

ONE Minute Brief

14 December 2017

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Economic and Political News

In South Africa (SA), the consumer price index (CPI) advanced 4.6% YoY in November, less than market expectations for a rise of 4.7%. In October, the CPI had recorded a rise of 4.8%. The nation's retail sales climbed 3.2% YoY in October, lower than market expectations for a rise of 5.3%. Retail sales had registered a rise of 5.4% in the prior month.

The High Court in Pretoria has rejected President, Jacob Zuma's, application to review the state of capture report and has ordered Zuma to institute a judicial commission of inquiry into state capture in 30 days and complete its work in 180 days. The court also ordered Zuma to personally pay costs for the application he brought to interdict the release and finalisation of the state of capture report. Meanwhile, Democratic Alliance leader, Mmusi Maimane, stated that the party will be laying charges of perjury against President Zuma, following the High Court ruling.

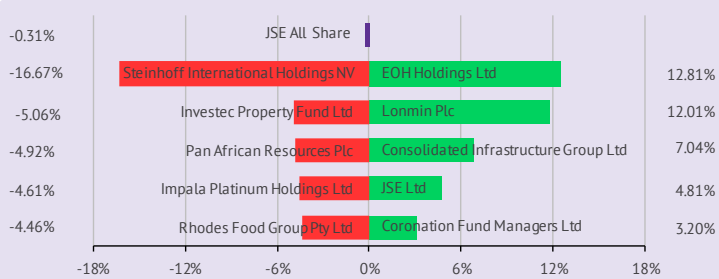
State pension fund, PIC, has said that it would ask for a seat in the committee investigating accounting irregularities in the South African multinational retail group, Steinhoff.

Former Government Communication and Information System (GCIS) head, Themba Maseko, stated that Ajay Gupta had asked him in 2010 to transfer the government's R600-million advertising budget to his company.

South Africa Market

South African markets closed lower

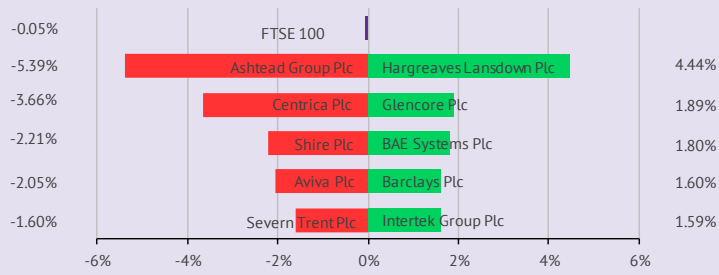
South African markets closed in the red yesterday, amid losses in platinum and gold mining sector stocks. Data revealed that South Africa's retail sales unexpectedly dropped on a monthly basis in October. The JSE All Share Index fell 0.3% to close at 57,344.41.



UK Market

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, led by losses in property and utility sector stocks. Data showed that in UK the number of unemployment benefits claimants rose in November. The FTSE 100 Index declined 0.1% to close at 7,496.51.



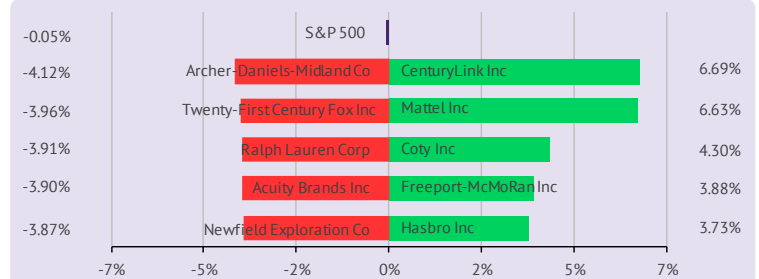
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	57344.41	▼ -179.21	-0.31%	-1.15%	-4.06%	1.34%	13.21%
JSE Top 40	51151.27	▼ -161.04	-0.31%	-1.01%	-3.98%	1.33%	16.51%
FTSE 100	7496.51	▼ -3.90	-0.05%	1.39%	2.32%	-2.22%	4.95%
DAX 30	13125.64	▼ -57.89	-0.44%	-0.21%	0.78%	-1.55%	14.32%
CAC 40	5399.45	▼ -27.74	-0.51%	0.01%	0.50%	-2.37%	11.05%
S&P 500	2662.85	▼ -1.26	-0.05%	0.43%	0.58%	2.81%	18.94%
Nasdaq Composite	6875.80	▲ 13.48	0.20%	0.52%	0.03%	2.17%	27.73%
DJIA	24585.43	▲ 80.63	0.33%	1.05%	1.29%	3.83%	24.40%

US Market

The S&P 500 futures are trading in the green

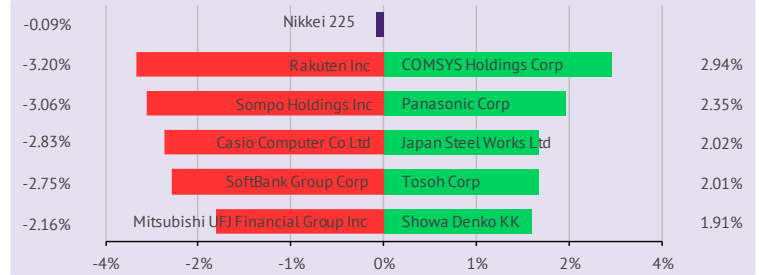
US markets closed lower yesterday, weighed down by losses in financial sector stocks. The US Federal Reserve increased its key interest rate by 25 basis points to a target range of 1.25% to 1.50%, at par with market expectations. The S&P 500 Index dropped 0.1% to close at 2,662.85.



Asian Market

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan's flash Nikkei manufacturing PMI expanded in December. The Nikkei 225 Index is trading 0.1% lower at 22,737.32.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.1% against the South African Rand to trade at R13.4727. Later today, traders will keep a close watch on the advance retail sales, initial jobless claims, preliminary Markit manufacturing and services PMI along with business inventories data for further cues.

The US Dollar fell against the South African Rand yesterday, after the Federal Reserve (Fed) raised its benchmark interest rate as widely expected, but left its rate outlook unchanged for the coming years. Also, data indicated that the US core CPI slowed in November. Meanwhile, on the data front, the US CPI advanced at a faster pace in line with market anticipations on an annual basis in November. Additionally, real average weekly earnings recorded a rise on a yearly basis in November. Separately, South Africa's CPI rose less than market expectations on an annual basis in November. Further, the country's retail sales slowed down in October.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R18.0951. Data indicated that UK's RICS house price balance recorded a flat reading in November, as widely expected. Later today, traders will keep an eye on the Bank of England interest rate decision along with UK's retail sales data for further direction.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's ILO unemployment rate remained steady in the August-October 2017 period. However, the average weekly earnings rose at par with market forecast on an annual basis in the same period. Further, the claimant count rate remained unchanged in November.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro gained 0.2% against the South African Rand to trade at R15.9431. Going forward, market participants will keep a tab on the European Central Bank interest rate decision and President, Mario Draghi's speech for further indication. Meanwhile, Markit manufacturing and services PMI across the Eurozone will also be on investors' radar.

The Euro weakened against the South African Rand yesterday. In economic news, Eurozone's industrial production rebounded more-than-expected on a monthly basis in October. Separately, Germany's final CPI rose in line with expectations on an annual basis in November.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% firmer against the South African Rand at R10.3294, after the number of people employed in Australia increased in November. Earlier in the session, Australia's consumer inflation expectation remained unchanged in December. Further, unemployment rate recorded a steady reading in November. Meanwhile, in China, Australia's largest trading partner, retail sales rose less-than-expected on a yearly basis in November. However, industrial production grew at par with market anticipations in the same month.

The Australian Dollar fell against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4727	▲	-1.62%	-1.56%	-1.78%	-3.04%	-2.02%
GBPZAR	18.0951	▲	-0.85%	-1.11%	-2.60%	-1.19%	6.71%
EURZAR	15.9431	▲	-0.91%	-1.10%	-2.47%	-0.84%	10.19%
AUDZAR	10.3294	▲	-0.55%	0.27%	-0.89%	-4.09%	3.78%
EURUSD	1.1835	▲	0.72%	0.45%	-0.66%	2.22%	12.49%
GBPUSD	1.3433	▲	0.77%	0.22%	-0.78%	1.82%	8.79%
Brent (\$/barrel)	62.8	▲	-1.42%	-1.51%	-0.30%	2.77%	9.89%
Gold (\$/oz)	1260.3	▲	0.56%	0.02%	-2.18%	0.21%	8.14%
Platinum (\$/oz)	888.5	▲	-0.03%	-0.94%	-7.12%	2.49%	-2.91%
Copper (\$/MT)*	6691.8	▲	0.98%	2.37%	-0.64%	-1.20%	21.16%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.2% higher to trade at \$1,260.30/oz.

Yesterday, gold prices rose 0.6% to close at \$1,245.40/oz, amid weakness in the US Dollar, after the Fed raised its key interest rate and left its rate outlook unchanged.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.6% to trade at \$62.82/bl, following a fourth straight weekly fall in US crude inventories after the Energy Information Administration reported that crude oil inventories fell by 5.1mn bls during the week ended 8 December 2017.

Yesterday, Brent crude oil dropped 1.4% to settle at \$62.44/bl, after OPEC, in its monthly report, revealed that US crude output is surging at a faster than expected pace and raised its forecast for non-OPEC supply growth for the next year by 120,000 bls a day to around 990,000.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.5% higher to trade at \$888.50/oz.

Yesterday, platinum prices marginally declined to close at \$875.40/oz.

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Major South Africa Corporate News

Lonmin Plc

The company announced that it has completed the acquisition of Anglo American Platinum's 42.5% interest in the Pandora Joint Venture, as well as Mvelaphanda Resources Proprietary Limited's 7.5% holding in the Joint Venture.

Northam Platinum Limited

The company announced that the acquisition of the Amandelbult mining right for a cash consideration of ZAR1.00bn has become unconditional and the transfer of the mining right was executed on December 6, 2017.

Pioneer Food Group Limited

The company announced that it is purchasing the UK based granola brand, Lizi's which is known for breakfast cereals for an undisclosed amount.

Major Global Economic News

Asia

In China, industrial production rose 6.1% on an annual basis in November, at par with market expectations. In the prior month, industrial production had risen 6.2%.

In November, retail sales recorded a rise of 10.2% on a yearly basis in China, less than market expectations for a rise of 10.3%. Retail sales had risen 10.0% in the previous month.

In Australia, the seasonally adjusted unemployment rate remained flat at 5.4% in November. Markets were expecting unemployment rate to remain unchanged.

In December, the consumer inflation expectations remained flat at 3.7% in Australia.

In Japan, the preliminary manufacturing PMI registered a rise to 54.20 in December, compared to a reading of 53.60 in the previous month.

US

In the US, the CPI recorded a rise of 2.2% on an annual basis in November, compared to an advance of 2.0% in the prior month. Market expectation was for the CPI to climb 2.2%.

UK

In the UK, the RICS house price balance fell to a level of 0.0% in November, at par with market expectations. In the previous month, house price balance had recorded a reading of 1.0%.

In the UK, the average earnings including bonus advanced 2.5% on an annual basis in the August-October 2017 period, in line with market expectations. The average earnings including bonus had advanced by a revised 2.3% in the July-September 2017 period.

In November, the claimant count rate remained unchanged at a level of 2.3% in the UK.

In the UK, the ILO unemployment rate remained unchanged at a level of 4.3% in the August-October 2017 period, higher than market expectations of a drop to 4.2%.

Eurozone

In the Eurozone, the seasonally adjusted industrial production recorded an unexpected rise of 0.2% on a monthly basis in October, compared to market expectations for an unchanged reading. In the prior month, industrial production had dropped by a revised 0.50%.

In Germany, the final CPI recorded a rise of 1.8% on an annual basis in November, compared to a rise of 1.6% in the prior month. Markets were anticipating the consumer price index to advance 1.8%. The preliminary figures had also recorded an advance of 1.8%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	02:01	RICS Housing Price Balance (Nov)	✓✓✓	0.00%*	1.00%	Monthly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Dec) (P)	✓✓✓	54.20*	53.60	Monthly
China	04:00	Retail Sales (YoY) (Nov)	✓✓✓	10.20%*	10.00%	Monthly
China	04:00	Industrial Production (YoY) (Nov)	✓✓	6.10%*	6.20%	Monthly
Japan	06:30	Industrial Production (MoM) (Oct) (F)	✓✓✓	-	0.50%**	Monthly
Japan	06:30	Industrial Production (YoY) (Oct) (F)	✓✓✓	-	5.90%**	Monthly
South Africa	10:00	Current Account Balance (Q3)	✓✓	-ZAR90.00bn	-ZAR110.00bn	Quarterly
South Africa	10:00	Current Account to GDP (Q3)	✓✓✓	-2.00%	-2.40%	Quarterly
Germany	10:30	Markit Manufacturing PMI (Dec) (P)	✓✓✓	62.00	62.50	Monthly
Germany	10:30	Markit Services PMI (Dec) (P)	✓✓✓	54.60	54.30	Monthly
Eurozone	11:00	Markit Composite PMI (Dec) (P)	✓✓✓	57.20	57.50	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Dec) (P)	✓✓✓	59.70	60.10	Monthly
Eurozone	11:00	Markit Services PMI (Dec) (P)	✓✓✓	56.00	56.20	Monthly
UK	11:30	Retail Sales (MoM) (Nov)	✓✓✓	0.40%	0.30%	Monthly
UK	11:30	Retail Sales (YoY) (Nov)	✓✓✓	0.30%	-0.30%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Nov)	✓✓✓	0.30%	0.70%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Nov)	✓✓✓	4.90%	5.00%	Monthly
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
UK	14:00	Monetary Policy Summary	✓✓✓	-	-	As scheduled
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
Eurozone	14:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
US	15:30	Advance Retail Sales (MoM) (Nov)	✓✓✓	0.30%	0.20%	Monthly
Eurozone	15:30	ECB Monetary policy statement and press conference	✓✓✓	-	-	As scheduled
Eurozone	15:30	EUR ECB President Draghi holds news conference in Frankfurt	✓✓✓	-	-	As scheduled
US	15:30	Initial Jobless Claims (09-Dec)	✓✓✓	236.00K	236.00K	Weekly
US	16:45	Markit Manufacturing PMI (Dec) (P)	✓✓✓	53.90	53.90	Monthly
US	16:45	Markit Services PMI (Dec) (P)	✓✓✓	54.70	54.50	Monthly
US	17:00	Business Inventories (Oct)	✓	-0.10%	0.00%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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