

ONE Minute Brief

4 November 2016

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Economic and Political News

South Africa's Standard bank PMI eased to 50.50 in October. In the prior month, the PMI had registered a level of 50.70.

In South Africa, the electricity production registered a rise of 1.1% YoY in September. The electricity production rose 3.8% in the prior month.

S&P's Associate Director, Gardner Rusike, stated that the rating agency wanted to see more progress on South Africa's economic reforms as promised by the Government in June, to affirm the nation's sovereign credit rating, to be announced on December 2, 2016.

Democratic Alliance leader, Mmusi Maimane, announced that the Parliament will debate a motion of no confidence against President, Jacob Zuma, on November 10.

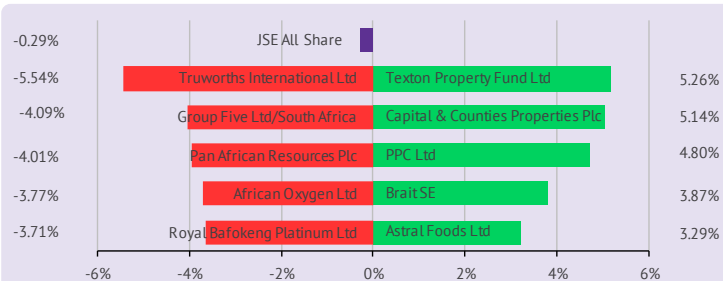
SA's Justice Minister, Michael Masutha, submitted a bill in Parliament to withdraw membership from the International Criminal Court.

Former Public Protector, Thuli Madonsela, revealed that the judicial commission of inquiry will investigate state capture allegation to probe claims against state-owned enterprises.

South Africa Market ▼

South African markets closed lower

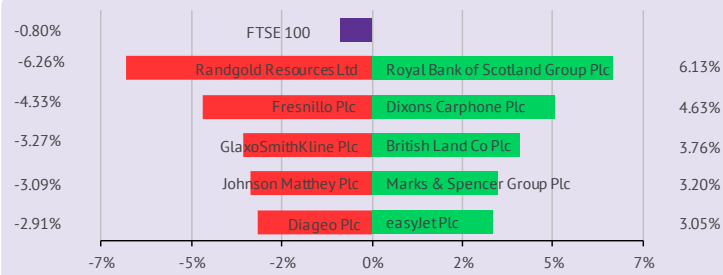
South African markets closed in the red yesterday, weighed down by losses in retail sector stocks. Data indicated that South Africa's Standard Bank PMI expanded at a slower pace in October. The JSE All Share Index fell 0.3% to close at 50,239.27.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, amid losses in material sector stocks. The BoE kept the key interest rate unchanged at 0.25% and maintained the asset purchase facility at GBP435.00bn. The FTSE 100 Index declined 0.8% to close at 6,790.51.



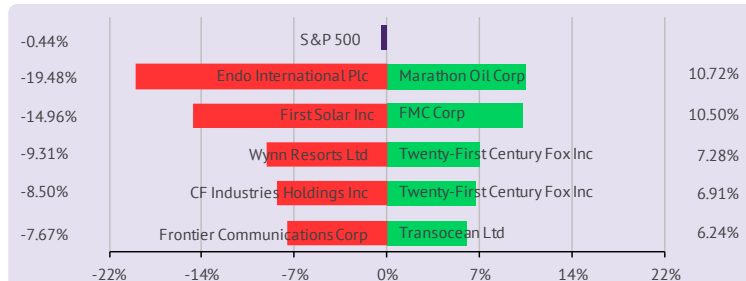
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50239.27	▼ -145.60	-0.29%	-1.10%	-0.69%	-2.62%	-0.90%
JSE Top 40	43712.31	▼ -123.03	-0.28%	-1.34%	-0.70%	-3.10%	-4.55%
FTSE 100	6790.51	▼ -54.91	-0.80%	-2.94%	-2.35%	0.80%	8.78%
DAX 30	10325.88	▼ -45.05	-0.43%	-3.46%	-3.18%	1.47%	-3.88%
CAC 40	4411.68	▼ -2.99	-0.07%	-3.01%	-2.16%	1.37%	-4.86%
S&P 500	2088.66	▼ -9.28	-0.44%	-1.78%	-1.76%	-1.94%	2.19%
Nasdaq Composite	5058.41	▼ -47.16	-0.92%	-2.54%	-2.52%	-2.31%	1.02%
DJIA	17930.67	▼ -28.97	-0.16%	-1.27%	-1.17%	-0.91%	2.90%

US Market ▼

The S&P 500 futures are trading in the green

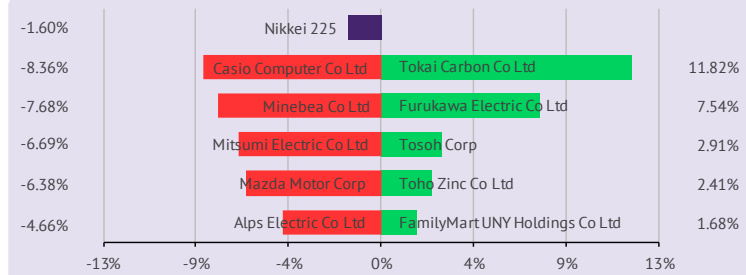
US markets closed lower yesterday, led by losses in information technology sector stocks. Data indicated that US ISM non-manufacturing PMI expanded at a slower than expected pace in October. The S&P 500 Index dropped 0.5% to close at 2,088.66.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. Data revealed that Markit's services PMI in Japan rebounded in October, entering the expansion territory. The Nikkei 225 Index is trading 1.6% lower at 16,860.78.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R13.4392. Later today, traders will keep a close watch on US unemployment rate along with nonfarm payrolls and trade balance data for further cues.

The US Dollar fell against the South African Rand yesterday, after US ISM non-manufacturing PMI expanded at a slower pace than market expectations in October. Further, the final durable goods orders fell more than previous estimates in September. Additionally, the number of Americans applying for the first-time unemployment benefits unexpectedly rose last week to its highest level since August. Separately, Markit's services PMI expanded in line with preliminary estimates in October. Whereas, factory orders increased more than market expectations in September. Elsewhere, South Africa's Standard Bank PMI expanded at a slower pace in October from September.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R16.7590.

The British Pound advanced against the South African Rand yesterday, following UK court's ruling that the Parliament would have to approve the process of Brexit talks. The BoE held the benchmark interest rate steady at 0.25%, meeting market expectations. In the quarterly inflation report, the central bank hiked its 2017 inflation forecast to 2.7% from its August estimate of 2.0%. Further, the 2016 GDP is seen at 2.2%, 0.2% higher than its previous forecast, the bank's GDP estimate for 2017 has increased to 1.4%, from 0.8%. Further, data indicated that Markit services PMI in the UK expanded at a faster pace in October.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.2% against the South African Rand to trade at R14.9162. Going forward, market participants will keep a tab on Markit services PMI across the Eurozone along with producer price index for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's unemployment rate remained unchanged in September.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R10.3186. Earlier in the session, data indicated that Australia's retail sales unexpectedly advanced on a monthly basis in September. Separately, the Reserve Bank of Australia, in its November monetary policy statement, that it expects GDP growth to average between 2.5% and 3.5% over the next two years. Moreover, CPI is also estimated to return to target range over the same period.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's AIG performance of service index increased in October from September.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4392	▼	-0.06%	-2.69%	-0.08%	-1.91%	-13.07%
GBPZAR	16.7590	▼	1.31%	-0.44%	1.72%	-7.38%	-26.43%
EURZAR	14.9162	▼	0.10%	-1.52%	1.08%	-4.15%	-11.04%
AUDZAR	10.3186	▼	0.28%	-1.54%	0.92%	-2.60%	-9.02%
EURUSD	1.1093	▼	0.08%	1.09%	1.13%	-2.28%	2.18%
GBPUSD	1.2470	▲	1.33%	2.30%	1.78%	-5.63%	-15.48%
Brent (\$/barrel)	46.5	▲	-1.09%	-6.76%	-4.65%	-3.15%	24.33%
Gold (\$/oz)	1300.3	▼	-0.37%	2.08%	2.37%	-3.06%	22.93%
Platinum (\$/oz)	996.9	▲	-0.74%	1.32%	1.61%	-4.86%	11.52%
Copper (\$/MT)*	4947.0	▲	0.83%	2.39%	2.19%	-0.14%	5.13%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.2% to trade at \$1,300.30/oz.

Yesterday, gold prices fell 0.4% to close at \$1,303.30/oz, reversing its previous session gains.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.3% to trade at \$46.48/bl.

Yesterday, Brent crude oil dropped 1.1% to settle at \$46.35/bl, extending its prior session losses and rising uncertainty whether OPEC will implement its planned production cut.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$996.90/oz.

Yesterday, platinum prices declined 0.7% to close at \$994.40/oz.

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Major South Africa Corporate News

Afrimat Limited

In its 1H17 results, the company stated that its revenue increased to ZAR1.15bn from ZAR1.00bn recorded in the corresponding period of the previous year. Its diluted headline EPS rose 25.0% from the same period of the preceding year to 94.00c. Its profit before tax rose to ZAR202.11mn against ZAR156.15mn posted in the similar period last year.

Redefine Properties Limited

In its FY16 results, the company revealed that its total revenue declined marginally from the same period of the preceding year to ZAR6.65bn. Its diluted headline EPS stood at 77.13c, compared with 82.91c recorded in the corresponding period of the previous year. Separately, the company declared a final cash dividend of 44.30c/share, for the six months ended August 31, 2016, from the company's distributable income.

Major Global Economic News

US

In October, the non-manufacturing PMI in the US fell to a level of 54.80, lower than market expectations of a fall to 56.00. The PMI had recorded a reading of 57.10 in the prior month.

In the US, the seasonally adjusted initial jobless claims climbed unexpectedly to 265.00K in the week ended October 29, 2016, compared to a reading of 258.00K in the previous week. Markets were anticipating initial jobless claims to fall to a level of 256.00K.

In October, the final Markit services PMI rose to a level of 54.80 in the US, meeting market expectations. The preliminary figures had also recorded an advance to 54.80 and in the previous month, the PMI had recorded a level of 52.30.

In September, factory orders advanced 0.3%, on a monthly basis, in the US, higher than market expectations for a rise of 0.2%. In the previous month, factory orders had registered a revised rise of 0.4%.

In the US, the final durable goods orders fell 0.3% on a monthly basis in September, compared to a revised advance of 0.3% in the prior month. Market anticipation was for durable goods orders to fall 0.1%. The preliminary figures had recorded a drop of 0.1%.

Asia

In Australia, the seasonally adjusted retail sales advanced 0.6% on a monthly basis in September, higher than market expectations for an advance of 0.4%. Retail sales had climbed by a revised 0.5% in the prior month.

In Japan, Markit service PMI advanced to 50.50 in October. In the previous month, the PMI had recorded a level of 48.20.

UK

The Bank of England held its key interest rate at 0.25% and kept asset purchase programme steady at GBP435.00bn, after the UK economy showed unexpected resilience following the Brexit vote. In the quarterly inflation report, the central bank hiked its 2017 inflation forecast to 2.7% from its August estimate of 2.0%, citing the pronounced tumble in Sterling. Further, the BoE also revised up its economic growth forecast. While the 2016 GDP is seen at 2.2%, 0.2% higher than its previous forecast, the bank's GDP estimate for 2017 has been catapulted skywards to 1.4%, from 0.8%.

In the UK, the services PMI rose unexpectedly to a level of 54.50 in October, compared to market expectations of a drop to a level of 52.50. In the previous month, the services PMI had recorded a level of 52.60.

Eurozone

In the Eurozone, the unemployment rate remained unchanged at a level of 10.0% in September. Markets were anticipating the unemployment rate to record a steady reading.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Markit Japan Services PMI (Oct)	✓✓	50.50*	48.20	Monthly
Japan	02:30	Markit/JMMA Composite PMI (Oct)	✓✓	51.30*	48.90	Monthly
France	10:50	Markit Services PMI (Oct) (F)	✓	52.10	52.10**	Monthly
Germany	10:55	Markit Services PMI (Oct) (F)	✓✓	54.10	54.10**	Monthly
Eurozone	11:00	Markit Composite PMI (Oct) (F)	✓✓✓	53.70	53.70**	Monthly
Eurozone	11:00	Markit Services PMI (Oct) (F)	✓✓✓	53.50	53.50**	Monthly
UK	11:00	New Car Registrations (YoY) (Oct)	✓	-	1.60%	Monthly
Eurozone	12:00	Producer Price Index (MoM) (Sep)	✓	0.00%	-0.20%	Monthly
US	14:30	Average Hourly Earnings (Oct)	✓✓	-	USD21.68	Monthly
Canada	14:30	Full Time Employment Change (Oct)	✓✓	-	23.00K	Monthly
Canada	14:30	Unemployment Rate (Oct)	✓✓✓	7.00%	7.00%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Oct)	✓✓	0.30%	0.20%	Monthly
US	14:30	Average Weekly Hours All Employees (Oct)	✓	34.40	34.40	Monthly
US	14:30	Unemployment Rate (Oct)	✓✓✓	4.90%	5.00%	Monthly
Canada	14:30	International Merchandise Trade (Sep)	✓	-CAD1.70bn	-CAD1.94bn	Monthly
US	14:30	Change in Private Payrolls (Oct)	✓✓	170.00 K	167.00 K	Monthly
US	14:30	Trade Balance (Sep)	✓✓	-USD38.00bn	-USD40.70bn	Monthly
US	14:30	Change in Non-farm Payrolls (Oct)	✓✓✓	173.00 K	156.00 K	Monthly
Canada	16:00	Ivey PMI s.a (Oct)	✓✓	56.00	58.40	Monthly
US	22:00	Fed's Fischer Speaks at IMF Event in Washington	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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