

ONE Minute Brief

19 October 2016

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Economic and Political News

Finance Minister, Pravin Gordhan's attorney, Tebogo Malatji, has indicated that the Minister will not make representations to the National Prosecuting Authority (NPA) for a review of fraud charges against him.

The lawyer of the Gupta family, Van Der Merwe Associates, indicated that their client welcomes the application from Finance Minister, Pravin Gordhan and the family was looking forward to clearing its name in the court. They described the application submitted by Mr Gordhan to the High court as "undiluted nonsense", while also calling the application's detail fundamentally flawed.

International Monetary Fund (IMF) officials, indicated that too much volatility in the South African Rand could lead to investor uncertainty and delay in investment decisions which could negatively affect the country's economic growth and employment.

President, Jacob Zuma, warned of the challenges South African economy faces despite growing 3.3% in 2Q16.

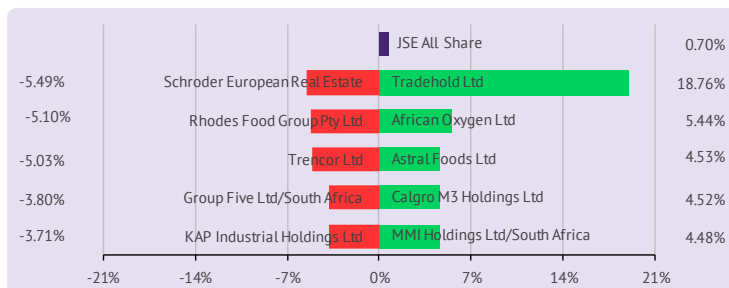
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51126.79	▲	357.78	0.70%	-0.04%	-1.58%	-1.49%	0.85%
JSE Top 40	44543.12	▲	289.97	0.66%	-0.26%	-1.94%	-1.81%	-2.74%
FTSE 100	7000.06	▲	52.51	0.76%	-0.19%	1.46%	1.74%	12.14%
DAX 30	10631.55	▲	127.98	1.22%	0.48%	1.15%	-0.77%	-1.04%
CAC 40	4508.91	▲	58.68	1.32%	0.85%	1.36%	0.23%	-2.76%
S&P 500	2139.60	▲	13.10	0.62%	0.31%	-1.32%	-0.12%	4.68%
Nasdaq Composite	5243.84	▲	44.01	0.85%	0.57%	-1.28%	1.89%	4.72%
DJIA	18161.94	▲	75.54	0.42%	0.13%	-0.80%	-0.50%	4.23%

South Africa Market ▲

South African markets closed higher

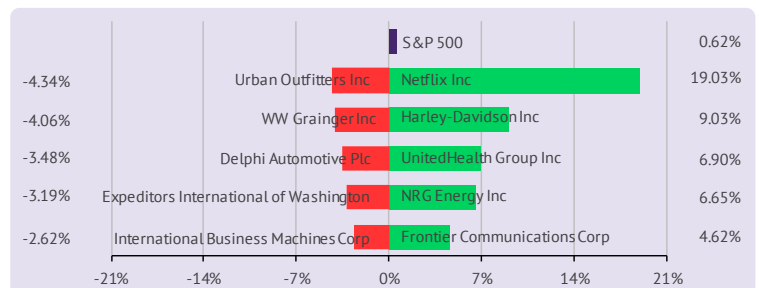
South African markets closed in the green yesterday, amid gains in gold mining and retail sector stocks. The JSE All Share Index rose 0.7% to close at 51,126.79.



US Market ▲

The S&P 500 futures are trading in the green

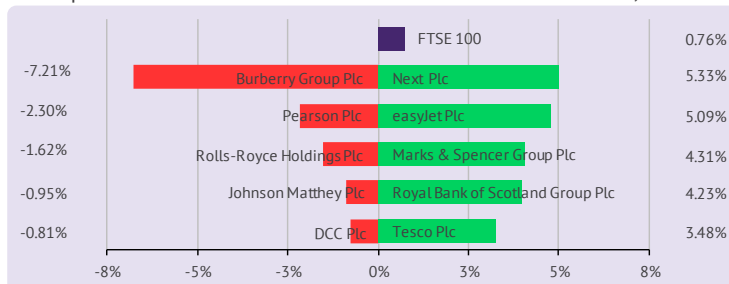
US markets closed higher yesterday, led by gains in material and health care sector stocks. Data indicated that consumer price inflation in the US increased on a monthly basis in September. The S&P 500 Index climbed 0.6% to close at 2,139.60.



UK Market ▲

The FTSE 100 futures are trading in positive territory

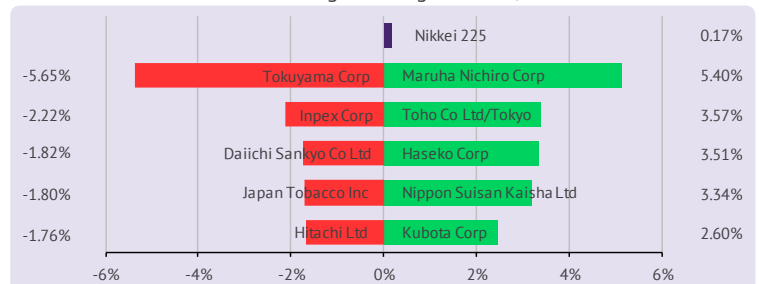
UK markets finished higher yesterday, supported by gains in consumer discretionary sector stocks. Data indicated that the consumer price index (CPI) in the UK advanced more-than-expected on an annual basis in September. The FTSE 100 Index advanced 0.8% to close at 7,000.06.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Earlier in the session, data revealed that China's gross domestic product (GDP) expanded in line with market expectations on an annual basis in 3Q16. The Nikkei 225 Index is trading 0.2% higher at 16,992.74.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar dropped 0.2% against the South African Rand to trade at R13.8694. Later today, traders will keep a close watch on US housing starts and building permits data along with the Federal Reserve's Beige book report. Additionally, South Africa's consumer price index and retail sales will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, despite data indicating that consumer prices in the US advanced as expected in September from August, its biggest gain in five months on the back of rising costs of gasoline and rents.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.3% lower against the South African Rand at R17.0380. Later today, traders will keep an eye on UK's claimant count rate and ILO unemployment rate for further cues.

The British Pound declined against the South African Rand yesterday, despite data revealing that UK's annual consumer price inflation rose in September, jumping to its highest level since November 2014.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand to trade at R15.2435. Going forward, market participants will keep a tab on Eurozone's construction output data for further direction.

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

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R10.6378. Earlier in the session, data revealed that Australia's Westpac Leading Index rose on a monthly basis in September. Elsewhere, in China, Australia's largest trading partner, economy expanded on an annual basis in the third quarter of 2016, at par with market expectations. Moreover, the nation's retail sales grew as expected on a yearly basis in September. However, industrial production expanded at a slower pace in the same month.

The Australian Dollar fell against the South African Rand yesterday. Separately, the RBA's October meeting minutes revealed that the central bank believed that CPI data for September quarter and an update of the forecasts will provide a better opportunity to consider the outlook on prices.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.8694	▼	-1.75%	-2.97%	1.25%	-6.85%	-10.21%
GBPZAR	17.0380	▼	-0.88%	-2.24%	-4.05%	-8.01%	-25.08%
EURZAR	15.2435	▼	-1.92%	-2.89%	-1.13%	-6.12%	-9.22%
AUDZAR	10.6378	▼	-1.27%	-2.47%	1.23%	-5.05%	-6.30%
EURUSD	1.0990	▲	-0.17%	0.05%	-2.29%	0.69%	1.03%
GBPUSD	1.2287	▼	0.94%	0.86%	-5.21%	-1.26%	-16.59%
Brent (\$/barrel)	52.2	▲	0.31%	-0.52%	2.97%	7.04%	38.63%
Gold (\$/oz)	1263.9	▲	0.50%	0.59%	-3.84%	0.41%	19.12%
Platinum (\$/oz)	950.5	▲	1.10%	0.76%	-8.32%	-2.36%	5.75%
Copper (\$/MT)*	4659.8	▲	0.13%	0.10%	-3.88%	5.26%	-0.98%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,263.90/oz.

Yesterday, gold prices rose 0.5% to close at \$1,262.90/oz, as broad weakness in the greenback increased demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.9% higher to trade at \$52.15/bl.

Yesterday, Brent crude oil advanced 0.3% to settle at \$51.68/bl, after the American Petroleum Institute (API) reported that US crude oil inventories unexpectedly declined 3.8mn bls last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.8% to trade at \$950.50/oz.

Yesterday, platinum prices climbed 1.1% to close at \$ 943.00/oz.



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Major South Africa Corporate News

Naspers Limited

The company announced that its Indian travel business, IbiboGroup, to enter into a transaction with Nasdaq-listed Make MyTrip Limited, which will combine the two businesses under Make MyTrip to create one of the largest travel groups in India. The transaction is expected to close by the end of December 2016.

Pick N Pay Stores Limited

In its 1Q17 results, the company, stated that its revenue decreased to ZAR33.93bn from ZAR35.31bn recorded in the corresponding period of the prior year. Its diluted headline EPS rose 22.2% from the same period of the preceding year to 79.87c. Its profit before tax advanced to ZAR548.20mn from ZAR452.50mn posted in the similar period last year.

Trencor Limited

In its trading statement for the six months ended 30 June 2016, the company, stated that it expects its headline loss to be between 320.00c/share and 330.00c/share. Separately, it anticipates to publish its interim results on or before October 21, 2016.

Major Global Economic News

Asia

In China, GDP advanced 6.7% on an annual basis, in 3Q16, in line with market expectations. In the prior quarter, GDP had registered a similar rise.

In September, industrial production registered a rise of 6.1%, on an annual basis in China, less than market expectations for a rise of 6.4%. Industrial production had climbed 6.3% in the previous month.

In China, retail sales recorded a rise of 10.7%, on an annual basis, in September, in line with market expectations. In the prior month, retail sales had registered a rise of 10.6%.

In Australia, the Westpac leading index recorded a rise of 0.06%, on a monthly basis, in September. The index had registered a revised rise of 0.01% in the previous month.

US

In the US, the CPI registered a rise of 0.3% on a monthly basis, in September, meeting market expectations. The index had recorded a rise of 0.2% in the prior month.

In October, the housing market index, in the US dropped to 63.00, in line with market expectations. In the prior month, the index had registered a level of 65.00.

UK

In the UK, the CPI rose 1.0% on an annual basis, in September, compared to a rise of 0.6% in the prior month. Markets were expecting the index to climb 0.9%.

In September, the retail price index rose 2.0% on a yearly basis, in the UK, compared to an advance of 1.8% in the prior month. Markets were anticipating the index to rise 2.0%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	04:00	Gross Domestic Product (YoY) (Q3)	✓✓✓	6.70%*	6.70%	Quarterly
China	04:00	Industrial Production (YoY) (Sep)	✓✓	6.10%*	6.30%	Monthly
China	04:00	Industrial Production (YTD) (YoY) (Sep)	✓✓	6.00%*	6.00%	Monthly
China	04:00	Retail Sales (YoY) (Sep)	✓✓	10.70%*	10.60%	Monthly
China	04:00	Retail Sales (YTD) (YoY) (Sep)	✓✓	10.40%*	10.30%	Monthly
China	04:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Sep)	✓✓	8.20%*	8.10%	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Aug)	✓✓	0.20%*	0.30%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Sep)	✓	6.20%	5.90%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Sep)	✓	0.20%	-0.10%	Monthly
UK	10:30	Average Earnings excluding Bonus (3Mo/Yr) (Aug)	✓	2.10%	2.10%	Monthly
UK	10:30	Average Earnings including Bonus (3Mo/Yr) (Aug)	✓✓	2.30%	2.30%	Monthly
UK	10:30	Claimant Count Change (Sep)	✓✓	3.20K	2.40K	Monthly
UK	10:30	Claimant Count Rate (Sep)	✓✓	2.20%	2.20%	Monthly
UK	10:30	Employment Change (3M/3M) (Aug)	✓✓	76.00K	174.00K	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Aug)	✓✓✓	4.90%	4.90%	Monthly
Eurozone	11:00	Construction Output s.a (MoM) (Aug)	✓	-	1.80%	Monthly
US	13:00	MBA Mortgage Applications (14-Oct)	✓	-	-6.00%	Weekly
South Africa	13:00	Retail Sales (MoM) (Aug)	✓	0.50%	-0.40%	Monthly
US	14:30	Housing Starts (MoM) (Sep)	✓✓	2.90%	-5.80%	Monthly
US	14:30	Building Permits (MoM) (Sep)	✓✓	1.10%	-0.40%	Monthly
US	14:45	Fed's Williams Speaks in New Jersey	✓	-	-	As scheduled
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
Canada	16:00	Bank of Canada Releases Monetary Policy Report	✓✓✓	-	-	As scheduled
Eurozone	19:30	SSM Chair Daniele Nouy Speaks in Frankfurt	✓	-	-	As scheduled
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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