

ONE Minute Brief

13 December 2016

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Economic and Political News

In South Africa, non-farm payrolls advanced 1.0% on QoQ basis, in 3Q16, supported by increased jobs in community services, trade, and construction and mining industries. Non-farm payrolls dropped by a revised 1.0% in the prior quarter.

Finance Minister, Pravin Gordhan, stated that the South African economy is improving, helped by increased supply of electricity, currency depreciation and easing drought. He also added that 2017 will be politically and economically a challenging year for South Africa. Separately, he stated that state-owned enterprises should work for South Africa and not for their friends and connections.

The High Court in Cape Town has ruled that Hlaudi Motsoeneng's appointment as group executive of corporate affairs at South African Broadcasting Cooperation (SABC) was "irrational and unlawful". Meanwhile, the Democratic Alliance (DA) stated that the party will file an application if the decision of high court is not fulfilled.

The Treasury's Chief Procurement Officer, Kenneth Brown, has indicated that one does not need to be a big player or a big industrialist to do business with the state.

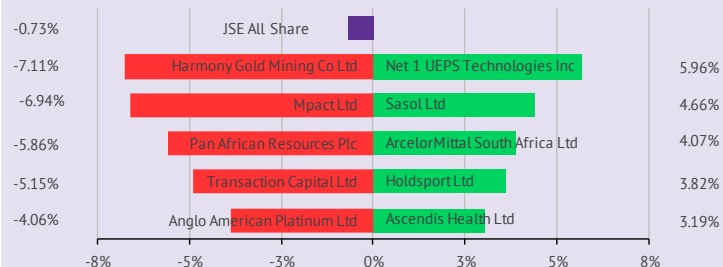
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50527.86	▼ -372.06	-0.73%	-0.73%	0.63%	-0.75%	-0.33%
JSE Top 40	43892.51	▼ -327.73	-0.74%	-0.74%	0.46%	-0.75%	-4.16%
FTSE 100	6890.42	▼ -63.79	-0.92%	-0.92%	1.57%	-2.45%	10.38%
DAX 30	11190.21	▼ -13.42	-0.12%	-0.12%	5.17%	-0.23%	4.16%
CAC 40	4760.77	▼ -3.30	-0.07%	-0.07%	3.98%	1.53%	2.67%
S&P 500	2256.96	▼ -2.57	-0.11%	-0.11%	2.64%	3.42%	10.42%
Nasdaq Composite	5412.54	▼ -31.96	-0.59%	-0.59%	1.67%	2.59%	8.09%
DJIA	19796.43	▲ 39.58	0.20%	0.20%	3.52%	5.41%	13.61%

South Africa Market ▼

South African markets closed lower

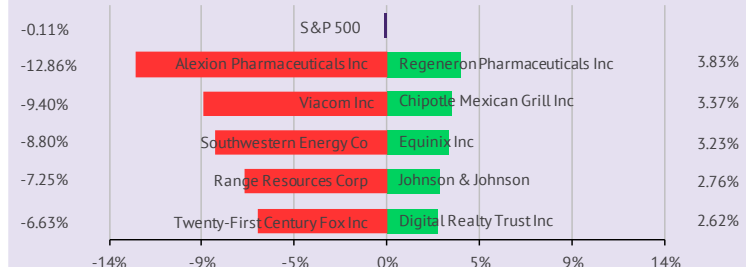
South African markets closed in the red yesterday, amid losses in gold mining and platinum sector stocks. Data indicated that South Africa's non-farm payrolls rebounded on a quarterly basis in 3Q16. The JSE All Share Index fell 0.7% to close at 50,527.86.



US Market ▼

The S&P 500 futures are trading in the red

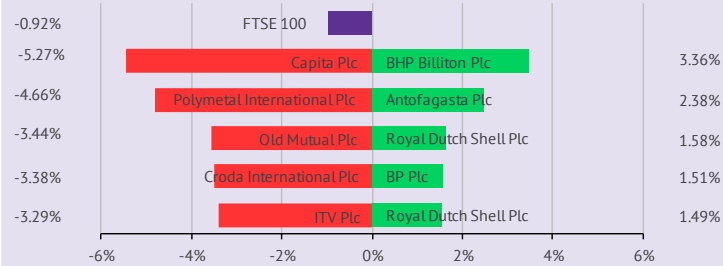
US markets closed lower yesterday, led by losses in financial sector stocks. Data showed that US monthly budget deficit widened more-than-expected in November. The S&P 500 Index dropped 0.1% to close at 2,256.96.



UK Market ▼

The FTSE 100 futures are trading in negative territory

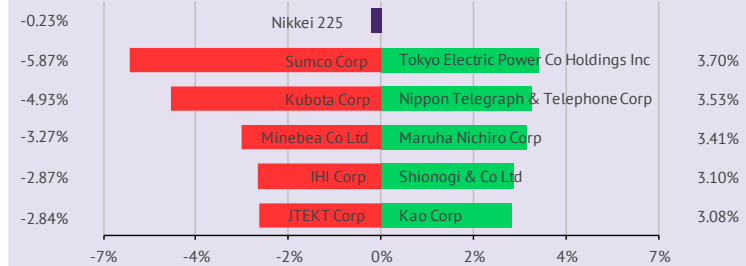
UK markets finished lower yesterday, weighed down by losses in material sector stocks. Data revealed that UK's CB leading economic index rose at par with previous reading in November. The FTSE 100 Index declined 0.9% to close at 6,890.42.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that China's industrial production advanced more-than-expected on an annual basis in November. The Nikkei 225 Index is trading 0.2% lower at 19,110.33.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R13.6141. Later today, traders will keep a close watch on US NFIB small business optimism index and import price index for further cues.

The US Dollar fell against the South African Rand yesterday. Data indicated that monthly budget deficit in the US expanded more than market anticipations in November, as spending's of Government on health and other programs increased. Separately, in South Africa non-farm payrolls bounced back into positive territory on a quarterly basis in 3Q16.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R17.2560. Later today, traders will keep an eye on UK's consumer price index, producer price index and retail price index for further indications.

The British Pound declined against the South African Rand yesterday. Data showed that UK's CB leading economic index advanced in line with previous reading in November.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R14.4701. Going forward, market participants will keep a tab on Eurozone's employment rate and ZEW economic sentiment survey for further direction. Germany's consumer price index and ZEW economic sentiment survey will be on investors' radar.

The Euro weakened against the South African Rand yesterday.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally advanced against the South African Rand to trade at R10.1983. Earlier in the session, data indicated that Australia's NAB business confidence came higher than the previous reading in November. Meanwhile, house price index rose less than market anticipations on a quarterly basis in 3Q16. Moreover, in China, Australia's largest trading partner, industrial production increased more than market forecast on a yearly basis in November. Further, retail sales recorded a higher-than-expected rise on an annual basis in the same month.

The Australian Dollar fell against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.6141	▲	-1.54%	-1.54%	-3.40%	4.61%	-12.10%
GBPZAR	17.2560	▲	-0.75%	-0.75%	-2.08%	6.86%	-24.32%
EURZAR	14.4701	▼	-0.81%	-0.81%	-3.00%	0.88%	-13.88%
AUDZAR	10.1983	▲	-0.94%	-0.94%	-1.90%	1.49%	-10.25%
EURUSD	1.0632	▼	0.71%	0.71%	0.46%	-3.59%	-2.14%
GBPUUSD	1.2673	▼	0.80%	0.80%	1.37%	2.14%	-14.02%
Brent (\$/barrel)	55.7	▲	2.50%	2.50%	7.43%	6.64%	49.38%
Gold (\$/oz)	1164.3	▲	0.35%	0.35%	-0.62%	-8.04%	9.74%
Platinum (\$/oz)	932.4	▼	2.04%	2.04%	2.62%	-7.02%	4.71%
Copper (\$/MT)*	5751.0	▼	-1.22%	-1.22%	-1.07%	20.08%	22.21%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.1% to trade at \$1,164.30/oz.

Yesterday, gold prices rose 0.4% to close at \$1,163.50/oz, as weakness in the greenback increased demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.1% to trade at \$55.72/bl.

Yesterday, Brent crude oil advanced 2.5% to settle at \$55.69/bl, to its highest level in 18 months, after OPEC and Non-OPEC producers reached an agreement to cut output. Further, Saudi Arabia will curb its production by 486,000 bls per day.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$932.40/oz.

Yesterday, platinum prices climbed 2.0% to close at \$933.70/oz.



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Major South Africa Corporate News

Lonmin Plc

The company, noting the update made on December 11, 2016 by the Presidency on the steps taken to implement the Farlam Commission recommendations of 2015, announced that it has implemented a number of measures as part of its ongoing housing plan and as the Presidency statement notes, it has completed the conversion of all hostels into 1,908 single and 776 family units. Following directions provided by the Department of Mineral Resources in September 2016 requiring certain revisions to its housing plan, the company is currently reviewing its plan and is confident that it will submit a plan that is compliant.

Major Global Economic News

Asia

In November, industrial production rose 6.2%, higher than market expectations on a yearly basis in China, for an advance of 6.1%. Industrial production had advanced 6.1% in the previous month.

In China, retail sales climbed 10.8% on an annual basis in November, more than market expectations for an advance of 10.2%. Retail sales had advanced 10.0% in the prior month.

In November, the business confidence index advanced to 5.00 in Australia. In the prior month, the index had recorded a reading of 4.00.

In Australia, the house price index recorded a rise of 1.5% on a quarterly basis in 3Q16, lower than market expectations for an advance of 2.5%. In the prior quarter, the house price index had climbed 2.0%.

US

The US has posted budget deficit of USD136.65bn in November, from a budget deficit of USD44.20bn in the previous month. Markets were anticipating a budget deficit of USD130.00bn.

UK

UK CB leading economic index rose 0.1% in November compared to a revised reading of 0.1% in October.

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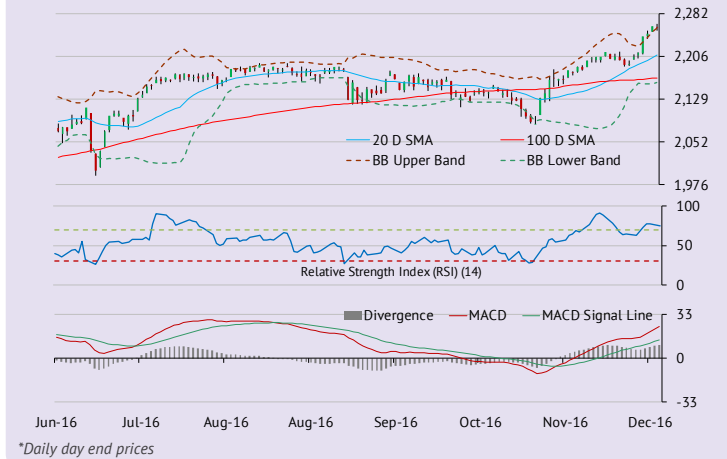
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 49,238.83, and a fall through could take it to the next support level of 47,949.80. The index is expected to find its first resistance at 51,513.96, and a rise through could take it to the next resistance level of 52,500.06.

S&P 500



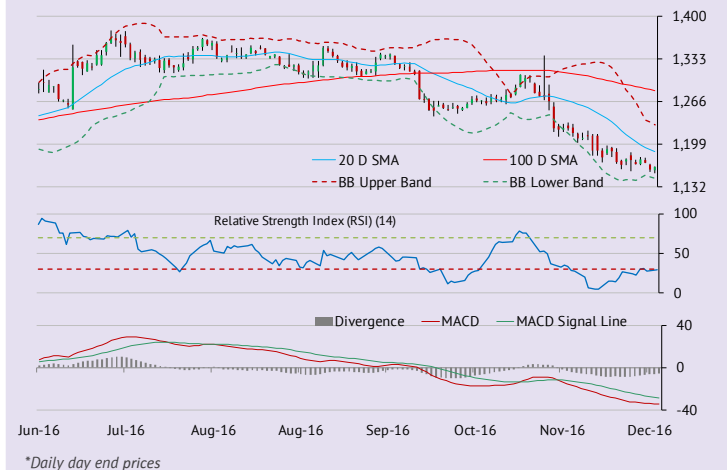
The S&P 500 index is expected to find support at 2,218.10, and a fall through could take it to the next support level of 2,179.25. The index is expected to find its first resistance at 2,279.92, and a rise through could take it to the next resistance level of 2,302.89.

USDZAR



The pair is expected to find support at 13.4024, and a fall through could take it to the next support level of 13.2037. The pair is expected to find its first resistance at 13.8462, and a rise through could take it to the next resistance level of 14.0913.

XAU/USD



Gold is expected to find support at \$1,151.50/oz, and a fall through could take it to the next support level of \$1,139.50/oz. The precious metal is expected to find its first resistance at \$1,177.00/oz, and a rise through could take it to the next resistance level of \$1,190.50/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	02:01	Manpower Survey (Q1)	✓	4.00%*	5.00%	Quarterly
Japan	02:01	Manpower Survey (Q1)	✓	23.00%*	23.00%	Quarterly
Germany	02:01	Germany First Quarter Manpower Employment Outlook	✓	-	-	As scheduled
China	04:00	Industrial Production (YoY) (Nov)	✓✓	6.20%*	6.10%	Monthly
China	04:00	Retail Sales (YoY) (Nov)	✓✓	10.80%*	10.00%	Monthly
China	04:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Nov)	✓✓	8.30%*	8.30%	Monthly
Germany	09:00	Wholesale Price Index (MoM) (Nov)	✓	-	0.40%	Monthly
Germany	09:00	Consumer Price Index (MoM) (Nov) (F)	✓✓	0.10%	0.10%**	Monthly
UK	11:30	Retail Price Index Ex Food (Nov)	✓	-	274.10	Monthly
UK	11:30	Consumer Price Index (MoM) (Nov)	✓✓	0.20%	0.10%	Monthly
UK	11:30	Consumer Price Index (YoY) (Nov)	✓✓✓	1.10%	0.90%	Monthly
UK	11:30	Consumer Price Index Core (YoY) (Nov)	✓✓✓	1.30%	1.20%	Monthly
UK	11:30	Retail Price Index (MoM) (Nov)	✓	0.20%	0.00%	Monthly
Eurozone	12:00	Employment Change (QoQ) (Q3)	✓✓	-	0.40%	Quarterly
Eurozone	12:00	ZEW Survey - Economic Sentiment (Dec)	✓✓	-	15.80	Monthly
Germany	12:00	ZEW Survey - Current Situation (Dec)	✓✓	59.00	58.80	Monthly
Germany	12:00	ZEW Survey - Economic Sentiment (Dec)	✓✓✓	14.00	13.80	Monthly
US	13:00	NFIB Small Business Optimism (Nov)	✓	96.70	94.90	Monthly
US	15:30	Export Price Index (MoM) (Nov)	✓	-	0.20%	Monthly
US	15:30	Import Price Index (MoM) (Nov)	✓	-0.40%	0.50%	Monthly
US	15:55	Redbook Index s.a. (MoM) (09-Dec)	✓	-	0.20%	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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