

ONE Minute Brief

24 March 2017

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Economic and Political News

Finance Minister, Pravin Gordhan, expects a new chief executive officer for South African Airways (SAA) to be finalised by the end of March. Separately, he also stated that the South African Revenue Service (SARS) has not refunded value-added tax (VAT) refunds amounting to ZAR19.6bn, of the ZAR129.3bn claimed during the 2016-17 tax year.

Former President, Kgalema Motlanthe, indicated that electing young people for leadership positions is the right decision for the African National Congress (ANC).

The Coal Transporters Forum (CTF) has filed an application with the high court against Eskom for entering into contracts with renewable energy independent power producers (IPPs) as envisaged by the government.

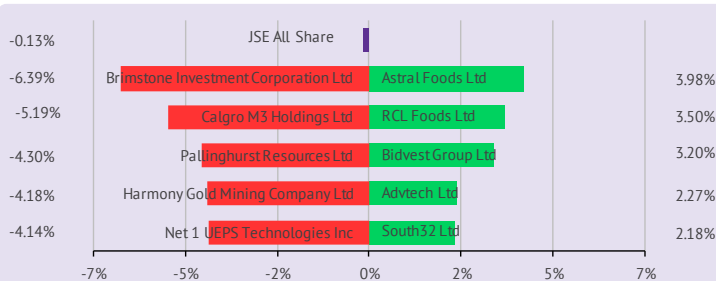
A Reuters poll has forecast that the South African Reserve Bank may not cut interest rates until early next year, regardless of falling inflation, as the central bank is worried about a US dollar rebound.

Johannesburg mayor, Herman Mashaba, has warned that the rule of law is under attack and there is little accountability for crime in the country.

South Africa Market ▼

South African markets closed lower

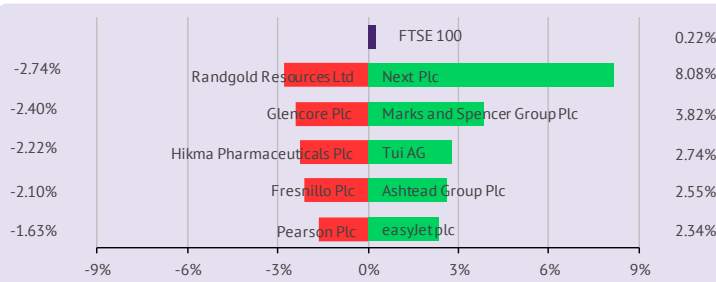
South African markets closed in the red yesterday, dragged down by losses in platinum and gold mining sector stocks. The JSE All Share Index fell 0.1% to close at 52,027.98.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, amid gains in consumer discretionary and industrial sector stocks. Data revealed that UK's retail sales rebounded more-than-expected on a monthly basis in February. The FTSE 100 Index advanced 0.2% to close at 7,340.71.



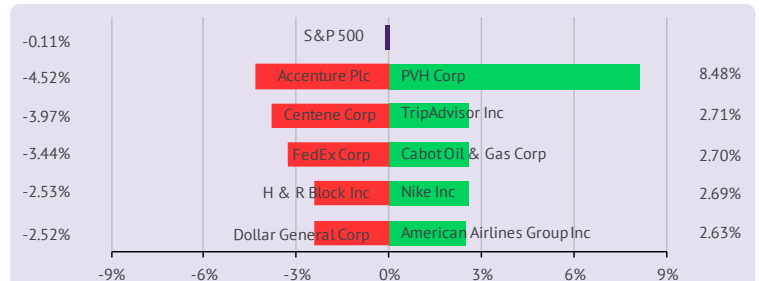
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52027.98	▼	-68.73	-0.13%	-1.00%	1.72%	-3.11%	2.71%
JSE Top 40	44845.23	▼	-10.49	-0.02%	-1.02%	1.62%	-3.91%	2.15%
FTSE 100	7340.71	▲	15.99	0.22%	-1.13%	1.06%	2.31%	2.77%
DAX 30	12039.68	▲	135.56	1.14%	-0.46%	1.73%	2.59%	4.87%
CAC 40	5032.76	▲	38.06	0.76%	0.07%	3.58%	2.31%	3.51%
S&P 500	2345.96	▼	-2.49	-0.11%	-1.36%	-0.75%	3.72%	4.79%
Nasdaq Composite	5817.69	▼	-3.95	-0.07%	-1.41%	-0.13%	3.75%	8.07%
DJIA	20656.58	▼	-4.72	-0.02%	-1.23%	-0.75%	4.77%	4.52%

US Market ▼

The S&P 500 futures are trading in the green

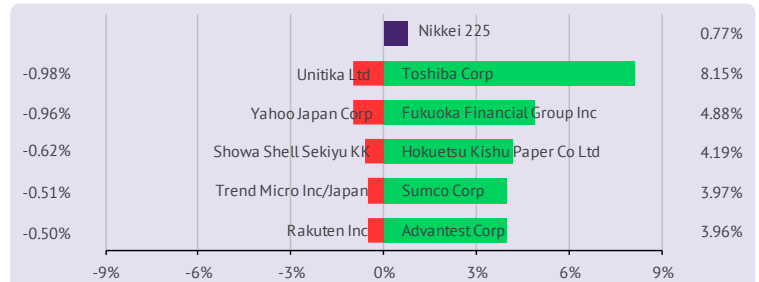
US markets closed lower yesterday, led by losses in health care sector stocks. Data showed that US initial jobless claims surprisingly increased for the week ended March 18, 2017. The S&P 500 Index dropped 0.1% to close at 2,345.96.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan's flash manufacturing PMI expanded at a slower pace in March. The Nikkei 225 Index is trading 0.8% higher at 19,231.44.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R12.4828. Later today, traders will keep a close watch on US durable goods orders and Markit manufacturing PMI for further indication.

The US Dollar fell against the South African Rand yesterday. Data indicated that the number of Americans applying for fresh unemployment benefits unexpectedly advanced for the week ended March 18, 2017. Further, new home sales registered a more-than-expected rise on a monthly basis in February, notching its strongest level in 7 months.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R15.5900. Later today, traders will keep an eye on UK's BBA mortgage approvals for further cues.

The British Pound declined against the South African Rand yesterday. Data showed that UK's retail sales bounced back into positive territory, more than market anticipations on a monthly basis in February. Moreover, the CBI distributive trade survey's retail sales advanced at a faster-than-expected pace on a monthly basis in March.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R13.4421. Going forward, market participants will keep a tab on Markit manufacturing and services PMI across the Eurozone for further direction.

The Euro weakened against the South African Rand yesterday. Data revealed that Eurozone's consumer confidence increased more than market forecast in March. Meanwhile, in Germany, GfK consumer confidence surprisingly declined in April.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.2% against the South African Rand to trade at R9.5069.

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	12.4828	▲	-0.94%	-2.11%	-5.14%	-2.56%	-9.40%
GBPZAR	15.5900	▲	-0.58%	-1.13%	-4.03%	-4.15%	-7.92%
EURZAR	13.4421	▲	-1.00%	-1.69%	-3.25%	-4.52%	-7.01%
AUDZAR	9.5069	▲	-1.56%	-2.98%	-5.51%	-1.61%	-4.23%
EURUSD	1.0768	▼	-0.14%	0.41%	1.94%	-2.04%	2.54%
GBPUSD	1.2489	▼	0.30%	1.02%	1.12%	-1.57%	1.48%
Brent (\$/barrel)	50.6	▲	-0.16%	-2.32%	-10.53%	1.67%	-11.02%
Gold (\$/oz)	1246.8	▼	-0.20%	1.38%	-0.53%	3.75%	8.29%
Platinum (\$/oz)	959.6	▼	0.20%	0.08%	-6.52%	3.46%	6.90%
Copper (\$/MT)*	5797.5	▲	0.30%	-2.01%	-2.83%	-0.46%	4.97%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices marginally dropped to trade at \$1,246.80/oz.

Yesterday, gold prices fell 0.2% to close at \$1,247.20/oz, as strength in the US Dollar lowered demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.2% to trade at \$50.64/bl, ahead of weekly US crude oil rig count data due later in the day.

Yesterday, Brent crude oil dropped 0.2% to settle at \$50.56/bl, extending its previous session losses.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.4% to trade at \$959.60/oz.

Yesterday, platinum prices climbed 0.2% to close at \$963.80/oz.



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Major South Africa Corporate News

Eskom

The company announced that it has signed a new five-year electricity sales agreement with Namibia, which will help in economic development and growth in the country.

Metair Investments Limited

In its FY16 results, the company stated that its revenue increased to ZAR8.95bn from ZAR7.73bn recorded in the previous year. However, its diluted headline EPS fell 7.7% from the preceding year to 228.00c. Its profit before tax fell to ZAR606.49mn from ZAR744.74mn posted last year.

Major Global Economic News

UK

In the UK, retail sales rose 1.4% on a monthly basis in February, compared to a revised drop of 0.5% in the prior month. Market expectation was for retail sales to rise 0.4%.

In March, the CBI distributive trade survey's retail sales balance remained flat at a level of 9.0% in the UK, compared to market expectations of a fall to 4.0%.

US

In the US, the seasonally adjusted initial jobless claims unexpectedly rose to 258.00K in the week ended March 18, 2017, compared to a revised reading of 243.00K in the prior week. Markets were expecting initial jobless claims to fall to 240.00K.

In February, new home sales climbed 6.1% on monthly basis in the US, to a level of 592.00K, compared to a revised reading of 558.00K in the prior month. Markets were anticipating new home sales to climb to a level of 564.00K.

Eurozone

In the Eurozone, the flash consumer confidence index climbed to -5.00 in March, compared to a level of -6.20 in the previous month. Markets were expecting the consumer confidence index to rise to -5.90.

In April, the GfK consumer confidence index unexpectedly fell to 9.80 in Germany, lower than market expectations of an unchanged reading. In the prior month, the consumer confidence index had recorded a reading of 10.00.

Asia

In Japan, the preliminary manufacturing PMI dropped to 52.60 in March, compared to a level of 53.30 in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Mar) (P)	✓✓✓	52.60*	53.30	Monthly
Japan	07:00	Coincident Index (Jan) (F)	✓	-	114.90**	Monthly
Japan	07:00	Leading Economic Index (Jan) (F)	✓✓	-	105.50**	Monthly
France	09:45	Gross Domestic Product (QoQ) (Q4) (F)	✓	0.40%	0.40%**	Quarterly
France	09:45	Gross Domestic Product (YoY) (Q4) (F)	✓	1.20%	1.20%**	Quarterly
France	10:00	Markit Manufacturing PMI (Mar) (P)	✓✓✓	52.40	52.20	Monthly
France	10:00	Markit Services PMI (Mar) (P)	✓	56.10	56.40	Monthly
Germany	10:30	Markit Manufacturing PMI (Mar) (P)	✓✓✓	56.50	56.80	Monthly
Germany	10:30	Markit Services PMI (Mar) (P)	✓✓	54.50	54.40	Monthly
Eurozone	11:00	Markit Composite PMI (Mar) (P)	✓✓✓	55.80	56.00	Monthly
Eurozone	11:00	Markit Services PMI (Mar) (P)	✓✓	55.30	55.50	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Mar) (P)	✓✓✓	55.30	55.40	Monthly
UK	11:30	BBA Mortgage Approvals (Feb)	✓✓	44.90K	44.66K	Monthly
Eurozone	12:15	ECB's Angeloni speaks in Milan	✓	-	-	As scheduled
US	14:00	Fed's Evans Speaks at Community Development Event	✓	-	-	As scheduled
Canada	14:30	Consumer Price Index (Feb)	✓✓	-	129.50	Monthly
Canada	14:30	Consumer Price Index s.a. (MoM) (Feb)	✓✓✓	-	0.70%	Monthly
Canada	14:30	Consumer Price Index (YoY) (Feb)	✓✓	2.10%	2.10%	Monthly
US	14:30	Durable Goods Orders (Feb) (P)	✓✓✓	1.30%	2.00%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Feb) (P)	✓	0.20%	-0.40%	Monthly
US	15:05	Fed's Bullard to Speak to Economic Club of Memphis	✓	-	-	As scheduled
US	15:45	Markit Manufacturing PMI (Mar) (P)	✓✓✓	54.80	54.20	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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