

# ONE Minute Brief

13 January 2017

**GTC**  
consult • partner • manage

## Economic and Political News

In South Africa, the manufacturing PMI dropped to 46.70 in December. The manufacturing PMI had recorded a reading of 48.30 in the prior month.

In November, the manufacturing production index registered a rise of 1.9% on a yearly basis in South Africa, compared to a drop of 2.7% in the previous month. Market expectation was for the manufacturing production index to advance 0.3%.

S&P Global Ratings has warned South Africa of a downgrade to its sovereign credit rating, should economic conditions deteriorate and the nation's debt increase.

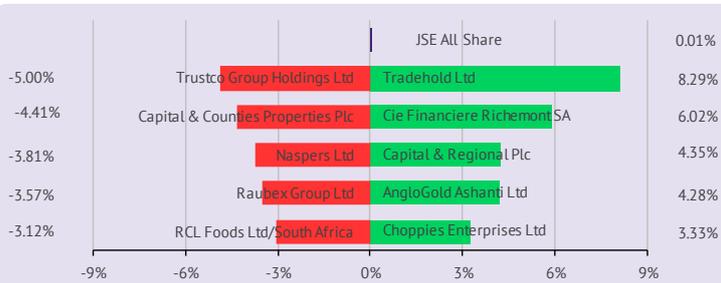
The African National Congress (ANC) Women's League has asked for an investigation of alleged internal and external forces that are trying to disrupt the transformation at South African Airways (SAA).

ANC President, Jacob Zuma, announced that he is not available to serve for a third term as party leader and that even if he was nominated for the position, he would not accept it. Further, he added that the ruling party is ready for a female president, after the ANC Women's League (ANCWL) declared its support for Nkosazana Dlamini-Zuma to succeed him as party leader.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, led by gains in mining and retail sector stocks. Data showed that South Africa's Manufacturing PMI contracted in December, compared to prior reading. The JSE All Share Index marginally rose to close at 52,444.36.



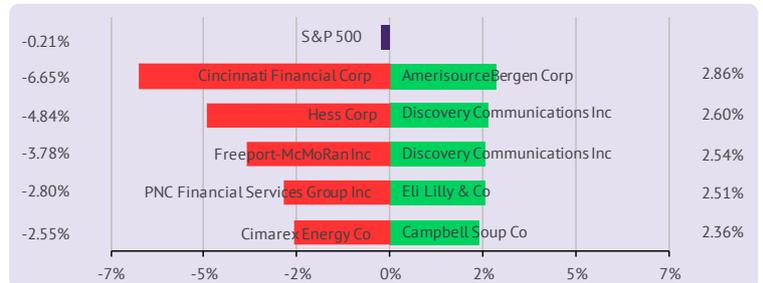
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg	
JSE All Share	52444.36	▲	6.45	0.01%	2.40%	3.54%	0.88%	3.54%
JSE Top 40	45720.20	▼	-25.42	-0.06%	2.84%	4.14%	0.48%	4.14%
FTSE 100	7292.37	▲	1.88	0.03%	1.14%	2.09%	5.29%	2.09%
DAX 30	11521.04	▼	-125.13	-1.07%	-0.67%	0.35%	7.90%	0.35%
CAC 40	4863.97	▼	-24.74	-0.51%	-0.93%	0.03%	6.20%	0.03%
S&P 500	2270.44	▼	-4.88	-0.21%	-0.29%	1.41%	1.82%	1.41%
Nasdaq Composite	5547.49	▼	-16.16	-0.29%	0.48%	3.05%	1.12%	3.05%
DJIA	19891.00	▼	-63.28	-0.32%	-0.36%	0.65%	3.34%	0.65%

## US Market ▼

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

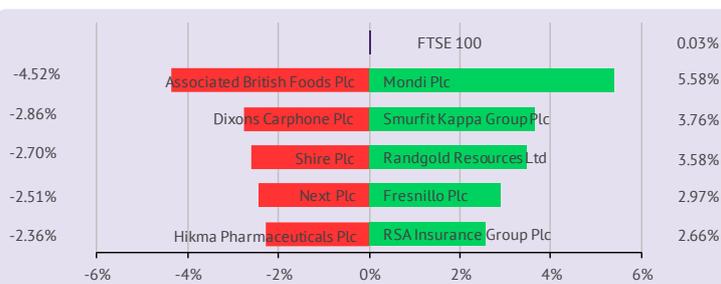
US markets closed lower yesterday, amid losses in financial sector stocks. Data indicated that US initial jobless claims advanced less-than-expected in the week ended January 7, 2017. The S&P 500 Index dropped 0.2% to close at 2,270.44.



## UK Market ▲

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

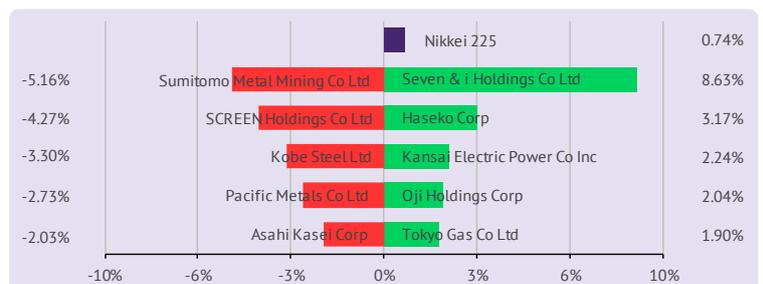
UK markets finished marginally higher yesterday, supported by gains in material sector stocks. The FTSE 100 Index advanced to close at 7,292.37.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that China's trade surplus rose less-than-expected in December. The Nikkei 225 Index is trading 0.7% higher at 19,275.56.



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

An Authorised Financial Services Provider FSP No. 731  
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services

# ONE Minute Brief

13 January 2017

**GTC**  
consult • partner • manage

## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% firmer against the South African Rand at R13.5360. Later today, traders will keep a close watch on US retail sales, Reuters/Michigan consumer confidence index and producer price index along with business inventories for further direction.

The US Dollar fell against the South African Rand yesterday. Data revealed that the number of Americans applying for unemployment benefits grew less than market forecast for the week ended December 7, 2017. Further, import price index rebounded less-than-expected on a monthly basis in December. Moreover, budget deficit dropped less-than-expected in December. Separately, South Africa's manufacturing PMI dropped in December, compared to prior reading of November. Additionally, manufacturing production bounced back into positive territory on a monthly basis in November.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R16.4530.

The British Pound declined against the South African Rand yesterday.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.2% against the South African Rand to trade at R14.3636. Going forward, market participants will keep a tab on Germany's wholesale price index for further indication.

The Euro weakened against the South African Rand yesterday. Minutes of the European Central Bank's (ECB) December meeting showed that members were divided in the decision to extend the central bank's mass bond-buying programme, as inflation accelerates in the Eurozone. At the meeting, the bank left all its three interest rates steady for a sixth consecutive session and retained its asset purchases of EUR80bn a month till March 2017, but decided to reduce the size beyond that to EUR60bn a month till December 2017. Data indicated that industrial production grew at a faster-than-expected pace on a monthly basis in November. Meanwhile, Germany's gross domestic product expanded more-than-expected in 2016, its highest rise in five years.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% firmer against the South African Rand at R10.1249. Earlier in this session, data showed that China's trade surplus advanced less-than-anticipated in December. Further, imports rose less than market expectations on a yearly basis in December while exports retreated less-than-forecast on an annual basis in December.

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	13.5360	▲	-1.73%	-1.74%	-1.74%	-2.48%	-1.74%
GBPZAR	16.4530	▲	-2.10%	-2.63%	-2.97%	-3.94%	-2.97%
EURZAR	14.3636	▲	-1.45%	-0.91%	-0.77%	-3.21%	-0.77%
AUDZAR	10.1249	▲	-1.22%	0.80%	1.85%	-4.68%	1.85%
EURUSD	1.0606	▼	0.28%	0.76%	0.92%	-0.68%	0.92%
GBPUSD	1.2155	▼	-0.41%	-0.97%	-1.42%	-1.34%	-1.42%
Brent (\$/barrel)	56.1	▲	1.65%	-1.91%	-1.43%	9.61%	-1.43%
Gold (\$/oz)	1192.3	▼	0.27%	2.25%	4.18%	-1.63%	4.18%
Platinum (\$/oz)	980.9	▼	0.89%	1.49%	8.80%	-0.91%	8.80%
Copper (\$/MT)*	5813.8	▲	2.18%	4.39%	5.26%	-4.99%	5.26%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.6% lower to trade at \$1,192.30/oz.

Yesterday, gold prices rose 0.3% to close at \$1,199.80/oz, extending its previous session gains.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil gained 0.2% to trade at \$56.10/bl.

Yesterday, Brent crude oil advanced 1.7% to settle at \$56.01/bl, after news emerged that major oil producers were decreasing their production to reduce crude supply.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$980.90/oz.

Yesterday, platinum prices climbed 0.9% to close at \$980.90/oz.



# ONE Minute Brief

13 January 2017



## Major South Africa Corporate News

### Harmony Gold Mining Company Limited

The company confirmed that around 1,700 employees are participating in an illegal sit-in at the company's Kusasalethu mine near Carletonville. The sit-in started on 11 January when employees chose not to return to surface at the end of the morning shift. No formal demands have been made by the participating employees. Management has sought to engage with union leadership with the purpose of resolving the matter and returning all employees to surface.

### Truworths International Limited

In its trading update for the 26 weeks ended December 25, 2016, the company announced that it has experienced a challenging trading environment during the period. Factors contributing to the tough environment included low economic growth, high product inflation resulting from rand weakness, reduced foreign revenues when translated into Rand arising from Sterling weakness, and the negative impact of the credit affordability assessment regulations in South Africa. Group retail sales for the period increased by 21.0% to ZAR10.20bn relative to the prior period, with cash sales growing by 53.0% while credit sales remained unchanged.

## Major Global Economic News

### Eurozone

In the Eurozone, the seasonally adjusted industrial production climbed 1.6% on a monthly basis in November, more than market expectations for a rise of 0.6%. Industrial production had fallen 0.1% in the previous month.

ECB in its December meeting minutes showed that members were divided in the decision to extend the central bank's mass bond-buying programme, as inflation accelerates in the Eurozone. At the meeting, the bank left all its three interest rates unchanged for a sixth consecutive session and retained its asset purchases of EUR80bn a month till March 2017, but decided to reduce the size beyond that to EUR60bn a month till December 2017.

In Germany, the non-seasonally adjusted GDP advanced 1.9% on a yearly basis, in year 2016, higher than market expectations for a rise of 1.8%. GDP had registered a rise of 1.7% in the previous year.

### Asia

In China, exports dropped 6.1% on a yearly basis in December, more than market expectations for a drop of 3.5%. In the prior month, exports had fallen by a revised 1.6%.

In December, imports advanced 3.1% on an annual basis in China, higher than market expectations for a rise of 2.7%. Imports had advanced 4.7% in the prior month.

In China, trade surplus rose to USD40.81bn in December, compared to a revised trade surplus of USD44.61bn in the previous month. Markets were anticipating the nation to record a trade surplus of USD46.50bn.

### US

In the US, the seasonally adjusted initial jobless claims registered a rise to 247.00K in the week ended January 7, 2017, lower than market expectations of a rise to a level of 255.00K. Initial jobless claims had registered a revised reading of 237.00K in the prior week.

In December, the import price index rose 0.4% on a monthly basis in the US, lower than market expectations for an advance of 0.7%. The import price index had recorded a revised drop of 0.2% in the prior month.

# ONE Minute Brief

13 January 2017



**GTC**  
consult • partner • manage

## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Money Supply M3 (YoY) (Dec)	✓	3.40%*	3.40%	Monthly
Japan	01:50	Money Supply M2+CD (YoY) (Dec)	✓	4.00%*	3.90%	Monthly
Japan	07:30	Bankruptcies (YoY) (Dec)	✓✓	-	-2.53%	Monthly
Germany	09:00	Wholesale Price Index (MoM) (Dec)	✓	-	0.10%	Monthly
Germany	09:00	Wholesale Price Index (YoY) (Dec)	✓	-	0.80%	Monthly
Spain	10:00	Consumer Price Index (YoY) (Dec) (F)	✓	1.50%	1.50%**	Monthly
Spain	10:00	Consumer Price Index (MoM) (Dec) (F)	✓	0.60%	0.60%**	Monthly
Spain	10:00	Harmonised Index of Consumer Prices (MoM) (Dec) (F)	✓✓	0.50%	0.50%**	Monthly
Spain	10:00	Harmonised Index of Consumer Prices (YoY) (Dec) (F)	✓✓	1.40%	1.40%**	Monthly
US	15:30	Retail Sales Ex Auto & Gas (Dec)	✓	0.40%	0.20%	Monthly
US	15:30	Retail Sales ex Autos (MoM) (Dec)	✓✓	0.50%	0.20%	Monthly
US	15:30	Producer Price Index (MoM) (Dec)	✓	0.30%	0.40%	Monthly
US	15:30	Producer Price Index ex Food & Energy (MoM) (Dec)	✓	0.10%	0.40%	Monthly
US	15:30	Producer Price Index ex Food & Energy (YoY) (Dec)	✓✓	1.50%	1.60%	Monthly
US	15:30	Advance Retail Sales (MoM) (Dec)	✓✓✓	0.70%	0.10%	Monthly
US	15:30	Retail Sales "Control Group" (MoM) (Dec)	✓✓	0.40%	0.10%	Monthly
US	15:30	Producer Price Index (YoY) (Dec)	✓✓	1.60%	1.30%	Monthly
Canada	16:00	Existing Home Sales (MoM) (Dec)	✓	-	-5.30%	Monthly
US	16:30	Fed's Harker Speaks on Economic Mobility in Philadelphia	✓	-	-	As scheduled
US	17:00	Manufacturing New Orders (Nov)	✓	-	USD469419.00mn	Monthly
US	17:00	Business Inventories (Nov)	✓	0.60%	-0.20%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Jan) (P)	✓✓✓	98.50	98.20	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

### Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome. GTC (Pty) Ltd Registration No 1996/001488/07 FSP No 731. An authorised Financial Services Provider.

**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

An Authorised Financial Services Provider FSP No. 731  
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services