

ONE Minute Brief

26 May 2017

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Economic and Political News

The South African Reserve Bank (SARB) kept its benchmark interest rate steady at 7.0%, in line with market expectations, highlighting moderate inflation and a decline in the outlook for domestic growth amid weakness in consumer confidence and business.

In South Africa (SA), the producer price index rose less-than-expected by 4.6% YoY in April, compared to an advance of 5.2% in March.

The Independent Electoral Commission confirmed that Inkatha Freedom Party (IFP) won the elections in Nquthu by 19 seats and the Democratic Alliance won the elections in Beaufort West in the Western Cape by gaining 57% of votes, defeating ANC.

Public Enterprises Minister, Lynne Brown, stated that she wants the Special Investigating Unit to review the reports from the seven investigations into suspected maladministration and corruption at the Eskom carried out since 2007.

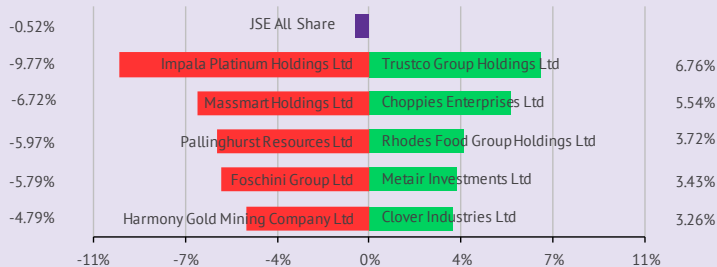
Deputy President, Cyril Ramaphosa, has called for a strong and united Africa where the priority of leaders is people's interests not their own.

A group of academics working with the South African Council of Churches (SACC) on state capture indicated that SA has experienced a silent revolution that has deviated the ANC from its primary role as a force for transformation in society.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid losses in platinum and gold mining sector stocks. The SARB kept the key interest rate unchanged at 7.0%, at par with the market forecast. The JSE All Share Index fell 0.5% to close at 54,028.39.



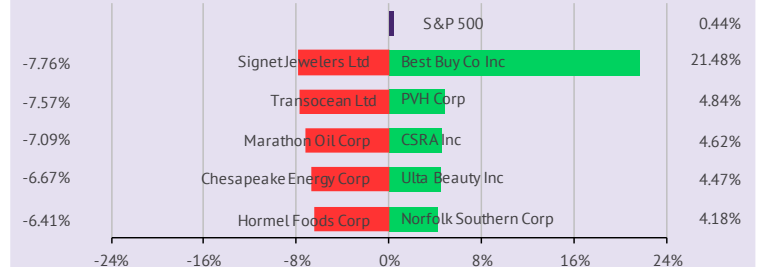
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54028.39	▼ -280.28	-0.52%	-0.73%	0.39%	3.38%	6.66%
JSE Top 40	47572.16	▼ -249.96	-0.52%	-0.81%	1.06%	4.22%	8.36%
FTSE 100	7517.71	▲ 2.81	0.04%	0.63%	4.36%	-1.62%	5.25%
DAX 30	12621.72	▼ -21.15	-0.17%	-0.13%	1.48%	1.02%	9.94%
CAC 40	5337.16	▼ -4.18	-0.08%	0.24%	1.33%	2.83%	9.77%
S&P 500	2415.07	▲ 10.68	0.44%	1.40%	1.29%	0.91%	7.87%
Nasdaq Composite	6205.26	▲ 42.23	0.69%	2.00%	2.61%	2.30%	15.27%
DJIA	21082.95	▲ 70.53	0.34%	1.34%	0.68%	1.34%	6.68%

US Market ▲

The S&P 500 futures are trading in the red

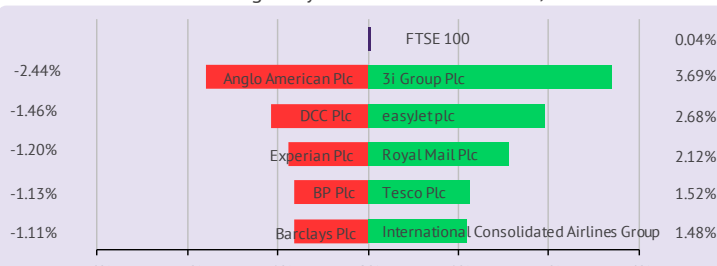
US markets closed higher yesterday, led by a rise in consumer discretionary sector stocks. Data indicated that US advance good trade deficit widened more-than-expected in April. The S&P 500 Index climbed 0.4% to close at 2,415.07.



UK Market ▲

The FTSE 100 futures are trading in negative territory

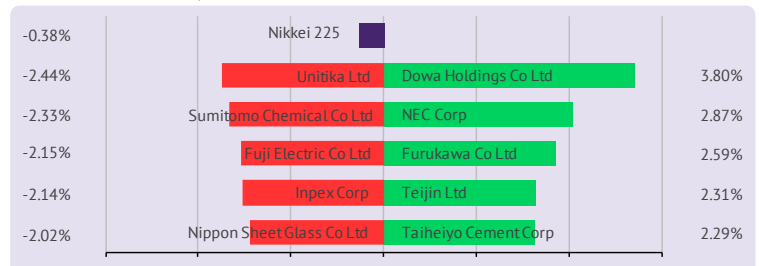
UK markets finished a tad higher yesterday, supported by gains in industrial sector stocks. Data revealed that UK's gross domestic product advanced at a slower-than-expected pace on a quarterly basis in 1Q17. The FTSE 100 Index marginally advanced to close at 7,517.71.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data showed that Japan's National consumer price index rose in line with market expectations on an annual basis in April. The Nikkei 225 Index is trading 0.4% lower at 19,737.16.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.2% against the South African Rand to trade at R12.9506. Later today, traders will keep a close watch on US gross domestic product, durable goods orders, personal consumption and the Reuters/Michigan consumer confidence index for further cues.

The US Dollar rose against the South African Rand yesterday. On the data front, US advance good trade deficit widened more than market anticipations in April. Further, the number of Americans applying for fresh unemployment benefits grew less-than-expected for the week ended May 20, 2017. Meanwhile, wholesale inventories surprisingly declined on a monthly basis in April. Separately, South African Reserve Bank kept the key interest rate unchanged at 7.0%, in line with market expectations. Moreover, producer price index advanced less than market expectations on an annual basis in April, to its lowest level in a one-and-a-half year.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R16.6924. With no major economic news in the UK today, investor sentiment will be determined by the global macroeconomic news.

The British Pound declined against the South African Rand yesterday, after the UK's economy grew at a slower pace on a quarterly basis in the first quarter of 2017, notching its weakest level in 12 months. Furthermore, BBA mortgage approvals dropped more-than-anticipated in April.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R14.5044.

The Euro strengthened against the South African Rand yesterday.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand to trade at R9.6162.

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	12.9506	▲	0.13%	-2.24%	-3.29%	-0.37%	-5.83%
GBPZAR	16.6924	▼	-0.05%	-2.96%	-3.38%	2.87%	-1.15%
EURZAR	14.5044	▲	0.06%	-2.20%	-0.47%	1.86%	0.37%
AUDZAR	9.6162	▼	-0.54%	-2.29%	-3.71%	-2.21%	-2.70%
EURUSD	1.1200	▼	-0.08%	0.05%	2.89%	2.31%	6.63%
GBPUSD	1.2888	▼	-0.23%	-0.71%	-0.07%	3.24%	4.91%
Brent (\$/barrel)	51.1	▼	-4.63%	-4.01%	-1.13%	-2.76%	-9.43%
Gold (\$/oz)	1260.5	▲	0.26%	0.22%	-0.94%	1.68%	9.09%
Platinum (\$/oz)	951.0	▼	0.59%	1.35%	0.44%	0.05%	5.69%
Copper (\$/MT)*	5706.0	▲	0.77%	0.72%	-0.08%	-1.81%	3.31%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,260.50/oz.

Yesterday, gold prices rose 0.3% to close at \$1,256.40/oz, reversing its previous session losses.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$51.13/bl.

Yesterday, Brent crude oil dropped 4.6% to settle at \$51.46/bl, as investors were disappointed by the decision of the OPEC and non-OPEC producers to extend supply cuts by 1.8mn bls per day until the end of 1Q18, market participants expected more aggressive plan to boost the price of crude.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$951.00/oz.

Yesterday, platinum prices climbed 0.6% to close at \$952.90/oz.



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Major South Africa Corporate News

The Foschini Group Limited

The company announced that TFG Retailers Pty Limited, a wholly-owned subsidiary of the company has entered into an agreement with the current shareholders of RAG Holdco Limited trading as Retail Apparel Group in terms of which, TFG Australia will acquire the entire issued ordinary and preference share capital of RAG from the shareholders.

Tiger Brands Limited

The company, in its 1H17 results, stated that its turnover increased to ZAR16.39bn from ZAR15.31bn posted in the corresponding period of the previous year. Its diluted headline EPS from continuing operations rose 5.8% from the same period of the prior year to 1,012.70c. Its pre-tax earnings advanced to ZAR2.31bn from ZAR2.23bn posted last year.

Major Global Economic News

US

The US has registered advance goods trade deficit of USD67.60bn in April, compared to a revised advance goods trade deficit of USD64.20bn in the prior month. Market expectation was for the nation to register an advance goods trade deficit of USD64.50bn.

In the US, the seasonally adjusted initial jobless claims rose to a level of 234.00K in the week ended May 20, 2017, compared to market expectations of an advance to a level of 238.00K. In the prior week, initial jobless claims had recorded a revised level of 233.00K.

In April, the seasonally adjusted preliminary wholesale inventories registered an unexpected drop of 0.3% on a monthly basis in the US, less than market expectations for an advance of 0.2%. The wholesale inventories had advanced 0.2% in the prior month.

Asia

In Japan, the national consumer price index advanced 0.4% on an annual basis in April, meeting market expectations. In the prior month, the index had advanced 0.2%.

UK

In April, BBA mortgage approvals recorded a drop to 40.75K in the UK, lower than market expectations of a drop to a level of 40.80K. BBA mortgage approvals had recorded a revised reading of 40.87K in the previous month.

In the UK, the second estimate of gross domestic product (GDP) recorded a rise of 0.2% on a quarterly basis in 1Q17, lower than market expectations for a rise of 0.3%. In the previous quarter, GDP had advanced 0.7%. The preliminary figures had indicated an advance of 0.3%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Apr)	✓✓	0.30%*	0.20%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (May)	✓	0.00%*	-0.10%	Monthly
Japan	01:30	Tokyo CPI ex Fresh Food (YoY) (May)	✓	0.10%*	-0.10%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Apr)	✓✓	0.40%*	0.20%	Monthly
Japan	01:50	Corporate Service Price (YoY) (Apr)	✓	0.70%*	0.80%	Monthly
US	04:00	Fed's Bullard Speaks on U.S. economy in Tokyo	✓	-	-	As scheduled
Italy	10:00	Manufacturing Confidence (May)	✓	108.00	107.90	Monthly
Italy	10:00	Consumer Confidence (May)	✓	107.30	107.50	Monthly
US	14:30	Full Nominal GDP (Q2) (S)	✓	-	USD19007.30bn**	Quarterly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q1) (S)	✓	-	2.00%**	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q1) (S)	✓✓✓	0.90%	0.70%**	Quarterly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q1) (S)	✓✓	2.30%	2.30%**	Quarterly
US	14:30	Durable Goods Orders ex Transportation (Apr) (P)	✓✓	0.40%	0.00%	Monthly
US	14:30	Cap Goods Orders Nondef Ex Air (Apr) (P)	✓	0.50%	0.50%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Apr) (P)	✓	0.50%	0.50%	Monthly
US	14:30	Durable Goods Orders (Apr) (P)	✓✓✓	-1.50%	0.90%	Monthly
US	14:30	Personal Consumption (QoQ) (Q1) (S)	✓✓	0.40%	0.30%**	Quarterly
US	16:00	Reuters/Michigan Consumer Sentiment Index (May) (F)	✓✓✓	97.50	97.70**	Monthly
World	-	G7 Leaders Meet in Taormina, Sicily	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High

✓✓ Medium

✓ Low

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