

ONE Minute Brief

1 December 2016

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Economic and Political News

In South Africa, trade deficit recorded a reading of ZAR4.40bn in October, less than market expectations of a trade deficit of ZAR6.70bn. South Africa had posted a revised trade surplus of ZAR6.90bn in the previous month.

In a reply to a parliamentary question on whether South African Revenue Service (SARS) has any specialised investigating unit, Finance Minister, Pravin Gordhan, cautioned that the ministry could not verify the accuracy of information provided by SARS.

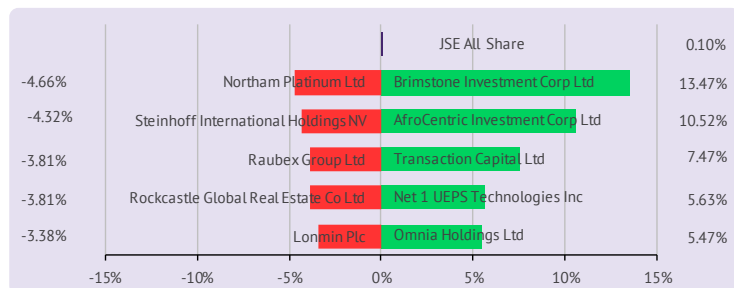
Public Enterprises Minister, Lynne Brown, has accepted the recommendation of Eskom's board to appoint Matshela Koko, as the acting Chief Executive Officer (CEO) of the company. He has further asked the board to immediately start the process to appoint a permanent CEO. Meanwhile, the Democratic Alliance (DA) has expressed its displeasure at the appointment of Matshela Koko as CEO.

Finance Minister, Pravin Gordhan, has indicated that National Treasury is planning to review a contract entered into by South African Airways (SAA) but is still awaiting documentation and approval from the management of SAA.

South Africa Market ▲

South African markets closed higher

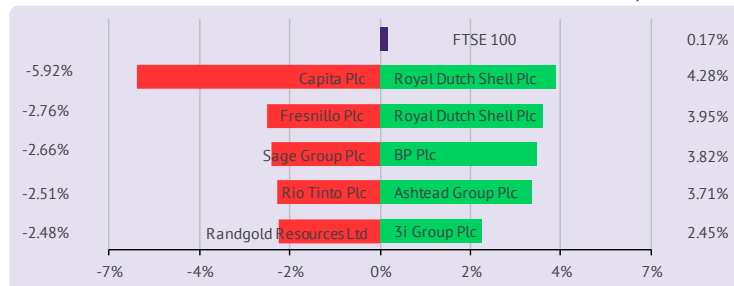
South African markets closed in the green yesterday, led by gains in resources mining sector stocks. Data indicated that South Africa's trade deficit dropped more-than-expected on a monthly basis in October. The JSE All Share Index rose 0.1% to close at 50,209.43.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets rose yesterday, amid gains in energy sector stocks. The BoE indicated that outlook for Britain's financial stability remains challenging due to risks arising from the Brexit decision and US Presidential election result. The FTSE 100 Index rose 0.2% to 6,783.79.



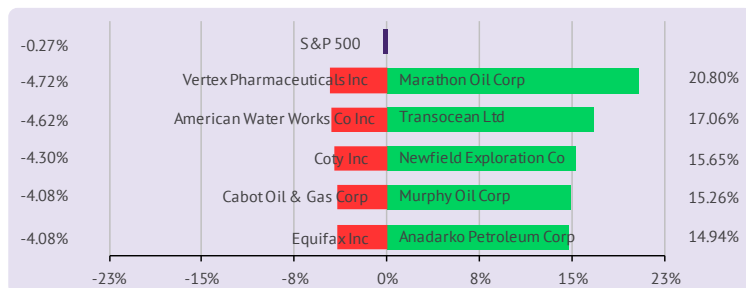
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50209.43	▲	52.15	0.10%	-0.96%	NA	-0.75%	-0.96%
JSE Top 40	43691.42	▲	88.70	0.20%	-1.17%	NA	-0.75%	-4.60%
FTSE 100	6783.79	▲	11.79	0.17%	-0.83%	NA	-2.45%	8.67%
DAX 30	10640.30	▲	19.81	0.19%	-0.55%	NA	-0.23%	-0.96%
CAC 40	4578.34	▲	26.88	0.59%	0.62%	NA	1.53%	-1.27%
S&P 500	2198.81	▼	-5.85	-0.27%	-0.66%	NA	3.42%	7.58%
Nasdaq Composite	5323.68	▼	-56.24	-1.05%	-1.39%	NA	2.59%	6.32%
DJIA	19123.58	▲	1.98	0.01%	-0.15%	NA	5.41%	9.75%

US Market ▼

The S&P 500 futures are trading in the green

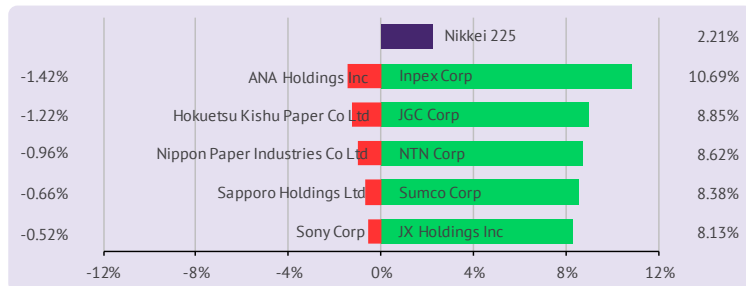
US markets closed lower yesterday, weighed down by losses in utility sector stocks. The Fed's Beige Book revealed that US economy continued to expand from early October through mid-November. The S&P 500 Index dropped 0.3% to close at 2,198.81.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data indicated that China's manufacturing PMI unexpectedly advanced in November. The Nikkei 225 Index is trading 2.2% higher at 18,712.72.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.3% against the South African Rand to trade at R14.0406. Later today, traders will keep a close watch on US ISM manufacturing PMI and Markit manufacturing PMI along with initial jobless claims and construction spending for further cues. Separately, South Africa's Barclays manufacturing PMI will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. The Fed's Beige Book indicated that seven of the central bank's 12 districts reported modest to moderate growth in the economy from early October through mid-November. Further, data indicated that ADP employment change advanced more-than-expected in November. Additionally, personal income rose on a monthly basis in October, while spending grew less-than-expected on monthly basis in October. Further, pending home sales increased as expected in October. Meanwhile, in South Africa trade deficit declined more than expected in October.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.2% against the South African Rand to trade at R17.5830. Later today, traders will keep an eye on UK's Markit manufacturing PMI and nationwide house prices for further direction.

The British Pound advanced against the South African Rand yesterday. The BoE indicated that the likelihood of risks to Britain's financial stability "remains elevated" following the Brexit vote and is largely dependent on an orderly exit from the European Union.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0.3% against the South African Rand to trade at R14.8803. Going forward, market participants will keep a tab on Eurozone's unemployment rate and Markit manufacturing PMI, scheduled in few hours. Germany's Markit/BME manufacturing PMI will be on investors' radar.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's annual consumer price index advanced as expected in November, to its highest level since 2014. Moreover, Germany's retail sales rebounded more-than-expected in October, its strongest monthly rise in five years. Further, the nation's unemployment rate remained steady in line with market expectations in November.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally weaker against the South African Rand at R10.3914. Earlier in the session, data indicated that Australia's AiG performance of manufacturing index advanced, in November. Elsewhere, in China, Australia's largest trading partner, manufacturing PMI surprisingly advanced in November.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's building approvals unexpectedly dropped in October. Further, private sector credit climbed more-than-expected on a monthly basis in October.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.0406	▼	1.50%	-0.18%	NA	4.61%	-9.00%
GBPZAR	17.5830	▼	1.65%	0.23%	NA	6.86%	-22.71%
EURZAR	14.8803	▼	0.99%	-0.18%	NA	0.88%	-11.22%
AUDZAR	10.3914	▼	0.13%	-0.82%	NA	1.49%	-8.51%
EURUSD	1.0599	▲	-0.58%	0.01%	NA	-3.59%	-2.59%
GBPUSD	1.2524	▲	0.13%	0.24%	NA	2.14%	-15.18%
Brent (\$/barrel)	52.1	▲	11.77%	9.74%	NA	6.64%	39.06%
Gold (\$/oz)	1171.5	▲	-1.44%	-0.64%	NA	-8.04%	10.43%
Platinum (\$/oz)	909.5	▼	-1.24%	0.18%	NA	-7.02%	2.04%
Copper (\$/MT)*	5813.3	▲	2.17%	-0.87%	NA	20.08%	23.54%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.1% to trade at \$1,171.50/oz.

Yesterday, gold prices fell 1.4% to close at \$1,170.80/oz, as stronger US Dollar decreased the demand of the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$52.09/bbl.

Yesterday, Brent crude oil surged 11.8% to settle at \$51.84/bbl, after the Organization of the Petroleum Exporting Countries members reached an agreement to cut oil production by 1.2mn bbls a day from 33.6mn bbls to curb crude oversupply, expecting non OPEC members to join with additional cuts totalling to 600,000bbls a day. Moreover, Russian Energy Minister, Alexander Novak, stated that Russia will cut its output by 300,000bbls per day.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$909.50/oz.

Yesterday, platinum prices declined 1.2% to close at \$909.90/oz.

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Major South Africa Corporate News

Anglo American Plc

The company announced its intention to sell its 9.7% shareholding of approximately 35.00mn ordinary shares in the capital of Exxaro Resources Limited as part of a share sale transaction alongside Exxaro's controlling black economic empowerment shareholder, Main Street 333 Proprietary Limited, which also intends to sell approximately 17.00mn ordinary shares in Exxaro. The share sale of the approximately 52.00mn ordinary shares in aggregate in the capital of Exxaro, which represents approximately 14.7% of Exxaro's issued share capital, is intended to be effected via an accelerated bookbuild placing to institutional investors. The placing is open with immediate effect. Anglo American intends to use the proceeds from the placing to reduce net debt.

Super Group Limited

The company announced the acquisition of a UK company, Motiva, a provider of contract hire, short-term rental and fleet management services. The Acquisition establishes the company's fleet in the Top 20 in British market.

Major Global Economic News

US

The Federal Reserve's Beige book revealed that seven of the central bank's 12 districts reported modest to moderate growth in the economy from early October through mid-November. The report further stated that the US labour market appeared to tighten in a majority of districts, with continued expansion in employment accompanied by generally modest wage growth while the strong Dollar was found to be weighing on manufacturers.

In the US, the private sector employment climbed by 216.00K in November, compared to market anticipations of an advance of 170.00K. The private sector employment had recorded a revised increase of 119.00K in the previous month.

In October, personal income registered a rise of 0.6% on a monthly basis in the US, higher than market expectations for a rise of 0.4%. Personal income had risen by a revised 0.4% in the previous month.

In the US, personal spending advanced 0.3% on a monthly basis in October, compared to a revised advance of 0.7% in the previous month. Market expectation was for personal spending to advance 0.5%.

In October, pending home sales rose 0.1% on a monthly basis in the US, compared to a revised advance of 1.4% in the prior month. Market anticipation was for pending home sales to advance 0.1%.

In the US, mortgage applications registered a drop of 9.4% on a weekly basis, in the week ended November 25, 2016. In the previous week, mortgage applications had recorded a rise of 5.5%.

Eurozone

In November, the flash consumer price index climbed 0.6% on a yearly basis in the Eurozone, at par with market expectations. In the prior month, the consumer price index had recorded a rise of 0.5%.

In Germany, retail sales recorded a rise of 2.4% on a monthly basis, in October. In the prior month, retail sales had fallen by a revised 1.5%.

In November, the seasonally adjusted unemployment rate remained unchanged at 6.0% in Germany

Asia

In China the NBS manufacturing PMI recorded an unexpected rise to a level of 51.70 in November, compared to market expectations of a fall to 51.00. The NBS manufacturing PMI had registered a reading of 51.20 in the previous month.

In November, Caixin/Markit manufacturing PMI index dropped to 50.90 in China, lower than market expectations of a drop to a level of 51.00. The index had registered a reading of 51.20 in the previous month.

In Japan, the final manufacturing PMI dropped to 51.30 in November, compared to a level of 51.40 in the previous month. The preliminary figures had recorded a drop to 51.10.

In November, the AIG performance of manufacturing index rose to a level of 54.20 in Australia. In the prior month, the index had recorded a level of 50.90.

UK

The Bank of England (BoE), in its half-yearly Financial Stability Report, indicated that the likelihood of risks to Britain's financial stability "remains elevated" following the Brexit vote and is largely dependent on an orderly exit from the European Union. The central bank further warned that the US election outcome has "reinforced existing vulnerabilities" in UK's financial system.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Capital Spending (Q3)	✓✓	-1.30%*	3.10%	Quarterly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Nov) (F)	✓✓	51.30*	51.10**	Monthly
China	03:00	NBS Manufacturing PMI (Nov)	✓✓	51.70*	51.20	Monthly
China	03:00	NBS Non-manufacturing PMI (Nov)	✓	54.70*	54.00	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Nov)	✓✓	50.90*	51.20	Monthly
Japan	07:00	Vehicle Sales (YoY) (Nov)	✓	-	0.80%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Nov)	✓	0.20%	0.00%	Monthly
Germany	10:55	Markit Services PMI (Dec) (F)	✓✓	-	55.00**	Monthly
Germany	10:55	Markit Manufacturing PMI (Nov) (F)	✓✓	54.40	54.40**	Monthly
South Africa	11:00	PMI Manufacturing (Nov)	✓	-	45.90	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Nov) (F)	✓✓✓	53.70	53.70**	Monthly
UK	11:30	Markit Manufacturing PMI (Nov)	✓✓✓	54.40	54.30	Monthly
Eurozone	12:00	Unemployment Rate (Oct)	✓✓	10.00%	10.00%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Oct)	✓	-	-0.70%	Monthly
South Africa	13:00	Electricity Production (YoY) (Oct)	✓	-	1.10%	Monthly
US	14:30	Challenger Job Cuts (YoY) (Nov)	✓	-	-39.10%	Monthly
US	15:30	Initial Jobless Claims (26-Nov)	✓✓	253.00K	251.00K	Weekly
US	15:30	Fed's Mester Gives Opening Remarks at Financial Stability Conf	✓	-	-	As scheduled
US	16:45	Markit Manufacturing PMI (Nov) (F)	✓✓	53.90	53.90**	Monthly
US	17:00	Construction Spending (MoM) (Oct)	✓✓	0.60%	-0.40%	Monthly
US	17:00	ISM Prices Paid (Nov)	✓✓	54.50	54.50	Monthly
US	17:00	ISM Manufacturing PMI (Nov)	✓✓	52.50	51.90	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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