

# ONE Minute Brief

21 February 2018

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## Economic and Political News

In South Africa (SA), leading indicator dropped to a level of 104.60 in December, compared to a revised reading of 105.20 in January.

S&P Global Ratings warned that SA would face further ratings pressure if it experienced more fiscal deterioration and if policymakers failed to improve governance and boost economic growth.

SA President, Cyril Ramaphosa, stated that he would announce changes to his Cabinet at an appropriate time and that he plans to introduce screening lifestyle of government officials in an effort to fight corruption.

SA Deputy Finance Minister, Sifiso Buthelezi, revealed that today's budget would be presented by Finance Minister, Malusi Gigaba. Meanwhile, Gigaba launched an online budget data portal to make budget information more accessible and user-friendly. Separately, the Economic Freedom Fighters urged President, Cyril Ramaphosa, to remove Gigaba from the Cabinet, ahead of his budget speech today.

SA's former Finance Minister, Pravin Gordhan, indicated that he is willing to serve a year in Ramaphosa's Cabinet. However, he stated that after serving his term, he would like to resign.

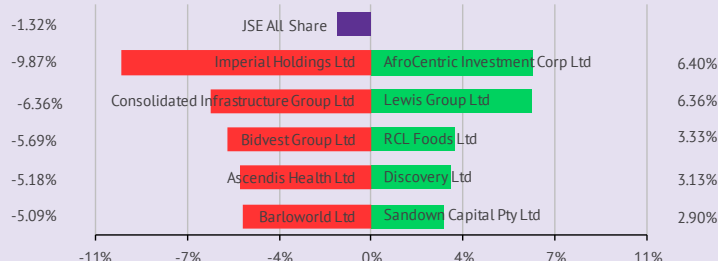
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	57928.78	▼	-772.59	-1.32%	-2.02%	-2.65%	-2.65%
JSE Top 40	51020.46	▼	-696.96	-1.35%	-2.09%	-3.03%	-2.88%
FTSE 100	7246.77	▼	-0.89	-0.01%	-0.66%	-3.81%	-5.74%
DAX 30	12487.90	▲	102.30	0.83%	0.29%	-5.32%	-3.33%
CAC 40	5289.86	▲	33.68	0.64%	0.16%	-3.50%	-0.43%
S&P 500	2716.26	▼	-15.96	-0.58%	-0.58%	-3.81%	1.60%
Nasdaq Composite	7234.31	▼	-5.16	-0.07%	-0.07%	-2.39%	4.79%
DJIA	24964.75	▼	-254.63	-1.01%	-1.01%	-4.53%	0.99%

## South Africa Market ▼

### South African markets closed lower

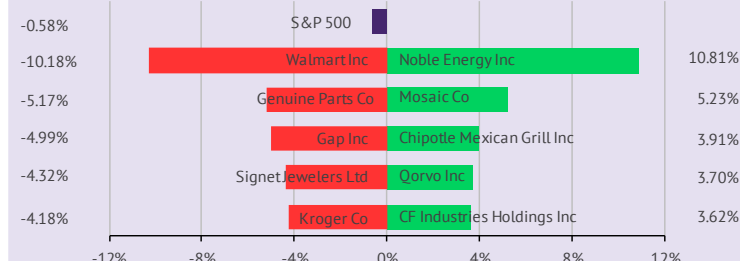
South African markets closed in the red yesterday, as investors were cautious ahead of the nation's 2018 budget and amid disappointing corporate results. On the data front, SA's leading index dropped in December. The JSE All Share Index fell 1.3% to close at 57,928.78.



## US Market ▼

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

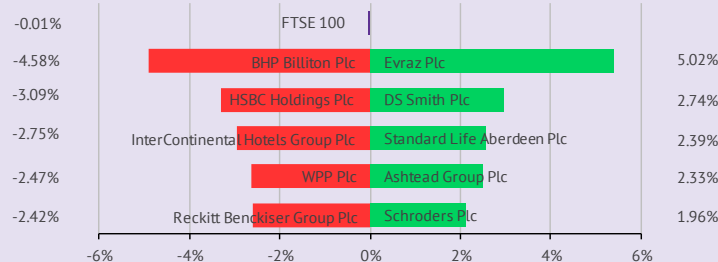
US markets closed lower yesterday, led by losses in retail sector stocks, following dismal earnings results from Walmart. The S&P 500 Index dropped 0.6% to close at 2,716.26.



## UK Market ▼

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

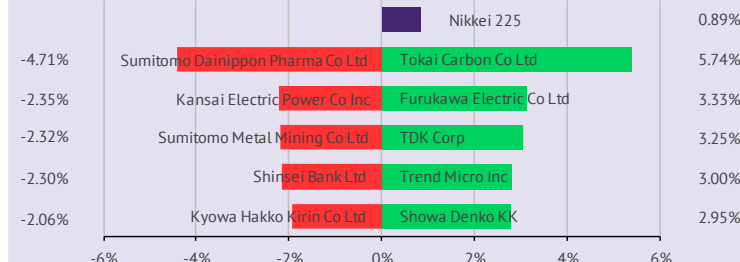
UK markets finished weaker yesterday, amid downbeat earnings update from HSBC Holdings and BHP Billiton. Data indicated that UK's CBI trends total orders fell more than expected in February. The FTSE 100 Index marginally declined to close at 7,246.77.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. On the macro front, Japan's flash Nikkei manufacturing PMI unexpectedly dropped in February. The Nikkei 225 Index is trading 0.9% higher at 22,121.09.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.3% against the South African Rand to trade at R11.7674. Later today, traders will keep a close watch on the US Fed January meeting minutes, Markit manufacturing and services PMI, along with existing home sales data for further direction.

The US Dollar rose against the South African Rand yesterday, as US bond yields climbed towards a four-year high level. The Rand came under pressure amid caution ahead of SA's 2018 budget. Meanwhile, the nation's leading indicator registered a fall in December.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound advanced 0.3% against the South African Rand to trade at R16.4597. Later today, traders will keep an eye on UK's ILO unemployment rate, jobless claims, average weekly earnings and public-sector net borrowing along with the Bank of England Governor, Mark Carney's speech, for further cues.

The British Pound advanced against the South African Rand yesterday. Data showed that UK's CBI trends total orders fell more than market forecast in February.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.3% higher against the South African Rand at R14.5105. Going forward, market participants will keep a tab on Markit manufacturing and services PMIs across the Eurozone for further indication.

The Euro weakened against the South African Rand yesterday, after Eurozone's consumer confidence index dropped more-than-expected in February, registering its first decline in seven months. Additionally, the region's economic sentiment index dropped in the same month. Meanwhile, Germany's producer price index (PPI) advanced more than market anticipation on an annual basis in January. Further, the nation's survey on expectations index fell less than market forecast in February.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated marginally against the South African Rand to trade at R9.2474. Earlier in the session, Australia's wage price index rose at a higher-than-expected pace on a quarterly basis in 4Q17.

The Australian Dollar rose against the South African Rand yesterday. On the macro front, Australia's Westpac leading index eased 0.24% on a monthly basis in January.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	11.7674	▲	0.50%	1.15%	-1.03%	-4.29%	-5.28%
GBPZAR	16.4597	▲	0.48%	0.56%	-2.33%	0.50%	-1.84%
EURZAR	14.5105	▲	-0.05%	0.49%	-1.61%	-0.98%	-2.58%
AUDZAR	9.2474	▼	0.13%	0.55%	-3.10%	-1.24%	-4.30%
EURUSD	1.2331	▼	-0.56%	-0.56%	-0.62%	3.41%	2.77%
GBPUSD	1.3989	▼	-0.03%	-0.21%	-1.37%	5.02%	3.57%
Brent (\$/barrel)	64.8	▼	-0.64%	0.63%	-5.28%	3.02%	-2.42%
Gold (\$/oz)	1328.4	▼	-1.80%	-1.80%	-0.76%	2.27%	1.49%
Platinum (\$/oz)	997.9	▼	-0.82%	-0.82%	-0.03%	7.50%	7.47%
Copper (\$/MT)*	7047.8	▼	-0.41%	-1.99%	-0.44%	-1.78%	-2.21%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices marginally lower to trade at \$1,328.40/oz, ahead of the US Fed's January meeting minutes due later today, which are likely to be hawkish thereby reducing the demand for the commodity.

Yesterday, gold prices fell 1.8% to close at \$1,328.80/oz, as strength in the US Dollar dented demand for the precious yellow metal.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.7% lower to trade at \$64.80/bl, following strength in the greenback.

Yesterday, Brent crude oil dropped 0.6% to settle at \$65.25/bl, amid expectations that US oil production would rise more than 10.0mn bls per day. Separately, UAE Energy Minister, Suhail bin Mohammed al-Mazroui, President of Organisation of Petroleum Exporting Countries (OPEC) stated that the oil industry collectively needs at least USD10.00tn in fresh investments by 2040 to ensure there is enough supply to meet demand from the world's growing population.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.6% lower to trade at \$997.90/oz.

Yesterday, platinum prices declined 0.8% to close at \$1004.00/oz.

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## Major South Africa Corporate News

### Anglogold Ashanti Limited

In its FY17 results, the company revealed that its revenue advanced 6.8% compared to the same period of the preceding year to \$4.54bn. Its diluted loss per share stood at 46.00c, compared to diluted EPS of 15.00c recorded in the corresponding period of the previous year. Separately, the company announced that it has signed the regulatory and fiscal agreements with the Government of Ghana that would provide the framework for the redevelopment of the Obuasi Gold Mine into a modern, productive mining operation. Further, it revealed that the maiden ore reserve for the Gramalote project consists of 63.70Mt @ 0.86g/t gold and has metal content of 1.8Moz.

### Discovery Limited

In its 1H18 results, the company revealed that its insurance premium revenue advanced 6.7% compared to the same period of the preceding year to ZAR17.76bn. Its diluted EPS stood at 411.50c, compared to 314.40 recorded in the corresponding period of the previous year.

### Oceana Group Limited

The company announced the appointment of Mr Imraan Soomra as interim Chief Executive Officer of the company.

### Harmony Gold Mining Company Limited

The company announced that the Moab Khotsoeng transaction has become unconditional and the transaction would be effective from March 1, 2018.

## Major Global Economic News

### Eurozone

In the Eurozone, the preliminary consumer confidence index dropped more than market expectations to 0.10 in February, compared to a level of 1.30 in the previous month.

In the Eurozone, the economic sentiment index recorded a drop to 29.30 in February. In the prior month, the index had recorded a reading of 31.80.

In Germany, the PPI rose 2.1% on an annual basis in January, higher than market expectations. In the previous month, the producer price index had risen 2.3%.

In Germany, the economic sentiment index recorded a less-than-anticipated drop to 17.80 in February. In the previous month, the index had registered a level of 20.40.

### UK

In the UK, the CBI total trend orders fell more than market expectations to a level of 10.00 in February. In the prior month, the CBI total trend orders had registered a level of 14.00.

### Asia

In Australia, the quarterly wage price index recorded a more-than-expected rise of 0.6% in 4Q17. The index had risen 0.5% in the previous quarter.

In Japan, the flash Nikkei manufacturing PMI dropped to 54.00 in February. In the previous month, manufacturing PMI had recorded a level of 54.80.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Feb) (P)	✓✓✓	54.00*	54.80	Monthly
Japan	03:10	BoJ Funo speaks for 100 years anniversary of Matsue Branch	✓	-	-	As scheduled
Japan	06:30	All Industry Activity Index (MoM) (Dec)	✓✓✓	0.50%*	1.00%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Jan)	✓✓	0.30%	0.50%	Monthly
Eurozone	10:00	Non-monetary policy's ECB meeting	✓✓✓	-	-	As scheduled
South Africa	10:00	Consumer Price Index (YoY) (Jan)	✓✓	4.40%	4.70%	Monthly
Germany	10:30	Markit Manufacturing PMI (Feb) (P)	✓✓✓	60.50	61.10	Monthly
Germany	10:30	Markit Services PMI (Feb) (P)	✓✓✓	57.00	57.30	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Feb) (P)	✓✓✓	59.20	59.60	Monthly
Eurozone	11:00	Markit Services PMI (Feb) (P)	✓✓✓	57.60	58.00	Monthly
UK	11:30	Total Government Receipts (Jan)	✓✓	-	GBP39149.00mn	Monthly
UK	11:30	Average Earnings Including Bonus (3Mo/Yr) (Dec)	✓✓	2.50%	2.50%	Monthly
UK	11:30	Claimant Count Change (Jan)	✓✓✓	-	8.60 K	Monthly
UK	11:30	Claimant Count Rate s.a. (Jan)	✓✓	-	2.40%	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Dec)	✓✓✓	4.30%	4.30%	Monthly
UK	11:30	Public Sector Net Cash Requirement (Jan)	✓✓	-	GBP25.10bn	Monthly
UK	11:30	Employment Change (3M/3M) (Dec)	✓✓✓	165.00K	102.00K	Monthly
UK	11:30	Public Sector Net Borrowing (Jan)	✓✓	-GBP11.40bn	GBP1.00bn	Monthly
US	14:00	MBA Mortgage Applications (16-Feb)	✓	-	-4.10%	Weekly
US	16:00	Fed's Harker Speaks on the Economic Outlook	✓	-	-	As scheduled
UK	16:15	BoE's Carney, Broadbent, Haldane and Tenreyro Speak in London	✓✓✓	-	-	As scheduled
US	16:45	Markit Manufacturing PMI (Feb) (P)	✓✓✓	55.50	55.50	Monthly
US	16:45	Markit Services PMI (Feb) (P)	✓✓✓	53.70	53.30	Monthly
US	17:00	Existing Home Sales (MoM) (Jan)	✓✓✓	0.50%	-3.60%	Monthly
US	17:00	Existing Home Sales (Jan)	✓✓✓	5.60mn	5.57mn	Monthly
US	21:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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