

ONE Minute Brief

28 November 2017

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Economic and Political News

President, Jacob Zuma, has asked Finance Minister, Malusi Gigaba, to finalise proposals on plans to cut government spending by ZAR25.0bn and raise taxes by up to ZAR15.0bn, after S&P downgraded South Africa's (SA) credit rating to junk status. Meanwhile, Finance Minister, Malusi Gigaba, has assembled a budget council Lekgotla to discuss the credit rating downgrades and their implications. The council will also discuss revenue collection, considering the high budget deficit.

Energy Minister, David Mahlobo, stated that he is not in rush to conclude a nuclear energy deal and added that the Department of Energy is currently updating the integrated energy plan and the integrated resource plan.

The Chamber of Mines indicated that a court hearing for a challenge to revisions to the Mining sector charter has been postponed to February from December.

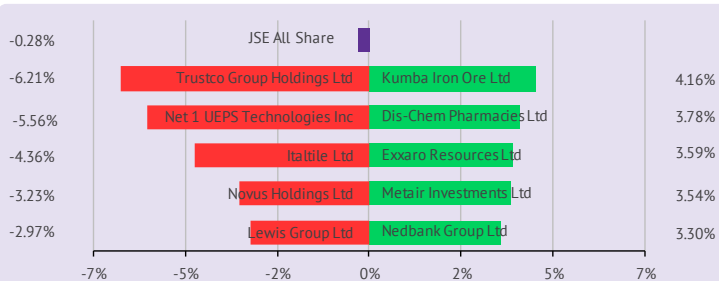
Communications minister, Mmamoloko Kubayi-Nguabe, has asked for a probe into allegedly questionable payments made by MultiChoice to Gupta-owned news channel ANN7.

Parliament announced that the investigation into the mismanagement of funds at Eskom will resume in the coming week.

South Africa Market ▼

South African markets closed lower

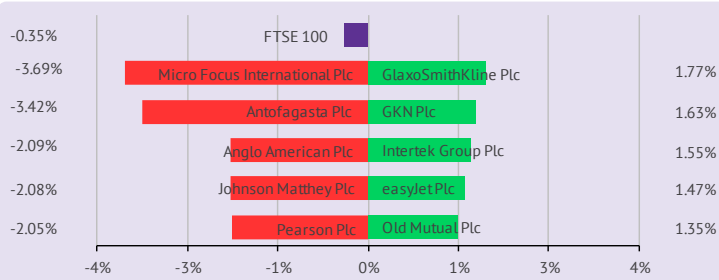
South African markets closed in the red yesterday, led by losses in resources, platinum and gold mining sector stocks. The JSE All Share Index fell 0.3% to close at 60,157.56.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday for the third consecutive session, weighed down by losses in mining sector stocks. The FTSE 100 Index declined 0.4% to close at 7,383.90.



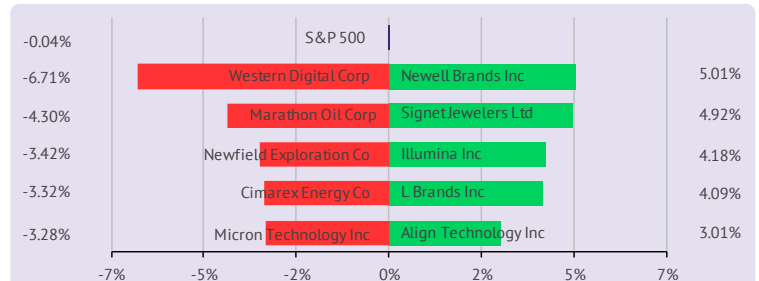
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	60157.56	▼ -166.39	-0.28%	-0.28%	2.00%	6.12%	18.76%
JSE Top 40	53810.97	▼ -187.17	-0.35%	-0.35%	2.36%	6.47%	22.57%
FTSE 100	7383.90	▼ -25.74	-0.35%	-0.35%	-1.46%	1.63%	3.37%
DAX 30	13000.20	▼ -59.64	-0.46%	-0.46%	-1.73%	3.12%	13.23%
CAC 40	5360.09	▼ -30.37	-0.56%	-0.56%	-2.60%	3.25%	10.24%
S&P 500	2601.42	▼ -1.00	-0.04%	-0.04%	1.02%	2.22%	16.20%
Nasdaq Composite	6878.52	▼ -10.64	-0.15%	-0.15%	2.24%	3.57%	27.78%
DJIA	23580.78	▲ 22.79	0.10%	0.10%	0.87%	4.34%	19.32%

US Market ▼

The S&P 500 futures are trading in the red

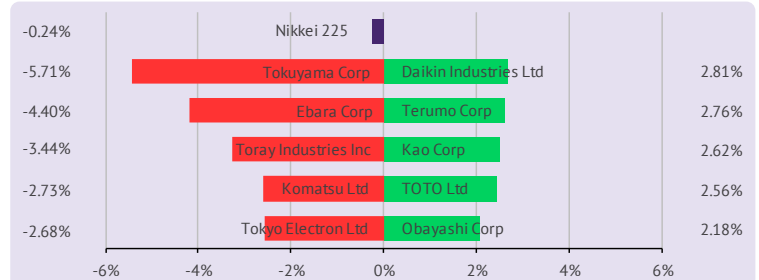
US markets closed a tad lower yesterday, amid losses in energy sector stocks, as oil prices declined. Data revealed that the US new home sales surprisingly surged to its highest level in ten years in October. The S&P 500 Index marginally dropped to close at 2,601.42.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.2% lower at 22,441.09.



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 R13.7804. Later today, traders will keep a close watch on the US consumer confidence index, advance goods trade balance, wholesale inventories and the house price index data for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US new home sales recorded an unexpected rise on a monthly basis in October, notching its highest level since October 2007, following robust demand across the nation. Meanwhile, the Dallas Fed manufacturing activity index dropped more-than-expected in November.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R18.3593. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro gained 0.2% against the South African Rand to trade at R16.4034. Going forward, market participants will keep a tab on Germany's GfK consumer confidence index, import price index, retail sales data for further cues.

The Euro weakened against the South African Rand yesterday.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.2% against the South African Rand to trade at R10.4781. Earlier in the session, Australia's ANZ Roy Morgan consumer confidence index recorded a drop during the week ended 26 November 2017.

The Australian Dollar fell against the South African Rand yesterday. On the data front, in China, Australia's largest trading partner, industrial profits advanced on a yearly basis in October, less than its prior reading.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.7804 ▲		-2.82%	-2.82%	-2.61%	4.19%	0.20%
GBPZAR	18.3593 ▲		-2.97%	-2.97%	-2.39%	3.32%	8.23%
EURZAR	16.4034 ▲		-3.13%	-3.13%	-0.53%	2.73%	13.35%
AUDZAR	10.4781 ▲		-3.06%	-3.06%	-3.32%	1.82%	5.56%
EURUSD	1.1905 ▲		-0.29%	-0.29%	2.16%	-1.42%	13.17%
GBPUUSD	1.3325 ▲		-0.14%	-0.14%	0.26%	-0.86%	7.96%
Brent (\$/barrel)	63.6 ▼		-0.03%	-0.03%	4.76%	7.31%	12.35%
Gold (\$/oz)	1298.2 ▲		0.55%	0.55%	1.88%	-0.86%	12.39%
Platinum (\$/oz)	949.8 ▼		0.58%	0.58%	3.39%	1.02%	5.46%
Copper (\$/MT)*	6915.5 ▼		-0.92%	-0.92%	1.45%	5.98%	25.21%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.3% to trade at \$1,298.20/oz.

Yesterday, gold prices rose 0.6% to close at \$1,294.40/oz, amid weakness in the global equities. Further, traders will keep a close watch on a meeting between the US President, Donald Trump and Senate Republicans to discuss tax reform legislation and a congressional testimony by the nominee to chair the US Federal Reserve.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.3% to trade at \$63.62/bl.

Yesterday, Brent crude oil marginally dropped to settle at \$63.84/bl, amid uncertainty over a possible extension of output cut deal at the OPEC meeting later this week. Meanwhile, a news emerged that oil production from Russia's Sakhalin-1 project is set to rise by about a quarter to 250,000-260,000 bls per day from January.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$949.80/oz.

Yesterday, platinum prices declined 0.6% to close at \$950.80/oz.



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Major South Africa Corporate News

Impala Platinum Holdings Limited

The company announced the appointment of Ms. Lee-Ann Samuel as an Executive Director with immediate effect.

Invicta Holdings Limited

In its 1H18 results, the company stated that its revenue rose 2.7% to ZAR4.86bn from the same period of the preceding year. Its diluted EPS stood at 244.00c, compared to 255.00c recorded in the corresponding period of the previous year.

Mediclinic International Plc

The company announced that it has appointed Dr Carel Aron (Ronnie) van der Merwe as Chief Executive Officer and is likely to take up the post not later than August 1, 2018.

Spur Corporation Limited

The company announced that Ms. Ronel van Dijk has tendered her resignation as Financial Director of the company, with effect from March 31, 2018.

Tiger Brands Limited

In its FY17 results, the company indicated that its revenue advanced 2.3% from the same period of the preceding year to ZAR312.98bn. During the period, the firm has approved and declared a final cash dividend of 702.00c per ordinary share. Separately, the company announced the retirement of Mr. Clive Vaux as Executive Director with effect from the conclusion of its annual general meeting to be held on February 20, 2018.

Vukile Property Fund Limited

In its 1H18 results, the company indicated that property revenue declined to ZAR942.84mn from ZAR1087.34mn posted in the corresponding period of the previous year. Its basic and diluted EPS stood at 136.72c, up from 130.07c.

Major Global Economic News

US

In the US, new home sales unexpectedly climbed by 6.2% to a level of 685.00K in October, higher than market expectations of 627.00K. The New home sales had registered a revised level of 645.00K in the prior month.

In November, the Dallas Fed manufacturing business index recorded a drop to 19.40 in the US, compared to a reading of 27.60 in the prior month. Market anticipation was for the index to ease to a level of 24.00.

Asia

In Australia, the ANZ Roy Morgan consumer confidence index dropped to 115.00 during the week ended 26 November 2017, compared to a reading of 116.40 in the prior week.

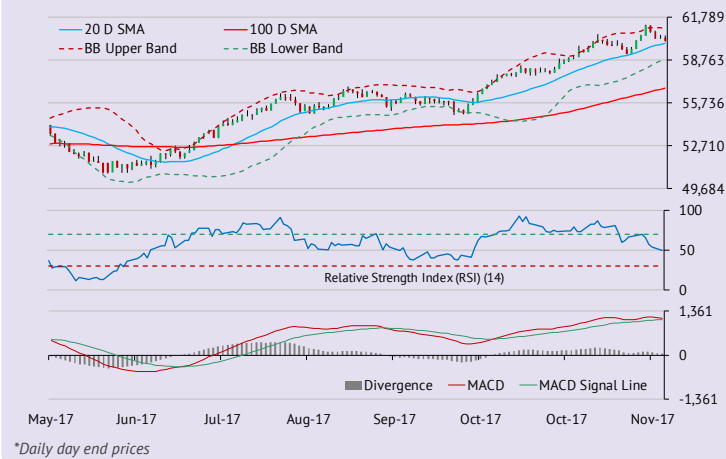
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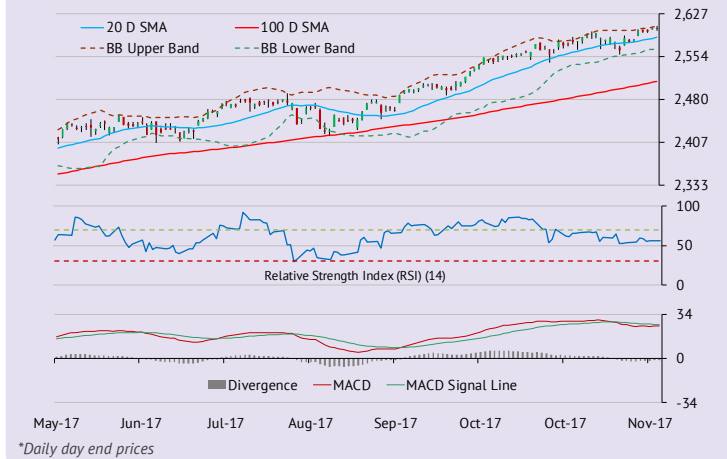
Technical Snapshot

JSE All Share



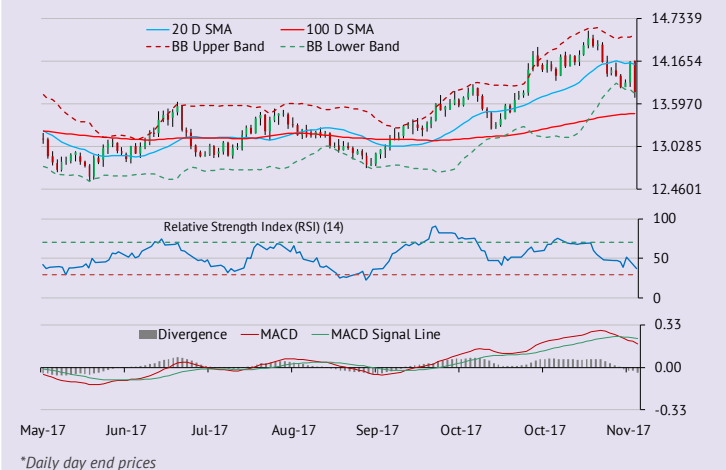
The JSE All Share index is expected to find support at 59,725.45, and a fall through could take it to the next support level of 59,293.35. The index is expected to find its first resistance at 60,944.13, and a rise through could take it to the next resistance level of 61,730.71.

S&P 500



The S&P 500 index is expected to find support at 2,591.59, and a fall through could take it to the next support level of 2,581.76. The index is expected to find its first resistance at 2,608.83, and a rise through could take it to the next resistance level of 2,616.24.

USDZAR



The pair is expected to find support at 13.5654, and a fall through could take it to the next support level of 13.3721. The pair is expected to find its first resistance at 14.0623, and a rise through could take it to the next resistance level of 14.3659.

XAU/USD



Gold is expected to find support at \$1,280.47/oz, and a fall through could take it to the next support level of \$1,266.53/oz. The precious metal is expected to find its first resistance at \$1,303.67/oz, and a rise through could take it to the next resistance level of \$1,312.93/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Germany	09:00	Export price index (Oct)	✓	-	106.10	Monthly
Germany	09:00	Import Price Index (Oct)	✓	-	101.20	Monthly
UK	09:00	Financial Stability Report	✓✓	-	-	As scheduled
Germany	09:00	Import Price Index s.a. (MoM) (Oct)	✓✓	0.50%	0.90%	Monthly
UK	09:30	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
France	09:45	Consumer Confidence (Nov)	✓✓✓	-	100.00	Monthly
Spain	10:00	Retail Sales (YoY) (Oct)	✓✓✓	2.20%	2.10%	Monthly
South Africa	12:00	BER Business Confidence Index (Q4)	✓✓✓	-	35.00	Quarterly
Germany	14:00	GfK Consumer Confidence Survey (Dec)	✓✓✓	10.70	10.70	Monthly
US	15:30	Wholesale Inventories (MoM) (Oct) (P)	✓✓✓	0.40%	0.30%	Monthly
US	16:00	House Price Index s.a. (Sep)	✓✓	-	251.90	Monthly
US	16:00	House Price Purchase Index (QoQ) (Q3)	✓✓	-	1.60%	Quarterly
US	16:00	Housing Price Index (MoM) (Sep)	✓	0.50%	0.70%	Monthly
US	16:15	Fed's Dudley Introductory Remarks Conf. on Treasury Market	✓	-	-	As scheduled
US	16:15	Powell Testifies at Confirmation Hearing Before Senate Banking	✓✓	-	-	As scheduled
US	17:00	Richmond Fed Manufacturing Index (Nov)	✓	14.00	12.00	Monthly
US	17:00	Consumer Confidence (Nov)	✓✓✓	124.00	125.90	Monthly
US	17:15	Fed's Harker Speaks on Financial Safety for Aging Population	✓	-	-	As scheduled
US	22:45	Treasury Sec Mnuchin Speech	✓✓✓	-	-	As scheduled
US	-	Fed's Dudley Speaks on U.S. Economy: 10 Years After Crisis	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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