

ONE Minute Brief

6 September 2016

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Economic and Political News

South Africa's Standard Bank whole economy purchasing managers index (PMI) fell marginally to a level of 49.8 in August from 49.9 in July.

South Africa's Economic Freedom Fighters (EFF) leader, Julius Malema stated that Finance Minister, Pravin Gordhan, must subject himself to the hawks, as his personal business interests are in conflict with his job.

The Congress of South African Trade Unions (Cosatu), in a statement, urged President, Jacob Zuma, to institute disciplinary action against Mineral Resources Minister, Mosebenzi Zwane, following his controversial statement on a Cabinet decision regarding the Gupta family versus banks issue.

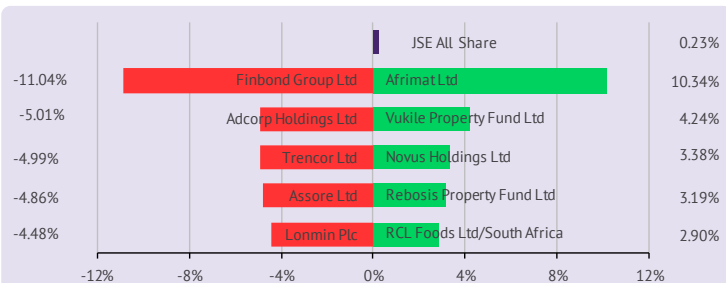
The National Union of Mineworkers indicated that more than 1500 members will march on September 06, against planned retrenchments and closure of a shaft at Sibanye Gold's loss-making Cooke 4 mine.

The South African Revenue Services Commissioner, Tom Moyane, stated that the Treasury's R1.175-trillion revenue target is at risk due to the nation's weak economic performance.

South Africa Market ▲

South African markets closed higher

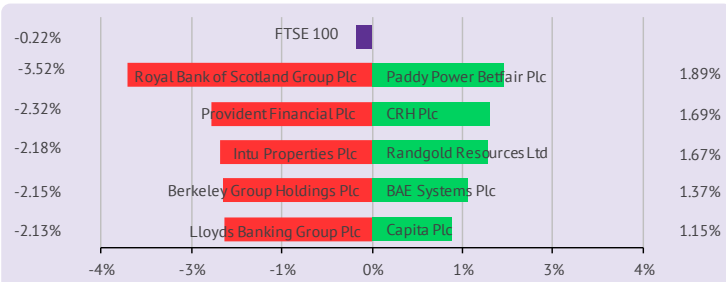
South African markets rose yesterday, driven by gains in banking sector stocks. The JSE All Share Index rose 0.2% to close at 53,622.00. Data showed that South Africa's private sector activity again contracted in August.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, weighed down by losses in financial and consumer-related stocks. Also, Deutsche Bank downgraded RBS to "sell" from "hold" and cut Lloyds to "hold" from "buy". The FTSE 100 Index declined 0.2% to close at 6,879.42.



Key Indices

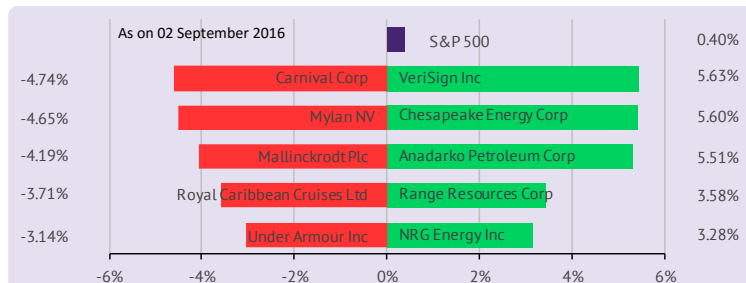
	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53622.00	▲	121.93	0.23%	0.23%	1.69%	-0.12%	5.78%
JSE Top 40	47078.69	▲	106.07	0.23%	0.23%	1.77%	0.75%	2.80%
FTSE 100	6879.42	▼	-15.18	-0.22%	-0.22%	1.44%	0.85%	10.21%
DAX 30	10672.22	▼	-11.60	-0.11%	-0.11%	0.75%	2.47%	-0.66%
CAC 40	4541.08	▼	-1.09	-0.02%	-0.02%	2.32%	-0.04%	-2.07%
S&P 500*	2179.98	-	0.00	0.00%	0.00%	0.42%	-0.12%	6.66%
Nasdaq Composite*	5249.90	-	0.00	0.00%	0.00%	0.70%	0.99%	4.84%
DJIA*	18491.96	-	0.00	0.00%	0.00%	0.49%	-0.17%	6.12%

*As on 02 September 2016

US Market ▲

The S&P 500 futures are trading in the green

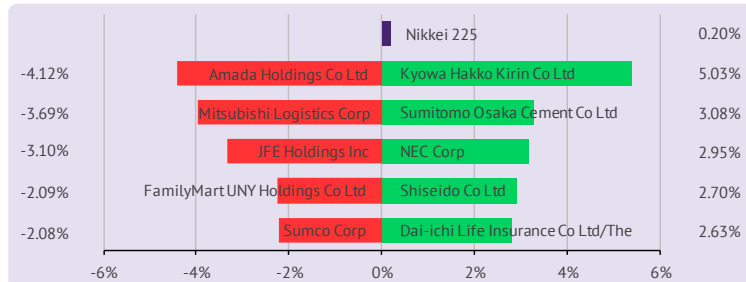
US markets were closed yesterday for the Labor Day public holiday.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning extending its previous session gains. The Nikkei 225 Index is trading 0.2% higher at 17,070.97



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USDZAR ▲

USD trading a tad against ZAR

At 06:00 SAST, the US Dollar advanced marginally against the South African Rand to trade at R14.3900. Later today, investors would keep a close eye on the US ISM non-manufacturing and the Markit services PMI data for further cues on the US economy.

The US Dollar declined against the South African Rand yesterday, extending its previous session losses, after last week's downbeat August nonfarm payrolls report seemed to take a September rate rise off the table. Elsewhere, South Africa's Standard Bank PMI fell marginally in August to a level of 49.8, from July's 49.9.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R19.1580. Overnight data showed that on an annual basis, retail sales across all sectors in the UK unexpectedly dropped in August.

The British Pound weakened against the South African Rand yesterday, despite data showing a strong rebound in the UK service sector. Data showed that UK's services sector bounced back to growth in August as it recovered from the post-Brexit slump recorded in the previous month. The closely watched index recorded the biggest one-month gain, signalling that a recession may be avoided.

EURZAR ▲

EUR trading slightly higher against ZAR

At 06:00 SAST, the Euro is trading marginally higher against the South African Rand at R16.0355. Going forward, Eurozone's 2Q GDP and German factory orders data, scheduled in a few hours would be on investor's radar.

The Euro declined against the South African Rand yesterday, after the services sector in the Eurozone and Germany, continued to expand in August, even as the expansion was slower than the prior month's pace, indicating that UK's decision to exit from the EU may have taken a toll on Europe's economic recovery. Meanwhile, retail sales in the region rebounded stronger than expected on a monthly basis in July.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.7% against the South African Rand to trade at R10.9824. Earlier today, data showed that Australia's current account deficit narrowed more-than-expected in the second quarter. The RBA kept its interest rate unchanged at 1.5%. RBA Governor indicated that growth had continued against the backdrop of a mixed job market.

The Australian Dollar declined against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.3900 ▲		-0.74%	-0.74%	-2.34%	6.14%	-7.02%
GBPZAR	19.1580 ▲		-0.72%	-0.72%	-1.12%	5.43%	-16.07%
EURZAR	16.0355 ▲		-0.79%	-0.79%	-2.46%	5.96%	-4.60%
AUDZAR	10.9824 ▲		-0.62%	-0.62%	-1.50%	4.86%	-3.98%
EURUSD	1.1153 ▲		-0.08%	-0.08%	-0.10%	-0.14%	2.58%
GBPUSD	1.3319 ▲		0.08%	0.08%	1.26%	-0.70%	-9.75%
Brent (\$/barrel)	47.7 ▲		1.71%	1.71%	1.58%	7.72%	27.76%
Gold (\$/oz)*	1331.1 ▲		0.00%	NA	1.17%	-3.05%	24.81%
Platinum (\$/oz)*	1079.1 ▲		0.00%	NA	0.83%	-8.44%	19.12%
Copper (\$/MT)*	4611.3 ▼		-0.11%	-0.11%	0.12%	-6.30%	-2.01%

*As of Previous Close #As on 02 September 2016

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,331.10/oz.

On Friday, gold prices rose 0.7% to close at \$1,323.00/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$47.66/bl.

Yesterday, Brent crude oil advanced 1.7% to settle at \$47.63/bl, on news that Saudi Arabia and Russia have reached an agreement to cooperate on stabilizing the oil market, which included limiting output.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 1.6% to trade at \$1,079.10/oz.

On Friday, platinum prices climbed 1.3% to close at \$1,062.20/oz.



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Major South Africa Corporate News

Allied Electronics Corporation Limited

The company, in its business update, announced that it continues to make progress regarding the implementation of its new strategic direction. It successfully disposed of Altech Autopage Cellular to several South African mobile network operators, and sold a majority equity interest in Aberdare Cables to Hengtong. Its core IT and Technology businesses have produced a stable performance during the year. In its trading update for 1H16, the company, indicated that its headline EPS is expected to be at least 1.00c as against the previous loss of 64.00c/share in 1H15 on a total operations basis. Its 1H16 results are expected to be announced on or about 19 October 2016.

Grand Parade Investments Limited

In its trading update for FY16, the company, revealed that its headline EPS from continuing operations is anticipated to increase in the range of 115.0% and 125.0% to be between 1.53c and 2.54c. Its financial results for FY16 are expected to be published on or about 12 September 2016.

Major Global Economic News

Eurozone

On a monthly basis, the seasonally adjusted retail sales registered a rise of 1.1% in July, in the Eurozone, more than market expectations for a rise of 0.5%. Retail sales had fallen by a revised 0.1% in the prior month.

Sentix indicated that, in September, the investor confidence index in the Eurozone advanced to 5.60, higher than market expectations of a rise to 5.00. In the prior month, the investor confidence index had recorded a reading of 4.20.

The final services PMI recorded an unexpected drop to a level of 52.80 in the Eurozone, in August, compared to a reading of 52.90 in the previous month. Markets were anticipating services PMI to rise to a level of 53.10.

The final services PMI in Germany recorded a drop to 51.70 in August, compared to a reading of 54.40 in the previous month. Market anticipation was for services PMI to fall to a level of 53.30.

UK

The final services PMI recorded a rise to 52.90 in August, in the UK, higher than market expectations of a rise to a level of 50.00. In the prior month, the services PMI had recorded a level of 47.40.

The Bank of England reported that official reserves recorded a drop of USD463.00mn in August, in the UK. Official reserves had registered a rise of USD219.00mn in the previous month.

Asia

The Reserve Bank of Australia (RBA) held official cash rate steady at 1.5%, as widely expected, citing signs of continued growth in Australia, despite global headwinds. The RBA's official statement further mentioned that the nation's labour market indicators continue to be somewhat mixed, but suggest continued expansion in employment in the near term.

The seasonally adjusted current account deficit in Australia rose to AUD15.50bn in 2Q16, following a revised current account deficit of AUD14.90bn in the previous quarter. Markets were expecting the nation to record a current account deficit of AUD20.00bn.

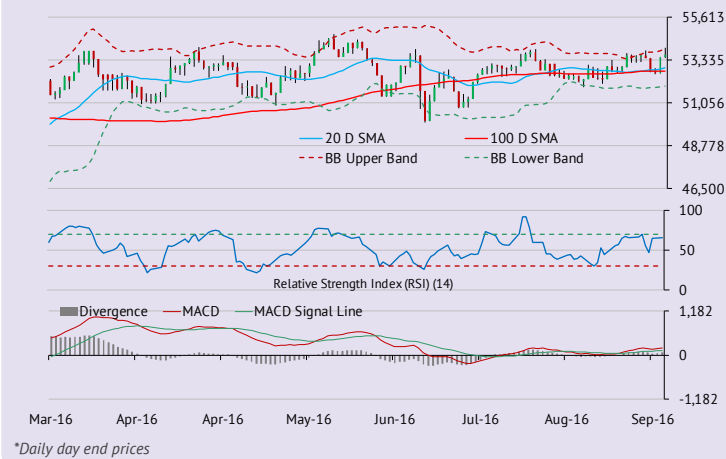
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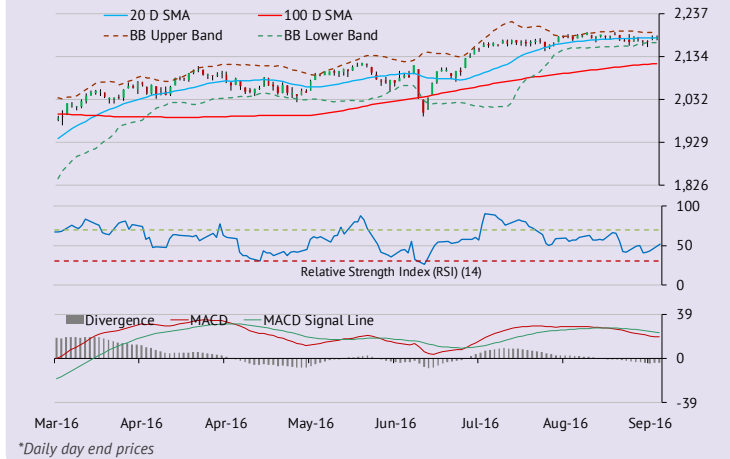
Technical Snapshot

JSE All Share



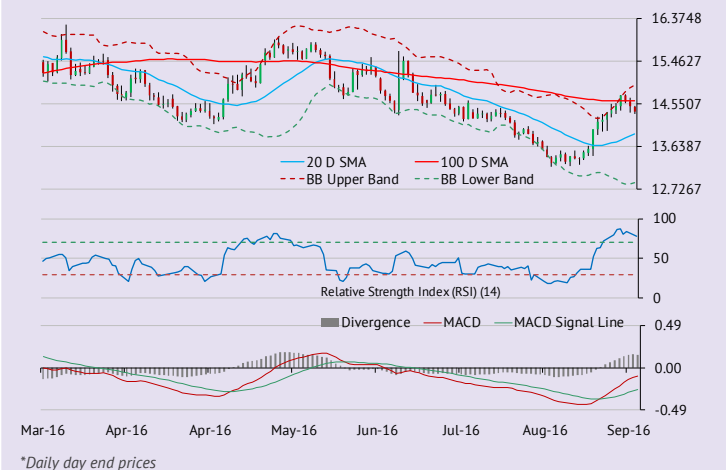
The JSE All Share index is expected to find support at 52,799.25, and a fall through could take it to the next support level of 51,976.50. The index is expected to find its first resistance at 54,215.82, and a rise through could take it to the next resistance level of 54,809.64.

S&P 500



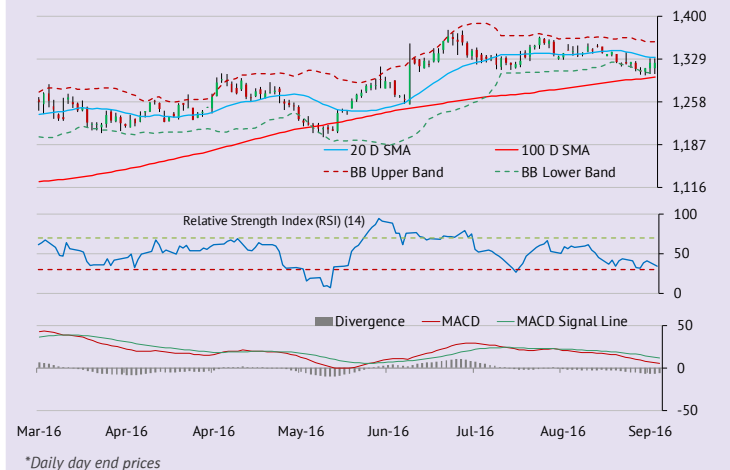
The S&P 500 index is expected to find support at 2,163.09, and a fall through could take it to the next support level of 2,146.20. The index is expected to find its first resistance at 2,190.87, and a rise through could take it to the next resistance level of 2,201.76.

USDZAR



The pair is expected to find support at 14.2289, and a fall through could take it to the next support level of 14.0711. The pair is expected to find its first resistance at 14.6485, and a rise through could take it to the next resistance level of 14.9103.

XAU/USD



Gold is expected to find support at \$1,290.33/oz, and a fall through could take it to the next support level of \$1,290.33/oz. The precious metal is expected to find its first resistance at \$1,334.97/oz, and a rise through could take it to the next resistance level of \$1,346.73/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Retail Sales Monitor - All (YoY) (Aug)	✓	-0.9%*	1.1%	Monthly
Switzerland	07:45	Gross Domestic Product (YoY) (Q2)	✓✓✓	0.8%	0.7%	Quarterly
Switzerland	07:45	Gross Domestic Product s.a. (QoQ) (Q2)	✓✓	0.4%	0.1%	Quarterly
Germany	08:00	Factory Orders n.s.a. (YoY) (Jul)	✓✓	-0.2%	-3.1%	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Jul)	✓✓	0.5%	-0.4%	Monthly
Switzerland	09:15	Consumer Price Index (MoM) (Aug)	✓✓	-0.1%	-0.4%	Monthly
Switzerland	09:15	Consumer Price Index (YoY) (Aug)	✓✓	-0.1%	-0.2%	Monthly
Switzerland	09:15	Harmonised Index of Consumer Prices (HICP) (MoM) (Aug)	✓✓	-0.1%	-0.1%	Monthly
Switzerland	09:15	Harmonised Index of Consumer Prices (HICP) (YoY) (Aug)	✓✓	0.0%	-0.5%	Monthly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q2) (F)	✓✓	0.3%	0.3%**	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q2) (F)	✓✓	1.6%	1.6%**	Quarterly
South Africa	11:30	Gross Domestic Product (YoY) (Q2)	✓	0.6%	-0.2%	Quarterly
South Africa	11:30	Gross Domestic Product (QoQ) (Q2)	✓	2.6%	-1.2%	Quarterly
US	16:00	ISM Non-Manufacturing PMI (Aug)	✓✓	55.00	55.50	Monthly
US	16:00	IBD/TIPP Economic Optimism (MoM) (Sep)	✓	48.10	48.40	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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