

ONE Minute Brief

5 April 2017

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Economic and Political News

President, Jacob Zuma, has instructed the newly appointed Finance Minister, Malusi Gigaba, to assure the international community about the stability and competitiveness of South Africa (SA).

Moody's announced that it will issue a sovereign credit rating decision on SA after a review that would span at least 30 to 90 days.

Reserve Bank Deputy Governor, Daniel Mminele, stated that SA's credit rating downgrade by S&P Global Ratings was a "serious setback" for the nation, but it was too early to say if a rethink of monetary policy was required. Meanwhile, President Jacob Zuma indicated that the nation's fiscal policy would remain unchanged.

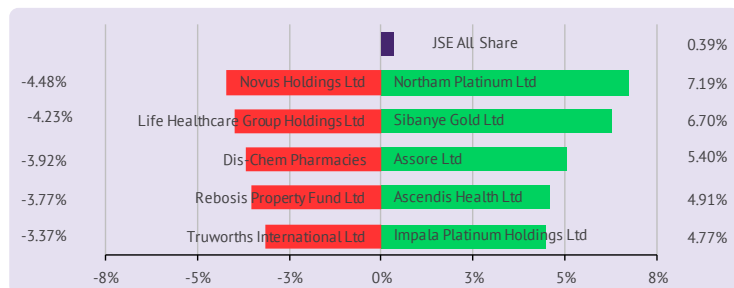
The Congress of South African Trade Unions (COSATU) has asked President, Jacob Zuma, to step down as it has no faith in the latter's leadership skills. The union later indicated that it is ready to have a meeting with the President following his request.

The Democratic Alliance has filed an urgent application before the High Court in Pretoria to declare the sacking of former Finance Minister, Pravin Gordhan, as unlawful.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, led by gains in platinum and gold mining sector stocks. The JSE All Share Index rose 0.4% to close at 52,660.74.



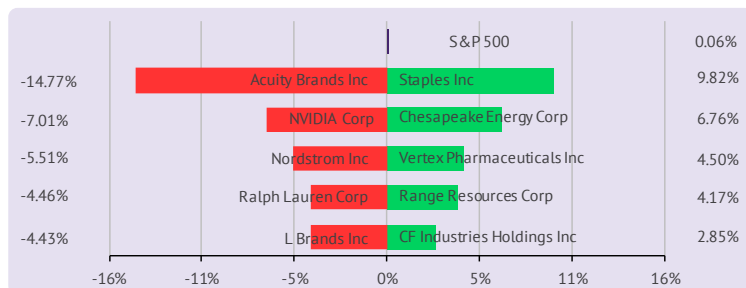
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52660.74	▲	202.98	0.39%	1.16%	1.78%	3.96%
JSE Top 40	45746.93	▲	185.84	0.41%	1.28%	2.35%	4.20%
FTSE 100	7321.82	▲	39.13	0.54%	-0.02%	0.82%	2.51%
DAX 30	12282.34	▲	25.14	0.21%	-0.25%	4.04%	6.98%
CAC 40	5101.13	▲	15.22	0.30%	-0.42%	5.43%	4.91%
S&P 500	2360.16	▲	1.32	0.06%	-0.11%	-0.04%	5.42%
Nasdaq Composite	5898.61	▲	3.93	0.07%	-0.22%	1.48%	9.58%
DJIA	20689.24	▲	39.03	0.19%	0.13%	-0.72%	4.69%

US Market ▲

The S&P 500 futures are trading in the red

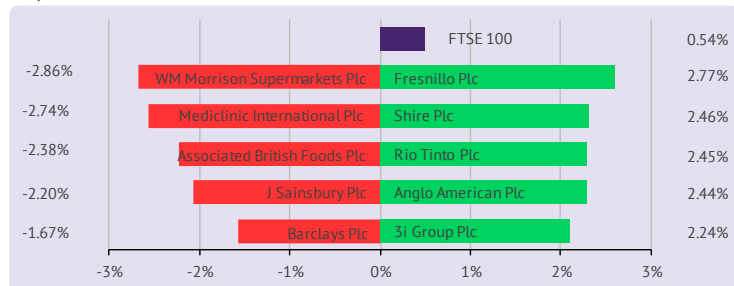
US markets closed higher yesterday, supported by gains in energy sector stocks. On the data front, US trade deficit contracted more-than-expected in February, led by a drop in imports. The S&P 500 Index climbed 0.1% to close at 2,360.16.



UK Market ▲

The FTSE 100 futures are trading in negative territory

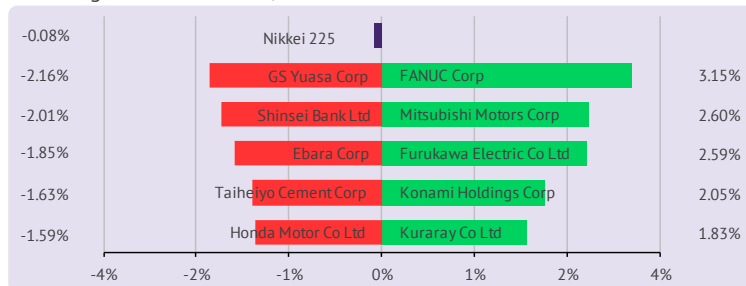
UK markets finished higher yesterday, amid gains in material sector stocks. Data indicated that UK's Markit construction PMI unexpectedly eased in March. The FTSE 100 Index advanced 0.5% to close at 7,321.82.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data revealed that Japan's Nikkei services PMI expanded to its strongest level in 19 months in March, more than its previous reading. The Nikkei 225 Index is trading 0.1% lower at 18,795.37.



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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 R13.6306. Later today, traders will keep a close watch on the FOMC meeting minutes and the US ISM non-manufacturing PMI along with ADP employment change, MBA mortgage applications and the Markit services PMI for further direction. Separately, South Africa's Standard Bank PMI and the SACCI business confidence index will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. Data indicated that US trade deficit retreated higher than market forecast in February, weighed down by weak imports of consumer goods such as cars and mobile phones. Elsewhere, factory orders advanced at par with market expectations on a monthly basis in February, driven by an increased demand for machinery and electrical equipment. Further, final durable goods orders recorded a more-than-expected rise on a monthly basis in the same month.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R16.9590. Data revealed that UK's BRC shop price index dropped at par with market expectations on an annual basis in March. Later today, traders will keep an eye on UK's Markit services PMI scheduled in few hours.

The British Pound declined against the South African Rand yesterday. Data revealed that UK's Markit construction PMI surprisingly declined in March.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R14.5544. Going forward, market participants will keep a tab on Markit services PMI across the Eurozone.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's retail sales advanced more than market anticipations on a monthly basis in February, boosted by a rise in consumer spending.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.3102. Earlier in the session, data showed that Australia's AiG performance of service index advanced in March, higher than its prior reading.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that the Reserve Bank of Australia held its key interest rate unchanged at 1.5%, at par with the market forecast. Further, Australia's trade surplus advanced more than market expectations in February, led by a rise in iron ore prices and a drop in imports of consumer goods.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.6306	▲	-0.53%	1.47%	1.47%	2.32%	-0.84%
GBPZAR	16.9590	▲	-0.88%	0.59%	0.59%	3.66%	0.04%
EURZAR	14.5544	▲	-0.40%	1.71%	1.71%	3.01%	0.70%
AUDZAR	10.3102	▲	-1.02%	0.60%	0.60%	1.94%	3.95%
EURUSD	1.0677	▲	0.04%	0.22%	0.22%	0.70%	1.51%
GBPUSD	1.2445	▲	-0.38%	-0.84%	-0.84%	1.33%	0.83%
Brent (\$/barrel)	54.4	▲	1.98%	1.20%	1.20%	-5.27%	-4.66%
Gold (\$/oz)	1257.3	▲	0.34%	0.62%	0.62%	-0.53%	8.97%
Platinum (\$/oz)	960.3	▼	0.68%	1.37%	1.37%	-8.03%	6.61%
Copper (\$/MT)*	5752.8	▲	0.42%	-1.09%	-1.09%	-2.52%	4.16%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.2% to trade at \$1,257.30/oz.

Yesterday, gold prices rose 0.3% to close at \$1,255.00/oz, as weakness in the US Dollar increased demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$54.41/bl.

Yesterday, Brent crude oil advanced 2.0% to settle at \$54.17/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 1.8mn bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.1% to trade at \$960.30/oz.

Yesterday, platinum prices climbed 0.7% to close at \$961.20/oz.



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Major South Africa Corporate News

Anglo American Plc

The company announced that the value of rough diamond sales for De Beers' third sales cycle of 2017, amounts to USD580 million.

Net 1 UEPS Technologies Inc.

The company announced that its subsidiary, Cash Paymaster Services (Pty) Ltd (CPS), has ensured again of the uninterrupted service delivery to South Africa's 10.6 million social grant recipients for the April 2017 pay-cycle.

Major Global Economic News

US

In the US, trade deficit fell to USD43.60bn in February, less than market expectations of a trade deficit of USD44.60bn. The US had registered a revised trade deficit of USD48.20bn in the previous month.

In February, factory orders recorded a rise of 1.0% on a monthly basis in the US, at par with market expectations. In the prior month, factory orders had advanced by a revised 1.5%.

In the US, the final durable goods orders rose 1.8% on a monthly basis in February, compared to a revised rise of 2.3% in the previous month. Market anticipation was for durable goods orders to climb 1.7%. The preliminary figures had recorded a rise of 1.7%.

UK

In the UK, the construction PMI unexpectedly fell to a level of 52.20 in March, lower than market expectations of a steady reading. The construction PMI had recorded a reading of 52.50 in the previous month.

In March, the BRC shop price index fell 0.8% on a yearly basis in the UK, in line with market expectations. In the previous month, the BRC shop price index had fallen 1.0%.

Asia

In Australia, the AIG performance of services index recorded a rise to 51.70 in March, compared to a level of 49.00 in the prior month.

In March, Nikkei services PMI advanced to 52.90 in Japan. Nikkei services PMI had registered a reading of 51.30 in the previous month.

Eurozone

In the Eurozone, the seasonally adjusted retail sales rose 0.7% on a monthly basis in February, compared to a revised advance of 0.1% in the previous month. Market anticipation was for retail sales to advance 0.5%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Mar)	✓	-0.80%*	-1.00%	Monthly
Japan	02:30	Markit Japan Services PMI (Mar)	✓✓	52.90*	51.30	Monthly
Japan	02:30	Markit/JMMA Composite PMI (Mar)	✓✓	52.90*	52.20	Monthly
Spain	09:15	Markit Services PMI (Mar)	✓✓	57.40	57.70	Monthly
Italy	09:45	Markit Services PMI (Mar)	✓	54.30	54.10	Monthly
France	09:50	Markit Services PMI (Mar) (F)	✓	58.50	58.50**	Monthly
Germany	09:55	Markit Services PMI (Mar) (F)	✓✓	55.60	55.60**	Monthly
UK	10:00	New Car Registrations (YoY) (Mar)	✓	-	-0.30%	Monthly
Eurozone	10:00	Markit Composite PMI (Mar) (F)	✓✓✓	56.70	56.70**	Monthly
Eurozone	10:00	Markit Services PMI (Mar) (F)	✓✓	56.50	56.50**	Monthly
UK	10:30	Foreign currency reserves (Mar)	✓	-	USD11436.00mn	Monthly
UK	10:30	Official Reserves (Changes) (Mar)	✓✓	-	USD360.00mn	Monthly
UK	10:30	Markit Services PMI (Mar)	✓✓	53.40	53.30	Monthly
South Africa	11:30	SACCI Business Confidence Index (Mar)	✓✓✓	-	95.50	Monthly
US	13:00	MBA Mortgage Applications (31-Mar)	✓	-	-0.80%	Weekly
US	14:15	ADP Employment Change (Mar)	✓✓✓	185.00K	298.00K	Monthly
US	15:45	Markit Services PMI (Mar) (F)	✓✓	-	53.40**	Monthly
US	15:45	Markit Composite PMI (Mar) (F)	✓✓	-	53.20**	Monthly
US	16:00	ISM Non-Manufacturing PMI (Mar)	✓✓	57.00	57.60	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (31-Mar)	✓✓✓	-	0.87mn barrels	Weekly
US	20:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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