

ONE Minute Brief

11 April 2017

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Economic and Political News

The Treasury stated that Finance Minister, Malusi Gigaba, will meet the National Economic Development and Labour Council to restore confidence domestically, ahead of the meetings with the International Monetary Fund and the World Bank in the US in two weeks' time, where he also plans to meet international investors.

The South African Reserve Bank (SARB) has warned that the recent downgrade of the nation's credit rating to "junk" could pressure the rand and accelerate inflation. Further, SARB Governor, Lesetja Kganyago, stated that it was too early to say whether the downgrade will cause an economic recession.

Finance Minister, Malusi Gigaba has called for a stop to divisions with the African National Congress (ANC) and to manage internal debates and differences within the ANC.

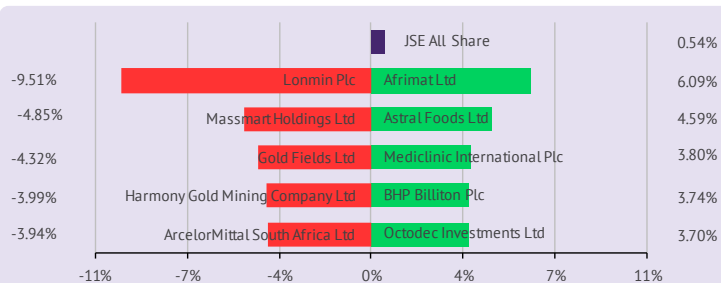
President, Jacob Zuma, stated that the marches that took place last week indicated that racism exists in South Africa. The Democratic Alliance (DA) has criticised his comments, saying that he is out of touch with public anger over his leadership.

The Inspector General of Intelligence, Sethlommamaru Dintwe, has confirmed that he is investigating the origins of the intelligence report which was used by President, Jacob Zuma, to dismiss former Finance Minister, Pravin Gordhan.

South Africa Market ▲

South African markets closed higher

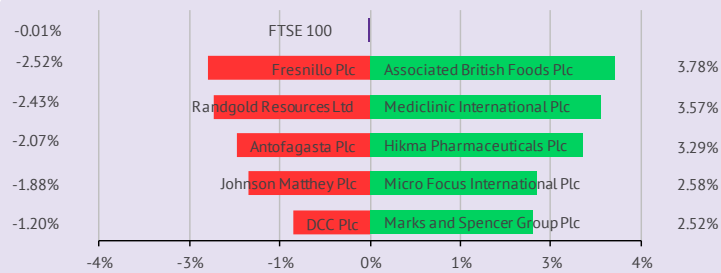
South African markets closed in the green yesterday, led by gains in resources sector stocks. The JSE All Share Index rose 0.5% to close at 53,139.96.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished marginally lower yesterday, weighed down by losses in material sector stocks. Data revealed that UK's BRC like-for-like retail sales fell more-than-expected YoY in March, its lowest level since August 2015. The FTSE 100 Index declined to close at 7,348.94.



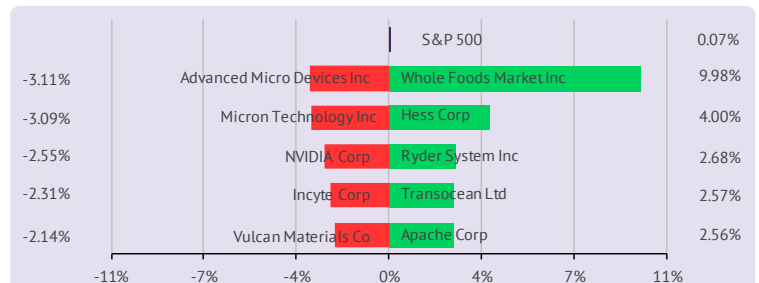
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53139.96	▲ 286.60	0.54%	0.54%	2.08%	1.78%	4.91%
JSE Top 40	46422.49	▲ 337.46	0.73%	0.73%	2.78%	2.35%	5.74%
FTSE 100	7348.94	▼ -0.43	-0.01%	-0.01%	0.36%	0.82%	2.89%
DAX 30	12200.52	▼ -24.54	-0.20%	-0.20%	-0.91%	4.04%	6.27%
CAC 40	5107.45	▼ -27.83	-0.54%	-0.54%	-0.29%	5.43%	5.04%
S&P 500	2357.16	▲ 1.62	0.07%	0.07%	-0.24%	-0.04%	5.29%
Nasdaq Composite	5880.93	▲ 3.11	0.05%	0.05%	-0.52%	1.48%	9.25%
DJIA	20658.02	▲ 1.92	0.01%	0.01%	-0.03%	-0.72%	4.53%

US Market ▲

The S&P 500 futures are trading in the red

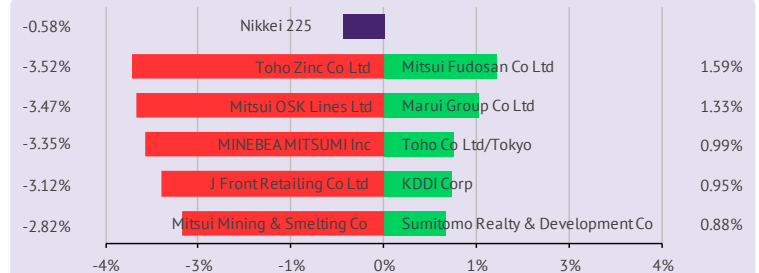
US markets closed higher yesterday, supported by gains in energy sector stocks. On the data front, US labour market conditions index rose less-than-anticipated in March. The S&P 500 Index climbed 0.1% to close at 2,357.16.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.6% lower at 18,689.75.



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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 R13.9255. Later today, traders' will keep a close watch on the US NFIB small business optimism index and JOLTS job openings for further cues. Separately, South Africa's manufacturing production will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. Data indicated that US labour market conditions index rose less than market expectations in March.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R17.2986. On the macro front, UK's BRC like-for-like retail sales recorded a higher-than-expected drop on a yearly basis in March, notching its weakest level since August 2015. Later today, traders will keep an eye on UK's consumer price index, the retail price index and the house price index for further indication.

The British Pound advanced against the South African Rand yesterday.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R14.7375. Going forward, market participants will keep a tab on Eurozone's industrial production for further direction. Meanwhile, Germany's ZEW economic sentiment survey will be on investors' radar.

The Euro strengthened against the South African Rand yesterday. Data revealed that Eurozone's Sentix investor confidence index advanced more than market forecast in April, reaching its strongest level since August 2007.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R10.4386. Earlier in the session, data showed that Australia's NAB business condition index recorded a rise in March, to its highest level since February 2008, while NAB business confidence index dropped in the same month.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's home loans surprisingly eased in February.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.9255	▼	1.35%	1.35%	3.87%	2.32%	1.51%
GBPZAR	17.2986	▼	1.70%	1.70%	2.83%	3.66%	2.26%
EURZAR	14.7375	▼	1.32%	1.32%	3.33%	3.01%	2.31%
AUDZAR	10.4386	▼	1.38%	1.38%	2.08%	1.94%	5.48%
EURUSD	1.0584	▼	0.05%	0.05%	-0.53%	0.70%	0.76%
GBPUSD	1.2423	▲	0.31%	0.31%	-1.08%	1.33%	0.60%
Brent (\$/barrel)	56.0	▲	1.34%	1.34%	4.58%	-5.27%	-1.48%
Gold (\$/oz)	1257.5	▲	-0.26%	-0.26%	0.30%	-0.53%	8.63%
Platinum (\$/oz)	937.5	▼	-2.24%	-2.24%	-1.13%	-8.03%	3.98%
Copper (\$/MT)*	5714.3	▼	-1.46%	-1.46%	-1.75%	-2.52%	3.46%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.5% to trade at \$1,257.50/oz.

Yesterday, gold prices fell 0.3% to close at \$1,251.10/oz, reversing its previous session gains.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$56.04/bl.

Yesterday, Brent crude oil advanced 1.3% to settle at \$55.98/bl, after production was stopped at Libya's Sharara oilfield over the weekend.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally dropped to trade at \$937.50/oz.

Yesterday, platinum prices declined 2.2% to close at \$937.50/oz.



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Major South Africa Corporate News

Capital & Counties Properties Plc

The company reported that it has completed the sale of venues, its exhibition business, comprising Olympia London together with certain related property assets, for a total gross cash consideration of GBP296.00mn.

Pan African Resources Plc

The company announced that the refurbishment of the 7 and 8 shaft complex at its Evander Mines is progressing according to schedule and is expected to be completed on April 15, 2017 within the original ZAR40.00mn cost estimate.

Pick N Pay Stores Limited

In its FY17 trading statement, the company indicated that its headline EPS will increase between 15.0% and 20.0% from the prior year, continuing the forward momentum achieved by the group over each of the last four years.

Super Group Limited

The company announced that S&P Global has reaffirmed its long-term national scale rating as zaA+, and maintained a short-term national scale rating of zaA-1.

Telkom Sa Soc Limited

The company announced that its credit rating has been revised by S&P Global and is now one notch above South African credit rating of BB+, negative. However, the negative outlook of the company by S&P reflects the possibility of a downgrade over the next year if the sovereign rating falls further and thereby impacting the company.

Major Global Economic News

Asia

In Australia, the NAB business condition recorded a rise to 14 in March, compared to a rise of 9 in the previous month.

In March, the NAB business confidence dropped to 6 in Australia, compared to a reading of 7 in the prior month.

US

In the US, the labour market conditions index recorded a rise of 0.4 in March, compared to a reading of 1.5 in the previous month. Market expectations was for the index to advance to 0.8.

Eurozone

In the Eurozone, the investor confidence index advanced to 23.90 in April, compared to a level of 20.70 in the prior month. Markets were expecting the investor confidence index to advance to 21.00.

UK

In the UK, the BRC like-for-like retail sales registered a decline of 1.0% on a yearly basis in March, compared to a drop of 0.4% in the prior month. Market expectations was for the retail sales to drop 0.3%.

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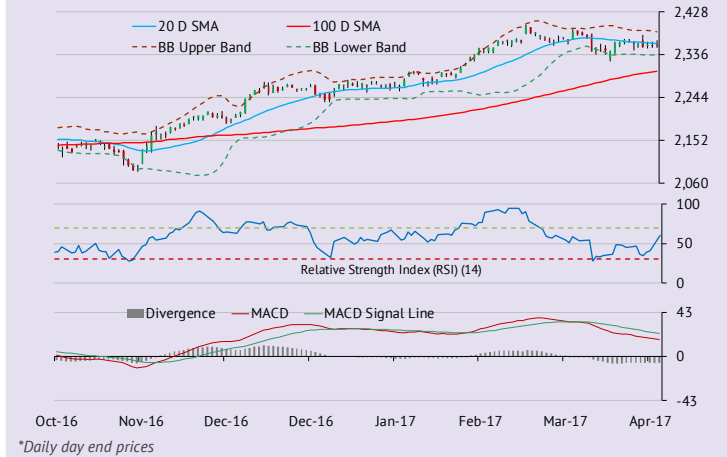
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 52,628.70, and a fall through could take it to the next support level of 52,117.44. The index is expected to find its first resistance at 53,439.49, and a rise through could take it to the next resistance level of 53,739.02.

S&P 500



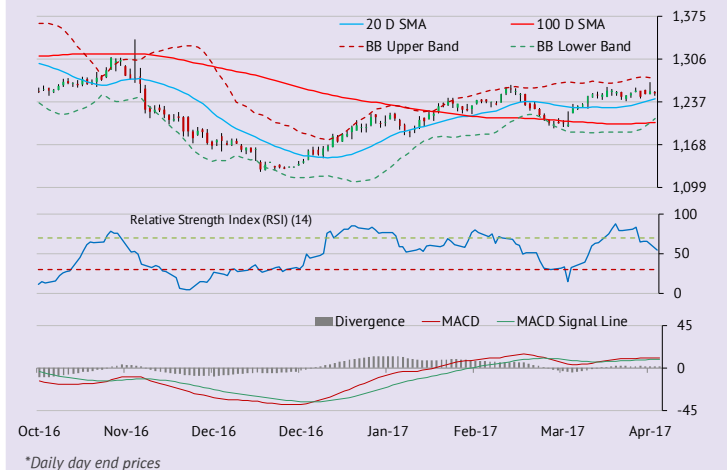
The S&P 500 index is expected to find support at 2,344.59, and a fall through could take it to the next support level of 2,332.01. The index is expected to find its first resistance at 2,374.05, and a rise through could take it to the next resistance level of 2,390.93.

USDZAR



The pair is expected to find support at 13.6143, and a fall through could take it to the next support level of 13.2901. The pair is expected to find its first resistance at 14.1078, and a rise through could take it to the next resistance level of 14.2771.

XAU/USD



Gold is expected to find support at \$1,239.70/oz, and a fall through could take it to the next support level of \$1,228.30/oz. The precious metal is expected to find its first resistance at \$1,265.80/oz, and a rise through could take it to the next resistance level of \$1,280.50/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Mar)	✓	-1.00%*	-0.40%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Mar) (P)	✓✓	-	9.10%	Monthly
UK	10:30	Retail Price Index (Mar)	✓	269.50	268.40	Monthly
UK	10:30	Consumer Price Index (MoM) (Mar)	✓✓	0.30%	0.70%	Monthly
UK	10:30	Consumer Price Index (YoY) (Mar)	✓✓✓	2.30%	2.30%	Monthly
UK	10:30	Consumer Price Index Core (YoY) (Mar)	✓✓✓	1.90%	2.00%	Monthly
UK	10:30	Retail Price Index (MoM) (Mar)	✓	0.40%	1.10%	Monthly
UK	10:30	Retail Price Index (YoY) (Mar)	✓	3.20%	3.20%	Monthly
UK	10:30	Retail Price Index Ex Mort Int.Payments (YoY) (Mar)	✓	3.50%	3.50%	Monthly
Eurozone	11:00	ZEW Survey - Economic Sentiment (Apr)	✓✓	-	25.10	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (Feb)	✓	0.10%	0.90%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Feb)	✓✓	1.90%	0.60%	Monthly
Germany	11:00	ZEW Survey - Current Situation (Apr)	✓✓	77.50	77.30	Monthly
Germany	11:00	ZEW Survey - Economic Sentiment (Apr)	✓✓✓	14.80	12.80	Monthly
US	12:00	NFIB Small Business Optimism (Mar)	✓	104.70	105.30	Monthly
UK	13:00	Composite Leading Indicator (Feb)	✓	-	99.60	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Feb)	✓✓✓	-	-0.40%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Feb)	✓✓✓	0.20%	0.80%	Monthly
US	14:55	Redbook Index (YoY) (07-Apr)	✓	-	1.30%	Weekly
US	14:55	Redbook Index s.a. (MoM) (07-Apr)	✓	-	-0.70%	Weekly
US	16:00	JOLTs Job Openings (Feb)	✓	5650.00K	5626.00K	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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