

ONE
Minute Brief

27 November 2017

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Economic and Political News

Rating Agency, S&P downgraded South Africa's (SA) long-term local currency debt rating to BB+ from BBB- and also cut the long-term foreign currency rating to BB from BB+ on Friday night, citing weak real nominal GDP growth and deterioration of the country's public finances. Meanwhile, Moody's placed SA's rating on review for a downgrade if the economy continued to weaken. The South African central bank had earlier warned on Friday that the nation's failure to stabilise the country's fiscal situation could lead to a credit downgrade into junk territory. The Democratic Alliance (DA) stated that the downgrade by S&P showed lack of confidence in the Presidential Fiscal Committee.

Following the downgrade by S&P, the Treasury stated that the government is working on steps to provide the necessary policy certainty and a conducive environment for investment, and that decisive actions in managing government expenditure and closing the revenue gap are critical for achieving sound public finances.

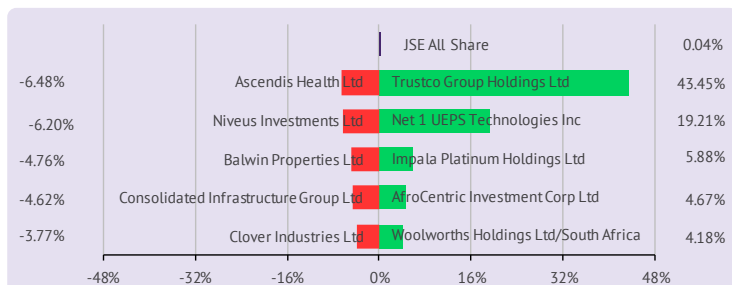
The DA has criticised President, Jacob Zuma for not attending the launch of the 16 Days of Activism campaign. Separately, the DA indicated that it will write to the National Assembly Speaker, Baleka Mbete, to demand protection for members of Portfolio Committee on Public Enterprises probing corruption at SOEs, including Eskom.

The Sunday Times reported that SA is in talks with Qatar to sell a majority stake in arms manufacturer Denel. However, a presidency spokesman denied the report.

South Africa Market ▲

South African markets closed higher

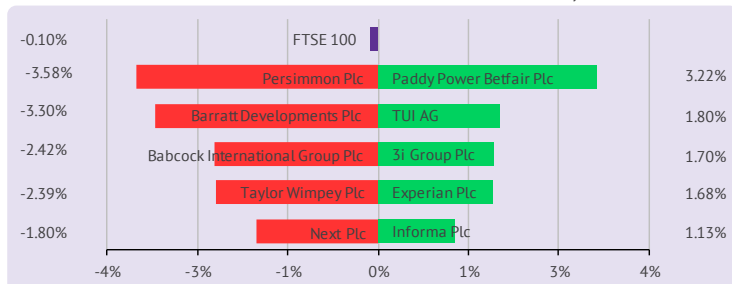
South African markets closed a tad higher on Friday, supported by gains in platinum mining and retail sector stocks. The JSE All Share Index marginally rose to close at 60,323.95.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower on Friday, amid losses in retail, technology and healthcare sector stocks. Data showed that UK's BBA mortgage approvals fell more-than-expected to its lowest level in 13 months in October. The FTSE 100 Index declined 0.1% to close at 7,409.64.



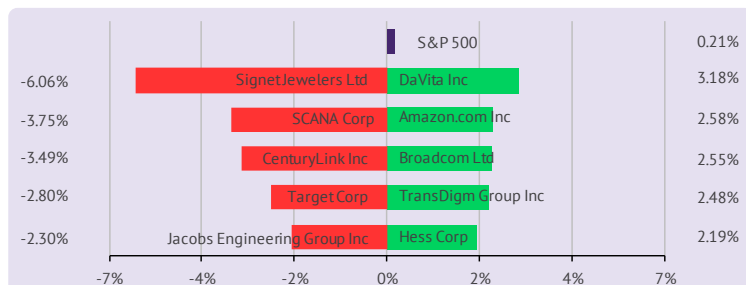
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	60323.95	▲	25.79	0.04%	NA	2.28%	6.12%	19.09%
JSE Top 40	53998.14	▲	2.37	0.00%	NA	2.72%	6.47%	23.00%
FTSE 100	7409.64	▼	-7.60	-0.10%	NA	-1.11%	1.63%	3.74%
DAX 30	13059.84	▲	51.29	0.39%	NA	-1.28%	3.12%	13.75%
CAC 40	5390.46	▲	10.92	0.20%	NA	-2.05%	3.25%	10.86%
S&P 500	2602.42	▲	5.34	0.21%	NA	1.05%	2.22%	16.24%
Nasdaq Composite	6889.16	▲	21.80	0.32%	NA	2.40%	3.57%	27.98%
DJIA	23557.99	▲	31.81	0.14%	NA	0.77%	4.34%	19.20%

US Market ▲

The S&P 500 futures are trading in the red

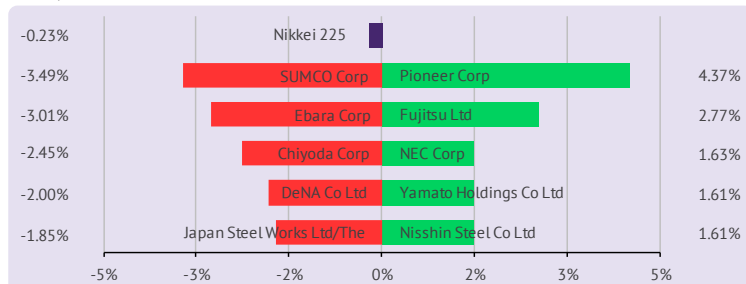
US markets closed higher on Friday, boosted by gains in technology and retail sector stocks. Data revealed that the US flash Markit manufacturing PMI unexpectedly fell in November. The S&P 500 Index rose 0.2% to close at 2,602.42.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data indicated that China's industrial profits recorded a rise on a yearly basis in October, less than its prior reading. The Nikkei 225 Index is trading 0.2% lower at 22,498.75.



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 lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.6% weaker against the South African Rand at R14.0795. Later today, traders will keep a close watch on the US new home sales data and the Dallas Fed manufacturing activity index for further cues.

The US Dollar rose against the South African Rand on Friday, after the rating agency, S&P downgraded South Africa's credit rating to junk status and also lowered the long-term foreign and local currency debt ratings to "BB" and "BB+" respectively, on Friday night. On the data front, both the US preliminary Markit manufacturing PMI and the flash Markit services PMI unexpectedly fell in November.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.7% lower against the South African Rand at R18.7502. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand on Friday. In economic news, UK's BBA mortgage approvals plunged more than market forecast in October, reaching its weakest level in 13 months.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.6% weaker against the South African Rand at R16.7918. Amid lack of key economic releases in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand on Friday, after Germany's Ifo business climate index surprisingly advanced in November. Additionally, the Ifo business expectations index unexpectedly surged in the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.7% against the South African Rand to trade at R10.7081. Earlier in the session, in China, Australia's largest trading partner, industrial profits rose on an annual basis in October, less than its previous reading.

The Australian Dollar rose against the South African Rand on Friday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.0795	▼	1.98%	NA	0.22%	4.19%	3.11%
GBPZAR	18.7502	▼	2.16%	NA	0.60%	3.32%	11.54%
EURZAR	16.7918	▼	2.70%	NA	2.68%	2.73%	17.00%
AUDZAR	10.7081	▼	1.91%	NA	-0.27%	1.82%	8.89%
EURUSD	1.1926	▼	0.69%	NA	2.46%	-1.42%	13.51%
GBPUSD	1.3317	▼	0.21%	NA	0.41%	-0.86%	8.11%
Brent (\$/barrel)	63.8	▼	0.49%	NA	4.79%	7.31%	12.39%
Gold (\$/oz)	1293.4	▲	-0.38%	NA	1.32%	-0.86%	11.77%
Platinum (\$/oz)	941.0	▼	0.49%	NA	2.79%	1.02%	4.85%
Copper (\$/MT)*	6980.0	▲	0.62%	NA	2.39%	5.98%	26.38%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,293.40/oz.

On Friday, gold prices fell 0.4% to close at \$1,287.30/oz, reversing its previous session gains.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil marginally declined to trade at \$63.84/bl.

On Friday, Brent crude oil advanced 0.5% to settle at \$63.86/bl, as the continued shutdown of a pipeline running from Canada to the US disrupted supplies to storage facilities and ahead of the OPEC meeting due this week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.5% to trade at \$941.00/oz.

On Friday, platinum prices climbed 0.5% to close at \$945.30/oz.



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Major South Africa Corporate News

Exxaro Resources Limited

The company released its expected operational performance for FY17 and stated that its coal business continued to be resilient with an increase of 8.0% in production volumes forecast. The company further added that its expenditure for FY17 is expected to be 4.0% lower than that guided in August 2017, primarily as a result of the timing in capex spending.

Liberty Holdings Limited

In its operational update for nine-month period ended 30 September 2017, the company indicated that its group long-term insurance indexed new business grew by 6.0% compared to the corresponding period of the previous year, supported by good Liberty Corporate new business sales. The company's assets under management rose 1.7% to ZAR708.0bn.

Major Global Economic News

US

In the US, the preliminary Markit manufacturing PMI unexpectedly eased to a level of 53.80 in November, compared to a level of 54.60 in the prior month. Market anticipation was for the PMI to advance to 55.00.

In November, the preliminary Markit services PMI dropped to 54.70 in the US, compared to market expectations of an unchanged reading. In the previous month, the Markit services PMI had recorded a reading of 55.30.

Eurozone

In Germany, the Ifo business climate index unexpectedly advanced to a level of 117.50 in November, compared to a revised level of 116.80 in the prior month. Market expectation was for the index to drop to a level of 116.70.

In November, the Ifo business expectations index surprisingly rose to a level of 111.00 in Germany, compared to market expectations of a drop to a level of 108.80. The index had recorded a revised level of 109.20 in the previous month.

UK

In the UK, BBA mortgage approvals recorded a drop to 40.49K in October compared to a revised reading of 41.58K in the previous month. Markets were anticipating the BBA mortgage approvals to drop to a level of 40.65K.

Asia

In China, industrial profits climbed 25.1% on a yearly basis in October. Industrial profits had risen 27.7% in the previous month.



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40 Best Performers on the All Share Index

Company Name	Last Close	1 Week % Change	MTD % Change	YTD % Change
Kumba Iron Ore Ltd	31511	7.27%	118.41%	115.73%
Trustco Group Holdings Ltd	789	46.38%	83.06%	89.21%
Naspers Ltd	376100	-2.18%	38.86%	87.23%
Exxaro Resources Ltd	15301	3.29%	53.48%	81.66%
Trencor Ltd	4930	0.47%	48.05%	77.45%
Niveus Investments Ltd	999	-20.08%	58.79%	71.84%
Astral Foods Ltd	20801	3.76%	31.21%	63.94%
Dis-Chem Pharmacies Ltd	3469	8.78%	21.02%	56.16%
Clicks Group Ltd	16800	7.14%	24.11%	48.80%
Glencore Plc	6756	3.02%	39.34%	47.19%
MAS Real Estate Inc	3145	-4.70%	36.25%	46.13%
Anglo American Platinum Ltd	38024	-1.24%	36.33%	43.81%
Anglo American Plc	27108	1.65%	58.50%	42.97%
Capitec Bank Holdings Ltd	97500	0.07%	25.90%	42.57%
Discovery Ltd	16095	0.28%	26.49%	42.48%
Assore Ltd	31926	-0.23%	71.49%	42.34%
African Oxygen Ltd	2525	5.12%	30.34%	39.39%
Cie Financiere Richemont SA	12350	1.23%	14.01%	38.98%
Equites Property Fund Ltd	2040	-1.88%	22.32%	37.29%
South32 Ltd	3556	1.86%	40.72%	36.18%
Gold Fields Ltd	5803	1.77%	25.92%	36.08%
Fortress REIT Ltd	4186	0.50%	22.53%	35.65%
African Rainbow Minerals Ltd	12362	5.17%	62.29%	33.79%
Mr Price Group Ltd	20537	5.42%	40.83%	32.40%
Shoprite Holdings Ltd	22071	2.61%	7.17%	31.79%
Resilient REIT Ltd	14220	-1.56%	21.09%	30.22%
Sanlam Ltd	7706	2.13%	12.28%	27.57%
BHP Billiton Plc	26394	3.97%	34.13%	26.53%
Barloworld Ltd	14403	8.95%	25.04%	26.05%
Northam Platinum Ltd	5075	1.02%	15.39%	25.31%
PSG Group Ltd	26790	0.77%	12.42%	24.48%
PPC Ltd	684	4.11%	11.40%	23.69%
British American Tobacco Plc	93003	0.87%	-0.35%	23.67%
Imperial Holdings Ltd	21278	0.84%	30.45%	20.75%
Mondi Plc	32817	1.81%	-4.07%	20.73%
PSG Konsult Ltd	873	0.92%	7.16%	20.42%
Sibanye Gold Ltd	1941	5.26%	25.15%	19.98%
Mondi Ltd	32635	1.58%	-4.69%	19.52%
JSE All Share Index	60324	0.33%	2.28%	19.09%

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (Oct)	✓	0.80%*	0.90%	Monthly
China	03:30	Industrial Profits (YoY) (Oct)	✓✓	25.10%*	27.70%	Monthly
Eurozone	11:00	EU Financial Stability Review	✓✓	-	-	As scheduled
Italy	11:00	Manufacturing Confidence (Nov)	✓✓	111.80	111.00	Monthly
Italy	11:00	Consumer Confidence (Nov)	✓✓	116.50	116.10	Monthly
US	17:00	New Home Sales (Oct)	✓✓✓	625.00K	667.00K	Monthly
US	17:00	New Home Sales (MoM) (Oct)	✓✓✓	-6.30%	18.90%	Monthly
US	17:30	Dallas Fed Manufacturing Business Index (Nov)	✓	24.00	27.60	Monthly
UK	20:30	BoE's Dave Ramsden Speaks in London	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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