

ONE Minute Brief

4 January 2017

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Economic and Political News

Citing good rainfall and hence a better harvest, BMI Research expects the South African Reserve Bank to keep the repo rate at 7% during 2017. Further, the research firm expects the nation's GDP growth to rise from about 0.5% in 2016 to 1.1% in 2017.

The power utility, Eskom, stated that it plans to meet Exxaro, one of its biggest coal suppliers, regarding the decline in its black ownership from 50% to 30%.

Civil rights group AfriForum has filed an application in the High Court in Pretoria to stop Eskom from cutting electricity supply to eight municipalities that have not paid their bills.

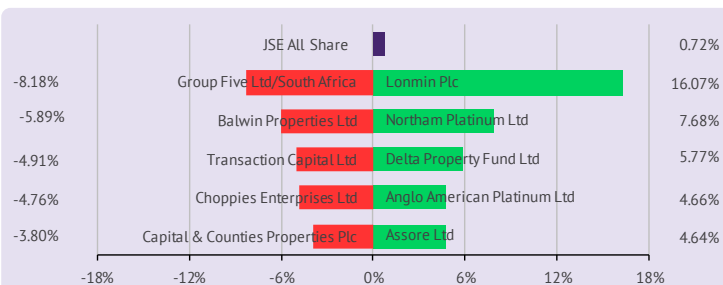
The African National Congress (ANC) announced that it will try to unite members of the party and will work to reduce corruption inside the party.

Maersk Group's Trade Report for the 3Q16 has revealed that the container market contracted 6% on an annual basis as imports dropped by 9%, weighed down by a decline in consumer demand.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by gains in resources and banking sector stocks. The JSE All Share Index rose 0.7% to close at 51,020.66.



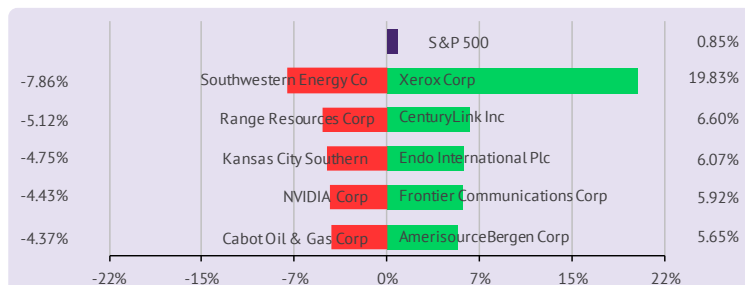
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51020.66	▲	367.12	0.72%	0.72%	0.72%	0.72%
JSE Top 40	44261.26	▲	359.27	0.82%	0.82%	0.48%	0.82%
FTSE 100	7177.89	▲	35.06	0.49%	0.49%	5.29%	0.49%
DAX 30	11584.24	▼	-14.09	-0.12%	0.90%	7.90%	0.90%
CAC 40	4899.33	▲	16.95	0.35%	0.76%	6.20%	0.76%
S&P 500	2257.83	▲	19.00	0.85%	0.85%	1.82%	0.85%
Nasdaq Composite	5429.08	▲	45.97	0.85%	0.85%	1.12%	0.85%
DJIA	19881.76	▲	119.16	0.60%	0.60%	3.34%	0.60%

US Market ▲

The S&P 500 futures are trading in the green

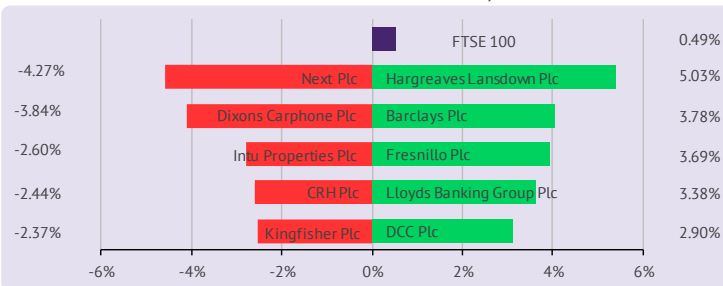
US markets closed higher yesterday, amid gains in telecommunication sector stocks. Data showed that US ISM manufacturing PMI expanded at a faster-than-expected pace in December, notching its highest level in 2 years. The S&P 500 Index climbed 0.9% to close at 2,257.83.



UK Market ▲

The FTSE 100 futures are trading in positive territory

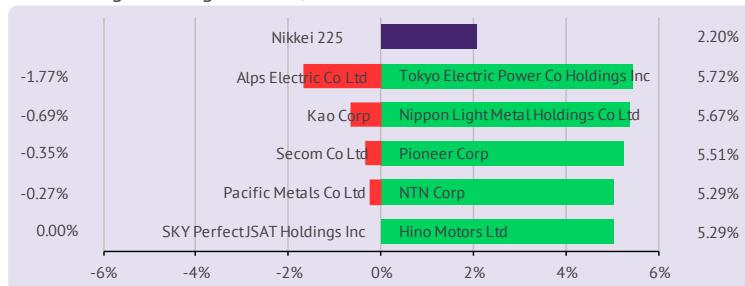
UK markets finished higher yesterday, led by gains in financial and material sector stocks. Data indicated that UK's Markit manufacturing PMI unexpectedly rose in December, its highest level since June 2014. The FTSE 100 Index advanced 0.5% to close at 7,177.89.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that the Nikkei Japan Manufacturing PMI rose to its strongest level since December 2015, compared to preliminary reading. The Nikkei 225 Index is trading 2.2% higher at 19,535.74.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.6% lower against the South African Rand at R13.7439. Later today, traders will keep a close watch on US MBA mortgage applications and ADP employment change data along with FOMC minutes for further direction.

The US Dollar rose against the South African Rand yesterday, after data indicated that US ISM manufacturing PMI registered a higher-than-expected rise in December, its strongest level since December 2014. Further, Markit's final manufacturing PMI expanded in December, reaching its highest level in 21 months, supported by an increase in employment growth and inventory building. Additionally, construction spending advanced more than market expectations, achieving its best level since April 2006.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.6% weaker against the South African Rand at R16.8210. Later today, traders will keep an eye on UK's Markit construction PMI, net consumer credit and mortgage approvals, scheduled in few hours.

The British Pound advanced against the South African Rand yesterday, after data revealed that UK's Markit manufacturing PMI surprisingly advanced in December, its strongest level in two-and-a-half-years.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.6% lower against the South African Rand at R14.2950. Going forward, market participants will keep a tab on Markit services PMI across the Eurozone for further cues.

The Euro strengthened against the South African Rand yesterday. Meanwhile, data showed that Germany's unemployment rate remained steady in December, in line with market forecast. Further, the preliminary consumer price index grew more than expected on an annual basis in December.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% weaker against the South African Rand at R9.9437. Earlier in the session, data indicated that in China, Australia's largest trading partner, Westpac-MNI consumer sentiment index recorded a rise in December, compared to previous reading.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's AiG performance of manufacturing index advanced more-than-expected in December, led by a growth in industrial output.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.7439	▼	0.61%	0.68%	0.68%	-2.48%	0.68%
GBPZAR	16.8210	▼	0.37%	-0.03%	-0.03%	-3.94%	-0.03%
EURZAR	14.2950	▼	0.09%	-0.38%	-0.38%	-3.21%	-0.38%
AUDZAR	9.9437	▼	1.18%	0.77%	0.77%	-4.68%	0.77%
EURUSD	1.0403	▼	-0.51%	-1.04%	-1.04%	-0.68%	-1.04%
GBPUSD	1.2238	▲	-0.31%	-0.80%	-0.80%	-1.34%	-0.80%
Brent (\$/barrel)	55.9	▲	-2.38%	-2.38%	-2.38%	9.61%	-2.38%
Gold (\$/oz)	1161.5	▼	0.89%	0.89%	0.89%	-1.63%	0.89%
Platinum (\$/oz)	927.4	▼	4.18%	4.18%	4.18%	-0.91%	4.18%
Copper (\$/MT)*	5486.5	▼	-0.66%	-0.66%	-0.66%	-4.99%	-0.66%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged marginally lower to trade at \$1,161.50/oz.

Yesterday, gold prices rose 0.9% to close at \$1,162.00/oz, reversing its previous session losses, its strongest jump since mid-December.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.8% to trade at \$55.89/bl.

Yesterday, Brent crude oil dropped 2.4% to settle at \$55.47/bl, to its lowest level in 2 weeks amid rising concerns whether OPEC and other major oil producers will follow their plan to slash production.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 1.3% to trade at \$927.40/oz.

Yesterday, platinum prices climbed 4.2% to close at \$939.30/oz.



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Major South Africa Corporate News

Aspen Pharmacare Holdings Limited

The company announced that it has added China to the countries where it owns the rights to two thrombolytic medications. Further, it has cancelled a sub-Saharan Africa collaboration agreement with the UK group GlaxoSmithKline.

Exxaro Resources Limited

The company announced that it has received approval from its shareholders at a meeting for the first step in a transaction that will see its black ownership slip to 30% from above 50%, starting down pressure from Eskom.

Major Global Economic News

US

In the US, the ISM manufacturing activity index recorded a rise to 54.70 in December, compared to market expectations of an advance to 53.80. The index had registered a level of 53.20 in the previous month.

In December, the final Markit manufacturing PMI advanced to 54.30 in the US, higher than market expectations of an advance to 54.20. In the previous month, the Markit manufacturing PMI had registered a reading of 54.10. The preliminary figures had indicated a rise to 54.20.

In the US, construction spending registered a rise of 0.9% on a monthly basis in November, more than market expectations for an advance of 0.5%. Construction spending had risen by a revised 0.6% in the prior month.

Asia

In Japan, the final manufacturing PMI registered a rise to 52.40 in December. In the previous month, manufacturing PMI had recorded a level of 51.30. The preliminary figures had recorded an advance to 51.90.

In China, the Westpac consumer sentiment index rose to 116.60 in December, compared to a reading of 114.90 in the previous month.

Eurozone

In December, the seasonally adjusted unemployment rate remained unchanged at a level of 6.0% in Germany, in line with market expectations.

In Germany, the flash consumer price index (CPI) rose 1.7% on a yearly basis in December, more than market expectations for an advance of 1.4%. In the previous month, the CPI had registered a rise of 0.8%.

UK

In the UK, the manufacturing PMI registered an unexpected rise to a level of 56.10 in December, compared to market expectations of a fall to 53.30. In the previous month, the manufacturing PMI had recorded a revised level of 53.60.

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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) (F)	✓✓	52.40*	51.90**	Monthly
China	03:45	Westpac-MNI Consumer sentiment index (Dec)	✓	116.60*	114.90	Monthly
France	09:45	Consumer Confidence (Dec)	✓	99.00	98.00	Monthly
Spain	10:00	Unemployment Change (Dec)	✓	-50.00K	24.80K	Monthly
Spain	10:15	Markit Services PMI (Dec)	✓✓✓	54.70	55.10	Monthly
France	10:50	Markit Services PMI (Dec) (F)	✓	52.60	52.60**	Monthly
Germany	10:55	Markit Services PMI (Dec) (F)	✓✓	53.80	53.80**	Monthly
Eurozone	11:00	Markit Composite PMI (Dec) (F)	✓✓✓	53.90	53.90**	Monthly
Eurozone	11:00	Markit Services PMI (Dec) (F)	✓✓✓	53.10	53.10**	Monthly
UK	11:30	Gross Consumer Credit (Nov)	✓✓	-	GBP22.40bn	Monthly
UK	11:30	Net Lending to Individuals (Nov)	✓✓	-	GBP4.90bn	Monthly
UK	11:30	M4 Money Supply (MoM) (Nov)	✓	-	1.10%	Monthly
UK	11:30	M4 Money Supply (YoY) (Nov)	✓	-	6.60%	Monthly
UK	11:30	M4 Ex IOFCs 3M Annualised (Nov)	✓	7.50%	6.90%	Monthly
UK	11:30	Markit Construction PMI (Dec)	✓✓	52.50	52.80	Monthly
UK	11:30	Net Consumer Credit (Nov)	✓✓	GBP1.60bn	GBP1.60bn	Monthly
UK	11:30	Net Lending Sec. on Dwellings (Nov)	✓✓	GBP3.30bn	GBP3.30bn	Monthly
UK	11:30	Mortgage Approvals (Nov)	✓✓	68.50K	67.50K	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Dec) (P)	✓✓✓	0.80%	0.80%	Monthly
Italy	12:00	Consumer Price Index (MoM) (Dec) (P)	✓	-	-0.10%	Monthly
Italy	12:00	Consumer Price Index (YoY) (Dec) (P)	✓	-	0.10%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Dec) (P)	✓✓✓	1.00%	0.60%	Monthly
US	14:00	MBA Mortgage Applications (30-Dec)	✓	-	-	Weekly
US	21:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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