

ONE Minute Brief

18 January 2017

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Economic and Political News

In South Africa, gold production recorded a drop of 9.4% on a yearly basis, in November, compared to a revised fall of 3.4% in October. Mining production recorded a more-than-expected drop of 4.2% on an annual basis in November, compared to a revised fall of 2.6% in October while platinum production recorded a drop of 10.8% on a yearly basis, in November, compared to a fall of 12.0% in October.

The World Bank has stated that to attract private investment in the country and to develop the economy, the South African government should try to use its tax incentives more effectively.

The ANC Secretary General, Gwede Mantashe, stated that the party will review the success or failure of the National Development Plan (NDP) which was adopted in 2012, at its upcoming policy conference in June, and that land distribution would be a central point of discussion.

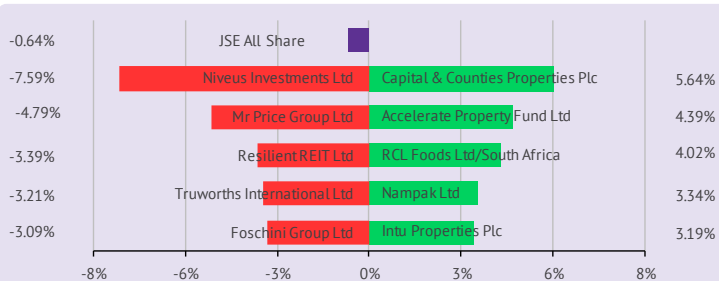
Deputy President, Cyril Ramaphosa, indicated that the South African economy will experience stability in 2017, even though growth may not be robust.

Eskom's Spokesperson, Khulu Phasiwe, stated that 21 of the 34 defaulting municipalities have signed agreements with the power utility and have started paying their bills.

South Africa Market ▼

South African markets closed lower

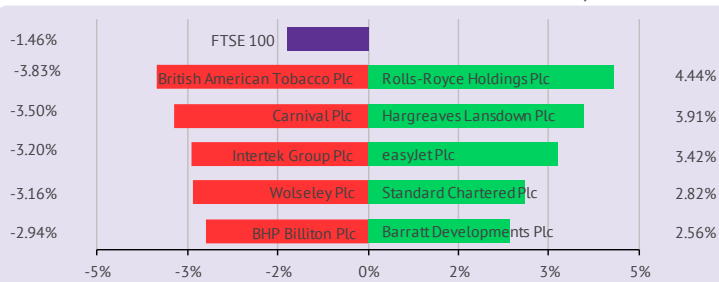
South African markets closed in the red yesterday, amid losses in retail and banking sector stocks. The JSE All Share Index fell 0.6% to close at 52,817.73.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, led by losses in industrial and consumer discretionary sector stocks. Data showed that UK's consumer price index advanced more-than-expected on an annual basis in December. The FTSE 100 Index declined 1.5% to close at 7,220.38.



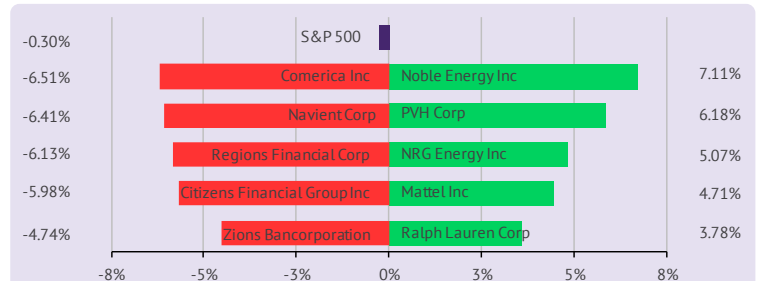
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52817.73	▼ -340.81	-0.64%	0.04%	4.27%	0.88%	4.27%
JSE Top 40	46045.01	▼ -288.07	-0.62%	-0.05%	4.88%	0.48%	4.88%
FTSE 100	7220.38	▼ -106.75	-1.46%	-1.60%	1.09%	5.29%	1.09%
DAX 30	11540.00	▼ -14.71	-0.13%	-0.77%	0.51%	7.90%	0.51%
CAC 40	4859.69	▼ -22.49	-0.46%	-1.28%	-0.05%	6.20%	-0.05%
S&P 500	2267.89	▼ -6.75	-0.30%	-0.30%	1.30%	1.82%	1.30%
Nasdaq Composite	5538.73	▼ -35.39	-0.63%	-0.63%	2.89%	1.12%	2.89%
DJIA	19826.77	▼ -58.96	-0.30%	-0.30%	0.32%	3.34%	0.32%

US Market ▼

The S&P 500 futures are trading in the green

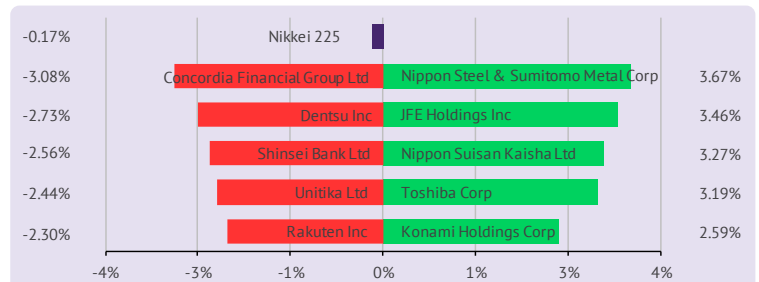
US markets closed lower yesterday, weighed down by losses in financial sector stocks. The S&P 500 Index dropped 0.3% to close at 2,267.89.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.2% lower at 18,781.86.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R13.4744. Later today, traders will keep a close watch on US consumer price index (CPI), real average weekly earnings, industrial production and manufacturing production along with NAHB housing market index and MBA mortgage applications for further cues. Separately, South Africa's CPI and retail sales will be on investors' radar.

The US Dollar fell against the South African Rand yesterday.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.5% weaker against the South African Rand at R16.6400. Later today, traders will keep an eye on claimant count rate and ILO unemployment rate along with employment change scheduled in few hours.

The British Pound advanced against the South African Rand yesterday. The British Prime Minister, Theresa May, laid out her vision for a cleaner break from Europe. May confirmed that Britain would leave the European Union (EU) single market, which guarantees the free movement of goods, services and people within the bloc. The Prime Minister made it clear that her fundamental aim was to regain full control of immigration and law-making -- and that leaving the single market was the inevitable consequence. Further, she hopes to complete a final deal with the EU by March 2019 and it would be voted on by both houses of Parliament. Meanwhile, data indicated that UK's consumer price inflation expanded at a faster-than-expected pace in December, its strongest rise since July 2014, boosted by increase in air fares and food prices. Further, retail price index recorded a higher-than-expected rise on an annual basis in December. Additionally, house price index rose more than market anticipations on a yearly basis in the same month.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R14.4152. Going forward, market participants will keep a tab on Eurozone's CPI and construction output for further direction. Moreover, Germany's CPI will be on investors' radar.

The Euro weakened against the South African Rand yesterday. Data revealed that Eurozone's ZEW economic sentiment index advanced in January, compared to previous reading. Moreover, Germany's ZEW economic sentiment index recorded a less-than-expected rise in January. Further, current situation index came higher than market expectations in the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.1732. Earlier in the session, data indicated that Australia's Westpac consumer confidence index rebounded on a monthly basis in January.

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	13.4744	▲	-1.56%	-0.32%	-2.00%	-2.48%	-2.00%
GBPZAR	16.6400	▼	1.47%	1.59%	-1.25%	-3.94%	-1.25%
EURZAR	14.4152	▼	-0.51%	0.35%	-0.14%	-3.21%	-0.14%
AUDZAR	10.1732	▼	-0.36%	0.57%	2.77%	-4.68%	2.77%
EURUSD	1.0696	▼	1.06%	0.67%	1.89%	-0.68%	1.89%
GBPUSD	1.2341	▼	3.07%	1.95%	0.62%	-1.34%	0.62%
Brent (\$/barrel)	55.7	▲	-0.70%	0.04%	-2.38%	9.61%	-2.38%
Gold (\$/oz)	1214.8	▲	1.40%	1.40%	5.31%	-1.63%	5.31%
Platinum (\$/oz)	979.1	▼	-0.34%	-0.34%	8.60%	-0.91%	8.60%
Copper (\$/MT)*	5731.3	▼	-1.92%	-2.59%	3.77%	-4.99%	3.77%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,214.80/oz.

Yesterday, gold prices rose 1.4% to close at \$1,212.90/oz, as weakness in the US Dollar increased demand for the safe haven yellow metal, its strongest rise since mid-November.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.4% to trade at \$55.69/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$55.47/bl, after the US Energy Department forecasted that crude oil inventories may rise by 41000 bls a day in February.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$979.10/oz.

Yesterday, platinum prices declined 0.3% to close at \$979.10/oz.

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Major South Africa Corporate News

British American Tobacco Plc

The company reported that it has agreed with Reynolds American Inc., to acquire the remaining 57.8% of Reynolds it does not already own. The transaction has been unanimously approved by the Transaction Committee of independent Reynolds directors established to evaluate the company's offer. The transaction has also been approved by the Boards of Reynolds and British American Tobacco.

Harmony Gold Mining Company Limited

The company reported that gold production for the six months ended December 31, 2016 was approximately 8.0% higher than for the 6 months ended June 30, 2016, with grade remaining above 5g/t. Separately, it will present its full financial results for the six months ended December 31, 2016 on the February 2, 2017.

Holdsport Limited

In its sales update for the four months ended December 31, 2016, the company stated that its total sales for the period increased by 5.0% compared with the corresponding period last year with retail sales for comparable stores decreasing by 0.7% over the period. Separately, the company is expected to release its results for the year ended February 28, 2017 on or about May 5, 2017.

Mr Price Group Limited

In its trading update for the 13 weeks ended December 31, 2016, the company announced that it recorded growth in retail sales and other income of 0.4% to ZAR6.40bn over the corresponding period in the prior year. Its total retail sales of ZAR6.10bn (including franchise) were 0.5% lower than the corresponding period in last year. Cash sales, which constitute 83.2% of total sales, decreased by 0.5%.

Shoprite Holdings Limited

The company reported excellent growth for the six months to December 2016, increasing turnover by 14.0% from ZAR62.50bn to ZAR71.30bn. Growth on a like-for-like basis was 8.6%. Sales in the South African supermarket operation continued in the same trend as the first six months of the calendar year and, supported by good festive trading, increased by 10.7%. Growth on a like-for-like basis was 7.4%.

Major Global Economic News

UK

During a speech at Lancaster House in London, the British Prime Minister, Theresa May, laid out her vision for a cleaner break from Europe. May confirmed that Britain would leave the European Union (EU) single market, which guarantees the free movement of goods, services and people within the bloc. The Prime Minister made it clear that her fundamental aim was to regain full control of immigration and law-making -- and that leaving the single market was the inevitable consequence. Further, she hopes to complete a final deal with the EU by March 2019 and it would be voted on by both houses of Parliament.

In December, the consumer price index (CPI) advanced 1.6% on an annual basis, in the UK, higher than market expectations for a rise of 1.4%. In the prior month, the CPI had risen 1.2%.

In the UK, the retail price index advanced 2.5% on a yearly basis in December, compared to an advance of 2.2% in the previous month. Market expectation was for the retail price index to advance 2.3%.

In November, the house price index rose 6.7% on an annual basis in the UK, compared to a revised rise of 6.4% in the prior month. Market expectation was for the house price index to climb 6.1%.

Asia

In Australia, Westpac consumer confidence index rose 0.1%, on monthly basis, to a level of 97.40 in January, compared to a level of 97.30 in the previous month.

In December, the house price index rose 12.4% on a yearly basis, in China. The house price index had recorded a rise of 12.6% in the previous month.

Eurozone

In January, the economic sentiment index recorded a rise to 23.20 in the Eurozone. The economic sentiment index had registered a reading of 18.10 in the previous month.

ZEW Institute has indicated that the economic sentiment index registered a rise to 16.60 in January, in Germany, lower than market expectations of a rise to a level of 18.40. In the previous month, the economic sentiment index had recorded a level of 13.80.

ZEW Institute has reported that, in January, the current situation index in Germany advanced to 77.30, compared to market expectations of a rise to 65.10. In the prior month, the current situation index had recorded a level of 63.50.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
US	01:00	Fed's Williams speaks in Sacramento	✓	-	-	As scheduled
China	03:30	House Price Index (YoY) (Dec)	✓	12.40%*	12.60%	Monthly
Germany	09:00	Consumer Price Index (MoM) (Dec) (F)	✓✓	0.70%	0.70%**	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Dec) (F)	✓✓	1.00%	1.00%**	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Dec) (F)	✓✓✓	1.70%	1.70%**	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Dec)	✓	0.20%	0.30%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Dec)	✓	6.50%	6.60%	Monthly
UK	11:30	Claimant Count s.a. (Dec)	✓✓	-	809.00K	Monthly
UK	11:30	Average Earnings Including Bonus (3Mo/Yr) (Nov)	✓✓	2.60%	2.50%	Monthly
UK	11:30	Claimant Count Rate s.a. (Dec)	✓✓	2.30%	2.30%	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Nov)	✓✓✓	4.80%	4.80%	Monthly
UK	11:30	Claimant Count Change (Dec)	✓✓	5.00K	2.40K	Monthly
UK	11:30	Employment Change (3M/3M) (Nov)	✓✓	-35.00K	-6.00K	Monthly
Eurozone	12:00	Construction Output s.a. (MoM) (Nov)	✓	-	0.80%	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Dec)	✓✓	0.50%	-0.10%	Monthly
Eurozone	12:45	ECB's Nouy speaks in Koblenz, Germany	✓	-	-	As scheduled
South Africa	13:00	Retail Sales (MoM) (Nov)	✓	0.80%	-0.70%	Monthly
South Africa	13:00	Retail Sales (YoY) (Nov)	✓	-0.40%	-0.20%	Monthly
US	14:00	MBA Mortgage Applications (13-Jan)	✓	-	5.80%	Weekly
US	15:30	Consumer Price Index (MoM) (Dec)	✓✓	0.30%	0.20%	Monthly
US	16:00	Fed's Kaplan speaks in Dallas	✓	-	-	As scheduled
US	16:15	Capacity Utilisation (Dec)	✓	75.40%	75.00%	Monthly
US	16:15	Industrial Production (MoM) (Dec)	✓✓	0.60%	-0.40%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Dec)	✓✓	0.40%	-0.10%	Monthly
US	17:00	NAHB Housing Market Index (Jan)	✓	69.00	70.00	Monthly
US	22:00	Fed's Yellen Speaks in San Francisco	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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