

# ONE Minute Brief

9 February 2018

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## Economic and Political News

In South Africa, the seasonally adjusted manufacturing production index rose more-than-expected by 1.1% on a monthly basis in December, compared to a revised similar rise in November. Mining production advanced less than market expectations by 0.1% on an annual basis in December, compared to a rise of 6.5% in November. Further, gold production dropped 12.4% on an annual basis in December, while platinum production fell 1.4%.

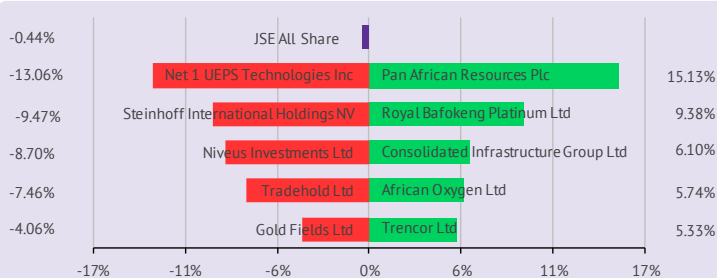
News reports indicate that African National Congress (ANC) president, Cyril Ramaphosa, has told party MP's that immunity from prosecution for President Jacob Zuma was not a part of transition discussions and that the transition talks would be concluded in a day or two. However, the office of the ANC chief whip, Jackson Mthembu, later termed these reports as "false" and alleged that the intention was to negatively disturb the "fruitful and constructive engagement" between Ramaphosa and Zuma around the transition process.

Democratic Alliance (DA) leader, Mmusi Maimane, has demanded an urgent sitting of Parliament on Tuesday, to allow MPs to debate and vote on the motion of no confidence in President Jacob Zuma. The speaker has scheduled the motion of no confidence for 22 February.

## South Africa Market ▼

### South African markets closed lower

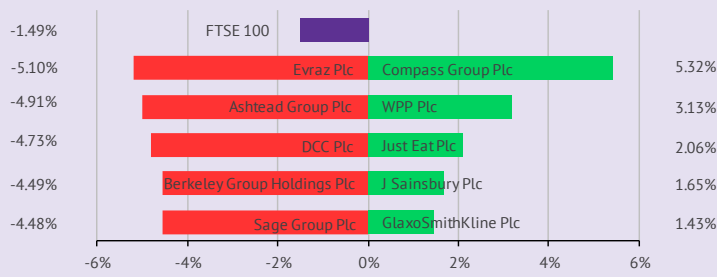
South African markets closed in the red yesterday, led by losses in mining and resources sector stocks. Data showed that South Africa's manufacturing production rose more-than-expected on a monthly basis in December. The JSE All Share Index fell 0.4% to 56,635.69.



## UK Market ▼

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

UK markets finished lower yesterday, as the British pound rallied, after the Bank of England (BoE) raised the prospect of higher interest rates. Meanwhile, the BoE kept its interest rate unchanged as expected. The FTSE 100 Index declined 1.5% to close at 7,170.69.



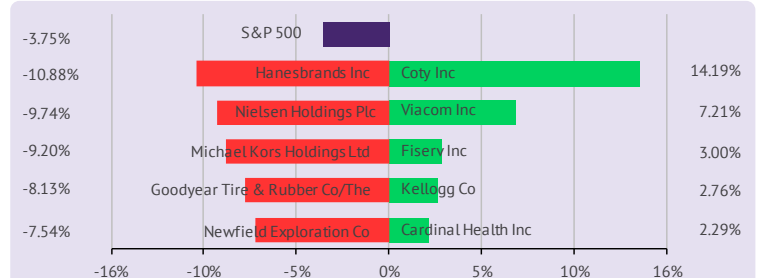
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56635.69	▼	-250.76	-0.44%	-3.45%	-4.82%	0.00%	-4.82%
JSE Top 40	49934.79	▼	-247.56	-0.49%	-3.80%	-5.09%	0.16%	-4.95%
FTSE 100	7170.69	▼	-108.73	-1.49%	-3.66%	-4.82%	-2.01%	-6.73%
DAX 30	12260.29	▼	-330.14	-2.62%	-4.11%	-7.04%	2.10%	-5.09%
CAC 40	5151.68	▼	-104.22	-1.98%	-3.98%	-6.02%	3.19%	-3.03%
S&P 500	2581.00	▼	-100.66	-3.75%	-6.56%	-8.60%	5.62%	-3.46%
Nasdaq Composite	6777.16	▼	-274.82	-3.90%	-6.41%	-8.56%	7.36%	-1.83%
DJIA	23860.46	▼	-1032.89	-4.15%	-6.51%	-8.75%	5.79%	-3.47%

## US Market ▼

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

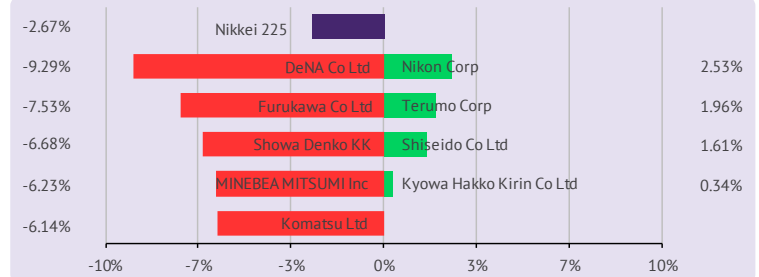
US markets closed lower yesterday, driven by a rise in US treasury yields, amid renewed concerns over higher interest rates and inflation. Data indicated that US initial jobless claims unexpectedly fell last week. The S&P 500 Index sharply dropped 3.8% to close at 2,581.00.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. On the data front, data showed that Japan's tertiary industry index unexpectedly declined on a monthly basis in December. The Nikkei 225 Index is trading 2.7% lower at 21,306.49.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar dropped 0.4% against the South African Rand to trade at R12.1253. Later today, traders will keep a close watch on the US wholesale inventories for further cues.

The US Dollar rose against the South African Rand yesterday, after the US initial jobless claims surprisingly dropped for the week ended February 3, 2018, marking its lowest level in 45 years. Separately, South Africa's manufacturing production rose more than market forecast on a monthly basis in December.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R16.8960. Later today, traders will keep an eye on UK's trade balance, industrial and manufacturing production along with the NIESR gross domestic product estimate for further indication.

The British Pound advanced against the South African Rand yesterday, after the BoE Monetary Policy Committee voted unanimously to retain the benchmark interest rate steady at 0.50% and hinted at higher interest rates. Additionally, the BoE raised its economic growth outlook for 2018 and 2019.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.3% against the South African Rand to trade at R14.8597. Amid no major economic news across the Eurozone, investor sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday, after the European Central Bank (ECB), in its latest economic bulletin, stated that the Euro-zone economy is likely to continue its robust pace of economic expansion beyond the near term. Data revealed that Germany's trade surplus narrowed more than market expectation in December. Meanwhile, the nation's current account surplus rose at a slower than anticipated pace in December.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% weaker against the South African Rand at R9.4319, after Australia's home loans dropped more-than-expected on a monthly basis in December. Meanwhile, in China, Australia's largest trading partner, consumer price index (CPI) advanced in line with market expectations on an annual basis in January. Moreover, producer price index (PPI) advanced more than expected on a yearly basis in January.

The Australian Dollar rose against the South African Rand yesterday. The Reserve Bank of Australia, in its quarterly statement announced that it expects GDP growth to increase to around 3.25% in both 2018 and 2019 and predicted a lower unemployment rate of 5.25% for this year and next year. However, inflation was forecast to remain low before reaching 2.25% later this year.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.1253	▼	0.81%	0.67%	2.67%	-4.29%	-1.73%
GBPZAR	16.8960	▼	1.03%	-0.84%	0.73%	0.50%	1.24%
EURZAR	14.8597	▼	0.68%	-1.10%	1.32%	-0.98%	0.33%
AUDZAR	9.4319	▼	0.28%	-1.17%	-0.80%	-1.24%	-2.03%
EURUSD	1.2255	▲	-0.14%	-1.73%	-1.35%	3.41%	2.02%
GBPUSD	1.3935	▲	0.23%	-1.45%	-1.96%	5.02%	2.96%
Brent (\$/barrel)	64.4	▼	-1.07%	-5.50%	-5.92%	3.02%	-3.08%
Gold (\$/oz)	1319.2	▲	0.40%	-1.26%	-1.65%	2.27%	0.58%
Platinum (\$/oz)	975.5	▼	-0.34%	-2.10%	-2.58%	7.50%	4.73%
Copper (\$/MT)*	6803.8	▼	-0.48%	-2.86%	-3.88%	-1.78%	-5.60%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.2% to trade at \$1,319.20/oz, as renewed concerns in global markets boosted investor demand for the safe haven asset.

Yesterday, gold prices rose 0.4% to close at \$1,316.90/oz, reversing its previous session losses.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$64.41/bl.

Yesterday, Brent crude oil dropped 1.1% to settle at \$64.81/bl, as rising US crude production and Iran's plans to raise production, added to concerns about a sharp increase in global supplies.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$975.50/oz.

Yesterday, platinum prices declined 0.3% to close at \$978.40/oz.

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## Major South Africa Corporate News

### Gold Fields Limited

In its FY17 trading statement, the company stated that it expects HEPS to be in the range of \$0.23 to 0.26, which is 0.0% to 12.0% lower compared to the corresponding period of the previous year and basic loss per share is expected to be 110.0% to 125.0% lower from the prior period to \$0.22 to \$0.25.

### Sibanye Gold Limited

The company announced that it has received approval from the South African competition authorities for the previously announced transaction with Drdgold Limited.

### Netcare Limited

The company announced that its independent Non-Executive Director and Chairperson, Mr Meyer Kahn has formally informed the board that he will be retiring as the Chairperson with effect from March 31, 2018. Further, Mrs Thevendrie Brewer, would assume the role of Chairperson of the company with effect from April 1, 2018.

### Net 1 UEPS Technologies Inc

The company announced that it has entered into an agreement to acquire a 5.0% additional stake in Bank Frick & Co. AG. Further, Bank Frick & Co. would reinvest the proceeds from the sale of stake in order to establish and accelerate the expansion of a dedicated team focused on the development and various applications of blockchain technology.

## Major Global Economic News

### Asia

In Australia, the seasonally adjusted home loan approvals slid more-than-anticipated by 2.3%, on a monthly basis in December. Home loan approvals had registered a revised rise of 1.6% in the prior month.

In China, the CPI rose by 1.5% on an annual basis, in January, at par with market expectations. In the prior month, the CPI had advanced 1.8%.

In China, the PPI recorded a rise of 4.3% on an annual basis, in January, in line with market expectations. In the prior month, the PPI had advanced 4.9%.

In Japan, tertiary industry index unexpectedly fell on a monthly basis in January.

### UK

The BoE's Monetary Policy Committee voted unanimously to retain the benchmark interest rate steady at 0.50%. Additionally, the central bank signalled that borrowing costs could rise sooner than expected and by a somewhat greater degree in order to prevent the Brexit-weakened economy from overheating. Further, in its quarterly inflation report, the BoE raised Britain's economic growth forecasts to 1.80% for this year, up from its prior estimate of 1.60%. Additionally, growth estimate for 2019 was revised up 0.10% to 1.80%. Meanwhile, the central bank projected that annual inflation rate would hit 2.40% in 2018 before slowing to 2.20% next year.

### Eurozone

In Germany, the seasonally adjusted trade surplus narrowed more-than-anticipated to EUR18.20bn in December, compared to a surplus of EUR23.70bn in the previous month.

In Germany, the non-seasonally adjusted current account surplus widened less than expected to EUR27.80bn in December, compared to a current account surplus of EUR25.40bn in the previous month.

The ECB, in its latest economic bulletin, stated that the Euro-zone economy is likely to continue its robust pace of economic expansion beyond the near term. While the central bank noted that underlying inflation lacks a convincing upward trend, it indicated that officials grew more optimistic that inflation will converge towards its 2.00% inflation target.

### US

In the US, the seasonally adjusted initial jobless claims unexpectedly dropped to 221.00K during the week ended February 3, 2018, compared to a level of 230.00K in the prior week.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Money Supply M3 (YoY) (Jan)	✓	2.90%*	3.10%	Monthly
Japan	01:50	Money Supply M2+CD (YoY) (Jan)	✓	3.40%*	3.60%	Monthly
China	03:30	Consumer Price Index (YoY) (Jan)	✓✓✓	1.50%*	1.80%	Monthly
China	03:30	Producer Price Index (YoY) (Jan)	✓✓✓	4.30%*	4.90%	Monthly
US	04:00	Fed's George Speaks on the Economy	✓	-	-	As scheduled
Japan	06:30	Tertiary Industry Index (MoM) (Dec)	✓✓	-0.20%*	1.10%	Monthly
UK	11:30	Industrial Production (Dec)	✓	-	105.10	Monthly
UK	11:30	Manufacturing Production (Dec)	✓	-	105.30	Monthly
UK	11:30	Industrial Production (MoM) (Dec)	✓✓✓	-0.90%	0.40%	Monthly
UK	11:30	Industrial Production (YoY) (Dec)	✓✓✓	0.30%	2.50%	Monthly
UK	11:30	Manufacturing Production (MoM) (Dec)	✓✓✓	0.30%	0.40%	Monthly
UK	11:30	Manufacturing Production (YoY) (Dec)	✓✓✓	1.20%	3.50%	Monthly
UK	11:30	Construction Output s.a. (YoY) (Dec)	✓	-1.90%	0.40%	Monthly
UK	11:30	Total Trade Balance (Dec)	✓✓✓	-GBP2.40bn	-GBP2.80bn	Monthly
UK	11:30	Trade Balance; non-EU (Dec)	✓✓✓	-GBP4.05bn	-GBP4.68bn	Monthly
UK	11:30	Visible Trade Balance (Dec)	✓✓✓	-GBP11.55bn	-GBP12.23bn	Monthly
UK	14:00	NIESR GDP Estimate (3M) (Jan)	✓✓✓	0.50%	0.60%	Monthly
US	17:00	Wholesale Inventories (MoM) (Dec) (F)	✓✓✓	0.20%	0.20%**	Monthly
UK	18:45	BoE's Cunliffe Speaks in California	✓	-	-	As scheduled
China	-	FDI - Foreign Direct Investment YTD (YoY) (Jan)	✓	-	-9.20%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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