

ONE Minute Brief

6 December 2016

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Economic and Political News

Democratic Alliance (DA) leader, Mmusi Maimane, stated that the party has approached the Constitutional Court for a declaratory order against President, Jacob Zuma, for not acting in line with actions recommended by Thuli Madonsela's State of Capture report. Separately, the DA reiterated its call for the National Assembly Speaker, Baleka Mbete, to resign, indicating that she is unfit for the position.

In a court hearing in the High Court in Pretoria, the Helen Suzman Foundation stated that there was no legal basis for the South African government's decision to withdraw from the Rome Statute of the International Criminal Court (ICC).

Moody's has reiterated its Ba1 senior unsecured and (P)Ba1 senior unsecured MTN ratings on Eskom. The rating agency has assigned the utility a national scale rating of A2.za. The outlook on both ratings is negative. Separately, Eskom has confirmed that there would be no load-shedding this Christmas.

Surveys by the Bureau for Economic Research (BER) indicate that the growth outlook for South Africa is subdued for the fourth quarter.

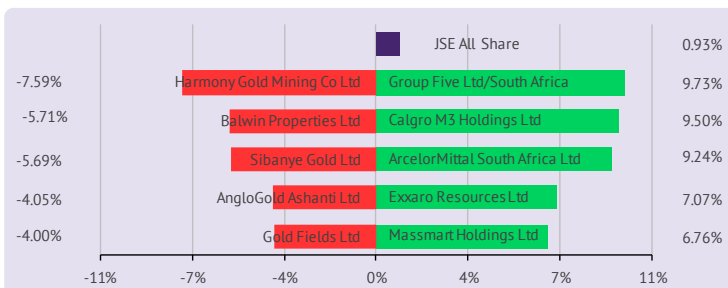
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49713.56	▲ 457.46	0.93%	0.93%	-0.99%	-0.75%	-1.93%
JSE Top 40	43192.44	▲ 370.28	0.86%	0.86%	-1.14%	-0.75%	-5.69%
FTSE 100	6746.83	▲ 16.11	0.24%	0.24%	-0.54%	-2.45%	8.08%
DAX 30	10684.83	▲ 171.48	1.63%	1.63%	0.42%	-0.23%	-0.54%
CAC 40	4574.32	▲ 45.50	1.00%	1.00%	-0.09%	1.53%	-1.35%
S&P 500	2204.71	▲ 12.76	0.58%	0.58%	0.27%	3.42%	7.87%
Nasdaq Composite	5308.89	▲ 53.24	1.01%	1.01%	-0.28%	2.59%	6.02%
DJIA	19216.24	▲ 45.82	0.24%	0.24%	0.48%	5.41%	10.28%

South Africa Market ▲

South African markets closed higher

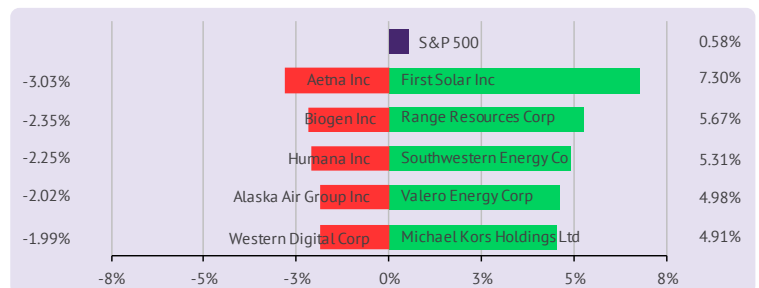
South African markets closed in the green yesterday, amid gains in retail sector stocks. The JSE All Share Index rose 0.9% to close at 49,713.56.



US Market ▲

The S&P 500 futures are trading in the red

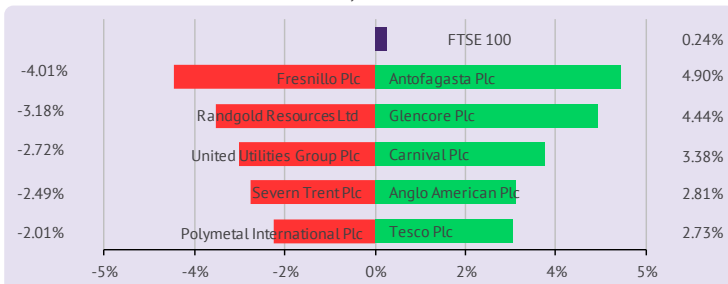
US markets closed higher yesterday, supported by gains in financial sector stocks. Data revealed that US ISM non-manufacturing PMI expanded higher-than-expected in November. The S&P 500 Index climbed 0.6% to close at 2,204.71.



UK Market ▲

The FTSE 100 futures are trading in negative territory

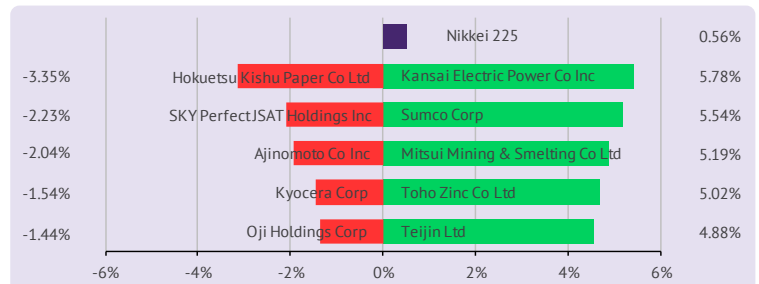
UK markets finished higher yesterday, led by gains in banking and material sector stocks. Data indicated that UK's Markit services PMI unexpectedly expanded to a 10 month high in November. The FTSE 100 Index advanced 0.2% to close at 6,746.83.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 0.6% higher at 18,377.16.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.2% against the South African Rand to trade at R13.7500. Later today, traders will keep a close watch on US factory orders and durable goods orders along with trade balance and unit labor cost for further direction. Separately, South Africa's gross domestic product data will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, despite data indicating that US ISM non-manufacturing PMI advanced stronger than the market anticipations in November. Moreover, the final Markit service PMI expanded at a slower-than-expected pace in the same month.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.3% firmer against the South African Rand at R17.5260. Earlier in the session, data indicated that UK's BRC like-for-like retail sales increased less than market expectations on an annual basis in November.

The British Pound declined against the South African Rand yesterday. Data revealed that UK's Markit services PMI unexpectedly advanced in November, its highest level in 10 months.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R14.7892. Going forward, market participants will keep a tab on Eurozone's gross domestic product data along with Germany's factory orders and construction PMI for further indication.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's final Markit services PMI expanded at a slower-than-expected pace in November, notching its highest level in 11 months. Further, retail sales rebounded more than market anticipations on a monthly basis in October. Meanwhile, the region's Sentix investor confidence index unexpectedly eased in December. Moreover, Germany's final Markit services PMI rose more-than-expected in November, reaching its highest level in six months.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R10.2548. Earlier in the session, the Reserve Bank of Australia (RBA) kept its key interest rate unchanged at 1.5% in its December monetary policy meeting. Further, data indicated that Australia's current account deficit narrowed more-than-expected in 3Q16.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's AiG performance of service index rose in November, compared to its previous reading. Further, inventories increased more-than-anticipated in 3Q16. Meanwhile, in China, Australia's largest trading partner, services PMI expanded more-than-expected in November.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.7500	▲	-0.54%	-0.54%	-2.58%	4.61%	-11.35%
GBPZAR	17.5260	▲	-0.52%	-0.52%	-0.85%	6.86%	-23.37%
EURZAR	14.7892	▲	0.39%	0.39%	-1.03%	0.88%	-12.13%
AUDZAR	10.2548	▲	-0.38%	-0.38%	-1.39%	1.49%	-9.79%
EURUSD	1.0753	▼	0.86%	0.86%	1.67%	-3.59%	-0.96%
GBPUSD	1.2742	▲	0.10%	0.10%	1.82%	2.14%	-13.63%
Brent (\$/barrel)	54.6	▼	0.88%	0.88%	5.98%	6.64%	47.37%
Gold (\$/oz)	1174.6	▲	-0.09%	-0.09%	0.27%	-8.04%	10.73%
Platinum (\$/oz)	941.1	▲	0.63%	0.63%	3.15%	-7.02%	5.26%
Copper (\$/MT)*	5945.0	▲	3.25%	3.25%	2.27%	20.08%	26.33%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.1% to trade at \$1,174.60/oz.

Yesterday, gold prices fell 0.1% to close at \$1,174.00/oz, as strength in global equity markets and increasing expectations for an interest rate hike later in December decreased demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.7% lower to trade at \$54.55/bl.

Yesterday, Brent crude oil advanced 0.9% to settle at \$54.94/bl, amid rising expectations that OPEC members will abide by the agreement reached by the cartel to curb production by 1.2mn bls per day. Further, traders await a meeting, scheduled on December 10, between OPEC and producers outside of the cartel to discuss production limits.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.3% to trade at \$941.10/oz.

Yesterday, platinum prices climbed 0.6% to close at \$938.60/oz.

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Major South Africa Corporate News

Invicta Holdings Limited

The company announced that Charles Walters, the group's Chief Executive Officer (CEO), has tendered his resignation with effect from January 31, 2017 and will remain available to the group in a consulting capacity until November 30, 2017. Arnold Goldstone, currently the group's Executive Deputy Chairman, will assume the role of CEO with effect from February 1, 2017.

Pan African Resources Plc

The company stated that it has achieved positive results from the independent definitive feasibility study for its Elikhulu Tailings project. The board of directors has approved the construction of the project, subject to finalisation of the project financing package.

Major Global Economic News

Eurozone

In the Eurozone, the final services PMI advanced to 55.10 in November, compared to market expectations of a rise to 54.10. Services PMI had registered a reading of 52.80 in the prior month. The preliminary figures had recorded an advance to 54.10.

In October, the seasonally adjusted retail sales advanced 1.1% on a monthly basis, in the Eurozone, more than market expectations for a rise of 0.8%. Retail sales had recorded a revised drop of 0.4% in the previous month.

In the Eurozone, the investor confidence index unexpectedly eased to a level of 10.00 in December, compared to a level of 13.10 in the previous month. Market expectation was for the index to rise to 14.30.

In Germany, the final services PMI rose to a level of 55.10 in November, compared to a level of 54.20 in the prior month. Markets were expecting PMI to rise to a level of 55.00. The preliminary figures had indicated a rise to 55.00.

Asia

In a widely expected move, the RBA kept the benchmark interest rate steady at 1.5% in its final policy meeting for 2016. The Board judged that this stance would be consistent with sustainable growth in the economy and to achieve its inflation target over time. The central bank indicated that the Australian economy is continuing its transition following the mining investment boom and even as the outlook for business investment in the country remains subdued, measures of business sentiment remain above average.

In Australia, the seasonally adjusted current account deficit narrowed to AUD11.40bn in 3Q16, following a revised current account deficit of AUD15.90bn in the previous quarter. Market expectation was for the nation's current account deficit to fall to AUD13.50bn.

US

In the US, the ISM non-manufacturing PMI registered a rise to 57.20 in November, compared to a reading of 54.80 in the prior month. Market expectation was for the PMI to climb to a level of 55.50.

In November, the final Markit services PMI unexpectedly fell to 54.60 in the US, lower than market expectations of a rise to a level of 54.90. The preliminary figures had indicated a drop to 54.70. In the previous month, the PMI had recorded a reading of 54.80.

UK

In November, retail sales across all sectors advanced 0.6% on a yearly basis in the UK, less than market expectations for an advance of 1.7%. Retail sales across all sectors had recorded a rise of 1.7% in the previous month.

In the UK, the services PMI unexpectedly climbed to 55.20 in November, higher than market expectations of a fall to a level of 54.00. The services PMI had recorded a level of 54.50 in the prior month.

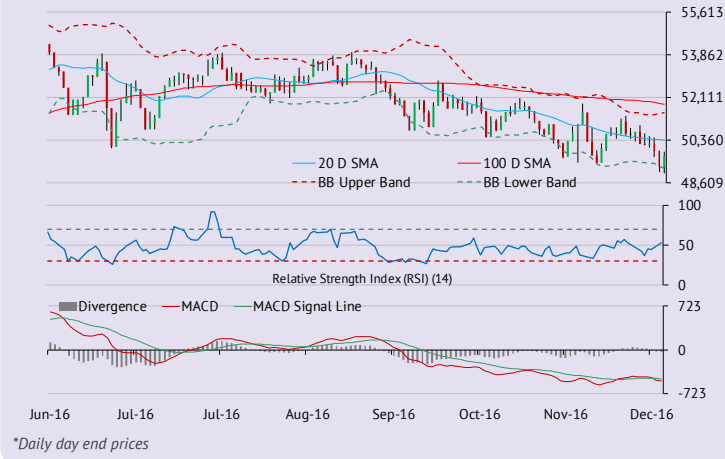
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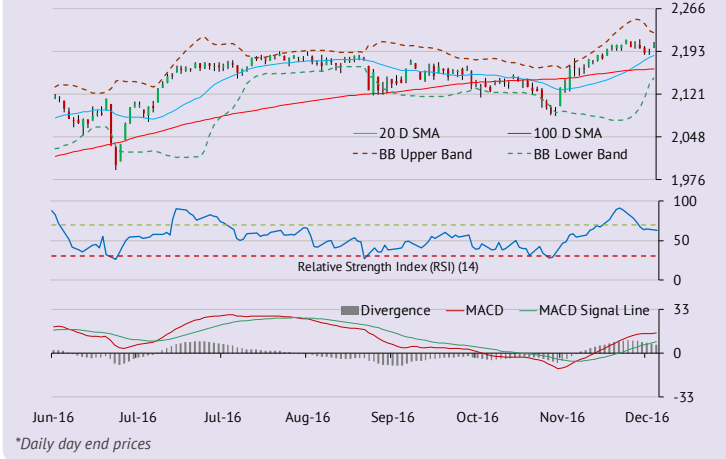
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 48,928.72, and a fall through could take it to the next support level of 48,143.87. The index is expected to find its first resistance at 50,570.24, and a rise through could take it to the next resistance level of 51,426.91.

S&P 500



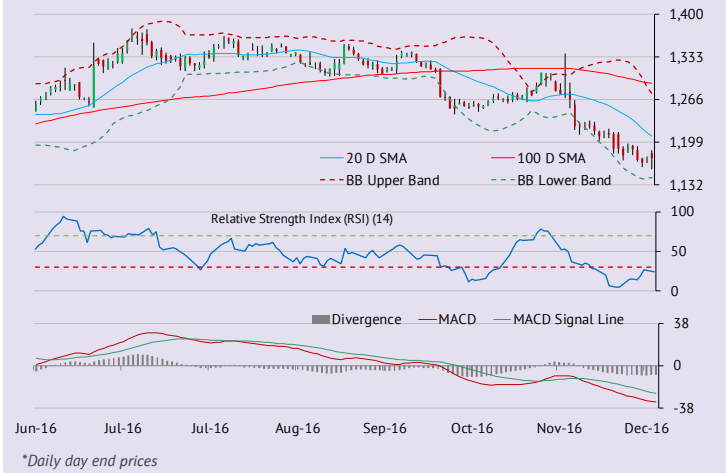
The S&P 500 index is expected to find support at 2,190.07, and a fall through could take it to the next support level of 2,175.42. The index is expected to find its first resistance at 2,216.73, and a rise through could take it to the next resistance level of 2,228.74.

USDZAR



The pair is expected to find support at 13.5529, and a fall through could take it to the next support level of 13.3889. The pair is expected to find its first resistance at 14.0254, and a rise through could take it to the next resistance level of 14.3339.

XAU/USD



Gold is expected to find support at \$1,155.73/oz, and a fall through could take it to the next support level of \$1,137.47/oz. The precious metal is expected to find its first resistance at \$1,193.53/oz, and a rise through could take it to the next resistance level of \$1,213.07/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:00	Labour Cash Earnings (YoY) (Oct)	✓✓	0.10%*	0.00%	Monthly
UK	02:01	BRC Sales Like-For-Like (YoY) (Nov)	✓	0.60%*	1.70%	Monthly
Germany	09:00	Plant and Machinery Orders (Oct)	✓	-	116.20	Monthly
Germany	09:00	Germany- Foreign Export Orders (Oct)	✓	-	116.60	Monthly
Germany	09:00	Germany- Domestic Orders (Oct)	✓	-	116.60	Monthly
Germany	09:00	Germany- Manufacturing Order-Total (Oct)	✓	-	110.90	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Oct)	✓✓	0.60%	-0.60%	Monthly
South Africa	09:30	Gross Domestic Product (QoQ) (Q3)	✓✓✓	0.60%	3.30%	Quarterly
South Africa	09:30	Gross Domestic Product (YoY) (Q3)	✓✓✓	0.70%	0.60%	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q3) (F)	✓✓	0.30%	0.30%**	Quarterly
Eurozone	12:00	Household Consumption (QoQ) (Q3)	✓	0.30%	0.20%	Quarterly
Eurozone	12:00	Government Expenditure (QoQ) (Q3)	✓	0.40%	0.10%	Quarterly
Eurozone	12:00	Gross Fixed Capital (QoQ) (Q3)	✓	0.40%	0.00%	Quarterly
US	15:30	Unit Labour Costs (Q3) (F)	✓	0.30%	0.30%**	Quarterly
US	15:30	Non-Farm Productivity (Q3) (F)	✓	3.30%	3.10%**	Quarterly
US	15:30	Trade Balance (Oct)	✓✓	-USD42.00bn	-USD36.40bn	Monthly
US	17:00	Inventories / Shipment Ratio (Oct)	✓✓✓	-	1.34	Monthly
US	17:00	Cap Goods Orders Nondef Ex Air (Oct) (F)	✓	-	0.40%**	Monthly
US	17:00	Cap Goods Ship Nondef Ex Air (Oct) (F)	✓	-	0.20%**	Monthly
US	17:00	Durable Goods Orders ex Transportation (Oct) (F)	✓✓	0.50%	1.00%**	Monthly
US	17:00	Durable Goods Orders (Oct) (F)	✓✓✓	3.40%	4.80%**	Monthly
US	17:00	Factory Orders (MoM) (Oct)	✓✓	2.60%	0.30%	Monthly
US	17:00	IBD/TIPP Economic Optimism (MoM) (Dec)	✓	52.00	51.40	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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