

ONE Minute Brief

5 May 2017

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Economic and Political News

In South Africa (SA), the SACCI business confidence index rose to 94.90 in April, compared to 93.80 in March. The Standard Bank PMI dropped to 50.3 in April, compared to 50.7 in March. In March, electricity production rose 2.7% YoY, compared to a revised drop of 3.9% in February.

The South African Reserve Bank (SARB) Governor, Lesetja Kganyago, stated that the end of the interest-rate hike cycle in SA does not mean that the SARB will start reducing borrowing costs. He also indicated that the nation is capable of solving the issues raised by credit rating agencies to avoid further downgrades.

The High Court in Pretoria has ordered President, Jacob Zuma, to submit all relevant records related to the cabinet reshuffle decision. Meanwhile, President Jacob Zuma stated that he reshuffled his Cabinet to make room for young people to join government. Former finance minister, Pravin Gordhan, indicated that he would not return to his job, even if the courts found Zuma's decision to be irrational.

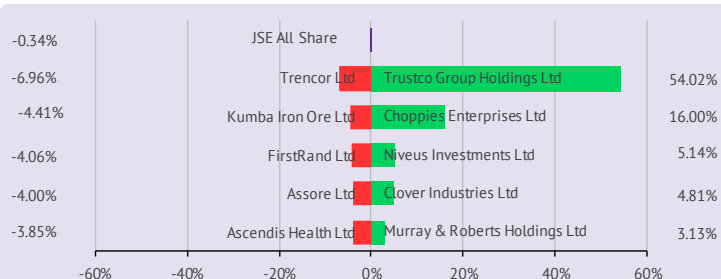
President, Jacob Zuma, stated that SA sees the radical economic transformation as a strong way to inclusive growth and believes that African leaders are rising to the occasion.

The 2017 Africa Competitiveness Report revealed that South Africa is the second most competitive economy on the continent. It was the best performer in areas of financial market development, technological readiness, business sophistication and innovation.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in gold mining and banking sector stocks. On the data front, SACCI business confidence index advanced in April, higher than its previous reading. The JSE All Share Index fell 0.3% to close at 53,406.31.



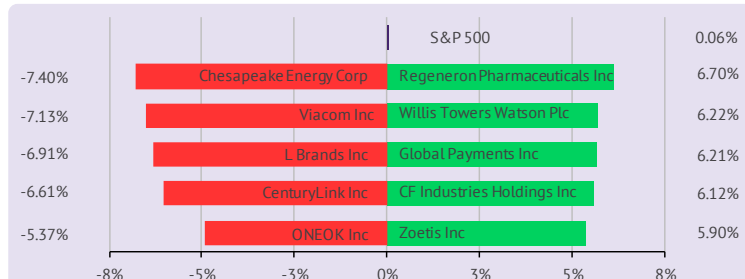
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53406.31	▼	-180.32	-0.34%	-0.76%	3.38%	5.43%
JSE Top 40	46747.06	▼	-170.83	-0.36%	-0.69%	4.22%	6.48%
FTSE 100	7248.10	▲	13.57	0.19%	0.61%	-1.62%	1.47%
DAX 30	12647.78	▲	119.94	0.96%	1.69%	1.02%	10.16%
CAC 40	5372.42	▲	71.42	1.35%	2.00%	2.83%	10.49%
S&P 500	2389.52	▲	1.39	0.06%	0.22%	0.91%	6.73%
Nasdaq Composite	6075.34	▲	2.79	0.05%	0.46%	2.30%	12.86%
DJIA	20951.47	▼	-6.43	-0.03%	0.05%	1.34%	6.02%

US Market ▲

The S&P 500 futures are trading in the red

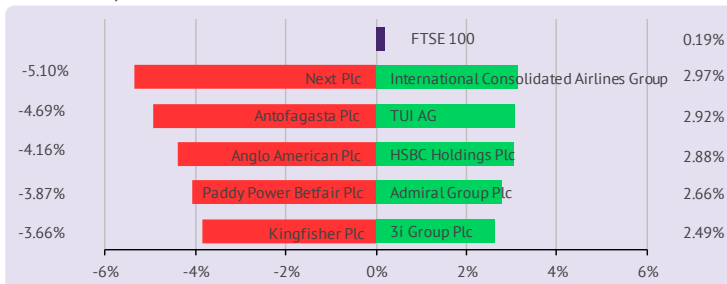
US markets closed higher yesterday, supported by a rise in consumer staples sector stocks. Data revealed that US initial jobless claims posted a more-than expected drop for the week ended April 29, 2017, its lowest level in 17 years. The S&P 500 Index climbed 0.1% to 2,389.52.



UK Market ▲

The FTSE 100 futures are trading in negative territory

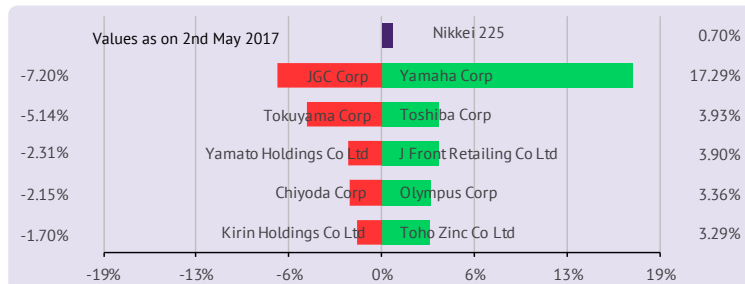
UK markets finished higher yesterday, amid gains in financial sector stocks. Data showed that UK's net consumer credit recorded a more-than-expected rise in March. The FTSE 100 Index advanced 0.2% to close at 7,248.10.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Markets in Japan and South Korea are closed on account of public holiday.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R13.6684. Later today, traders will keep a close watch on US non-farm payrolls, unemployment rate and average hourly earnings for further cues.

The US Dollar rose against the South African Rand yesterday. On the macro front, the number of Americans applying for fresh unemployment benefits declined more than market expectations to a 17 year low for the week ended April 29, 2017. Meanwhile, final durable goods orders advanced higher than market forecast on a monthly basis in March. Further, factory orders registered a less-than-anticipated rise on a monthly basis in the same month. Additionally, the trade deficit narrowed more-than-expected in March, reaching its lowest level in 5 months. Separately, South Africa's SACCI business confidence index registered a rise in April, more than its prior reading. Meanwhile, Standard bank PMI dropped in April, remaining in expansion territory.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R17.6453. 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 after data showed that UK's net consumer credit rose higher than expected in March. Further, Markit services PMI unexpectedly rose in April. Meanwhile, mortgage approvals declined higher than market expectations in March, its lowest level in 6 months.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R15.0086. Going forward, market participants will keep a tab on retail PMI across the Eurozone for further cues. Germany's construction PMI will be on investors' radar.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's retail sales grew higher than market expectations on a monthly basis in March. Further, final Markit services PMI expanded more-than-expected in April. Meanwhile, Germany's final services PMI advanced at a faster-than-anticipated pace in the same month.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R10.0763. In its quarterly statement on monetary policy, the Reserve Bank of Australia (RBA) has forecasted Australia's gross domestic product to rise between 2.75% to 3.75% in 2018, up from its previous prediction of 2.5% to 3.5%. Earlier in the session, data indicated that Australia's AiG performance of service index advanced in April, higher than its previous reading.

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	13.6684	▲	1.59%	2.07%	2.07%	-0.37%	-0.62%
GBPZAR	17.6453	▲	2.06%	1.83%	1.83%	2.87%	4.18%
EURZAR	15.0086	▲	2.52%	2.94%	2.94%	1.86%	3.81%
AUDZAR	10.0763	▼	1.42%	1.00%	1.00%	-2.21%	2.06%
EURUSD	1.0982	▼	0.94%	0.82%	0.82%	2.31%	4.48%
GBPUUSD	1.2913	▼	0.44%	-0.24%	-0.24%	3.24%	4.73%
Brent (\$/barrel)	47.1	▼	-4.75%	-7.05%	-7.05%	-2.76%	-14.85%
Gold (\$/oz)	1228.1	▼	-1.59%	-3.13%	-3.13%	1.68%	6.68%
Platinum (\$/oz)	904.2	▼	0.36%	-4.32%	-4.32%	0.05%	0.68%
Copper (\$/MT)*	5518.0	▼	-0.88%	-3.37%	-3.37%	-1.81%	-0.09%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged marginally lower to trade at \$1,228.10/oz.

Yesterday, gold prices fell 1.6% to close at \$1,228.60/oz, reaching its lowest level in 7 weeks, after the World Gold council reported that the demand for safe haven asset was down by 18.0% on an annual basis and global central bank demand for precious yellow metal declined 27.0% in the first quarter, compared to a year ago. Global gold investment demand also dropped by 34.0% on a yearly basis for the first quarter.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 2.6% to trade at \$47.12/bl.

Yesterday, Brent crude oil dropped 4.8% to settle at \$48.38/bl, as investors remained concerned about the persistent supply glut. Also, a recovery in Libyan crude oil production added to the negative sentiment. The commodity came under further pressure after OPEC members downplayed chances of further cuts when they meet later this month.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.4% to trade at \$904.20/oz.

Yesterday, platinum prices climbed 0.4% to close at \$907.70/oz.

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Major South Africa Corporate News

Anglo American Plc

The company announced that it has entered into a sale and purchase agreement with Malabar Coal Limited to sell its 88.17% interest in the Drayton thermal coal mine and Drayton South project, located in New South Wales, Australia.

Sibanye Gold Limited

In its 1Q17 operating results, the company stated that its gold production declined to 10,266kg from 11,221kg reported in the similar quarter last year. Additionally, its operating profit plunged to ZAR967.00mn from ZAR2.53bn posted in the corresponding period of the prior year.

Major Global Economic News

US

In March, the final durable goods orders registered a rise of 0.9% on a monthly basis in the US, compared to a revised rise of 2.3% in the prior month. Markets were anticipating durable goods orders to advance 0.7%. The preliminary figures had indicated a rise of 0.7%.

In the US, factory orders rose 0.2% on a monthly basis in March, compared to a revised rise of 1.2% in the prior month. Markets were anticipating factory orders to rise 0.4%.

In the US, the seasonally adjusted initial jobless claims fell to a level of 238.00K in the week ended April 29, 2017, lower than market expectations of a drop to a level of 248.00K. In the previous week, initial jobless claims had recorded a level of 257.00K.

In March, trade deficit fell to USD43.70bn in the US, compared to a revised trade deficit of USD43.80bn in the prior month. Market expectation was for the nation to record a trade deficit of USD44.50bn.

UK

In the UK, the net consumer credit advanced GBP1.60bn in March, more than market expectations for a rise of GBP1.20bn. In the prior month, net consumer credit had climbed by a revised GBP1.50bn.

In April, the Markit services PMI unexpectedly advanced to 55.80 in the UK, compared to a level of 55.00 in the prior month. Market expectation was for the services PMI to fall to 54.50.

In the UK, number of mortgage approvals for house purchases recorded a drop to 66.80K in March, lower than market expectations of a fall to 67.20K. In the prior month, number of mortgage approvals for house purchases had recorded a revised level of 67.90K.

Eurozone

In the Eurozone, the seasonally adjusted retail sales advanced 0.3% on a monthly basis in March, compared to a revised rise of 0.5% in the previous month. Market expectation was for retail sales to rise 0.1%.

In April, the final services PMI rose to a level of 56.40 in the Eurozone, compared to a level of 56.00 in the previous month. The preliminary figures had recorded an advance to 56.20. Markets were expecting services PMI to rise to 56.20.

In Germany, the final services PMI fell to a level of 55.40 in April, higher than market expectations of a drop to a level of 54.70. The preliminary figures had recorded a drop to 54.70. In the previous month, services PMI had recorded a reading of 55.60.

Asia

In its quarterly statement on monetary policy, the RBA has predicted Australia's gross domestic product to rise between 2.75% to 3.75% in 2018, up from its previous prediction of 2.5% to 3.5%. The central bank further warned that slow wage growth looks set to continue for Australian workers and remains a potential drag on the economy and that it had no plan to shift the cash rate from a record low of 1.5% for the rest of 2017.

In Australia, the AIG performance of construction index advanced to 51.90 in April. The AIG performance of construction index had recorded a reading of 51.20 in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Switzerland	08:00	UBS Real Estate Bubble Index (Q1)	✓✓	-	1.35	Quarterly
Germany	08:00	Bundesbank's Dombret speaks in Yokohama	✓	-	-	As scheduled
Switzerland	09:00	Foreign Currency Reserves (Apr)	✓	CHF690.50bn	CHF683.20bn	Monthly
US	14:30	Average Hourly Earnings (Apr)	✓✓	-	USD25.89	Monthly
US	14:30	Change in Household Employment (Apr)	✓	-	-47.00K	Monthly
Canada	14:30	Unemployment Rate (Apr)	✓✓✓	6.70%	6.70%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Apr)	✓✓	0.30%	0.20%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Apr)	✓✓	2.70%	2.70%	Monthly
US	14:30	Average Weekly Hours All Employees (Apr)	✓	34.40	34.30	Monthly
US	14:30	Unemployment Rate (Apr)	✓✓✓	4.60%	4.50%	Monthly
US	14:30	Underemployment Rate (Apr)	✓✓	-	8.90%	Monthly
Canada	14:30	Net Change in Employment (Apr)	✓✓✓	10.00K	19.40K	Monthly
US	14:30	Change in Manufacturing Payrolls (Apr)	✓	10.00K	11.00K	Monthly
US	14:30	Change in Non-farm Payrolls (Apr)	✓✓✓	190.00K	98.00K	Monthly
Canada	14:30	Ivey PMI n.s.a. (Apr)	✓✓	-	67.60	Monthly
US	14:30	Change in Private Payrolls (Apr)	✓✓	190.00K	89.00K	Monthly
Canada	16:00	Ivey PMI s.a. (Apr)	✓✓	-	61.10	Monthly
US	17:30	Fed's Fischer Speaks at Hoover Event in Stanford	✓	-	-	As scheduled
US	18:45	Fed's Williams Speaks in Keynote in New York	✓	-	-	As scheduled
US	19:30	Fed's Charles Evans at Hoover's Monetary Policy Conference	✓	-	-	As scheduled
US	19:30	Fed's Rosengren, Evans Hoover Institution	✓	-	-	As scheduled
US	19:30	Fed's Yellen Speaks at Brown University	✓✓✓	-	-	As scheduled
US	21:00	Consumer Credit Change (Mar)	✓✓	USD14.50bn	USD15.21bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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