

ONE Minute Brief

22 September 2016

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Economic and Political News

South Africa's consumer price index advanced 5.9% on a yearly basis in August, meeting market expectations. The CPI had climbed 6.0% in the prior month.

According to Absa and the Bureau of Economic Research's (BER) survey, manufacturing business confidence index in South Africa rose to 30 in the third quarter of 2016.

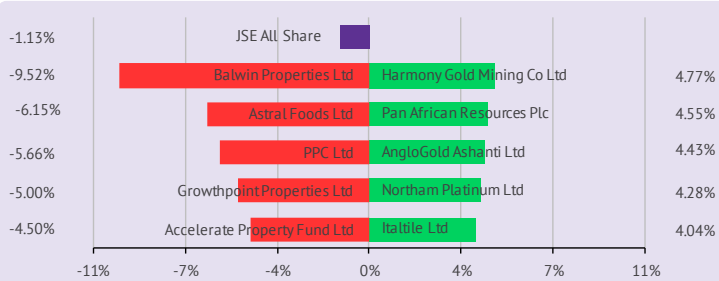
Eskom's Chief Executive Officer, Brian Molefe urged the legislation to make prepaid electricity the norm for all households as it will be helpful in stopping the parastatal's losses from theft and non-payment. He further warned that the country could face electricity shortages by 2035, if it failed to start planning its stages for a nuclear power expansion programme.

At the United Nations General Assembly, South African President Jacob Zuma stated that the estimated illicit financial flows from the African continent were about USD50.00bn per annum and that this loss of resources was threatening the successful development plans in Africa.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid losses in property and industrial sector stocks. Data indicated that South Africa's consumer price inflation slowed as expected on an annual basis in August. The JSE All Share Index fell 1.1% to close at 50,757.82.



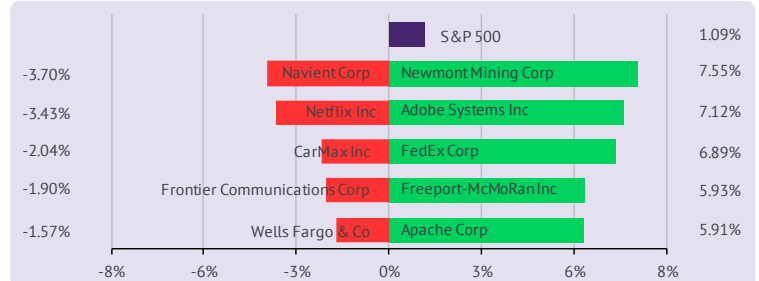
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50757.82	▼ -577.93	-1.13%	-2.07%	-3.75%	-0.12%	0.13%
JSE Top 40	44284.63	▼ -579.99	-1.29%	-2.52%	-4.27%	0.75%	-3.30%
FTSE 100	6834.77	▲ 3.98	0.06%	1.86%	0.79%	0.85%	9.49%
DAX 30	10436.49	▲ 42.63	0.41%	1.56%	-1.47%	2.47%	-2.85%
CAC 40	4409.55	▲ 20.95	0.48%	1.78%	-0.65%	-0.04%	-4.91%
S&P 500	2163.12	▲ 23.36	1.09%	1.12%	-0.36%	-0.12%	5.83%
Nasdaq Composite	5295.18	▲ 53.83	1.03%	0.97%	1.57%	0.99%	5.75%
DJIA	18293.70	▲ 163.74	0.90%	0.94%	-0.58%	-0.17%	4.99%

US Market ▲

The S&P 500 futures are trading in the red

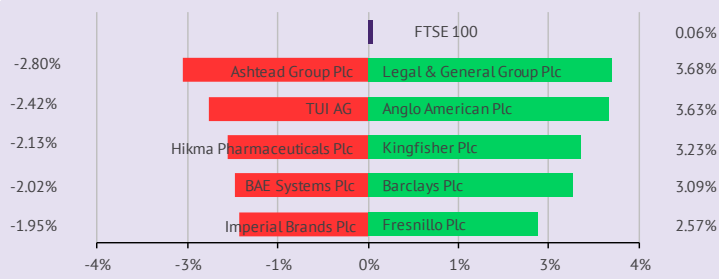
US markets closed higher yesterday, led by gains in energy sector stocks. The Federal Reserve kept the benchmark interest rate unchanged at its September meeting, albeit hinting towards one rate hike by the end of 2016. The S&P 500 Index rallied 1.1% to 2,163.12.



UK Market ▲

The FTSE 100 futures are trading in positive territory

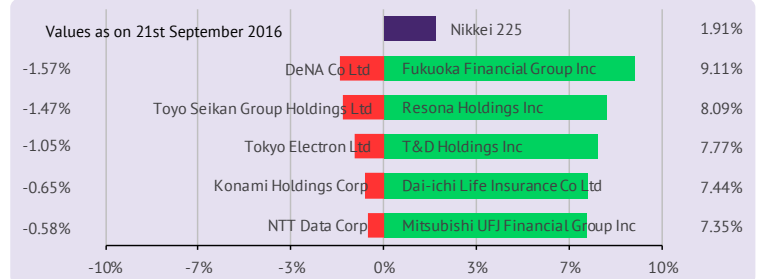
UK markets finished higher yesterday, supported by gains in banking and mining sector stocks. Data revealed that UK's public sector net borrowing recorded a larger than expected deficit in August. The FTSE 100 Index advanced 1.1% to close at 6,834.77.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. Markets in Japan are closed today on account of a public holiday.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar retreated marginally against the South African Rand to trade at R13.5731. Later today, traders will keep a close watch on US initial jobless claims, existing home sales and housing price index for further cues. Additionally, investors will closely watch South African Reserve Bank's (SARB) interest rate decision, scheduled today.

The US Dollar fell against the South African Rand yesterday, after the US Fed maintained its benchmark interest rate steady between 0.25% and 0.50%. However, the central bank indicated that it could tighten monetary policy by the end of 2016. Moreover, the Fed Chair, Janet Yellen pointed that economic growth looks stronger and rate hikes would be needed to keep the economy from overheating. Elsewhere, South Africa's annual consumer price inflation slowed in August, coming in below the upper end of the SARB's target band for the first time in 2016.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.1% against the South African Rand to trade at R17.7090. Later today, traders will keep an eye on UK's CBI total trends orders for further direction.

The British Pound declined against the South African Rand yesterday. Separately, data indicated that UK's public sector net borrowing rebounded less-than-expected in August.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated marginally against the South African Rand to trade at R15.1853. Going forward, market participants will keep a tab on Eurozone's consumer confidence index, scheduled in a few hours.

The Euro weakened against the South African Rand yesterday, extending losses from previous sessions.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.3576.

The Australian Dollar fell against the South African Rand yesterday. Separately, data indicated that Australia's Westpac leading index came in flat on a monthly basis in August. Elsewhere, in China, Australia's largest trading partner, CB leading economic index advanced in August.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5731	▼	-2.42%	-4.26%	-7.83%	6.14%	-12.25%
GBPZAR	17.7090	▲	-2.07%	-4.06%	-8.57%	5.43%	-22.39%
EURZAR	15.1853	▼	-2.10%	-3.98%	-7.58%	5.96%	-9.61%
AUDZAR	10.3576	▲	-1.54%	-2.32%	-6.53%	4.86%	-8.89%
EURUSD	1.1192	▲	0.34%	0.30%	0.28%	-0.14%	2.97%
GBPUSD	1.3047	▲	0.34%	0.23%	-0.81%	-0.70%	-11.60%
Brent (\$/barrel)	47.2	▲	2.07%	2.32%	-0.13%	7.72%	25.62%
Gold (\$/oz)	1336.8	▲	1.00%	1.61%	1.48%	-3.05%	25.18%
Platinum (\$/oz)	1054.7	▲	1.65%	2.98%	-0.53%	-8.44%	17.52%
Copper (\$/MT)*	4739.8	▼	-0.62%	-0.67%	2.91%	-6.30%	0.72%

*As of Previous Close

Gold ▲

Trading in the green

Gold prices advanced 0.7% at 06:00 SAST, to trade at \$1,336.80/oz, extending gains from previous sessions.

Yesterday, gold prices rose 1.0% to close at \$1,327.20/oz, amid weakness in the greenback following Fed's decision to hold the benchmark interest rate steady at its September monetary policy meeting.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.9% higher to trade at \$47.24/bl.

Yesterday, Brent crude oil surged 2.1% to settle at \$46.83/bl, after the US Energy Department reported that crude oil inventories unexpectedly fell by 6.2mn bls last week.

Platinum ▲

Trading in positive territory

Platinum prices edged 0.6% higher at 06:00 SAST, to trade at \$1,054.70/oz, extending previous session gains.

Yesterday, platinum prices climbed 1.7% to close at \$1047.90/oz.



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Major South Africa Corporate News

Pallinghurst Resources Limited

In its 1H16 results, the company revealed that its net gain on investments and income from operations advanced substantially from corresponding period of the last year to USD29.83mn. Its basic and diluted loss stood at 0.04c/share, compared with a profit of 0.004c/share recorded in the similar period of the previous year.

Pan African Resources Plc

In its FY16 results, the company stated that its revenue increased to R3.63bn from R2.54bn recorded in the preceding year. Its diluted headline EPS rose significantly from the prior year to R30.19. Its profit before tax advanced to R723.63mn from R284.59mn posted in the last year.

Major Global Economic News

US

The Federal Open Market Committee (FOMC) voted to hold the federal funds rate steady between 0.25% and 0.50%. The central bank signaled that it could tighten monetary policy by the end of this year as the US labour market was improving. The Federal Reserve (Fed) Chairwoman, Janet Yellen indicated that economic growth in the US looks stronger and rate increases would be needed to keep the economy from overheating and fuelling high inflation.

On a weekly basis, mortgage applications in the US recorded a drop of 7.3% in the week ended September 16, 2016. Mortgage applications had advanced 4.2% in the previous week.

Asia

In China, the leading economic index advanced 0.9% on a monthly basis in August. The index had registered a rise of 0.7% in the previous month.

UK

In the UK, the public sector net borrowing has posted a deficit of GBP10.10bn in August, following a revised surplus of GBP2.40bn in the prior month. Market anticipation was for public sector net borrowing to report a deficit of GBP10.30bn.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
France	08:45	Business Climate (Sep)	✓	101.00	101.00	Monthly
France	08:45	Own-Company Production Outlook (Sep)	✓	0.00	-1.00	Monthly
France	08:45	Production Outlook Indicator (Sep)	✓	0.00	0.00	Monthly
Spain	10:00	Trade Balance (Jul)	✓	-	-EUR1.36bn	Monthly
UK	12:00	CBI Trends Selling Prices (Sep)	✓✓	10.00	8.00	Monthly
UK	12:00	CBI Industrial Trends Survey - Orders (Sep)	✓	-5.00	-5.00	Monthly
US	14:30	Initial Jobless Claims (17-Sep)	✓✓	261.00 K	260.00 K	Weekly
US	14:30	Chicago Fed National Activity Index (Aug)	✓	0.15	0.27	Monthly
US	15:00	Housing Price Index (MoM) (Jul)	✓	0.30%	0.20%	Monthly
Eurozone	15:00	ECB President Draghi Speaks at ESRB Conference in Frankfurt	✓✓✓	-	-	As scheduled
US	16:00	Leading Indicator (MoM) (Aug)	✓✓	0.00%	0.40%	Monthly
US	16:00	Existing Home Sales (MoM) (Aug)	✓	1.10%	-3.20%	Monthly
Eurozone	16:00	Consumer Confidence Index (Sep) (P)	✓✓	-8.20	-8.50	Monthly
US	16:00	Existing Home Sales (Aug)	✓	5.45mn	5.39mn	Monthly
Eurozone	16:00	ECB's Lautenschläger takes part in panel	✓	-	-	As scheduled
US	17:00	Kansas City Fed Manufacturing Activity (Sep)	✓	-3.00	-4.00	Monthly
UK	19:00	BOE's Governor Carney speech	✓✓✓	-	-	As scheduled
Italy	20:30	Bank of Italy Governor Visco Hosts OMFIF Meeting on Europe	✓	-	-	As scheduled
South Africa	-	SARB Interest Rate Decision	✓✓✓	7.00%	7.00%	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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