

ONE Minute Brief

20 October 2016

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Economic and Political News

South Africa's annual inflation rate rose less than expected to 6.1% in September from 5.9% in August. The annual growth in retail sales fell more than expected to 0.2% in August from 1.2% in the prior month.

Finance Minister, Pravin Gordhan, expressed confidence in South Africa's ability to demonstrate progress and avoid a credit rating downgrade when credit rating agencies will review the nation's economic performance next month. Separately, he added that he shares a good working relationship with President Jacob Zuma.

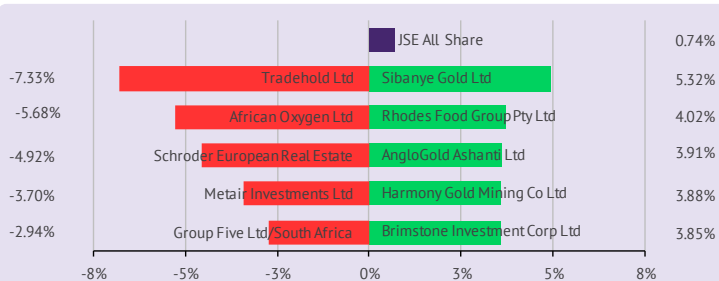
Finance Minister Pravin Gordhan's lawyers indicated to Oakbay Investments attorneys that the Minister will not withdraw his court application for a declaratory order after Oakbay Investments notified Mr Gordhan of their intention to oppose the application.

Democratic Alliance Leader, Mmusi Maimane, demanded a copy of the report on state capture submitted by Thuli Madonsela from new Public Protector, Busisiwe Mkhwebane, while stating that he saw no "reasonable justification" for not being provided with a copy.

South Africa Market ▲

South African markets closed higher

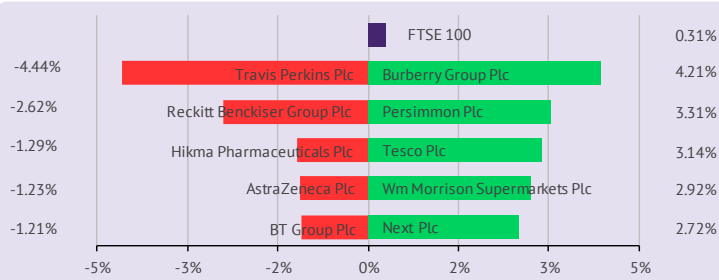
South African markets closed in the green yesterday, amid gains in gold mining sector stocks. Data indicated that consumer price inflation in South Africa advanced on a yearly basis in September. The JSE All Share Index rose 0.7% to close at 51,504.87.



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 UK's ILO unemployment rate remained unchanged in the three months to August. The FTSE 100 Index advanced 0.3% to close at 7,021.92.



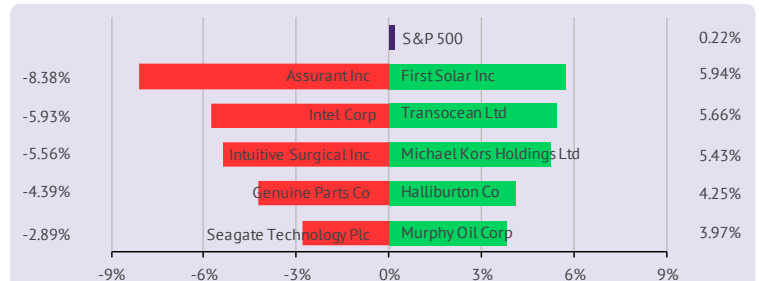
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51504.87	▲	378.08	0.74%	0.70%	-0.86%	-1.49%	1.60%
JSE Top 40	44939.76	▲	396.64	0.89%	0.63%	-1.07%	-1.81%	-1.87%
FTSE 100	7021.92	▲	21.86	0.31%	0.12%	1.78%	1.74%	12.49%
DAX 30	10645.68	▲	14.13	0.13%	0.62%	1.28%	-0.77%	-0.91%
CAC 40	4520.30	▲	11.39	0.25%	1.10%	1.62%	0.23%	-2.52%
S&P 500	2144.29	▲	4.69	0.22%	0.53%	-1.11%	-0.12%	4.91%
Nasdaq Composite	5246.41	▲	2.58	0.05%	0.62%	-1.23%	1.89%	4.77%
DJIA	18202.62	▲	40.68	0.22%	0.35%	-0.58%	-0.50%	4.46%

US Market ▲

The S&P 500 futures are trading in the green

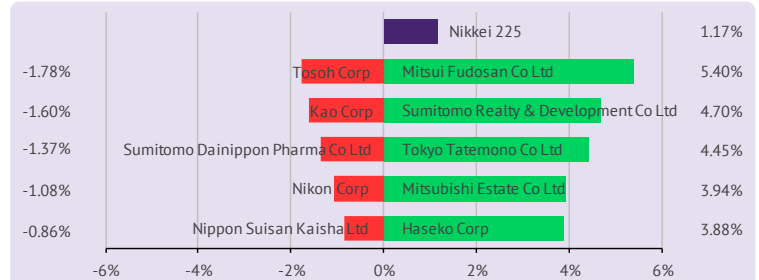
US markets rose yesterday, led by gains in energy stocks. Fed's Beige book indicated that most districts in the US reported modest growth, amid tight labour markets and steady wage growth between late August and early October. The S&P 500 Index rose 0.2% to 2,144.29.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 1.2% higher at 17,198.05.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R13.8605. Later today, traders will keep a close watch on US initial jobless claims and existing home sales along with leading indicators for further cues.

The US Dollar fell against the South African Rand yesterday. The Federal Reserve's (Fed) Beige book indicated that most districts in the US reported moderate pace of expansion, amid tight labour markets and steady wage gains between late August and early October. It also stated that uncertainty in advance of the upcoming presidential election is weighing on some business sectors in the country. Further, macroeconomic data indicated that building permits in US rose more-than-expected on a monthly basis in September. Meanwhile, housing starts declined unexpectedly in the same month. Elsewhere, South Africa's CPI rose on an annual basis in September, while retail sales grew at a slower pace in August.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R17.0330. Later today, traders will keep an eye on UK's retail sales for further direction.

The British Pound declined against the South African Rand yesterday. Data revealed that ILO unemployment rate in the UK held steady in the three months to August. Moreover, claimant count rate rose more-than-expected in September. Additionally, the nation's jobless claims came surprisingly positive with a small rise in September.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro advanced 0.2% against the South African Rand to trade at R15.2039. Going forward, market participants will keep a tab on ECB rate decision and asset purchase target. Additionally, Germany's producer price index will be on investors' radar.

The Euro weakened against the South African Rand yesterday, after data indicated that Eurozone's construction output declined on a monthly basis in August.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.4% against the South African Rand to trade at R10.6380. Earlier in the session, Australia's unemployment rate declined in September beating market expectations for an unchanged reading. Additionally, the NAB business confidence index rose in the third quarter of 2016.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's Westpac Leading Index climbed on a monthly basis in September. Moreover, in China, Australia's largest trading partner, economy expanded on an annual basis in the 3Q16, 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.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.8605	▲	-0.46%	-3.41%	0.78%	-6.85%	-10.62%
GBPZAR	17.0330	▲	-0.52%	-2.75%	-4.55%	-8.01%	-25.47%
EURZAR	15.2039	▲	-0.52%	-3.39%	-1.64%	-6.12%	-9.68%
AUDZAR	10.6380	▼	0.31%	-2.17%	1.55%	-5.05%	-6.01%
EURUSD	1.0968	▼	-0.05%	NA	-2.34%	0.69%	0.97%
GBPUSD	1.2288	▲	-0.12%	0.74%	-5.33%	-1.26%	-16.69%
Brent (\$/barrel)	52.6	▼	1.92%	1.39%	4.94%	7.04%	41.28%
Gold (\$/oz)	1273.4	▲	0.55%	1.15%	-3.30%	0.41%	19.78%
Platinum (\$/oz)	943.3	▲	-0.31%	0.45%	-8.60%	-2.36%	5.43%
Copper (\$/MT)*	4650.0	▼	-0.21%	-0.11%	-4.08%	5.26%	-1.18%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged higher 0.3% to trade at \$1,273.40/oz.

Yesterday, gold prices rose 0.6% to close at \$ 1,269.90/oz, notching their best levels in more than 2 weeks, following previous session gains.

Brent Crude Oil ▼

Trading weaker

Brent crude oil edged 0.2% lower at 06:00 SAST, to trade at \$52.56/bl, reversing previous session gains.

Yesterday, Brent crude oil advanced 1.9% to settle at \$52.67/bl, after the US Energy Department reported that crude oil inventories fell by 5.2mn bls last week, a greater decline than expected.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$943.30/oz.

Yesterday, platinum prices declined 0.3% to close at \$940.10/oz.

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Major South Africa Corporate News

Allied Electronics Corp Limited

In its results for the six months ended 31 August 2016, the company announced that its revenue rose to ZAR7.54bn from ZAR6.85bn recorded in the corresponding period of the previous year. Its diluted EPS from continuing operations increased significantly from the same period of the preceding year to 53.00c. Its profit before tax advanced to ZAR253.00mn from ZAR126.00mn posted in the similar period of the previous year.

Anglo American Platinum Limited

The company announced that the sale of its Rustenburg Operations to Sibanye Rustenburg Platinum Mines Proprietary Limited is now unconditional. This follows, amongst other things, the granting of consent in terms of section 11 of the Mineral and Petroleum Resources Development Act for the sale of the Rustenburg Operations mining right and prospecting right to Sibanye. As a result, the transaction will complete on November 1, 2016, when Sibanye will take over ownership, control and management of the Rustenburg Operations in accordance with the transaction agreements.

DataTec Limited

In its results for the six months ended 31 August 2016, the company revealed that its revenue declined 7.6% from the same period of the preceding year to \$3.04bn. Its diluted headline EPS stood at 12.50c, compared with 16.60c recorded in the corresponding period of the previous year. For FY17, the company expects its earnings per share to be better than the prior year.

Major Global Economic News

US

The Fed's latest report on regional economic conditions, known as the Beige book, indicated that most districts in the US reported moderate growth, tight labour market conditions and steady wage gains between late August and early October. It also stated that uncertainty in advance of the upcoming Presidential election is weighing on some business sectors in the country.

In the US, housing starts unexpectedly dropped by 9.0%, on a monthly basis, to an annual rate of 1047.00K, in September, compared to market expectations of 1175.00K. In the prior month, housing starts had recorded a revised reading of 1150.00K.

In September, building permits recorded a rise of 6.3%, on a monthly basis, to an annual rate of 1225.00K in the US, compared to market expectations of 1165.00K. Building permits had recorded a revised level of 1152.00K in the prior month.

Asia

In Australia, the seasonally adjusted unemployment rate dropped unexpectedly to a level of 5.6% in September, compared to a revised level of 5.7% in the previous month. Market anticipation was for unemployment rate to record a steady reading.

The NAB business confidence index in Australia rose to a level of 5.00 in 3Q16. In the previous quarter, the index had registered a revised level of 3.00.

UK

In September, the claimant count rate remained unchanged at 2.3% in the UK, higher than market expectations of a drop to a level of 2.2%.

In the UK, the ILO unemployment rate remained unchanged at 4.9% in the June-August 2016 period, in line with market expectations.

In September, number of unemployment benefits claimants recorded an increase of 0.70K in the UK, lower than market anticipations of an advance of 3.20K. Number of unemployment benefits claimants had registered a revised gain of 7.10K in the prior month.

Eurozone

In the Eurozone, the seasonally adjusted construction output slid 0.9% on a monthly basis in August. Construction output had advanced by a revised 1.8% in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Japan	07:30	Nationwide Department Store Sales (YoY) (Sep)	✓	-	-6.00%	Monthly
Japan	07:30	Tokyo Department Store Sales (YoY) (Sep)	✓	-	-5.90%	Monthly
Switzerland	08:00	Trade Balance (Sep)	✓✓	-	CHF3.02bn	Monthly
Germany	08:00	Producer Price Index (MoM) (Sep)	✓✓	0.20%	-0.10%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Sep) (F)	✓✓	-	-6.30%**	Monthly
Japan	09:00	Convenience Store Sales (YoY) (Sep)	✓	-	0.60%	Monthly
Eurozone	10:00	Current Account s.a (Aug)	✓	-	EUR21.00bn	Monthly
Spain	10:00	Trade Balance (Aug)	✓	-	-EUR0.56bn	Monthly
Italy	10:30	Current Account (Aug)	✓	-	EUR9.42bn	Monthly
UK	10:30	Retail Sales (MoM) (Sep)	✓	0.30%	-0.20%	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
US	14:30	Philadelphia Fed Manufacturing Survey (Oct)	✓✓	5.00	12.80	Monthly
US	14:30	Initial Jobless Claims (15-Oct)	✓✓	250.00K	246.00K	Weekly
Eurozone	14:30	ECB President Draghi Holds A Press Conference	✓✓✓	-	-	As scheduled
Eurozone	14:30	ECB Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
US	16:00	Leading Indicator (MoM) (Sep)	✓✓	0.20%	-0.20%	Monthly
US	16:00	Existing Home Sales (MoM) (Sep)	✓	0.40%	-0.90%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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