

# ONE Minute Brief

15 December 2017

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## Economic and Political News

In South Africa (SA), the producer price index (PPI) climbed more-than-expected by 5.1% YoY in November, compared to a rise of 5.0% in October. The current account deficit to GDP improved to 2.3% in 3Q17, compared to 2.4% in the prior quarter, but was however worse than market expectations of a deficit 2.0%.

After laying perjury charges against Zuma following the high court ruling on Wednesday, the Democratic Alliance (DA) again called for the removal on the African National Congress (ANC) to remove President, Jacob Zuma, from his post.

President, Jacob Zuma, has filed papers appealing against the decision of the High Court that shifted the power of appointing the National Director of Public Prosecutions (NDPP) to Deputy President, Cyril Ramaphosa.

The Human Settlements Minister, Lindiwe Sisulu, has agreed to join Deputy President, Cyril Ramaphosa, in his presidential race and serve as his deputy.

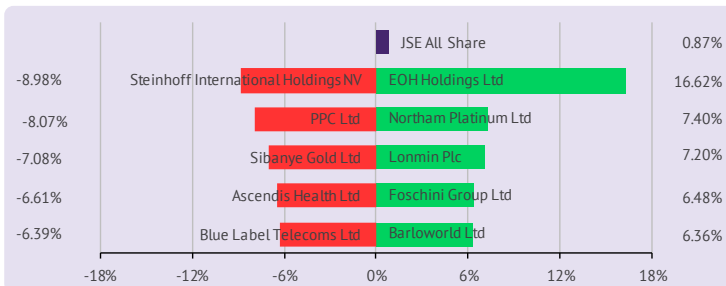
The Helen Suzman Foundation and billionaire Magda Wierzycka have filed papers in the high court against President, Jacob Zuma, his son Duduzane Zuma, the Gupta family, Eskom and Trillian, citing the threat of state capture to South Africa's democracy.

Finance Minister Malusi Gigaba is set to meet various stakeholders today to discuss the Steinhoff scandal.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, supported by gains in banking and retail sector stocks. Data revealed that South Africa's PPI advanced more-than-expected on a yearly basis in November. The JSE All Share Index rose 0.9% to close at 57,845.57.



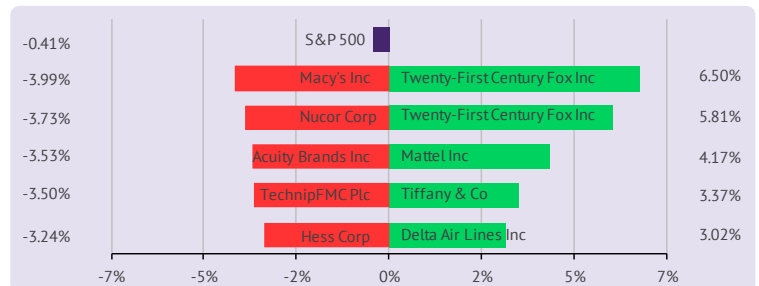
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	57845.57	▲ 501.16	0.87%	-0.29%	-3.22%	1.34%	14.20%
JSE Top 40	51498.36	▲ 347.09	0.68%	-0.33%	-3.33%	1.33%	17.30%
FTSE 100	7448.12	▼ -48.39	-0.65%	0.73%	1.66%	-2.22%	4.27%
DAX 30	13068.08	▼ -57.56	-0.44%	-0.65%	0.34%	-1.55%	13.82%
CAC 40	5357.14	▼ -42.31	-0.78%	-0.78%	-0.29%	-2.37%	10.18%
S&P 500	2652.01	▼ -10.84	-0.41%	0.02%	0.17%	2.81%	18.46%
Nasdaq Composite	6856.53	▼ -19.27	-0.28%	0.24%	-0.25%	2.17%	27.37%
DJIA	24508.66	▼ -76.77	-0.31%	0.74%	0.97%	3.83%	24.02%

## US Market ▼

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

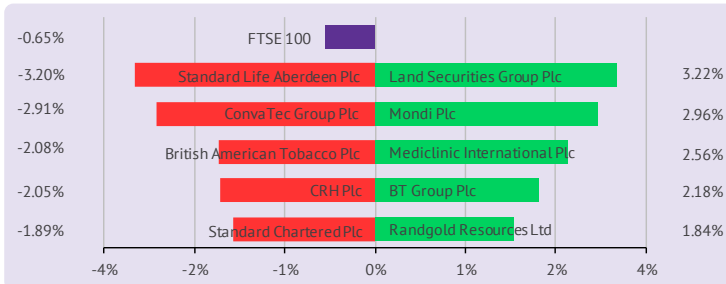
US markets closed lower yesterday, led by losses in healthcare sector stocks and amid concerns over the progress of Republicans' tax overhaul package. The S&P 500 Index fell 0.4% to close at 2,652.01.



## UK Market ▼

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

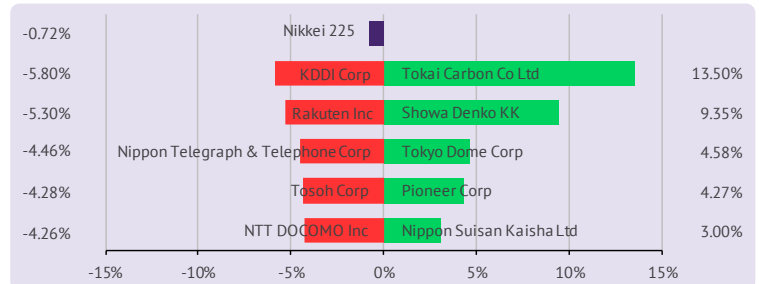
UK markets finished lower yesterday, after the British government's Brexit bill was defeated. The Bank of England (BoE) kept its benchmark interest rate unchanged at 0.5%, meeting market expectations. The FTSE 100 Index declined 0.7% to close at 7,448.12.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 0.7% lower at 22,531.46.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R13.4993, amid uncertainty over the US tax reform. Later today, traders will keep a close watch on the US manufacturing and industrial production along with the capacity utilisation data for further direction.

The US Dollar rose against the South African Rand yesterday, after the US advance retail sales advanced higher than market forecast on a monthly basis in November. Further, the preliminary Markit manufacturing PMI recorded an unexpected rise in December, remaining in expansion territory. Additionally, the initial jobless claims surprised with a decline during the week ended 9 December 2017. In contrast, the flash Markit services PMI dropped in December, continuing in expansion territory. Furthermore, business inventories dropped in line with expectations in October. Separately, South Africa's PPI grew more than market forecast on an annual basis in November.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R18.1344. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. The Bank of England's (BoE) Monetary Policy Committee (MPC) unanimously agreed to keep its benchmark interest rate unchanged at 0.50% and its asset purchase facility at £435.0 billion, as widely expected. On the data front, UK's retail sales rose less-than-expected on a monthly basis in November.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand to trade at R15.9038. Going forward, market participants will keep a tab on Eurozone's trade balance figures for further cues.

The Euro strengthened against the South African Rand yesterday, after Eurozone's flash Markit manufacturing PMI unexpectedly advanced in December. Furthermore, the preliminary Markit services PMI surprised with a rise in the same month, notching its highest level in 80 months. Separately, Germany's preliminary Markit manufacturing PMI recorded an unexpected rise in December. Additionally, flash Markit services PMI expanded at a stronger-than-anticipated pace to its highest level in 24 months in December. In major news, the European Central Bank (ECB), at its December monetary policy meeting, maintained the key interest rate unchanged at 0.00% and signalled that it would keep its aggressive monetary stimulus in place despite strong economic recovery in the Euro-bloc, in order to "sustain inflation" towards the ECB's target.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.3519.

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	13.4993	▼	0.43%	-1.14%	-1.36%	-3.04%	-1.60%
GBPZAR	18.1344	▼	0.47%	-0.65%	-2.15%	-1.19%	7.21%
EURZAR	15.9038	▼	0.00%	-1.11%	-2.47%	-0.84%	10.19%
AUDZAR	10.3519	▼	0.75%	1.02%	-0.15%	-4.09%	4.56%
EURUSD	1.1781	▲	-0.41%	0.04%	-1.06%	2.22%	12.03%
GBPUSD	1.3433	▲	0.08%	0.31%	-0.70%	1.82%	8.88%
Brent (\$/barrel)	63.3	▼	1.39%	-0.14%	1.09%	2.77%	11.42%
Gold (\$/oz)	1257.0	▲	0.67%	0.69%	-1.52%	0.21%	8.87%
Platinum (\$/oz)	880.3	▼	0.66%	-0.28%	-6.50%	2.49%	-2.26%
Copper (\$/MT)*	6761.0	▲	1.03%	3.43%	0.39%	-1.20%	22.42%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,257.00/oz, as weakness in the US Dollar, underpinned demand for the safe haven asset.

Yesterday, gold prices rose 0.7% to close at \$1,253.80/oz.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged marginally lower to trade at \$63.30/bl.

Yesterday, Brent crude oil advanced 1.4% to settle at \$63.31/bl, after an outage on the Forties crude pipeline in the North Sea continued.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.1% to trade at \$880.30/oz.

Yesterday, platinum prices climbed 0.7% to close at \$881.20/oz.

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## Major South Africa Corporate News

### Capital & Counties Properties Plc

The company announced that it has acquired the long leasehold interest in 15-17 Long Acre & 27b Floral Street for a purchase consideration of GBP79.00mn. Further, the acquired property generates an annual rental income of GBP3.4mn across 42,600 sq ft.

### Sibanye Gold Limited

The company announced that it has reached an agreement with the Lonmin Board to acquire the entire issued and to be issued ordinary share capital of Lonmin Plc through the company and its subsidiaries.

### Standard Bank Group Limited

The company announced the appointment of Lungisa Fuzile as Chief Executive of Standard Bank of South Africa Limited, effective from January 15, 2018.

## Major Global Economic News

### Eurozone

The ECB, at its December monetary policy meeting, kept the key interest rate steady at 0.00% and signalled that it would keep its aggressive monetary stimulus in place despite strong economic recovery in the Euro-bloc, in order to "sustain inflation" towards the ECB's target. Further, the central bank boosted the Eurozone's growth forecast to 2.4% for 2017, up 0.2% and to 2.3% for 2018, from 1.8% predicted earlier. Inflation is expected to rise 1.4% next year, revised up from 1.2% estimated in September.

In the Eurozone, the preliminary Markit services PMI unexpectedly rose to a level of 56.50 in December, compared to a reading of 56.20 in the prior month. Markets were expecting services PMI to ease to 56.00.

In December, the flash Markit manufacturing PMI unexpectedly climbed to 60.60 in the Eurozone, compared to market expectations of a drop to a level of 59.70. The manufacturing PMI had recorded a reading of 60.10 in the prior month.

In Germany, the preliminary Markit services PMI advanced to 55.80 in December, compared to a level of 54.30 in the prior month. Market anticipation was for services PMI to advance to a level of 54.60.

In December, the preliminary Markit manufacturing PMI registered an unexpected rise to 63.30 in Germany, compared to market expectations of a fall to 62.00. In the prior month, manufacturing PMI had registered a reading of 62.50.

### UK

The Bank of England's (BoE) Monetary Policy Committee (MPC) unanimously agreed to keep its benchmark interest rate unchanged at 0.50% and its asset purchase facility at £435.0 billion, as widely expected. In minutes of its December meeting, the central bank indicated that growth in the fourth quarter of this year "might be slightly softer" than in the third, while judging that inflation is likely to be close to its peak and will decline towards the 2.0% target in the medium term.

In the UK, retail sales registered a rise of 1.1% on a monthly basis in November, compared to a revised advance of 0.5% in the prior month. Markets were expecting retail sales to rise 0.4%.

### US

In the US, advance retail sales advanced 0.8% on a monthly basis in November, compared to a revised advance of 0.5% in the previous month. Markets were expecting advance retail sales to rise 0.3%.

In December, the preliminary Markit manufacturing PMI unexpectedly rose to 55.00 in the US, compared to a level of 53.90 in the prior month. Markets were expecting the Markit manufacturing PMI to record a steady reading.

In the US, the flash Markit services PMI registered an unexpected drop to 52.40 in December, compared to a level of 54.50 in the previous month. Markets were anticipating Markit services PMI to advance to a level of 54.70.

In October, business inventories registered a drop of 0.1% on a monthly basis in the US, in line with market expectations. In the previous month, business inventories had registered an unchanged reading.

In the US, the seasonally adjusted initial jobless claims unexpectedly eased to a level of 225.00K in the week ended 9 December 2017, compared to market expectations of an unchanged reading. In the prior week, initial jobless claims had registered a reading of 236.00K.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Tankan Large All Industry Capex (Q4)	✓✓	7.40%*	7.70%	Quarterly
Japan	01:50	Tankan Large Manufacturing Outlook (Q4)	✓✓	19.00*	19.00	Quarterly
Japan	01:50	Tankan Non - Manufacturing Index (Q4)	✓✓	23.00*	23.00	Quarterly
Japan	01:50	Tankan Non - Manufacturing Outlook (Q4)	✓✓	19.00*	19.00	Quarterly
Eurozone	12:00	Trade Balance n.s.a. (Oct)	✓✓	-	EUR26.40bn	Monthly
Eurozone	12:00	Trade Balance s.a. (Oct)	✓✓✓	EUR24.30bn	EUR25.00bn	Monthly
UK	14:00	BoE Quarterly Bulletin	✓	-	-	As scheduled
UK	15:15	MPC Member Haldane Speech	✓✓	-	-	As scheduled
Canada	15:30	New Motor Vehicle Sales n.s.a. (MoM) (Oct)	✓	-	-24.70%	Monthly
Canada	15:30	Manufacturing Shipments (MoM) (Oct)	✓✓	1.00%	0.50%	Monthly
US	15:30	NY Empire State Manufacturing Index (Dec)	✓✓	18.70	19.40	Monthly
Canada	16:00	Existing Home Sales (MoM) (Nov)	✓	-	0.90%	Monthly
US	16:15	Capacity Utilisation (Nov)	✓	77.20%	77.00%	Monthly
US	16:15	Industrial Production (MoM) (Nov)	✓✓✓	0.30%	0.90%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Nov)	✓✓✓	0.30%	1.30%	Monthly
US	23:00	Net Long-Term TIC Flows (Oct)	✓✓	-	USD80.91bn	Monthly
US	23:00	Total Net TIC Flows (Oct)	✓	-	-USD51.34bn	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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