

ONE Minute Brief

3 May 2017

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Economic and Political News

In South Africa (SA), the manufacturing PMI dropped more-than-expected to 44.70 in April, compared to a level of 52.20 in March. In April, Naamsa new vehicle sales registered an unexpected drop of 13.4% YoY, compared to a rise of 2.1% in March.

The South African Reserve Bank (SARB) has warned that a further downgrade of the country's credit rating would lead to weakness in the currency and to higher borrowing costs.

A report by Oxfam on global inequality has revealed that SA is amongst the world's most unequal countries, with the richest 1% owning 42% of the country's social wealth.

African National Congress (ANC) Chief Whip, confirmed that the former Deputy Minister of Arts and Culture, Rejoice Mabudafhasi, had resigned as a Member of Parliament.

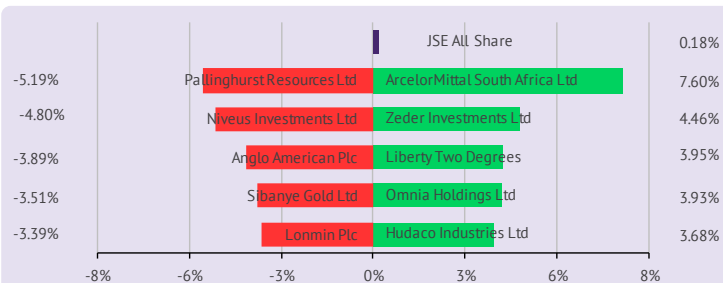
The ANC's National Chairperson, Baleka Mbete, stated that the main issues facing the nation, which need solution, are poverty, inequality and unemployment, and not President, Jacob Zuma, and the influence of the Guptas.

The new Energy Minister, Mmamoloko Kubayi, has confirmed the sale of the country's oil reserves last year, which the former energy minister had denied. She further added that findings of an investigation would be provided to the Parliament's energy portfolio committee.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid an increase in banking and retail sector stocks. Data revealed that South Africa's Barclays manufacturing PMI contracted in April. The JSE All Share Index rose 0.2% to close at 53,915.64.



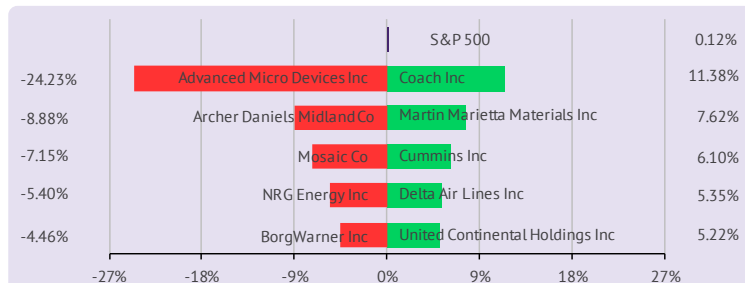
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53915.64	▲	98.33	0.18%	0.18%	0.18%	6.44%
JSE Top 40	47138.85	▲	67.12	0.14%	0.14%	0.14%	7.37%
FTSE 100	7250.05	▲	46.11	0.64%	0.64%	-1.62%	1.50%
DAX 30	12507.90	▲	69.89	0.56%	0.56%	1.02%	8.94%
CAC 40	5304.15	▲	36.82	0.70%	0.70%	2.83%	9.09%
S&P 500	2391.17	▲	2.84	0.12%	0.29%	0.29%	6.80%
Nasdaq Composite	6095.37	▲	3.76	0.06%	0.79%	0.79%	13.23%
DJIA	20949.89	▲	36.43	0.17%	0.04%	0.04%	6.01%

US Market ▲

The S&P 500 futures are trading in the red

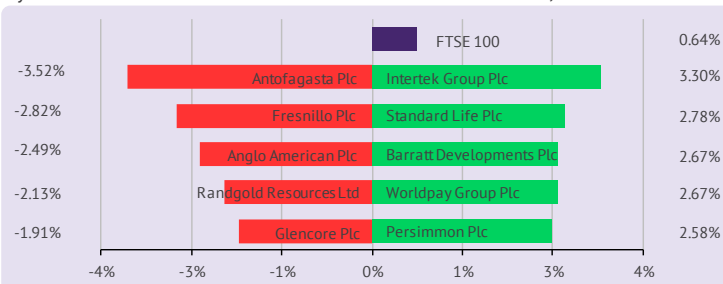
US markets closed higher yesterday, supported by a rise in industrial sector stocks. The S&P 500 Index climbed 0.1% to close at 2,391.17.



UK Market ▲

The FTSE 100 futures are trading in negative territory

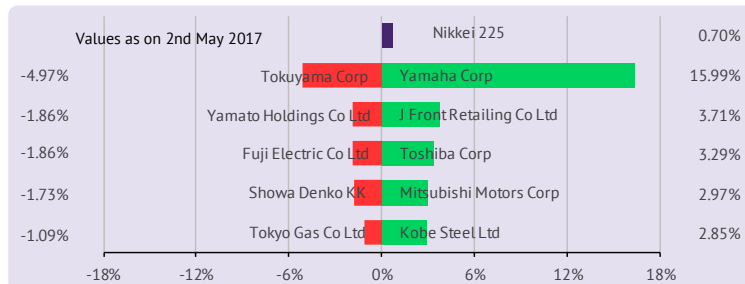
UK markets finished higher yesterday, led by an increase in material sector stocks. Data indicated that UK's Markit manufacturing PMI surprisingly advanced at a faster pace in April, its strongest level in 3 years. The FTSE 100 Index advanced 0.6% to close at 7,250.05.



Asian Market ▼

Trading lower

Markets in Japan, Hong Kong and South Korea are closed on account of a public holiday. Meanwhile, Chinese markets are trading lower.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.2% against the South African Rand to trade at R13.3179. Later today, traders will keep a close watch on US FOMC interest rate decision, the ISM non-manufacturing PMI and ADP employment change along with MBA mortgage applications and Markit services PMI for further cues.

The US Dollar fell against the South African Rand yesterday. Meanwhile, data showed that South Africa's Barclays manufacturing PMI unexpectedly bounced into contraction territory in April.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R17.2361. Data indicated that UK's BRC shop price index dropped at par with market forecast on an annual basis in April. Later today, traders will keep an eye on UK's Markit construction PMI scheduled in few hours.

The British Pound declined against the South African Rand yesterday. On the macro front, UK Markit manufacturing PMI unexpectedly rose in April, notching its highest level since 2014.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.3% against the South African Rand to trade at R14.5527. Going forward, market participants will keep a tab on Eurozone's gross domestic product and producer price index for further direction. Separately, Germany's unemployment rate will be on investors' radar.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's unemployment rate recorded a more-than-expected rise in March, holding at its weakest level in more than eight years. Meanwhile, final Markit manufacturing PMI expanded less-than-expected in April, albeit reaching its highest level since 2011. Separately, Germany's final Markit manufacturing PMI advanced in line with market anticipations in April.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.6% against the South African Rand to trade at R9.9924. Earlier in the session, data showed that Australia's AiG performance of service index increased in April, higher than its previous reading.

The Australian Dollar fell against the South African Rand yesterday. The RBA kept the official cash rate on hold at its historic low of 1.5%, as widely expected. The RBA Governor, Philip Lowe repeated Australia's housing market concerns, stating that housing prices continue to vary considerably around the country. Meanwhile, in China, Australia's largest trading partner, Caixin manufacturing PMI dropped more than market anticipations in April, reaching its lowest level in 7 months.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.3179	▼	-0.49%	-0.23%	-0.23%	-0.37%	-2.85%
GBPZAR	17.2361	▼	-0.12%	-0.39%	-0.39%	2.87%	1.91%
EURZAR	14.5527	▼	-0.13%	0.20%	0.20%	1.86%	1.05%
AUDZAR	9.9924	▼	-0.35%	0.41%	0.41%	-2.21%	1.46%
EURUSD	1.0929	▲	0.27%	0.29%	0.29%	2.31%	3.94%
GBPUSD	1.2939	▲	0.39%	-0.12%	-0.12%	3.24%	4.86%
Brent (\$/barrel)	51.0	▲	-2.06%	-3.05%	-3.05%	-2.76%	-11.19%
Gold (\$/oz)	1257.3	▲	0.12%	-0.89%	-0.89%	1.68%	9.14%
Platinum (\$/oz)	928.6	▲	-0.67%	-2.39%	-2.39%	0.05%	2.71%
Copper (\$/MT)*	5770.5	▲	1.05%	1.05%	1.05%	-1.81%	4.48%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged marginally higher to trade at \$1,257.30/oz.

Yesterday, gold prices rose 0.1% to close at \$1,257.00/oz, as weakness in the greenback increased demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.0% higher to trade at \$50.97/bl.

Yesterday, Brent crude oil dropped 2.1% to settle at \$50.46/bl. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories declined by 4.2mn bls for the week ended April 28, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$928.60/oz.

Yesterday, platinum prices declined 0.7% to close at \$926.00/oz.



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Major South Africa Corporate News

Octodec Investments Limited

In its 1H17 results, the company stated that its revenue increased to ZAR897.19mn from ZAR856.03mn posted in the corresponding period of the previous year. However, its headline EPS fell 27.1% from the same period of the prior year to 87.60c. Its profit before tax declined to ZAR449.89mn from ZAR461.49mn posted in the similar period last year.

Major Global Economic News

Eurozone

In the Eurozone, the unemployment rate remained flat at a level of 9.5% in March. Markets were anticipating the unemployment rate to fall to a level of 9.4%.

In April, the final manufacturing PMI recorded a rise to 56.70 in the Eurozone, lower than market expectations of a rise to a level of 56.80. The manufacturing PMI had registered a level of 56.20 in the previous month. The preliminary figures had recorded an advance to 56.80.

In Germany, the final Markit manufacturing PMI registered a drop to 58.20 in April, meeting market expectations. The preliminary figures had also recorded a drop to 58.20. In the previous month, manufacturing PMI had registered a reading of 58.30.

UK

In April, the Markit manufacturing PMI unexpectedly advanced to 57.30 in the UK, compared to market expectations of a drop to 54.00. The manufacturing PMI had registered a reading of 54.20 in the previous month.

In the UK, the BRC shop price index fell 0.5% on an annual basis in April, compared to a drop of 0.8% in the prior month. Markets were expecting the index to fall 0.5%.

Asia

In Australia, the AIG performance of services index advanced to 53.00 in April. The index had recorded a level of 51.70 in the previous month.

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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) (Apr)	✓	-0.50%*	-0.80%	Monthly
Spain	09:00	Unemployment Change (Apr)	✓	-78.80K	-48.60K	Monthly
Germany	09:55	Unemployment Rate s.a. (Apr)	✓✓	5.80%	5.80%	Monthly
Germany	09:55	Unemployment Change (Apr)	✓✓✓	-11.00K	-30.00K	Monthly
UK	10:30	Markit Construction PMI (Apr)	✓✓	52.00	52.20	Monthly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q1) (P)	✓✓✓	0.50%	0.40%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q1) (P)	✓✓	1.70%	1.70%	Quarterly
Eurozone	11:00	Producer Price Index (MoM) (Mar)	✓	-0.10%	0.00%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Mar)	✓✓	4.20%	4.50%	Monthly
US	13:00	MBA Mortgage Applications (28-Apr)	✓	-	2.70%	Weekly
US	14:15	ADP Employment Change (Apr)	✓✓✓	175.00K	263.00K	Monthly
US	15:45	Markit Composite PMI (Apr) (F)	✓✓	-	52.70**	Monthly
US	15:45	Markit Services PMI (Apr) (F)	✓✓	52.50	52.50**	Monthly
US	16:00	ISM Non-Manufacturing PMI (Apr)	✓✓	55.80	55.20	Monthly
US	16:30	DOE Cushing OK Crude Inventory (28-Apr)	✓	-	-1203.00K barrels	Weekly
US	16:30	DOE Distillate Inventory (28-Apr)	✓	-	2.65K barrels	Weekly
US	16:30	DOE Gasoline Inventories (28-Apr)	✓	-	3369.00K barrels	Weekly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (28-Apr)	✓✓✓	-	-3.64mn barrels	Weekly
US	20:00	Fed Interest Rate Decision	✓✓✓	1.00%	1.00%	As scheduled

Note: ✓✓✓ High

✓✓ Medium

✓ Low

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