

ONE Minute Brief

2 September 2016

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Economic and Political News

South Africa's Barclays manufacturing PMI registered a drop to 46.30 in August, compared to market expectations of a fall to a level of 51.00. In the prior month, the PMI had recorded a level of 52.50.

In July, the electricity consumption slid 0.6%, on an annual basis in South Africa. In the prior month, the electricity consumption had recorded a drop of 2.2%. Meanwhile, the electricity production in South Africa advanced 2.0% on a yearly basis in July. In the prior month, the electricity production had advanced by a revised 0.3%.

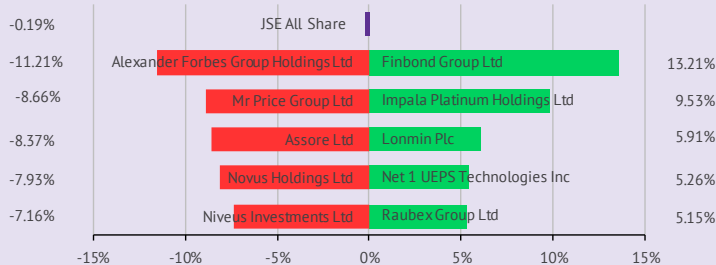
Eskom's spokesman Khulu Phasiwe announced that the National Treasury has denied the power utility's request to extend a short-term coal-supply contract for the Arnot power plant with the controversial Gupta family-controlled Tegeta Exploration & Resources.

Public Enterprises Minister Lynne Brown assured all lenders and investors that South Africa's parastatals, Eskom and Transnet were credible and reliable borrowers following Denmark's Jyske Bank's decision to stop lending money to Eskom.

South Africa Market ▼

South African markets closed lower

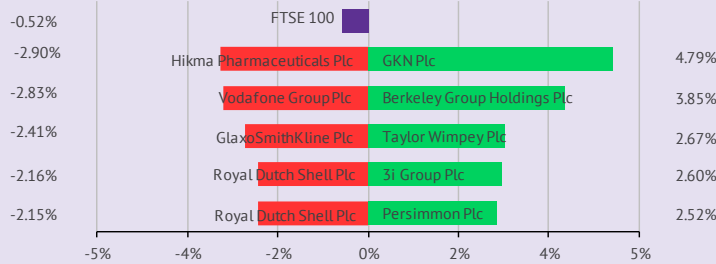
South African markets closed in the red yesterday, amid losses in retail sector stocks. Data indicated that South Africa's Barclays manufacturing PMI contracted in August. The JSE All Share Index fell 0.2% to close at 52,631.33.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, weighed down by losses in energy sector stocks. Data revealed that UK's manufacturing PMI rose in August, entering expansion territory. The FTSE 100 Index declined 0.5% to close at 6,745.97.



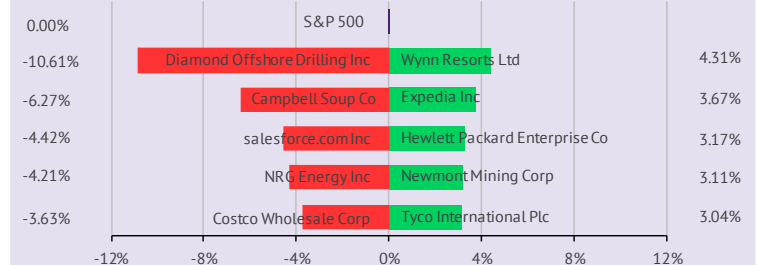
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52631.33	▼	-101.79	-0.19%	-1.64%	-0.19%	3.82%
JSE Top 40	46168.90	▼	-92.12	-0.20%	-1.36%	0.75%	0.81%
FTSE 100	6745.97	▼	-35.54	-0.52%	-1.35%	0.85%	8.07%
DAX 30	10534.31	▼	-58.38	-0.55%	-0.50%	2.47%	-1.94%
CAC 40	4439.67	▲	1.45	0.03%	-0.05%	-0.04%	-4.26%
S&P 500	2170.86	▼	-0.09	0.00%	0.08%	0.00%	6.21%
Nasdaq Composite	5227.21	▲	13.99	0.27%	0.16%	0.99%	4.39%
DJIA	18419.30	▲	18.42	0.10%	0.13%	-0.17%	5.71%

US Market ▼

The S&P 500 futures are trading in the red

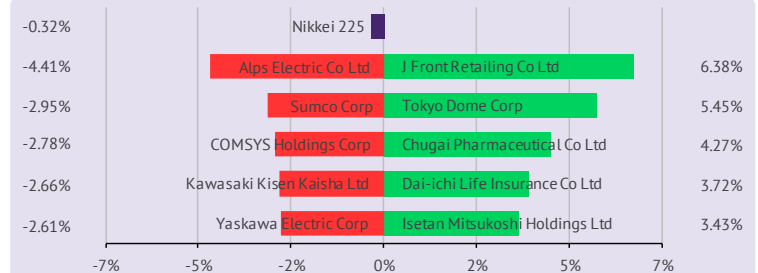
US markets closed mostly higher yesterday. Data indicated that ISM manufacturing PMI in the US contracted in August after expanding in July. The S&P 500 Index dropped marginally to close at 2,170.86.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.3% lower at 16,871.91.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R14.5892. Later today, traders will keep a close watch on US non-farm payrolls data and unemployment rate along with durable and factory orders for further cues.

The US Dollar fell against the South African Rand yesterday, after data indicated that the US ISM manufacturing activity index in August contracted for the first time since February. Moreover, the number of people applying for new unemployment benefits rose less-than-expected during the last week. Meanwhile, the final reading on Markit manufacturing PMI was revised higher in August. Separately, the nation's construction spending remained flat on a monthly basis in July. Elsewhere, South Africa's Barclays manufacturing PMI dropped in August.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R19.3750. Later today, traders will keep an eye on UK's Markit construction PMI for further direction.

The British Pound advanced against the South African Rand yesterday, after data revealed that UK's Markit manufacturing PMI expanded in August, its strongest reading since October 2015.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.3434. Going forward, market participants will keep a tab on Eurozone's producer price index, scheduled in a few hours.

The Euro weakened against the South African Rand yesterday. Separately, data indicated that Eurozone's final Markit manufacturing PMI was revised lower in August. Moreover, the final reading on German Markit manufacturing PMI for August came in line with previous estimates.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R11.0192.

The Australian Dollar fell against the South African Rand yesterday. Separately, data revealed that Australia's retail sales remained flat in July from June. Elsewhere, the official manufacturing PMI in China unexpectedly expanded in August, its highest since October 2014.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.5892	▼	-0.90%	1.59%	-0.90%	6.14%	-5.65%
GBPZAR	19.3750	▲	0.09%	2.70%	0.09%	5.43%	-15.04%
EURZAR	16.3434	▼	-0.49%	1.67%	-0.49%	5.96%	-2.68%
AUDZAR	11.0192	▼	-0.49%	1.50%	-0.49%	4.86%	-2.99%
EURUSD	1.1201	▲	0.35%	-0.01%	0.35%	-0.14%	3.04%
GBPUSD	1.3280	▲	0.99%	1.00%	0.99%	-0.70%	-10.00%
Brent (\$/barrel)	45.7	▲	-3.07%	-8.95%	-3.07%	7.72%	21.92%
Gold (\$/oz)	1316.7	▲	0.44%	-0.60%	0.44%	-3.05%	23.90%
Platinum (\$/oz)	1053.2	▲	-0.44%	-2.67%	-0.44%	-8.44%	17.63%
Copper (\$/MT)*	4620.0	▲	0.31%	0.36%	0.31%	-6.30%	-1.82%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.2% to trade at \$1,316.70/oz.

Yesterday, gold prices rose 0.4% to close at \$1,313.60/oz, amid weakness in the greenback following release of downbeat economic data in the US.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$45.67/bl.

Yesterday, Brent crude oil dropped 3.1% to settle at \$45.45/bl, amid mounting concerns surrounding the increasing glut of crude.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$1,053.20/oz.

Yesterday, platinum prices declined 0.4% to close at \$1048.90/oz.



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Major South Africa Corporate News

Famous Brands Limited

The company revealed that it has agreed to buy GBK Restaurants Limited for a total cash consideration of GBP120.00mn. Gourmet Burger Kitchen (GBK) is the pioneer of the premium burger category in the UK. It will acquire the entire issued share capital of GBK by way of cash accumulated from its business operations and short term funding, if required. The acquisition will be subject to the approval of the Financial Surveillance Department of the South African Reserve Bank.

Growthpoint Properties Limited

In its FY16 results, the company indicated that its revenue increased to R10.22bn from R7.87bn posted in the preceding year. However, its diluted headline EPS decreased 5.6% from the prior year to 140.01c. Its dividend per share advanced to 183.80c from 173.40c recorded in the previous year. For FY17, the company expects the V&A Waterfront to continue to perform well, given the strong property fundamentals, weak rand and the conversion of the significant development pipeline into income generating investments.

Impala Platinum Holdings Limited

In its FY16 results, the company stated that its revenue increased to R35.93bn from R32.48bn posted in the prior year, as a result of an increase in sales volumes. Its loss before tax narrowed 86.2% from the prior year to R600.00mn. Platinum production increased 12.7% from the preceding year to 1,438.00k oz due to a robust performance by its Zimplats unit in Zimbabwe.

Mr Price Group Limited

The company notified its shareholders that in respect of the FY17, the company has approved further loans to subsidiary companies amounting to R41.00mn. The company also confirmed that annual approval has been obtained from the shareholders for granting this financial assistance.

Octodec Investments Limited

The company announced that it has appointed Stephanie Ainsworth as a Chief Risk Officer, with effect from September 01, 2016.

Tsogo Sun Holdings Limited

The company confirmed that the effective date of the transaction to acquire a controlling stake in Hospitality Property Fund Limited by vending a portfolio of ten hotel properties into Hospitality in exchange for the issue of Hospitality ordinary shares is September 01, 2016.

Major Global Economic News

US

In August, the ISM manufacturing activity index eased to 49.40 in the US, compared to a reading of 52.60 in the previous month. Markets were anticipating the index to drop to a level of 52.00.

In the US, the final Markit manufacturing PMI fell to a level of 52.00 in August, compared to market expectations of a fall to a level of 52.10. The PMI had registered a reading of 52.90 in the previous month and the preliminary figures had recorded a fall to 52.10.

In the week ended August 27, 2016, the seasonally adjusted initial jobless claims recorded a rise to 263.00K in the US, lower than market expectations of an advance to 265.00K. Initial jobless claims had registered a level of 261.00K in the previous week.

In the US, construction spending remained flat on a monthly basis in July, lower than market expectations for an advance of 0.5%. In the previous month, construction spending had advanced by a revised 0.9%.

UK

In the UK, the Markit manufacturing PMI registered a rise to 53.30 in August, compared to a revised level of 48.30 in the previous month. Markets were anticipating the PMI to advance to 49.00.

Eurozone

The final Markit manufacturing PMI in the Eurozone dropped to 51.70 in August, compared to a level of 52.00 in the prior month. Market anticipation was for the PMI to ease to a level of 51.80 and the preliminary figures had recorded a drop to 51.80.

In August, the final Markit manufacturing PMI eased to 53.60 in Germany, meeting market expectations. In the previous month, manufacturing PMI had recorded a level of 53.80 and the preliminary figures had also recorded a drop to 53.60.

Asia

In Japan, the monetary base climbed 24.2% on a yearly basis in August. The monetary base had climbed 24.7% in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Monetary Base (YoY) (Aug)	✓	24.20%*	24.70%	Monthly
Japan	07:00	Consumer Confidence Index (Aug)	✓✓	41.80	41.30	Monthly
Spain	09:00	Unemployment Change (Aug)	✓	3.40K	-84.00K	Monthly
Italy	10:00	Gross Domestic Product (QoQ) (Q2) (F)	✓✓	0.00%	0.00%**	Quarterly
UK	10:30	Markit Construction PMI (Aug)	✓✓	46.30	45.90	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Jul)	✓	0.10%	0.70%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Jul)	✓✓	-2.90%	-3.10%	Monthly
US	14:30	Change in Household Employment (Aug)	✓	-	420.00 K	Monthly
US	14:30	Average Hourly Earnings (Aug)	✓✓	-	USD21.59	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Aug)	✓✓	0.20%	0.30%	Monthly
US	14:30	Unemployment Rate (Aug)	✓✓✓	4.80%	4.90%	Monthly
US	14:30	Underemployment Rate (Aug)	✓✓	-	9.70%	Monthly
Canada	14:30	Labour Productivity (QoQ) (Q2)	✓	-0.40%	0.40%	Quarterly
Canada	14:30	International Merchandise Trade (Jul)	✓	-CAD3.30bn	-CAD3.63bn	Monthly
US	14:30	Average Weekly Hours All Employees (Aug)	✓	34.50	34.50	Monthly
US	14:30	Change in Non-farm Payrolls (Aug)	✓✓✓	180.00K	255.00K	Monthly
US	14:30	Change in Private Payrolls (Aug)	✓✓	180.00K	217.00K	Monthly
US	14:30	Change in Manufacturing Payrolls (Aug)	✓	-3.00K	9.00K	Monthly
US	14:30	Trade Balance (Jul)	✓✓	-USD41.40bn	-USD44.50bn	Monthly
US	15:45	ISM New York Index (Aug)	✓	-	60.70	Monthly
US	16:00	Durable Goods Orders (Jul) (F)	✓✓✓	4.40%	4.40%**	Monthly
US	16:00	Factory Orders (MoM) (Jul)	✓✓	2.00%	-1.50%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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