

ONE Minute Brief

15 December 2016

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Economic and Political News

In November, the consumer price index (CPI) registered a rise of 6.6% on an annual basis in South Africa, meeting market expectations. The index had risen 6.4% in the previous month. Meanwhile, the nation's retail sales unexpectedly fell 0.2% on a yearly basis in October. Retail sales had advanced by a revised 1.6% in the prior month.

Communications Minister, Faith Muthambi, stated that she had opposed SABC board's recommendation to appoint Hlaudi Motsoeneng as acting chief operating officer, citing contempt of court. Separately, the parliamentary committee investigating the SABC announced that it had not added State Security Minister, David Mahlobo, to its witness list.

The Automobile Association (AA) has predicted that South Africa may face a hike in fuel prices at the end of December, at around 27c a litre for petrol, 21c for diesel and 28c for illuminating paraffin.

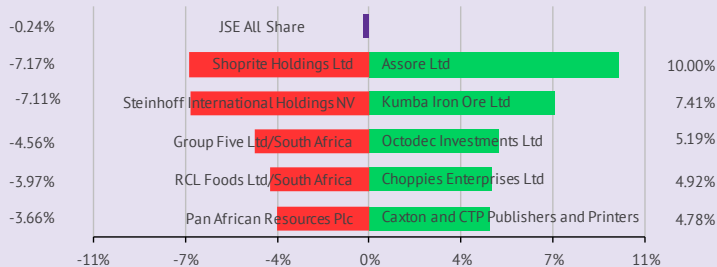
The BankservAfrica Economic Transaction Index declined 1.2% in November, compared to the corresponding period of the previous year, suggesting weak economic growth for the fourth-quarter.

The Department of Energy (DoE) announced that South Africa has not yet signed any contract for the procurement of nuclear power.

South Africa Market ▼

South African markets closed lower

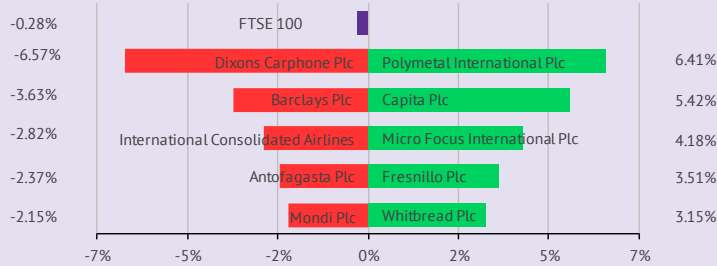
South African markets closed in the red yesterday, led by losses in retail and banking sector stocks. Data indicated that South Africa's CPI rose as expected on a yearly basis in November. The JSE All Share Index fell 0.2% to close at 50,716.25.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, amid losses in material sector stocks. Data indicated that UK's ILO unemployment rate remained steady at par with market expectations in October. The FTSE 100 Index declined 0.3% to close at 6,949.19.



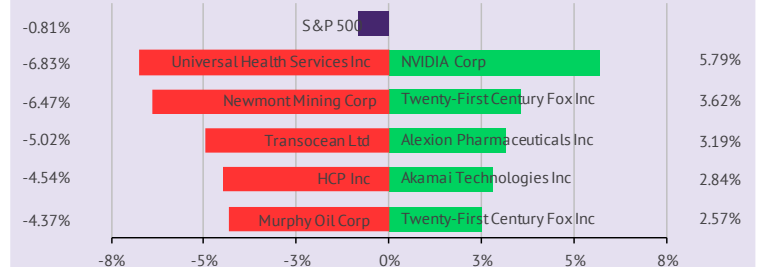
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50716.25	▼ -123.00	-0.24%	-0.36%	1.01%	-0.75%	0.04%
JSE Top 40	44051.70	▼ -118.96	-0.27%	-0.38%	0.82%	-0.75%	-3.81%
FTSE 100	6949.19	▼ -19.38	-0.28%	-0.07%	2.44%	-2.45%	11.32%
DAX 30	11244.84	▼ -39.81	-0.35%	0.37%	5.68%	-0.23%	4.67%
CAC 40	4769.24	▼ -34.63	-0.72%	0.11%	4.17%	1.53%	2.85%
S&P 500	2253.28	▼ -18.44	-0.81%	-0.28%	2.48%	3.42%	10.24%
Nasdaq Composite	5436.67	▼ -27.16	-0.50%	-0.14%	2.12%	2.59%	8.57%
DJIA	19792.53	▼ -118.68	-0.60%	0.18%	3.50%	5.41%	13.59%

US Market ▼

The S&P 500 futures are trading in the green

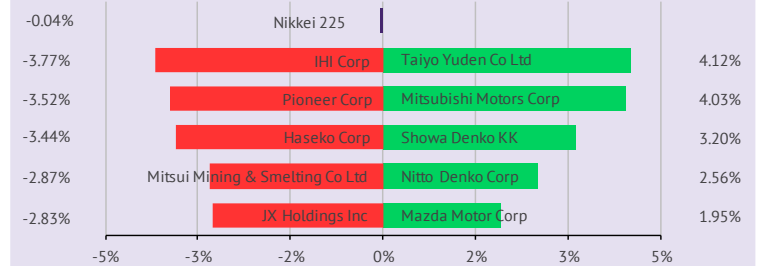
US markets closed lower yesterday, weighed down by losses in energy sector stocks. The Federal Reserve raised its benchmark interest rate by 25 basis points to 0.75%, in line with market expectations. The S&P 500 Index dropped 0.8% to close at 2,253.28.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data indicated that Japan's manufacturing PMI expanded at a faster-than-expected pace in December. The Nikkei 225 Index is trading marginally lower at 19,246.05.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.6% higher against the South African Rand at R14.0045. Later today, traders will keep a close watch on US consumer price index, initial jobless claims and Markit manufacturing PMI along with NAB housing market index and real average weekly earnings for further direction. Moreover, South Africa's producer price index will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after the Federal Reserve lifted the benchmark interest rate by a quarter point to a range of 0.50% to 0.75%, citing falling unemployment rate and rising wages. Data indicated that monthly advance retail sales rose less than expected in November. Additionally, business inventories dropped more-than-expected on a monthly basis in October, its strongest decline in one year. Moreover, industrial production retreated more-than-anticipated on a monthly basis in November, while manufacturing production dropped less than market expectations on a monthly basis in the same month. Separately, South Africa's annual CPI advanced as expected in November, while the nation's retail sales surprisingly eased on an annual basis in October.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.4% against the South African Rand to trade at R17.5681. Later today, traders will keep an eye on Bank of England (BOE) rate decision, UK's retail sales and BOE asset purchase target for further cues.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's claimant count rate remained unchanged in line with market expectations in November. Further, ILO unemployment rate remained steady at par with market anticipations in the August-October 2016 period. Additionally, employment change unexpectedly dropped during the same period. Further, average weekly earnings rose more-than-expected on an annual basis in the August-October 2016 period.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro gained 0.4% against the South African Rand to trade at R14.7193. Going forward, market participants will keep a tab on manufacturing and services PMI across the Eurozone.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's industrial production unexpectedly declined on a monthly basis in October.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.9% higher against the South African Rand at R10.3927. Earlier in the session, data indicated that Australia's unemployment rate unexpectedly climbed in November. Further, employment increased more-than-expected in the same month.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's Westpac consumer confidence dropped in December, to an eight month low.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.0045	▲	2.26%	0.75%	-1.15%	4.61%	-10.05%
GBPZAR	17.5681	▲	1.51%	0.63%	-0.73%	6.86%	-23.27%
EURZAR	14.7193	▲	1.45%	0.51%	-1.72%	0.88%	-12.74%
AUDZAR	10.3927	▲	0.95%	0.09%	-0.88%	1.49%	-9.32%
EURUSD	1.0510	▼	-0.85%	-0.23%	-0.47%	-3.59%	-3.05%
GBPUSD	1.2543	▼	-0.73%	-0.09%	0.47%	2.14%	-14.78%
Brent (\$/barrel)	54.0	▲	-3.27%	-0.79%	3.97%	6.64%	44.58%
Gold (\$/oz)	1143.9	▼	0.40%	0.16%	-0.81%	-8.04%	9.54%
Platinum (\$/oz)	931.4	▼	0.44%	2.82%	3.40%	-7.02%	5.51%
Copper (\$/MT)*	5715.8	▲	0.67%	-1.82%	-1.68%	20.08%	21.46%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged lower 1.5% to trade at \$1,143.90/oz.

Yesterday, gold prices rose 0.4% to close at \$1,161.30/oz. However, the gains were capped after the US Federal Open Market Committee announced an interest rate hike for the first time in 12 months by 25 basis points to 0.75%.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.1% to trade at \$53.98/bl.

Yesterday, Brent crude oil dropped 3.3% to settle at \$53.90/bl, after OPEC report revealed that output climbed to 33.87mn bls a day in November, which implies that it has to cut more than 1.2mn bls a day, it planned for.

Platinum ▼

Trading in positive territory

At 06:00 SAST, platinum prices dropped 1% to trade at \$931.40/oz.

Yesterday, platinum prices climbed 0.4% to close at \$940.80/oz.

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Major South Africa Corporate News

Group Five Limited

In its trading statement for the six months to December 2016, the company announced that it will report headline loss per share of at least 170.00c. Additionally, due to a disappointing performance by the Engineering & Construction (E&C) cluster, it expects profits from the underlying E&C operations to be considerably below margin guidance provided for this cluster in August 2016.

Tsogo Sun Holdings Limited

The company revealed that it will acquire all of Niveus' interests in Vukani Gaming Proprietary Limited and Galaxy Bingo Proprietary Limited and all their associated entities, trusts and businesses. Tsogo will acquire the Gaming Businesses from Niveus as going concerns, free of interest bearing liabilities and cash, other than working capital required in the ordinary course of business.

Major Global Economic News

US

The Fed interest-rate setting committee lifted the benchmark interest rate by a quarter point for the second time in a decade to a range of 0.50% to 0.75%, citing falling unemployment rate and rising wages in the US. The committee now expects three rate hikes in 2017, a more aggressive stance from two in September.

In the US, advance retail sales registered a rise of 0.1% on a monthly basis in November, lower than market expectations for a rise of 0.3%. In the previous month, advance retail sales had climbed by a revised 0.6%.

In the US, mortgage applications fell 4.0% on a weekly basis in the week ended December 9, 2016. In the previous week, mortgage applications had dropped 0.7%.

In October, business inventories dropped 0.2% on a monthly basis in the US, more than market expectations for a fall of 0.1%. In the prior month, business inventories had recorded a revised flat reading.

In November, industrial production dropped 0.4% on a monthly basis in the US, compared to a revised advance of 0.1% in the prior month. Markets were expecting industrial production to drop 0.3%.

In November, manufacturing production fell 0.1% on a monthly basis in the US, lower than market expectations for a drop of 0.2%. In the previous month, manufacturing production had registered a revised rise of 0.3%.

Asia

In November, the seasonally adjusted unemployment rate recorded an unexpected rise to 5.7% in Australia, compared to a level of 5.6% in the previous month. Markets were anticipating unemployment rate to remain unchanged.

In Australia, on a seasonally adjusted basis, number of people employed climbed by 39.10K, in November, following a revised increase of 15.20K in the prior month. Market expectation was for number of people employed to rise 17.50K.

In Japan, the flash manufacturing PMI recorded a rise to 51.90 in December. Manufacturing PMI had recorded a level of 51.30 in the prior month.

UK

In the UK, the claimant count rate remained steady at 2.3% in November, meeting market expectations.

In the August-October 2016 period, the ILO unemployment rate remained steady at 4.8% in the UK. Markets were anticipating the ILO unemployment rate to record a flat reading.

In the UK, employment registered an unexpected drop of 6.00K in the August-October 2016 period, less than market expectations of an advance of 50.00K. Employment had registered an increase of 49.00K in the July-September 2016 period.

In the UK, the average earnings including bonus rose 2.5% on a yearly basis in the August-October 2016 period, compared to a revised advance of 2.4% in the July-September 2016 period. Market expectation was for the average earnings including bonus to climb 2.3%.

Eurozone

In the Eurozone, the seasonally adjusted industrial production registered an unexpected drop of 0.1% on a monthly basis, in October, less than market expectations for an advance of 0.1%. Industrial production had recorded a revised drop of 0.9% in the prior 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 (Dec) (P)	✓✓	51.90*	51.30	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Nov) (F)	✓✓	-	-5.60%**	Monthly
Germany	10:30	Markit Manufacturing PMI (Dec) (P)	✓✓	54.50	54.30	Monthly
Switzerland	10:30	SNB Interest Rate Decision	✓✓✓	-0.75%	-0.75%	As scheduled
Germany	10:30	Markit Services PMI (Dec) (P)	✓✓	54.90	55.10	Monthly
Eurozone	11:00	Markit Composite PMI (Dec) (P)	✓✓✓	53.80	55.00	Monthly
Eurozone	11:00	Markit Services PMI (Dec) (P)	✓✓✓	53.70	55.10	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Dec) (P)	✓✓✓	53.70	53.70	Monthly
South Africa	11:30	Producer Price Index (YoY) (Nov)	✓✓	6.80%	6.60%	Monthly
UK	11:30	Retail Sales (MoM) (Nov)	✓	0.00%	1.90%	Monthly
UK	11:30	Retail Sales (YoY) (Nov)	✓✓	5.90%	7.40%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Nov)	✓✓	0.40%	0.90%	Monthly
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.25%	0.25%	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
US	15:30	Consumer Price Index (MoM) (Nov)	✓✓	0.20%	0.40%	Monthly
US	15:30	Initial Jobless Claims (10-Dec)	✓✓	255.00K	258.00 K	Weekly
US	15:30	Philadelphia Fed Manufacturing Survey (Dec)	✓✓	9.10	7.60	Monthly
US	15:30	Current Account Balance (Q3)	✓✓	-USD111.60bn	-USD119.90bn	Quarterly
US	15:30	Continuing Jobless Claims (03-Dec)	✓	2003.00K	2005.00K	Weekly
US	15:30	Consumer Price Index Core s.a. (Nov)	✓	249.40	248.98	Monthly
US	16:45	Markit Manufacturing PMI (Dec) (P)	✓✓	54.50	54.10	Monthly
US	17:00	NAHB Housing Market Index (Dec)	✓	63.00	63.00	Monthly
US	23:00	Net Long-Term TIC Flows (Oct)	✓✓	-	-USD26.20bn	Monthly
US	23:00	Total Net TIC Flows (Oct)	✓	-	-USD152.90bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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