

# ONE Minute Brief

18 May 2017

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## Economic and Political News

In South Africa, retail sales unexpectedly rose 0.8% on a yearly basis in March, compared to a revised drop of 1.6% in the previous month.

Former Deputy Finance Minister, Mcebisi Jonas, stated that the Treasury and the Reserve Bank have an important role to play in achieving economic transformation and needed political support to fulfil their constitutional mandates.

ANC Secretary-General, Gwede Mantashe, has confirmed that the ANC's top six have requested Public Enterprises Minister, Lynne Brown, to deal with the matter of reappointment of Brian Molefe as the Chief Executive Officer of Eskom.

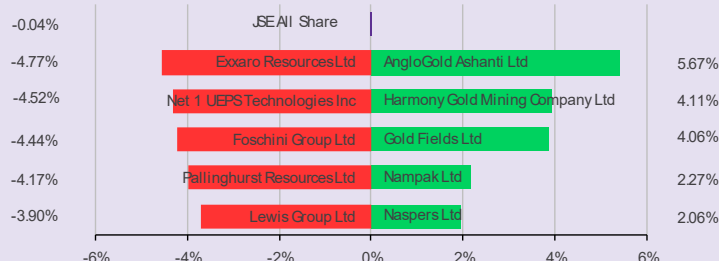
Acting Treasury Director-General, Dondo Mogajane, has told the finance committee that the National Treasury is considering the Public Investment Corporation (PIC) as a possible equity partner for South African Airways (SAA).

Deputy Finance Minister, Sifiso Buthelezi, indicated the National Treasury may seek the help of President, Jacob Zuma, to secure the repatriation of SAA funds from fellow African states.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, led by a decline in retail and banking sector stocks. Data revealed that South Africa's retail sales surprisingly rebounded on an annual basis in March. The JSE All Share Index marginally fell to close at 54,001.94.



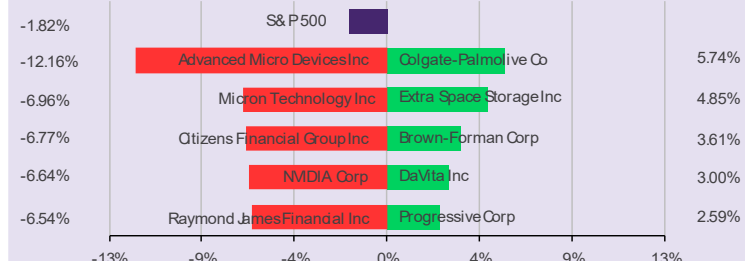
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54001.94	▼	-21.18	-0.04%	-0.11%	0.34%	3.38%
JSE Top 40	47504.07	▲	77.11	0.16%	0.16%	0.92%	4.22%
FTSE 100	7503.47	▼	-18.56	-0.25%	0.92%	4.16%	-1.62%
DAX 30	12631.61	▼	-172.92	-1.35%	-1.09%	1.56%	10.02%
CAC 40	5317.89	▼	-88.21	-1.63%	-1.62%	0.96%	2.83%
S&P 500	2357.03	▼	-43.64	-1.82%	-1.42%	-1.14%	0.91%
Nasdaq Composite	6011.24	▼	-158.63	-2.57%	-1.80%	-0.60%	2.30%
DJIA	20606.93	▼	-372.82	-1.78%	-1.39%	-1.59%	1.34%
							4.27%

## US Market ▼

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

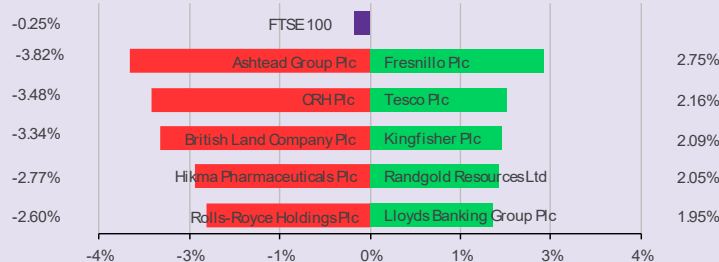
US markets closed lower yesterday, amid losses in financial sector stocks. On the macro front, US mortgage approvals retreated for the week ended May 12, 2017. The S&P 500 Index dropped 1.8% to close at 2,357.03.



## UK Market ▼

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

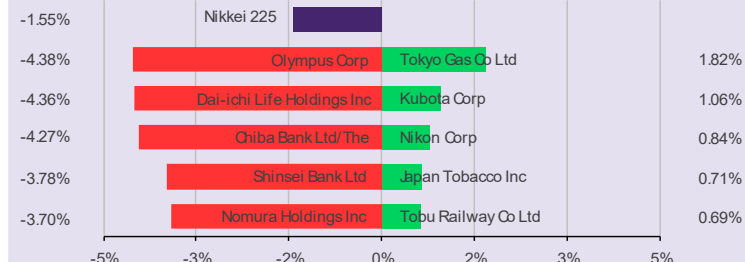
UK markets finished lower yesterday, weighed down by losses in industrial sector stocks. Data showed that UK's ILO unemployment rate unexpectedly declined in the January-March 2017 period, its weakest level since 1975. The FTSE 100 Index declined 0.3% to 7,503.47.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. On the data front, Japan's preliminary gross domestic product advanced higher-than-expected on a quarterly basis in 1Q17. The Nikkei 225 Index is trading 1.6% lower at 19,507.83.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.2% against the South African Rand to trade at R13.2243. Later today, traders will keep a close watch on US initial jobless claims and leading indicator for further direction.

The US Dollar rose against the South African Rand yesterday. On the data front, US mortgage approvals registered a decline for the week ended May 12, 2017. Separately, South Africa's retail sales unexpectedly bounced back

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R17.1436. Later today, traders will keep an eye on UK's retail sales for further indication.

The British Pound advanced against the South African Rand yesterday after data revealed that UK's ILO unemployment rate surprisingly eased to its lowest level in 42 years in the January-March 2017 period. Meanwhile, claimant count rate recorded an advance in April, higher than its prior reading. Further, average weekly earnings advanced at par with the market forecast on a yearly basis in the January-March 2017 period.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.2% against the South African Rand to trade at R14.7563.

The Euro strengthened against the South African Rand yesterday. Data revealed that Eurozone's final consumer price inflation surged in line with market anticipations on an annual basis in April. Separately, construction output retreated on a monthly basis in March.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.7% against the South African Rand to trade at R9.8693. Earlier in the session, data showed that Australia's unemployment rate surprisingly declined in April. Further, consumer inflation expectations posted a drop in May. Meanwhile, in China, Australia's largest trading partner, house price index advanced on a yearly basis in April, less than its prior reading.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's Westpac consumer confidence registered a decline in May, higher than its prior reading.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.2243	▲	1.06%	-1.15%	-1.29%	-0.37%	-3.89%
GBPZAR	17.1436	▲	1.53%	-0.56%	-1.14%	2.87%	1.14%
EURZAR	14.7563	▲	1.85%	0.91%	1.14%	1.86%	2.00%
AUDZAR	9.8693	▲	1.10%	-0.56%	-2.06%	-2.21%	-1.04%
EURUSD	1.1159	▲	0.69%	2.10%	2.41%	2.31%	6.14%
GBPUSD	1.2966	▼	0.41%	0.61%	0.14%	3.24%	5.13%
Brent (\$/barrel)	52.1	▼	1.08%	2.69%	0.31%	-2.76%	-8.11%
Gold (\$/oz)	1261.0	▲	1.80%	2.53%	-0.76%	1.68%	9.29%
Platinum (\$/oz)	944.3	▼	0.97%	3.12%	-0.27%	0.05%	4.94%
Copper (\$/MT)*	5592.5	▼	-0.04%	0.97%	-2.07%	-1.81%	1.26%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged higher 0.2% to trade at \$1,261.00/oz.

Yesterday, gold prices rose 1.8% to close at \$1,258.70/oz, as US Dollar weakened after a New York Times report revealed that US President, Donald Trump, asked the Federal Bureau of Investigation (FBI) to end an investigation into ties between former National Security Adviser, Michael Flynn and Russia.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.3% to trade at \$52.05/bl.

Yesterday, Brent crude oil advanced 1.1% to settle at \$52.21/bl, after the US Energy Department reported that crude oil inventories fell by 1.8mn bls for

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$944.30/oz.

Yesterday, platinum prices climbed 1.0% to close at \$946.10/oz.



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## Major South Africa Corporate News

### Investec Property Fund Limited

In its FY17 results, the company indicated that its revenue rose to ZAR1.78bn from ZAR1.19bn posted in the previous year. However, its headline EPS fell to 123.91c from 165.24c posted last year. Further, The Board declared a final dividend amounting to 66.74c/share for 2H17, taking the full year dividend to 127.65c/share.

### Lewis Group Limited

In its FY17 trading statement, the company reported that merchandise sales for the year were 2.2% lower than last year with like-for-like merchandise sales down 9.3%. Revenue declined by 3.3%, mainly due to a 4.3% decline in other revenue. Its headline EPS is expected to be between 435.00c and 373.00c, between 30.0% and 40.0% lower than the 621.70c recorded last year.

## Major Global Economic News

### Asia

In Australia, the seasonally adjusted unemployment rate registered an unexpected drop to a level of 5.7% in April, compared to market expectations of a steady reading. Unemployment rate had registered a reading of 5.9% in the prior month.

In May, the consumer inflation expectations recorded a drop to 4.0% in Australia, compared to a level of 4.1% in the previous month.

In Japan, the flash annualised gross domestic product (GDP) climbed 2.2% on a quarterly basis in 1Q17, compared to an advance of 1.2% in the prior quarter. Markets were expecting annualised GDP to climb 1.7%.

In China, the house price index climbed 10.7% on an annual basis in April. The index had registered a rise of 11.3% in the previous month.

### UK

In the UK, the ILO unemployment rate unexpectedly fell to 4.6% in the January-March 2017 period, compared to market expectations of a steady reading. The ILO unemployment rate had registered a reading of 4.7% in the December-February 2017 period.

In April, the claimant count rate rose to a level of 2.3% in the UK, compared to a reading of 2.2% in the previous month.

In the UK, the average earnings including bonus advanced 2.4% on an annual basis in the January-March 2017 period, compared to a rise of 2.3% in the December-February 2017 period. Market anticipation was for the

### Eurozone

In the Eurozone, the final consumer price index advanced 1.9% on an annual basis in April, meeting market expectations. The preliminary figures had also recorded a rise of 1.9%. The index had recorded a rise of 1.5% in the previous month.

In March, the seasonally adjusted construction output fell 1.1% on a monthly basis in the Eurozone. In the prior month, construction output had

### US

In the US, mortgage applications fell 4.1% on a weekly basis, in the week ended May 12, 2017. Mortgage applications had advanced 2.4% in the prior week.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Gross Domestic Product Deflator (YoY) (Q1) (P)	✓	-0.80%*	0.00%	Quarterly
Japan	01:50	Nominal Gross Domestic Product (QoQ) (Q1) (P)	✓✓	0.00%*	0.40%	Quarterly
Japan	01:50	Housing Loans (YoY) (Q1)	✓	3.30%*	3.10%	Quarterly
Japan	01:50	Gross Domestic Product (QoQ) (Q1) (P)	✓✓	0.50%*	0.30%	Quarterly
Japan	01:50	Gross Domestic Product Annualised (Q1) (P)	✓✓✓	2.20%*	1.40%	Quarterly
China	03:30	House Price Index (YoY) (Apr)	✓	10.70%*	11.30%	Monthly
Japan	06:00	Tokyo Condominium Sales (YoY) (Apr)	✓	-	26.60%	Monthly
France	07:30	ILO Unemployment (Q1)	✓	10.00%	10.00%	Quarterly
France	07:30	Unemployment Rate (Q1)	✓✓	9.60%	9.70%	Quarterly
UK	10:30	Retail Sales (MoM) (Apr)	✓	1.10%	-1.80%	Monthly
UK	10:30	Retail Sales (YoY) (Apr)	✓✓	2.10%	1.70%	Monthly
Canada	14:30	Foreign Portfolio Investment in Canadian Securities (Mar)	✓	-	CAD38.83bn	Monthly
Canada	14:30	Canadian Portfolio Investment in Foreign Securities (Mar)	✓	-	CAD6.30bn	Monthly
US	14:30	Continuing Jobless Claims (06-May)	✓	1950.00K	1918.00K	Weekly
US	14:30	Initial Jobless Claims (13-May)	✓✓✓	240.00K	236.00K	Weekly
US	14:30	Philadelphia Fed Manufacturing Survey (May)	✓✓	18.50	22.00	Monthly
Eurozone	14:45	ECB's Lautenschlaeger Speaks in Berlin	✓	-	-	As scheduled
Eurozone	14:50	ECB's Nowotny Speaks in Vienna	✓	-	-	As scheduled
US	16:00	Leading Indicator (MoM) (Apr)	✓✓	0.40%	0.40%	Monthly
US	16:30	EIA Natural Gas Storage Change (12-May)	✓	-	45.00Bcf	Weekly
Eurozone	19:00	ECB's Draghi Speaks in Tel Aviv	✓✓✓	-	-	As scheduled
US	19:15	Fed's Mester Speaks on Economy and Monetary Policy	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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