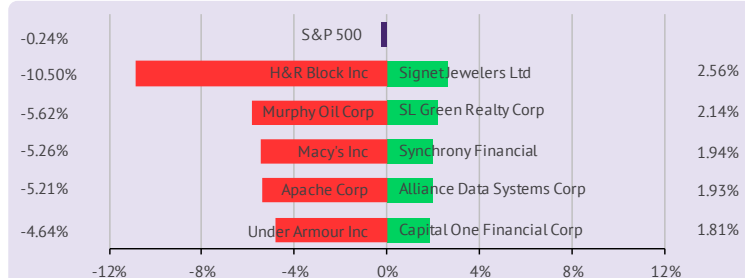
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52733.12	▼	-715.57	-1.34%	-1.45%	NA	-0.12%
JSE Top 40	46261.02	▼	-558.13	-1.19%	-1.17%	NA	0.75%
FTSE 100	6781.51	▼	-39.28	-0.58%	-0.83%	NA	0.85%
DAX 30	10592.69	▼	-64.95	-0.61%	0.05%	NA	2.47%
CAC 40	4438.22	▼	-19.27	-0.43%	-0.08%	NA	-0.04%
S&P 500	2170.95	▼	-5.17	-0.24%	0.09%	NA	-0.12%
Nasdaq Composite	5213.22	▼	-9.77	-0.19%	-0.11%	NA	0.99%
DJIA	18400.88	▼	-53.42	-0.29%	0.03%	NA	-0.17%

US Market ▼

The S&P 500 futures are trading in the green

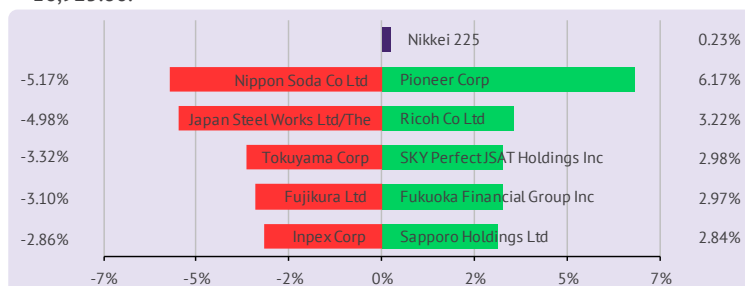
US markets closed lower yesterday, amid losses in energy sector stocks following a drop in oil prices. Meanwhile, ADP reported that private sector job additions in the US advanced more-than-expected in August. The S&P 500 Index dropped 0.2% to close at 2,170.95.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Earlier in the session, data indicated that China's official manufacturing PMI expanded unexpectedly in August. The Nikkei 225 Index is trading 0.2% higher at 16,925.80.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R14.7053. Later today, traders will keep a close watch on US ISM manufacturing PMI and Markit manufacturing PMI along with initial jobless claims data for further direction. Additionally, South Africa's Barclays manufacturing PMI will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after ADP indicated that private sector employment in the US increased more than market expectations in August. Moreover, pending home sales rebounded more-than-expected on a monthly basis in July. Elsewhere, South Africa's trade surplus shrank in July. Further, the nation's private sector credit growth slowed on annual basis in July.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R19.3340. Later today, traders will keep an eye on UK's Markit manufacturing PMI for further cues.

The British Pound advanced against the South African Rand yesterday, extending gains from previous sessions.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.2% against the South African Rand to trade at R16.4031. Going forward, market participants will keep a tab on Markit's survey for manufacturing PMI across the Eurozone, scheduled to release in a few hours.

The Euro strengthened against the South African Rand yesterday. Separately, data indicated that Eurozone's annual consumer inflation grew at a slower than expected pace in August, led primarily by a drop in energy costs and remained much below the ECB's target of 2.0%. Moreover, the region's unemployment rate remained unchanged in July from June, its lowest since July 2011. Separately, Germany's unemployment rate remained unchanged at a record low in August. Meanwhile, the nation's retail sales rebounded strongly on a monthly basis in July.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R11.0834. Earlier in the session, data indicated that Australia's retail sales remained flat on a monthly basis in July. Elsewhere, the official manufacturing PMI in China surprisingly expanded in August, its highest since October 2014.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.7053	▼	1.57%	2.52%	NA	6.14%	-4.79%
GBPZAR	19.3340	▼	1.97%	2.60%	NA	5.43%	-15.12%
EURZAR	16.4031	▼	1.75%	2.16%	NA	5.96%	-2.20%
AUDZAR	11.0834	▲	1.67%	1.99%	NA	4.86%	-2.52%
EURUSD	1.1155	▼	0.13%	-0.36%	NA	-0.14%	2.69%
GBPUSD	1.3142	▲	0.44%	0.01%	NA	-0.70%	-10.88%
Brent (\$/barrel)	47.2	▲	-3.06%	-6.07%	NA	7.72%	25.78%
Gold (\$/oz)	1313.3	▲	-0.39%	-1.03%	NA	-3.05%	23.36%
Platinum (\$/oz)	1055.1	▲	-0.29%	-2.25%	NA	-8.44%	18.15%
Copper (\$/MT)*	4605.8	▲	0.23%	0.05%	NA	-6.30%	-2.13%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.4% to trade at \$1,313.30/oz.

Yesterday, gold prices fell 0.4% to close at \$1,307.90/oz, amid mounting expectations of an interest rate hike by the US Federal Reserve in the coming months.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.6% to trade at \$47.15/bl.

Yesterday, Brent crude oil dropped 3.1% to settle at \$46.89/bl, after the US Energy Department reported that crude oil inventories rose more-than-expected by 2.3mn bls last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$1,055.10/oz.

Yesterday, platinum prices declined 0.3% to close at \$1,053.50/oz.



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Major South Africa Corporate News

EOH Holdings Limited

In its trading statement for FY16, the company revealed that EPS is expected to be between 673.00c and 729.00c, indicating an increase of between 20.0% and 30.0%. Its headline EPS is expected to be between 690.00c and 748.00c, compared to 575.00c recorded in the previous year.

MMI Holdings Limited

In its trading statement for FY16, the company indicated that its diluted EPS and diluted headline EPS are expected to decrease between 23.0% and 28.0%, to be between 130.00c and 140.00c.

Mr Price Group Limited

In its trading update for the 18 weeks ended 06 August 2016, the company stated that due to soft winter and weak trading environment during the period, it is unlikely that earnings for 1H16 will exceed that of the previous year. It stated that unseasonably warm weather at the start of winter and higher prices from the weaker rand led to subdued sales. Also it added that there has been a fundamental shift in consumer spending in South Africa, with higher unemployment and low economic growth significantly dampening consumer confidence and spending. Its clothing business was particularly hard hit after competitors placed heavy discounts on winter garments.

Santam Limited

In its 1H16 results, the company stated that its gross written premium increased to R12.15bn from R11.27bn posted in the corresponding period of the previous year. However, its diluted headline EPS fell 28.8% from the same period of the preceding year to 628.00c. Its profit before tax declined to R1.10bn from R1.45bn recorded in the similar period of the previous year.

Steinhoff International Holdings NV

In its FY16 results, the company revealed that its revenue advanced 33.0% from the preceding year to EUR13.06bn, out of which 64.0% was contributed by household goods. Its operating profit rose to EUR1.47bn from EUR1.12bn recorded in the previous year.

Super Group Limited

The company announced that all conditions required for the acquisition of Sandown Motors Holdings Proprietary Limited's Western Cape dealership business and the strategic property from Koppieview Proprietary Limited have been fulfilled. The effective date of the acquisition is September 01, 2016. The purchase consideration which is expected to be ZAR417.70mn, is subject to be paid within 21 working days of the effective date of the Sandown Motors acquisition agreement.

Major Global Economic News

Asia

In China, the NBS manufacturing PMI registered an unexpected rise to a level of 50.40 in August, higher than market expectations of a fall to a level of 49.80. In the previous month, the PMI had registered a level of 49.90.

In August, the NBS non-manufacturing PMI eased to 53.50 in China. In the prior month, the PMI had registered a reading of 53.90.

In August, the final manufacturing PMI in Japan rose to a level of 49.50. In the prior month, PMI had recorded a reading of 49.30 and the preliminary figures had recorded an advance to 49.60.

In Australia, the seasonally adjusted retail sales remained flat on a monthly basis in July, compared to an advance of 0.1% in the previous month. Market anticipation was for retail sales to advance 0.3%.

US

In the US, the private sector employment rose by 177.00K in August, more than market anticipations of an advance of 175.00K. The private sector employment had registered a revised gain of 194.00K in the prior month.

In the US, pending home sales recorded a rise of 1.30% on a monthly basis in July, higher than market expectations for a rise of 0.7%. In the prior month, pending home sales had registered a revised drop of 0.8%.

Eurozone

In August, the preliminary consumer price index in the Eurozone rose 0.2% on a yearly basis, compared to a similar rise in the prior month. Market anticipation was for the CPI to advance 0.3%.

In July, the unemployment rate remained steady at a level of 10.1% in the Eurozone, higher than market expectations of a fall to 10.0%.

The seasonally adjusted unemployment rate remained unchanged at a level of 6.1% in Germany, in August, meeting market expectations.

In July, retail sales rose 1.7% in Germany on a monthly basis, more than market expectations for a rise of 0.5%. Retail sales had fallen by a revised 0.6% in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Capital Spending (Q2)	✓✓	3.10%*	4.20%	Quarterly
Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Aug) (F)	✓✓	49.50*	49.60**	Monthly
China	03:00	NBS Non-manufacturing PMI (Aug)	✓	53.50*	53.90	Monthly
China	03:00	NBS Manufacturing PMI (Aug)	✓✓	50.40*	49.90	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Aug)	✓✓	50.00*	50.60	Monthly
Japan	07:00	Vehicle Sales (YoY) (Aug)	✓	-	-0.20%	Monthly
Switzerland	09:15	Real Retail Sales (YoY) (Jul)	✓✓	-	-3.90%	Monthly
Spain	09:15	Markit Manufacturing PMI (Aug)	✓	50.90	51.00	Monthly
Switzerland	09:30	SVME - PMI (Aug)	✓✓	50.60	50.10	Monthly
Italy	09:45	Markit Manufacturing PMI (Aug)	✓	51.20	51.20	Monthly
France	09:50	Markit Manufacturing PMI (Aug) (F)	✓	48.50	48.50**	Monthly
Germany	09:55	Markit Manufacturing PMI (Aug) (F)	✓✓	53.60	53.60**	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Aug) (F)	✓✓✓	51.80	51.80**	Monthly
Greece	10:00	Manufacturing PMI (Aug)	✓	-	48.70	Monthly
UK	10:30	Markit Manufacturing PMI (Aug)	✓✓✓	49.00	48.20	Monthly
South Africa	11:00	PMI Manufacturing (Aug)	✓	51.00	52.50	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Jul)	✓	-	-2.20%	Monthly
South Africa	13:00	Electricity Production (YoY) (Jul)	✓	-	0.40%	Monthly
US	14:30	Initial Jobless Claims (27-Aug)	✓✓	265.00 K	261.00 K	Weekly
US	15:45	Markit Manufacturing PMI (Aug) (F)	✓✓	52.10	52.10**	Monthly
US	16:00	ISM New Orders (Aug)	✓	-	56.90	Monthly
US	16:00	ISM Manufacturing PMI (Aug)	✓✓	52.00	52.60	Monthly
US	16:00	Construction Spending (MoM) (Jul)	✓✓	0.50%	-0.60%	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Aug)	✓	-13.10%	-17.00%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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