

ONE Minute Brief

25 January 2018

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Economic and Political News

In South Africa, the consumer price index rose 4.7% on an annual basis in December, meeting market expectations.

At the World Economic Forum in Davos, Deputy President, Cyril Ramaphosa, stated that the government had started taking action against corruption and will ensure that those found guilty are punished.

The Justice Department has indicated that the terms of reference into the judicial commission of inquiry on state capture will be released today.

South Africa Reserve Bank Governor Lesetja Kganyago has stated that the depreciation of the rand last year was overdone and the appointment of a new leader of the nation's ruling party had removed political uncertainty and had been welcomed by investors.

Finance Minister Malusi Gigaba has said that tough decisions will be taken in the upcoming budget to stabilise the country's debt and there would be some pain as a result.

Eskom spokesperson, Khulu Phasiwe, has stated that former CFO, Anoj Singh, had lied to the parliamentary inquiry into state capture on Tuesday.

South Africa Market ▲

South African markets closed higher

South African markets closed higher yesterday, led by gains in gold mining, banking and retail sector stocks. Data revealed that South Africa's annual consumer price inflation rose in line with expectations in December. The JSE All Share Index rose 0.2% to 61,623.13.



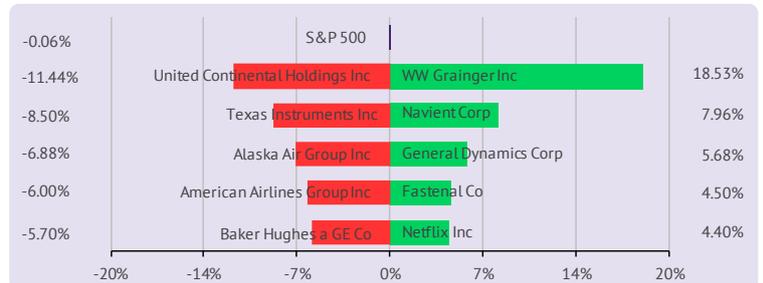
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	61623.13	▲ 147.69	0.24%	1.17%	3.56%	-0.45%	3.56%
JSE Top 40	54575.94	▲ 54.13	0.10%	0.96%	3.89%	-1.38%	3.89%
FTSE 100	7643.43	▼ -88.40	-1.14%	-1.13%	-0.58%	4.93%	-0.58%
DAX 30	13414.74	▼ -144.86	-1.07%	-0.15%	3.85%	-0.82%	3.85%
CAC 40	5495.16	▼ -40.10	-0.72%	-0.57%	3.44%	-1.12%	3.44%
S&P 500	2837.54	▼ -1.59	-0.06%	0.97%	6.13%	0.98%	6.13%
Nasdaq Composite	7415.06	▼ -45.23	-0.61%	1.07%	7.41%	0.43%	7.41%
DJIA	26252.12	▲ 41.31	0.16%	0.69%	6.20%	1.84%	6.20%

US Market ▼

The S&P 500 futures are trading in the red

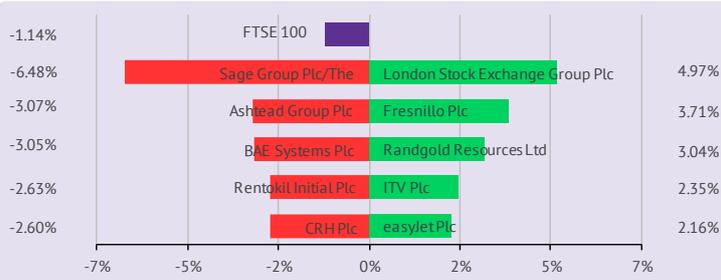
US markets closed lower yesterday, weighed down by losses in technology sector stocks and trade war concerns. Data revealed that US flash Markit services PMI unexpectedly eased to its lowest level since April 2017 in January. The S&P 500 Index fell 0.1% to 2,837.54.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid strength in the British Pound, following robust UK employment data and optimism that Britain and the European Union will agree on a Brexit transition deal by the end of March. The FTSE 100 Index declined 1.1% to close at 7,643.43.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.9% lower at 23,721.10.



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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 R11.8669. Later today, traders will keep a close watch on the US advance goods trade balance figures, wholesale inventories and initial jobless claims along with the nation's leading index and new home sales data for further direction.

The US Dollar fell against the South African Rand yesterday, after US Treasury Secretary, Steven Mnuchin, at the World Economic Forum, commented that the currency's weakness is good for the nation's trade. On the economic front, US preliminary Markit services PMI recorded an unexpected drop in January, reaching its lowest level since April 2017. Additionally, existing home sales retreated more-than-expected to its lowest level since February 2017 on a monthly basis in December. Meanwhile, the house price index rose less than market forecast on a monthly basis in November. Separately, South Africa's CPI climbed in line with market anticipations on an annual basis in December.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.4% higher against the South African Rand at R16.9548. Later today, traders will keep an eye on UK's BBA mortgage approvals for further indication.

The British Pound advanced against the South African Rand yesterday, on robust UK jobs data. Data showed that the ILO unemployment rate remained at its lowest since 1975 during the month of November. Moreover, the average weekly earnings remained unchanged in the same month. However, the nation's claimant count rate recorded a rise in December.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.3% firmer against the South African Rand at R14.7508. Going forward, market participants will keep a tab on the European Central Bank's (ECB) interest rate decision along with the ECB President, Mario Draghi's speech for further cues. Meanwhile, Germany's GfK consumer confidence, Ifo business climate and expectations index will be on investors' radar.

The Euro weakened against the South African Rand yesterday, after Eurozone's preliminary Markit manufacturing PMI dropped more-than-expected in January, continuing in expansion territory. In contrast, the region's flash Markit services PMI surprised with a rise in the same month, notching its highest level since August 2017. Separately, Germany's preliminary Markit manufacturing PMI declined more than market forecast in January, remaining in expansion territory. Meanwhile, the nation's preliminary Markit services PMI unexpectedly rose to its highest level since March 2011 in January.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% firmer against the South African Rand at R9.6092.

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	11.8669	▲	-1.46%	-2.78%	-4.25%	-9.60%	-4.25%
GBPZAR	16.9548	▲	0.24%	0.15%	0.98%	-9.84%	0.98%
EURZAR	14.7508	▲	-0.58%	-1.28%	-0.96%	-8.96%	-0.96%
AUDZAR	9.6092	▲	-0.66%	-1.67%	-1.03%	-6.85%	-1.03%
EURUSD	1.2430	▲	0.89%	1.52%	3.36%	0.85%	3.36%
GBPUSD	1.4290	▲	1.73%	2.77%	5.39%	-0.09%	5.39%
Brent (\$/barrel)	71.0	▲	0.81%	2.80%	5.47%	6.77%	5.47%
Gold (\$/oz)	1368.1	▲	1.47%	1.74%	3.59%	2.84%	3.59%
Platinum (\$/oz)	1013.3	-	0.80%	-0.29%	8.47%	-0.88%	8.47%
Copper (\$/MT)*	7111.0	▲	3.32%	1.60%	-1.33%	7.01%	-1.33%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.9% higher to trade at \$1,368.10/oz, amid continued weakness in the US Dollar.

Yesterday, gold prices rose 1.5% to close at \$1,356.30/oz, notching its highest level since August 2016, as the greenback weakened, after US Treasury Secretary, Steven Mnuchin, stated that a weaker Dollar is good for the economy as it relates to trade and opportunities.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$70.99/bl.

Yesterday, Brent crude oil advanced 0.8% to settle at \$70.53/bl, after the Energy Information Administration (EIA) reported that US crude supplies declined by 1.1mn bls during the week ended 19 January 2018.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices traded flat at \$1,013.30/oz.

Yesterday, platinum prices climbed 0.8% to close at \$1013.30/oz.



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Major South Africa Corporate News

Reinet Investments SCA

In its management statement for 3Q18, the company stated that net asset value at the end of the period increased to EUR5.69bn, representing an increase of EUR295.00mn from 2Q18. Also, its net asset value per share increased 5.5% to EUR29.06 from 2Q18.

Major Global Economic News

Eurozone

In the Eurozone, the preliminary Markit manufacturing PMI fell to a level of 59.60 in January, compared to a reading of 60.60 in the prior month. Market anticipation was for the Markit manufacturing PMI to ease to 60.30.

In January, the preliminary Markit services PMI registered an unexpected rise to 57.60 in the Eurozone, compared to market expectations of a fall to a level of 56.40. The Markit services PMI had recorded a level of 56.60 in the previous month.

In Germany, the preliminary Markit manufacturing PMI recorded a drop to 61.20 in January, higher than market expectations of a fall to a level of 63.00. Manufacturing PMI had registered a level of 63.30 in the previous month.

In January, the flash Markit services PMI registered an unexpected rise to a level of 57.00 in Germany, compared to a level of 55.80 in the prior month. Market expectation was for the services PMI to drop to a level of 55.50.

UK

In the UK, the ILO unemployment rate remained unchanged at 4.3% in the September-November 2017 period, at par with market expectations.

In December, the claimant count rate recorded a rise to 2.4% in the UK, compared to a reading of 2.3% in the prior month.

In the UK, the average earnings including bonus rose 2.5% on a yearly basis in the September-November 2017 period, at par with market expectations. In the August-October 2017 period, the average earnings including bonus had registered a similar rise.

US

In the US, the flash Markit manufacturing PMI recorded an unexpected rise to a level of 55.50, in January, compared to market expectations of a fall to 55.00. In the prior month, the Markit manufacturing PMI had registered a reading of 55.10.

In January, the flash Markit services PMI registered an unexpected drop to a level of 53.30 in the US, compared to market expectations of a rise to a level of 54.30. In the prior month, Markit services PMI had recorded a reading of 53.70.

In the US, existing home sales fell 3.6% on monthly basis, to a level of 5.57mn in December, compared to market expectations of 5.70mn. In the previous month, existing home sales had recorded a revised reading of 5.78mn.

In November, the housing price index registered a rise of 0.4% on a monthly basis in the US, lower than market expectations for an advance of 0.5%. In the prior month, the index had recorded a revised rise of 0.6%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Japan	07:00	Supermarket Sales (YoY) (Dec)	✓	-	-0.60%	Monthly
Germany	09:00	GfK Consumer Confidence Survey (Feb)	✓✓✓	10.80	10.80	Monthly
Germany	11:00	Ifo - Business Climate (Jan)	✓✓✓	117.00	117.20	Monthly
Germany	11:00	Ifo - Current Assessment (Jan)	✓✓	125.30	125.40	Monthly
Germany	11:00	Ifo - Expectations (Jan)	✓✓	109.30	109.50	Monthly
UK	11:30	BBA Mortgage Approvals (Dec)	✓✓	-	39.51K	Monthly
South Africa	11:30	Producer Price Index (MoM) (Dec)	✓✓	0.60%	0.50%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Dec)	✓✓	5.20%	5.10%	Monthly
UK	13:00	CBI Distributive Trades Survey - Realised (Jan)	✓✓	13.00%	20.00%	Monthly
Eurozone	14:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
Eurozone	15:30	ECB Monetary policy statement and press conference	✓✓✓	-	-	As scheduled
Canada	15:30	Retail Sales (MoM) (Nov)	✓✓	0.80%	1.50%	Monthly
Canada	15:30	Retail Sales ex Autos (MoM) (Nov)	✓	0.90%	0.80%	Monthly
US	15:30	Continuing Jobless Claims (13-Jan)	✓✓✓	1925.00K	1952.00K	Weekly
US	15:30	Initial Jobless Claims (20-Jan)	✓✓✓	235.00K	220.00K	Weekly
US	15:30	Wholesale Inventories (MoM) (Dec) (P)	✓✓✓	0.40%	0.80%	Monthly
US	17:00	Leading Indicator (MoM) (Dec)	✓✓✓	0.50%	0.40%	Monthly
US	17:00	New Home Sales (MoM) (Dec)	✓✓✓	-7.90%	17.50%	Monthly
US	17:00	New Home Sales (Dec)	✓✓✓	675.00K	733.00K	Monthly
US	18:00	Kansas City Fed Manufacturing Activity (Jan)	✓✓✓	14.00	14.00	Monthly
Switzerland	-	World Economic Forum (Davos)	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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