

ONE Minute Brief

8 September 2016

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Economic and Political News

South Africa's SACCI business confidence index registered a drop to 92.90, in August, compared to a level of 96.00 in the prior month.

In South Africa, the BER business confidence index recorded a rise to 42 in 3Q16, compared to a reading of 32 in the previous quarter.

The net gold & forex reserves in South Africa fell unexpectedly to USD40.80bn in August, compared to a reading of USD40.90bn in the prior month.

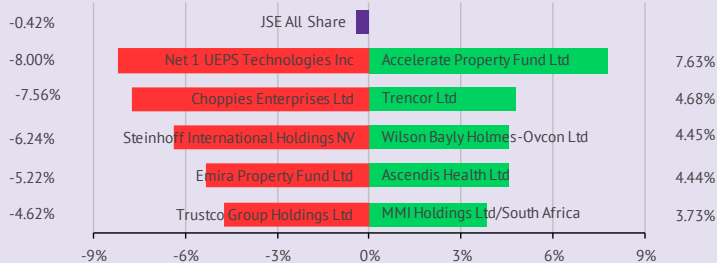
Finance Minister, Pravin Gordhan, stated that South Africa's strong GDP figures for 2Q16 show relatively strong demand, making it unlikely for the nation to face a recession this year. He further added that if the country wanted economic growth it had to show the world a political and economic environment that creates the right kind of confidence.

South African Reserve Bank Governor, Lesetja Kganyago, stated that the central bank will revise its annual growth estimates upwards at its September meeting on the back of robust 2Q GDP figures, even as he added that 3.0% growth recorded was inadequate.

South Africa Market ▼

South African markets closed lower

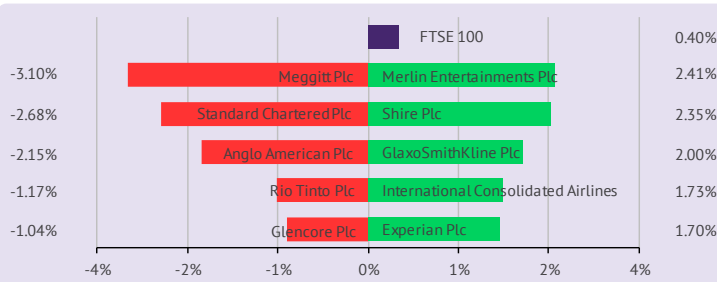
South African markets closed in the red yesterday, amid losses in gold mining sector stocks. Data revealed that South Africa's business confidence index fell in August. The JSE All Share Index fell 0.4% to close at 53,456.43.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, supported by gains in mining and commodity sector stocks. Data indicated that UK's NIESR GDP estimate advanced 0.3% in the June-August period. The FTSE 100 Index advanced 0.3% to close at 6,846.58.



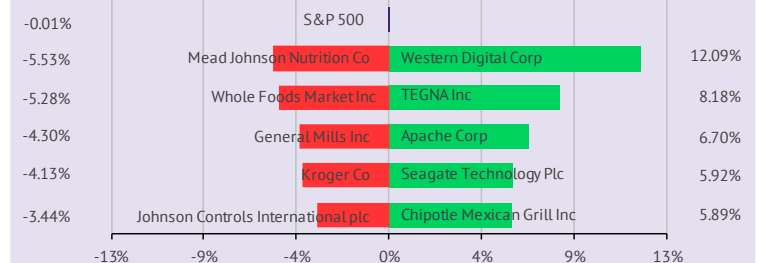
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53456.43	▼ -224.00	-0.42%	-0.08%	1.37%	-0.12%	5.45%
JSE Top 40	46777.09	▼ -231.33	-0.49%	-0.42%	1.12%	0.75%	2.14%
FTSE 100	6846.58	▲ 20.53	0.30%	-0.70%	0.96%	0.85%	9.68%
DAX 30	10752.98	▲ 65.84	0.62%	0.65%	1.51%	2.47%	0.09%
CAC 40	4557.66	▲ 27.70	0.61%	0.34%	2.69%	-0.04%	-1.71%
S&P 500	2186.16	▼ -0.32	-0.01%	0.28%	0.70%	-0.12%	6.96%
Nasdaq Composite	5283.93	▲ 8.02	0.15%	0.65%	1.36%	0.99%	5.52%
DJIA	18526.14	▼ -11.98	-0.06%	0.18%	0.68%	-0.17%	6.32%

US Market ▼

The S&P 500 futures are trading in the green

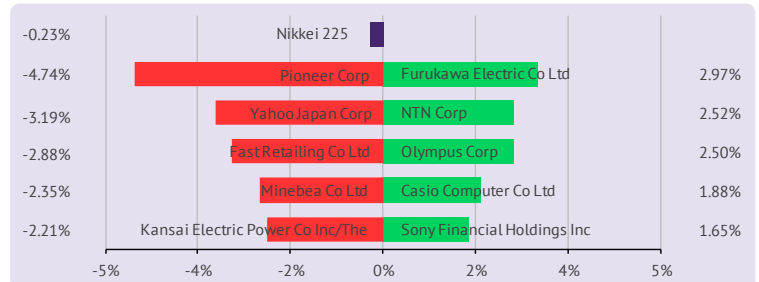
US markets closed mostly lower yesterday, weighed down by losses in consumer staples sector stocks. The Fed's Beige book indicated that the US economy expanded at a modest pace in July and August. The S&P 500 Index dropped marginally to close at 2,186.15.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Earlier in the session, data indicated that Japan's final annualized GDP was revised higher in 2Q16. The Nikkei 225 Index is trading 0.2% lower at 16937.96.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading marginally higher against the South African Rand at R14.0300. Later today, traders will keep a close watch on US initial jobless claims for further direction in the greenback.

The US Dollar rose against the South African Rand yesterday, after the US Fed's Beige Book report indicated that wage pressures in most of the central bank's 12 districts remained "fairly modest" and were anticipated to remain so in the upcoming months.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R18.7280. With no economic data in the UK today, traders will keep an eye on UK's trade balance and construction output data scheduled for tomorrow.

The British Pound declined against the South African Rand yesterday. Leading think-tanker, NIESR estimated that UK's GDP advanced 0.3% in the three months to August 2016, down from a revised advance of 0.4% in the previous three months. Moreover, the nation's manufacturing production dropped at the fastest pace in a year in July from June. Meanwhile, industrial production advanced unexpectedly in July.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R15.7851. Going forward, market participants will keep a tab on the ECB's interest rate decision scheduled for further cues.

The Euro strengthened against the South African Rand yesterday. Data showed that Germany's industrial production unexpectedly dropped on a monthly basis in July, another sign that Europe's largest economy is set for a slowdown.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar gained marginally against the South African Rand to trade at R10.7694. Earlier in the session, data indicated that Australia's trade deficit narrowed more-than-expected in July. Elsewhere, in China, Australia's largest trading partner, trade surplus in dollar terms narrowed in August.

The Australian Dollar rose against the South African Rand yesterday. Data showed that the Australian economy expanded less-than-expected in 2Q16.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.0300	▲	0.32%	-3.23%	-4.80%	6.14%	-9.36%
GBPZAR	18.7280	▲	-0.42%	-2.93%	-3.32%	5.43%	-17.94%
EURZAR	15.7851	▲	0.18%	-2.46%	-4.10%	5.96%	-6.21%
AUDZAR	10.7694	▲	0.20%	-1.91%	-2.77%	4.86%	-5.22%
EURUSD	1.1250	▲	-0.14%	0.74%	0.73%	-0.14%	3.43%
GBPUSD	1.3346	▲	-0.74%	0.35%	1.55%	-0.70%	-9.50%
Brent (\$/barrel)	48.7	▲	1.52%	2.46%	2.32%	7.72%	28.70%
Gold (\$/oz)	1350.3	▲	-0.38%	1.67%	2.86%	-3.05%	26.89%
Platinum (\$/oz)	1094.0	▲	-0.90%	2.88%	3.73%	-8.44%	22.55%
Copper (\$/MT)*	4631.8	▲	0.62%	0.33%	0.56%	-6.30%	-1.57%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.4% to trade at \$1,350.30/oz.

Yesterday, gold prices fell 0.4% to close at \$1,345.30/oz, as a strength in the greenback, reduced demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.6% higher to trade at \$48.73/bl.

Yesterday, Brent crude oil advanced 1.5% to settle at \$47.98/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined 12.1mn bls last week and on growing expectations that top oil producers will reach an agreement to curb output later in the month.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$1,094.00/oz.

Yesterday, platinum prices declined 0.9% to close at \$1092.80/oz.



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Major South Africa Corporate News

African Oxygen Limited

In its 1H16 results, the company indicated that its revenue fell to R2.62bn from R2.68bn posted in the corresponding period of the previous year. Its basic and diluted headline EPS increased significantly from the same period of the prior year to 77.80c. It also revealed that its Chairman, Mr. Bernd Eulitz has resigned from the Board as on 07 September 2016. Also, Ms. Sue Graham Johnston has been elected as the new Chairman and will assume the responsibilities with immediate effect.

Aspen Pharmacare Holdings Limited

In its trading update for the 12-months period to 30 June 2016, the company announced that divestment of its generic and branded products business in Australia to Strides group companies has been completed on August 31, 2015. It also divested a portfolio of products distributed in South Africa to Litha Pharma on October 01, 2015. The economic situation in Venezuela has deteriorated over this period and the Venezuelan authorities have increasingly limited authorisations to pay for pharmaceutical imports using the official DIPRO rate. Separately, the company expects its headline EPS to fall in the range of 21.0% to 26.0%.

Ascendis Health Limited

In its trading statement for FY16, the company revealed that it expects its basic EPS to decrease to between 54.00c to 59.00c, from 80.00c recorded in the prior year; and headline EPS to decline to between 52.00c and 57.00c, from 79.00c recorded in the previous year.

Assore Limited

In its FY16 results, the company reported that its revenue declined 12.4% from the preceding year to R2.94bn. Its basic and diluted headline EPS stood at 1,690.00c, compared with 1,915.00c recorded in the previous year. Its profit before tax increased to R400.30mn from R76.79mn posted in the prior year.

MMI Holdings Limited

In its FY16 results, the company stated that its net insurance premium increased to R28.97bn from R27.40bn posted in the previous year. Its diluted headline EPS fell 37.2% from the prior year to 132.20c. Its profit before tax decreased to R4.34bn from R5.41bn recorded in the preceding year.

Steinhoff International Holdings NV

In its FY16 results, the company revealed that its revenue rose 33.0% to EUR13.06bn from EUR9.82bn recorded the previous year, supported by continued market share gains in strategic product categories. Its diluted headline EPS from continuing operations stood at 29.50c, compared with 30.30c posted in the preceding year. Its profit before tax increased by 14.3% to EUR1.38bn from the prior year.

Major Global Economic News

Asia

In Japan, the final annualized GDP rose 0.7% in 2Q16 on a quarterly basis, compared to a revised rise of 2.0% in the previous quarter. Markets were expecting annualized GDP to rise 0.2%.

Japan reported (BOP basis) trade surplus of JPY613.90bn in July, compared to a surplus of JPY763.60bn in the prior month. Markets were anticipating the nation to register a surplus of JPY571.20bn.

China posted a trade surplus of USD52.05bn in August, compared to a surplus of USD52.31bn in the prior month. Markets were expecting a surplus of USD58.85bn.

Australia posted a seasonally adjusted trade deficit of AUD2410.00mn in July, compared to a revised deficit of AUD3250.00mn in the previous month.

US

The US Fed's Beige Book report indicated that wage pressures in most of the central bank's 12 districts remained "fairly modest" and were expected to remain so over the coming months. Further, activity in the nation's manufacturing sector "was flat to slightly up". Also, the upcoming presidential election is making some firms cautious about expanding business activity.

UK

NIESR estimated gross domestic product (GDP) climbed 0.3% in the UK, in the June-August 2016 period. In the May-July 2016 period, GDP had advanced by a revised 0.4%.

In July, manufacturing production slid 0.9% in the UK on a monthly basis, compared to a revised drop of 0.2% in the prior month. Markets were expecting manufacturing production to fall 0.3%.

In the UK, on a monthly basis, industrial production unexpectedly climbed 0.1% in July, more than market expectations for a drop of 0.2%. Industrial production had registered a revised flat reading in the prior month.

Eurozone

In July, the seasonally adjusted industrial production unexpectedly eased 1.50%, on a monthly basis in Germany, less than market expectations for an advance of 0.1%. Industrial production had risen by a revised 1.1% 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 (Aug)	✓✓	12.00%*	5.00%	Monthly
Japan	01:50	Gross Domestic Product Annualised (Q2) (F)	✓✓✓	0.70%*	0.20%**	Quarterly
Japan	01:50	Nominal Gross Domestic Product (QoQ) (Q2) (F)	✓✓	0.30%*	0.20%**	Quarterly
Japan	01:50	Gross Domestic Product (QoQ) (Q2) (F)	✓✓	0.20%*	0.00%**	Quarterly
Japan	01:50	Adjusted Current Account Total (Jul)	✓	JPY1447.80bn*	JPY1648.40bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Jul)	✓✓	JPY613.90bn*	JPY763.60bn	Monthly
Japan	04:00	Tokyo Average Office Vacancies (Aug)	✓	3.90%*	3.94%	Monthly
China	04:40	Trade Balance (Aug)	✓✓	USD52.05bn*	USD52.31bn	Monthly
Japan	06:30	BOJ's Nakaso makes a speech at ACCJ in Tokyo	✓	-	-	As scheduled
Japan	06:30	Bankruptcies (YoY) (Aug)	✓✓	-	-9.52%	Monthly
France	07:30	Nonfarm Payrolls (QoQ) (Q2) (F)	✓	0.20%	0.20%**	Quarterly
Greece	11:00	Unemployment Rate (Jun)	✓	-	23.50%	Monthly
South Africa	11:30	Platinum Production (YOY) (Jul)		-	4.90%	
South Africa	11:30	Gold Production (YoY) (Jul)	✓	-	-2.60%	Monthly
South Africa	11:30	Mining Production (YoY) (Jul)	✓	-1.40%	-2.50%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Jul)	✓	0.50%	0.70%	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
Canada	14:30	Building Permits (MoM) (Jul)	✓	2.90%	-5.50%	Monthly
Canada	14:30	Capacity Utilisation (Q2)	✓	79.60%	81.40%	Quarterly
US	14:30	Initial Jobless Claims (03-Sep)	✓✓	265.00 K	263.00 K	Weekly
Eurozone	14:30	ECB President Draghi Holds A Press Conference	✓	-	-	As scheduled
Canada	18:05	Gov Council Member Lane Speech	✓	-	-	As scheduled
US	21:00	Consumer Credit Change (Jul)	✓✓	USD16.00 bn	USD12.32 bn	Monthly
China	-	FDI - Foreign Direct Investment (YTD) (YoY) (Aug)	✓	-	-	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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