

ONE Minute Brief

1 February 2017

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Economic and Political News

South Africa's private sector credit demand growth advanced to 5.11% YoY in December, compared to 4.6% in November. Further, trade surplus registered a higher-than-expected rise to ZAR12.00bn in December, compared to a revised trade deficit of ZAR1.70bn in November, boosted by a decline in imports.

Democratic Alliance leader, Mmusi Maimane, stated that the Electoral Commission of South Africa has asked the party to submit a formal complaint against the African National Congress's covert campaign during last year's local government elections.

Home Affairs Minister, Malusi Gigaba, indicated that the Department of Home Affairs has announced an investigation into all economic sectors to ensure that companies are providing employment to a minimum of 60% South African citizens.

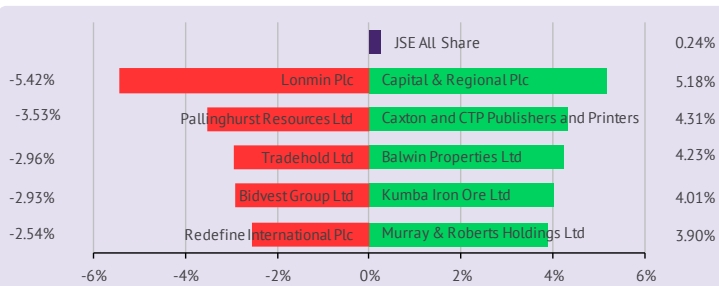
The BankservAfrica Disposable Salary Index indicated that South Africa's December's average monthly pay after taxes and other deductions was ZAR14,102 and the median was ZAR10,397.

Coface, the international trade credit insurance company, has changed South Africa's business credit risk assessment from B (fairly high) to C (high).

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in platinum and banking sector stocks. Data showed that South Africa's trade surplus registered a higher-than-expected rise in December. The JSE All Share Index rose 0.2% to close at 52,788.12.



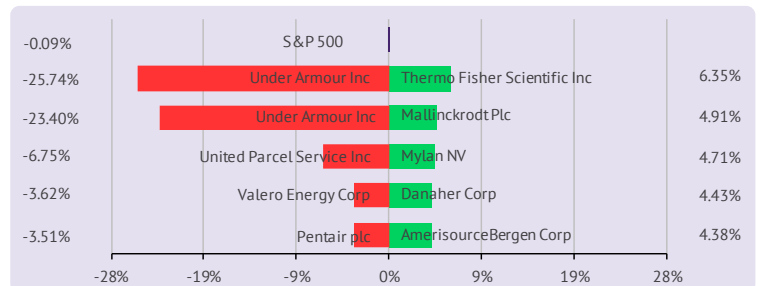
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52788.12	▲ 127.18	0.24%	-0.35%	NA	4.21%	4.21%
JSE Top 40	45928.70	▲ 76.92	0.17%	-0.47%	NA	4.62%	4.62%
FTSE 100	7099.15	▼ -19.33	-0.27%	-1.19%	NA	-0.61%	-0.61%
DAX 30	11535.31	▼ -146.58	-1.25%	-2.36%	NA	0.47%	0.47%
CAC 40	4748.90	▼ -35.74	-0.75%	-1.88%	NA	-2.33%	-2.33%
S&P 500	2278.87	▼ -2.03	-0.09%	-0.69%	NA	1.79%	1.79%
Nasdaq Composite	5614.79	▲ 1.07	0.02%	-0.81%	NA	4.30%	4.30%
DJIA	19864.09	▼ -107.04	-0.54%	-1.14%	NA	0.51%	0.51%

US Market ▼

The S&P 500 futures are trading in the green

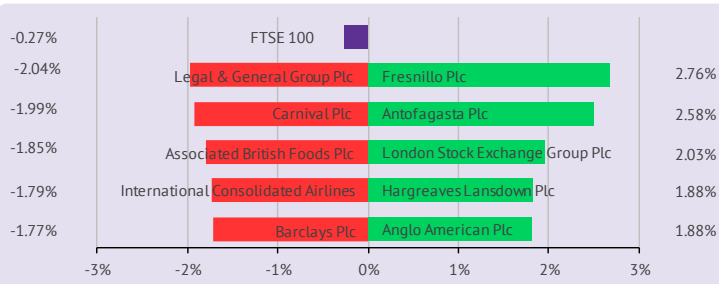
US markets closed lower yesterday, weighed down by losses in industrial sector stocks. Data revealed that US consumer confidence index dropped more than market expectations in January. The S&P 500 Index dropped 0.1% to close at 2,278.87.



UK Market ▼

The FTSE 100 futures are trading in positive territory

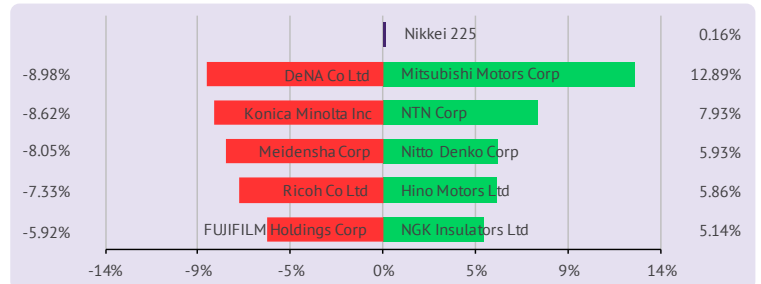
UK markets finished lower yesterday, led by losses in financials and consumer discretionary sector stocks. Data indicated that UK's net consumer credit advanced less than market anticipations in December. The FTSE 100 Index declined 0.3% to close at 7,099.15.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data showed that Japan's final manufacturing PMI expanded in January. The Nikkei 225 Index is trading 0.2% higher at 19,071.92.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% firmer against the South African Rand at R13.5008. Later today, traders will keep a close watch on FED's interest rate decision, US ISM manufacturing PMI, Markit manufacturing PMI and construction spending along with ADP employment change and MBA mortgage applications for further cues.

The US Dollar fell against the South African Rand yesterday. Data indicated that US consumer confidence index retreated more-than-expected in January, after reaching 15 year high. Further, Chicago purchasing managers' index surprisingly dropped in January, reaching its lowest level since May 2016. Moreover, employment cost index rose less-than-expected in 4Q16. Separately, South Africa's trade surplus advanced more-than-expected in December. Additionally, private sector credit increased at a faster pace on an annual basis in December.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R16.9800. Data showed that UK's BRC shop price index declined more than market expectations on a yearly basis in January. Later today, traders will keep an eye on UK's Markit manufacturing PMI and nationwide house price index for further cues.

The British Pound advanced against the South African Rand yesterday. Data showed that UK's net consumer credit advanced less than market anticipations in December, led by non-credit card debt, its smallest rise. Further, mortgage approvals recorded a less-than-expected rise in the same month.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro gained 0.2% against the South African Rand to trade at R14.5688. Going forward, market participants will keep a tab on Eurozone's and Germany's Markit manufacturing PMI scheduled in few hours.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's gross domestic product advanced more-than-anticipated on a quarterly basis in 4Q16. Further, consumer price index expanded at a faster-than-expected pace on an annual basis in January, its strongest rise in 4 years. Moreover, unemployment rate unexpectedly fell in December, its lowest level since May 2009. Separately, in Germany unemployment rate surprisingly eased in January, notching its weakest level since German reunification in 1990. Further, retail sales unexpectedly dropped on a monthly basis in December.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R10.2039. Earlier in the session, data indicated that Australia's AiG performance of manufacturing index dropped in January, compared to previous reading. Meanwhile, in China, Australia's largest trading partner, manufacturing PMI expanded more-than-expected in January.

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	13.5008	▲	-0.28%	-0.04%	NA	-1.97%	-1.97%
GBPZAR	16.9800	▲	0.54%	0.30%	NA	0.09%	0.09%
EURZAR	14.5688	▲	0.71%	0.99%	NA	0.66%	0.66%
AUDZAR	10.2039	▼	0.17%	0.45%	NA	3.03%	3.03%
EURUSD	1.0792	▼	0.96%	0.94%	NA	2.68%	2.68%
GBPUSD	1.2571	▼	0.76%	0.25%	NA	1.95%	1.95%
Brent (\$/barrel)	55.4	▼	0.63%	0.11%	NA	-2.18%	-2.18%
Gold (\$/oz)	1211.1	▲	1.29%	1.70%	NA	4.94%	4.94%
Platinum (\$/oz)	998.1	▲	0.30%	1.34%	NA	10.53%	10.53%
Copper (\$/MT)*	5994.3	▲	3.15%	1.88%	NA	8.53%	8.53%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,211.10/oz.

Yesterday, gold prices rose 1.3% to close at \$1,208.60/oz, as weakness in the greenback and decline in the global equities increased demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.3% to trade at \$55.40/bl.

Yesterday, Brent crude oil advanced 0.6% to settle at \$55.58/bl. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories advanced 5.8mn bls for the week ended January 27, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.2% to trade at \$998.10/oz.

Yesterday, platinum prices climbed 0.3% to close at \$996.50/oz.

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Major South Africa Corporate News

Rcl Foods Limited

In its trading statement for the six months ended December 31, 2016, the company announced that it expects its headline EPS for the period to be between 40.00c and 55.00c compared with headline EPS of 87.20c reported for the corresponding six months ended December 31, 2015.

Major Global Economic News

Eurozone

In the Eurozone, the seasonally adjusted flash gross domestic product (GDP) registered an expected rise of 0.5% QoQ in 4Q16, compared to a rise of 0.3% in the prior quarter.

In January, the final consumer price index climbed 1.8% on an annual basis in the Eurozone, compared to a rise of 1.1% in the previous month. Markets were anticipating the consumer price index to advance 1.5%. The preliminary figures had indicated a rise of 1.1%.

In the Eurozone, the unemployment rate registered an unexpected drop to 9.6% in December, in the Eurozone, lower than market expectations of an advance to 9.8%. In the prior month, the unemployment rate had registered a revised level of 9.7%.

In December, retail sales unexpectedly eased 0.9% on a monthly basis in Germany, lower than market expectations for an advance of 0.6%. In the previous month, retail sales had dropped by a revised 1.7%.

In Germany, the seasonally adjusted unemployment rate unexpectedly fell to 5.9% in January, compared to a reading of 6.0% in the prior month. Markets were anticipating unemployment rate to record a steady reading.

Asia

In Australia, the AIG performance of manufacturing index registered a drop to 51.20 in January. In the previous month, the AIG performance of manufacturing index had recorded a reading of 55.40.

In January, the final manufacturing PMI advanced to 52.70 in Japan. Manufacturing PMI had recorded a reading of 52.40 in the previous month. The preliminary figures had indicated a rise to 52.80.

In China, the NBS manufacturing PMI fell to a level of 51.30 in January, compared to market expectations of a fall to 51.20. The NBS manufacturing PMI had registered a level of 51.40 in the previous month.

US

In the US, the CB consumer confidence index dropped to 111.80 in January, compared to a revised level of 113.30 in the previous month. Market anticipation was for the CB consumer confidence index to ease to 112.80.

In January, the Chicago Fed purchasing managers' index unexpectedly fell to 50.30 in the US, compared to a revised level of 53.90 in the prior month. Market expectation was for the index to climb to a level of 55.00.

In the US, the employment cost index recorded a rise of 0.5% on a quarterly basis in 4Q16, less than market expectations for an advance of 0.6%. The employment cost index had registered a rise of 0.6% in the prior quarter.

UK

In the UK, the BRC shop price index dropped 1.7% on a yearly basis in January. The BRC shop price index had registered a drop of 1.4% in the prior month.

In December, net consumer credit rose GBP1.00bn in the UK, less than market expectations for an advance of GBP1.70bn. In the prior month, net consumer credit had registered a rise of GBP1.90bn.

In the UK, number of mortgage approvals for house purchases rose to a level of 67.90K in December, compared to a reading of 67.50K in the previous month. Markets were expecting number of mortgage approvals for house purchases to rise to 69.20K.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	02:01	BRC Shop Price Index (YoY) (Jan)	✓	-1.70%*	-1.40%	Monthly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Jan) (F)	✓✓	52.70*	52.80**	Monthly
China	03:00	NBS Non-manufacturing PMI (Jan)	✓	54.60*	54.50	Monthly
China	03:00	NBS Manufacturing PMI (Jan)	✓✓	51.30*	51.40	Monthly
Japan	07:00	Vehicle Sales (YoY) (Jan)	✓	-	10.80%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Jan)	✓	0.00%	0.80%	Monthly
Germany	10:55	Markit Manufacturing PMI (Jan) (F)	✓✓	56.50	56.50**	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Jan) (F)	✓✓✓	55.10	55.10**	Monthly
UK	11:30	Markit Manufacturing PMI (Jan)	✓✓✓	55.90	56.10	Monthly
US	14:00	MBA Mortgage Applications (27-Jan)	✓	-	4.00%	Weekly
US	15:15	ADP Employment Change (Jan)	✓✓	-	153.00K	Monthly
US	16:45	Markit Manufacturing PMI (Jan) (F)	✓✓	55.10	55.10**	Monthly
US	17:00	ISM Inventories (Jan)	✓	-	47.00	Monthly
US	17:00	ISM Production (Jan)	✓	-	60.30	Monthly
US	17:00	ISM New Orders (Jan)	✓	-	60.20	Monthly
US	17:00	ISM Imports (Jan)	✓	-	50.50	Monthly
US	17:00	ISM New Export Orders (Jan)	✓	-	56.00	Monthly
US	17:00	ISM Employment (Jan)	✓	-	53.10	Monthly
US	17:00	ISM Manufacturing PMI (Jan)	✓✓	55.00	54.70	Monthly
US	17:00	Construction Spending (MoM) (Dec)	✓✓	0.20%	0.90%	Monthly
US	17:00	ISM Prices Paid (Jan)	✓✓	65.50	65.50	Monthly
US	21:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled
South Africa	-	Naamsa Vehicle Sales (YoY) (Jan)	✓	-10.80%	-15.30%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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