

# ONE Minute Brief

19 January 2017

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## Economic and Political News

In South Africa, the consumer price index (CPI) advanced 6.8% on an annual basis, in December, more than market expectations for a rise of 6.5%. The had registered a rise of 6.6% in the previous month. In November, retail sales unexpectedly advanced 3.8% on a yearly basis, more than market expectations for a drop of 0.4%.

Presidency Minister and African National Congress (ANC) Policy Head, Jeff Radebe, stated that the ruling party members and leaders should first decide what policies they want to implement instead of talking about who they want to make the leader of the party after December.

The ANC national working committee has reiterated its guidance to party leaders and members to stop discussions on succession.

The ad hoc committee probing the South African Broadcasting Corporation board's fitness to hold office has expressed disappointment at the leakage of its draft report. The draft report recommends strict action against employees who allowed unauthorised spending.

An official of the Federation of Unions of South Africa has indicated that investment is the most important factor for inclusive growth and reduction in unemployment in South Africa.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, led by gains in retail and platinum sector stocks. Data showed that South Africa's CPI registered a higher-than-expected rise on an annual basis in December. The JSE All Share Index rose 0.2% to close at 52,933.28.



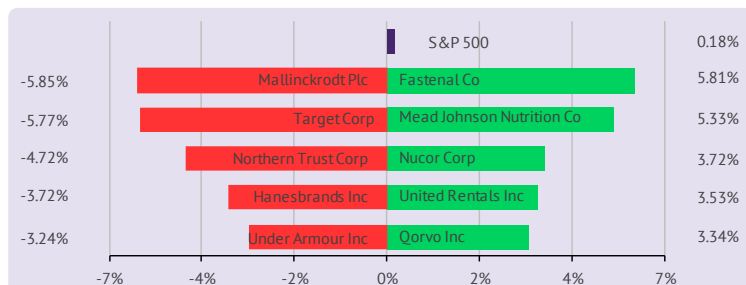
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52933.28	▲	115.55	0.22%	0.26%	4.50%	0.88%	4.50%
JSE Top 40	46113.55	▲	68.54	0.15%	0.10%	5.04%	0.48%	5.04%
FTSE 100	7247.61	▲	27.23	0.38%	-1.23%	1.47%	5.29%	1.47%
DAX 30	11599.39	▲	59.39	0.51%	-0.26%	1.03%	7.90%	1.03%
CAC 40	4853.40	▼	-6.29	-0.13%	-1.40%	-0.18%	6.20%	-0.18%
S&P 500	2271.89	▲	4.00	0.18%	-0.12%	1.48%	1.82%	1.48%
Nasdaq Composite	5555.65	▲	16.93	0.31%	-0.33%	3.21%	1.12%	3.21%
DJIA	19804.72	▼	-22.05	-0.11%	-0.41%	0.21%	3.34%	0.21%

## US Market ▲

### The S&P 500 futures are trading in the red

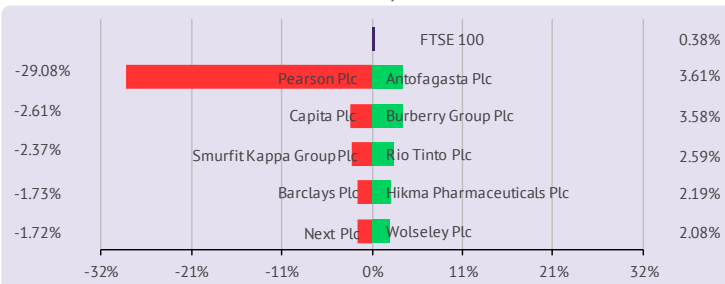
US markets closed higher yesterday, supported by gains in financial sector stocks. Data revealed that US CPI advanced in line with market expectations on a yearly basis in December. The S&P 500 Index climbed 0.2% to close at 2,271.89.



## UK Market ▲

### The FTSE 100 futures are trading in positive territory

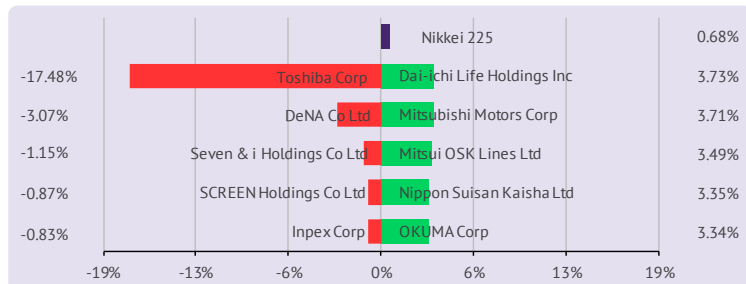
UK markets finished higher yesterday, amid gains in consumer discretionary and material sector stocks. Data indicated that UK's claimant count rate registered an expected rise in December. The FTSE 100 Index advanced 0.4% to close at 7,247.61.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.7% higher at 19,023.29.



**Address:** GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.  
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R13.5817. Later today, traders will keep a close watch on US initial jobless claims, housing starts and building permits for further cues.

The US Dollar rose against the South African Rand yesterday. Fed's Beige Book indicated that the US economy continued to expand at a modest pace across most regions through the end of last year and firms expressed optimism about growth in 2017. Further, the US Fed Chairwoman, Janet Yellen, stated that she and other Fed policymakers expect to lift the key short-term interest rate "a few times a year" through 2019. Data indicated that US CPI recorded an expected rise on an annual basis in December. Further, industrial production rebounded more-than-expected in December. Additionally, manufacturing production bounced back into positive territory, less than market expectations in December. Moreover, NAHB housing market index unexpectedly declined in January. Further, MBA mortgage applications rose in the week ended January 13, 2017. Separately, the South African consumer price inflation expanded at a faster-than-expected pace on a yearly basis in December. Further, retail sales surprisingly advanced on an annual basis in the same month.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R16.6830. Data revealed that UK's RICS house price balance surprisingly eased in December, to its lowest level since June.

The British Pound declined against the South African Rand yesterday. Data indicated that claimant count rate registered an unchanged reading in December, in line with market estimates. Further, ILO unemployment rate remained steady at par with market expectations in the September-November 2016 period.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.3% against the South African Rand to trade at R14.4456. Going forward, market participants will keep a tab on Eurozone's central bank rate decision and current account for further directions.

The Euro strengthened against the South African Rand yesterday. Data indicated that consumer price index rose at par with market expectations on a yearly basis in December. Further, construction output advanced on a monthly basis, compared to prior reading. Moreover, Germany's CPI registered an expected rise on a yearly basis in December.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.2134. Earlier in the session, data indicated that Australia's unemployment rate rose more than market forecast in December.

The Australian Dollar rose against the South African Rand yesterday.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5817	▼	1.25%	0.92%	-0.77%	-2.48%	-0.77%
GBPZAR	16.6830	▼	-0.07%	1.52%	-1.31%	-3.94%	-1.31%
EURZAR	14.4456	▼	0.47%	0.82%	0.33%	-3.21%	0.33%
AUDZAR	10.2134	▼	0.42%	0.99%	3.20%	-4.68%	3.20%
EURUSD	1.0637	▲	-0.77%	-0.10%	1.11%	-0.68%	1.11%
GBPUSD	1.2275	▲	-1.26%	0.67%	-0.64%	-1.34%	-0.64%
Brent (\$/barrel)	54.4	▲	-2.79%	-2.76%	-5.10%	9.61%	-5.10%
Gold (\$/oz)	1202.0	▼	-0.07%	1.33%	5.24%	-1.63%	5.24%
Platinum (\$/oz)	968.0	▼	-1.13%	-1.47%	7.36%	-0.91%	7.36%
Copper (\$/MT)*	5740.5	▲	0.16%	-2.43%	3.94%	-4.99%	3.94%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged lower 0.8% to trade at \$1,202.00/oz.

Yesterday, gold prices fell 0.1% to close at \$1,212.10/oz, as strength in the US Dollar decreased prices of the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.9% to trade at \$54.38/bl.

Yesterday, Brent crude oil dropped 2.8% to settle at \$53.92/bl. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories declined 5.04mn bls in the week to January 13, 2017.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices marginally dropped to trade at \$968.00/oz.

Yesterday, platinum prices declined 1.1% to close at \$968.00/oz.

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## Major South Africa Corporate News

### Clover Industries Limited

In its trading update for the six months ended December 31, 2016, the company reported that its headline EPS for the period is expected to be between 15.7% and 25.7% lower than headline EPS of 116.96c reported for the comparative period. Also, the company advised that strong trade during the festive season was critical to match the financial performance achieved in the same period last year. Separately, the company expects to release its annual financial results for the year ended December 30, 2016 on or about March 1, 2017.

### Naspers Limited

The company announced that all pre-conditions have been met to dispose of the company's 100.0% stake in Poland-based Allegro Group for USD3.25bn. The transaction has been closed effective January 18, 2017.

### Redefine International Plc

The company stated that it has completed the sale of four German office assets for a gross consideration of EUR106.00mn. The assets, which were disposed of via a share sale, were held in a joint venture with the Menora Mivtachim Group. The company's 49.0% proportionate share reflects an 8.6% premium to the book value. It is intended that the company's net proceeds of EUR24.90mn, which includes a performance fee of EUR2.40mn, will be reinvested into value accretive opportunities and used to reduce debt.

## Major Global Economic News

### US

The Fed's Beige Book reported that the US economy continued to expand at a modest pace across most regions through the end of last year and firms expressed optimism about growth in 2017.

The US Fed Chairwoman, Janet Yellen, stated that she and other Fed policymakers expect to lift the key interest rate "a few times a year" through 2019, putting it near the long-term sustainable rate of 3.0%. However, she also warned that rate hike expectations will change as the economic outlook changes.

In the US, the consumer price index (CPI) advanced 2.1% on an annual basis, in December, meeting market expectations. In the prior month, the consumer price index had risen 1.7%.

In December, industrial production advanced 0.8% on a monthly basis in the US. In the prior month, industrial production had fallen by a revised 0.7%. Manufacturing production climbed 0.2% on a monthly basis in December, compared to a fall of 0.1% in the previous month.

In January, the housing market index unexpectedly fell to a level of 67.00 in the US, compared to a revised reading of 69.00 in the prior month. Markets were expecting the housing market index to record a steady reading. Mortgage applications registered a rise of 0.8% in the week ended January 13, 2017 on a weekly basis. In the prior week, mortgage applications had climbed 5.8%.

### Eurozone

In the Eurozone, the final CPI registered an expected rise of 1.1% on an annual basis in December. In the prior month, the consumer price index had advanced 0.6%. The preliminary figures had also indicated an advance of 1.1%.

In November the seasonally adjusted construction output rose 0.4% on a monthly basis in the Eurozone. In the previous month, construction output had registered a revised similar rise.

In Germany, the final CPI rose as expected by 1.7% YoY in December. In the previous month, the consumer price index had climbed 0.8%. The preliminary figures had also indicated an advance of 1.7%.

### UK

In December, the claimant count rate remained flat at a level of 2.3% in the UK, at par with market expectations.

In the September-November 2016 period, the ILO unemployment rate remained unchanged at 4.8% in the UK, meeting market expectations.

In the UK, employment recorded a drop of 9.00K in the September-November 2016 period, less than market expectations of a decline of 35.00K. Employment had registered a fall of 6.00K in the August-October 2016 period.

In December, house price balance unexpectedly eased to 24.0% in the UK, compared to a revised reading of 29.0% in the prior month. Markets were expecting house price balance to rise to 30.00 %.

### Asia

In Australia, the seasonally adjusted unemployment rate recorded an unexpected rise to a level of 5.8% in December, compared to a level of 5.7% in the previous month. Markets were anticipating unemployment rate to record a steady reading.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	02:01	RICS Housing Price Balance (Dec)	✓✓	24.00%*	29.00%	Monthly
Japan	06:00	Tokyo Condominium Sales (YoY) (Dec)	✓	-	-22.70%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Dec) (F)	✓✓	-	4.40%**	Monthly
South Africa	09:00	BER Consumer Confidence (Q4)	✓	-2.00	-3.00	Quarterly
Spain	10:00	Trade Balance (Nov)	✓	-	-EUR1.83bn	Monthly
Switzerland	10:15	Producer and Import Prices (MoM) (Dec)	✓	0.20%	0.10%	Monthly
Switzerland	10:15	Producer and Import Prices (YoY) (Dec)	✓	0.10%	-0.60%	Monthly
Eurozone	11:00	Current Account s.a (Nov)	✓	-	EUR28.40bn	Monthly
Italy	11:30	Current Account (Nov)	✓	-	EUR6.09bn	Monthly
Portugal	13:30	Current Account Balance (Nov)	✓	-	EUR0.82bn	Monthly
Eurozone	14:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
Eurozone	15:30	ECB Monetary policy statement and press conference	✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (07-Jan)	✓	2075.00K	2087.00K	Weekly
US	15:30	Initial Jobless Claims (14-Jan)	✓✓	252.00K	247.00K	Weekly
US	15:30	Building Permits (Dec)	✓✓	1225.00K	1201.00K	Monthly
US	15:30	Building Permits (MoM) (Dec)	✓✓	1.10%	-4.70%	Monthly
US	15:30	Philadelphia Fed Manufacturing Survey (Jan)	✓✓	15.30	21.50	Monthly
US	15:30	Housing Starts (Dec)	✓✓	1188.00K	1090.00K	Monthly
US	15:30	Housing Starts (MoM) (Dec)	✓✓	9.00%	-18.70%	Monthly
US	17:30	EIA Natural Gas Storage Change (13-Jan)	✓	-	-151.00 Bcf	Weekly
US	18:00	DOE Cushing OK Crude Inventory (13-Jan)	✓	-	-579.00 K barrels	Weekly
US	18:00	DOE Distillate Inventory (13-Jan)	✓	-	8356.00 K barrels	Weekly
US	18:00	DOE Gasoline Inventories (13-Jan)	✓	-	5023.00 K barrels	Weekly
US	18:00	EIA Crude Oil Stocks Change (13-Jan)	✓	-	4.10 mn barrels	Weekly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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