

ONE Minute Brief

24 November 2016

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Economic and Political News

South Africa's annual consumer price inflation climbed more than forecast to 6.4% in October, compared to a rate of 6.1% reported last month.

President, Jacob Zuma, criticised the State Capture report and stated that the procedure followed has been unfair to him. He further stated that the former Public Protector could not order him to institute a commission of inquiry into state capture. Additionally, he described the decision of South Africa's four major banks' to terminate business with the Gupta family as suspicious and called for an investigation.

Finance Minister, Pravin Gordhan, has expressed support for the National Economic Development and Labor Council's (Nedlac) recommended minimum wage of ZAR3,500 a month and stated that it was a constructive way to address inequality and unemployment.

Save South Africa campaign's convener, Sipho Pityana, has urged the ANC and its allies to join the movement by ensuring that President Zuma does not finish his term.

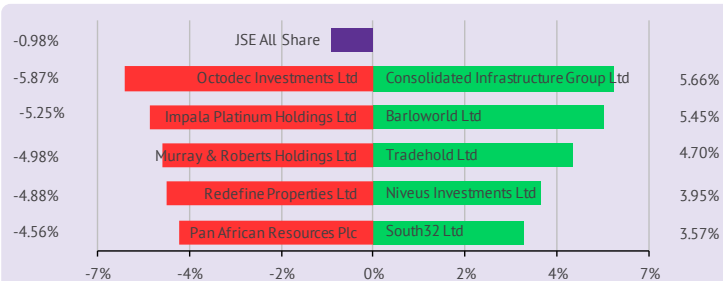
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50616.43	▼	-501.31	-0.98%	-0.02%	0.05%	-2.62%	-0.15%
JSE Top 40	44076.88	▼	-498.18	-1.12%	-0.32%	0.13%	-3.10%	-3.76%
FTSE 100	6817.71	▼	-2.01	-0.03%	0.62%	-1.96%	0.80%	9.22%
DAX 30	10662.44	▼	-51.41	-0.48%	-0.02%	-0.02%	1.47%	-0.75%
CAC 40	4529.21	▼	-19.14	-0.42%	0.55%	0.44%	1.37%	-2.33%
S&P 500	2204.72	▲	1.78	0.08%	1.05%	3.70%	-1.94%	7.87%
Nasdaq Composite	5380.68	▼	-5.67	-0.11%	1.11%	3.69%	-2.31%	7.45%
DJIA	19083.18	▲	59.31	0.31%	1.14%	5.19%	-0.91%	9.52%

South Africa Market ▼

South African markets closed lower

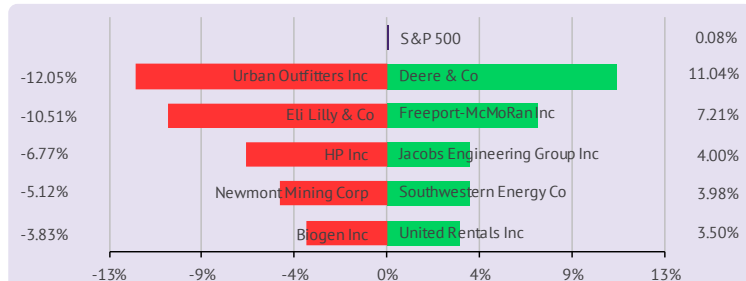
South African markets closed in the red yesterday, amid losses in gold and platinum mining sector stocks. Data indicated that South Africa's annual consumer price inflation accelerated more-than-expected in October. The JSE All Share Index fell 1.0% to close at 50,616.43.



US Market ▲

The S&P 500 futures are trading in the red

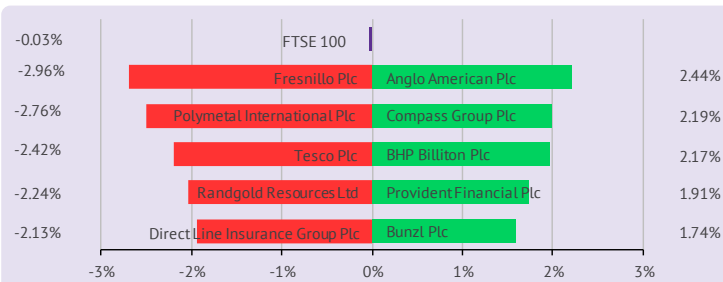
US markets rose yesterday, supported by gains in industrial sector stocks. The minutes of the FOMC's November policy meeting showed that Fed officials believed rising interest rate would be appropriate relatively soon. The S&P 500 Index climbed 0.1% to close at 2,204.72.



UK Market ▼

The FTSE 100 futures are trading in negative territory

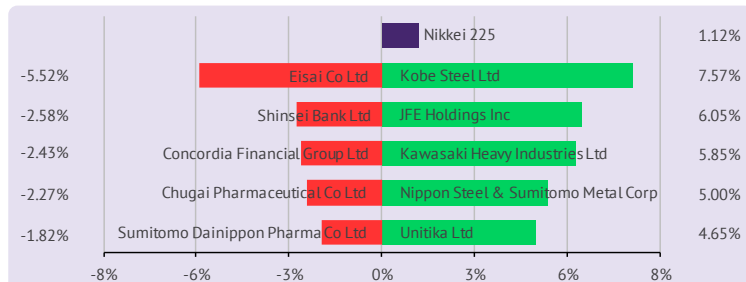
UK markets declined yesterday, weighed down by losses in material and housebuilding sector stocks. In the Autumn Budget statement, Chancellor Philip Hammond, estimated UK's economy to grow by 1.4% and 1.7% in 2017 and 2018, respectively, lower than the previous forecast. The FTSE 100 Index declined marginally to close at 6,817.71.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Earlier in the session, preliminary data indicated that Japan's Nikkei manufacturing PMI expanded in November. The Nikkei 225 Index is trading 1.1% higher at 18,367.05.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% higher against the South African Rand at R14.2035. Going forward, traders will keep a close watch the South African Reserve Bank's interest rate decision and producer price index for further direction.

The US Dollar rose against the South African Rand yesterday, after the minutes of the FOMC's November meeting revealed that most policymakers agreed it would be appropriate to raise interest rates relatively soon. Macroeconomic data indicated that durable goods orders in the US rebounded more-than-expected in October, while the final Michigan consumer sentiment index for November was revised higher than preliminary estimates. Moreover, the flash Markit manufacturing PMI unexpectedly rose in November. On the other hand, new home sales unexpectedly dropped on a monthly basis in October, while the number of Americans for new jobless benefits rose slightly higher than market expectations. Elsewhere, South Africa's consumer price index climbed more-than-expected on annual basis in October, reaching an eight-month high.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.3% higher against the South African Rand at R17.6620. Moving forward, traders will keep an eye on UK's gross domestic product data, scheduled for release tomorrow.

The British Pound advanced against the South African Rand yesterday. The Autumn Budget statement in the UK revised the nation's growth in the current year slightly higher, while growth forecasts for 2017 and 2018 were lowered. The statement also revealed new fiscal stimulus in the economy.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro advanced 0.2% against the South African Rand to trade at R14.9668. Going forward, market participants will keep a tab on Germany's gross domestic product data and GfK consumer confidence index for further cues.

The Euro weakened against the South African Rand yesterday. Preliminary data revealed that Eurozone's Markit services PMI expanded more-than-expected in November, its highest reading in eleven months. Moreover, the region's manufacturing PMI unexpectedly rose in the same month. Additionally, Germany's services sector activity advanced in November, reaching a six-month high, while the nation's manufacturing PMI expanded at a slower pace than expected in November.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar gained 0.4% against the South African Rand to trade at R10.4694.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that construction work done in Australia dropped more-than-expected in the third quarter of 2016.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.2035	▲	0.54%	-2.31%	5.02%	-1.91%	-8.64%
GBPZAR	17.6620	▲	0.69%	-1.49%	6.82%	-7.38%	-22.74%
EURZAR	14.9668	▲	-0.13%	-2.57%	0.97%	-4.15%	-11.13%
AUDZAR	10.4694	▲	0.27%	-1.67%	1.86%	-2.60%	-8.17%
EURUSD	1.0532	▼	-0.64%	-0.27%	-3.85%	-2.28%	-2.85%
GBPUSD	1.2431	▼	0.13%	0.77%	1.60%	-5.63%	-15.63%
Brent (\$/barrel)	49.0	▲	-0.35%	4.46%	0.70%	-3.15%	31.30%
Gold (\$/oz)	1188.4	▼	-1.81%	-1.61%	-6.58%	-3.06%	12.18%
Platinum (\$/oz)	923.0	▼	-1.26%	0.99%	-4.85%	-4.86%	4.42%
Copper (\$/MT)*	5724.5	▲	2.28%	5.77%	18.25%	-0.14%	21.65%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.1% to trade at \$1,188.40/oz.

Yesterday, gold prices fell 1.8% to close at \$1,189.30/oz, amid a stronger US Dollar following largely positive US economic data and hawkish FOMC minutes.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.1% to trade at \$49.00/bbl.

Yesterday, Brent crude oil dropped 0.4% to settle at \$48.95/bbl, amid growing uncertainty whether OPEC will agree for a cut in production big enough for a decline in the global glut of crude. Meanwhile, the US Energy Department reported that crude oil inventories fell by 1.3mn bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.9% to trade at \$923.00/oz.

Yesterday, platinum prices declined 1.3% to close at \$931.10/oz.

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Major South Africa Corporate News

Hosken Consolidated Investments Limited

In its 1H17 results, the company reported that its revenue advanced 14.3% from the same period of the previous year to ZAR7.00bn. Its diluted headline EPS from continued operations stood at 571.82c, compared with 482.61c recorded in the corresponding period of the previous year. Its profit before tax rose to ZAR1.52bn from ZAR1.40bn posted in the corresponding period prior year.

Niveus Investments Limited

In its 1H17 results, the company announced that its group revenue rose to ZAR692.04mn from ZAR580.82mn recorded in the corresponding period of the previous year. Its diluted headline earnings stood at a profit of 54.70c/share against a loss of 22.30c/share posted in the similar period last year. Additionally, its profit before tax increased to ZAR101.49mn from ZAR7.46mn reported in the same period of the prior year.

Tiger Brands Limited

In its FY16 results, the company revealed that its turnover advanced 10.6% from the preceding year to ZAR31.70bn. Its diluted headline EPS from continuing operations stood at 2,085.30c, compared with 2,057.30c recorded in the corresponding period of the previous year. It has declared a final dividend of 702.00c/share for the full year. Separately, its Chairman, Andre Parker announced that he will not seek reappointment to the Board at the annual general meeting (AGM) of the company. Khotso Mokhele will succeed Andre Parker as Chairman following the conclusion of the AGM.

Tsogo Sun Holdings Limited

In its 1H17 results, the company stated that its net gaming win increased to ZAR3.68bn from ZAR3.56bn recorded in the corresponding period of the previous year. Its basic and diluted headline EPS fell marginally from the same period of the prior year to 85.60c. Its profit before income tax decreased to ZAR1.10bn against ZAR1.15bn posted in the previous period last year.

Major Global Economic News

US

According to the minutes of the Federal Open Market Committee's (FOMC) November meeting, most Fed officials believed that it would be appropriate to raise interest rates relatively soon. They also noted that the expectation for a near-term rate increase is contingent on incoming data providing some further evidence of continued progress toward the central bank's objectives.

In October, the preliminary durable goods orders recorded a rise of 4.8% on a monthly basis in the US, compared to a drop of 0.3% in the prior month. Market anticipation was for durable goods orders to climb 1.7%.

In the US, the seasonally adjusted initial jobless claims climbed to 251.00K in the week ended November 19, 2016, compared to a revised reading of 233.00K in the prior week.

In November, the preliminary Markit manufacturing PMI registered a rise to 53.90, in the US, compared to a reading of 53.40 in the previous month. Market anticipation was for the PMI to advance to 53.50.

In October, new home sales unexpectedly fell by 1.90%, on monthly basis, to a level of 563.00K in the US, compared to a revised reading of 574.00K in the prior month. Markets were expecting new home sales to rise to a level of 590.00K.

In the US, the final Reuters/Michigan consumer sentiment index recorded a rise to 93.80 in November, compared to a level of 87.20 in the prior month. The preliminary figures had recorded an advance to 91.60 and expectation was for the index to climb to 91.60.

UK

In the Autumn Budget statement, Chancellor Philip Hammond, stated that UK's growth for 2016 is expected to be 2.1% in 2016, up from an earlier forecast of 2.0%, while growth is expected to slow to 1.4% and 1.7% in 2017 and 2018, respectively.

Eurozone

In the Eurozone, the flash manufacturing PMI unexpectedly rose to a level of 53.70 in November, compared to a level of 53.50 in the prior month. Markets were anticipating the PMI to drop to 53.30.

In November, the preliminary Markit services PMI registered a rise to 54.10 in the Eurozone, compared to a level of 52.80 in the previous month. Markets were anticipating services PMI to rise to 52.90.

In November, the flash Markit manufacturing PMI registered a drop to 54.40 in Germany, compared to a reading of 55.00 in the previous month. Markets were anticipating the PMI to fall to 54.80.

In Germany, the preliminary Markit services PMI registered an unexpected rise to a level of 55.00 in November, compared to market expectations of a drop to 54.00. Services PMI had registered a level of 54.20 in the prior month.

Asia

In Japan, the preliminary manufacturing PMI fell to a level of 51.10 in November, compared to a level of 51.40 in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Nov) (P)	✓✓	51.10*	51.40	Monthly
Japan	07:00	Coincident Index (Sep) (F)	✓	-	112.10**	Monthly
Japan	07:00	Leading Economic Index (Sep) (F)	✓✓	-	100.50**	Monthly
Germany	09:00	Domestic Demand (QoQ) (Q3)	✓	0.50%	-0.20%	Quarterly
Germany	09:00	Private Consumption (QoQ) (Q3)	✓	0.30%	0.20%	Quarterly
Germany	09:00	Capital Investment (QoQ) (Q3)	✓	0.30%	-1.50%	Quarterly
Germany	09:00	Construction Investment (QoQ) (Q3)	✓	0.60%	-1.60%	Quarterly
Germany	09:00	Government Spending (QoQ) (Q3)	✓	0.60%	0.60%	Quarterly
Germany	09:00	Exports (QoQ) (Q3)	✓	-0.30%	1.20%	Quarterly
Germany	09:00	Imports (QoQ) (Q3)	✓	0.30%	-0.10%	Quarterly
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q3) (F)	✓✓✓	0.20%	0.20%**	Quarterly
France	09:45	Business Climate (Nov)	✓	101.00	101.00	Monthly
Spain	10:00	Gross Domestic Product (QoQ) (Q3) (F)	✓	0.70%	0.70%**	Quarterly
Switzerland	10:15	Industrial Production (YoY) (Q3)	✓✓	-	-1.20%	Quarterly
Germany	11:00	Ifo - Business Climate (Nov)	✓✓	110.50	110.50	Monthly
Germany	11:00	Ifo - Current Assessment (Nov)	✓✓	115.00	115.00	Monthly
Germany	11:00	Ifo - Expectations (Nov)	✓✓	106.00	106.10	Monthly
Eurozone	11:00	ECB Publishes Financial Stability Review	✓	-	-	As scheduled
South Africa	11:30	Producer Price Index (MoM) (Oct)	✓	0.40%	-0.30%	Monthly
Italy	12:00	Wage Inflation (MoM) (Oct)	✓	-	0.00%	Monthly
Germany	14:00	GfK Consumer Confidence Survey (Dec)	✓✓	9.70	9.70	Monthly
Eurozone	18:10	ECB's Praet speaks in Vienna	✓	-	-	As scheduled
South Africa	-	SARB Interest Rate Decision	✓	7.00%	7.00%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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