

ONE Minute Brief

22 February 2017

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Economic and Political News

In South Africa, the leading indicator climbed to 96.30 in December, compared to a level of 95.60 in the previous month.

The African National Congress (ANC) North West leadership, stated that it was their decision to nominate Former Eskom Chief Executive Officer, Brian Molefe, to become a Member of Parliament.

Parliament's Finance Committee Chairperson, Yunus Carrim, indicated that the concerns of President, Jacob Zuma, regarding the Financial Intelligence Centre Amendment Bill (FICA) were clarified.

ANC's MP, Makhosi Khoza, confirmed that she is being removed from her position of Parliament's Standing Committee on Finance, to make place for former Eskom CEO, Brian Molefe.

Finance Minister, Pravin Gordhan, stated that he is clear about what he is protecting and not hiding and his main focus is on presenting a good budget.

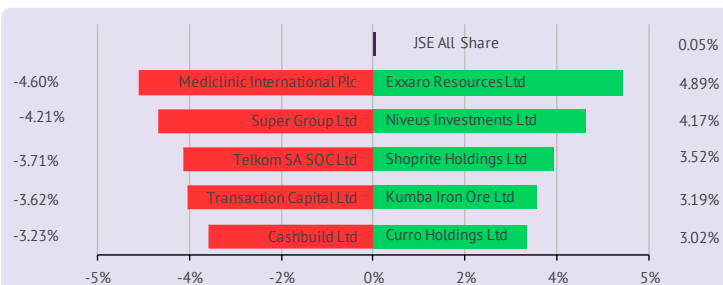
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52586.61	▲	28.00	0.05%	0.70%	-0.38%	4.21%
JSE Top 40	45555.98	▲	49.78	0.11%	1.07%	-0.81%	4.62%
FTSE 100	7274.83	▼	-25.03	-0.34%	-0.34%	2.47%	-0.61%
DAX 30	11967.49	▲	139.87	1.18%	1.79%	3.75%	0.47%
CAC 40	4888.76	▲	23.77	0.49%	0.44%	2.95%	-2.33%
S&P 500	2365.38	▲	14.22	0.60%	0.60%	3.80%	1.79%
Nasdaq Composite	5865.95	▲	27.37	0.47%	0.47%	4.47%	4.30%
DJIA	20743.00	▲	118.95	0.58%	0.58%	4.42%	0.51%

South Africa Market ▲

South African markets closed higher

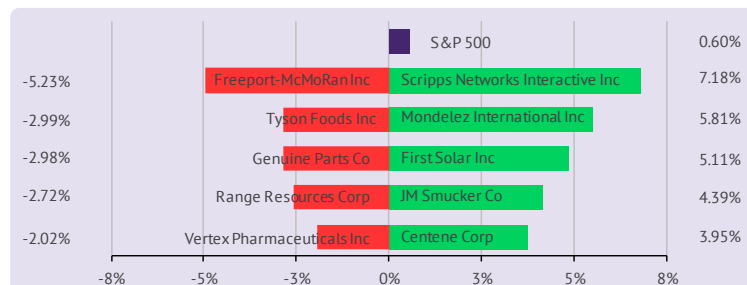
South African markets closed in the green yesterday, supported by gains in retail sector stocks. Data revealed that South Africa's leading indicator recorded a rise in December, compared to its previous reading. The JSE All Share Index rose 0.1% to close at 52,586.61.



US Market ▲

The S&P 500 futures are trading in the green

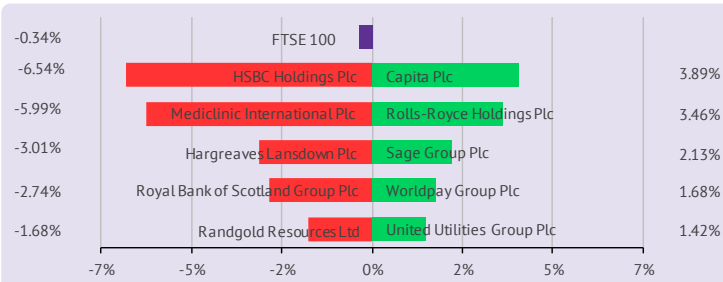
US markets closed higher yesterday, led by gains in real estate sector stocks. Data showed that the US preliminary Markit manufacturing PMI expanded at a slower-than-expected pace in February. The S&P 500 Index climbed 0.6% to close at 2,365.38.



UK Market ▼

The FTSE 100 futures are trading in positive territory

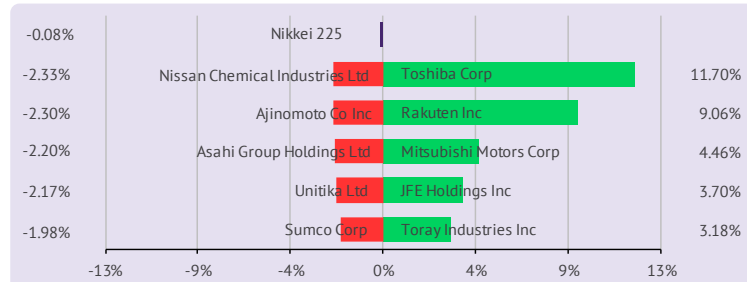
UK markets finished lower yesterday, amid losses in baking sector stocks. Data indicated that UK's public sector net borrowing registered a surplus, albeit less than market anticipations in January. The FTSE 100 Index declined 0.3% to close at 7,274.83.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.1% lower at 19,365.10.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally fell against the South African Rand to trade at R13.1163. Later today, traders will keep a close watch on US existing home sales and MBA mortgage applications for further cues.

The US Dollar rose against the South African Rand yesterday. The Federal Reserve (Fed) Bank of Philadelphia President, Patrick Harker, reiterated that he sees three rate hikes in 2017. He further added that he would support an interest rate increase at a mid-March policy meeting if inflation, output and other data until then continue to show that the US economy is growing. Data indicated that US preliminary Markit manufacturing PMI advanced at a slower pace, less than market expectations in February. Further, preliminary Markit services PMI expanded less-than-expected in the same month. Separately, South Africa's leading indicator advanced in December, compared to its prior reading.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R16.3911. Later today, traders will keep an eye on UK's gross domestic product and private consumption for further direction.

The British Pound advanced against the South African Rand yesterday. Data showed that UK's public sector net borrowing recorded a less-than-expected surplus in January.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro marginally declined against the South African Rand to trade at R13.8352. Going forward, market participants will keep a tab on the Eurozone's consumer price index scheduled in few hours. Meanwhile, Germany's IFO business climate and expectations will be on investors' radar.

The Euro strengthened against the South African Rand yesterday. Data showed that Eurozone's preliminary Markit manufacturing PMI expanded more than market expectations in February, its strongest rise in 6 years. Further, preliminary Markit services PMI advanced at faster-than-expected pace in the same month. Meanwhile, Germany's preliminary Markit manufacturing PMI registered a more-than-anticipated rise in February. Additionally, preliminary Markit services PMI grew more than market forecast in the same month.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R10.0864. Earlier in the session, data indicated that Australia's Westpac leading index advanced on a monthly basis in January, less than the prior reading.

The Australian Dollar rose against the South African Rand yesterday. RBA's February monetary policy meeting minutes showed that the central bank remains optimistic on the outlook for the Australian economy and that current interest rate settings are consistent with its desire for faster economic growth and higher inflation.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.1163	▼	0.67%	0.48%	-2.51%	-1.97%	-4.43%
GBPZAR	16.3911	▲	0.76%	0.84%	-3.38%	0.09%	-3.29%
EURZAR	13.8352	▼	0.03%	-0.28%	-4.79%	0.66%	-4.16%
AUDZAR	10.0864	▲	0.52%	0.56%	-1.32%	3.03%	1.66%
EURUSD	1.0544	▲	-0.70%	-0.72%	-2.41%	2.68%	0.21%
GBPUUSD	1.2496	▲	0.10%	0.48%	-0.83%	1.95%	1.10%
Brent (\$/barrel)	56.9	▲	0.85%	1.52%	1.94%	-2.18%	-0.28%
Gold (\$/oz)	1236.1	▼	-0.01%	-0.01%	2.39%	4.94%	7.45%
Platinum (\$/oz)	1005.2	▼	0.00%	NA	0.95%	10.53%	11.58%
Copper (\$/MT)*	6045.5	▼	-0.21%	1.69%	0.85%	8.53%	9.46%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.1% to trade at \$1,236.10/oz.

Yesterday, gold prices marginally fell to close at \$1,237.50/oz, as strength in the US Dollar dented demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.4% to trade at \$56.89/bl.

Yesterday, Brent crude oil advanced 0.9% to settle at \$56.66/bl, after the OPEC decided to follow its agreement with other oil producers including Russia to slash crude production in an effort to reduce global supply glut that has weighed on the oil market.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.1% to trade at \$1,005.20/oz.

Yesterday, platinum prices traded flat to close at \$1006.00/oz.

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Major South Africa Corporate News

Anglogold Ashanti Limited

In its FY16 results, the company indicated that its revenue rose to \$4.25bn from \$4.17bn recorded in the previous year. Its diluted earnings stood at a profit of 15.00c/share against a loss of 20.00c/share reported in the preceding year. Its profit before tax rose to \$269.00mn from \$257.00mn posted last year. Its gold produced from continuing operations fell to 3.63mn oz from 3.83mn oz posted in the prior year.

Grindrod Limited

The company announced that the headline loss for the year ended December 31, 2016 is expected to be between ZAR455.00mn and ZAR465.00mn. Following the first half headline loss of ZAR381.00mn, the result reflects a gradual improvement in volumes and rates in the second half of the year. The prior year reflected positive headline earnings of ZAR559.00mn. Separately, it will release its final results on March 2, 2017.

Imperial Holdings Limited

In its 1H17 results, the company reported that its revenue advanced 3.0% from the same period of the preceding year to ZAR59.69bn. Its diluted EPS from continuing operations stood at 573.00c, compared with 798.00c recorded in the corresponding period of the previous year. Its profit before tax fell to ZAR1.64bn from ZAR2.23bn posted in the similar period of last year.

Mediclinic International Plc

In its trading update, the company stated that in the Middle East, its established Dubai business continues to perform well, including a strong ramp up in patient activity at the newly opened Mediclinic City Hospital North Wing. In Abu Dhabi, trading conditions remain challenging where patient volumes and operating performance continue to be below expectations and was particularly pronounced in January 2017. Separately, it announced that significant progress has been made integrating the Al Noor and its operations into a single business unit.

Sibanye Gold Limited

The company announced that it has received the approval of the South African Reserve Bank (SARB), as required in accordance with the Exchange Control Regulations of South Africa, with respect to the proposed acquisition of Stillwater Mining Company which was announced on December 9, 2017. The transaction remains on schedule for closure during the second calendar quarter of 2017.

Tiger Brands Limited

In its trading update for the four-month period ended January 31, 2017, the company reported that its group turnover increased by 12.0% for the period, compared with the corresponding period last year. Separately, the company has decided to dispose of its 51.0% stake in its Kenyan business, Haco Tiger Brands Limited, to its local partner, who holds the remaining 49.0% of Haco.

Major Global Economic News

Eurozone

In the Eurozone, the preliminary manufacturing PMI unexpectedly climbed to a level of 55.50 in February, compared to market expectations of a drop to a level of 55.00. The manufacturing PMI had registered a reading of 55.20 in the previous month.

In February, the flash services PMI unexpectedly advanced to a level of 55.60 in the Eurozone, compared to a level of 53.70 in the prior month. Market anticipation was for services PMI to record a flat reading.

In Germany, the preliminary manufacturing PMI registered an unexpected rise to a level of 57.00 in February, compared to market expectations of a drop to a level of 56.00. Manufacturing PMI had recorded a level of 56.40 in the previous month.

In February, the flash services PMI recorded a rise to 54.40 in Germany, compared to a level of 53.40 in the previous month. Market expectation was for services PMI to climb to 53.60.

UK

In the UK, the public sector net borrowing has reported a surplus of GBP9.80bn in January, as compared to a revised deficit of GBP4.20bn in the prior month. Markets were expecting public sector net borrowing to report a surplus of GBP14.40bn.

US

The Federal Reserve (Fed) Bank of Philadelphia President, Patrick Harker, reiterated that he sees three rate hikes in 2017. He further added that he would support an interest rate increase at a mid-March policy meeting if inflation, output and other data until then continue to show that the US economy is growing.

In the US, the flash Markit manufacturing PMI registered an unexpected drop to 54.30 in February, compared to a reading of 55.00 in the prior month. Markets were expecting the Markit manufacturing PMI to advance to a level of 55.40.

In February, the preliminary Markit services PMI unexpectedly eased to 53.90 in the US compared to a level of 55.60 in the prior month. Markets were expecting Markit services PMI to advance to 55.80.

Asia

In Australia, the Westpac leading index advanced 0.03% on a monthly basis in January. The Westpac leading index had recorded a revised rise of 0.43% in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:30	House Price Index (YoY) (Jan)	✓	12.20%*	12.40%	Monthly
Germany	11:00	IFO - Expectations (Feb)	✓✓✓	103.00	103.20	Monthly
Germany	11:00	IFO - Business Climate (Feb)	✓✓	109.60	109.80	Monthly
Germany	11:00	IFO - Current Assessment (Feb)	✓✓	116.60	116.90	Monthly
UK	11:30	Gross Domestic Product s.a. (QoQ) (Q4) (S)	✓✓✓	0.60%	0.60%**	Quarterly
UK	11:30	Gross Domestic Product s.a. (YoY) (Q4) (S)	✓✓	2.20%	2.20%**	Quarterly
UK	11:30	Government Spending (Q4) (P)	✓	0.10%	0.00%	Quarterly
UK	11:30	Index of Services (MoM) (Dec)	✓	0.10%	0.30%	Monthly
UK	11:30	Total Business Investment (QoQ) (Q4) (P)	✓	0.10%	0.40%	Quarterly
UK	11:30	Total Business Investment (YoY) (Q4) (P)	✓	0.30%	-2.20%	Quarterly
UK	11:30	Gross Fixed Capital Formation (Q4) (P)	✓	0.20%	0.90%	Quarterly
UK	11:30	Exports (QoQ) (Q4) (P)	✓	2.00%	-2.60%	Quarterly
UK	11:30	Imports (QoQ) (Q4) (P)	✓	0.30%	1.40%	Quarterly
UK	11:30	Private Consumption (QoQ) (Q4) (P)	✓	0.70%	0.70%	Quarterly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Jan) (F)	✓✓✓	0.90%	0.90%**	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Jan)	✓✓✓	-0.80%	0.50%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Jan) (F)	✓✓	1.80%	1.80%**	Monthly
US	14:00	MBA Mortgage Applications (17-Feb)	✓	-	-3.70%	Weekly
US	15:55	Redbook Index s.a. (MoM) (17-Feb)	✓	-	0.40%	Weekly
China	16:00	Conference Board Leading Economic Index (Jan)	✓	-	0.80%	Monthly
US	17:00	Existing Home Sales (Jan)	✓	5.54mn	5.49mn	Monthly
US	17:00	Existing Home Sales (MoM) (Jan)	✓	0.90%	-2.80%	Monthly
US	20:00	Fed's Powell Speaks on Economic Outlook in New York	✓	-	-	As scheduled
US	21:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled
UK	22:00	BoE Deputy Governor Shafik Speaks in Oxford	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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