

# ONE Minute Brief

27 January 2017

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## Economic and Political News

In South Africa, the producer price index (PPI) rose 7.1% on a yearly basis in December, compared to a rise of 6.9% in the prior month. Market expectation was for the producer price index to advance 6.9%.

The World Steel Association indicated that South African steel production declined by 4.2% in 2016 to an estimated 6.141mn tonnes.

The Democratic Alliance (DA) stated that it had submitted a forensic report to independent police investigative directorate (IPID) which contains evidence of further corruption committed by acting National Police Commissioner, Khomotso Phahlane.

Mineral Resources Minister, Mosebenzi Zwane, stated that Sibanye Gold and AngloGold Ashanti are not obeying with the mining laws of the country.

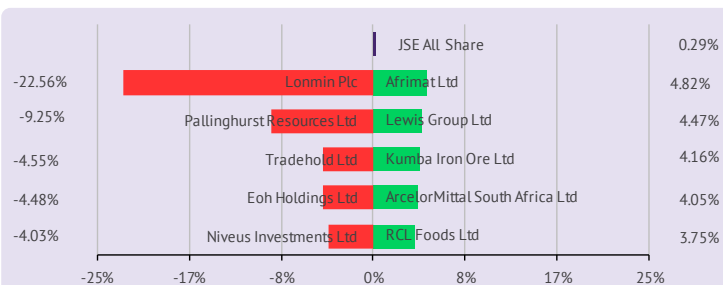
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53405.74	▲	154.95	0.29%	1.66%	5.43%	0.88%	5.43%
JSE Top 40	46497.50	▲	131.76	0.28%	1.57%	5.91%	0.48%	5.91%
FTSE 100	7161.49	▼	-2.94	-0.04%	-0.51%	0.26%	5.29%	0.26%
DAX 30	11848.63	▲	42.58	0.36%	1.88%	3.20%	7.90%	3.20%
CAC 40	4867.24	▼	-10.43	-0.21%	0.34%	0.10%	6.20%	0.10%
S&P 500	2296.68	▼	-1.69	-0.07%	1.12%	2.58%	1.82%	2.58%
Nasdaq Composite	5655.18	▼	-1.16	-0.02%	1.80%	5.05%	1.12%	5.05%
DJIA	20100.91	▲	32.40	0.16%	1.38%	1.71%	3.34%	1.71%

## South Africa Market ▲

### South African markets closed higher

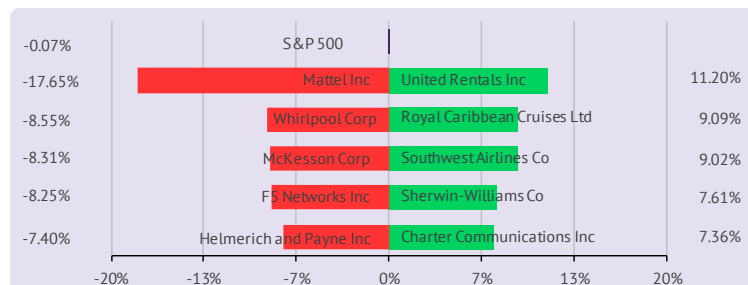
South African markets closed in the green yesterday, amid gains in retail sector stocks. Data revealed that South Africa's PPI rose higher-than-expected on an annual basis in December and notched its highest level in 4 months. The JSE All Share Index rose 0.3% to close at 53,405.74.



## US Market ▼

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

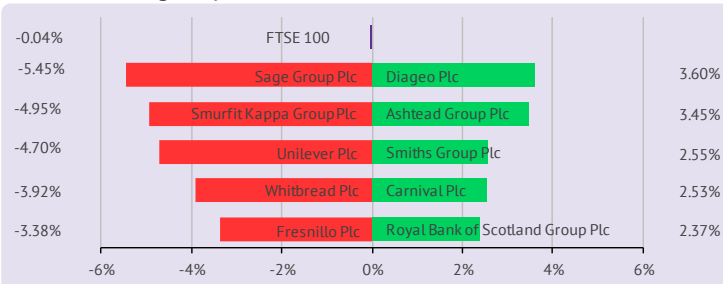
US markets closed lower yesterday, led by losses in health care sector stocks. Data showed that US initial jobless claims rose more-than-expected for the week ended January 21, 2017. The S&P 500 Index dropped 0.1% to close at 2,296.68.



## UK Market ▼

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

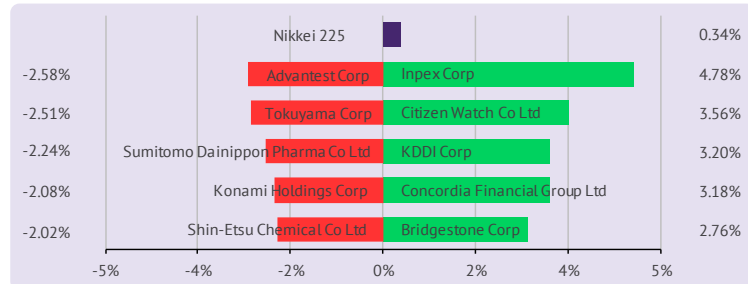
UK markets finished lower yesterday, weighed down by losses in material sector stocks. Data indicated that UK's gross domestic product advanced more-than-expected on a quarterly basis in 4Q16. The FTSE 100 Index marginally declined to close at 7,161.49.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. Data revealed that Japan's consumer price index rose more-than-expected on an annual basis in December. Markets in China are closed on account of a public holiday. The Nikkei 225 Index is trading 0.3% higher at 19,468.65.



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## USDZAR ▲

### USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% higher against the South African Rand at R13.4010. Later today, traders will keep a close watch on US gross domestic product, personal consumption, durable goods and University of Michigan confidence survey for further cues.

The US Dollar rose against the South African Rand yesterday. Data showed that the number of Americans applying for unemployment benefits rose higher-than-expected for the week ended 21 January 2017. Further, preliminary Markit services PMI expanded at a faster-than-expected pace in January, its strongest rise since November 2015. Additionally, preliminary wholesale inventories advanced more than market forecast in the same month. However, new home sales retreated more-than-expected on a monthly basis in December while CB leading indicator registered an expected rise in the same month. Separately, South Africa's producer price index climbed stronger than anticipated on a yearly basis in December and registered its strongest rise in 4 months.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R16.8500.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's gross domestic product rose at a faster-than-expected pace on a quarterly basis in 4Q16. Further, BBA mortgage approvals advanced to its strongest level in nine months in December. However, according to the Confederation of British Industry, UK retail sales unexpectedly shrank in January.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.3% against the South African Rand to trade at R14.3127. Going forward, market participants will keep a tab on Germany's import price index for further direction.

The Euro strengthened against the South African Rand yesterday. Meanwhile, data revealed that Germany's GfK consumer confidence index advanced more-than-expected in February.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.4% against the South African Rand to trade at R10.0936. Earlier in the session, data showed that Australia's producer price index registered a rise on a quarterly basis in 4Q16 compared to prior reading. Further, export price index advanced more-than-expected and imports price index rebounded less-than-expected on a quarterly basis in 4Q16.

The Australian Dollar rose against the South African Rand yesterday. Data showed that, in China, Australia's largest trading partner, industrial profits grew at a slower pace on a yearly basis in December.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4010	▲	0.91%	-1.76%	-2.77%	-2.48%	-2.77%
GBPZAR	16.8500	▲	0.54%	0.21%	-0.64%	-3.94%	-0.64%
EURZAR	14.3127	▲	0.27%	-1.71%	-1.21%	-3.21%	-1.21%
AUDZAR	10.0936	▲	0.43%	-2.01%	1.52%	-4.68%	1.52%
EURUSD	1.0674	▼	-0.60%	-0.18%	1.59%	-0.68%	1.59%
GBPUSD	1.2573	▼	-0.35%	1.71%	2.03%	-1.34%	2.03%
Brent (\$/barrel)	56.3	▲	2.11%	1.35%	-1.02%	9.61%	-1.02%
Gold (\$/oz)	1186.1	▼	-0.67%	-1.25%	3.31%	-1.63%	3.31%
Platinum (\$/oz)	977.9	▼	-0.01%	0.59%	8.46%	-0.91%	8.46%
Copper (\$/MT)*	5838.0	▼	-1.42%	1.88%	5.70%	-4.99%	5.70%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,186.10/oz.

Yesterday, gold prices fell 0.7% to close at \$1,189.80/oz, as a stronger greenback dented demand for the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged marginally higher to trade at \$56.25/bl.

Yesterday, Brent crude oil advanced 2.1% to settle at \$56.24/bl, as confidence increased amongst traders about major oil producers cutting back production as promised.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$977.90/oz.

Yesterday, platinum prices marginally declined to close at \$977.90/oz.



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## Major South Africa Corporate News

### Anglo American Plc

In its 4Q16 production report, the company stated that iron ore production from Kumba increased by 9.0% to 11.90mn tonnes, driven by improved mining productivity and higher plant yields at Sishen, and higher throughput at Kolomela. Iron ore production from Minas-Rio increased by 49.0% to 4.90mn tonnes as the operation continues to ramp-up.

### Anglo American Platinum Limited

In its 4Q16 production report, the company announced that total platinum production was 2.0% higher than same quarter of the prior year at 610,100 ounces. Production is seasonally lower than the previous quarter due to the impact of the public holidays.

### Clicks Group Limited

In its trading update for 20 weeks ended to January 15, 2017, the company reported that its total group retail sales increased by 12.2% and by 8.5% on a comparable store basis. Its total group turnover grew by 8.6% to ZAR10.00bn.

### Kumba Iron Ore Limited

In its production and sales report for the quarter ended December 31, 2016, the company stated that Sishen produced 8.50mn tonnes up 11.0% on 4Q15. Kolomela production rose by 20.0% to 3.4mn tonnes compared to 4Q15, with the mine exceeding its full year target. The improvement in production was driven by higher levels of throughput as a result of further debottlenecking and optimization of the plant.

### Lonmin Plc

In its 1Q17 production update, the company announced that its Marikana mining operations including Pandora produced 2.3mn tonnes during the quarter, was down 7.8% or 0.2mn tonnes on the comparative period partly due to the planned decline from the closing of its high cost shafts. While the first quarter of its financial year is historically its lowest producing quarter, the mining performance was disappointing with production at its Generation 2 shafts, down 5.2% from the prior year period.

### Sasol Limited

In its trading statement for the six months ended December 31, 2016, the company announced that its headline EPS is expected to decrease by between 34.0% and 44.0% (approximating ZAR8.26 to ZAR10.68) from the prior period HEPS of ZAR24.28.

## Major Global Economic News

### US

In the US, the seasonally adjusted initial jobless claims climbed to 259.00K in the week ended January 21, 2017, compared to a level of 234.00K in the prior week. Markets were anticipating initial jobless claims to advance to a level of 247.00K.

In January, the flash Markit services PMI rose to a level of 55.10 in the US, compared to market expectations of an advance to 54.40. Markit services PMI had registered a reading of 53.90 in the previous month.

In December, the seasonally adjusted flash wholesale inventories registered a rise of 1.0% on a monthly basis, in the US, more than market expectations for an advance of 0.1%. The wholesale inventories had registered a similar rise in the prior month.

In the US, new home sales fell 10.4%, on monthly basis, to a level of 536.00K in December, compared to market expectations of 588.00K. New home sales had recorded a revised reading of 598.00K in the previous month. In December, leading indicator climbed 0.5% on a monthly basis, in the US, meeting market expectations. In the prior month, leading indicator had recorded a revised rise of 0.1%.

### Asia

In Australia, the producer price index climbed 0.5% on a quarterly basis in 4Q16. In the prior quarter, the producer price index had recorded a rise of 0.3%.

In Japan, the national CPI rose 0.3% on an annual basis in December, more than market expectations for a rise of 0.2%. In the previous month, the CPI had climbed 0.5%.

### UK

In the UK, the preliminary gross domestic product (GDP) rose 0.6% on a quarterly basis in 4Q16, compared to a similar rise in the previous quarter. Market expectation was for GDP to rise 0.5%.

In December, BBA mortgage approvals recorded an unexpected rise to 43.23K in the UK, compared to a revised reading of 41.00K in the prior month. Market anticipation was for BBA mortgage approvals to remain unchanged.

In the UK, the CBI distributive trade survey's retail sales balance recorded a drop to 8.0% in January, compared to market expectations of a drop to a level of 27.0%. The CBI distributive trade survey's retail sales balance had recorded a level of 35.0% in the prior month.

### Eurozone

In Germany, the GfK consumer confidence index registered a rise to 10.20 in February, higher than market expectations of a rise to a level of 10.00. The consumer confidence index had recorded a level of 9.90 in the previous month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:30	Consumer Price Inflation (YoY) (Dec)	✓✓	0.30%*	0.50%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Dec)	✓✓	0.30%*	0.50%	Monthly
Japan	01:30	National CPI Ex Food, Energy (YoY) (Dec)	✓✓	0.00%*	0.10%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Dec)	✓✓	-0.20%*	-0.40%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (Jan)	✓	0.10%*	0.00%	Monthly
Japan	01:30	Tokyo CPI ex Food, Energy (YoY) (Jan)	✓	0.00%*	-0.20%	Monthly
Japan	01:30	Tokyo CPI ex Fresh Food (YoY) (Jan)	✓	-0.30%*	-0.60%	Monthly
Germany	09:00	Import Price Index s.a. (MoM) (Dec)	✓	1.30%	0.70%	Monthly
Germany	09:00	Import Price Index n.s.a. (YoY) (Dec)	✓	2.70%	0.30%	Monthly
Eurozone	11:00	Private Loans (YoY) (Dec)	✓	-	1.90%	Monthly
Eurozone	11:00	M3 Money Supply (YoY) (Dec)	✓	4.90%	4.80%	Monthly
Eurozone	11:00	M3 Money Supply (3m) (Dec)	✓	-	4.70%	Monthly
US	15:30	Gross Domestic Purchases Price Index (QoQ) (Q4) (P)	✓✓✓	2.10%	1.40%	Quarterly
US	15:30	Durable Goods Orders ex Transportation (Dec) (P)	✓✓	0.50%	0.60%	Monthly
US	15:30	Personal Consumption (QoQ) (Q4) (P)	✓✓	2.50%	3.00%	Quarterly
US	15:30	Gross Domestic Product Annualised (QoQ) (Q4) (P)	✓✓✓	2.20%	3.50%	Quarterly
US	15:30	Cap Goods Orders Nondef Ex Air (Dec) (P)	✓	0.20%	0.90%	Monthly
US	15:30	Cap Goods Ship Nondef Ex Air (Dec) (P)	✓	0.50%	0.20%	Monthly
US	15:30	Personal Consumption Expenditure Core (QoQ) (Q4) (P)	✓	1.40%	1.70%	Quarterly
US	15:30	Durable Goods Orders (Dec) (P)	✓✓✓	2.50%	-4.50%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Jan) (F)	✓✓✓	98.10	98.10**	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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