

ONE Minute Brief

8 January 2018

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Economic and Political News

Over the weekend, South Africa's Parliament stated that its rules review sub-committee will meet later this week to draft rules regarding the removal of the nation's President.

The African National Congress (ANC) President, Cyril Ramaphosa, stated that the new leaders of the ANC are committed to expropriating land without compensation and added that this would not damage the economy and the agricultural sector or affect food security.

The National Union of Mineworkers (NUM) has welcomed the decision of Eskom to reinstate Matshela Koko as Group Executive, but has asked for a full investigation into allegations of corruption at Eskom. Meanwhile, Business Leadership South Africa (BLSA) has expressed disappointment over the reinstatement.

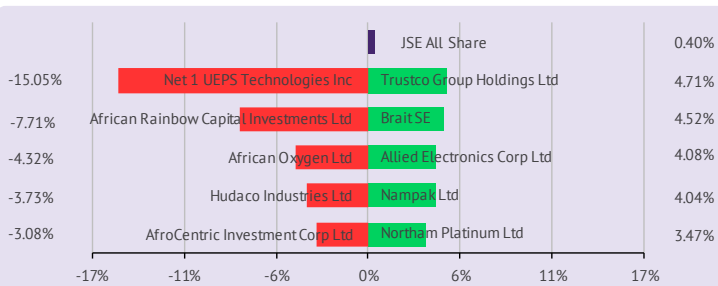
The South African Communist Party (SACP) leader, Blade Nzimande, stated that the concept of radical economic transformation is basically used to hide corruption within the ANC. He also termed corporate state capture as treason.

ANC Chairman, Gwede Mantashe, stated that the party's new President, Cyril Ramaphosa, is rich and will not be tempted to steal. Mantashe also urged to South Africans to give a chance to the new leaders at ANC to solve issues in the party.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in mining and resource sector stocks. The JSE All Share Index rose 0.4% to close at 59,717.20.



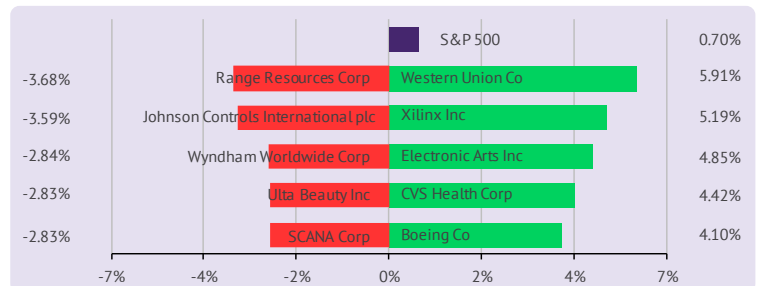
Key Indices

| | Last Close | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 59717.20 | ▲ 240.43 | 0.40% | NA | 0.36% | -0.45% | 0.36% |
| JSE Top 40 | 52842.68 | ▲ 180.05 | 0.34% | NA | 0.59% | -1.38% | 0.59% |
| FTSE 100 | 7724.22 | ▲ 28.34 | 0.37% | NA | 0.47% | 4.93% | 0.47% |
| DAX 30 | 13319.64 | ▲ 151.75 | 1.15% | NA | 3.11% | -0.82% | 3.11% |
| CAC 40 | 5470.75 | ▲ 57.06 | 1.05% | NA | 2.98% | -1.12% | 2.98% |
| S&P 500 | 2743.15 | ▲ 19.16 | 0.70% | NA | 2.60% | 0.98% | 2.60% |
| Nasdaq Composite | 7136.56 | ▲ 58.64 | 0.83% | NA | 3.38% | 0.43% | 3.38% |
| DJIA | 25295.87 | ▲ 220.74 | 0.88% | NA | 2.33% | 1.84% | 2.33% |

US Market ▲

The S&P 500 futures are trading in the green

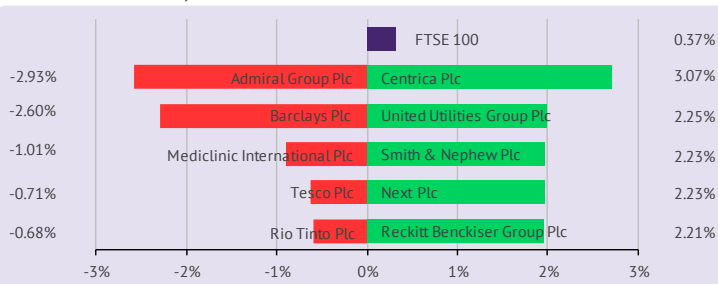
US markets closed higher on Friday, driven by a rise in technology sector stocks. Data showed that US non-farm payrolls rose less-than-anticipated in December, led by decline in the retail employment. The S&P 500 Index climbed 0.7% to close at 2,743.15.



UK Market ▲

The FTSE 100 futures are trading in negative territory

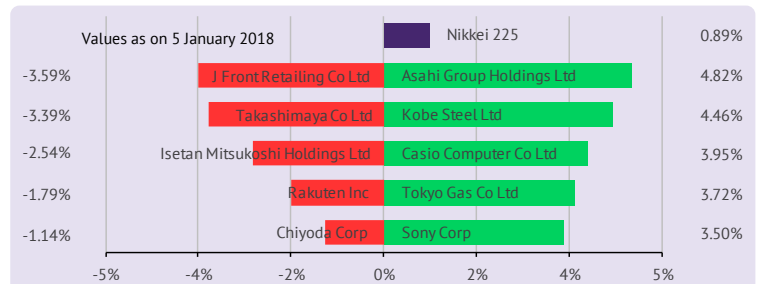
UK markets finished higher on Friday, amid gains in mining, utility and consumer staples sector stocks. Data revealed that UK's unit labour cost recorded a rise on a yearly basis in 3Q17. The FTSE 100 Index advanced 0.4% to close at 7,724.22.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Markets in Japan are closed today on account of a public holiday. The Nikkei 225 Index advanced 0.9% to close at 23,714.53 on Friday.



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 firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R12.3209. Later today, traders will keep a close watch on the US consumer credit for further direction.

The US Dollar rose against the South African Rand on Friday, despite a slew of disappointing economic data. On the data front, US non-farm payrolls grew worse than the market forecast in December, amid a downfall in the retail sector employment. Further, the nation's unemployment rate recorded an unchanged reading in the same month. Adding to the negative sentiment, the ISM non-manufacturing PMI unexpectedly declined in December, continuing in expansion territory. Moreover, the trade deficit widened higher-than-expected in November. In contrast, factory orders accelerated at a faster-than-expected pace in the same month. Furthermore, average hourly earnings advanced in line with market anticipations on an annual basis in December. However, final durable goods orders recorded a steady reading in November.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally gained against the South African Rand to trade at R16.7162. Later today, traders will keep an eye on UK's Halifax house price index for further cues.

The British Pound advanced against the South African Rand on Friday. On the macro front, UK's unit labour cost climbed on an annual basis in the third quarter of 2017, less than its prior reading.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R14.8253. Going forward, market participants will keep a tab on Eurozone's retail sales, Sentix investor confidence index and consumer confidence along with business climate indicator and economic confidence index for further indication. Meanwhile, Germany's factory orders will also be on investors' radar.

The Euro weakened against the South African Rand on Friday, after Eurozone's consumer price index (CPI) advanced at a slower pace but at par with the market forecast on an annual basis in December. Meanwhile, Germany's retail sales rebounded higher-than-expected on a monthly basis in November, notching its highest level since October 2016. Additionally, Markit construction PMI expanded in December.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R9.6716. Earlier in the session, Australia's AiG performance of construction index registered a decline in December, compared to its prior reading.

The Australian Dollar rose against the South African Rand on Friday. Data indicated that Australia posted an unexpected trade deficit in November.

Key Currencies & Commodities

| | Current | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| USDZAR | 12.3209 ▲ | 0.07% | NA | -0.57% | -9.60% | -0.57% |
| GBPZAR | 16.7162 ▲ | 0.25% | NA | -0.07% | -9.84% | -0.07% |
| EURZAR | 14.8253 ▲ | -0.22% | NA | -0.27% | -8.96% | -0.27% |
| AUDZAR | 9.6716 ▼ | 0.10% | NA | 0.15% | -6.85% | 0.15% |
| EURUSD | 1.2033 ▲ | -0.32% | NA | 0.20% | 0.85% | 0.20% |
| GBPUSD | 1.3568 ▼ | 0.15% | NA | 0.43% | -0.09% | 0.43% |
| Brent (\$/barrel) | 67.8 ▲ | -0.66% | NA | 1.12% | 6.77% | 1.12% |
| Gold (\$/oz) | 1321.3 ▼ | 0.05% | NA | 0.99% | 2.84% | 0.99% |
| Platinum (\$/oz) | 970.8 ▼ | 0.53% | NA | 3.96% | -0.88% | 3.96% |
| Copper (\$/MT)* | 7078.5 ▼ | -0.94% | NA | -1.78% | 7.01% | -1.78% |

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.1% to trade at \$1,321.30/oz.

On Friday, gold prices rose 0.1% to close at \$1,322.30/oz, as downbeat US economic reports, resulted in expectations for a slower Federal Reserve interest-rate hike policy.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$67.77/bl, after Baker Hughes reported that US oil rig count fell by 5 to 742 last week.

On Friday, Brent crude oil dropped 0.7% to settle at \$67.62/bl, after a news emerged that US crude output is expected to reach 10.00mn bls per day in the coming week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$970.80/oz.

On Friday, platinum prices climbed 0.5% to close at \$971.20/oz.

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Major South Africa Corporate News

Santam Limited

The company announced that its Director, Ms Yaganthrie Ramiah has resigned from the Board with effect from January 5. 2018.

Major Global Economic News

US

In the US, the non-farm payrolls registered a rise of 148.00K in December, compared to market anticipations for an advance of 190.00K. Non-farm payrolls had recorded a revised increase of 252.00K in the previous month.

In December, unemployment rate remained steady at 4.1% in the US. Market expectation was for unemployment rate to record a steady reading.

In the US, the ISM non-manufacturing PMI unexpectedly eased to a level of 55.90 in December, compared to a reading of 57.40 in the prior month. Market anticipation was for the non-manufacturing PMI to advance to a level of 57.60.

In December, average hourly earnings of all employees rose 2.5% on an annual basis in the US, in line with market expectations. In the previous month, average hourly earnings of all employees had climbed by a revised 2.4%.

In the US, the trade deficit expanded to USD50.50bn in November, more than market expectations of a trade deficit of USD49.90bn. The US had posted a revised trade deficit of USD48.90bn in the prior month.

In November, factory orders climbed 1.3% on a monthly basis in the US, higher than market expectations for an advance of 1.1%. Factory orders had registered a revised rise of 0.4% in the previous month.

In the US, the final durable goods orders climbed 1.3% on a monthly basis in November. Durable goods orders had dropped by a revised 0.4% in the prior month. The preliminary figures had also recorded an advance of 1.3%.

Asia

In Australia, the AiG performance of construction index recorded a drop to 52.80 in December. In the prior month, the index had recorded a level of 57.50.

Eurozone

In the Eurozone, the preliminary CPI climbed 1.4% in December on an annual basis, compared to a rise of 1.5% in the prior month. Markets were expecting the CPI to advance 1.4%.

In Germany, retail sales registered a rise of 2.3% on a monthly basis in November, compared to a drop of 1.2% in the previous month. Markets were expecting retail sales to rise 1.0%.

In December, Markit construction PMI recorded a rise to 53.70 in Germany, compared to a reading of 53.10 in the previous month.

UK

In the UK, unit labour cost recorded a rise of 1.3% on an annual basis in 3Q17, compared to a revised reading of 1.7% in the prior quarter.



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40 Best Performers on the All Share Index

| Company Name | Last Close | 1 Week % Change | MTD % Change | YTD % Change |
|------------------------------|--------------|-----------------|--------------|--------------|
| Reinet Investments SCA | 26772 | -2.29% | - | - |
| Kumba Iron Ore Ltd | 39429 | 4.00% | 173.29% | 169.94% |
| Astral Foods Ltd | 27250 | 1.72% | 71.89% | 114.76% |
| Trustco Group Holdings Ltd | 890 | 0.00% | 106.50% | 113.43% |
| Exxaro Resources Ltd | 16675 | 2.62% | 67.26% | 97.97% |
| Naspers Ltd | 361644 | 4.79% | 33.53% | 80.03% |
| Trencor Ltd | 4787 | -0.27% | 43.75% | 72.31% |
| Niveus Investments Ltd | 989 | -1.00% | 57.20% | 70.12% |
| Assore Ltd | 36858 | 2.38% | 97.98% | 64.32% |
| Dis-Chem Pharmacies Ltd | 3594 | -1.53% | 25.38% | 61.78% |
| Discovery Ltd | 18170 | -2.31% | 42.80% | 60.85% |
| Mr Price Group Ltd | 24081 | -1.66% | 67.28% | 57.26% |
| Capitec Bank Holdings Ltd | 106511 | -2.99% | 37.54% | 55.74% |
| Clicks Group Ltd | 17414 | -3.86% | 28.65% | 54.24% |
| African Oxygen Ltd | 2703 | -3.46% | 39.53% | 49.22% |
| African Rainbow Minerals Ltd | 13694 | 2.01% | 79.78% | 48.20% |
| Anglo American Platinum Ltd | 38177 | 8.01% | 36.88% | 44.39% |
| Imperial Holdings Ltd | 25435 | -2.97% | 55.94% | 44.34% |
| Glencore Plc | 6520 | 1.31% | 34.47% | 42.04% |
| Equites Property Fund Ltd | 2110 | 0.48% | 26.52% | 42.00% |
| Anglo American Plc | 26847 | 5.03% | 56.98% | 41.59% |
| Barloworld Ltd | 16044 | 0.55% | 39.28% | 40.41% |
| Sanlam Ltd | 8212 | -5.61% | 19.66% | 35.95% |
| MAS Real Estate Inc | 2908 | -3.07% | 25.98% | 35.12% |
| South32 Ltd | 3520 | 3.53% | 39.29% | 34.80% |
| Resilient REIT Ltd | 14622 | -3.27% | 24.51% | 33.90% |
| Fortress REIT Ltd | 4092 | -3.03% | 19.78% | 32.60% |
| Northam Platinum Ltd | 5370 | 2.74% | 22.10% | 32.59% |
| Cashbuild Ltd | 44399 | -0.23% | 30.36% | 32.27% |
| PPC Ltd | 730 | 4.73% | 18.89% | 32.01% |
| Shoprite Holdings Ltd | 22020 | -0.45% | 6.93% | 31.49% |
| Standard Bank Group Ltd | 18780 | -4.02% | 31.39% | 30.58% |
| RCL Foods Ltd/South Africa | 1587 | 4.41% | 7.21% | 27.54% |
| Gold Fields Ltd | 5429 | 0.35% | 17.81% | 27.31% |
| AVI Ltd | 11067 | 0.10% | 15.06% | 26.37% |
| Cie Financiere Richemont SA | 11210 | 0.31% | 3.49% | 26.15% |
| FirstRand Ltd | 6371 | -5.26% | 32.66% | 26.01% |
| Capital & Regional Plc | 1060 | 6.00% | 10.90% | 25.23% |
| BHP Billiton Plc | 25950 | 3.57% | 31.88% | 24.40% |
| Hudaco Industries Ltd | 13545 | -5.94% | 4.76% | 23.34% |
| JSE All Share Index | 59717 | 0.36% | 0.36% | 0.36% |

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Economic Calendar

| Country | SAST | Economic Indicator | Relevance | Consensus | Previous/ **Previous Est. | Frequency |
|--------------|-------|--|-----------|-----------|------------------------------|-----------|
| South Africa | 08:00 | Net Gold & Forex Reserve (Dec) | ✓✓ | - | USD42.69bn | Monthly |
| South Africa | 08:00 | Gross Gold & Forex Reserve (Dec) | ✓✓ | - | USD50.30bn | Monthly |
| Germany | 09:00 | Germany- Foreign Export Orders (Nov) | ✓ | - | 129.10 | Monthly |
| Germany | 09:00 | Germany- Domestic Orders (Nov) | ✓ | - | 113.20 | Monthly |
| Germany | 09:00 | Germany- Manufacturing Order-Total (Nov) | ✓ | - | 122.00 | Monthly |
| Germany | 09:00 | Factory Orders n.s.a. (YoY) (Nov) | ✓✓✓ | 7.80% | 6.90% | Monthly |
| Germany | 09:00 | Factory Orders s.a. (MoM) (Nov) | ✓✓ | 0.00% | 0.50% | Monthly |
| UK | 10:30 | Halifax House Prices (3m/YoY) (Dec) | ✓ | 3.30% | 3.90% | Monthly |
| UK | 10:30 | Halifax House Prices (MoM) (Dec) | ✓ | 0.20% | 0.50% | Monthly |
| Eurozone | 11:30 | Sentix Investor Confidence (Jan) | ✓✓✓ | - | 31.10 | Monthly |
| Eurozone | 12:00 | Retail Sales (Nov) | ✓✓ | - | 104.50 | Monthly |
| Eurozone | 12:00 | Business Climate Indicator (Dec) | ✓✓ | 1.50 | 1.49 | Monthly |
| Eurozone | 12:00 | Consumer Confidence (Dec) (F) | ✓✓✓ | 0.50 | 0.50** | Monthly |
| Eurozone | 12:00 | Economic Sentiment Indicator (Dec) | ✓ | 114.80 | 114.60 | Monthly |
| Eurozone | 12:00 | Industrial Confidence (Dec) | ✓ | 8.40 | 8.20 | Monthly |
| Eurozone | 12:00 | Retail Sales (MoM) (Nov) | ✓✓✓ | 1.30% | -1.10% | Monthly |
| Eurozone | 12:00 | Retail Sales (YoY) (Nov) | ✓✓✓ | 2.40% | 0.40% | Monthly |
| Eurozone | 12:00 | Services Sentiment Indicator (Dec) | ✓ | 16.50 | 16.30 | Monthly |
| US | 22:00 | Consumer Credit Change (Nov) | ✓✓ | - | USD20.52bn | Monthly |
| South Africa | - | SACCI Business Confidence Index (Dec) | ✓✓✓ | - | 95.10 | Monthly |
| South Africa | - | PMI Manufacturing (Dec) | ✓✓✓ | - | 48.60 | Monthly |

Note: ✓✓✓High ✓✓Medium ✓Low

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