

# ONE Minute Brief

23 November 2017

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## Economic and Political News

In South Africa (SA), consumer price index (CPI) advanced by 4.8% on an annual basis in October, meeting market expectations. The CPI had advanced 5.1% in September.

Finance Minister, Malusi Gigaba, indicated that SA will implement spending cuts of ZAR25.0bn and will raise revenue by ZAR15.0bn in 2018's budget to control growing debt.

Moody's has warned that countries in sub-Saharan Africa may struggle to borrow, amid high debt maturity over the next decade.

President, Jacob Zuma, has appointed General Khehla Sitole as the nation's new National Police Commissioner.

Public Enterprises Minister, Lynne Brown, has denied having consulted with the Guptas about her executive functions, after accusations in this regard by former Eskom Chairman, Zola Tsotsi.

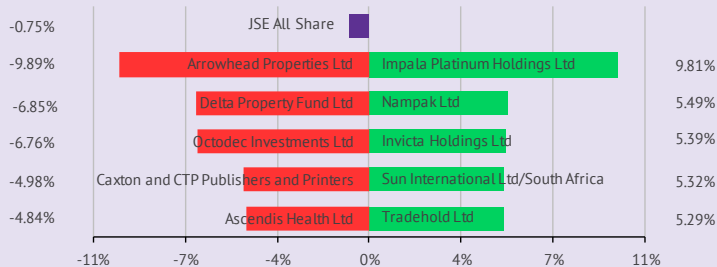
President, Jacob Zuma, met Zimbabwe's former Vice President, Emmerson Mnangagwa, in Pretoria yesterday. Zimbabwe's ruling party, Zanu-PF has nominated Mnangagwa for President, following the resignation of Robert Mugabe.

A poll has indicated that Deputy President Cyril Ramaphosa has taken a lead in party nominations for the next leader of the ruling African National Congress (ANC).

## South Africa Market ▼

### South African markets closed lower

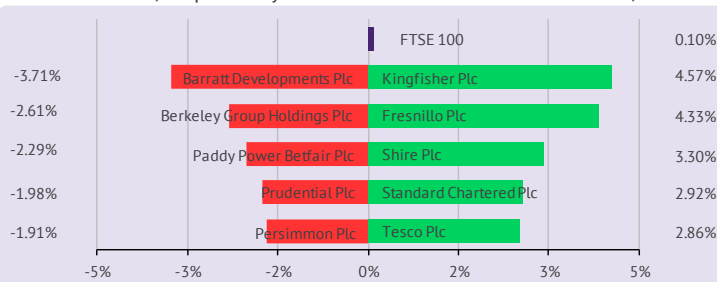
South African markets closed in the red yesterday, weighed down by losses in industrial and property sector stocks. Data revealed that South Africa's annual CPI advanced at a slower pace, but in line with expectations in October. The JSE All Share Index fell 0.8% to 60,751.18.



## UK Market ▲

### The FTSE 100 futures are trading in negative territory

UK markets closed higher yesterday, amid rise in commodity shares. The Office for Budget Responsibility stated that the UK economy will grow by 1.5% in 2017 and 1.4% in 2018, down from a previous estimate of 2.0% and 1.6%, respectively. The FTSE 100 Index rose 0.1% to 7,419.02.



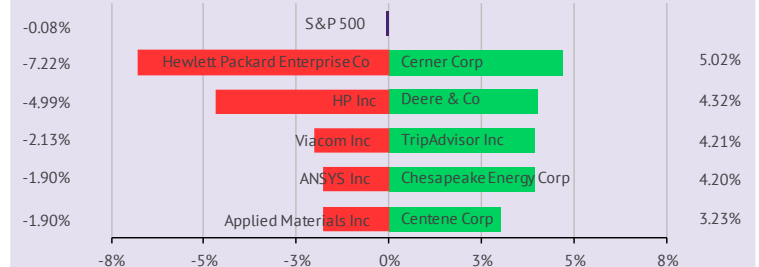
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	60751.18	▼ -460.34	-0.75%	1.04%	3.00%	6.12%	19.93%
JSE Top 40	54494.44	▼ -570.93	-1.04%	1.09%	3.66%	6.47%	24.13%
FTSE 100	7419.02	▲ 7.68	0.10%	0.52%	-0.99%	1.63%	3.87%
DAX 30	13015.04	▼ -152.50	-1.16%	0.16%	-1.62%	3.12%	13.36%
CAC 40	5352.76	▼ -13.39	-0.25%	0.63%	-2.74%	3.25%	10.09%
S&P 500	2597.08	▼ -1.95	-0.08%	0.71%	0.85%	2.22%	16.00%
Nasdaq Composite	6867.36	▲ 4.88	0.07%	1.25%	2.08%	3.57%	27.57%
DJIA	23526.18	▼ -64.65	-0.27%	0.72%	0.64%	4.34%	19.04%

## US Market ▼

### The S&P 500 futures are trading in the red

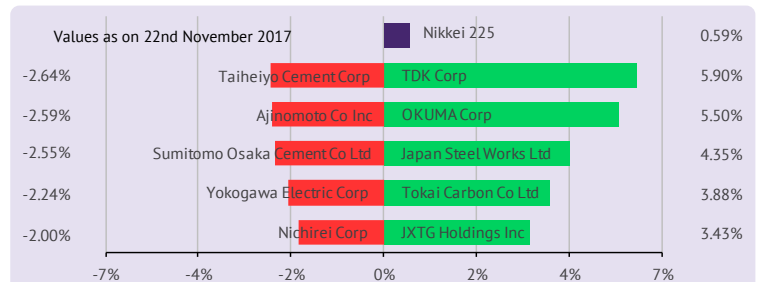
US markets closed lower yesterday, led by losses in financial and real estate sector stocks. Data showed that US flash durable goods orders unexpectedly fell in October. The S&P 500 Index dropped 0.1% to close at 2,597.08.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Markets in Japan are closed on account of a public holiday. The Nikkei 225 Index traded 0.6% higher at 22,523.15 on Wednesday.



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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 R13.8474.

The US Dollar fell against the South African Rand yesterday, after the US preliminary durable goods orders recorded an unexpected drop in October. In contrast, the number of Americans applying for unemployment benefits eased more-than-expected during the week ended 18 November 2017. Furthermore, the final Michigan consumer confidence index advanced at a faster-than-anticipated pace in November. Separately, South Africa's CPI rose at par with market forecast on a yearly basis in October. In major news, minutes of the Federal Reserve's (Fed) November meeting revealed that officials were largely optimistic about the US economic growth and held the view that an increase in interest rates would probably be needed "in the near term".

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R18.4590. Later today, traders will keep an eye on UK's gross domestic product (GDP) data for further cues. Separately, the SARB interest rate decision will be on investors' radar.

The British Pound declined against the South African Rand yesterday. UK Chancellor of the Exchequer, Philip Hammond, in his first Autumn Statement announced that the Office for Budget Responsibility (OBR) has reduced UK's economic growth forecasts for next four years and anticipates that the nation will need to borrow sharply over the coming years. Moreover, the OBR now expects the economy to grow by just 1.5% this year before slipping to 1.4% in 2018, down from a previous estimate of 2.0% and 1.6%, respectively. Further, Hammond promised to set aside £3.0 billion over the next two years for Brexit contingency plans.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.3% higher against the South African Rand at R16.3868. Going forward, market participants will keep a tab on the European Central Bank's monetary policy meeting along with German GDP data and Markit manufacturing and services PMI data across the Eurozone.

The Euro weakened against the South African Rand yesterday. On the macro front, Eurozone's consumer confidence surged in November, notching its highest level in nearly 17 years.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R10.5460.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's Westpac leading index jumped on monthly basis in October, less than its previous reading.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.8474	▲	-1.05%	-1.26%	-2.16%	4.19%	0.66%
GBPZAR	18.4590	▲	-0.41%	-0.37%	-1.88%	3.32%	8.80%
EURZAR	16.3868	▲	-0.37%	-0.89%	-0.70%	2.73%	13.15%
AUDZAR	10.5460	▲	-0.56%	-0.48%	-2.67%	1.82%	6.26%
EURUSD	1.1834	▲	0.72%	0.27%	1.51%	-1.42%	12.45%
GBPUSD	1.3330	▲	0.65%	0.83%	0.32%	-0.86%	8.02%
Brent (\$/barrel)	63.2	▼	1.20%	0.96%	3.91%	7.31%	11.44%
Gold (\$/oz)	1294.2	▲	0.82%	-0.33%	1.71%	-0.86%	12.20%
Platinum (\$/oz)	937.0	▼	0.29%	-1.46%	2.29%	1.02%	4.34%
Copper (\$/MT)*	6923.0	▲	0.66%	2.66%	1.56%	5.98%	25.35%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,294.20/oz.

Yesterday, gold prices rose 0.8% to close at \$1,292.20/oz, as the US Dollar weakened after the FOMC meeting minutes signalled towards an interest rate hike in the near future.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$63.19/bl.

Yesterday, Brent crude oil advanced 1.2% to settle at \$63.32/bl, after the Energy Information Administration (EIA) reported that crude oil inventories dropped by 1.9mn bls during the week ended November 17, 2017.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.4% lower to trade at \$937.00/oz.

Yesterday, platinum prices climbed 0.3% to close at \$940.70/oz.

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## Major South Africa Corporate News

### Arrowhead Properties Limited

In its FY17 results, the company announced that its revenue advanced 26.8% to ZAR1.94bn from ZAR1.53bn reported in the same period of the preceding year. Its basic and diluted EPS stood at 82.87c, down from 91.50c recorded in the corresponding period of the previous year. For FY18, the company is expecting a decline of 6.5% in its dividend growth.

### Hosken Consolidated Investments Limited

In its 1H17 results, the company reported that its revenue advanced 5.7% to ZAR7.20bn from the same period of the preceding year. Its diluted EPS stood at 657.03c, compared with 370.45c recorded in the corresponding period of the previous year.

### Hospitality Property Fund Limited

In its 1H18 results, the company indicated that its revenue rose to ZAR313.90mn from ZAR302.68mn posted in the corresponding period of the previous year. Its diluted EPS increased to 623.12c from the same period of the prior year.

### Niveus Investments Limited

In its 1H18 results, the company reported that its revenue rose to ZAR10.77mn from ZAR3.77mn posted in the corresponding period of the previous year. Its diluted EPS stood at 112.10c, compared with 21.10c recorded in the corresponding period of the previous year.

### Sibanye Gold Limited

The company announced that it has entered into agreements with DRDGOLD Limited, in which the company will exchange selected surface gold processing assets and tailings storage facilities for fresh issued shares of DRDGOLD Limited worth approximately 265.00mn, which will lead to substantial holding for the company of 38.0% in DRDGOLD Limited.

### Tsogo Sun Holdings Limited

In its 1H18 results, the company stated that its revenue increased to ZAR6.39bn from ZAR6.29bn posted in the corresponding period of the previous year. Its diluted EPS rose 15.4% to 105.50c from the same period of the prior year.

## Major Global Economic News

### US

Fed's November meeting minutes revealed that officials were largely optimistic about the US economic growth and held the view that an increase in interest rates would probably be needed "in the near term". However, policymakers had some disagreements on the pace of inflation as many felt that tightness in the labour market would likely fuel higher inflation in the medium term while others expressed concerns over the inflation outlook. Also, board members fretted that asset prices are out of balance and could pose a threat to the economy.

In the US, the seasonally adjusted initial jobless claims recorded a drop to 239.00K in the week ended 18 November 2017, compared to market expectations of a drop to 240.00K. In the prior week, initial jobless claims had registered a revised level of 252.00K.

In October, the preliminary durable goods orders recorded an unexpected drop of 1.2% on a monthly basis in the US, lower than market expectations for a rise of 0.3%. Durable goods orders had advanced 2.0% in the previous month.

In November, the final Reuters/Michigan consumer sentiment index dropped to 98.50 in the US, compared to a level of 100.70 in the previous month. Market anticipation was for the index to fall to 98.00. The preliminary figures had indicated a drop to 97.80.

### Eurozone

In the Eurozone, the preliminary consumer confidence index recorded a rise to 0.10 in November, higher than market expectations of a rise to -0.80. The index had recorded a reading of -1.00 in the previous month.

### UK

In his first Autumn Statement, UK Chancellor of the Exchequer, Philip Hammond, announced that the Office for Budget Responsibility (OBR) has reduced UK's economic growth forecasts for next four years and anticipates that the nation will need to borrow sharply over the coming years. The OBR now expects the economy to grow by just 1.5% this year before slipping to 1.4% in 2018, down from a previous estimate of 2.0% and 1.6%, respectively. Further, Hammond promised to set aside £3.0 billion over the next two years for Brexit contingency plans.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q3) (F)	✓✓✓	0.80%	0.80%**	Quarterly
Germany	09:00	Domestic Demand s.a. (QoQ) (Q3)	✓	0.60%	1.00%	Quarterly
Germany	09:00	Private Consumption (QoQ) (Q3)	✓	0.20%	0.80%	Quarterly
Germany	09:00	Government Spending (QoQ) (Q3)	✓	0.20%	0.60%	Quarterly
Germany	10:30	Markit Services PMI (Nov) (P)	✓✓✓	55.00	54.70	Monthly
Germany	10:30	Markit Manufacturing PMI (Nov) (P)	✓✓✓	60.40	60.60	Monthly
Eurozone	10:35	ECB's Praet Speech	✓✓	-	-	As scheduled
Eurozone	11:00	Markit Manufacturing PMI (Nov) (P)	✓✓✓	58.20	58.50	Monthly
Eurozone	11:00	Markit Services PMI (Nov) (P)	✓✓✓	55.20	55.00	Monthly
Eurozone	11:00	Markit Composite PMI (Nov) (P)	✓✓✓	56.00	56.00	Monthly
UK	11:30	Gross Domestic Product s.a. (QoQ) (Q3) (S)	✓✓✓	0.40%	0.40%**	Quarterly
UK	11:30	Gross Domestic Product s.a. (YoY) (Q3) (S)	✓✓✓	1.50%	1.50%**	Quarterly
UK	11:30	Private Consumption (QoQ) (Q3) (P)	✓	0.40%	0.10%	Quarterly
UK	11:30	Gross Fixed Capital Formation (Q3) (P)	✓	0.40%	0.70%	Quarterly
UK	11:30	Government Spending (Q3) (P)	✓	0.30%	0.60%	Quarterly
UK	13:00	CBI Distributive Trades Survey - Realised (Nov)	✓✓	3.00%	-36.00%	Monthly
Eurozone	20:00	ECB account of the monetary policy meeting	✓✓✓	-	-	As scheduled
South Africa	-	SARB Interest Rate Decision	✓✓✓	6.75%	6.75%	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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