

ONE Minute Brief

4 May 2017

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Economic and Political News

The Constitutional Court will hear on May 15 the case for a secret ballot in the voting on the motion of no confidence in President, Jacob Zuma.

Finance Minister, Malusi Gigaba, stated that South Africa can recover its investment grade credit rating without compromising on the promises made to radically transform the economy to achieve inclusive growth. Separately, he indicated that there is no chance of opposition parties to win the no confidence vote against the President.

The high court in Pretoria is set to hear an urgent application by the Democratic Alliance, requesting the court to force President Zuma to reveal documents which formed the basis of his cabinet reshuffle.

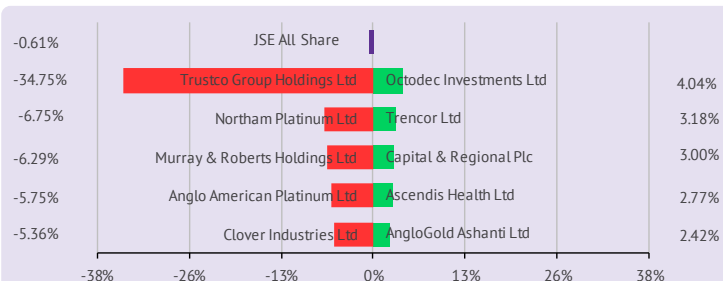
Minister for small business development, Lindiwe Zulu, stated that South Africa should change the country's laws to allow the seizure of land for redistribution to black people, without compensation.

In a relief to South African Airways (SAA), the Labour Court has prohibited members of the South African Cabin Crew Association (SACCA) from embarking on any industrial action.

South Africa Market ▼

South African markets closed lower

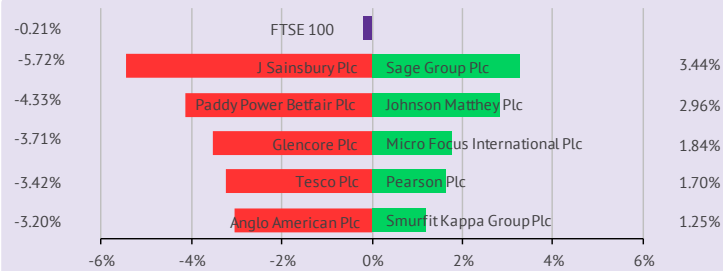
South African markets closed in the red yesterday, amid losses in platinum and retail sector stocks. The JSE All Share Index fell 0.6% to close at 53,586.63.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, led by a decline in consumer staples and material sector stocks. Data revealed that UK's construction PMI unexpectedly advanced in April, to its highest level in 4 months. The FTSE 100 Index declined 0.2% to close at 7,234.53.



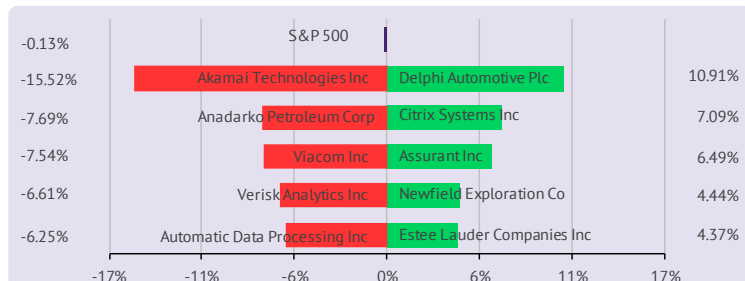
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53586.63	▼ -329.01	-0.61%	-0.43%	-0.43%	3.38%	5.79%
JSE Top 40	46917.89	▼ -220.96	-0.47%	-0.33%	-0.33%	4.22%	6.87%
FTSE 100	7234.53	▼ -15.52	-0.21%	0.42%	0.42%	-1.62%	1.28%
DAX 30	12527.84	▲ 19.94	0.16%	0.72%	0.72%	1.02%	9.12%
CAC 40	5301.00	▼ -3.15	-0.06%	0.64%	0.64%	2.83%	9.02%
S&P 500	2388.13	▼ -3.04	-0.13%	0.16%	0.16%	0.91%	6.67%
Nasdaq Composite	6072.55	▼ -22.82	-0.37%	0.41%	0.41%	2.30%	12.81%
DJIA	20957.90	▲ 8.01	0.04%	0.08%	0.08%	1.34%	6.05%

US Market ▼

The S&P 500 futures are trading in the green

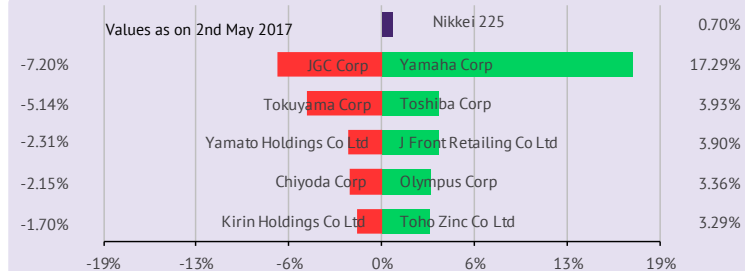
US markets closed lower yesterday, weighed down by losses in real estate sector stocks. Data showed that US ISM non-manufacturing PMI expanded at a faster-than-expected pace in April. The S&P 500 Index dropped 0.1% to close at 2,388.13.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that China's Caixin services PMI dropped in April, more than its prior reading, remaining in expansion territory. Markets in Japan are closed on account of a public holiday.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.1% against the South African Rand to trade at R13.4254. Later today, traders will keep a close watch on US initial jobless claims, durable goods orders, factory orders and trade balance data for further direction. Separately, South Africa's SACCI business confidence and Standard bank PMI will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. The Federal Open Market Committee (FOMC) unanimously agreed to keep the benchmark interest rate target at 0.75% to 1.00%. The central bank indicated in its statement that a slowdown in the first-quarter US economic growth was "likely to be transitory" and described job gains as "solid". Data indicated that US ISM non-manufacturing PMI advanced more than market anticipations in April. Further, ADP employment change rose higher-than-expected in the same month. Meanwhile, MBA mortgage applications bounced back into negative territory for the week ended April 28, 2017. Moreover, final Markit services PMI recorded a more than anticipated rise in April.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R17.2769. Later today, traders will keep an eye on UK's net consumer credit, Markit services PMI and mortgage approvals for further cues.

The British Pound advanced against the South African Rand yesterday after showed that UK's construction PMI surprisingly accelerated to a 4-month high in April, driven by growth in civil engineering and house building.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro marginally climbed against the South African Rand to trade at R14.6241. Going forward, market participants will keep a tab on Eurozone's retail sales and services PMI across the Eurozone for further indication.

The Euro strengthened against the South African Rand yesterday after data indicated that Eurozone's gross domestic product advanced at par with the market forecast on a quarterly basis in 1Q17. Meanwhile, producer price index retreated more-than-expected on a monthly basis in March. Separately, Germany's unemployment rate remained unchanged in line with market anticipations.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R9.9643. Earlier in the session, data showed that Australia's HIA new home sales plummeted on a monthly basis in March. Further, trade surplus narrowed more-than-anticipated in March. Meanwhile, in China, Australia's largest trading partner, Caixin services PMI registered a decline in April, higher than its previous reading.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's AiG performance of service index advanced in April, higher than its prior reading.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4254	▼	0.69%	0.47%	0.47%	-0.37%	-2.18%
GBPZAR	17.2769	▼	0.17%	-0.22%	-0.22%	2.87%	2.08%
EURZAR	14.6241	▲	0.20%	0.41%	0.41%	1.86%	1.26%
AUDZAR	9.9643	▼	-0.82%	-0.41%	-0.41%	-2.21%	0.63%
EURUSD	1.0896	▲	-0.41%	-0.12%	-0.12%	2.31%	3.51%
GBPUUSD	1.2875	▲	-0.56%	-0.68%	-0.68%	3.24%	4.27%
Brent (\$/barrel)	50.7	▼	0.65%	-2.42%	-2.42%	-2.76%	-10.61%
Gold (\$/oz)	1240.3	▼	-0.68%	-1.56%	-1.56%	1.68%	8.40%
Platinum (\$/oz)	903.3	▼	-2.33%	-4.67%	-4.67%	0.05%	0.31%
Copper (\$/MT)*	5566.8	▼	-3.53%	-2.52%	-2.52%	-1.81%	0.79%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged lower 0.7% to trade at \$1,240.30/oz.

Yesterday, gold prices fell 0.7% to close at \$1,248.50/oz, as US Dollar strengthened after the Fed kept the benchmark interest rates steady and signaled that it is still on the path of increasing interest rates at a moderate pace.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$50.69/bL.

Yesterday, Brent crude oil advanced 0.7% to settle at \$50.79/bL, after the US Energy Department reported that crude oil inventories fell by 900,000 bls for the week ended April 28, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$903.30/oz.

Yesterday, platinum prices climbed 2.3% to close at \$904.40/oz.

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Major South Africa Corporate News

Life Healthcare Group Holdings Limited

In its 1H17 updated trading statement, the company indicated that its headline EPS is estimated to be in the range of 27.90c and 23.30c compared with 93.00c reported in the similar period last year. The significant fall is due to the impact of the acquisition of Alliance Medical and once off items related to the investment in Poland.

MTN Group Limited

In its 1Q17 update, the company revealed that its total revenue increased by 7.1% with data revenues up 29.4% on a yearly basis. Data revenue contributed 20.0% to total revenue. MTN South Africa reported a solid performance with a 4.1% increase in service revenue. However, group subscribers decreased by 1.5% on a quarterly basis largely as a result of restatements to subscriber numbers in Ghana, Rwanda and Zambia.

Major Global Economic News

US

The FOMC unanimously agreed to keep the key interest rate target at 0.75% to 1.00%. The central bank stated in its statement that a slowdown in the first-quarter US economic growth was “likely to be transitory” and described job gains as “solid”.

In the US, the non-manufacturing PMI recorded a rise to 57.50 in April, compared to market expectations of a rise to a level of 55.80. In the previous month, the non-manufacturing PMI had registered a level of 55.20.

In April, the ADP private sector employment registered a rise of 177.00K in the US, higher than market expectations of an advance of 175.00K. The private sector employment had registered a revised gain of 255.00K in the previous month.

In the US, the MBA mortgage applications eased 0.1% on a weekly basis, in the week ended April 28, 2017. Mortgage applications had risen 2.7% in the prior week.

In April, the final Markit services PMI unexpectedly advanced to 53.10 in the US. Markets were expecting Markit services PMI to drop to 52.50. The preliminary figures had recorded a drop to 52.50.

Asia

In Australia, new home sales recorded a drop of 1.1% on a monthly basis in March. In the prior month, new home sales had recorded a rise of 0.2%.

In March, the seasonally adjusted trade surplus fell to AUD3107.00mn in Australia, following a revised trade surplus of AUD3657.00mn in the previous month. Market expectation was for the nation to record a trade surplus of AUD3250.00mn.

In China, the Caixin/Markit services PMI index fell to a level of 51.50 in April, compared to a reading of 52.20 in the previous month.

Eurozone

In the Eurozone, the seasonally adjusted flash gross domestic product (GDP) registered a rise of 0.5% On a quarterly basis in 1Q17, meeting market expectations. In the prior quarter, GDP had climbed 0.4%.

In March, the producer price index (PPI) registered a drop of 0.3% on a monthly basis in the Eurozone, more than market expectations for a drop of 0.1%. The index had recorded an unchanged reading in the prior month.

In Germany, the seasonally adjusted unemployment rate remained steady at a level of 5.8% in April, in line with market expectations.

UK

In the UK, the construction PMI registered an unexpected rise to a level of 53.10 in April, compared to a level of 52.20 in the previous month. Market expectation was for the construction PMI to drop to a level of 52.00.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	Caixin/Markit Services PMI (Apr)	✓✓	51.50*	52.20	Monthly
China	03:45	HSBC China Composite PMI (Apr)	✓✓	51.20*	52.10	Monthly
Germany	09:55	Markit Services PMI (Apr) (F)	✓✓	54.70	54.70**	Monthly
Eurozone	10:00	Markit Composite PMI (Apr) (F)	✓✓✓	56.70	56.70**	Monthly
Eurozone	10:00	Markit Services PMI (Apr) (F)	✓✓	56.20	56.20**	Monthly
UK	10:30	Net Lending to Individuals (Mar)	✓✓	-	GBP4.90bn	Monthly
UK	10:30	Official Reserves (Changes) (Apr)	✓✓	-	USD77.00mn	Monthly
UK	10:30	Markit Services PMI (Apr)	✓✓	54.50	55.00	Monthly
UK	10:30	Net Consumer Credit (Mar)	✓✓	GBP1.20bn	GBP1.40bn	Monthly
UK	10:30	Mortgage Approvals (Mar)	✓✓	67.20K	68.30K	Monthly
Eurozone	11:00	Retail Sales (MoM) (Mar)	✓✓✓	0.10%	0.70%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Mar)	✓✓	2.10%	1.80%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Apr)	✓✓✓	-	93.80	Monthly
US	13:30	Challenger Job Cuts (YoY) (Apr)	✓	-	-2.00%	Monthly
US	14:30	Non-Farm Productivity (Q1) (P)	✓	-0.10%	1.30%	Quarterly
US	14:30	Unit Labour Costs (Q1) (P)	✓	2.70%	1.70%	Quarterly
US	14:30	Continuing Jobless Claims (22-Apr)	✓	1990.00K	1988.00K	Weekly
US	14:30	Initial Jobless Claims (29-Apr)	✓✓✓	248.00K	257.00K	Weekly
US	14:30	Trade Balance (Mar)	✓✓✓	-USD44.50bn	-USD43.60bn	Monthly
US	16:00	Durable Goods Orders (Mar) (F)	✓✓✓	0.70%	0.70%**	Monthly
US	16:00	Factory Orders (MoM) (Mar)	✓✓✓	0.40%	1.00%	Monthly
Germany	17:15	Bundesbank's Dombret speaks in Frankfurt	✓	-	-	As scheduled
Eurozone	17:30	ECB's Draghi Speaks in Lausanne, Switzerland	✓✓✓	-	-	As scheduled
Canada	22:25	Bank of Canada Governor Stephen Poloz Speech in Mexico	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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