

ONE Minute Brief

23 December 2016

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Economic and Political News

South Africa's budget deficit narrowed to ZAR16.33bn in November, compared to prior reading of ZAR30.91bn.

President, Jacob Zuma, has requested suspended National Commissioner of the South African Police Service, Riah Phiyega, to make additional written representations to him after a board of inquiry's report into her fitness to hold office.

President, Jacob Zuma, stated that he wanted support from the African National Congress if he were to take a decision similar to that of he took a year before to remove Nhlanhla Nene as Finance Minister. Separately, Zuma stated that he will not resign as the country's President and surrender to "monopoly capital".

Mineral Resources Minister, Mosebenzi Zwane, announced that a forensic investigation into illicit financial flows out of South Africa could be initiated in 2017.

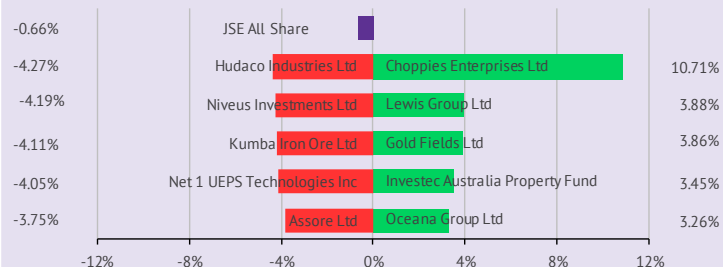
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49833.77	▼	-330.15	-0.66%	0.29%	-0.75%	-1.70%
JSE Top 40	43284.11	▼	-279.88	-0.64%	0.28%	-0.75%	-5.49%
FTSE 100	7063.68	▲	22.26	0.32%	0.74%	-2.45%	13.16%
DAX 30	11456.10	▼	-12.54	-0.11%	0.46%	-0.23%	6.64%
CAC 40	4834.63	▲	0.81	0.02%	0.03%	1.53%	4.26%
S&P 500	2260.96	▼	-4.22	-0.19%	0.13%	3.42%	10.62%
Nasdaq Composite	5447.42	▼	-24.01	-0.44%	0.19%	2.59%	8.79%
DJIA	19918.88	▼	-23.08	-0.12%	0.38%	5.41%	14.31%

South Africa Market ▼

South African markets closed lower

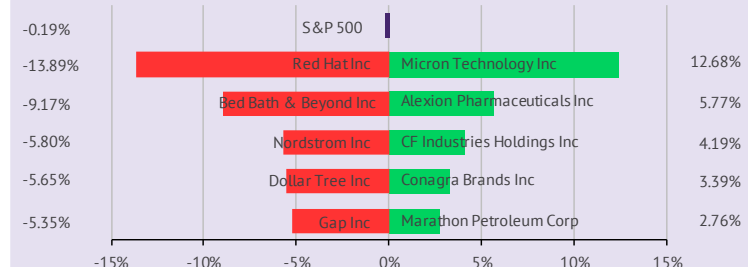
South African markets closed in the red yesterday, amid losses in retail sector stocks. Data indicated that South Africa's budget deficit narrowed in November, compared to prior reading. The JSE All Share Index fell 0.7% to close at 49,833.77.



US Market ▼

The S&P 500 futures are trading in the green

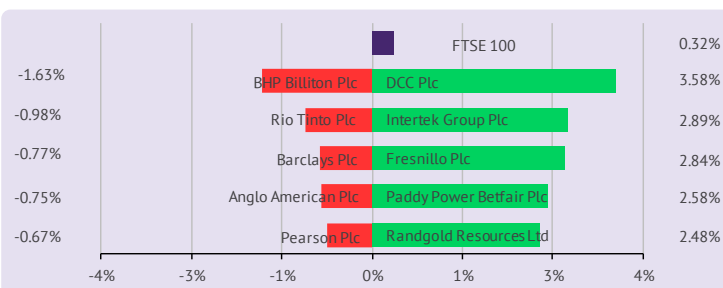
US markets closed lower yesterday, led by losses in consumer discretionary sector stocks. Data showed that US economy advanced at a faster-than-expected pace in 3Q16, notching its highest level in 2 years. The S&P 500 Index dropped 0.2% to close at 2,260.96.



UK Market ▲

The FTSE 100 futures are trading in positive territory

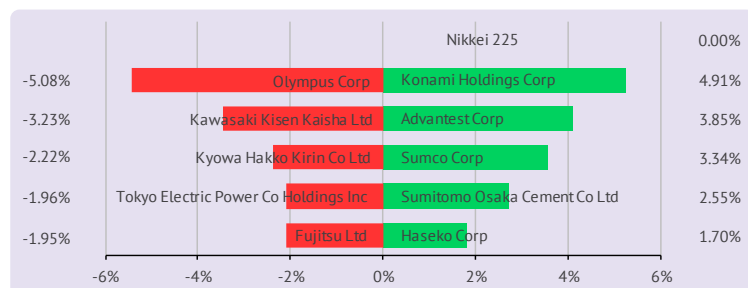
UK markets finished higher yesterday, supported by gains in mining, energy and consumer discretionary sector stocks. The FTSE 100 Index advanced 0.3% to close at 7,063.68.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Markets in Japan are closed on account of a public holiday. The Nikkei 225 Index is trading flat at 19,427.67.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R14.0270. Later today, traders will keep a close watch on US Reuters/Michigan consumer sentiment index and new home sales for further cues.

The US Dollar rose against the South African Rand yesterday, after data revealed that US annualised gross domestic product (GDP) registered a higher-than-expected rise in 3Q16, its strongest rise in two years. Meanwhile, durable goods orders plummeted less than market expectations, amid a decline in orders for transportation equipment. Further, the number of Americans filing for unemployment benefits increased more-than-expected for the week ended December 17, its strongest level since June. Additionally, house price index grew at a slower pace on a monthly basis in October. Moreover, leading indicator remained steady in November from October. Separately, South Africa's budget deficit contracted in November, compared to previous reading.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R17.2170.

Later today, traders will keep an eye on UK's gross domestic product and current account balance for further indication.

The British Pound declined against the South African Rand yesterday.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R14.6430. Going forward, market participants will keep a tab on Germany's GfK consumer confidence survey for further direction.

The Euro strengthened against the South African Rand yesterday. Separately data indicated that Germany's import price index rebounded on an annual basis in November, its first rise since November 2012.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R10.1121.

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	14.0270	▼	0.22%	-0.31%	-0.35%	4.61%	-9.32%
GBPZAR	17.2170	▼	-0.35%	-1.89%	-2.19%	6.86%	-24.41%
EURZAR	14.6430	▼	0.35%	-0.36%	-1.86%	0.88%	-12.87%
AUDZAR	10.1121	▼	-0.07%	-1.54%	-2.62%	1.49%	-10.91%
EURUSD	1.0444	▲	0.12%	-0.11%	-1.42%	-3.59%	-3.97%
GBPUSD	1.2278	▼	-0.57%	-1.64%	-1.78%	2.14%	-16.69%
Brent (\$/barrel)	54.7	▼	1.08%	-0.29%	6.19%	6.64%	47.67%
Gold (\$/oz)	1132.5	▲	-0.20%	-0.57%	-3.59%	-8.04%	6.47%
Platinum (\$/oz)	908.8	▲	-0.77%	-2.86%	-0.27%	-7.02%	1.76%
Copper (\$/MT)*	5504.0	▲	0.06%	-2.23%	-5.32%	20.08%	16.96%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,132.50/oz.

Yesterday, gold prices fell 0.2% to close at \$1,128.80/oz, amid a string of positive economic data in the US.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$54.74/bL.

Yesterday, Brent crude oil advanced 1.1% to settle at \$55.05/bL, amid hopes that oil producers will stick to the agreement to limit oil production.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$908.80/oz.

Yesterday, platinum prices declined 0.8% to close at \$907.40/oz.



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23 December 2016



Major South Africa Corporate News

ArcelorMittal South Africa Limited

The company announced that it has concluded contract of manufacturing with Highveld Structural Mill Proprietary (HSM), in terms of which the company will supply blooms and slabs to HSM for processing into heavy structural steel.

Major Global Economic News

US

In the US, the final annualised GDP rose 3.5% on a quarterly basis, in 3Q16, more than market expectations for an advance of 3.3%. The preliminary figures had indicated a rise of 3.2%. In the prior quarter, the annualised GDP had registered a rise of 1.4%.

In November, the flash durable goods orders dropped 4.6% on a monthly basis in the US, compared to an advance of 4.6% in the prior month. Markets were expecting durable goods orders to drop 4.8%.

In the US, the seasonally adjusted initial jobless claims climbed to 275.00K in the week ended December 17, 2016, compared to a reading of 254.00K in the prior week. Market expectation was for initial jobless claims to rise to 257.00K.

In October the FHFA housing price index advanced 0.4% on a monthly basis, in the US, lower than market expectations for an advance of 0.5%. In the previous month, the housing price index had advanced 0.6%.

In the US, leading indicator remained unchanged on a monthly basis in November, compared to an advance of 0.1% in the prior month. Market expectation was for leading indicator to rise 0.1%.

Eurozone

In Germany, import price index grew 0.3% on a yearly basis, in November, more than market expectations for a fall of 0.2%. Prices had decreased 0.6% in October and 1.8% in September.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	02:01	Lloyds Business Barometer (Dec)	✓	39.00%*	32.00%	Monthly
China	03:45	MNI Business Sentiment Survey (Dec)	✓	55.90*	53.10	Monthly
Germany	09:00	GfK Consumer Confidence Survey (Jan)	✓✓	9.90	9.80	Monthly
France	09:45	Gross Domestic Product (QoQ) (Q3) (F)	✓	0.20%	0.20%**	Quarterly
France	09:45	Gross Domestic Product (YoY) (Q3) (F)	✓	1.10%	1.10%**	Quarterly
France	09:45	Consumer Spending (MoM) (Nov)	✓	0.10%	0.90%	Monthly
France	09:45	Consumer Spending (YoY) (Nov)	✓	2.40%	1.50%	Monthly
Spain	10:00	Producer Price Index (MoM) (Nov)	✓	-	1.50%	Monthly
Spain	10:00	Producer Price Index (YoY) (Nov)	✓	-	0.20%	Monthly
Switzerland	10:00	KOF Economic Barometer (Dec)	✓✓	103.00	102.20	Monthly
UK	11:30	Gross Domestic Product s.a. (QoQ) (Q3) (F)	✓✓	0.50%	0.50%**	Quarterly
UK	11:30	Gross Domestic Product s.a. (YoY) (Q3) (F)	✓✓	2.30%	2.30%**	Quarterly
UK	11:30	Index of Services (3M/3M) (Oct)	✓	0.80%	0.80%	Monthly
UK	11:30	Index of Services (MoM) (Oct)	✓	0.20%	0.20%	Monthly
UK	11:30	Total Business Investment (QoQ) (Q3) (F)	✓	0.90%	0.90%**	Quarterly
UK	11:30	Total Business Investment (YoY) (Q3) (F)	✓	-1.60%	-1.60%**	Quarterly
UK	11:30	Current Account (Q3)	✓✓	-GBP28.20bn	-GBP28.70bn	Quarterly
Canada	15:30	Gross Domestic Product (MoM) (Oct)	✓✓	0.00%	0.30%	Monthly
Canada	15:30	Gross Domestic Product (YoY) (Oct)	✓✓✓	1.80%	1.90%	Monthly
US	17:00	New Home Sales (MoM) (Nov)	✓	2.10%	-1.90%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Dec) (F)	✓✓✓	98.00	98.00**	Monthly
US	17:00	New Home Sales Change (Nov)	✓✓	575.00K	563.00K	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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