

ONE Minute Brief

21 September 2016

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Economic and Political News

South Africa's leading indicator was steady at 91.60 in July from June.

Moody's stated that the probability of a ratings downgrade in South Africa was at about one third, albeit a rating cut was likely if economic growth fell below the estimated growth of 0.2% in 2016.

Futuregrowth Asset Management's CIO Andrew Canter announced that the money manager has stopped lending to South Africa's coal industry until it develops environmentally sustainable methods of operating.

The Council for the Advancement of the South Africa Constitution called on President Jacob Zuma to sign the Financial Intelligence Centre (FIC) Amendment Bill or refer it back to the National Assembly within 30 days.

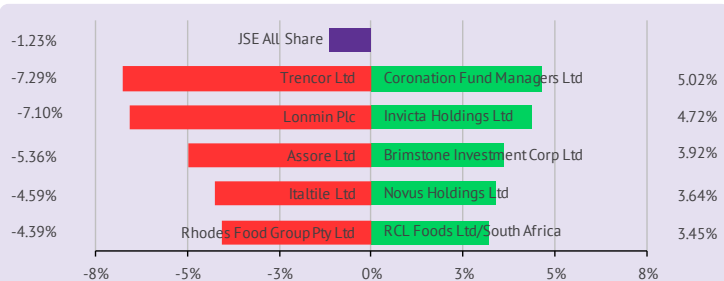
South African Airways stated that its revised loss now comes in at ZAR5.6bn for 2014-15 compared to a loss of ZAR4.7bn that was previously reported.

South Africa's Telecommunications Minister, Siyabonga Cwele announced that they have allocated ZAR2.5bn to roll out broadband networks across the country over the next three years.

South Africa Market ▼

South African markets closed lower

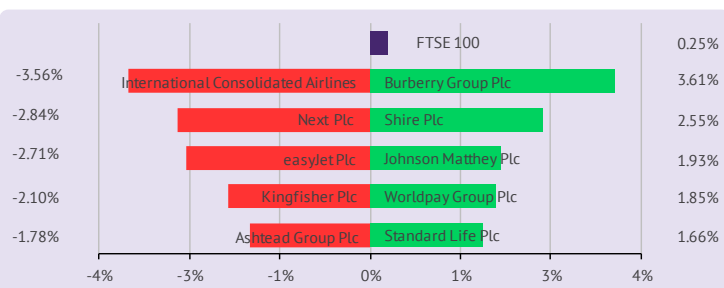
South African markets closed in the red yesterday, amid losses in platinum and gold mining sector stocks. Data indicated that South Africa's leading indicator remained unchanged in July. The JSE All Share Index fell 1.2% to close at 51,335.75.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, led by gains in consumer discretionary sector stocks. The FTSE 100 Index advanced 0.3% to close at 6,830.79.



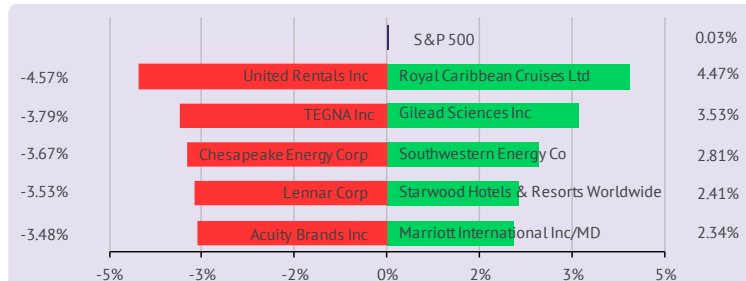
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51335.75	▼ -640.14	-1.23%	-0.96%	-2.65%	-0.12%	1.27%
JSE Top 40	44864.62	▼ -631.59	-1.39%	-1.25%	-3.02%	0.75%	-2.04%
FTSE 100	6830.79	▲ 17.24	0.25%	1.80%	0.73%	0.85%	9.43%
DAX 30	10393.86	▲ 19.99	0.19%	1.15%	-1.88%	2.47%	-3.25%
CAC 40	4388.60	▼ -5.59	-0.13%	1.30%	-1.12%	-0.04%	-5.36%
S&P 500	2139.76	▲ 0.64	0.03%	0.03%	-1.44%	-0.12%	4.69%
Nasdaq Composite	5241.35	▲ 6.32	0.12%	-0.06%	0.54%	0.99%	4.67%
DJIA	18129.96	▲ 9.79	0.05%	0.03%	-1.47%	-0.17%	4.05%

US Market ▲

The S&P 500 futures are trading in the green

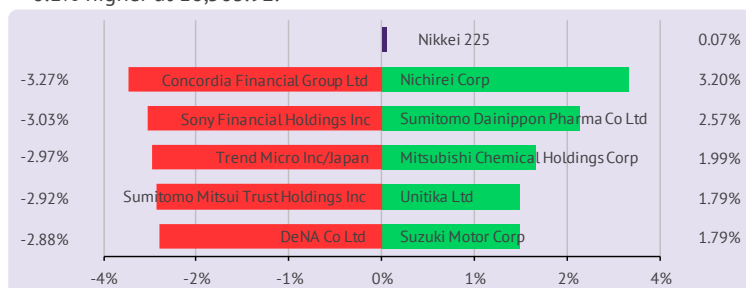
US markets closed higher yesterday, supported by gains in health care sector stocks. Data revealed that housing starts in the US dropped more-than-expected in August, while building permits fell unexpectedly in the same month. The S&P 500 Index climbed marginally to 2,139.76.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The BoJ kept the benchmark interest rate unchanged and its asset purchase programme steady at its monetary policy meeting. The Nikkei 225 Index is trading 0.1% higher at 16,503.92.



Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R13.8800. Going forward, traders will closely watch Federal open market committee's interest rate decision, scheduled later in the day. Additionally, South Africa's consumer price inflation data will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, after data indicated that housing starts in the US declined higher than market expectations on a monthly basis in August, while building permits eased surprisingly in August from July, raising concerns about health of the housing market. Elsewhere, South Africa's leading indicator remained steady in July.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.3% against the South African Rand to trade at R18.0065. Later today, traders will keep an eye on UK's public sector net borrowings for further cues.

The British Pound declined against the South African Rand yesterday.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.3% weaker against the South African Rand at R15.4754. Going forward, market participants will keep a tab on Eurozone's consumer confidence index scheduled tomorrow.

The Euro weakened against the South African Rand yesterday. Separately, data indicated that Germany's producer prices entered the negative territory for the first time in six months in August.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% weaker against the South African Rand at R10.4863. Earlier in the session, data indicated that Australia's Westpac leading index came in flat on a monthly basis in August.

The Australian Dollar fell against the South African Rand yesterday. Separately, the RBA's September meeting minutes showed that the central bank kept the key interest rate unchanged as policymakers believed that the current stance of monetary policy was in line with sustainable growth in the economy.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.8800	▼	-0.73%	-1.89%	-5.54%	6.14%	-10.07%
GBPZAR	18.0065	▼	-1.05%	-2.03%	-6.64%	5.43%	-20.76%
EURZAR	15.4754	▼	-0.92%	-1.93%	-5.60%	5.96%	-7.67%
AUDZAR	10.4863	▼	-0.43%	-0.79%	-5.07%	4.86%	-7.46%
EURUSD	1.1148	▼	-0.21%	-0.04%	-0.06%	-0.14%	2.62%
GBPUSD	1.2969	▼	-0.32%	-0.11%	-1.14%	-0.70%	-11.90%
Brent (\$/barrel)	46.5	▲	-0.15%	0.24%	-2.15%	7.72%	23.07%
Gold (\$/oz)	1318.9	▲	0.02%	0.60%	0.47%	-3.05%	23.94%
Platinum (\$/oz)	1035.2	▲	0.70%	1.31%	-2.15%	-8.44%	15.61%
Copper (\$/MT)*	4769.3	▲	0.34%	-0.05%	3.55%	-6.30%	1.35%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.4% to trade at \$1,318.90/oz.

Yesterday, gold prices fell marginally to close at \$1,314.00/oz, reversing its previous session gains.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.3% higher to trade at \$46.47/bl.

Yesterday, Brent crude oil dropped 0.2% to settle at \$45.88/bl. Losses were limited, following reports that Russia may agree on a one-year deal with OPEC to stabilise oil prices and after the American Petroleum Institute (API) reported that crude oil inventories unexpectedly declined by 7.5mn bls last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$1,035.20/oz.

Yesterday, platinum prices climbed 0.7% to close at \$1030.90/oz.



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Major South Africa Corporate News

Hospitality Property Fund Limited

Referring to the announcement released jointly with Tsogo Sun Holdings Limited on September 1, 2016, the company stated that the final dates and times for implementation of the transaction in terms of which Tsogo Sun will acquire a controlling stake in it, the restructure of its dual-class share capital structure to a single-class share capital structure and the declaration of a clean-out dividend of an aggregate amount equal to its distributable profit as at August 31, 2016, will be released upon finalisation of its unaudited financial statements for the period from July 1, 2016 to August 31, 2016.

Remgro Limited

In its FY16 results, the company revealed that its sales advanced 8.2% from the preceding year to R27.70bn. Its diluted headline EPS stood at 1,139.20c, compared with 1,541.80c recorded in the preceding year. Additionally, it announced that Mrs Mariza Lubbe has been appointed as an Executive Director and consequently resigned as its Company Secretary. Ms Danielle Heynes has been appointed as Company Secretary in her place with effect from the close of business on September 2, 2016.

Major Global Economic News

Asia

The Bank of Japan (BoJ) kept key interest rate unchanged at -0.1% and held its monetary policy base steady at ¥80 trillion.

Merchandise (total) trade deficit in Japan recorded a reading of JPY18.70bn in August, from a revised surplus of JPY513.60bn in the prior month. Market expectation was for the nation to record a surplus of JPY191.00bn.

The Westpac leading index remained flat in Australia on a monthly basis, in August. The index had climbed by a revised 0.08% in the prior month.

US

In August, building permits registered an unexpected drop of 0.4%, on monthly basis, to an annual rate of 1139.00K in the US, compared to a revised level of 1144.00K in the previous month. Markets were anticipating building permits to advance to a level of 1165.00K.

In the US, housing starts registered a drop of 5.8%, on monthly basis, to an annual rate of 1142.00K in August, compared to a revised level of 1212.00K in the previous month. Market anticipation was for housing starts to ease to a level of 1190.00K.

Eurozone

In Germany, the producer price index (PPI) registered an unexpected drop of 0.1%, on a monthly basis, in August, compared to market expectations for an unchanged reading. In the prior month, the PPI had climbed 0.2%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Imports (YoY) (Aug)	✓	-17.30%*	-24.70%	Monthly
Japan	01:50	Exports (YoY) (Aug)	✓✓	-9.60%*	-14.00%	Monthly
Japan	01:50	Merchandise Trade Balance Total (Aug)	✓✓	-JPY18.70bn*	JPY513.60bn	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Aug) (F)	✓✓	-	-8.40%**	Monthly
Japan	08:00	Nationwide Department Store Sales (YoY) (Aug)	✓	-	-0.10%	Monthly
Japan	08:30	BOJ governor press conference	✓✓✓	-	-	As scheduled
South Africa	10:00	Consumer Price Index (MoM) (Aug)	✓✓	-0.20%	0.80%	Monthly
UK	10:30	Public Sector Net Borrowing (Aug)	✓✓	GBP10.30bn	-GBP1.50bn	Monthly
US	13:00	MBA Mortgage Applications (16-Sep)	✓	-	4.20%	Weekly
UK	13:00	BoE Quarterly Bulletin	✓	-	-	As scheduled
Canada	14:30	Wholesale Sales (MoM) (Jul)	✓	0.30%	0.70%	Monthly
China	15:00	Conference Board Leading Economic Index (Aug)	✓	-	0.70%	Monthly
Switzerland	15:00	SNB Quarterly Bulletin	✓✓	-	-	As scheduled
US	20:00	Fed Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
US	20:00	Fed Summary of Economic Projections	✓✓✓	-	-	As scheduled
Japan	-	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	-	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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