

# ONE Minute Brief

28 February 2018

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## Economic and Political News

South Africa's (SA) new Finance Minister, Nhlanhla Nene, indicated that he will be meeting credit rating agencies and that it was too early to say whether the nation would be downgraded by Moody's. He added that the recent budget might not prevent further credit ratings downgrades and declined to comment on the new VAT Tax without studying the budget.

SA's National Assembly has approved the Economic Freedom Fighters' (EFF) motion for land expropriation without compensation.

President, Cyril Ramaphosa, stated that land reform required immediate attention and the government would also start negotiations on the mining charter.

The new Deputy President, David Mabuza, has dismissed allegations that he was involved in corruption and other dealings, terming these as a smear campaign.

The EFF has rejected President, Cyril Ramaphosa's Cabinet reshuffle, stating that it was a realignment of corrupt and delinquent ministers.

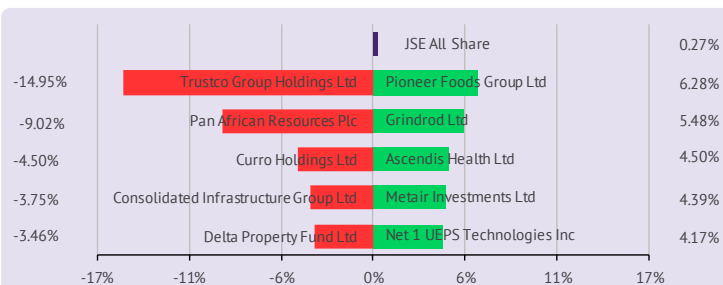
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59027.22	▲	158.29	0.27%	0.53%	-0.80%	0.00%	-0.80%
JSE Top 40	52033.51	▲	172.15	0.33%	0.55%	-1.10%	0.16%	-0.95%
FTSE 100	7282.45	▼	-7.13	-0.10%	0.53%	-3.33%	-2.01%	-5.27%
DAX 30	12490.73	▼	-36.31	-0.29%	0.06%	-5.30%	2.10%	-3.30%
CAC 40	5343.93	▼	-0.33	-0.01%	0.50%	-2.52%	3.19%	0.59%
S&P 500	2744.28	▼	-35.32	-1.27%	-0.11%	-2.82%	5.62%	2.64%
Nasdaq Composite	7330.35	▼	-91.11	-1.23%	-0.10%	-1.09%	7.36%	6.18%
DJIA	25410.03	▼	-299.24	-1.16%	0.40%	-2.83%	5.79%	2.79%

## South Africa Market ▲

### South African markets closed higher

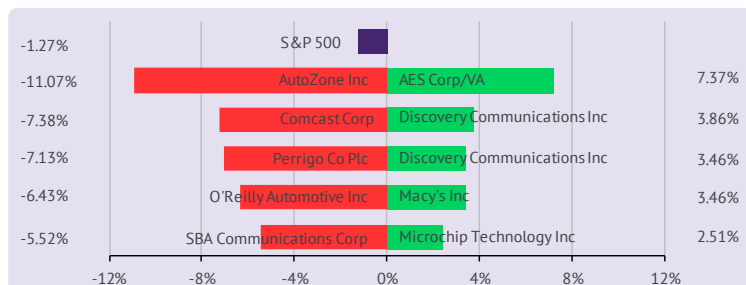
South African markets closed in the green yesterday, boosted by gains in banking and retail sector stocks. The JSE All Share Index rose 0.3% to close at 59,027.22.



## US Market ▼

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

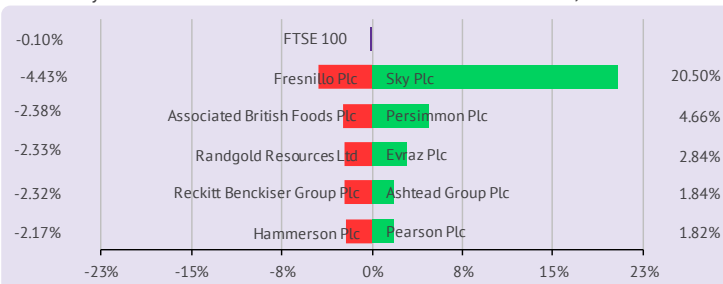
US markets closed lower yesterday, after the Federal Reserve (Fed) Chairman, Jerome Powell's comments raised concerns over inflation and rate-hike. Data revealed that the US consumer confidence rose in February. The S&P 500 Index dropped 1.3% to close at 2,744.28.



## UK Market ▼

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

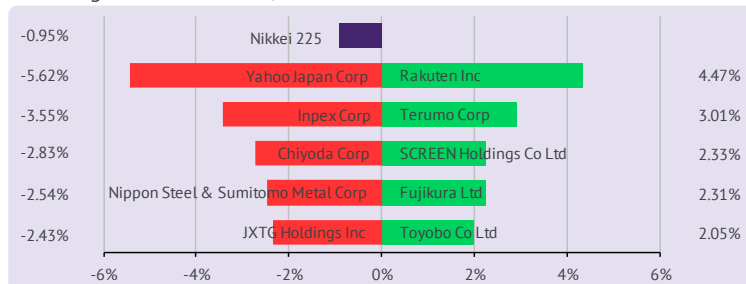
UK markets finished lower yesterday, following hawkish remarks from the new US Fed Chair, Jerome Powell. Data showed that the UK's GfK consumer confidence index dropped in line with market expectations in February. The FTSE 100 Index declined 0.1% to close at 7,282.45.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. On the data front, Japan's monthly industrial production fell more than market forecast in January. The Nikkei 225 Index is trading 1.0% lower at 22,177.84.



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## USDZAR ▲

### USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R11.7292. Later today, traders will keep a close watch on the US gross domestic product (GDP), MBA mortgage applications and pending home sales data for further indication.

The US Dollar rose against the South African Rand yesterday, following comments on inflation, fiscal policy and growth from the new Federal Reserve Chief, Jerome Powell. On the data front, US consumer confidence index advanced more than market forecast in February, notching its highest level since November 2000. Meanwhile, the US advance goods trade deficit unexpectedly rose in January. Moreover, the durable goods orders fell more-than-expected in January, reaching its lowest level in six months. Further, the nation's house price index rose at a slower pace on a monthly basis in December.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally retreated against the South African Rand to trade at R16.3029. Amid no major economic news in the UK, investor sentiment will be determined by global macroeconomic factors.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's GfK consumer confidence dropped at par with market anticipation in February.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R14.3384. Going forward, market participants will keep a tab on Euro-Zone's consumer price index (CPI) along with Germany's GfK consumer confidence and unemployment rate for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's consumer confidence showed a steady reading in February. Additionally, economic confidence dropped less-than-anticipated in February, reaching its lowest level in three months. Meanwhile, Germany's CPI rose less-than-expected on an annual basis in February.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.1% against the South African Rand to trade at R9.1396. Earlier in the session, Australia's private sector credit rose at a slower-than-expected pace on a monthly basis in January. Meanwhile, in China, Australia's largest trading partner, manufacturing PMI dropped more than market forecast in February, marking its lowest level in nineteen months.

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	11.7292	▲	1.42%	1.38%	-1.12%	-4.29%	-5.36%
GBPZAR	16.3029	▼	1.04%	1.00%	-2.96%	0.50%	-2.47%
EURZAR	14.3384	▼	0.76%	0.89%	-2.51%	-0.98%	-3.46%
AUDZAR	9.1396	▲	0.62%	0.83%	-4.31%	-1.24%	-5.49%
EURUSD	1.2224	▼	-0.68%	-0.50%	-1.46%	3.41%	1.90%
GBPUSD	1.3901	▼	-0.42%	-0.44%	-1.99%	5.02%	2.93%
Brent (\$/barrel)	66.2	▼	-1.29%	-1.01%	-3.28%	3.02%	-0.36%
Gold (\$/oz)	1318.4	▼	-1.07%	-0.72%	-1.52%	2.27%	0.71%
Platinum (\$/oz)	982.9	▼	-1.72%	-1.42%	-1.96%	7.50%	5.39%
Copper (\$/MT)*	6985.8	▼	-1.30%	-1.08%	-1.31%	-1.78%	-3.07%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices marginally retreated to trade at \$1,318.40/oz.

Yesterday, gold prices fell 1.1% to close at \$1,318.60/oz, as the US Dollar and bond yields climbed, after expectations for future interest-rate hikes grew during Federal Reserve Chairman, Jerome Powell's congressional testimony.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil fell 0.6% to trade at \$66.23/bl.

Yesterday, Brent crude oil dropped 1.3% to settle at \$66.63/bl, after the American Petroleum Institute (API) reported that crude oil inventories advanced by 933,000 bls for the week ended February 23, 2018.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$982.90/oz.

Yesterday, platinum prices declined 1.7% to close at \$984.60/oz, following a German court ruling which called for a ban on older diesel-fuelled cars, leading to lower demand for the metal.



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## Major South Africa Corporate News

### AECI Limited

In its FY17 results, the company stated that its revenue decreased to ZAR18.48bn compared to ZAR18.60bn posted in the corresponding period of the previous year. Its basic diluted EPS rose 19.3% to 859.00c compared to the same period of the prior year. Further, the company declared a final gross cash dividend of 340.00c per share.

### African Rainbow Minerals Limited

In its 1H18 trading update, the company stated that it expects basic EPS to be in the range of 912.00c to 930.00c compared to basic loss per share of 134.00c in the corresponding period of the previous year.

### Ascendis Health Limited

The company announced that it has appointed Thomas Thomsen as Chief Executive Officer and Executive Director of the company with effect from March 1, 2018.

### Attacq Limited

In its FY17 results, the company indicated that its revenue fell to ZAR1.00bn compared to ZAR1.04bn posted in the corresponding period of the previous year. Its diluted EPS significantly increased compared to the same period of the prior year to 37.30c.

### Aveng Limited

In its 1H18 results, the company revealed that its revenue advanced 12.7% compared to the same period of the preceding year to ZAR16.11bn. Its diluted loss per share stood at 86.30c, compared to 97.50c recorded in the corresponding period of the previous year.

### Grindrod Limited

In its FY17 trading statement, the company stated that it expects loss per share to be in the range of 76.30c to 78.90c, representing a decline of 69.0% to 70.0% compared to the corresponding period of the previous year. Further, it expects headline loss per share to be in the range of 46.10c to 48.70c, representing a decline of 25.0% to 20.0% compared to the previous year.

## Major Global Economic News

### US

The new Federal Reserve (Fed) Chairman, Jerome Powell, in a testimony before Congress, noted that the US economic outlook had brightened in the past few months, citing the passage of a \$1.5 trillion tax cut plan and stronger economic fundamentals. Further, he pledged to "strike a balance" between the risk of an overheating economy while sticking with a plan to gradually raise interest rates as recent data has strengthened prospects of higher inflation. Commenting on the latest stock market rout, Powell stated that these developments would not weigh heavily on the US economy.

In the US, advance goods trade deficit rose more-than-expected to USD74.40bn in January, compared to a revised trade deficit of USD72.30bn in the prior month.

In the US, the preliminary durable goods orders recorded a more-than-anticipated drop of 3.7% on a monthly basis in January. In the previous month, durable goods orders had climbed 2.8%.

### Asia

In China, the NBS manufacturing PMI registered a more-than-anticipated drop to 50.30 in February. In the previous month, the NBS manufacturing PMI had recorded a reading of 51.30.

In Japan, retail trade registered a more-than-expected drop of 1.8% on a monthly basis, in January. In the previous month, retail trade had climbed 0.9%.

In Japan, the preliminary industrial production dropped 6.6% on a monthly basis in January, more than market expectations. In the previous month, industrial production had registered a rise of 2.9%.

### Eurozone

In the Eurozone, the business climate indicator recorded a less-than-expected drop to a level of 1.48 in February, compared to a revised level of 1.56 in the prior month.

In the Eurozone, the economic sentiment indicator fell less than market forecast to 114.10 in February. In the prior month, the economic sentiment indicator had registered a revised reading of 114.90.

In the Eurozone, the final consumer confidence index eased to 0.10 in February, meeting market expectations. The preliminary figures had also recorded a drop to 0.10. In the previous month, the consumer confidence index had registered a revised level of 1.40.

In Germany, the flash consumer price index registered a slower-than-expected rise of 1.4% on a yearly basis in February, compared to an advance of 1.6% in the previous month.

### UK

In the UK, the GfK consumer confidence recorded a drop to -10.00 in February, at par with market expectations. In the previous month, the consumer confidence had registered a level of -9.00.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Retail Trade s.a. (MoM) (Jan)	✓✓✓	-1.80%*	0.90%	Monthly
Japan	01:50	Industrial Production (MoM) (Jan) (P)	✓✓✓	-6.60%*	2.90%	Monthly
Japan	01:50	Industrial Production (YoY) (Jan) (P)	✓✓✓	2.70%*	4.40%	Monthly
Japan	01:50	Large Retailer's Sales (Jan)	✓✓	0.50%*	1.10%	Monthly
Japan	01:50	Retail Trade (YoY) (Jan)	✓✓✓	1.60%*	3.60%	Monthly
UK	02:01	GfK Consumer Confidence (Feb)	✓✓✓	-10.00*	-9.00	Monthly
UK	02:01	BRC Shop Price Index (YoY) (Feb)	✓✓✓	-0.80%*	-0.50%	Monthly
China	03:00	NBS Manufacturing PMI (Feb)	✓✓	50.30*	51.30	Monthly
Japan	07:00	Annualised Housing Starts (Jan)	✓✓	0.94mn units	0.94mn units	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Jan)	✓	6.73%	6.72%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Feb)	✓✓✓	-	0.60%	Monthly
Germany	09:00	GfK Consumer Confidence Survey (Mar)	✓✓✓	10.90	11.00	Monthly
Germany	10:55	Unemployment Rate s.a. (Feb)	✓✓✓	5.40%	5.40%	Monthly
Germany	10:55	Unemployment Change (Feb)	✓✓✓	-15.00K	-25.00K	Monthly
South Africa	11:30	Producer Price Index (YoY) (Jan)	✓✓	5.10%	5.20%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Jan)	✓✓	0.20%	0.60%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Feb) (F)	✓✓✓	1.20%	1.30%**	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Feb) (P)	✓✓✓	1.00%	1.00%	Monthly
US	14:00	MBA Mortgage Applications (23-Feb)	✓	-	-6.60%	Weekly
South Africa	14:00	Trade Balance (Jan)	✓✓	-ZAR1.70bn	ZAR15.70bn	Monthly
US	15:30	Gross Domestic Product Annualised (QoQ) (Q4) (S)	✓✓✓	2.50%	2.60%**	Quarterly
US	15:30	Gross Domestic Purchases Price Index (QoQ) (Q4) (S)	✓✓✓	2.40%	2.40%**	Quarterly
US	15:30	Personal Consumption (QoQ) (Q4) (S)	✓✓✓	-	2.40%**	Quarterly
US	15:30	Personal Consumption Expenditure Core (QoQ) (Q4) (S)	✓✓✓	1.90%	1.90%**	Quarterly
US	16:45	Chicago PMI (Feb)	✓✓✓	64.10	65.70	Monthly
US	17:00	Pending Home Sales (MoM) (Jan)	✓✓	0.50%	0.50%	Monthly
US	17:00	Fed's Powell Testifies to House Financial Services Committee	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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