

ONE Minute Brief

9 September 2016

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Economic and Political News

South Africa's manufacturing production dropped 1.5% on a monthly basis in July, reversing market expectations for a rise of 0.5%.

Mining production in South Africa dropped 5.4% in July on a yearly basis, more than market expectations for a fall of 1.4%.

On an annual basis, gold production in South Africa rose 2.0% in July. In June, gold production dropped by a revised 1.3%. Moreover, the nation's platinum production dropped 9.6% in July. In the prior month, platinum production had risen by a revised 3.9%.

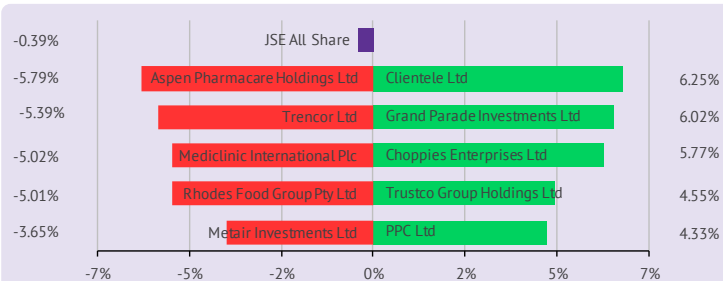
Finance Minister, Pravin Gordhan, stated that his ministry sees no need for a judicial inquiry into banking oversight bodies. He further added that it was up to President Jacob Zuma to decide whether he remains in office.

Co-operative Governance Minister, Des van Rooyen, indicated that recent surveys by Agbiz and AgriSA show that approximately South Africa's 370 large commercial farmers were at the risk of defaulting due to the severe drought.

South Africa Market ▼

South African markets closed lower

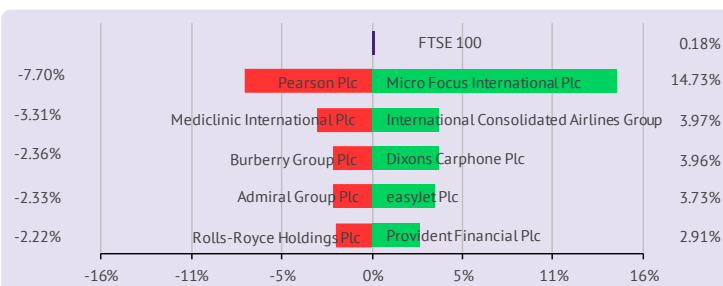
South African markets closed in the red yesterday, amid losses in property sector stocks. Data indicated that South Africa's manufacturing production advanced less than market expectations on a yearly basis in July. The JSE All Share Index fell 0.4% to close at 53,250.25.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, supported by gains in banking and commodity sector stocks. The FTSE 100 Index advanced 0.2% to close at 6,858.70.



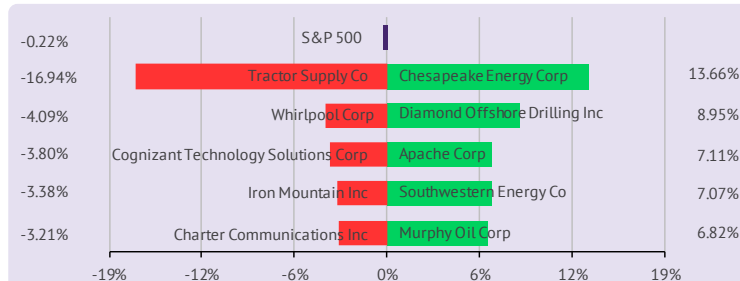
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53250.25	▼ -206.18	-0.39%	-0.47%	0.98%	-0.12%	5.04%
JSE Top 40	46588.71	▼ -188.38	-0.40%	-0.82%	0.71%	0.75%	1.73%
FTSE 100	6858.70	▲ 12.12	0.18%	-0.52%	1.14%	0.85%	9.87%
DAX 30	10675.29	▼ -77.69	-0.72%	-0.08%	0.78%	2.47%	-0.63%
CAC 40	4542.20	▼ -15.46	-0.34%	0.00%	2.34%	-0.04%	-2.05%
S&P 500	2181.30	▼ -4.86	-0.22%	0.06%	0.48%	-0.12%	6.72%
Nasdaq Composite	5259.48	▼ -24.44	-0.46%	0.18%	0.89%	0.99%	5.03%
DJIA	18479.91	▼ -46.23	-0.25%	-0.07%	0.43%	-0.17%	6.05%

US Market ▼

The S&P 500 futures are trading in the green

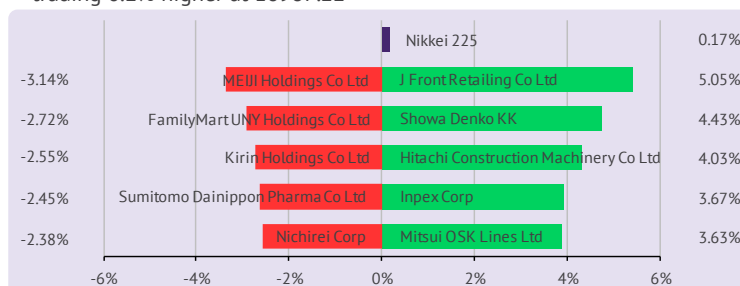
US markets closed lower yesterday, weighed down by losses in information technology sector stocks. Data revealed that initial jobless claims in the US dropped surprisingly during the last week. The S&P 500 Index dropped 0.2% to close at 2,181.30.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Earlier in the session, data indicated that China's consumer price inflation for August slowed to its weakest pace since October 2015. The Nikkei 225 Index is trading 0.2% higher at 16987.22



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R14.1229. Later today, traders will keep a close watch on US wholesale inventories data for further cues.

The US Dollar rose against the South African Rand yesterday, after data indicated that the number of people in the US filing for new unemployment benefits last week unexpectedly fell to the lowest level since mid-July. Elsewhere, in South Africa, manufacturing output grew less-than-expected on an annual basis in July.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R18.8130. Later today, traders will keep an eye on UK's total trade balance and construction output data for further direction in the Pound.

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

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed marginally against the South African Rand to trade at R15.9216. Going forward, market participants will keep a tab on Germany's trade balance data scheduled in a few hours.

The Euro strengthened against the South African Rand yesterday, after the ECB left all of the key interest rates and its asset-purchase program unchanged. Meanwhile, there was also no announcement over an extension to the bond buying programme beyond March 2017. Meanwhile, the central bank raised its economic growth outlook for the Eurozone slightly for 2016, but cut it for 2017 and 2018.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R10.7984. Earlier in the session, data indicated that home loans in Australia dropped more-than-expected in July. Elsewhere, in China, Australia's largest trading partner, consumer price inflation in August grew at its slowest pace year-on-year since October 2015, while the nation's producer price index fell on an annual basis in the same month.

The Australian Dollar rose against the South African Rand yesterday, after data revealed that Australia's trade deficit narrowed more-than-expected in July. Separately, in China, trade surplus in dollar terms unexpectedly declined in August.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.1229	▼	0.78%	-2.48%	-4.06%	6.14%	-8.65%
GBPZAR	18.8130	▲	0.45%	-2.49%	-2.88%	5.43%	-17.56%
EURZAR	15.9216	▲	0.97%	-1.51%	-3.17%	5.96%	-5.30%
AUDZAR	10.7984	▼	0.36%	-1.56%	-2.42%	4.86%	-4.88%
EURUSD	1.1273	▲	0.19%	0.93%	0.91%	-0.14%	3.62%
GBPU\$	1.3322	▲	-0.34%	0.01%	1.20%	-0.70%	-9.81%
Brent (\$/barrel)	49.5	▼	4.19%	6.75%	6.61%	7.72%	34.09%
Gold (\$/oz)	1342.9	▲	-0.56%	1.10%	2.29%	-3.05%	26.18%
Platinum (\$/oz)	1091.0	▲	-0.74%	2.12%	2.96%	-8.44%	21.64%
Copper (\$/MT)*	4646.5	▲	0.32%	0.65%	0.88%	-6.30%	-1.26%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.4% to trade at \$1,342.90/oz.

Yesterday, gold prices fell 0.6% to close at \$1,337.80/oz, as the US Dollar strengthened and the ECB kept the key interest rate unchanged at its monetary policy meeting.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.9% to trade at \$49.54/bl.

Yesterday, Brent crude oil advanced 4.2% to settle at \$49.99/bl, after the US Energy Department reported that crude oil inventories fell unexpectedly by 14.5mn bls last week, the largest drop in crude supplies since 1999.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.6% to trade at \$1,091.00/oz.

Yesterday, platinum prices declined 0.7% to close at \$1084.70/oz. The World Platinum Investment Council warned in its quarterly report that the supply of platinum will fall short of demand by 520,000 ounces by the end of 2016.



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Major South Africa Corporate News

African Oxygen Limited

The company announced that it has signed a ten-year liquefied petroleum gas (LPG) supply agreement, with one of South Africa's largest poultry producers worth ZAR45.00mn. It also agreed to supply a major concentrated solar power project with pressure storage vessels, nitrogen and LPG to the Northern Cape solar power project worth ZAR59.00mn. Additionally, it signed a five-year agreement to supply a national network of petrol stations with Handigas for onward sale to forecourt customers. It has also signed a five-year agreement to supply a South African petrochemical company with welding consumables which is worth ZAR24.00mn.

African Rainbow Minerals Limited

In its FY16 results, the company indicated that its sales fell to R8.75bn from R9.26bn posted in the previous year. Its diluted headline EPS decreased 39.0% from the prior year to 487.00c. Additionally, its copper division, posted a 29.0% increase in headline loss to R555.00mn because of weak copper prices and ongoing operational difficulties at its Lubambe mine in Zambia.

FirstRand Limited

In its FY16 results, the company revealed that its net interest income after impairment of advances increased 15.3% from the preceding year to R35.14bn. Its diluted headline EPS stood at 399.20c, compared with 381.40c recorded in the previous year. Its profit before tax advanced to R30.69bn from R29.86bn reported in the previous year.

Royal Bafokeng Platinum Limited

The company stated that RBPlat and Impala Platinum Holdings Limited have agreed to expand the mining area covered by the royalty agreement. Effectively, the firm has granted Impala an additional area to access and mine from Impala's 6 shaft resulting in the original royalty agreement life potentially being extended up to 2026. This amended agreement will enhance the firm's royalty income cash flow from 2017 and extend the duration of the royalty income stream by a further 5 years.

Sanlam Limited

In its 1H16 results, the company stated that its net income increased to R49.80bn from R46.42bn posted in the corresponding period of the previous year. Its diluted headline EPS fell 8.2% from the same period of the prior year to 214.10c. Its profit before tax decreased to R6.85bn from R7.50bn recorded in the similar period of the preceding year.

Spur Corporation Limited

In its FY16 results, the company reported that its revenue from continuing operations advanced 3.4% from the prior year to R633.07mn. Its headline diluted EPS from continuing operations stood at 189.98c, compared with 162.68c recorded in the preceding year. Its profit before tax increased to R247.57mn from R212.09mn posted in the last year.

Major Global Economic News

Asia

In China, the consumer price index (CPI) advanced 1.3% on an annual basis in August, lower than market expectations for a rise of 1.7%. The CPI had risen 1.8% in the previous month.

In August, the producer price index slid 0.8% in China, on an annual basis, compared to a drop of 1.7% in the prior month. Market anticipation was for the PPI to fall 0.9%.

The seasonally adjusted home loan approvals in Australia slid 4.2%, on a monthly basis in July, compared to a revised rise of 1.7% in the previous month. Markets expected home loan approvals to fall 1.5%.

Eurozone

The European Central Bank (ECB) left all of the key interest rates and its asset-purchase program unchanged. The main refinancing operations rate was held at 0.00% with the deposit rate at -0.40% and marginal lending facility at 0.25%. All three rates were last cut at the March meeting. Meanwhile, there was no announcement over an extension to the bond buying programme beyond March 2017. Further, the ECB President, Mario Draghi, indicated that interest rates are likely to remain at current levels or lower for an extended period and well past the horizon for its asset purchases.

US

The seasonally adjusted initial jobless claims in the US dropped unexpectedly to 259.00K in the week ended September 03, compared to a reading of 263.00K in the previous week. Market expectation was for initial jobless claims to rise to 265.00K.

In July, consumer credit rose USD17.71bn in the US, higher than market expectations for a rise of USD16.00bn. Consumer credit had risen by a revised USD14.53bn in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:30	Consumer Price Index (YoY) (Aug)	✓✓✓	1.30%*	1.80%	Monthly
China	03:30	Producer Price Index (YoY) (Aug)	✓✓✓	-0.80%*	-1.70%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Jul)	✓✓	0.40%	0.80%	Monthly
Switzerland	07:45	Unemployment Rate s.a. (Aug)	✓✓	3.30%	3.30%	Monthly
Germany	08:00	Trade Balance s.a. (Jul)	✓✓	EUR23.70bn	EUR24.90bn	Monthly
France	08:45	Budget Balance (Jul)	✓	-	-EUR61.80bn	Monthly
France	08:45	Industrial Production (MoM) (Jul)	✓✓	0.30%	-0.80%	Monthly
France	08:45	Manufacturing Production (MoM) (Jul)	✓✓	0.70%	-1.20%	Monthly
Spain	09:00	Industrial Production (YoY) (Jul)	✓✓	-	1.00%	Monthly
UK	10:30	Construction Output (YoY) (Jul)	✓	-3.40%	-2.20%	Monthly
UK	10:30	Total Trade Balance (Jul)	✓✓	-GBP4.20bn	-GBP5.08bn	Monthly
UK	10:30	Visible Trade Balance (Jul)	✓✓	-GBP11.65bn	-GBP12.41bn	Monthly
Greece	11:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Aug)	✓	-0.60%	0.20%	Monthly
Canada	14:15	Housing Starts s.a (Aug)	✓✓	190.00K	198.40K	Monthly
Canada	14:30	Full Time Employment Change (Aug)	✓✓	-	-71.40K	Monthly
Canada	14:30	Net Change in Employment (Aug)	✓✓✓	14.00K	-31.20K	Monthly
Canada	14:30	Unemployment Rate (Aug)	✓✓✓	7.00%	6.90%	Monthly
US	16:00	Wholesale Inventories (Aug)	✓	0.10%	0.00%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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