

ONE Minute Brief

23 May 2017

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Economic and Political News

In light of the recent sacking of Pravin Gordhan as Finance Minister and the appointment of Malusi Gigaba as the new Finance Minister, President, Jacob Zuma, stated that Malusi Gigaba and South African Revenue Service (SARS) Commissioner, Tom Moyane, have a good working relationship.

The Democratic Alliance (DA) has urged Parliament to ensure that Public Enterprises Minister, Lynne Brown, submits documents to MPs relating to the reappointment of Brian Molefe at Eskom, as well as the ZAR30mn pension pay-out which was rejected by her.

The Congress of South African Trade Unions (COSATU) indicated that its central executive committee (CEC) is discussing whether to allow President, Jacob Zuma, to ever address any of its meetings again or not.

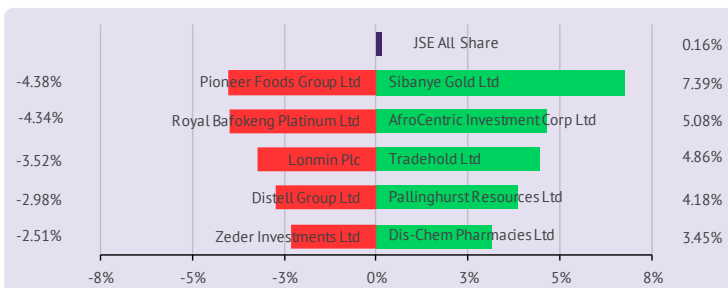
The Human Settlements Banks, Chief Executive, Samson Moraba, stated that the new institution will possibly help as many as 3million people, mainly public servants, to get benefits from home loans from the bank in the gap market.

Johannesburg Western Cape Premier, Helen Zille, declared the province a drought disaster area and has asked people to efficiently manage their water supplies. Further, Zille stated that water will be harvested by drilling boreholes to serve key points like hospitals in Cape Town.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by a rise in gold and platinum mining sector stocks. The JSE All Share Index rose 0.2% to close at 54,517.06.



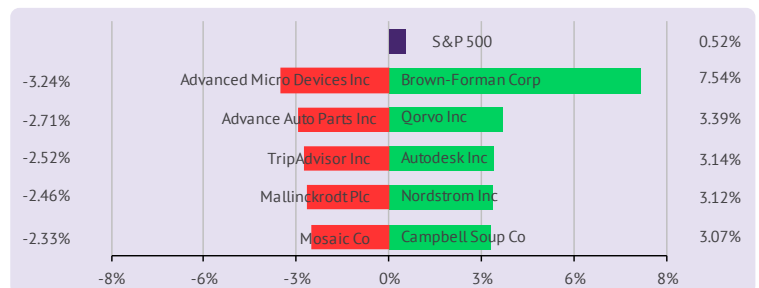
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg	
JSE All Share	54517.06	▲	89.76	0.16%	0.16%	1.30%	3.38%	7.63%
JSE Top 40	48005.19	▲	42.59	0.09%	0.09%	1.98%	4.22%	9.35%
FTSE 100	7496.34	▲	25.63	0.34%	0.34%	4.06%	-1.62%	4.95%
DAX 30	12619.46	▼	-19.23	-0.15%	-0.15%	1.46%	1.02%	9.92%
CAC 40	5322.88	▼	-1.52	-0.03%	-0.03%	1.05%	2.83%	9.47%
S&P 500	2394.02	▲	12.29	0.52%	0.52%	0.41%	0.91%	6.93%
Nasdaq Composite	6133.62	▲	49.92	0.82%	0.82%	1.42%	2.30%	13.94%
DJIA	20894.83	▲	89.99	0.43%	0.43%	-0.22%	1.34%	5.73%

US Market ▲

The S&P 500 futures are trading in the red

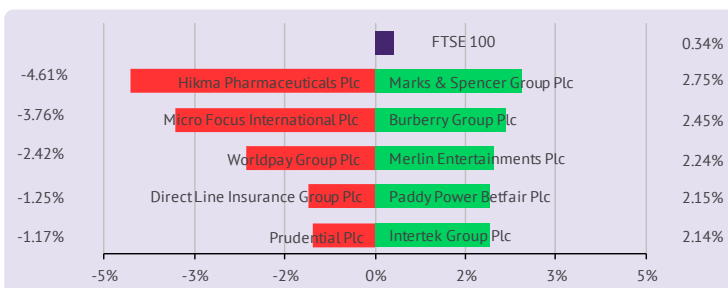
US markets closed higher yesterday, led by an increase in information technology sector stocks. Data revealed that US Chicago Fed national activity index jumped to its strongest level since March 2014 in April. The S&P 500 Index climbed 0.5% to close at 2,394.02.



UK Market ▲

The FTSE 100 futures are trading in negative territory

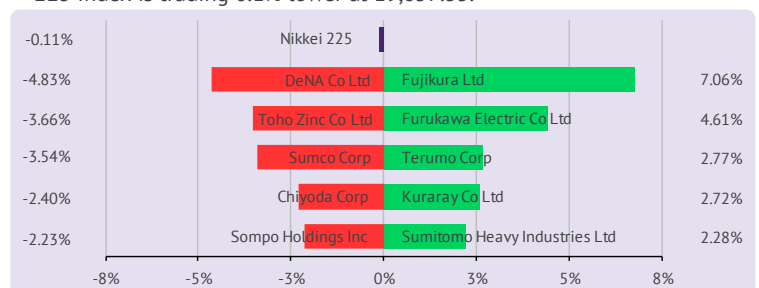
UK markets finished higher yesterday, amid gains in consumer discretionary sector stocks. The FTSE 100 Index advanced 0.3% to close at 7,496.34.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data showed that Japan's Nikkei manufacturing PMI expanded at a slower pace in May, reaching its lowest level in 6 months, amid a drop in export orders. The Nikkei 225 Index is trading 0.1% lower at 19,657.55.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% weaker against the South African Rand at R13.1986. Later today, traders will keep a close watch on US Markit manufacturing and services PMIs along with new home sales data for further cues.

The US Dollar rose against the South African Rand yesterday. On the data front, the US Chicago Fed national activity index advanced more than market expectations in April, notching its highest level since March 2014.

GBPZAR ◀▶

GBP trading flat against ZAR

At 06:00 SAST, the British Pound is trading flat against the South African Rand at R17.1985. Later today, traders will keep an eye on UK's public sector net borrowings and CBI distributive trade survey for further directions.

The British Pound declined against the South African Rand yesterday.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.5% lower against the South African Rand at R14.7557. Going forward, market participants will keep a tab on Markit manufacturing and services PMI across the Eurozone for further indication. Germany's gross domestic product (GDP), Ifo business climate and expectations survey will be on investors' radar.

The Euro strengthened against the South African Rand yesterday.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% weaker against the South African Rand at R9.8369. Earlier in the session, data revealed that Australia's ANZ Roy Morgan weekly consumer confidence index recorded a rise for the week ended May 21, 2017, compared to its previous reading.

The Australian Dollar fell against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.1986	▼	0.20%	0.20%	-0.88%	-0.37%	-3.49%
GBPZAR	17.1985	-	-0.26%	-0.26%	-0.69%	2.87%	1.60%
EURZAR	14.7557	▼	0.06%	0.06%	1.83%	1.86%	2.69%
AUDZAR	9.8369	▼	-0.01%	-0.01%	-1.46%	-2.21%	-0.43%
EURUSD	1.1246	▲	-0.14%	-0.14%	2.69%	2.31%	6.42%
GBPUSD	1.2981	▲	-0.43%	-0.43%	0.21%	3.24%	5.20%
Brent (\$/barrel)	53.6	▼	0.48%	0.48%	3.50%	-2.76%	-5.19%
Gold (\$/oz)	1262.2	▲	0.62%	0.62%	-0.54%	1.68%	9.53%
Platinum (\$/oz)	949.8	▼	1.07%	1.07%	0.17%	0.05%	5.40%
Copper (\$/MT)*	5689.0	▲	0.42%	0.42%	-0.38%	-1.81%	3.01%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.1% to trade at \$1,262.20/oz.

Yesterday, gold prices rose 0.6% to close at \$1,261.40/oz, as political uncertainty in the US surrounding President, Donald Trump, continued to increase demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$53.64/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$53.87/bl, as expectations increased for an extension of the OPEC's agreement to slash production till the first quarter of next year.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.1% to trade at \$949.80/oz.

Yesterday, platinum prices climbed 1.1% to close at \$950.30/oz.



ONE Minute Brief

23 May 2017



Major South Africa Corporate News

DataTec Limited

In its FY17 results, the company revealed that its revenue declined 5.7% from the preceding year to \$6.08bn. Its diluted EPS stood at 2.00c, compared with 19.30c recorded in the previous year. Its pre-tax earnings fell to \$41.66mn from \$88.43mn posted in the prior year, amid abnormally high effective tax rate in the year.

Pioneer Food Group Limited

In its 1H17 results, the company stated that its revenue increased to ZAR10.18bn from ZAR10.01bn posted in the corresponding period of the previous year. However, its diluted adjusted headline EPS significantly fell from the same period of the prior year to 235.60c. Its profit before tax decreased to ZAR648.10mn from ZAR1.38bn posted last year.

Major Global Economic News

Asia

In Japan, the Nikkei manufacturing PMI dropped to 52.00 in May, compared to a reading of 52.70 in the previous month.

In Australia, ANZ Roy Morgan weekly consumer confidence index advanced to 110.50 for the week ended May 21, 2017, compared to a previous reading of 109.40 in the previous week.

US

In the US, the Chicago Fed national activity index advanced to 0.49 in April, compared to a revised level of 0.07 in the prior month. Markets were expecting the index to advance to 0.11.

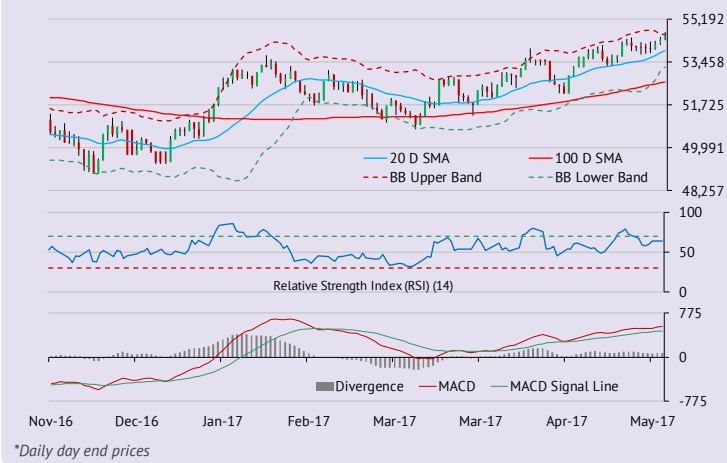
ONE Minute Brief



23 May 2017

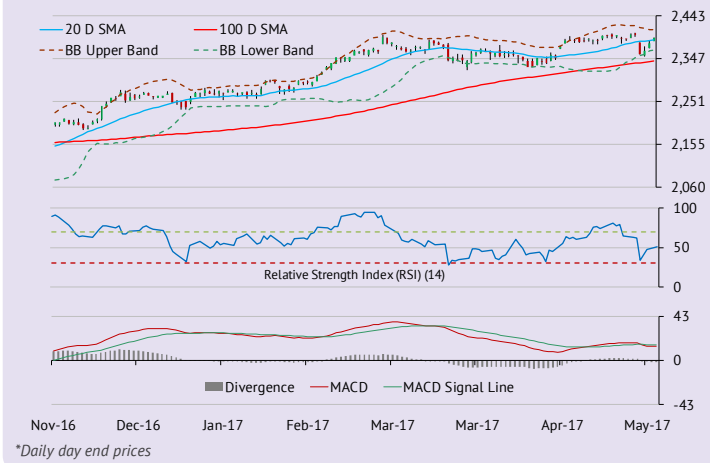
Technical Snapshot

JSE All Share



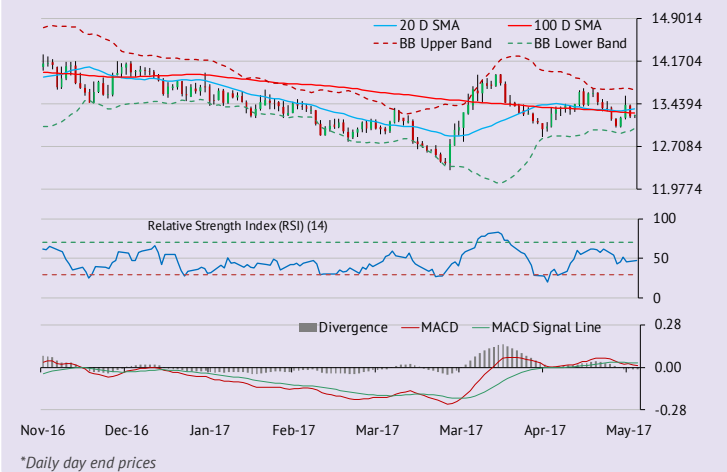
The JSE All Share index is expected to find support at 53,983.84, and a fall through could take it to the next support level of 53,450.61. The index is expected to find its first resistance at 54,858.23, and a rise through could take it to the next resistance level of 55,199.39.

S&P 500



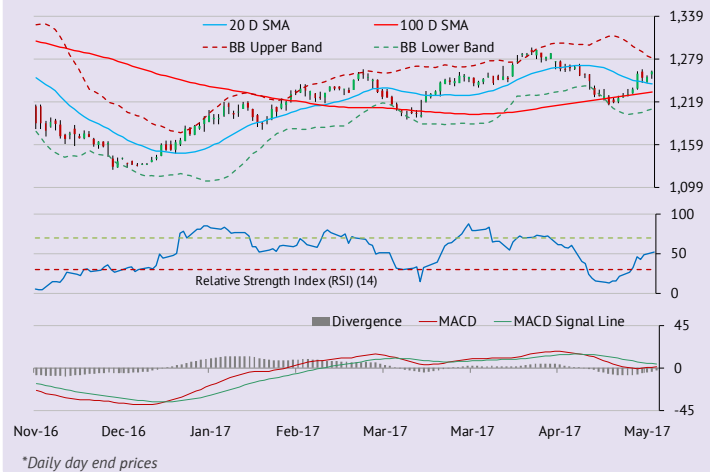
The S&P 500 index is expected to find support at 2,362.57, and a fall through could take it to the next support level of 2,331.12. The index is expected to find its first resistance at 2,415.62, and a rise through could take it to the next resistance level of 2,437.22.

USDZAR



The pair is expected to find support at 12,991, and a fall through could take it to the next support level of 12,731. The pair is expected to find its first resistance at 13,548.6, and a rise through could take it to the next resistance level of 13,844.8.

XAU/USD



Gold is expected to find support at \$1,239.27/oz, and a fall through could take it to the next support level of \$1,217.13/oz. The precious metal is expected to find its first resistance at \$1,274.27/oz, and a rise through could take it to the next resistance level of \$1,287.13/oz.

ONE Minute Brief

23 May 2017



Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Nikkei Manufacturing PMI	✓✓	52.00*	52.70	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Mar)	✓✓	-0.50%	0.70%	Monthly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.60%	0.60%**	Quarterly
Japan	08:00	Machine Tool Orders (YoY) (Apr) (F)	✓✓	-	34.70%**	Monthly
Germany	08:00	Domestic Demand s.a. (QoQ) (Q1)	✓	0.50%	0.90%	Quarterly
Germany	08:00	Private Consumption (QoQ) (Q1)	✓	0.30%	0.30%	Quarterly
Germany	08:00	Government Spending (QoQ) (Q1)	✓	0.30%	0.80%	Quarterly
Germany	08:00	Exports (QoQ) (Q1)	✓	1.50%	1.80%	Quarterly
Germany	08:00	Imports (QoQ) (Q1)	✓	1.00%	3.10%	Quarterly
South Africa	09:00	Leading Indicator (Mar)	✓	-	98.00	Monthly
Germany	09:30	Markit Manufacturing PMI (May) (P)	✓✓✓	58.00	58.20	Monthly
Germany	09:30	Markit Services PMI (May) (P)	✓✓	55.50	55.40	Monthly
Germany	10:00	IFO - Business Climate (May)	✓✓	113.10	112.90	Monthly
Germany	10:00	IFO - Current Assessment (May)	✓✓	120.90	121.10	Monthly
Eurozone	10:00	Markit Composite PMI (May) (P)	✓✓✓	56.70	56.80	Monthly
Eurozone	10:00	Markit Manufacturing PMI (May) (P)	✓✓✓	56.50	56.70	Monthly
Eurozone	10:00	Markit Services PMI (May) (P)	✓✓	56.40	56.40	Monthly
Germany	10:00	IFO - Expectations (May)	✓✓✓	105.40	105.20	Monthly
UK	10:30	Public Sector Net Cash Requirement (Apr)	✓✓	-	GBP34.30bn	Monthly
UK	10:30	Public Sector Net Borrowing (Apr)	✓✓	GBP8.00bn	GBP4.40bn	Monthly
UK	12:00	CBI Distributive Trades Survey - Realised (May)	✓	-	38.00%	Monthly
US	15:45	Markit Composite PMI (May) (P)	✓✓	-	53.20	Monthly
US	15:45	Markit Manufacturing PMI (May) (P)	✓✓✓	53.10	52.80	Monthly
US	15:45	Markit Services PMI (May) (P)	✓✓	53.30	53.10	Monthly
US	16:00	New Home Sales (MoM) (Apr)	✓	-1.00%	5.80%	Monthly
US	23:00	Fed's Harker Speaks in New York	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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