

ONE Minute Brief

20 December 2016

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Economic and Political News

South African President, Jacob Zuma, has accepted the resignation of South African Broadcasting Corporation's (SABC) board Chairperson, Mbulaheni Maguvhe. Separately, the Save Our SABC (SOS) spokesperson, Sekoetlane Phamudi, has asked parliament to call for an urgent meeting with the portfolio committee on communications to appoint an interim board at the SABC.

BMI Research has indicated that there is a risk of downgrade of South Africa's foreign currency debt to junk due to lack of key structural reforms. It highlighted that the reforms in the mini budget are not sufficient to address investor concerns and boost near-term growth.

The president of Agricultural association of South Africa, Johannes Möller, has called for financial contribution to help needy farmers with drought relief, citing that parts of the Northern Cape, Western Cape, North West, Limpopo and the Free State are facing the worst drought of the decade.

Eskom has postponed the release of its request for information (RFI) for the nuclear build programme which was supposed to be unveiled last week.

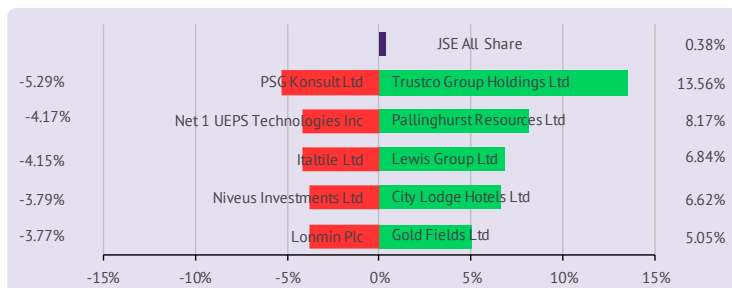
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49880.99	▲	189.68	0.38%	0.38%	-0.65%	-0.75%	-1.60%
JSE Top 40	43332.17	▲	166.91	0.39%	0.39%	-0.82%	-0.75%	-5.38%
FTSE 100	7017.16	▲	5.52	0.08%	0.08%	3.44%	-2.45%	12.41%
DAX 30	11426.70	▲	22.69	0.20%	0.20%	7.39%	-0.23%	6.36%
CAC 40	4822.77	▼	-10.50	-0.22%	-0.22%	5.34%	1.53%	4.00%
S&P 500	2262.53	▲	4.46	0.20%	0.20%	2.90%	3.42%	10.69%
Nasdaq Composite	5457.44	▲	20.28	0.37%	0.37%	2.51%	2.59%	8.99%
DJIA	19883.06	▲	39.65	0.20%	0.20%	3.97%	5.41%	14.11%

South Africa Market ▲

South African markets closed higher

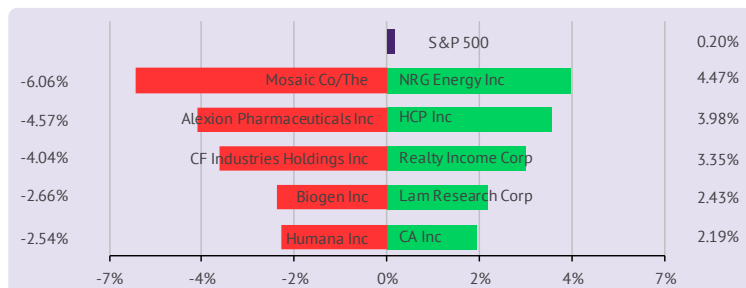
South African markets closed in the green yesterday, amid gains in gold mining sector stocks. The JSE All Share Index rose 0.4% to close at 49,880.99.



US Market ▲

The S&P 500 futures are trading in the green

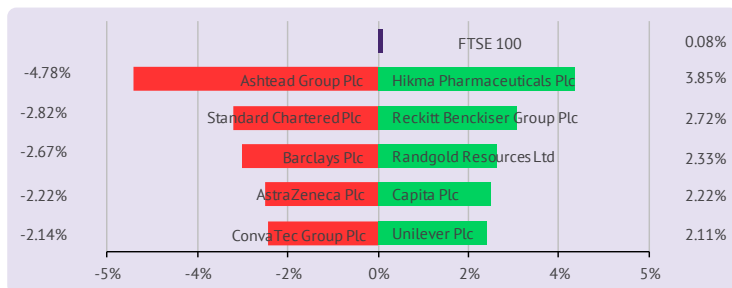
US markets closed higher yesterday, led by gains in telecom sector stocks. Data revealed that US preliminary Markit services PMI expanded at a slower-than-expected pace in December. The S&P 500 Index climbed 0.2% to close at 2,262.53.



UK Market ▲

The FTSE 100 futures are trading in positive territory

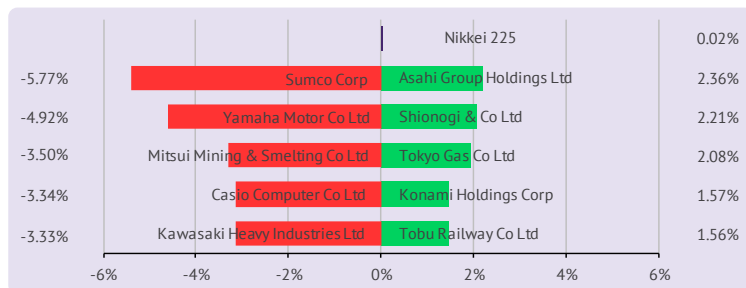
UK markets finished higher yesterday, supported by gains in consumer staples, industrial and health care sector stocks. The FTSE 100 Index advanced 0.1% to close at 7,017.16.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Bank of Japan kept the benchmark interest rate steady at -0.1%. The Nikkei 225 Index is trading marginally higher at 19,395.85.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R14.1243. Later today, traders will keep a close watch on US Redbook index for further cues. Separately, South Africa's leading indicator will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. Data indicated that US preliminary Markit services PMI advanced less than anticipated in December.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand to trade at R17.5333. Later today, traders will keep an eye on UK's CBI retailing sales and distributive trades survey, scheduled in few hours.

The British Pound declined against the South African Rand yesterday.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R14.7141. Going forward, market participants will keep a tab on Eurozone's current account balance for further indications. Separately, Germany's producer price index will be on investors' radar.

The Euro traded flat against the South African Rand yesterday. Data indicated that labour cost in the Eurozone advanced on a quarterly basis in 3Q16. Further, construction output rebounded on a monthly basis in October, compared to its previous reading. Germany's Ifo business climate index advanced higher than market anticipations on a monthly basis in December, its highest level since February 2014. Further, Ifo business expectation index grew at par with market forecast in December from November.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.2429. Earlier in the session, the Reserve Bank of Australia, in its December monetary policy meeting minutes stated that the economy was growing at a slower pace in recent months but is expected to bounce back. Further, inflation is anticipated to remain low, while wages are expected to increase. The central bank decided to keep its key lending rate steady at a record low of 1.50%.

The Australian Dollar rose against the South African Rand yesterday. In China, Australia's largest trading partner, house price index rose on a yearly basis in November, compared to the prior reading.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.1243	▲	0.35%	0.35%	0.31%	4.61%	-8.72%
GBPZAR	17.5333	▲	-0.21%	-0.21%	-0.52%	6.86%	-23.11%
EURZAR	14.7141	▲	0.00%	0.00%	-1.50%	0.88%	-12.55%
AUDZAR	10.2429	▲	-0.46%	-0.46%	-1.55%	1.49%	-9.93%
EURUSD	1.0413	▲	-0.43%	-0.43%	-1.73%	-3.59%	-4.27%
GBPUSD	1.2403	▲	-0.71%	-0.71%	-0.85%	2.14%	-15.90%
Brent (\$/barrel)	54.9	▼	-0.53%	-0.53%	5.94%	6.64%	47.32%
Gold (\$/oz)	1140.8	▲	0.46%	0.46%	-2.59%	-8.04%	7.57%
Platinum (\$/oz)	921.5	▲	-1.80%	-1.80%	0.81%	-7.02%	2.87%
Copper (\$/MT)*	5486.5	▼	-2.54%	-2.54%	-5.62%	20.08%	16.59%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices marginally advanced to trade at \$1,140.80/oz.

Yesterday, gold prices rose 0.5% to close at \$1,140.50/oz, extending its previous session gains.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$54.88/bl.

Yesterday, Brent crude oil dropped 0.5% to settle at \$54.92/bl.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.5% to trade at \$921.50/oz.

Yesterday, platinum prices declined 1.8% to close at \$917.30/oz.



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Major South Africa Corporate News

Intu Properties Plc

The company announced that it has completed the sale of its interest in the intu Bromley shopping centre to Alaska Permanent Fund Corporation (APFC) for GBP177.90mn. As part of the transaction, APFC have also acquired Aviva's 21.5% interest in the centre. London Borough of Bromley is retaining its 15.0% interest and freehold of the centre, which will cease to be called intu Bromley.

Sanlam Limited

The group announced that Mr Desmond Smith who has served as Chairman since 2010 will retire after the Annual General Meeting in June 2017. The company's Board of Directors unanimously nominated Mr Patrice Motsepe to be the new Chairman when Desmond Smith retires. However, Mr Patrice Motsepe proposed that the Sanlam Board should consider appointing Dr Johan van Zyl as the new Chairman. Dr Van Zyl was thereafter appointed Chairman-elect and will take over from Mr Smith in June 2017 in the capacity of non-independent non-executive Chairman.

Major Global Economic News

Eurozone

In October, the seasonally adjusted construction output advanced 0.8% on a monthly basis, in the Eurozone. Construction output had recorded a revised drop of 0.8% in the previous month.

In the Eurozone, labour cost recorded a rise of 1.5% on a quarterly basis, in 3Q16. In the previous quarter, labour cost had climbed 1.0%.

In Germany, the Ifo business climate index registered a rise to 111.00 in December, higher than market expectations of a rise to 110.60. In the previous month, the index had registered a level of 110.40.

In December, the Ifo business expectations index advanced to 105.60 in Germany, in line with market expectations. The Ifo business expectations index had recorded a level of 105.50 in the previous month.

Asia

The Reserve Bank of Australia, in its December monetary policy meeting minutes revealed that the economy was growing at a slower pace in recent months but is expected to bounce back. Further, inflation is anticipated to remain low, while wages are expected to increase. The central bank decided to keep its key lending rate steady at a record low of 1.50%.

The Bank of Japan maintained the key interest rate at -0.10%, meeting market expectations.

US

In the US, the preliminary Markit services PMI unexpectedly fell to a level of 53.40 in December, compared to a level of 54.60 in the prior month. Market expectation was for PMI to rise to 55.20.

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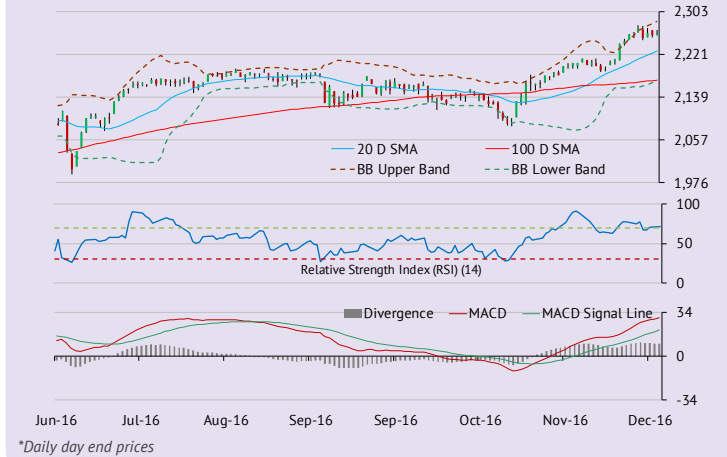
Technical Snapshot

JSE All Share



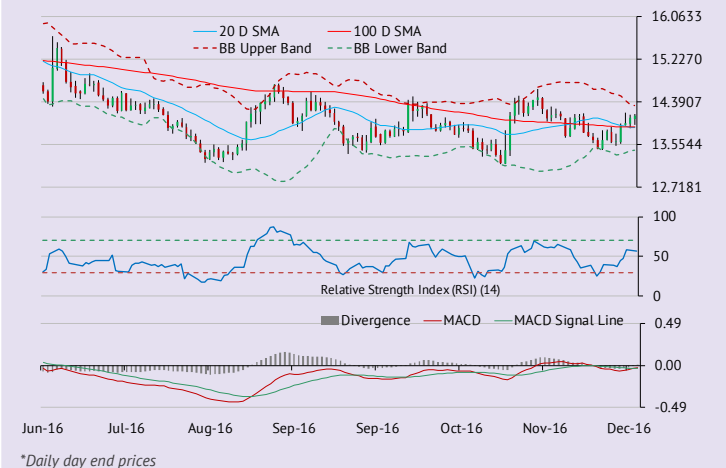
The JSE All Share index is expected to find support at 49,357.40, and a fall through could take it to the next support level of 48,833.81. The index is expected to find its first resistance at 50,738.49, and a rise through could take it to the next resistance level of 51,595.99.

S&P 500



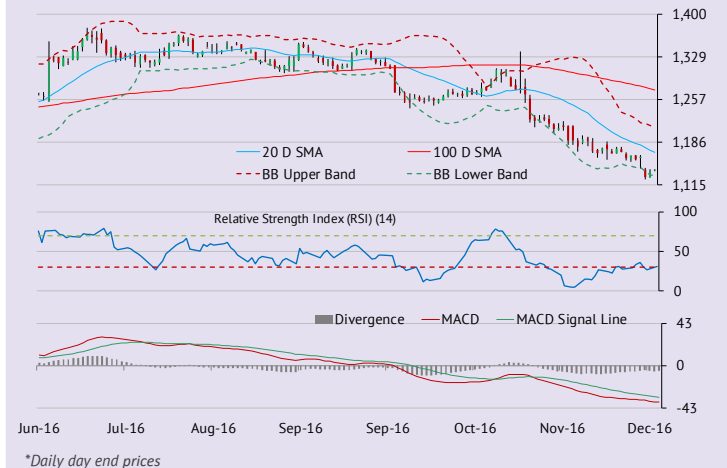
The S&P 500 index is expected to find support at 2,248.14, and a fall through could take it to the next support level of 2,233.74. The index is expected to find its first resistance at 2,277.23, and a rise through could take it to the next resistance level of 2,291.92.

USDZAR



The pair is expected to find support at 13.7090, and a fall through could take it to the next support level of 13.2939. The pair is expected to find its first resistance at 14.3583, and a rise through could take it to the next resistance level of 14.5925.

XAU/USD



Gold is expected to find support at \$1,121.60/oz, and a fall through could take it to the next support level of \$1,102.70/oz. The precious metal is expected to find its first resistance at \$1,161.70/oz, and a rise through could take it to the next resistance level of \$1,182.90/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	05:00	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled
Japan	05:00	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	07:30	Nationwide Department Store Sales (YoY) (Nov)	✓	-	-3.90%	Monthly
Japan	07:30	Tokyo Department Store Sales (YoY) (Nov)	✓	-	-4.40%	Monthly
Japan	08:30	BoJ governor press conference	✓✓✓	-	-	As scheduled
Switzerland	09:00	Exports (MoM) (Nov)	✓	-	-4.70%	Monthly
Switzerland	09:00	Imports (MoM) (Nov)	✓	-	2.80%	Monthly
Japan	09:00	Convenience Store Sales (YoY) (Nov)	✓	-	0.20%	Monthly
South Africa	09:00	Leading Indicator (Oct)	✓	-	94.40	Monthly
Switzerland	09:00	Trade Balance (Nov)	✓✓	CHF3.56bn	CHF2.68bn	Monthly
Germany	09:00	Producer Price Index (MoM) (Nov)	✓✓	0.10%	0.70%	Monthly
Germany	09:00	Producer Price Index (YoY) (Nov)	✓✓	-0.20%	-0.40%	Monthly
Eurozone	11:00	Current Account s.a (Oct)	✓	-	EUR25.30bn	Monthly
Italy	11:30	Current Account (Oct)	✓	-	EUR2.81bn	Monthly
UK	13:00	CBI Distributive Trades Survey - Realised (Dec)	✓	20.00%	26.00%	Monthly
Canada	15:30	Wholesale Sales (MoM) (Oct)	✓	0.50%	-1.20%	Monthly
US	15:55	Redbook Index (YoY) (16-Dec)	✓	-	1.00%	Weekly
US	15:55	Redbook Index s.a. (MoM) (16-Dec)	✓	-	0.30%	Weekly
China	16:00	Conference Board Leading Economic Index (Nov)	✓	-	0.80%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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