

ONE Minute Brief

23 February 2017

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Economic and Political News

South African steel production advanced 1.2% on an annual basis in January 2017 to 533,000 tonnes, compared to a drop of 4.2% in 2016.

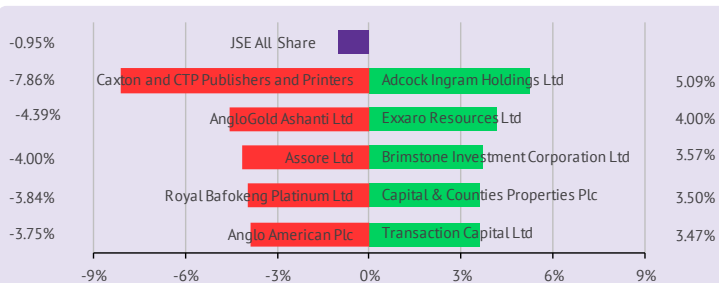
Finance Minister, Pravin Gordhan, in his budget speech in the National Assembly, stated that transforming the economy is his priority along with removal of poverty and inequality in South Africa (SA). Further, he announced an increase in personal income tax for 2017-18, as growth in the economy decelerated and revenue collection was less than expected and he added that the people of SA earning more than ZAR1.5mn per annum will be taxed 45% of their taxable income. Further, Gordhan, warned South Africans that the country will face credit ratings downgrades and an outflow of capital if its fiscal targets are not achieved. Moreover, he also indicated that the government is expected to spend ZAR1.56tn in the coming year and will collect just ZAR1.41tn in revenue. Additionally, the Finance Minister was concerned about a decline in tax revenue and the running of the South African Revenue Service.

African National Congress (ANC) Secretary General, Gwede Mantashe, stated that the party is satisfied with the budget presented by the Finance Minister, Pravin Gordhan.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by sharp losses in resources and gold mining sector stocks. The JSE All Share Index fell 1.0% to close at 52,088.56.



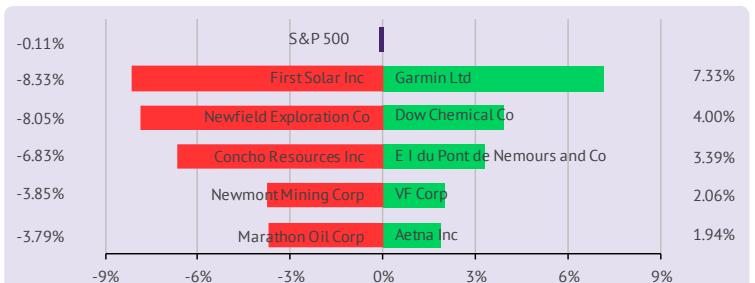
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52088.56	▼ -498.05	-0.95%	-0.26%	-1.33%	4.21%	2.83%
JSE Top 40	45073.61	▼ -482.37	-1.06%	0.00%	-1.86%	4.62%	2.67%
FTSE 100	7302.25	▲ 27.42	0.38%	0.03%	2.86%	-0.61%	2.23%
DAX 30	11998.59	▲ 31.10	0.26%	2.05%	4.02%	0.47%	4.51%
CAC 40	4895.88	▲ 7.12	0.15%	0.58%	3.10%	-2.33%	0.69%
S&P 500	2362.82	▼ -2.56	-0.11%	0.50%	3.68%	1.79%	5.54%
Nasdaq Composite	5860.63	▼ -5.32	-0.09%	0.38%	4.38%	4.30%	8.87%
DJIA	20775.60	▲ 32.60	0.16%	0.73%	4.59%	0.51%	5.13%

US Market ▼

The S&P 500 futures are trading in the red

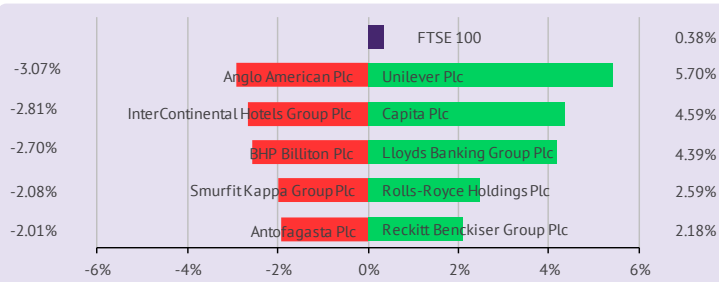
US markets closed lower yesterday, weighed down by losses in energy sector stocks. Data showed that US existing home sales rebounded more-than-expected on a monthly basis in January. The S&P 500 Index dropped 0.1% to close at 2,362.82.



UK Market ▲

The FTSE 100 futures are trading in negative territory

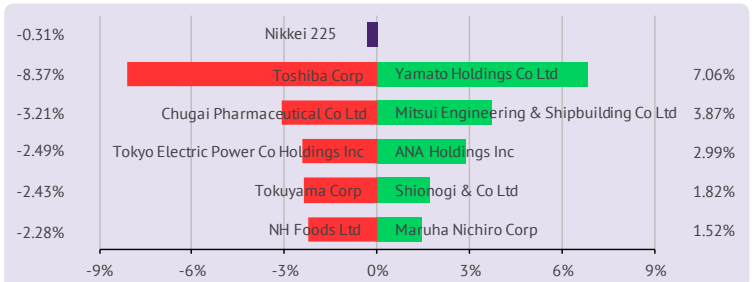
UK markets finished higher yesterday, amid gains in consumer staples and banking sector stocks. Data revealed that UK's economy grew at a faster-than-expected pace on a quarterly basis in 4Q16. The FTSE 100 Index advanced 0.4% to close at 7,302.25.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.3% lower at 19,320.30.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.3% against the South African Rand to trade at R13.0070. Later today, traders' will keep a close watch on US initial jobless claims and the house price index for further indications.

The US Dollar fell against the South African Rand yesterday. Minutes of the Federal Open Market Committee's (FOMC) January 31-February 1 meeting revealed that many policymakers expressed the view that it might be appropriate to raise interest rates again "fairly soon", should incoming US labour and inflation data be in line or stronger than current expectations. Data revealed that US existing home sales bounced back into positive territory on a monthly basis in January, more than market anticipations, notching its strongest level in 10 years. Further, US MBA mortgage applications recorded a drop in the week ended February 17, 2017, less than its prior reading.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.3% higher against the South African Rand at R16.1900. Later today, traders' will keep an eye on UK CBI total distributive reported sales for further direction.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's preliminary gross domestic product advanced more-than-expected on a quarterly basis in 4Q16. Further, private consumption rose in line with market expectations on a quarterly basis in 4Q16. Additionally, exports rebounded more-than-expected in 4Q16, while imports retreated in the same quarter.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.4% against the South African Rand to trade at R13.7473. Going forward, market participants will keep a tab on Germany's gross domestic product and GfK consumer confidence survey for further cues.

The Euro weakened against the South African Rand yesterday, data revealed that Eurozone's final consumer price index recorded a rise at par with market anticipations on an annual basis in January. Meanwhile, Germany's Ifo business climate surprisingly rose in February, notching its highest level in 33 months. Further, Ifo business expectations unexpectedly advanced in the same month.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R9.9998. Earlier in the session, data showed that Australia's private capital expenditure declined more-than-expected in 4Q16.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's Westpac leading index recorded a rise on a monthly basis in January, less than the previous reading.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.0070	▲	-1.20%	-0.72%	-3.67%	-1.97%	-5.57%
GBPZAR	16.1900	▲	-1.40%	-0.57%	-4.74%	0.09%	-4.65%
EURZAR	13.7473	▲	-1.03%	-1.31%	-5.78%	0.66%	-5.15%
AUDZAR	9.9998	▲	-0.85%	-0.29%	-2.16%	3.03%	0.80%
EURUSD	1.0565	▲	0.19%	-0.53%	-2.22%	2.68%	0.40%
GBPUSD	1.2449	-	-0.18%	0.30%	-1.02%	1.95%	0.92%
Brent (\$/barrel)	56.3	▲	-1.45%	0.05%	0.47%	-2.18%	-1.72%
Gold (\$/oz)	1237.7	▲	-0.44%	-0.45%	1.94%	4.94%	6.97%
Platinum (\$/oz)	1002.6	▼	-0.33%	-0.33%	0.62%	10.53%	11.21%
Copper (\$/MT)*	6025.8	▼	-0.33%	1.36%	0.53%	8.53%	9.10%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,237.70/oz.

Yesterday, gold prices fell 0.4% to close at \$1,232.00/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.9% higher to trade at \$56.33/bl.

Yesterday, Brent crude oil dropped 1.5% to settle at \$55.84/bl. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories fell by 884,000bbls for the week ended February 17, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$1,002.60/oz.

Yesterday, platinum prices declined 0.3% to close at \$1002.70/oz.

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Major South Africa Corporate News

Adcock Ingram Holdings Limited

In its 1H17 results, the company stated that its revenue increased to ZAR2.98bn from ZAR2.68bn recorded in the corresponding period of the previous year. Its diluted headline EPS from continued operations rose significantly from the same period of the preceding year to 144.90c. Separately, it has declared an interim gross dividend out of income reserves of 63.00c/share in respect for the period.

Arrowhead Properties Limited

The company announced that its Board of Directors has approved a gross cash dividend of 21.41c/ordinary share for the quarter ended December 31, 2016. The last date to trade cum dividend is March 14, 2017.

Assore Limited

In its results for the half-year ended December 31, 2016, the company reported that its revenue advanced significantly from the same period of the preceding year to ZAR3.28bn. Its basic and diluted headline EPS stood at 2,105.00c, compared with 715.00c recorded in the corresponding period of the previous year. Its profit before taxation and joint venture rose substantially to ZAR1.14bn from the similar period of last year.

Group Five Limited

In its 1H17 results, the company revealed that its revenue declined 19.7% from the same period of the preceding year to ZAR5.83bn. Its diluted earnings stood at a loss of ZAR3.02/share, compared with a profit of ZAR1.68/share recorded in the corresponding period of the previous year. Its earnings before tax stood at a loss of ZAR323.24mn from a profit of ZAR290.62mn posted in the similar period of last year.

Murray & Roberts Holdings Limited

In its 1H17 results, the company revealed that its revenue fell 17.9% from the same period of the preceding year to ZAR10.65bn. Its diluted headline EPS from continuing operations stood at 27.00c, compared with 93.00c recorded in the corresponding period of the previous year. Its profit before tax dropped to ZAR225.00mn from ZAR527.00mn posted in the same period last year.

Sibanye Gold Limited

In its trading statement for the year ended December 31, 2016, the company announced that profit attributable to shareholders of the company is expected to be ZAR3.70bn for the period. Its EPS and headline EPS are expected to be 402.00c and 270.00c respectively.

Major Global Economic News

UK

In the UK, the second estimate of gross domestic product (GDP) advanced 0.7% on a quarterly basis in 4Q16, compared to an advance of 0.6% in the previous quarter. The preliminary figures had indicated an advance of 0.6%. Market anticipation was for GDP to rise 0.6%.

In the UK, the flash private consumption recorded a rise of 0.7% on a quarterly basis in 4Q16, compared to a similar rise in the previous quarter. Markets were expecting private consumption to advance 0.7%.

In 4Q16, the preliminary exports climbed more-than-expected by 4.1% on a quarterly basis in the UK, compared to a drop of 2.6% in the previous quarter while the preliminary imports recorded an unexpected drop of 0.4% on a quarterly basis in 4Q16, compared to a rise of 1.4% in prior quarter.

Eurozone

In the Eurozone, the final consumer price index rose 1.8% on a yearly basis in January, in line with market expectations. The preliminary figures had also recorded an advance of 1.8%. In the previous month, the consumer price index had climbed 1.1%.

In February, the Ifo business climate index unexpectedly grew to a level of 111.00 in Germany, higher than market expectations of a fall to 109.60. In the prior month, the Ifo business climate index had registered a level of 109.80.

In Germany, the Ifo business expectations index unexpectedly rose to 104.00 in February, compared to a level of 103.20 in the prior month.

US

Minutes of the Federal Open Market Committee's (FOMC) January 31-February 1 meeting revealed that many policymakers expressed the view that it might be appropriate to raise interest rates again "fairly soon", should incoming US labour and inflation data be in line or stronger than current expectations.

In January, the existing home sales advanced 3.3% on monthly basis, to a level of 5.69mn in the US, higher than market expectations of 5.54mn. Existing home sales had registered a revised level of 5.51mn in the prior month.

In the US, the MBA mortgage applications dropped 2.0% on a weekly basis in the week ended February 17, 2017. Mortgage applications had fallen 3.7% in the previous week.

Asia

In Australia, the seasonally adjusted private capital expenditure slid 2.1% on a quarterly basis in 4Q16, compared to a drop of 4.0% in the previous quarter. Markets were anticipating private capital expenditure to fall 0.5%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Corporate Service Price (YoY) (Jan)	✓	0.50%*	0.50%	Monthly
Japan	07:00	Coincident Index (Dec) (F)	✓	-	115.20**	Monthly
Japan	07:00	Leading Economic Index (Dec) (F)	✓✓	-	105.20**	Monthly
Germany	09:00	Nominal GDP (Q4)	✓	-	EUR794.22Bn	Quarterly
Germany	09:00	Government Spending (QoQ) (Q4)	✓	0.80%	1.00%	Quarterly
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q4) (F)	✓✓✓	0.40%	0.40%**	Quarterly
Germany	09:00	Domestic Demand s.a. (QoQ) (Q4)	✓	0.60%	0.50%	Quarterly
Germany	09:00	Gfk Consumer Confidence Survey (Mar)	✓✓	10.10	10.20	Monthly
Germany	09:00	Private Consumption (QoQ) (Q4)	✓	0.30%	0.40%	Quarterly
Germany	09:00	Capital Investment (QoQ) (Q4)	✓	0.80%	0.00%	Quarterly
Germany	09:00	Construction Investment (QoQ) (Q4)	✓	1.50%	0.30%	Quarterly
Germany	09:00	Exports (QoQ) (Q4)	✓	1.40%	-0.40%	Quarterly
Germany	09:00	Imports (QoQ) (Q4)	✓	1.80%	0.20%	Quarterly
South Africa	11:30	Producer Price Index (MoM) (Jan)	✓✓✓	1.00%	0.50%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Jan)	✓✓✓	6.60%	7.10%	Monthly
UK	13:00	CBI Distributive Trades Survey - Realised (Feb)	✓	-	-8.00%	Monthly
Eurozone	13:00	ECB's Praet Speaks in London	✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (11-Feb)	✓	2068.00K	2076.00K	Weekly
US	15:30	Initial Jobless Claims (18-Feb)	✓✓✓	240.00K	239.00K	Weekly
US	15:30	Chicago Fed National Activity Index (Jan)	✓	0.00	0.14	Monthly
US	15:35	Fed's Lockhart to Speak on His 10-Year Tenure at the Fed	✓	-	-	As scheduled
US	16:00	House Price Index s.a. (Dec)	✓✓	-	241.30	Monthly
US	16:00	Housing Price Index (MoM) (Dec)	✓	-	0.50%	Monthly
US	16:00	House Price Purchase Index (QoQ) (Q4)	✓✓	-	1.50%	Quarterly
US	18:00	Kansas City Fed Manufacturing Activity (Feb)	✓	9.00	9.00	Monthly
Japan	-	Cabinet Office Monthly Economic Report	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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