

ONE Minute Brief

1 February 2018

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Economic and Political News

In South Africa (SA), trade surplus expanded to ZAR15.70bn in December, compared to a revised trade surplus of ZAR13.10bn in the previous month.

Fitch Ratings has downgraded Eskom's long-term local currency Issuer Default Rating (IDR) and unguaranteed local currency senior unsecured ratings from of BB+ to BB- and maintained the ratings on Rating Watch Negative. Meanwhile, Eskom suspended its Chief Information Officer, Sean Maritz, over a letter he wrote to McKinsey stating that a contract with the latter was lawful.

The National Prosecuting Authority confirmed that President, Jacob Zuma has made his representation to the NPA on reasons why he should not face prosecution on charges of fraud and corruption.

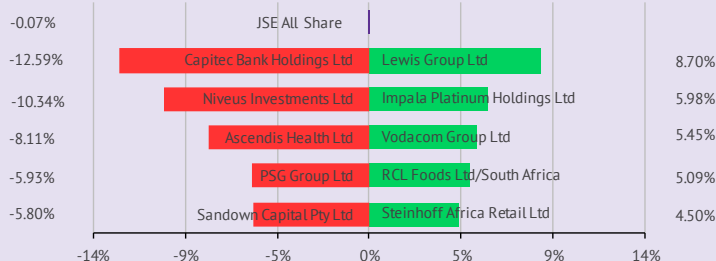
Democratic Alliance (DA) leader, Mmusi Maimane, has requested to the National Assembly Speaker for the State of the Nation Address event to be moved until President, Jacob Zuma is removed from office and Parliament elects a new head of state.

Cape Town mayor Patricia de Lille has accused the DA of desperately trying to remove her from her job. Earlier, the ANC withdrew its motion of no confidence against her after the DA indicated that it would support it.

South Africa Market ▼

South African markets closed lower

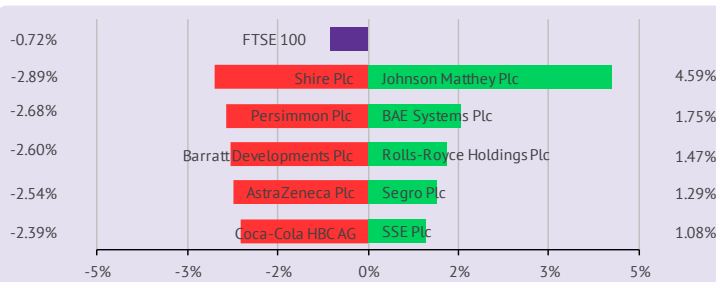
South African markets closed in the red yesterday, led by losses in resources and mining sector stocks. Data indicated that South Africa's trade surplus widened more-than-expected in December. The JSE All Share Index fell 0.1% to close at 59,506.12.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, as shares of Capita plunged on profit warning and led by losses in homebuilder sector stocks. The FTSE 100 Index declined 0.7% to close at 7,533.55.



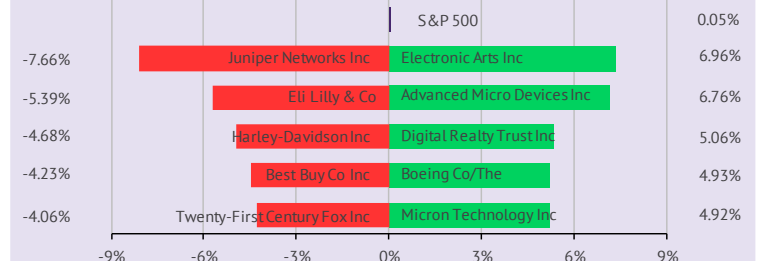
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59506.12	▼	-40.11	-0.07%	-3.39%	NA	0.00%
JSE Top 40	52614.65	▼	-85.35	-0.16%	-3.51%	NA	0.16%
FTSE 100	7533.55	▼	-54.43	-0.72%	-1.72%	NA	-2.01%
DAX 30	13189.48	▼	-8.23	-0.06%	-1.13%	NA	2.10%
CAC 40	5481.93	▲	8.15	0.15%	-0.85%	NA	3.19%
S&P 500	2823.81	▲	1.38	0.05%	-1.71%	NA	5.62%
Nasdaq Composite	7411.48	▲	9.00	0.12%	-1.26%	NA	7.36%
DJIA	26149.39	▲	72.50	0.28%	-1.76%	NA	5.79%

US Market ▲

The S&P 500 futures are trading in the green

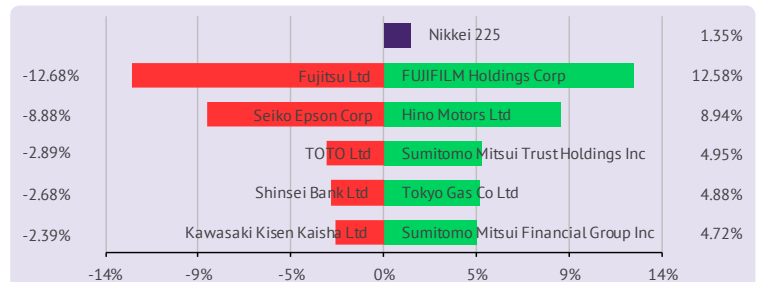
US markets closed higher yesterday, amid gains in technology sector stocks. On the data front, US private sector employment jumped more than expected in January. The S&P 500 Index climbed 0.1% to close at 2,823.81.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data revealed that Nikkei manufacturing PMI expanded at a faster pace in January. The Nikkei 225 Index is trading 1.3% higher at 23,410.54.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R11.8587. Later today, traders will keep a close watch on the US Markit manufacturing PMI and ISM manufacturing index along with construction spending and initial jobless claims for further cues.

The US Dollar fell against the South African Rand yesterday. On the data front, US pending home sales unexpectedly dropped on an annual basis in December. Moreover, the Chicago purchasing managers' index (PMI) dropped less than market expectations in January. Meanwhile, US private sector employment jumped more than expected in January. Further, the Federal Reserve (Fed) left its benchmark interest rate unchanged at its policy meeting. Separately, in South Africa, trade surplus widened more-than-anticipated in December.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R16.8363. Later today, traders will keep an eye on UK's Markit construction PMI and nationwide house price index for further indication.

The British Pound declined against the South African Rand yesterday.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro gained 0.2% against the South African Rand to trade at R14.7327. Going forward, market participants will keep a tab on Eurozone and Germany's Markit manufacturing PMI for further direction.

The Euro weakened against the South African Rand yesterday, after Eurozone's flash consumer price index (CPI) slowed on an annual basis in January, its lowest level since July 2017. Further, the nation's unemployment rate recorded a steady reading in December. Separately, Germany's unemployment rate dropped to its lowest level since reunification in 1990, in January. Moreover, retail sales dropped more-than-expected on a monthly basis in December.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar advanced 0% against the South African Rand to trade at R9.5471. Earlier in the session, Australia's building approvals dropped more-than-expected on a monthly basis in December. Meanwhile, in China, Australia's largest trading partner, the Caixin manufacturing PMI recorded a steady reading in January.

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	11.8587	▲	-0.94%	-0.09%	NA	-4.29%	-4.29%
GBPZAR	16.8363	▲	-0.73%	0.04%	NA	0.50%	0.50%
EURZAR	14.7327	▲	-0.87%	-0.22%	NA	-0.98%	-0.98%
AUDZAR	9.5471	▲	-1.32%	-0.82%	NA	-1.24%	-1.24%
EURUSD	1.2424	▲	0.10%	-0.10%	NA	3.41%	3.41%
GBPUSD	1.4197	▲	0.31%	0.22%	NA	5.02%	5.02%
Brent (\$/barrel)	69.0	▲	-0.19%	-2.31%	NA	3.02%	3.02%
Gold (\$/oz)	1347.5	▲	0.27%	-0.97%	NA	2.27%	2.27%
Platinum (\$/oz)	1005.2	▲	0.25%	-1.05%	NA	7.50%	7.50%
Copper (\$/MT)*	7078.8	▲	0.99%	0.51%	NA	-1.78%	-1.78%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.6% to trade at \$1,347.50/oz.

Yesterday, gold prices rose 0.3% to close at \$1,339.00/oz, amid weakness in the US Dollar.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.2% to trade at \$69.00/bl, on OPEC's strong compliance with a supply reduction pact.

Yesterday, Brent crude oil dropped 0.2% to settle at \$68.89/bl, after the US Energy Information Administration (EIA) reported that domestic crude supplies rose 6.8mn bls for the week ended 26 January 2018.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.1% to trade at \$1,005.20/oz.

Yesterday, platinum prices climbed 0.3% to close at \$1004.30/oz.



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Major South Africa Corporate News

Anglogold Ashanti Limited

The company, in its FY17 trading statement, stated that it expects HEPS to be in the range of 4.00c and 9.00c, compared to 27.00c in the corresponding period of the previous year. Further, it expects basic loss per share to be in the range of 43.00c to 48.00c, compared to 15.00c from the same period of the preceding year.

ArcelorMittal South Africa Limited

The company, in its FY17 results, announced that its revenue increased to ZAR39.02bn from ZAR32.74bn reported in the corresponding period of the previous year. Its diluted loss per share stood at 469.00c, up from 443.00c recorded in the corresponding period of the previous year.

Niveus Investments Limited

The company announced that the final conditions precedent to the GABS acquisition are fulfilled and would be implemented in accordance with its terms on February 1, 2018.

Barloworld Limited

The company, in its 1Q18 trading update, stated that the company has performed substantially better compared to the corresponding period of the previous year. Its equipment division of Southern Africa and Russia significantly improved which translated into strong improved earnings. Further, the logistics division also produced improved results driven by turnaround initiatives implemented towards the end of the year.

Major Global Economic News

US

The Fed, at its January monetary policy meeting, opted to keep the benchmark interest rates unchanged in a range of 1.25% to 1.50%, as widely expected. Further, the central bank hinted at further gradual interest rate hikes, citing robust economic growth and solid labour market conditions.

In the US, the private sector employment climbed by 234.00K in January, compared to a revised increase of 242.00K in the previous month. Market expectation was for the private sector employment to rise 185.00 K.

In the US, pending home sales US unexpectedly dropped 1.80% on a YoY basis in December, lower than market expectations for a rise of 1.70%. In the prior month, pending home sales had advanced 0.60%.

In January, the Chicago Fed purchasing managers index in the US surprisingly rose to a level of 65.70. The Chicago Fed purchasing managers index had recorded a revised level of 67.80 in the previous month.

Asia

In Australia the AIG performance of manufacturing index registered a rise to 58.70 in January. In the prior month, the index had recorded a reading of 56.20.

In China, Markit manufacturing PMI index remained flat at a level of 51.50 in January, meeting market expectations.

In Japan, the final manufacturing PMI advanced to 54.80 in January. In the prior month, manufacturing PMI had recorded a level of 54.00. The preliminary figures had recorded a rise to 54.40.

Eurozone

In the Eurozone, the flash CPI registered a rise of 1.3%, on an annual basis, in January, more than market expectations for an advance of 1.20%. In the previous month, the CPI had advanced 1.4%.

In the Eurozone, the unemployment rate remained steady at 8.7% in December, meeting market expectations.

In Germany, retail sales fell more-than-expected 1.9% on a monthly basis in December, compared to a revised rise of 1.8% in the prior month.

In Germany, the seasonally adjusted unemployment rate eased as expected to a rate of 5.4% in January, compared to a rate of 5.5% in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Jan) (F)	✓✓✓	54.80*	54.40**	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Jan)	✓✓✓	51.50*	51.50	Monthly
Japan	07:00	Vehicle Sales (YoY) (Jan)	✓	-	-1.00%	Monthly
UK	09:00	Nationwide House Prices n.s.a. (YoY) (Jan)	✓✓	2.50%	2.60%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Jan)	✓✓✓	0.10%	0.60%	Monthly
Switzerland	10:15	Real Retail Sales (YoY) (Dec)	✓✓	-	-0.20%	Monthly
Germany	10:55	Markit Manufacturing PMI (Jan) (F)	✓✓✓	61.20	61.20**	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Jan) (F)	✓✓✓	59.60	59.60**	Monthly
South Africa	11:00	PMI Manufacturing (Jan)	✓✓	47.40	44.90	Monthly
UK	11:30	Markit Manufacturing PMI (Jan)	✓✓✓	56.50	56.30	Monthly
Eurozone	13:15	ECB's Praet Speaks in Brussels	✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (20-Jan)	✓✓✓	1929.00K	1937.00K	Weekly
US	15:30	Initial Jobless Claims (27-Jan)	✓✓✓	235.00K	233.00K	Weekly
US	16:45	Markit Manufacturing PMI (Jan) (F)	✓✓✓	55.50	55.50**	Monthly
US	17:00	ISM Employment (Jan)	✓	-	57.00	Monthly
US	17:00	ISM Inventories (Jan)	✓	-	48.50	Monthly
US	17:00	ISM Production (Jan)	✓	-	65.80	Monthly
US	17:00	ISM New Orders (Jan)	✓	-	69.40	Monthly
US	17:00	Construction Spending (MoM) (Dec)	✓✓	0.40%	0.80%	Monthly
US	17:00	ISM Manufacturing PMI (Jan)	✓✓✓	58.60	59.70	Monthly
US	17:00	ISM Prices Paid (Jan)	✓✓	68.80	69.00	Monthly
UK	19:30	BOE's Brazier Speaks in London	✓	-	-	As scheduled
US	-	Domestic Vehicle Sales (Jan)	✓	-	13.72mn	Monthly
US	-	Total Vehicle Sales (Jan)	✓	-	17.76mn	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Jan)	✓	-	-2.40%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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