

ONE Minute Brief

24 November 2017

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Economic and Political News

The South African Reserve Bank (SARB) kept its key interest rate steady at 6.75%. The bank maintained its inflation forecast for 2017 at 5.3%, but raised its inflation forecasts for 2018 and 2019, citing currency weakness and rising oil prices. SARB also highlighted risks due to possible credit downgrades and political uncertainty. SARB Governor, Lesetja Kganyago, also re-affirmed the independence of the central bank.

Fitch has affirmed South Africa's (SA) credit rating at sub-investment grade BB+ with a stable outlook. The rating agency indicated that SA's low trend growth, sizeable government debt, and contingent liabilities and deteriorating governance standards were balanced by a favourable government debt structure, deep local capital markets, and a flexible exchange rate. Meanwhile, the Treasury welcomed Fitch's decision and indicated that it gives the nation an opportunity to address the issues and strive for a rating upgrade in future. S&P Global Ratings and Moody's are due to release their ratings tonight.

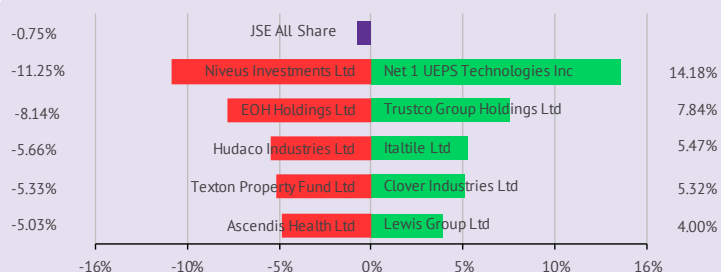
Former Finance Minister, Pravin Gordhan, stated that the economy will regain its momentum if Deputy President, Cyril Ramaphosa, is elected as President.

The National Union of Mineworkers (NUM) has agreed to a three-year wage agreement with coal producers.

South Africa Market ▼

South African markets closed lower

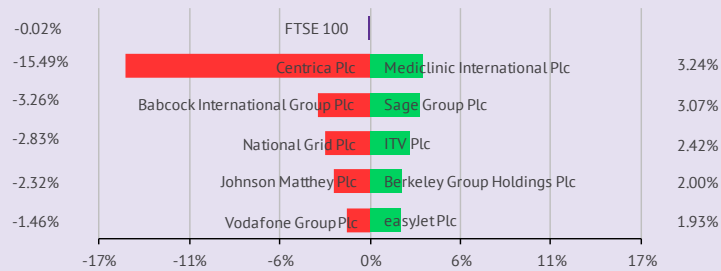
South African markets closed in the red yesterday, led by losses in industrial sector stocks. The SARB kept its key interest rate unchanged at 6.75% in September. The JSE All Share Index fell 0.8% to close at 60,298.16.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished a tad lower yesterday, weighed down by losses in financial and utility sector stocks. Data showed that the British economy advanced at par with market forecast on a quarterly basis in 3Q17. The FTSE 100 Index marginally declined to close at 7,417.24.



Key Indices

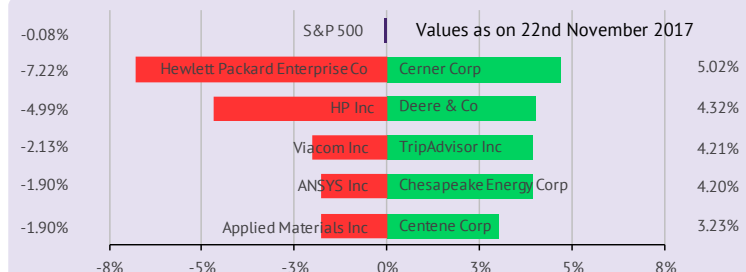
	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	60298.16	▼ -453.02	-0.75%	0.28%	2.23%	6.12%	19.04%
JSE Top 40	53995.77	▼ -498.67	-0.92%	0.16%	2.71%	6.47%	22.99%
FTSE 100	7417.24	▼ -1.78	-0.02%	0.50%	-1.01%	1.63%	3.84%
DAX 30	13008.55	▼ -6.49	-0.05%	0.11%	-1.67%	3.12%	13.30%
CAC 40	5379.54	▲ 26.78	0.50%	1.13%	-2.25%	3.25%	10.64%
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%

*Values as on 22nd November 2017

US Market ▼

The S&P 500 futures are trading in the green

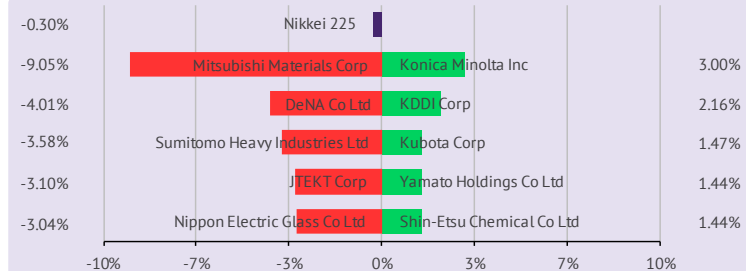
US markets were closed yesterday on account of a holiday for Thanksgiving Day.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data indicated that Japan's preliminary Nikkei manufacturing PMI expanded to its highest level since March 2014 in November. The Nikkei 225 Index is trading 0.3% lower at 22,456.69.



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 stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R13.9071. Later today, traders will keep a close watch on the US Markit manufacturing and services PMI for further cues.

The US Dollar rose against the South African Rand yesterday.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading marginally firmer against the South African Rand at R18.4872. Later today, traders will keep an eye on UK's BBA mortgage approvals for further direction.

The British Pound advanced against the South African Rand yesterday, after UK's gross domestic product (GDP) rose in line with market anticipations on a quarterly basis in 3Q17. Separately, the SARB kept its repurchase rate unchanged at 6.75%.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R16.4758. Going forward, market participants will keep a tab on Germany's Ifo business climate and expectations index for further indication.

The Euro strengthened against the South African Rand yesterday, after Eurozone's preliminary manufacturing PMI unexpectedly surged in November. Furthermore, the region's service sector climbed more-than-expected in the same month. Meanwhile, Germany's final GDP advanced in line with expectations on a quarterly basis in 3Q17. Further, the flash Markit manufacturing PMI surprised with a rise in November. In contrast, the preliminary Markit services PMI recorded an unexpected drop in the same month. The European Central Bank's (ECB) October meeting minutes revealed that policymakers shared the view on extending the central bank's quantitative easing (QE) programme but were divided over whether to announce an end-date as some feared that failure to put an end-date to QE might generate expectations of further extensions. However, with inflation dynamics remaining subdued, board members agreed that an ample degree of monetary stimulus was still needed to secure a sustained return of inflation towards the central bank's target.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.5966.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.9071	▲	0.45%	-0.82%	-1.73%	4.19%	1.11%
GBPZAR	18.4872	▲	0.36%	-0.01%	-1.53%	3.32%	9.19%
EURZAR	16.4758	▲	0.69%	-0.21%	-0.01%	2.73%	13.93%
AUDZAR	10.5966	▲	0.55%	0.07%	-2.14%	1.82%	6.85%
EURUSD	1.1847	▼	0.25%	0.52%	1.76%	-1.42%	12.73%
GBPUSD	1.3293	▼	-0.12%	0.71%	0.20%	-0.86%	7.89%
Brent (\$/barrel)	63.4	▼	0.36%	1.32%	4.28%	7.31%	11.84%
Gold (\$/oz)**	1295.5	▲	0.80%	-0.33%	1.71%	-0.86%	12.20%
Platinum (\$/oz)**	942.1	▲	0.30%	-1.46%	2.29%	1.02%	4.34%
Copper (\$/MT)*	6937.3	▲	0.21%	2.87%	1.77%	5.98%	25.61%

*As of Previous Close **1D% change as on 22nd November 2017

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,295.50/oz, amid weakness in the US Dollar.

On Wednesday, gold prices rose 0.8% to close at \$1,292.20/oz, on the back of weak US economic data and after the Fed minutes indicated an interest rate hike in the near future.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.3% to trade at \$63.37/bl.

Yesterday, Brent crude oil advanced 0.4% to settle at \$63.55/bl, extending its previous session gains.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$942.10/oz.

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



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Major South Africa Corporate News

MMI Holdings Limited

In its 1Q18 operational update, the company stated that HEPS increased by 54.0% and basic EPS increased by 51.0% compared with the corresponding period of the previous year.

Net 1 UEPS Technologies Inc

The company has announced that its wholly owned subsidiary, Masterpayment, has been appointed as a new partner for credit card processing and acquiring for cryptocurrency purchases for Bitstamp, a leading global digital currency exchange and the largest Bitcoin exchange in the EU in terms of volume.

PPC Limited

In its 1H18 results, the company reported that its revenue advanced by 1.0% to ZAR5.19bn from the same period of the preceding year. Its diluted EPS stood at 19.00c, compared with 13.00c recorded in the corresponding period of the prior year.

Royal Bafokeng Platinum Limited

The company announced the completion of its due diligence investigations into Maseve, binding legal agreements in respect of the Proposed Transaction between RBPlat, Maseve and PTM (RSA).

Sasol Limited

The company announced that it has increased its existing USD1.50bn Revolving Credit Facility to USD3.90bn and extended the maturity to five years, with the inclusion of two further extension options of one year each.

Major Global Economic News

Eurozone

According to minutes of the ECB October meeting, policymakers shared the view on extending the central bank's quantitative easing (QE) programme but were divided over whether to announce an end-date as some feared that failure to put an end-date to QE might generate expectations of further extensions. However, with inflation dynamics remaining subdued, board members agreed that an ample degree of monetary stimulus was still needed to secure a sustained return of inflation towards the central bank's target.

In the Eurozone, the flash manufacturing PMI unexpectedly climbed to a level of 60.00 in November, compared to market expectations of a fall to 58.20. The manufacturing PMI had registered a level of 58.50 in the prior month.

In November, the flash services PMI advanced to 56.20 in the Eurozone, compared to market expectations of an advance to 55.20. Services PMI had registered a reading of 55.00 in the prior month.

In Germany, the seasonally adjusted final GDP rose 0.8% on a quarterly basis in 3Q17, compared to a rise of 0.6% in the previous quarter. Market anticipation was for GDP to advance 0.8%. The preliminary figures had also indicated a rise of 0.8%.

In Germany, the flash manufacturing PMI unexpectedly rose to 62.50 in November, compared to 60.60 in October. In November, the flash services PMI rose less-than-expected to 54.90, compared to a level of 54.70 in October.

Asia

In Japan, the preliminary Nikkei manufacturing PMI rose to a level of 53.80 in November, compared to a reading of 52.80 in the prior month.

UK

In the UK, the second estimate of GDP rose 0.4% on a quarterly basis in 3Q17, compared to a rise of 0.3% in the prior quarter. Markets were expecting GDP to rise 0.4%. The preliminary figures had also recorded an advance of 0.4%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Nov) (P)	✓✓✓	53.80*	52.80	Monthly
Japan	07:00	Coincident Index (Sep) (F)	✓	-	115.80**	Monthly
Japan	07:00	Leading Economic Index (Sep) (F)	✓✓✓	-	106.60**	Monthly
Switzerland	10:15	Industrial Production (YoY) (Q3)	✓✓	-	2.90%	Quarterly
Italy	11:00	Industrial Sales s.a. (MoM) (Sep)	✓	-	2.00%	Monthly
Germany	11:00	Ifo - Business Climate (Nov)	✓✓✓	116.70	116.70	Monthly
Germany	11:00	Ifo - Current Assessment (Nov)	✓✓	125.00	124.80	Monthly
Germany	11:00	Ifo - Expectations (Nov)	✓✓	108.80	109.10	Monthly
UK	11:30	BBA Mortgage Approvals (Oct)	✓✓	40.90K	41.58K	Monthly
Eurozone	14:30	ECB Vice-President Constancio speaks in Madrid	✓	-	-	As scheduled
US	16:45	Markit Composite PMI (Nov) (P)	✓✓✓	-	55.20	Monthly
US	16:45	Markit Manufacturing PMI (Nov) (P)	✓✓✓	55.00	54.60	Monthly
US	16:45	Markit Services PMI (Nov) (P)	✓✓✓	55.30	55.30	Monthly
Eurozone	18:00	Nouy Speaks at Conference in Frankfurt	✓	-	-	As scheduled
Eurozone	20:15	ECB's Coeure speaks in Paris	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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