

# ONE Minute Brief

10 May 2017

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## Economic and Political News

The International Monetary Fund (IMF) in its Regional Economic Outlook has indicated that easing of drought conditions and better terms of trade are expected to drive South Africa's (SA) growth to 0.8%, but political risks remain a concern.

ANC's national executive committee member, Nkosazana Dlamini-Zuma, has called for unity in the party, warning that the ruling party will collapse if the problems of factionalism are not resolved.

Finance Minister, Malusi Gigaba, has stated that inclusive growth in South Africa is a priority for the nation and that SA needs to provide clarity in policies to enhance investor confidence.

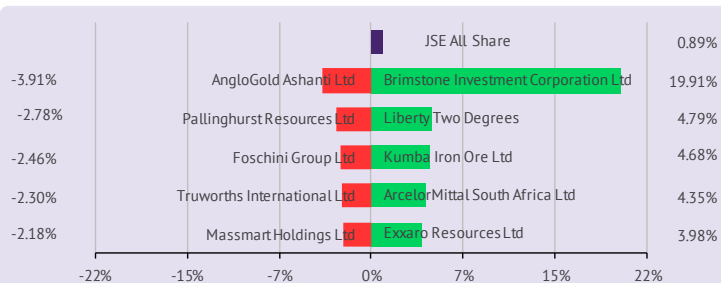
Outgoing Director-General of National Treasury, Lungisa Fuzile, has said that only economic growth will take SA on a robust path. He also stated that it was too early to comment on the impact of the ratings downgrades on growth.

The South Gauteng High Court in Johannesburg indicated that President, Jacob Zuma, is legally bound to show that he acted rationally when he fired his Finance Minister, Pravin Gordhan, and reshuffled his cabinet.

## South Africa Market ▲

### South African markets closed higher

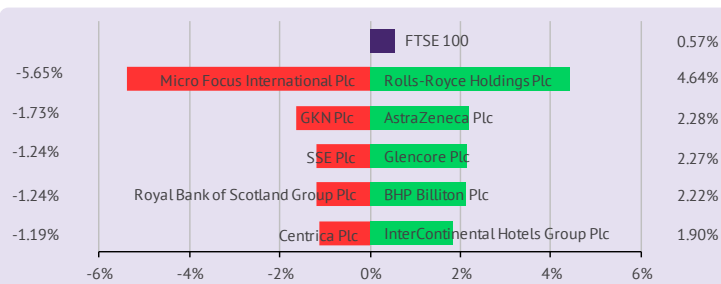
South African markets closed in the green yesterday, amid gains in platinum and resources sector stocks. The JSE All Share Index rose 0.9% to close at 54,172.76.



## UK Market ▲

### The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, led by a rally in material sector stocks. The FTSE 100 Index advanced 0.6% to close at 7,342.21.



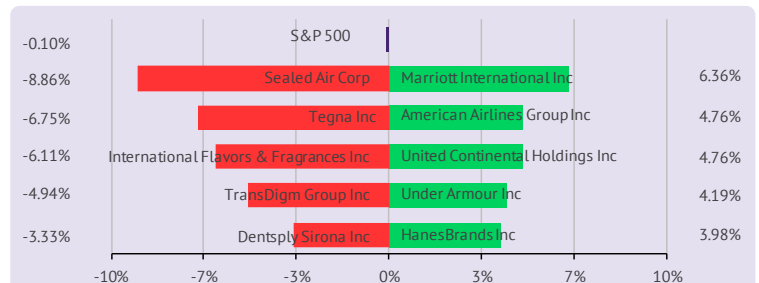
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54172.76	▲	476.39	0.89%	1.11%	0.66%	3.38%	6.95%
JSE Top 40	47561.08	▲	484.26	1.03%	1.17%	1.04%	4.22%	8.33%
FTSE 100	7342.21	▲	41.35	0.57%	0.61%	1.92%	-1.62%	2.79%
DAX 30	12749.12	▲	54.57	0.43%	0.25%	2.50%	1.02%	11.04%
CAC 40	5398.01	▲	15.06	0.28%	-0.63%	2.48%	2.83%	11.02%
S&P 500	2396.92	▼	-2.46	-0.10%	-0.10%	0.53%	0.91%	7.06%
Nasdaq Composite	6120.59	▲	17.93	0.29%	0.33%	1.21%	2.30%	13.70%
DJIA	20975.78	▼	-36.50	-0.17%	-0.15%	0.17%	1.34%	6.14%

## US Market ▼

### The S&P 500 futures are trading in the red

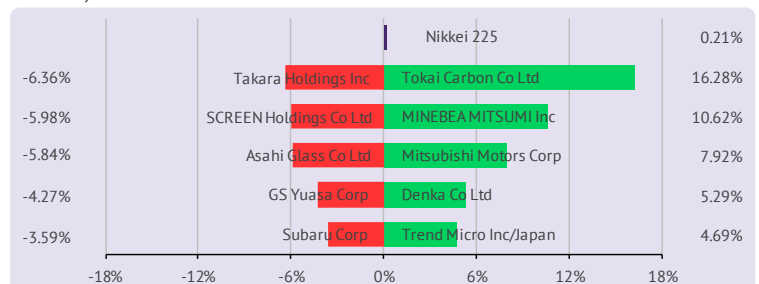
US markets closed lower yesterday, weighed down by losses in utility sector stocks. Data revealed that US final wholesale inventories unexpectedly jumped in March, driven by a rise in inventories of durable goods. The S&P 500 Index dropped 0.1% to close at 2,396.92.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. On the macro front, China's consumer price index advanced higher-than-anticipated on an annual basis in April. The Nikkei 225 Index is trading 0.2% higher at 19,885.38.



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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 R13.6096. Later today, traders will keep a close watch on US monthly budget statement, MBA mortgage applications, the import and export price indices for further cues.

The US Dollar rose against the South African Rand yesterday, after US final wholesale inventories surprisingly increased in March, supported by higher durable goods inventories. Further, JOLTS job openings recorded a more-than-expected rise in March. Meanwhile, the NFIB small business optimism index dropped more than market forecast in April.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally gained against the South African Rand to trade at R17.6176. With no major economic news in the UK today, investor sentiment will be determined by the global macroeconomic news.

The British Pound was flat against the South African Rand yesterday.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R14.8230.

The Euro weakened against the South African Rand yesterday. Meanwhile, on the data front, Germany's trade surplus widened higher-than-anticipated in March. Separately, industrial production declined more than market expectations on a monthly basis in March.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R10.0167. Earlier in the session, in China, Australia's largest trading partner, consumer price inflation rose more than market forecast on a yearly basis in April. Meanwhile, annual producer price index posted a less-than-expected rise in the same month, amid a decline in prices of iron ore and coal.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's retail sales unexpectedly eased on a monthly basis in March.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.6096	▼	0.04%	1.52%	1.87%	-0.37%	-0.81%
GBPZAR	17.6176	▲	0.00%	1.23%	1.72%	2.87%	4.07%
EURZAR	14.8230	▲	-0.49%	0.36%	1.66%	1.86%	2.53%
AUDZAR	10.0167	▲	-0.50%	0.50%	-0.08%	-2.21%	0.96%
EURUSD	1.0893	▲	-0.46%	-1.12%	-0.21%	2.31%	3.41%
GBPUSD	1.2950	▲	-0.04%	-0.35%	-0.14%	3.24%	4.84%
Brent (\$/barrel)	49.0	▲	-1.24%	-0.75%	-6.38%	-2.76%	-14.24%
Gold (\$/oz)	1222.5	▲	-0.90%	-0.88%	-4.12%	1.68%	5.59%
Platinum (\$/oz)	907.4	▲	-2.03%	-1.02%	-5.04%	0.05%	-0.08%
Copper (\$/MT)*	5486.3	▲	0.45%	-1.38%	-3.93%	-1.81%	-0.67%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.5% to trade at \$1,222.50/oz.

Yesterday, gold prices fell 0.9% to close at \$1,216.10/oz, as strength in the greenback, dented demand for the precious yellow metal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.5% to trade at \$48.99/bl.

Yesterday, Brent crude oil dropped 1.2% to settle at \$48.73/bl, after the Energy Information Administration (EIA) raised its forecast for US crude production by 1.0%, at an average of 9.31mn bls per day in 2017. Further, it predicted the output for 2018 at 9.96mn bls per day, 0.6% higher than the prior estimate. Further, the American Petroleum Institute (API) reported that crude oil inventories declined by 5.8mn bls last week.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.7% higher to trade at \$907.40/oz.

Yesterday, platinum prices declined 2.0% to close at \$900.90/oz.



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## Major South Africa Corporate News

### Adcorp Holdings Limited

The company announced that Ms. Cheryl-Jane Kujenga has been appointed as the Chief Financial Officer and an Executive Director with effect from 1 July 2017.

### Net 1 Ueps Technologies Inc.

The company reported that the high court of the Republic of South Africa Gauteng Division, Pretoria has issued the declaratory order sought by the company that the Social Assistance Act of 2004 and recent regulations promulgated in terms thereof do not restrict social grant recipients in their operation of their banks accounts. This order, therefore, clarifies that recipients may continue to initiate debit order instructions with any service provider, including the company and its subsidiaries, against their bank accounts for the payment of goods and services.

### Harmony Gold Mining Company Limited

In its operational update for the nine months ended March 31, 2017, the company stated that its annual production guidance of 1.05mn ounces is well in reach, with year to date production at 812,000 ounces.

## Major Global Economic News

### Asia

A summary of opinions from the Bank of Japan's (BoJ) April meeting revealed that board members agreed on maintaining the central bank's current accommodative policy due to downside risks from overseas. Further, they decided that as Japan's exports and production were showing positive signs, it was appropriate to raise the nation's economic assessment.

In China, the consumer price index registered a rise of 1.2% on an annual basis in April, more than market expectations for an advance of 1.1%. In the previous month, the index had registered a rise of 0.9%.

In April, the producer price index recorded a rise of 6.4% on a yearly basis in China, less than market expectations for a rise of 6.7%. The index had risen 7.6% in the previous month.

### US

In the US, the seasonally adjusted final wholesale inventories unexpectedly climbed 0.2% on a monthly basis in March, more than market expectations for a fall of 0.1%. The preliminary figures had recorded a drop of 0.1%. In the prior month, the wholesale inventories had registered a rise of 0.4%.

In March, JOLTs job openings climbed to 5743.00K in the US, compared to a revised reading of 5682.00K in the prior month. Market expectation was for JOLTs job openings to climb to 5725.00K.

In the US, the NFIB small business optimism index eased to 104.50 in April, compared to a level of 104.70 in the previous month. Markets were anticipating the index to ease to a level of 104.00.

### Eurozone

Germany has registered the seasonally adjusted trade surplus of EUR25.40bn in March, compared to a revised trade surplus of EUR20.00bn in the previous month. Market expectation was for the nation to register a trade surplus of EUR21.50bn.

In Germany, the seasonally adjusted industrial production fell 0.4% on a monthly basis in March, lower than market expectations for a fall of 0.7%. Industrial production had registered a revised rise of 1.8% in the prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Japan Foreign Reserves (Apr)	✓	USD1242.30bn*	USD1230.33bn	Monthly
Japan	01:50	BOJ Summary of Opinions at April 26-27 Meeting	✓✓	-	-	As scheduled
China	03:30	Consumer Price Index (YoY) (Apr)	✓✓✓	1.20%*	0.90%	Monthly
China	03:30	Producer Price Index (YoY) (Apr)	✓✓✓	6.40%*	7.60%	Monthly
Japan	07:00	Coincident Index (Mar) (P)	✓	114.70	115.30	Monthly
Japan	07:00	Leading Economic Index (Mar) (P)	✓✓	105.50	104.80	Monthly
France	08:45	Industrial Production (MoM) (Mar)	✓✓	1.00%	-1.60%	Monthly
France	08:45	Industrial Production (YoY) (Mar)	✓✓	0.60%	-0.70%	Monthly
France	08:45	Manufacturing Production (MoM) (Mar)	✓✓	0.90%	-0.60%	Monthly
France	08:45	Manufacturing Production (YoY) (Mar)	✓✓	1.20%	-0.50%	Monthly
France	08:45	Trade Balance (Mar)	✓	-EUR6.00bn	-EUR6.57bn	Monthly
China	13:00	Composite leading indicator (Mar)	✓	-	99.60	Monthly
Japan	13:00	Composite leading indicator (Mar)	✓	-	100.10	Monthly
US	13:00	MBA Mortgage Applications (05-May)	✓	-	-0.10%	Weekly
Eurozone	13:00	ECB's Draghi Speaks in Dutch Parliament	✓✓✓	-	-	As scheduled
US	14:30	Export Price Index (YoY) (Apr)	✓	-	3.60%	Monthly
US	14:30	Export Price Index (Apr)	✓	-	122.30	Monthly
US	14:30	Import Price Index (Apr)	✓	-	122.60	Monthly
US	14:30	Export Price Index (MoM) (Apr)	✓	0.20%	0.20%	Monthly
US	14:30	Import Price Index (MoM) (Apr)	✓	0.10%	-0.20%	Monthly
US	14:30	Import Price Index (YoY) (Apr)	✓	3.60%	4.20%	Monthly
US	18:00	Fed's Rosengren to Speak on Economy at Vermont Business Group	✓	-	-	As scheduled
US	20:00	Monthly Budget Statement (Apr)	✓✓	USD179.00bn	USD176.23bn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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