

# ONE Minute Brief

3 November 2016

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## Economic and Political News

President, Jacob Zuma's legal team announced the withdrawal of his application in the High Court, preventing release of the state capture report. Following which the court ordered the Former Public Protector, Thuli Madonsela, to release her report.

Former Public Protector, Thuli Madonsela's report revealed close relations between Eskom, Chief Executive Officer, Brian Molefe and some Directors with Gupta family and its companies. Further, she called on the President to appoint a commission of inquiry within 30 days directed by a judge solely selected by the Chief Justice. Separately, the Presidency revealed that the President will challenge the state capture report.

Attorneys acting for Freedom under Law and the Helen Suzman Foundation requested President, Jacob Zuma, to suspend National Director of Public Prosecutions (NDPP) Shaun Abrahams and two senior members of the National Prosecuting Authority (NPA), Torie Pretorius and Sibongile Mzinyathi.

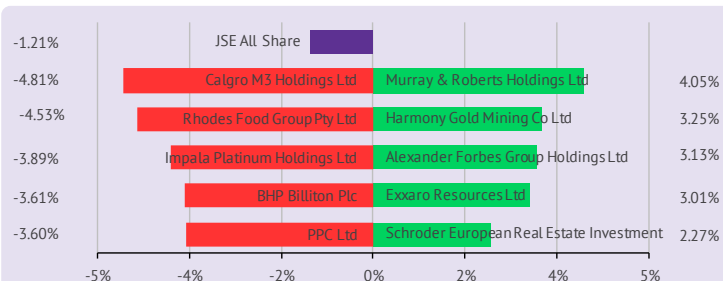
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50384.87	▼	-617.82	-1.21%	-0.81%	-0.41%	-2.62%	-0.61%
JSE Top 40	43835.34	▼	-609.14	-1.37%	-1.07%	-0.42%	-3.10%	-4.28%
FTSE 100	6845.42	▼	-71.72	-1.04%	-2.16%	-1.56%	0.80%	9.66%
DAX 30	10370.93	▼	-155.23	-1.47%	-3.04%	-2.76%	1.47%	-3.46%
CAC 40	4414.67	▼	-55.61	-1.24%	-2.94%	-2.10%	1.37%	-4.80%
S&P 500	2097.94	▼	-13.78	-0.65%	-1.34%	-1.33%	-1.94%	2.64%
Nasdaq Composite	5105.57	▼	-48.01	-0.93%	-1.63%	-1.61%	-2.31%	1.96%
DJIA	17959.64	▼	-77.46	-0.43%	-1.11%	-1.01%	-0.91%	3.07%

## South Africa Market ▼

### South African markets closed lower

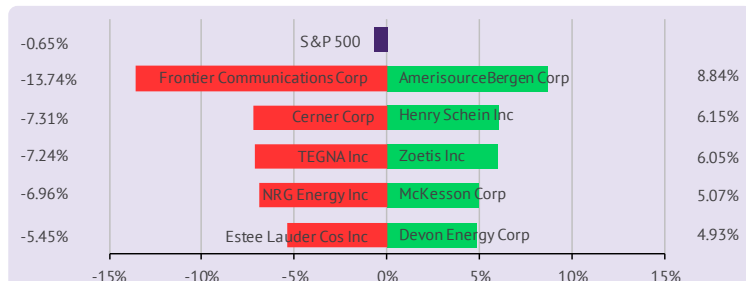
South African markets closed in the red yesterday, amid losses in resources and platinum sector stocks. The JSE All Share Index fell 1.2% to close at 50,384.87.



## US Market ▼

### The S&P 500 futures are trading in the red

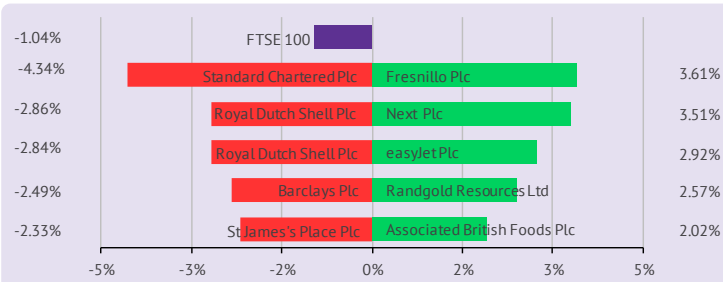
US markets closed lower yesterday, led by losses in real estate sector stocks. The FOMC kept the key interest rate unchanged at 0.5%. The S&P 500 Index dropped 0.7% to close at 2,097.94.



## UK Market ▼

### The FTSE 100 futures are trading in negative territory

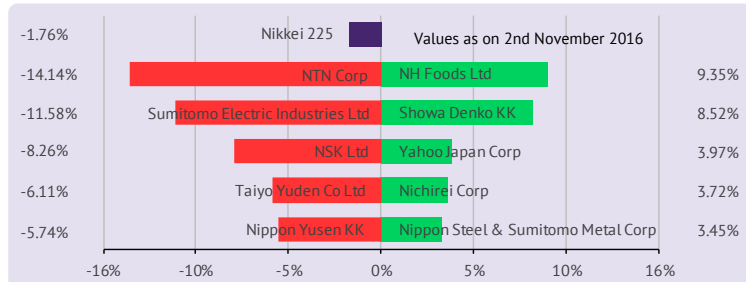
UK markets finished lower yesterday, weighed down by losses in financial and energy sector stocks. Data indicated that UK's construction PMI expanded at a faster pace in October. The FTSE 100 Index declined 1.0% to close at 6,845.42.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Caixin services PMI in China expanded at a faster pace in October. 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 marginally declined against the South African Rand to trade at R13.4565. Later today, traders will keep a close watch on US ISM and Markit services PMIs, initial jobless claims along with durable goods and factory orders data. Separately, South Africa's Standard bank PMI will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, after the Federal Reserve kept the key interest rate unchanged at 0.5%. Meanwhile, the Fed hinted that the case for an increase in interest rate has continued to strengthen and that inflation was moving towards the 2.0% target. However, for the time being, policymakers decided to wait for some further evidence of continued progress in the economy. Further, ADP reported that private sector employment increased less-than-expected from September to October. Moreover, mortgage applications declined last week.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound advanced 0.3% against the South African Rand to trade at R16.5989. Later today, traders will keep an eye on Bank of England's (BoE) interest rate decision and inflation report along with Markit services PMI for further direction.

The British Pound declined against the South African Rand yesterday. Despite data indicated that construction PMI in the UK rose unexpectedly in October.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R14.9574. Going forward, market participants will keep a tab on Eurozone's unemployment rate for further cues.

The Euro weakened against the South African Rand yesterday. Data revealed that the final Markit manufacturing PMI in the Eurozone rose more-than-expected in October. Elsewhere, in Germany the final Markit manufacturing PMI expanded at a slower pace in the same month. Further, the nation's unemployment rate unexpectedly declined in October notching its lowest level since 1990.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R10.3077. Earlier in the session, data indicated that Australia's AIG performance of service index advanced in October from September. Moreover, trade deficit dropped more-than-expected in September. Elsewhere, in China, Australia's largest trading partner, Caixin PMI services expanded at a faster pace in October.

The Australian Dollar fell against the South African Rand yesterday. Building approvals in Australia dropped more-than-expected on a monthly basis in September.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4565	▼	-1.04%	-2.63%	-0.01%	-1.91%	-13.02%
GBPZAR	16.5989	▲	-0.61%	-1.72%	0.40%	-7.38%	-27.39%
EURZAR	14.9574	▲	-0.70%	-1.62%	0.98%	-4.15%	-11.13%
AUDZAR	10.3077	▲	-0.92%	-1.82%	0.63%	-2.60%	-9.28%
EURUSD	1.1115	▲	0.37%	1.01%	1.05%	-2.28%	2.10%
GBPUSD	1.2333	▲	0.46%	0.96%	0.45%	-5.63%	-16.58%
Brent (\$/barrel)	47.5	▲	-2.66%	-5.73%	-3.60%	-3.15%	25.70%
Gold (\$/oz)	1305.7	▼	1.57%	2.46%	2.76%	-3.06%	23.39%
Platinum (\$/oz)	995.0	▼	0.39%	2.08%	2.37%	-4.86%	12.35%
Copper (\$/MT)*	4906.3	▼	-0.03%	1.55%	1.35%	-0.14%	4.26%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.2% lower to trade at \$1,305.70/oz.

Yesterday, gold prices rose 1.6% to close at \$1,308.20/oz, amid weakness in the greenback and a decline in global equity markets increased demand for the safe-haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 1.3% to trade at \$47.45/bl.

Yesterday, Brent crude oil dropped 2.7% to settle at \$46.86/bl, after the US Energy Department reported that crude oil inventories rose by 14.4mn bls in the week ended October 28, registering its biggest weekly increase in US crude stocks since records began in 1982.

## Platinum ▼

### Trading in the negative territory

At 06:00 SAST, platinum prices fell 0.7% to trade at \$995.00/oz.

Yesterday, platinum prices climbed 0.4% to close at \$1001.80/oz, extending previous session gains.



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## Major South Africa Corporate News

### Shoprite Holdings Limited

In its operational update for the first quarter of 2017, the company showed positive momentum to end FY16 which will continue into the new financial year. Moreover, Group turnover has grown by 15.7% against the previous year's comparative period, with RSA sales rising 12.4% and Non-RSA turnover reaching a staggering 35.1% growth.

## Major Global Economic News

### Eurozone

In the Eurozone, the final manufacturing PMI rose to a level of 53.50 in October, compared to a reading of 52.60 in the prior month. The preliminary figures had indicated an advance to 53.30 and market anticipation was for the PMI to climb to a level of 53.30.

In October, the final manufacturing PMI recorded a rise to 55.00 in Germany, compared to a level of 54.30 in the previous month. The preliminary figures had indicated a rise to 55.10 and markets were expecting the PMI to advance to 55.10.

In Germany, the seasonally adjusted unemployment rate recorded an unexpected drop to 6.0% in October, compared to a reading of 6.1% in the previous month. Market anticipation was for unemployment rate to record a steady reading.

### Asia

In Australia, the AIG performance of services index advanced to 50.50 in October. In the prior month, the index had recorded a reading of 48.90.

In September, the seasonally adjusted trade deficit in Australia fell to AUD1227.00mn, compared to a revised deficit of AUD1894.00mn in the previous month. Market anticipation was for the nation to record a deficit of AUD1700.00mn.

In China, the Caixin/Markit services PMI index advanced to 52.40 in October compared to a level of 52.00 in the prior month.

### US

In the US, the Federal Open Market Committee (FOMC) maintained its key interest rate at 0.5%, at par with market expectations. The Fed statement indicated that the case for an increase in interest rate has continued to strengthen and that inflation was moving towards the 2.0% target. However, for the time being, policymakers decided to wait for some further evidence of continued progress in the economy.

In October, the private sector employment registered a rise of 147.00K in the US, compared to market anticipations of an advance of 165.00K. The private sector employment had recorded a revised increase of 202.00K in the prior month.

In the US, mortgage applications recorded a drop of 1.2% on a weekly basis, in the week ended October 28, 2016. Mortgage applications had recorded a drop of 4.1% in the prior week.

### UK

In the UK, the construction PMI rose unexpectedly to 52.60 in October, compared to market expectations of a fall to 51.80. In the prior month, the construction PMI had recorded a level of 52.30.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	Caixin/Markit Services PMI (Oct)	✓✓	52.40*	52.00	Monthly
China	03:45	HSBC China Composite PMI (Oct)	✓✓	52.90*	51.40	Monthly
Switzerland	08:45	SECO Consumer Climate (10)	✓✓	-13.00	-15.00	Quarterly
Spain	10:00	Unemployment Change (Oct)	✓	77.00 K	22.80 K	Monthly
Italy	11:00	Unemployment Rate (Sep)	✓	11.40%	11.40%	Monthly
UK	11:00	New Car Registrations (YoY) (Oct)	✓	-	1.60%	Monthly
Eurozone	11:00	ECB Publishes Economic Bulletin	✓✓	-	-	As scheduled
UK	11:30	Markit Services PMI (Oct)	✓✓✓	52.50	52.60	Monthly
UK	11:30	Official Reserves (Changes) (Oct)	✓✓	-	USD722.00mn	Monthly
Eurozone	12:00	Unemployment Rate (Sep)	✓✓	10.00%	10.10%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Sep)	✓	-	1.60%	Monthly
South Africa	13:00	Electricity Production (YoY) (Sep)	✓	-	3.80%	Monthly
US	13:30	Challenger Job Cuts (YoY) (Oct)	✓	-	-24.70%	Monthly
UK	14:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.25%	0.25%	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
UK	14:30	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	14:30	Non-Farm Productivity (Q3) (P)	✓	2.10%	-0.60%	Quarterly
US	14:30	Initial Jobless Claims (29-Oct)	✓✓	256.00K	258.00K	Weekly
US	15:45	Markit Composite PMI (Oct) (F)	✓✓	-	54.90**	Monthly
US	15:45	Markit Services PMI (Oct) (F)	✓✓	54.80	54.80**	Monthly
US	16:00	ISM Employment (Oct)	✓	-	49.70	Monthly
US	16:00	ISM Non-Manufacturing PMI (Oct)	✓✓	56.00	57.10	Monthly
US	16:00	Durable Goods Orders (Sep) (F)	✓✓✓	-0.10%	-0.10%**	Monthly
US	16:00	Factory Orders (MoM) (Sep)	✓✓	0.20%	0.20%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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