

ONE Minute Brief

26 October 2016

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Economic and Political News

South Africa's leading indicator climbed to 93.30 in August, compared to a revised level of 91.90 in the prior month.

South African President, Jacob Zuma, reiterated that he cannot interfere in legal procedures related to the fraud investigation carried out against the nation's Finance Minister, Pravin Gordhan. He also stated that fraud allegations against the Minister was a concern for all.

The Presidency announced that President, Jacob Zuma, has suspended two Deputy National Directors of Public Prosecutions, Advocates Nomgcobo Jiba and Lawrence Mrwebi, from office.

The Alliance political council consisting of ANC, SACP, Cosatu and Sanco announced that it will institute a standing process to have all their leaders declare their assets and incomes.

The Democratic Alliance indicated that it will march today to Parliament during Finance Minister, Pravin Gordhan's medium-term budget speech, demanding more funding for higher education.

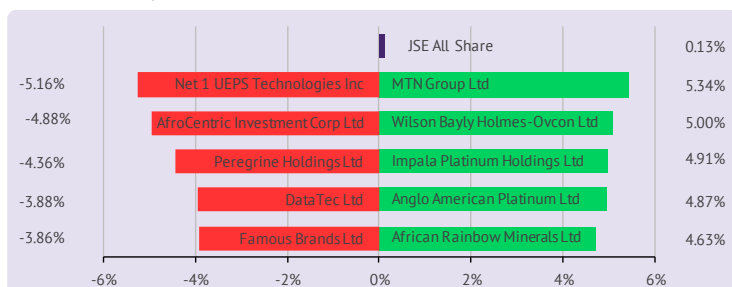
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51749.86	▲	66.47	0.13%	0.23%	-0.38%	-1.49%	2.08%
JSE Top 40	45201.60	▲	67.32	0.15%	0.29%	-0.49%	-1.81%	-1.30%
FTSE 100	7017.64	▲	31.24	0.45%	-0.04%	1.71%	1.74%	12.42%
DAX 30	10757.31	▼	-3.86	-0.04%	0.43%	2.34%	-0.77%	0.13%
CAC 40	4540.84	▼	-11.74	-0.26%	0.11%	2.08%	0.23%	-2.08%
S&P 500	2143.16	▼	-8.17	-0.38%	0.09%	-1.16%	-0.12%	4.85%
Nasdaq Composite	5283.40	▼	-26.43	-0.50%	0.49%	-0.54%	1.89%	5.51%
DJIA	18169.27	▼	-53.76	-0.30%	0.13%	-0.76%	-0.50%	4.27%

South Africa Market ▲

South African markets closed higher

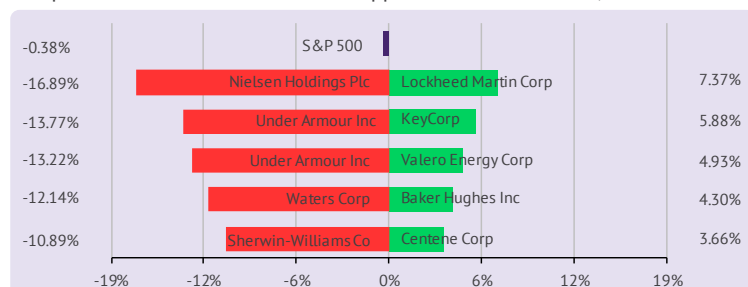
South African markets closed in the green yesterday, amid gains in platinum mining sector stocks. Data revealed that leading indicator in South Africa rose in August from July. The JSE All Share Index rose 0.1% to close at 51,749.86.



US Market ▼

The S&P 500 futures are trading in the red

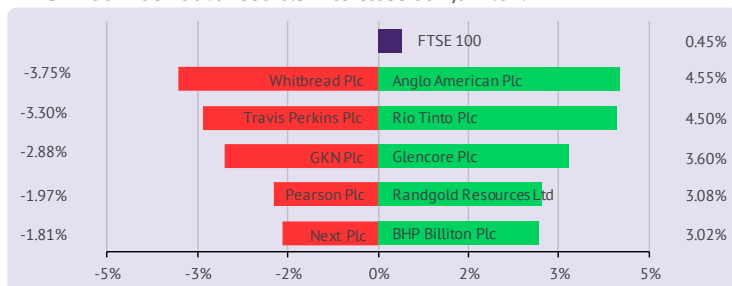
US markets closed lower yesterday, weighed down by losses in consumer discretionary sector stocks. Data indicated that consumer confidence in the US dropped more-than-expected in October from September. The S&P 500 Index dropped 0.4% to close at 2,143.16.



UK Market ▲

The FTSE 100 futures are trading in negative territory

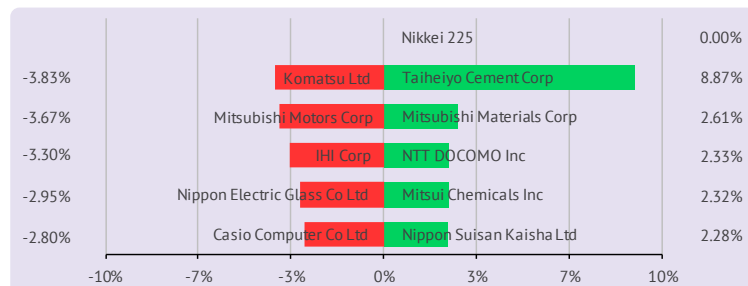
UK markets finished higher yesterday, supported by gains in mining sector stocks. The BoE Governor, Mark Carney, stated that its efforts had a positive impact on Britain's economy that is "without parallel". The FTSE 100 Index advanced 0.5% to close at 7,017.64.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading almost unchanged at 17,365.30.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R13.7785. Later today, traders will keep a close watch on US goods trade balance and Markit services PMI along with new home sales data for further direction.

The US Dollar fell against the South African Rand yesterday, after data indicated that consumer confidence index in the US fell more than market anticipation to a three-month low in October. Meanwhile, the Richmond Fed manufacturing index advanced in line with market expectations in the same month, albeit remaining in negative territory. Elsewhere, South Africa's leading indicator climbed in August compared to previous month.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally declined against the South African Rand to trade at R16.7550. Later today, traders will have an eye on UK's BBA mortgage approvals for further cues.

The British Pound declined against the South African Rand yesterday. Separately, Bank of England (BoE) Governor, Mark Carney, announced that the central bank has to consider the recent rise in inflation against supporting British economy with low interest rates.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.0042. Going forward, market participants will keep a tab on Germany's GfK consumer confidence index scheduled to release in a few hours.

The Euro weakened against the South African Rand yesterday. Separately, Germany's Ifo business climate index advanced more-than-expected in October, registering its highest reading since April 2014. Moreover, the nation's economic expectations index unexpectedly advanced in October, while current assessment index rose in the same month.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.7% higher against the South African Rand at R10.5819. Earlier in the session, consumer price index in Australia climbed more than market expectations on a quarterly basis in 3Q16. Elsewhere, in China, Australia's largest trading partner, Westpac-MNI consumer sentiment index advanced in October, reaching a six-month high.

The Australian Dollar fell against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.7785	▲	-1.18%	-1.61%	0.15%	-6.85%	-11.18%
GBPZAR	16.7550	▼	-1.54%	-2.03%	-5.87%	-8.01%	-26.50%
EURZAR	15.0042	▲	-1.12%	-1.61%	-2.98%	-6.12%	-10.92%
AUDZAR	10.5819	▲	-0.71%	-1.07%	-0.09%	-5.05%	-7.52%
EURUSD	1.0887	▲	0.06%	0.04%	-3.11%	0.69%	0.18%
GBPUSD	1.2162	▼	-0.40%	-0.38%	-6.06%	-1.26%	-17.34%
Brent (\$/barrel)	50.2	▼	-1.30%	-1.91%	1.20%	7.04%	36.24%
Gold (\$/oz)	1275.9	▲	0.78%	0.47%	-3.02%	0.41%	20.13%
Platinum (\$/oz)	961.9	=	2.83%	3.59%	-6.48%	-2.36%	7.87%
Copper (\$/MT)*	4722.3	▲	2.24%	2.34%	-2.59%	5.26%	0.35%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.2% to trade at \$1,275.90/oz.

Yesterday, gold prices rose 0.8% to close at \$1,273.60/oz, as weakness in the greenback increased demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.1% lower to trade at \$50.23/bl.

Yesterday, Brent crude oil dropped 1.3% to settle at \$50.79/bl, after the American Petroleum Institute (API) reported that US crude oil inventories rose by 4.8mn bls in the week ended October 21.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices edged marginally lower to trade at \$961.90/oz.

Yesterday, platinum prices climbed 2.8% to close at \$961.90/oz.



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Major South Africa Corporate News

Anglo American Plc

In its production report for 3Q16, the company indicated that iron ore production from Kumba increased 3.0% to 11.80mnt due to productivity improvements at Sishen following its restructuring. Iron ore production from Minas-Rio increased 53.0% to 4.50mnt as the operation continues to ramp-up. Additionally, Diamond production, from De Beers, increased 4.0% to 6.30 million carats, as last year's production was reduced due to the prevailing trading conditions.

Anglo American Platinum Limited

In its production report for 3Q16, the company reported that total platinum production was 1.0% higher than the comparative period at 0.62mn oz. Strong operational performances achieved by retained own mines, with Mogalakwena up 12.0%, Amandelbult up 1.0% and Unki up 16.0%. Refined platinum production increased by 14.0% to 0.69mn oz for the quarter, reflecting the recovery at the precious metals refinery. In addition, sales volumes of 0.59mn oz were less than refined production, as leases of 49,000 ounces were repaid and the balance used to build up refined inventory.

Kumba Iron Ore Limited

In its production and sales report for 3Q16, the company announced that Sishen mine production was up 46.0% to 8.30mnt compared with 2Q16 due to a significant improvement in productivity. Export sales of 10.30mnt, up 18.0% from 8.70mnt in 2Q16 reflecting improvement in production volumes at Sishen.

Major Global Economic News

Eurozone

The European Central Bank (ECB) President, Mario Draghi, defended the central bank's actions by stating that the ECB's aggressive bond buying programme and ultra-low rates haven't harmed German households. He further reiterated that the ECB would keep its policies in place until it reaches its goal of keeping inflation just below 2.0%.

In Germany, the Ifo business climate index climbed to 110.50 in October, compared to a level of 109.50 in the previous month. Market anticipation was for the index to climb to a level of 109.60.

In October, the Ifo business expectations index in Germany registered an unexpected rise to 106.10 compared to a level of 104.50 in the previous month. Markets were anticipating the index to record a flat reading.

Asia

In Australia, the consumer price index (CPI) climbed 0.7% on a quarterly basis in 3Q16, compared to an advance of 0.4% in the prior quarter. Market expectation was for the CPI to climb 0.5%.

Net 1 UEPS Technologies Inc.

The company stated that it has procured the necessary bank funding to complete its previously announced strategic investment of an approximate 15.0% equity stake in Blue Label Telecoms Limited. The company expects to use a combination of existing cash reserves, a portion of the loan facilities and the previously announced equity placement to facilitate payment of the ZAR2.00bn subscription price. The company expects the Blue Label transaction to close immediately after Blue Label shareholder approval is obtained at a meeting scheduled for November 16, 2016.

Pioneer Foods Group Limited

In its FY16 trading update, the company revealed that headline EPS from continuing operations on an adjusted basis is expected to be between 840.00c and 906.00c, higher than 832.00c reported last year. Separately, the company is due to release its annual results on or about November 21, 2016.

US

In October, the CB consumer confidence index fell to a level of 98.60 in the US, compared to market expectations of a fall to a level of 101.50. In the previous month, the index had registered a revised reading of 103.50.

In the US, the Richmond Fed manufacturing index advanced to -4.00 compared to a reading of -8.00 in the previous month, in October. Market anticipation was for the index to advance to a level of -4.00.

UK

During a testimony at House of Lords, the Bank of England (BoE) Governor, Mark Carney, defended the monetary policy pursued by the central bank in recent years and stated that the BoE's efforts has had a positive impact on Britain's economy that is "without parallel".

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (Sep)	✓	0.30%*	0.20%	Monthly
China	03:45	Westpac-MNI Consumer sentiment index (Oct)	✓	117.10*	115.20	Monthly
Japan	07:00	Small Business Confidence (Oct)	✓	-	47.70	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Nov)	✓✓	10.00	10.00	Monthly
Germany	08:00	Import Price Index (MoM) (Sep)	✓	0.00%	-0.20%	Monthly
France	08:45	Consumer Confidence Index (Oct)	✓	98.00	97.00	Monthly
Italy	10:00	Retail Sales s.a. (MoM) (Aug)	✓	0.40%	-0.30%	Monthly
UK	10:30	BBA Mortgage Approvals (Sep)	✓✓	37.35K	37.00K	Monthly
US	13:00	MBA Mortgage Applications (21-Oct)	✓	-	0.60%	Weekly
US	14:30	Wholesale Inventories (Sep) (P)	✓	0.10%	-0.20%	Monthly
US	15:45	Markit Composite PMI (Oct) (P)	✓✓	-	52.30	Monthly
US	15:45	Markit Services PMI (Oct) (P)	✓✓	52.50	52.30	Monthly
US	16:00	New Home Sales Change (Sep)	✓✓	600.00K	609.00K	Monthly
US	16:00	New Home Sales (MoM) (Sep)	✓	-1.50%	-7.60%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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