

ONE Minute Brief

16 March 2017

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Economic and Political News

The business confidence index in South Africa rose to a level of 40 in 1Q 2017, from 38 in the previous quarter. In South Africa, retail sales registered an unexpected drop of 2.30% on an annual basis in January, compared to a revised advance of 1.00% in the previous month. Markets were anticipating retail sales to rise 1.10%.

South Africa's Deputy President, Cyril Ramaphosa, has stated that the government will defend the domestic poultry industry against dumping and unfair trade practices and ensure that there are no factory closures or job losses in the poultry sector.

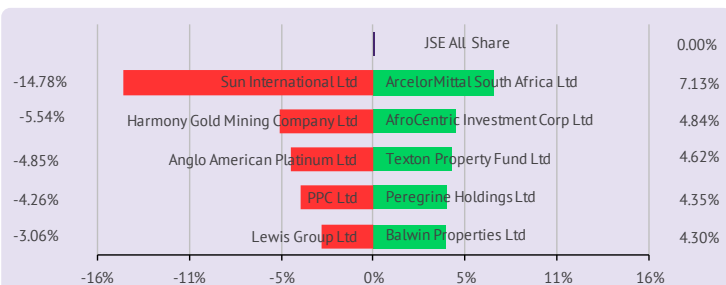
The National Assembly has approved the nomination of five candidates for an interim board for the South African Broadcasting Corporation (SABC).

African National Congress (ANC) Treasurer General, Zweli Mkhize, has stated that the prime focus of the party's policy documents is on improving the nation's economy. He also commented that the government should come up with a solution to take over the social grants payment process and be accountable for it.

South Africa Market ▲

South African markets closed higher

South African markets closed slightly higher yesterday. Meanwhile, data showed that South African retail sales surprisingly dropped on a monthly basis in January. The JSE All Share Index marginally rose to close at 51,701.60.



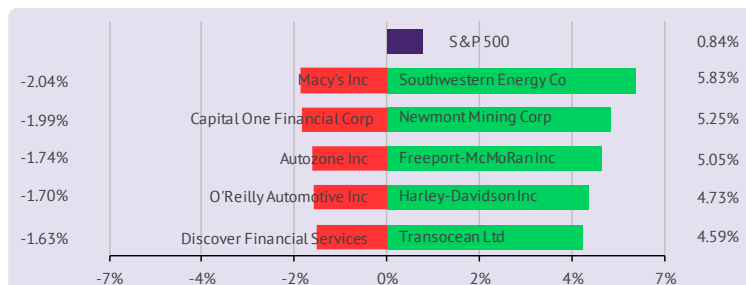
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51701.60	▲	2.14	0.00%	0.84%	1.09%	-3.11%	2.07%
JSE Top 40	44655.55	▲	3.00	0.01%	0.79%	1.19%	-3.91%	1.72%
FTSE 100	7368.64	▲	10.79	0.15%	0.35%	1.45%	2.31%	3.16%
DAX 30	12009.87	▲	21.08	0.18%	0.39%	1.48%	2.59%	4.61%
CAC 40	4985.48	▲	11.22	0.23%	-0.16%	2.61%	2.31%	2.53%
S&P 500	2385.26	▲	19.81	0.84%	0.53%	0.91%	3.72%	6.54%
Nasdaq Composite	5900.05	▲	43.23	0.74%	0.65%	1.28%	3.75%	9.60%
DJIA	20950.10	▲	112.73	0.54%	0.23%	0.66%	4.77%	6.01%

US Market ▲

The S&P 500 futures are trading in the green

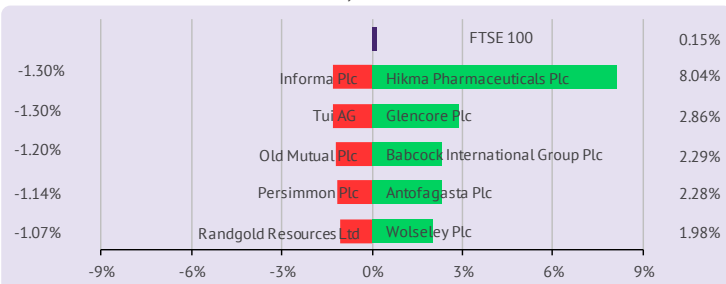
US markets closed higher yesterday, led by an advance in energy and real estate sector stocks. Data showed that the US consumer price index recorded a rise on an annual basis in February, in line with market expectations. The S&P 500 Index climbed 0.8% to close at 2,385.26.



UK Market ▲

The FTSE 100 futures are trading in positive territory

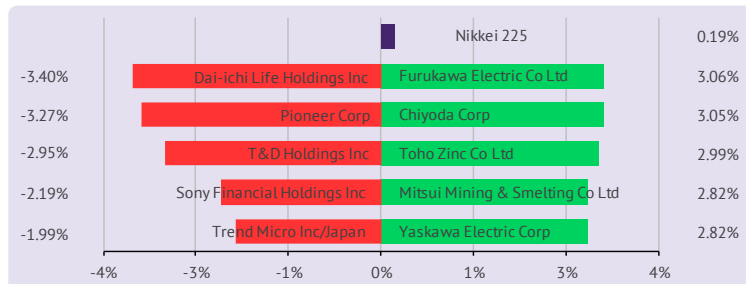
UK markets finished higher yesterday, led by gains in mining sector stocks. Data indicated that UK's ILO unemployment rate unexpectedly declined for the November 2016-January 2017 period. The FTSE 100 Index advanced 0.2% to close at 7,368.64.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Meanwhile, the Bank of Japan (BoJ) kept its key interest rate steady at -0.1%. The Nikkei 225 Index is trading 0.2% higher at 19,614.52.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.5% against the South African Rand to trade at R12.8500. Later today, traders will keep a close watch on US initial jobless claims, housing starts and building permits data along with the Philadelphia Fed manufacturing index for further indication.

The US Dollar fell against the South African Rand yesterday, after the US Fed raised its benchmark interest rates by 25 basis points and hinted at a more gradual pace of monetary tightening this year. Data indicated that US CPI rose more than market expectations on a monthly basis in February. Further, advance retail sales unexpectedly advanced in February. Additionally, business inventories rose in line with market expectations in January. Moreover, the NAHB housing market index registered an unexpected rise in March. Separately, South Africa's business confidence index climbed in the first quarter of 2017. Further, retail sales unexpectedly fell on an annual basis in January.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.3% against the South African Rand to trade at R15.7560. Later today, investors' will focus on the Bank of England's (BoE) interest rate decision along with monetary policy statement for further cues.

The British Pound declined against the South African Rand yesterday, as weaker-than-expected wage growth for January hinted that consumer spending might soften in the coming months. Further, ILO unemployment rate unexpectedly declined for the November 2016-January 2017 period. Additionally, jobless claims dropped more-than-expected in February. Moreover, data indicated that UK's claimant count rate remained steady in February.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.3% firmer against the South African Rand at R13.7768. Going forward today, market participants will keep a tab on the Eurozone's consumer price index for further direction.

The Euro weakened against the South African Rand yesterday. Data showed that number of persons employed in the Eurozone climbed in 4Q 2016.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R9.8688. Earlier in the session, data showed that Australia's unemployment rate surprisingly fell in February. Further, consumer inflation expectation rose in March, less than its prior reading.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's Westpac consumer confidence index advanced in March, while new motor vehicle sales registered a decline in February.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.8500	▲	-2.68%	-2.77%	-2.52%	-2.56%	-6.89%
GBPZAR	15.7560	▲	-1.69%	-1.93%	-3.27%	-4.15%	-7.20%
EURZAR	13.7768	▲	-1.51%	-2.35%	-1.06%	-4.52%	-4.91%
AUDZAR	9.8688	▲	-0.77%	-0.62%	-1.88%	-1.61%	-0.54%
EURUSD	1.0721	▼	1.23%	0.59%	1.48%	-2.04%	2.08%
GBPUSD	1.2262	▼	1.14%	1.00%	-0.72%	-1.57%	-0.36%
Brent (\$/barrel)	52.1	▲	1.75%	0.86%	-8.32%	1.67%	-8.82%
Gold (\$/oz)	1224.8	▲	-0.16%	-0.06%	-4.24%	3.75%	4.25%
Platinum (\$/oz)	968.0	▲	-0.22%	-0.15%	-9.14%	3.46%	3.90%
Copper (\$/MT)*	5843.0	▲	0.77%	2.22%	-2.07%	-0.46%	5.79%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 2% to trade at \$1,224.80/oz.

Yesterday, gold prices fell 0.2% to close at \$1,200.70/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.6% higher to trade at \$52.14/bl.

Yesterday, Brent crude oil advanced 1.7% to settle at \$51.81/bl, after the Energy Information Administration (EIA) reported that US crude oil stockpiles unexpectedly dropped by 0.24mn bls for the week ended March 10, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 3.3% to trade at \$968.00/oz.

Yesterday, platinum prices declined 0.2% to close at \$936.80/oz.

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Major South Africa Corporate News

EOH Holdings Limited

In its 1H17 results, the company stated that its revenue increased to ZAR7.24bn from ZAR6.00bn recorded in the similar period of the previous year. Its diluted EPS surged 22.0% from the same period of the preceding year to 415.00c. Its profit before tax advanced to ZAR844.91mn from ZAR670.13mn posted in the same period last year.

Sun International Limited

The gaming and hospitality company, in its 1H17 trading update, announced that its headline EPS is likely to be between 260.00c and 305.00c, 155.0% to 165.0% higher compared with the corresponding period's reported loss of 473.00c/share.

Major Global Economic News

US

The Federal Open Market Committee (FOMC) raised the benchmark interest rate by 25 basis points to a target of 0.75% to 1.0%, a move spurred by steady US economic growth, strong job gains and confidence that inflation is rising to the Federal Reserve's (Fed) target. However, the Fed Chairwoman, Janet Yellen did not flag any plan to accelerate the pace of monetary tightening and stressed that the central bank remains data-dependent with future rate increases being "gradual". Further, the central bank stuck to its outlook for two additional rate increases this year and three more in 2018.

In February, the consumer price index (CPI) advanced 2.7% on a YoY basis in the US, in line with market expectations. The CPI had climbed 2.5% in the prior month.

In February, advance retail sales in the US, registered an unexpected rise of 0.1% on a monthly basis, more than market expectations for a fall of 0.1%. Advance retail sales had registered a revised rise of 0.60% in the previous month.

In the US, the housing market index unexpectedly advanced to 71.00 in March, compared to a level of 65.00 in the prior month. Market anticipation was for the housing market index to record a steady reading.

Asia

The Bank of Japan (BoJ) held the benchmark interest rate steady at -0.1% and left its target for 10-year government bond yields at around 0%. Also, the pace of annual asset purchases remained unchanged at about JPY80.00tn. The central bank further indicated that it will continue with quantitative and qualitative monetary easing with yield curve control, aiming to achieve the price stability target of 2.0%.

In Australia, the seasonally adjusted unemployment rate recorded an unexpected rise to 5.9% in February, higher than market expectations of an unchanged reading. In the previous month, unemployment rate had recorded a reading of 5.7%.

UK

The ILO unemployment rate in the UK registered an unexpected drop to 4.7% in the November-January 2017 period, compared to a reading of 4.8% in the October-December 2016 period. Market expectation was for the ILO unemployment rate to record a steady reading.

In the UK, number of unemployment benefits claimants eased by 11.30K in February. Number of unemployment benefits claimants had registered a loss of 42.40K in the previous month.

In the UK, the claimant count rate registered a drop to 2.1% in February. In the previous month, the claimant count rate had recorded a revised level of 2.2%.

The average earnings including bonus advanced 2.2% on an annual basis in the November-January 2017 period, in the UK, less than market expectations for a rise of 2.4%. The average earnings including bonus had risen 2.6% in the October-December 2016 period.

Eurozone

In the Eurozone, the number of persons employed advanced 0.3% on a QoQ basis in 4Q 2016. In the previous quarter, the number of persons employed had recorded a rise of 0.2%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Japan	08:00	Machine Tool Orders (YoY) (Feb) (F)	✓✓	-	9.10%**	Monthly
Switzerland	10:30	SNB Interest Rate Decision	✓✓✓	-0.75%	-0.75%	As scheduled
Greece	11:00	Unemployment Rate (Quarterly) (Q4)	✓	-	22.60%	Quarterly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Feb) (F)	✓✓✓	0.90%	0.90%**	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Feb)	✓✓✓	0.40%	-0.80%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Feb) (F)	✓✓	2.00%	2.00%**	Monthly
UK	12:00	BoE Interest Rate Decision	✓✓✓	0.25%	0.25%	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	-	GBP435.00bn	As scheduled
US	14:30	Initial Jobless Claims (11-Mar)	✓✓✓	240.00K	243.00K	Weekly
US	14:30	Philadelphia Fed Manufacturing Survey (Mar)	✓✓	30.00	43.30	Monthly
US	14:30	Housing Starts (MoM) (Feb)	✓✓	1.40%	-2.60%	Monthly
US	14:30	Continuing Jobless Claims (04-Mar)	✓	2050.00K	2058.00K	Weekly
US	14:30	Building Permits (Feb)	✓✓	1268.00K	1285.00K	Monthly
US	14:30	Housing Starts (Feb)	✓✓✓	1264.00K	1246.00K	Monthly
US	14:30	Building Permits (MoM) (Feb)	✓✓	-1.90%	4.60%	Monthly
US	16:00	JOLTs Job Openings (Jan)	✓	5562.00K	5501.00K	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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