

ONE Minute Brief

1 March 2018

GTC
consult • partner • manage

Economic and Political News

In South Africa (SA), trade balance recorded a more-than-expected deficit of ZAR27.70bn in January, compared to a revised trade surplus of ZAR15.30bn in December. Private sector credit rose a less-than-expected 5.54% on an annual basis in January, compared to a rise of 6.72% in December. The producer price index (PPI) advanced 5.1% on an annual basis in January, in line with market expectations and compared to a rise of 5.2% in December. M3 money supply rose a less-than-expected 5.83% on an annual basis in January.

S&P Global Ratings has cut Eskom's rating to "CCC+" from "B-", with a negative outlook, citing liquidity concerns and insufficient government support and stated that the company remains at risk of facing a distressed exchange situation or default in the next six months. Meanwhile, Eskom signed a ZAR20.00bn credit facility with seven local and international banks.

SA's new Mining Minister, Gwede Mantashe, stated that he will finalise the latest version of a new mining charter in the next three months.

The Democratic Alliance stated that freezing public sector salary increases in 2018-19 would save ZAR38.00bn, eliminating the need for an increase in value added tax.

South Africa Market

South African markets closed lower

South African markets closed in the red yesterday, led by losses in retail, banking and property sector stocks. Data showed that South Africa posted a bigger-than-expected trade deficit in January. The JSE All Share Index fell 1.2% to close at 58,325.09.



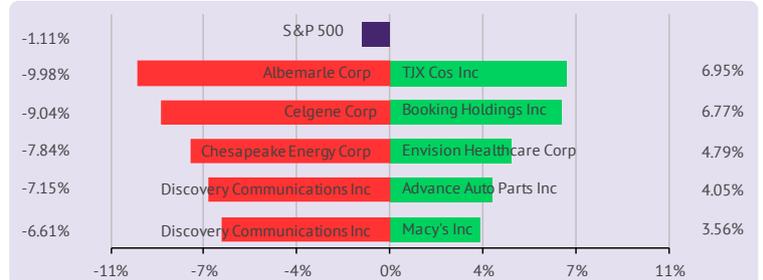
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	58325.09	▼ -702.13	-1.19%	-0.66%	NA	-1.98%	-1.98%
JSE Top 40	51383.45	▼ -650.06	-1.25%	-0.70%	NA	-2.34%	-2.19%
FTSE 100	7231.91	▼ -50.54	-0.69%	-0.17%	NA	-4.00%	-5.93%
DAX 30	12435.85	▼ -54.88	-0.44%	-0.38%	NA	-5.71%	-3.73%
CAC 40	5320.49	▼ -23.44	-0.44%	0.06%	NA	-2.94%	0.15%
S&P 500	2713.83	▼ -30.45	-1.11%	-1.22%	NA	-3.89%	1.50%
Nasdaq Composite	7273.01	▼ -57.35	-0.78%	-0.88%	NA	-1.87%	5.35%
DJIA	25029.20	▼ -380.83	-1.50%	-1.11%	NA	-4.28%	1.25%

US Market

The S&P 500 futures are trading in the red

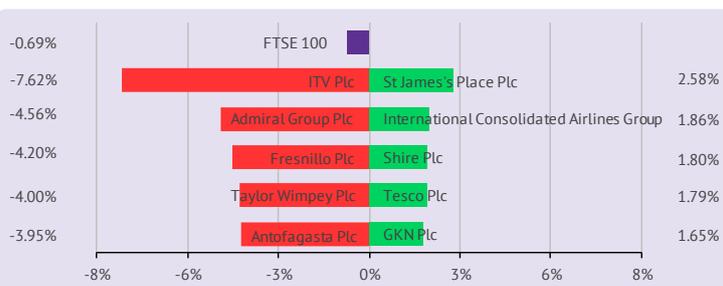
US markets closed lower yesterday, driven by losses in energy and healthcare sector stocks. Data indicated that US gross domestic product (GDP) expanded at par with market forecast on a quarterly basis in 4Q17. The S&P 500 Index dropped 1.1% to close at 2,713.83.



UK Market

The FTSE 100 futures are trading in negative territory

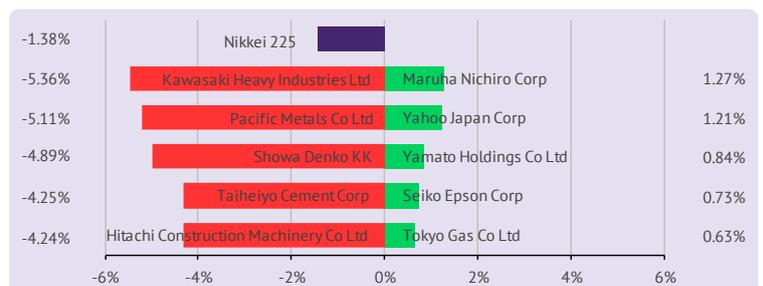
UK markets finished lower yesterday, amid continuing concerns over the pace of Federal Reserve (Fed) rate hikes and led by losses in mining sector stocks. The FTSE 100 Index declined 0.7% to close at 7,231.91.



Asian Market

Trading mostly higher

Asian markets are trading mostly higher this morning. On the data front, Japan's final Nikkei manufacturing PMI dropped in February. The Nikkei 225 Index is trading 1.4% lower at 21,764.02.



Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

An Authorised Financial Services Provider FSP No. 731
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services

ONE Minute Brief

1 March 2018

GTC
consult • partner • manage

USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R11.7892. Later today, traders will keep a close watch on the US Markit and ISM manufacturing PMI along with initial jobless claims and construction spending data for further indication.

The US Dollar rose against the South African Rand yesterday. Data indicated that US GDP advanced at par with market anticipation on a quarterly basis in 4Q17. Additionally, the MBA mortgage applications rebounded in the week ended 23 February 2018. Meanwhile, the nation's pending home sales unexpectedly fell on a monthly basis in January, reaching its lowest level since October 2014. The Rand declined against the dollar, after SA's parliament passed the motion to expropriate land without compensation. Adding to the negative sentiment, the nation posted a higher than expected trade deficit in January. Further, the PPI recorded a rise in line with market expectations on an annual basis in January. Additionally, the nation's private sector credit rose less than market anticipation on an annual basis in January.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R16.2232. Later today, traders will keep an eye on the UK's Nationwide house price index, Markit manufacturing PMI, net consumer credit and mortgage approvals for further cues.

The British Pound declined against the South African Rand yesterday, after the EU Brexit draft fallout.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R14.3794. Going forward, market participants will keep a tab on Eurozone's Markit manufacturing PMI, unemployment rate and Germany's Markit manufacturing PMI for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's consumer price index (CPI) advanced in line with market forecast on an annual basis in February. Meanwhile, Germany's GfK consumer confidence dropped more than market forecast in March. Further, unemployment rate showed a steady reading in February.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.4% against the South African Rand to trade at R9.1159. Earlier in the session, Australia's AIG performance of manufacturing index recorded a fall in February. Meanwhile, in China, Australia's largest trading partner, the Caixin manufacturing PMI surprised with a rise in February, notching its highest level in six 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	11.7892	▼	0.66%	2.05%	NA	-0.47%	-4.74%
GBPZAR	16.2232	▼	-0.46%	0.54%	NA	-3.41%	-2.92%
EURZAR	14.3794	▼	0.29%	1.18%	NA	-2.22%	-3.18%
AUDZAR	9.1159	▼	0.24%	1.07%	NA	-4.08%	-5.27%
EURUSD	1.2196	▲	-0.32%	-0.82%	NA	-1.77%	1.57%
GBPUSD	1.3759	▼	-1.07%	-1.51%	NA	-3.04%	1.83%
Brent (\$/barrel)	64.7	▼	-2.85%	-3.83%	NA	-6.04%	-3.20%
Gold (\$/oz)	1316.2	▼	-0.05%	-0.78%	NA	-1.58%	0.66%
Platinum (\$/oz)	980.9	▼	0.36%	-1.07%	NA	-1.61%	5.77%
Copper (\$/MT)*	6894.5	▼	-1.31%	-2.38%	NA	-2.60%	-4.34%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.1% to trade at \$1,316.20/oz.

Yesterday, gold prices fell 0.1% to close at \$1,317.90/oz, amid growing concerns over the future interest rate hikes in the US.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil is trading marginally lower at \$64.71/bl.

Yesterday, Brent crude oil dropped 3.0% to settle at \$64.73/bl, after the US Energy Information Administration (EIA) reported that domestic crude supplies advanced by 3.00mn bls for the week ended 23 February 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.7% lower to trade at \$980.90/oz.

Yesterday, platinum prices climbed 0.4% to close at \$988.10/oz.

Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

An Authorised Financial Services Provider FSP No. 731
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services



ONE Minute Brief

1 March 2018



Major South Africa Corporate News

Capital & Counties Properties Plc

The company announced that its joint venture with KFI has exchanged contracts for the sale of all 49 apartments and 31 parking spaces at '9 Lillie Square' with an international investor for total consideration of GBP66.00mn.

Growthpoint Properties Limited

In its condensed unaudited 1H18 results, the company announced that its total revenue increased to ZAR5.49bn, compared to ZAR5.23bn posted in the corresponding period of the previous year. Its diluted EPS rose 25.8% to 158.02c compared to the same period of the prior year. The company has declared an interim dividend of 101.2c per share.

Sappi Limited

The company announced that all the conditions related to the acquisition of the speciality paper business of Cham Paper Group Holding AG has been completed.

Murray & Roberts Holdings Limited

In its 1H18 results, the company stated that its revenue increased to ZAR11.81bn compared to ZAR10.65bn posted in the corresponding period of the previous year. Its diluted EPS from continuing operations stood at 55.00c, compared to 29.00c recorded in the corresponding period of the previous year.

Major Global Economic News

US

In the US, the second estimate of annualised GDP recorded a rise of 2.5% on a quarterly basis in 4Q 2017, at par with market expectations and compared to a rise of 3.2% in the prior quarter. The preliminary figures had recorded a rise of 2.6%.

In the US, mortgage applications rose 2.7% on a weekly basis for the week ended 23 February 2018. In the prior week, mortgage applications had registered a drop of 6.6%.

In the US, pending home sales unexpectedly fell 4.7% in January on a monthly basis, compared to a revised flat reading in the previous month.

Asia

In Australia, the AIG performance of manufacturing index dropped to 57.50 in February, compared to a level of 58.70 in the previous month.

In China, Caixin manufacturing PMI index unexpectedly climbed to 51.60 in February, compared to a level of 51.50 in the previous month.

In Japan, the final manufacturing PMI dropped to 54.10 in February. Manufacturing PMI had recorded a level of 54.80 in the previous month. The preliminary figures had indicated a fall to 54.00.

Eurozone

In the Eurozone, the final CPI advanced 1.2% on an annual basis in February, in line with market expectations. The preliminary figures had recorded a rise of 1.3%. In the previous month, the index had registered a rise of 1.3%.

In Germany, the consumer confidence index registered a more-than-expected drop to 10.80 in March. In the prior month, the index had registered a reading of 11.00.

In Germany, the seasonally adjusted unemployment rate remained steady at 5.4% in February, in line with market expectations.

ONE Minute Brief



1 March 2018

Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Loans & Discounts Corp (YoY) (Jan)	✓	2.53%*	2.74%	Monthly
Japan	01:50	Capital Spending (Q4)	✓✓✓	4.30%*	4.20%	Quarterly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Feb) (F)	✓✓✓	54.10*	54.00**	Monthly
Japan	03:30	BoJ Kataoka makes a speech	✓	-	-	As scheduled
China	03:45	Caixin/Markit Manufacturing PMI (Feb)	✓✓✓	51.60*	51.50	Monthly
Japan	07:00	Consumer Confidence Index (Feb)	✓✓	44.80	44.70	Monthly
UK	09:00	Nationwide House Prices n.s.a. (YoY) (Feb)	✓✓	2.60%	3.20%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Feb)	✓✓✓	0.10%	0.60%	Monthly
Germany	10:55	Markit Manufacturing PMI (Feb) (F)	✓✓✓	60.30	60.30**	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Feb) (F)	✓✓✓	58.50	58.50**	Monthly
UK	11:30	Markit Manufacturing PMI (Feb)	✓✓✓	55.00	55.30	Monthly
UK	11:30	Net Consumer Credit (Jan)	✓✓	GBP1.40bn	GBP1.50bn	Monthly
UK	11:30	Mortgage Approvals (Jan)	✓✓✓	62.00 K	61.00 K	Monthly
Eurozone	12:00	Unemployment Rate (Jan)	✓✓✓	8.60%	8.70%	Monthly
Italy	12:00	Gross Domestic Product - Annual (YoY)	✓✓	1.50%	0.90%	Yearly
US	15:30	Personal Spending (Jan)	✓✓	0.20%	0.40%	Monthly
Canada	15:30	Current Account Balance (Q4)	✓✓	-CAD17.65bn	-CAD19.35bn	Quarterly
US	15:30	Personal Income (MoM) (Jan)	✓✓	0.30%	0.40%	Monthly
US	15:30	Continuing Jobless Claims (17-Feb)	✓✓✓	1925.00K	1875.00K	Weekly
US	15:30	Initial Jobless Claims (24-Feb)	✓✓✓	225.00K	222.00K	Weekly
US	16:45	Markit Manufacturing PMI (Feb) (F)	✓✓✓	55.90	55.90**	Monthly
US	17:00	Construction Spending (MoM) (Jan)	✓✓	0.30%	0.70%	Monthly
US	17:00	Fed's Powell Delivers Semi-Annual MonPol Testimony Before Senate	✓	-	-	As scheduled
US	17:00	ISM Manufacturing PMI (Feb)	✓✓✓	58.70	59.10	Monthly
US	18:00	Fed's William Dudley speech	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome. GTC (Pty) Ltd Registration No 1996/001488/07 FSP No 731. An authorised Financial Services Provider.

Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

An Authorised Financial Services Provider FSP No. 731
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting •
Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services