

# ONE Minute Brief

10 November 2017

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## Economic and Political News

In South Africa (SA), the seasonally adjusted manufacturing production index unexpectedly eased 0.8% on a monthly basis in September, compared to a rise of 0.3% in August. Gold production recorded a rise of 2.3% YoY in September, compared to a revised rise of 7.8% in August. Mining production recorded an unexpected drop of 0.9% YoY in September, compared to a revised rise of 7.9% in August. Platinum production fell by 8.3% YoY in September, compared to a revised rise of 2.1% in August. The nation's annual bulk export volumes surged by 30.7% in October to a new record of 16.7mn tonnes.

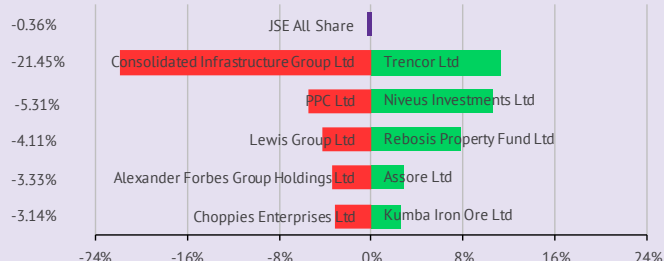
The South African Reserve Bank (SARB) Governor, Lesetja Kganyago, stated that SA is facing major challenges and the government needs to take measures to get back the confidence of businesses and investors by solving issues of policy uncertainty and corruption. He added that the central bank would consider the current challenging economic environment in setting policy, even as inflation risks remain biased to the upside. Meanwhile, the SARB stated that if SA faces another credit rating downgrade, then there is a risk of a "sudden stop" in non-residents' appetite for local bonds. In its latest Financial Stability Review, the SARB has also identified SA's deteriorating fiscal position as a high-risk factor to the country's financial stability.

President Jacob Zuma stated that radical economic transformation is a policy that arose from the ANC and not from outside the country.

## South Africa Market ▼

### South African markets closed lower

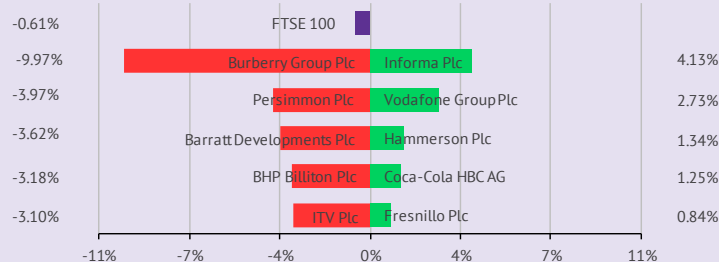
South African markets closed in the red yesterday, led down by losses in resources and banking sector stocks. Data showed that South Africa's monthly manufacturing production painted a negative picture about the sector for September. The JSE All Share Index fell 0.4% to 59,862.11.



## UK Market ▼

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

UK markets finished lower yesterday, led by losses in housebuilding and consumer discretionary sector stocks. The FTSE 100 Index declined 0.6% to close at 7,484.10.



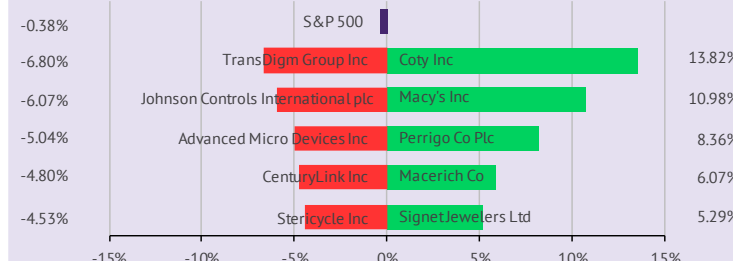
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59862.11	▼ -215.92	-0.36%	0.38%	1.50%	6.12%	18.18%
JSE Top 40	53513.82	▼ -216.78	-0.40%	0.59%	1.79%	6.47%	21.89%
FTSE 100	7484.10	▼ -45.62	-0.61%	-1.01%	-0.12%	1.63%	4.78%
DAX 30	13182.56	▼ -199.86	-1.49%	-2.20%	-0.36%	3.12%	14.82%
CAC 40	5407.75	▼ -63.68	-1.16%	-2.00%	-1.74%	3.25%	11.22%
S&P 500	2584.62	▼ -9.76	-0.38%	-0.12%	0.36%	2.22%	15.45%
Nasdaq Composite	6750.05	▼ -39.07	-0.58%	-0.21%	0.33%	3.57%	25.39%
DJIA	23461.94	▼ -101.42	-0.43%	-0.33%	0.36%	4.34%	18.72%

## US Market ▼

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

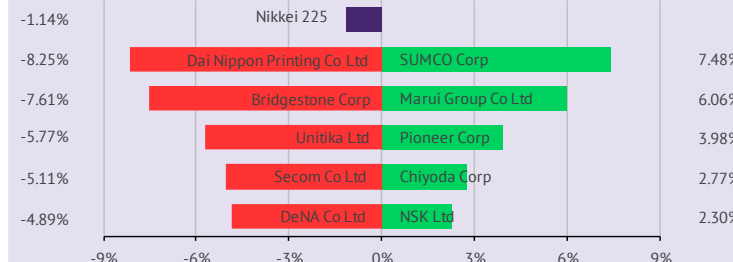
US markets closed lower yesterday, amid losses in industrial sector stocks. Data revealed that US initial jobless claims advanced more-than-expected for the week ended 4 November 2017. The S&P 500 Index dropped 0.4% to close at 2,584.62.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. Data indicated that Japan's tertiary industry index recorded a more-than-expected drop on a monthly basis in September. The Nikkei 225 Index is trading 1.1% lower at 22,607.59.



**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 marginally climbed against the South African Rand to trade at R14.2489. Later today, traders will keep a close watch on US preliminary Michigan consumer confidence index data and monthly budget statement for further direction.

The US Dollar rose against the South African Rand yesterday. On the data front, the number of Americans applying for unemployment benefits increased more than market anticipations for the week ended 4 November 2017. On the contrary, final wholesale inventories recorded a steady reading on a monthly basis in September. Separately, South Africa's manufacturing production went into negative territory on a monthly basis in September.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R18.7332. Later today, traders will keep an eye on UK's NIESR gross domestic product for three months to October, industrial production and manufacturing production along with construction output and trade balance data for further cues.

The British Pound advanced against the South African Rand yesterday.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R16.5998. With no major economic news in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. In its economic bulletin, the European Central Bank (ECB) stated that robust growth in the Eurozone is continuing unabated in the second half of the year, driven by rising domestic demand and increasing investments due to favourable financing conditions and improvements in corporate profitability. On the macro front, Germany's trade surplus widened more-than-anticipated in September.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.9542. Earlier in the session, the Reserve Bank of Australia (RBA), in its quarterly monetary policy statement, revealed that it will likely keep the benchmark interest rate unchanged and signalled a gradual increase in the nation's inflation rate. Also, the central bank lowered its GDP growth forecast to 2.5% in December from 2.0% to 3.0% forecast in August.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's home loans recorded an unexpected drop on a monthly basis in September. Meanwhile, Australia's largest trading partner, China reported that its consumer price index rose more-than-expected to reach its highest level in nine months on a yearly basis in October, while the nation's producer price index (PPI) advanced more than market forecast on an annual basis in the same month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.2489	▲	0.69%	0.17%	0.86%	4.19%	3.77%
GBPZAR	18.7332	▲	0.90%	0.70%	-0.20%	3.32%	10.66%
EURZAR	16.5998	▲	1.11%	0.48%	0.81%	2.73%	14.87%
AUDZAR	10.9542	▲	0.73%	0.55%	1.16%	1.82%	10.45%
EURUSD	1.1649	▲	0.41%	0.29%	-0.03%	-1.42%	10.74%
GBPUSD	1.3147	▲	0.22%	0.52%	-1.04%	-0.86%	6.56%
Brent (\$/barrel)	63.7	▼	0.69%	3.00%	4.91%	7.31%	12.51%
Gold (\$/oz)	1286.3	▼	0.30%	1.44%	1.34%	-0.86%	11.79%
Platinum (\$/oz)	939.7	▼	0.29%	2.03%	2.28%	1.02%	4.33%
Copper (\$/MT)*	6778.0	▼	-0.70%	-1.26%	-0.57%	5.98%	22.72%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged lower 0.1% to trade at \$1,286.30/oz.

Yesterday, gold prices rose 0.3% to close at \$1,287.50/oz, as weakness in the greenback supported demand for the safe haven asset.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 0.3% to trade at \$63.73/bl.

Yesterday, Brent crude oil advanced 0.7% to settle at \$63.93/bl, after news emerged that Saudi Arabia is planning to cut its crude exports by 120,000 bls per day in December from November and as rising geopolitical tensions in the nation buoyed oil prices.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.1% to trade at \$939.70/oz.

Yesterday, platinum prices climbed 0.3% to close at \$940.60/oz.

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## Major South Africa Corporate News

### Grand Parade Investments Limited

The company announced that Mr Dylan Pienaar has resigned as the Chief Executive Officer of its foods division and has also resigned as an Executive Director on the board of the company.

### Rebosis Property Fund Limited

In its FY17 results, the company stated that its revenue increased to ZAR1.88bn from ZAR1.39bn posted in the previous year. Its basic and diluted HEPS for class A share is 681.42c and for class B share is 65.67c.

### Hospitality Property Fund Limited

In its 1H18 trading statement, the company announced that total distribution per share is expected to be in the range of 39.00c to 45.00c for the six months ended 30 September 2017.

### Sibanye Gold Limited

The company announced that it has signed a three-year wage agreement with all three unions at its Kroondal PGM operations in South Africa effective from 1 July 2017 and it includes a ZAR1,000 per month increase year on year for the next 3 years for the category B employees and with CPI related increases for the next 3 years for category A employees. Further, the increase represents an average rise of about 7.0% in the wage bill for the Kroondal operations.

## Major Global Economic News

### Eurozone

The ECB, in its economic bulletin, indicated that strong growth in the Eurozone is continuing unabated in the second half of the year, boosted by rising domestic demand and increasing investments due to favourable financing conditions and improvements in corporate profitability.

In Germany, the seasonally adjusted trade surplus widened to EUR24.10bn in September, compared to market expectations of a trade surplus of EUR22.30bn. Germany had reported a revised trade surplus of EUR20.10bn in the previous month.

### US

In the US, the seasonally adjusted initial jobless claims climbed to 239.00K in the week ended November 4, 2017, compared to a level of 229.00K in the previous week. Markets were anticipating initial jobless claims to rise to a level of 232.00K.

In September, the seasonally adjusted final wholesale inventories advanced 0.3% on a monthly basis in the US, at par with market expectations. In the previous month, the wholesale inventories had registered a revised rise of 0.8%.

### Asia

In its quarterly monetary policy statement, the RBA stated that it will likely keep the key interest rate steady at a record low of 1.5%, amid weak inflation expectations. However, the RBA lowered its growth forecast for the economy to 2.5% in December from 2.0% to 3.0% forecast in August. Also, the central bank warned that outlook for household income growth remains a significant uncertainty in its efforts to forecast consumption growth.

In Japan, the tertiary industry index recorded a drop of 0.2% on a monthly basis in September, higher than market expectations for a drop of 0.1%. In the previous month, the index had dropped by a revised 0.1%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	06:30	Tertiary Industry Index (MoM) (Sep)	✓✓	-0.20%*	-0.10%	Monthly
UK	11:30	Industrial Production (MoM) (Sep)	✓✓✓	0.30%	0.20%	Monthly
UK	11:30	Manufacturing Production (MoM) (Sep)	✓✓✓	0.30%	0.40%	Monthly
UK	11:30	Construction Output (MoM) (Sep)	✓✓	-0.90%	0.60%	Monthly
UK	11:30	Trade Balance (Sep)	✓✓	-GBP4,600mn	-GBP5,626mn	Monthly
Eurozone	14:30	ECB's Mersch Speaks in Windsor, England	✓	-	-	As scheduled
UK	15:00	NIESR GDP Estimate (3M) (Oct)	✓✓✓	-	0.40%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Nov) (P)	✓✓✓	100.90	100.70	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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