

ONE Minute Brief

15 February 2017

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Economic and Political News

In South Africa, the unemployment rate eased to 26.5% in 4Q16, better than market expectations of a fall to a level of 27.0%. In the previous quarter, the unemployment rate had registered a reading of 27.1%.

Democratic Alliance leader, Mmusi Maimane, stated that the African National Congress is not taking care of the people of South Africa and cares only about power and getting rich.

The Economic Freedom Fighter leader, Julius Malema, indicated that the party will request the Constitutional Court to force Parliament to take action against President, Jacob Zuma, on the Nkandla judgement.

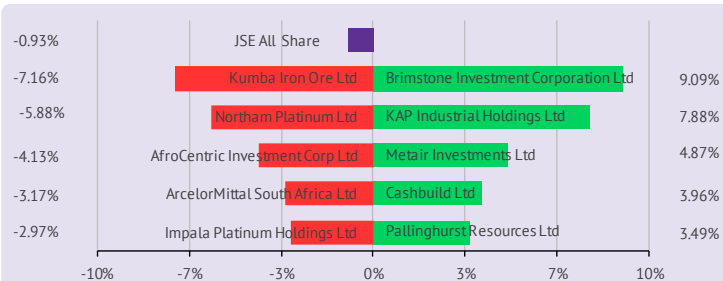
Statistician-General, Pali Lehohla, stated that the crime statistics survey released by the South African Police Service (SAPS) does not fulfil the fundamental principles of official statistics, as it needs to satisfy the 10 fundamental principles of statistics before releasing it in public and declaring it official.

Rural Development and Land Reform Minister, Gugile Nkwinti, stated that the Government should start the process of seizing land without compensation if it wants to bring change in socio-economic reforms and an audit of pre-colonial land is required to transfer land to the black majority as fast as possible.

South Africa Market ▼

South African markets closed lower

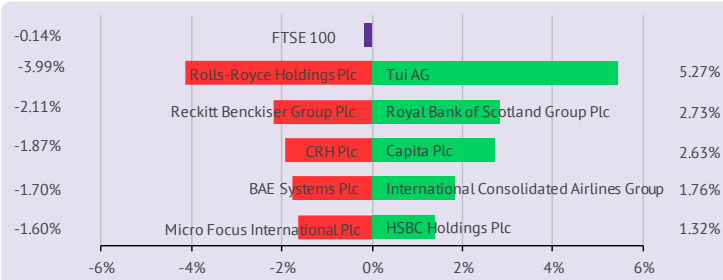
South African markets closed in the red yesterday, weighed down by losses in platinum sector stocks. Data showed that South Africa's unemployment rate dropped more-than-expected in 4Q16. The JSE All Share Index fell 0.9% to close at 52,465.64.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, led by losses in industrial and material sector stocks. Data indicated that UK's consumer price index recorded a less-than-expected rise on an annual basis in January. The FTSE 100 Index declined 0.1% to close at 7,268.56.



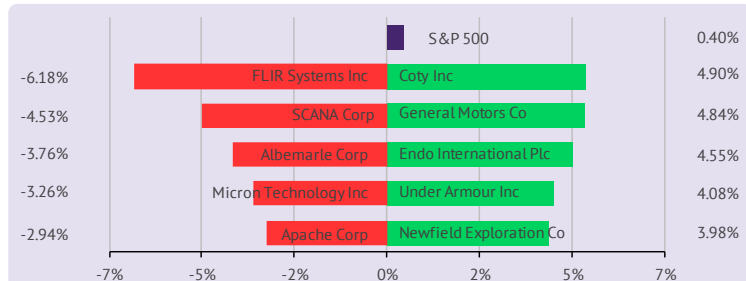
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52465.64	▼ -491.07	-0.93%	-0.42%	-0.61%	4.21%	3.58%
JSE Top 40	45437.28	▼ -504.53	-1.10%	-0.70%	-1.07%	4.62%	3.50%
FTSE 100	7268.56	▼ -10.36	-0.14%	0.14%	2.39%	-0.61%	1.76%
DAX 30	11771.81	▼ -2.62	-0.02%	0.90%	2.05%	0.47%	2.53%
CAC 40	4895.82	▲ 7.63	0.16%	1.40%	3.09%	-2.33%	0.69%
S&P 500	2337.58	▲ 9.33	0.40%	0.93%	2.58%	1.79%	4.41%
Nasdaq Composite	5782.57	▲ 18.62	0.32%	0.84%	2.99%	4.30%	7.42%
DJIA	20504.41	▲ 92.25	0.45%	1.16%	3.22%	0.51%	3.75%

US Market ▲

The S&P 500 futures are trading in the red

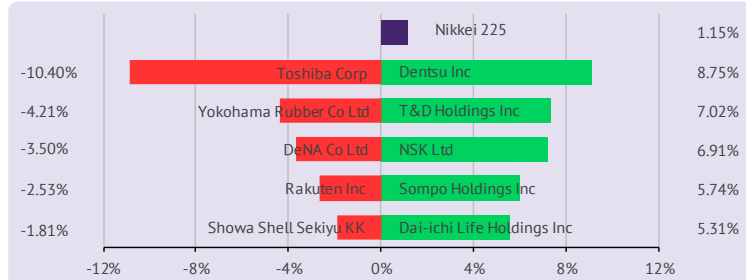
US markets closed higher yesterday, amid gains in financial sector stocks. Data revealed that the US NFIB small business optimism index surprisingly increased in January, notching its highest level since December 2004. The S&P 500 Index climbed 0.4% to close at 2,337.58.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 1.2% higher at 19,460.25.



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 weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% lower against the South African Rand at R13.0520. Later today, traders will keep a close watch on the US consumer price index, advance retail sales, business inventories and NAHB housing market index along with industrial production, MBA mortgage applications and manufacturing production for further cues.

The US Dollar fell against the South African Rand yesterday. Fed Chief Janet Yellen, in a semi-annual monetary policy report to the Senate Banking Committee, cautioned that delaying further interest rate hikes would be "unwise" in the wake of rising economic growth and inflation. Data indicated that the US NFIB small business optimism index unexpectedly expanded in January. Further, producer price index advanced more-than-expected on a monthly basis in January.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.3% weaker against the South African Rand at R16.2716. Later today, traders will keep an eye on UK's claimant count rate, jobless claims change, ILO unemployment rate and average weekly earnings for further cues.

The British Pound declined against the South African Rand yesterday. Data revealed that UK's consumer price index advanced less-than-expected on a yearly basis in January. Moreover, retail price index retreated more than market forecast on a monthly basis in January. Meanwhile, house price index surprisingly rose on an annual basis in December.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.3% lower against the South African Rand at R13.8086. Going forward, market participants will keep a tab on Eurozone's trade balance scheduled in few hours.

The Euro weakened against the South African Rand yesterday. Data showed that Eurozone's gross domestic product advanced less than market forecast on a yearly basis in 4Q16. Further, industrial production plummeted more-than-expected on a monthly basis in December. Moreover, ZEW economic sentiment survey recorded a more-than-expected drop in February. Meanwhile, in Germany gross domestic product advanced less-than-expected on a quarterly basis in 4Q16. Further, final consumer price index advanced in line with market anticipations on a yearly basis in January. Additionally, ZEW economic sentiment survey dropped more-than-expected in February. Further, ZEW current situation survey declined more than market expectations in the same month.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R10.0174. Earlier in the session, data showed that Australia's Westpac consumer confidence advanced at a faster pace in February, compared to previous reading.

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	13.0520	▼	-1.80%	-1.94%	-2.74%	-1.97%	-4.66%
GBPZAR	16.2716	▼	-2.21%	-2.05%	-3.63%	0.09%	-3.54%
EURZAR	13.8086	▼	-2.00%	-2.49%	-4.74%	0.66%	-4.10%
AUDZAR	10.0174	▼	-1.52%	-2.05%	-1.75%	3.03%	1.22%
EURUSD	1.0583	▲	-0.19%	-0.57%	-2.02%	2.68%	0.61%
GBPUSD	1.2468	▲	-0.47%	-0.18%	-0.87%	1.95%	1.06%
Brent (\$/barrel)	55.7	▼	0.68%	-1.29%	0.70%	-2.18%	-1.50%
Gold (\$/oz)	1227.1	▲	-0.04%	-0.85%	1.27%	4.94%	6.27%
Platinum (\$/oz)	1002.4	▲	0.19%	-0.94%	0.57%	10.53%	11.16%
Copper (\$/MT)*	6004.3	▼	-1.63%	-1.29%	0.17%	8.53%	8.71%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.3% to trade at \$1,227.10/oz.

Yesterday, gold prices marginally fell to close at \$1,223.90/oz, as strength in the US Dollar dented demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.5% lower to trade at \$55.68/bl.

Yesterday, Brent crude oil advanced 0.7% to settle at \$55.97/bl, despite the American Petroleum Institute (API) reporting that crude oil inventories advanced 9.9mn bls for the week ended February 10, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices marginally rose to trade at \$1,002.40/oz.

Yesterday, platinum prices climbed 0.2% to close at \$1002.20/oz.

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Major South Africa Corporate News

Adcock Ingram Holdings Limited

In its updated trading statement for the six months ended December 31, 2016, the company reported that its headline EPS, will reflect an increase between 45.0% and 49.0% being, 145.00c and 149.00c. Separately, it expects its results for the period on or about February 22, 2017.

Kumba Iron Ore Limited

In its FY16 results, the company revealed that its revenue advanced 13.9% from the preceding year to ZAR40.15bn. Its diluted EPS from continued operations stood at ZAR26.83, compared with ZAR1.68 recorded in the previous year. Separately, it reported that Frikkie Kotzee, Chief Financial Officer and Executive Director of the company, has decided to step down from his role after five years.

Santam Limited

In its trading statement for FY16, the group announced that it expects its headline EPS to be between 39.0% to 44.0% lower than prior year. Further, the company will release its audited results for the period on March 2, 2017.

Spur Corporation Limited

In its 1H17 trading update, the company stated that its headline EPS from continuing operations is expected to be in the range of 111.39c to 116.11c, an increase of around 18.0% to 23.0% from comparative period last year.

Major Global Economic News

Eurozone

In the Eurozone, the seasonally adjusted second estimate of gross domestic product (GDP) advanced 1.7% on a yearly basis in 4Q16, compared to a revised rise of 1.8% in the previous quarter. Market anticipation was for GDP to rise 1.8%. The preliminary figures had indicated an advance of 1.8%.

In December, the seasonally adjusted industrial production registered a drop of 1.6% on a monthly basis in the Eurozone, compared to a revised rise of 1.5% in the prior month. Markets were expecting industrial production to ease 1.5%.

In the Eurozone, the economic sentiment index registered a drop to 17.10 in February, compared to a reading of 23.20 in the prior month.

In Germany, the seasonally adjusted flash GDP advanced 0.4% on a quarterly basis in 4Q16, lower than market expectations for a rise of 0.5%. GDP had registered a rise of 0.2% in the prior quarter.

In January, the final consumer price index climbed 1.9% on an annual basis in Germany, compared to a rise of 1.7% in the previous month. The preliminary figures had also indicated an advance of 1.9%. Market expectation was for the consumer price index to rise 1.9%.

In Germany, the current situation index registered a drop to 76.40 in February, compared to market expectations of a fall to a level of 77.00. The current situation index had registered a level of 77.30 in the prior month.

In February, the economic sentiment index registered a drop to 10.40 in Germany, lower than market expectations of a fall to 15.00. In the prior month, the economic sentiment index had registered a level of 16.60.

UK

In January, the consumer price index rose 1.8% on an annual basis in the UK, compared to a rise of 1.6% in the prior month. Markets were expecting the consumer price index to rise 1.9%.

In UK, the retail price index fell 0.6%, on monthly basis, to a level of 265.50 in January, compared to market expectations of 266.20. In the previous month, the retail price index had recorded a reading of 267.10.

US

Federal Reserve Chief Janet Yellen, in a semiannual monetary policy report to the Senate Banking Committee, cautioned that delaying further interest rate hikes would be "unwise" in the wake of rising economic growth and inflation.

Atlanta Federal Reserve Bank President Dennis Lockhart was of the view that the central bank should not rush to raise interest rates and instead evaluate how the new Trump administration's policies may affect the economy.

In January, the small business optimism index unexpectedly advanced to a level of 105.90 in the US, compared to market expectations of a drop to a level of 105.00. In the prior month, the small business optimism index had recorded a reading of 105.80.

In the US, producer price index rose 0.6% on a monthly basis in January, compared to a revised rise of 0.2% in the prior month. Market anticipation was for producer price to climb 0.3%.

Asia

In Australia, the Westpac consumer confidence index advanced 2.3% on monthly basis, to a level of 99.60 in February, compared to a reading of 97.40 in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
South Africa	10:00	Consumer Price Index (MoM) (Jan)	✓✓✓	0.70%	0.40%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Jan)	✓✓✓	6.70%	6.80%	Monthly
Eurozone	10:00	Non-monetary policy's ECB meeting	✓✓✓	-	-	As scheduled
UK	11:30	Claimant Count s.a. (Jan)	✓✓	-	797.80K	Monthly
UK	11:30	Claimant Count Rate s.a. (Jan)	✓✓	2.30%	2.30%	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Dec)	✓✓✓	4.80%	4.80%	Monthly
UK	11:30	Claimant Count Change (Jan)	✓✓	0.50K	-10.10K	Monthly
UK	11:30	Employment Change (3M/3M) (Dec)	✓✓	22.00K	-9.00K	Monthly
Eurozone	12:00	Trade Balance s.a. (Dec)	✓	EUR22.00bn	EUR22.70bn	Monthly
South Africa	13:00	Retail Sales (MoM) (Dec)	✓✓	0.40%	3.50%	Monthly
South Africa	13:00	Retail Sales (YoY) (Dec)	✓✓	2.20%	3.80%	Monthly
US	14:00	MBA Mortgage Applications (10-Feb)	✓	-	2.30%	Weekly
US	15:30	Consumer Price Index Core s.a. (Jan)	✓	-	249.93	Monthly
US	15:30	Advance Retail Sales (MoM) (Jan)	✓✓✓	0.10%	0.60%	Monthly
US	15:30	Retail Sales "Control Group" (MoM) (Jan)	✓✓	0.30%	0.20%	Monthly
US	15:30	Consumer Price Index (MoM) (Jan)	✓✓	0.30%	0.30%	Monthly
US	15:30	Consumer Price Index (YoY) (Jan)	✓✓✓	2.40%	2.10%	Monthly
US	16:15	Industrial Production (MoM) (Jan)	✓✓	0.00%	0.80%	Monthly
US	16:15	Capacity Utilisation (Jan)	✓	75.40%	75.50%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Jan)	✓✓	0.20%	0.20%	Monthly
US	17:00	Manufacturing New Orders (Dec)	✓	-	USD458329.00mn	Monthly
US	17:00	Business Inventories (Dec)	✓	0.40%	0.70%	Monthly
US	17:00	Fed Chair Yellen Delivers Semi-Annual Testimony to House Panel	✓✓✓	-	-	As scheduled
US	17:00	NAHB Housing Market Index (Feb)	✓	67.00	67.00	Monthly
US	17:30	EIA Crude Oil Stocks Change (Barrels) (10-Feb)	✓✓✓	-	13.83mn	Weekly
US	19:00	Fed's Rosengren to Address NY Assoc for Business Economics	✓	-	-	As scheduled
US	19:45	Fed's Harker Speaks in Philadelphia	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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