

ONE Minute Brief

7 April 2017

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Economic and Political News

S&P Global Ratings has lowered Eskom's foreign and local currency long-term corporate credit ratings to 'B+' from 'BB-', citing that the government's ability to provide support to the utility has weakened. The agency also lowered its ratings on FirstRand Bank, FirstRand, Nedbank, Investec Bank, Absa Bank, Barclays Africa Group, and BNP Paribas Personal Finance South Africa. This follows its downgrade of the nation's credit rating earlier in the week.

President, Jacob Zuma, stated that basic service delivery in certain municipalities in South Africa (SA) has improved since the end of the apartheid era and that there has been radical and meaningful change in the performance of local governments.

The Congress of South African Trade Unions (COSATU) indicated that its President, Sidumo Dlamini, and General Secretary, Bheki Ntshalintshali, had a meeting with President, Jacob Zuma, and there would be a follow-up meeting after the Good Friday Holiday weekend that will include the members of the COSATU CEC and the top members of the ANC.

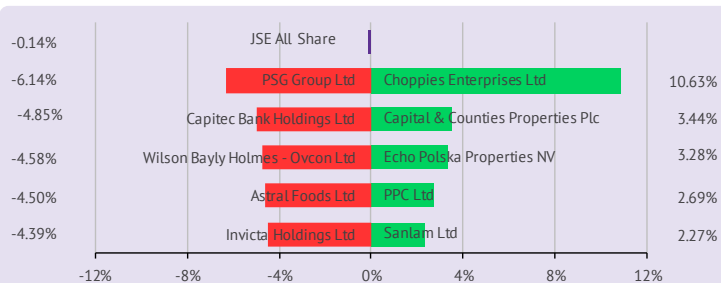
Former Energy Minister, Tina Joemat-Pettersson, Transport Minister, Dipuo Peters, and former Deputy Finance Minister, Mcebisi Jonas, have resigned as members of Parliament.

A court has permitted Save SA to go ahead with the group's march demanding President Jacob Zuma's resignation.

South Africa Market ▼

South African markets closed lower

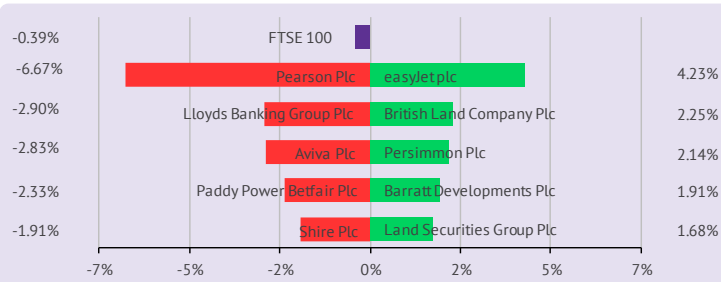
South African markets closed in the red yesterday, weighed down by losses in banking and property sector stocks. The JSE All Share Index fell 0.1% to close at 52,918.42.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid a decline in consumer discretionary and financial sector stocks. The FTSE 100 Index declined 0.4% to close at 7,303.20.



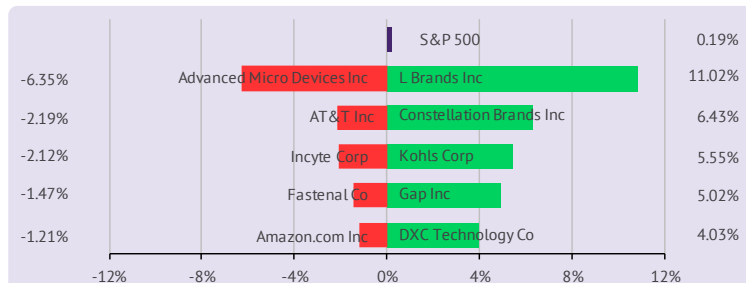
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52918.42	▼	-71.66	-0.14%	1.66%	1.66%	1.78%
JSE Top 40	46170.10	▲	20.25	0.04%	2.22%	2.22%	2.35%
FTSE 100	7303.20	▼	-28.48	-0.39%	-0.27%	-0.27%	0.82%
DAX 30	12230.89	▲	13.35	0.11%	-0.67%	-0.67%	4.04%
CAC 40	5121.44	▲	29.59	0.58%	-0.02%	-0.02%	5.43%
S&P 500	2357.49	▲	4.54	0.19%	-0.22%	-0.22%	-0.04%
Nasdaq Composite	5878.95	▲	14.47	0.25%	-0.55%	-0.55%	1.48%
DJIA	20662.95	▲	14.80	0.07%	0.00%	0.00%	-0.72%

US Market ▲

The S&P 500 futures are trading in the red

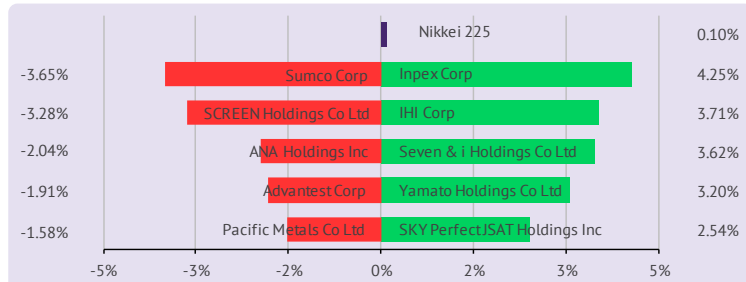
US markets closed higher yesterday, led by gains in energy sector stocks. On the data front, US initial jobless claims dropped more-than-anticipated for the week ended April 1, 2017. The S&P 500 Index climbed 0.2% to close at 2,357.49.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data revealed that Japan's labour cash earnings advanced less-than-expected on an annual basis in February. The Nikkei 225 Index is trading 0.1% higher at 18,616.09.



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 higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.2% against the South African Rand to trade at R13.7750. Later today, traders will keep a close watch on US unemployment rate, non-farm payrolls and average hourly earnings along with wholesale inventories and consumer credit for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that the number of Americans applying for fresh unemployment benefits registered a decline of more than the market forecast for the week ended April 1, 2017, its highest drop in nearly 2 years.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R17.1740. Later today, traders will keep an eye on a speech given by BoE Governor, Mark Carney, NIESR gross domestic product estimate and total trade balance along with construction output, manufacturing production and industrial production data for further cues.

The British Pound declined against the South African Rand yesterday.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R14.6542. Going forward, market participants will keep a tab on Germany's trade balance and industrial production for further indication.

The Euro weakened against the South African Rand yesterday. Minutes from the ECB's March meeting indicated that the central bank's 25-member rate-setting committee broadly agreed that the Eurozone economy might be improving, but a substantial degree of stimulus is still needed. Further, the European Central Bank (ECB) President, Mario Draghi, insisted that a reassessment of the current monetary policy stance is not warranted at this stage. He also stressed that "sufficient confidence" would be necessary for the central bank to change tact. Meanwhile, Germany's factory orders rebounded less than market anticipations on a monthly basis in February. Further, construction PMI expanded in March, more than its prior reading.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar marginally declined against the South African Rand to trade at R10.3726. Earlier in the session, data revealed that Australia's AiG performance of construction index recorded a drop in March.

The Australian Dollar fell against the South African Rand yesterday. Data showed that in China, Australia's largest trading partner, Caixin services PMI recorded a drop in March.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.7750	▲	-0.32%	2.46%	2.46%	2.32%	0.14%
GBPZAR	17.1740	▲	-0.42%	1.88%	1.88%	3.66%	1.32%
EURZAR	14.6542	▲	-0.53%	2.37%	2.37%	3.01%	1.35%
AUDZAR	10.3726	▼	-0.60%	1.35%	1.35%	1.94%	4.72%
EURUSD	1.0643	▲	-0.19%	-0.07%	-0.07%	0.70%	1.23%
GBPUSD	1.2467	▲	-0.11%	-0.63%	-0.63%	1.33%	1.05%
Brent (\$/barrel)	55.7	▲	0.97%	2.54%	2.54%	-5.27%	-3.40%
Gold (\$/oz)	1265.1	▲	0.39%	0.24%	0.24%	-0.53%	8.56%
Platinum (\$/oz)	955.7	▼	-0.07%	0.79%	0.79%	-8.03%	6.00%
Copper (\$/MT)*	5826.5	▼	-0.66%	0.18%	0.18%	-2.52%	5.50%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged higher 1.2% to trade at \$1,265.10/oz.

Yesterday, gold prices rose 0.4% to close at \$1,250.30/oz, after the FOMC meeting minutes revealed that the central bank is in no hurry to increase interest rates at a faster pace this year.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 1.4% to trade at \$55.66/bl.

Yesterday, Brent crude oil advanced 1.0% to settle at \$54.89/bl, extending its previous session gains.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally retreated to trade at \$955.70/oz.

Yesterday, platinum prices declined 0.1% to close at \$955.70/oz.



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Major South Africa Corporate News

ArcelorMittal South Africa Limited

The company announced that it is in the process of raising funds via a borrowing-based facility to the value of ZAR3.5bn as part of a capital raising for the entire business.

Harmony Gold Mining Company Limited

The company announced that after six days of unprotected industrial action at the mine, Harmony management and AMCU leadership have reached an agreement and all employees at its Kusasaletu mine near Carletonville have returned to work.

Major Global Economic News

Eurozone

ECB's March meeting Minutes revealed that the central bank's 25-member rate-setting committee broadly agreed that the Eurozone economy might be improving, but a substantial degree of stimulus is still needed.

The ECB President, Mario Draghi, insisted that a reassessment of the current monetary policy stance is not warranted at this stage. He also stressed that "sufficient confidence" would be necessary for the central bank to change tact.

In Germany, the seasonally adjusted factory orders registered a rise of 3.4% on a monthly basis in February, compared to a revised fall of 6.8% in the previous month. Market anticipation was for factory orders to climb 4.0%.

In Germany, the Markit construction PMI registered a rise to 56.40 in March, compared to a level of 54.10 in the previous month.

Asia

In Australia, the AIG performance of construction index dropped to 51.20 in March, compared to a level of 53.10 in the previous month.

In Japan, labour cash earnings advanced 0.4% on an annual basis in February, compared to a revised advance of 0.3% in the prior month. Market expectation was for labour cash earnings to rise 0.5%.

US

In the US, the seasonally adjusted initial jobless claims fell to a level of 234.00K in the week ended April 1, 2017, lower than market expectations of a fall to 250.00K. Initial jobless claims had recorded a revised reading of 259.00K in the prior week.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	07:00	Leading Economic Index (Feb) (P)	✓✓	104.60	104.90	Monthly
Japan	07:00	Coincident Index (Feb) (P)	✓	115.50	115.10	Monthly
Germany	08:00	Exports s.a. (MoM) (Feb)	✓	-0.50%	2.70%	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Feb)	✓	-0.20%	2.80%	Monthly
Germany	08:00	Imports s.a. (MoM) (Feb)	✓	0.20%	3.00%	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Mar)	✓	USD41.60bn	USD41.51bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Mar)	✓	USD46.80bn	USD46.72bn	Monthly
Germany	09:00	Exports (Feb)	✓	-	EUR98.90bn	Monthly
Germany	09:00	Imports (Feb)	✓	-	EUR84.00bn	Monthly
Germany	09:00	Industrial Production (Feb)	✓	-	113.80	Monthly
UK	10:30	Industrial Production (MoM) (Feb)	✓	0.20%	-0.40%	Monthly
UK	10:30	Industrial Production (YoY) (Feb)	✓✓	3.70%	3.20%	Monthly
UK	10:30	Manufacturing Production (MoM) (Feb)	✓	0.30%	-0.90%	Monthly
UK	10:30	Manufacturing Production (YoY) (Feb)	✓✓	3.90%	2.70%	Monthly
UK	10:30	Construction Output s.a. (YoY) (Feb)	✓	1.90%	2.00%	Monthly
UK	10:30	Total Trade Balance (Feb)	✓✓	-GBP2.20bn	-GBP1.97bn	Monthly
UK	10:30	Visible Trade Balance (Feb)	✓✓	-GBP10.90bn	GBP10.83bn	Monthly
UK	11:00	BOE Governor Mark Carney Speaks in London	✓✓✓	-	-	As scheduled
UK	14:00	NIESR GDP Estimate (3M) (Mar)	✓✓✓	0.60%	0.60%	Monthly
US	14:30	Unemployment Rate (Mar)	✓✓✓	4.70%	4.70%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Mar)	✓✓	0.20%	0.20%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Mar)	✓✓	2.70%	2.80%	Monthly
US	14:30	Change in Non-farm Payrolls (Mar)	✓✓✓	180.00K	235.00K	Monthly
US	14:30	Change in Private Payrolls (Mar)	✓✓	170.00K	227.00K	Monthly
US	16:00	Wholesale Inventories (MoM) (Feb) (F)	✓✓✓	-	0.40%**	Monthly
US	21:00	Consumer Credit Change (Feb)	✓✓	-	USD8.79bn	Monthly
Japan	-	Labour Cash Earnings (YoY) (Feb)	✓✓	0.40%*	0.30%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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