

# ONE Minute Brief

31 January 2018

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## Economic and Political News

In South Africa, private sector credit advanced more than market expectations, by 6.72% on an annual basis, in December. The nation posted a budget surplus of ZAR13.2bn in December, compared to a deficit of ZAR15.3bn in the prior month.

The Chairperson of the African National Congress, Gwede Mantashe, indicated that the party's top six officials will meet President Jacob Zuma to discuss options to avoid him being impeached or voted out by Parliament.

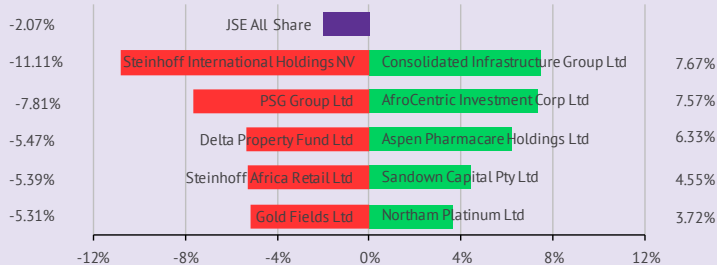
In its interim results for the six months ended September 2017, Eskom reported a decline in revenue and profit. The board stated that it will appoint a permanent CEO and chief financial officer within the next three months. The utility has secured commitments of ZAR 10bn by February 1 and another ZAR 10bn by the end of February. Acting CFO, Calib Cassim, stated that Eskom cannot not afford a nuclear power station expansion. Meanwhile, acting CEO, Phakamani Hadebe, stated that the company should think about converting some of its debt into equity to help reduce leverage.

The SABC has announced the appointment of former journalist, Chris Maroleng, as its Chief Operating Officer with effect from February 1.

## South Africa Market ▼

### South African markets closed lower

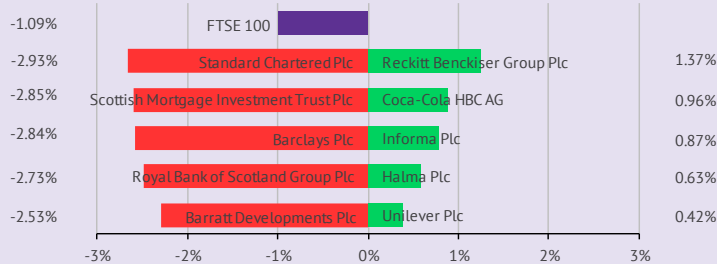
South African markets closed lower yesterday, amid losses in gold mining sector stocks. Further, banking stocks were pressured after Viceroy Research accused Capitec Bank of misrepresenting its loan book. The JSE All Share Index fell 2.1% to 59,546.23.



## UK Market ▼

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

UK markets finished lower yesterday, weighed down by losses in mining and banking sector stocks. Data showed that UK's mortgage approvals fell more-than-expected to its lowest level in three years in December. The FTSE 100 Index declined 1.1% to close at 7,587.98.



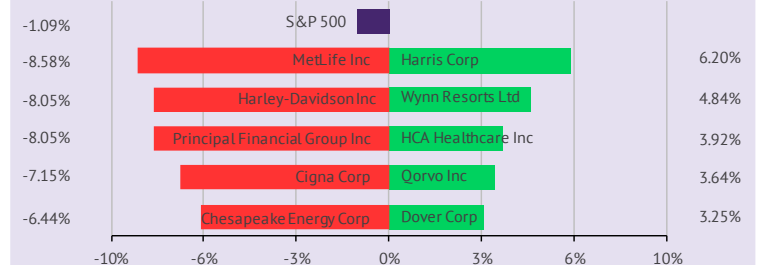
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59546.23	▼ -1260.67	-2.07%	-3.33%	0.07%	-0.45%	0.07%
JSE Top 40	52700.00	▼ -1163.76	-2.16%	-3.36%	0.32%	-1.38%	0.32%
FTSE 100	7587.98	▼ -83.55	-1.09%	-1.01%	-1.30%	4.93%	-1.30%
DAX 30	13197.71	▼ -126.77	-0.95%	-1.07%	2.17%	-0.82%	2.17%
CAC 40	5473.78	▼ -47.81	-0.87%	-1.00%	3.03%	-1.12%	3.03%
S&P 500	2822.43	▼ -31.10	-1.09%	-1.76%	5.57%	0.98%	5.57%
Nasdaq Composite	7402.48	▼ -64.02	-0.86%	-1.38%	7.23%	0.43%	7.23%
DJIA	26076.89	▼ -362.59	-1.37%	-2.03%	5.49%	1.84%	5.49%

## US Market ▼

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

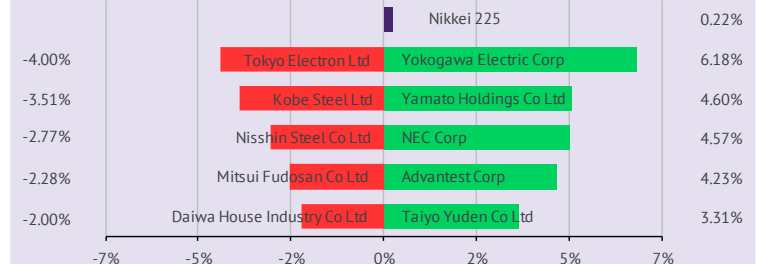
US markets closed lower yesterday, led by losses in healthcare sector stocks. Data indicated that the US consumer confidence index surprised with a rise in January, notching its highest level in 17 years. The S&P 500 Index dropped 1.1% to close at 2,822.43.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. On the macro front, China's NBS manufacturing PMI expanded at a slower pace in January while non-manufacturing PMI unexpectedly rose in the same month. The Nikkei 225 Index is trading 0.2% higher at 23,343.57.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R11.9539. Later today, traders will keep a close watch on the FOMC interest rate decision along with the US President, Donald Trump's speech for further cues. On the data front, US ADP employment change, pending home sales and Chicago purchasing manager index would garner market attention.

The US Dollar rose against the South African Rand yesterday, after US consumer confidence index unexpectedly advanced in January. Separately, South Africa's private sector credit rose more than market forecast on a yearly basis in December.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R16.9455. On the macro front, UK's GfK consumer confidence recorded an unexpected rise in January. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. The Bank of England's (BoE) Governor, Mark Carney, stated that the central bank can now focus increasingly on combating inflation and bringing it near to its target, as the drag from the historic Brexit vote on the broader economy and investment has started to recede, with signs of a pick-up in wage growth as the labour market strengthens. On the data front, UK's mortgage approvals dropped higher than market anticipations in December. Meanwhile, net consumer credit advanced more-than-expected in December.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R14.8476. Going forward, market participants will keep a tab on Eurozone's consumer price index (CPI) and unemployment rate for further direction. Separately, Germany's unemployment rate and retail sales data will be on investors' radar.

The Euro strengthened against the South African Rand yesterday. In economic news, Eurozone's economy advanced at a slower pace, at par with market expectations on a quarterly basis in 4Q17. Furthermore, business climate indicator unexpectedly declined in January. Further, the region's economic confidence index surprised with a drop in the same month. Meanwhile, Germany's preliminary consumer price inflation climbed less-than-expected on an annual basis in January.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R9.6538. Earlier in the session, Australia's CPI advanced less-than-expected on a quarterly basis in 4Q17. Meanwhile, in China, Australia's largest trading partner, NBS manufacturing PMI advanced less-than-expected in January, while NBS non-manufacturing PMI surprisingly jumped in the same month.

The Australian Dollar rose against the South African Rand yesterday.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	11.9539	▼	0.19%	0.86%	-3.38%	-9.60%	-3.38%
GBPZAR	16.9455	▲	0.71%	0.78%	1.24%	-9.84%	1.24%
EURZAR	14.8476	▲	0.34%	0.66%	-0.11%	-8.96%	-0.11%
AUDZAR	9.6538	▼	0.06%	0.51%	0.08%	-6.85%	0.08%
EURUSD	1.2421	▲	0.15%	-0.20%	3.31%	0.85%	3.31%
GBPUSD	1.4177	▲	0.52%	-0.09%	4.69%	-0.09%	4.69%
Brent (\$/barrel)	68.5	▼	-0.63%	-2.13%	3.22%	6.77%	3.22%
Gold (\$/oz)	1344.9	▲	-0.37%	-1.24%	1.99%	2.84%	1.99%
Platinum (\$/oz)	1005.8	▲	-1.08%	-1.30%	7.24%	-0.88%	7.24%
Copper (\$/MT)*	7009.5	▼	-0.45%	-0.47%	-2.74%	7.01%	-2.74%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,344.90/oz.

Yesterday, gold prices fell 0.4% to close at \$1,335.40/oz, ahead of US President, Donald Trump's speech and Federal Reserve meeting.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.8% lower to trade at \$68.50/bl, after the American Petroleum Institute (API) reported that US crude supplies increased by 3.23mn bls for the week ended 26 January 2018.

Yesterday, Brent crude oil dropped 0.6% to settle at \$69.02/bl, amid renewed concerns over rising US crude production.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$1,005.80/oz.

Yesterday, platinum prices declined 1.1% to close at \$1001.80/oz.

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## Major South Africa Corporate News

### Anglo American Plc

The company announced that the value of rough diamond sales for De Beers' first sale cycle of 2018 amounted to USD665.00mn.

### Capitec Bank Holdings Limited

The company announced that it received a copy of the Viceroy research report on the company. In response to the same, the company stated that it has not been approached by Viceroy for insight into its business and none of their allegations have been discussed, tested or verified with management and believes that its corporate governance is strong along with transparent communication and disclosures. Separately, it also stated that the research report is flawed with factual errors and inaccurate statements.

### Northam Platinum Limited

The company stated that its previously announced acquisition of Eland Platinum mine and ancillary infrastructure from Eland Platinum, for a cash consideration of ZAR175.00mn has become unconditional.

### Omnia Holdings Limited

The company announced that Ms Ashley Eaton has been appointed as its acting Company Secretary, on a three-month contract with effect from February 1, 2018.

### Steinhoff International Holdings NV

The company announced that it has informed the Dutch Authority for the Financial Markets that it will not publish the 2017 Consolidated Accounts by January 31, 2018.

## Major Global Economic News

### Eurozone

In the Eurozone, the seasonally adjusted flash GDP recorded a rise of 0.6% on a quarterly basis in 4Q17. In the prior quarter, GDP had recorded a revised reading of 0.7%. In January, the business climate indicator unexpectedly eased to a level of 1.54, compared to a revised reading of 1.60 in December. The economic sentiment indicator recorded an unexpected drop to a level of 114.70 in January, compared to a revised level of 115.30 in the prior month.

In Germany, the preliminary CPI advanced 1.6% on an annual basis in January, less than market expectations for a rise of 1.7%. The index had climbed 1.7% in the prior month.

### Asia

In Australia, CPI advanced 1.9% on an annual basis in 4Q17, compared to a rise of 1.8% in the prior quarter. Market expectation was for the CPI to climb 2.0%.

In China, the NBS manufacturing PMI dropped to 51.30 in January, compared to a level of 51.60 in the prior month. Market expectation was for the NBS manufacturing PMI to record a reading of 51.50. In January, the NBS non-manufacturing PMI unexpectedly rose to 55.30, compared to a level of 55.00 in the prior month. Market anticipation was for the NBS non-manufacturing PMI to drop to a level of 54.90.

According to the summary of opinions report from the Bank of Japan's (BoJ) January monetary policy meeting, several policymakers shared the view that the central bank needs to consider hiking interest rates or scale-back purchases of risky assets, if Japan's economic fundamentals continue to recover.

### UK

The BoE's Governor, Mark Carney, stated that the central bank can now focus increasingly on combating inflation and bringing it near to its target, as the drag from the historic Brexit vote on the broader economy and investment has started to recede, with signs of a pick-up in wage growth as the labour market strengthens.

In the UK, the number of mortgage approvals for house purchases fell to a level of 61.00K in December, higher than market expectations of a drop to 63.50K. In the previous month, number of mortgage approvals for house purchases had registered a revised reading of 64.70K. In the UK, the GfK consumer confidence unexpectedly climbed to -9.00 in January, compared to market expectations of a steady reading. In the prior month, the consumer confidence had recorded a level of -13.00.

### US

In the US, the CB consumer confidence index registered an unexpected rise to a level of 125.40 in January, compared to market expectations of a fall to 123.00. The index had recorded a revised level of 123.10 in the prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Industrial Production (MoM) (Dec) (P)	✓✓✓	2.70%*	0.50%	Monthly
Japan	01:50	Industrial Production (YoY) (Dec) (P)	✓✓✓	4.20%*	3.60%	Monthly
UK	02:01	Lloyds Business Barometer (Jan)	✓	35.00%*	28.00%	Monthly
UK	02:01	GfK Consumer Confidence (Jan)	✓✓✓	-9.00*	-13.00	Monthly
UK	02:01	BRC Shop Price Index (YoY) (Jan)	✓✓✓	-0.50%*	-0.60%	Monthly
China	03:00	NBS Manufacturing PMI (Jan)	✓✓	51.30*	51.60	Monthly
China	03:00	NBS Non-manufacturing PMI (Jan)	✓	55.30*	55.00	Monthly
US	04:00	President Trump Speech	✓✓✓	-	-	As scheduled
Japan	07:00	Consumer Confidence Index (Jan)	✓✓	44.90	44.70	Monthly
Japan	07:00	Annualised Housing Starts (Dec)	✓✓	0.94mn units	0.95mn units	Monthly
Japan	07:00	Housing Starts (YoY) (Dec)	✓	1.00%	-0.40%	Monthly
Germany	09:00	Short-Term Interest Rate (Dec)	✓	-	-0.33%	Monthly
Germany	09:00	Retail Sales (MoM) (Dec)	✓✓✓	-0.40%	2.30%	Monthly
Germany	09:00	Retail Sales (YoY) (Dec)	✓✓✓	2.80%	4.40%	Monthly
Germany	10:55	Unemployment Rate s.a. (Jan)	✓✓✓	5.40%	5.50%	Monthly
Germany	10:55	Unemployment Change (Jan)	✓✓✓	-17.00K	-29.00K	Monthly
Eurozone	11:50	ECB's Coeure speaks in Dublin	✓	-	-	As scheduled
Eurozone	12:00	Unemployment Rate (Dec)	✓✓✓	8.70%	8.70%	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Jan) (P)	✓✓✓	1.00%	0.90%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Jan) (F)	✓✓✓	1.20%	1.40%**	Monthly
South Africa	14:00	Trade Balance (Dec)	✓✓	ZAR10.10bn	ZAR13.00bn	Monthly
US	15:15	ADP Employment Change (Jan)	✓✓✓	185.00K	250.00K	Monthly
US	16:45	Chicago PMI (Jan)	✓✓✓	64.00	67.60	Monthly
US	17:00	Pending Home Sales (MoM) (Dec)	✓✓	0.50%	0.20%	Monthly
US	17:00	Pending Home Sales (YoY) (Dec)	✓	1.70%	0.60%	Monthly
US	21:00	Fed Interest Rate Decision	✓✓✓	1.50%	1.50%	As scheduled
US	21:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled
South Africa	-	BER Consumer Confidence (Q4)	✓	-	-	Quarterly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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