

# ONE Minute Brief

1 June 2017

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## Economic and Political News

South Africa has posted trade surplus of ZAR5.10bn in April, compared to a trade surplus of ZAR11.40bn in the prior month. Markets were expecting the nation to register a trade surplus of ZAR7.40bn.

President Jacob Zuma assured parliament that while he is open to institute a commission of inquiry into allegations of state capture, he wants the courts to clarify on certain issues first.

Brian Molefe has been removed as Eskom's CEO. Additionally, public enterprises minister, Lynne Brown has stated that an acting CEO would be appointed soon.

Acting national Police Commissioner Lieutenant-General, Khomotso Phahlane, has dismissed claims of a planned raid on the offices of the Independent Police Investigative Directorate (IPID).

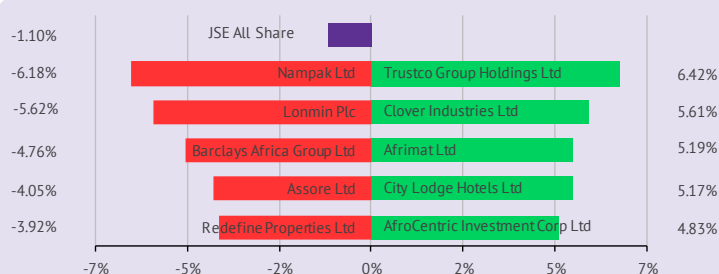
Former finance minister Nhlanhla Nene stated that the country was going through a turbulent time and needed strong leadership.

The Nelson Mandela Foundation has said that President Jacob Zuma should listen to the voices of South Africans and step down.

## South Africa Market ▼

### South African markets closed lower

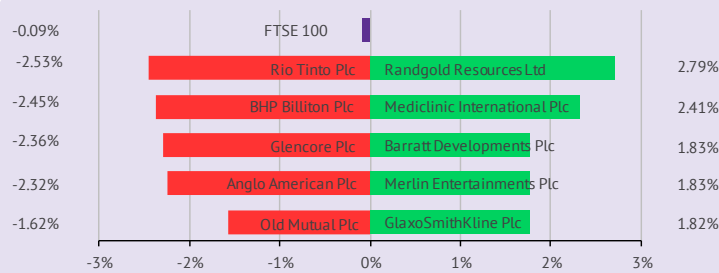
South African markets closed in the red yesterday, led by a decline in banking sector stocks. The JSE All Share Index fell 1.1% to close at 53,562.57. Data indicated that South Africa's trade surplus fell more-than-expected in April.



## UK Market ▼

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

UK markets finished lower yesterday, dragged down by weakness in resources sector stocks. In economic news, UK's net consumer credit rose as expected in April. The FTSE 100 Index declined 0.1% to close at 7,519.95.



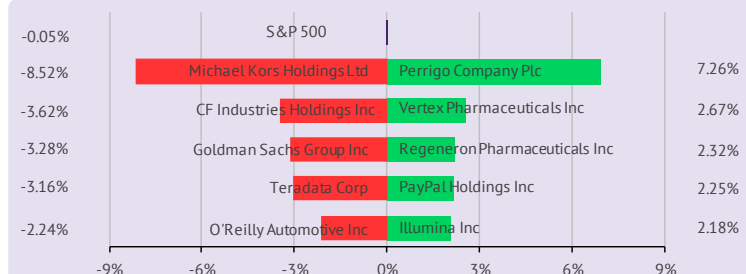
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53562.57	▼	-595.47	-1.10%	-0.80%	NA	-0.47%	5.74%
JSE Top 40	47153.91	▼	-545.44	-1.14%	-0.80%	NA	0.17%	7.41%
FTSE 100	7519.95	▼	-6.56	-0.09%	-0.37%	NA	4.39%	5.28%
DAX 30	12615.06	▲	16.38	0.13%	0.10%	NA	1.42%	9.88%
CAC 40	5283.63	▼	-22.31	-0.42%	-0.99%	NA	0.31%	8.67%
S&P 500	2411.80	▼	-1.11	-0.05%	-0.17%	NA	1.16%	7.73%
Nasdaq Composite	6198.52	▼	-4.67	-0.08%	-0.19%	NA	2.50%	15.15%
DJIA	21008.65	▼	-20.82	-0.10%	-0.34%	NA	0.33%	6.31%

## US Market ▼

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

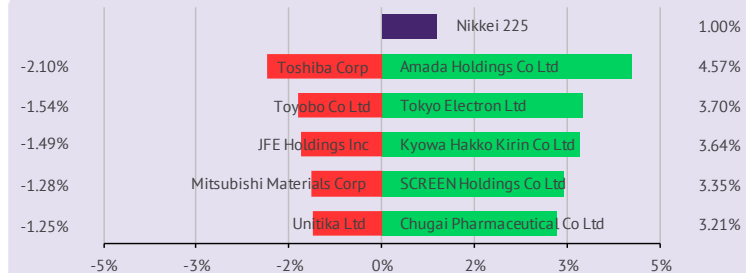
US markets closed lower yesterday, amid losses in financial and energy sector stocks. On the data front, US pending home sales surprisingly dropped on a monthly basis in April. The S&P 500 Index dropped 0.1% to close at 2,411.80.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. Data indicated that China's Caixin/Markit manufacturing PMI index eased more-than-expected in May. The Nikkei 225 Index is trading 1.0% higher at 19,847.65.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally dropped against the South African Rand to trade at R13.1172. Later today, traders will keep a close watch on the US ISM and Markit manufacturing PMIs along with ADP employment data, initial jobless claims and construction spending data for further direction. Moreover, market participants will also focus on South Africa's manufacturing and unemployment data, due later today.

The US Dollar fell against the South African Rand yesterday, after US pending home sales surprisingly declined in April. Moreover, the nation's Chicago Fed purchasing managers index dropped in May. Further, the Fed's Beige Book report indicated that the US economy expanded at a modest to moderate pace from early April to late May. In other economic news, South Africa's trade surplus narrowed more-than-expected in April.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R16.8912. Later today, traders will keep an eye on UK's Markit manufacturing PMI data for further indication.

The British Pound declined against the South African Rand yesterday, after Britain's mortgage approvals dropped to a 7-month low in April. Meanwhile, UK's net consumer credit climbed in April, meeting market expectations.

## EURZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.3% higher against the South African Rand at R14.7523. Going forward, market participants will keep a tab on Markit manufacturing PMI data across the Eurozone.

The Euro strengthened against the South African Rand yesterday. Data indicated that flash annual inflation in the Eurozone advanced less-than-expected in May, taking further pressure off the European Central Bank to wind down its monetary stimulus in the near term. Meanwhile, the region's unemployment rate fell to its lowest level since 2009 in April, while Germany's unemployment rate declined to a record low level in May, pointing to a healthy labour market in the Euro region. In other economic news, German retail sales unexpectedly dropped on a monthly basis in April.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.2% against the South African Rand to trade at R9.7021. Earlier in the session, data indicated that Australian seasonally adjusted retail sales rebounded more-than-expected in April. Meanwhile, the nation's AiG performance of manufacturing index recorded a drop in May.

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	13.1172	▼	-0.11%	1.83%	NA	-1.89%	-4.47%
GBPZAR	16.8912	▲	-0.11%	2.33%	NA	-2.60%	-0.36%
EURZAR	14.7523	▲	0.19%	2.26%	NA	1.03%	1.88%
AUDZAR	9.7021	▼	-0.69%	1.42%	NA	-2.87%	-1.85%
EURUSD	1.1245	▲	0.52%	0.55%	NA	3.20%	6.95%
GBPUSD	1.2878	▼	0.24%	0.67%	NA	-0.47%	4.49%
Brent (\$/barrel)	51.2	▲	-2.08%	-2.67%	NA	-2.48%	-10.67%
Gold (\$/oz)	1271.3	▼	0.78%	0.31%	NA	0.29%	10.45%
Platinum (\$/oz)	948.5	▼	0.98%	-1.31%	NA	0.17%	5.40%
Copper (\$/MT)*	5657.8	▲	0.43%	0.35%	NA	-0.92%	2.44%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged lower 0.1% to trade at \$1,271.30/oz.

Yesterday, gold prices rose 0.8% to close at \$1,272.00/oz, amid weakness in the greenback.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.8% higher to trade at \$51.18/bl.

Yesterday, Brent crude oil dropped 2.1% to settle at \$50.76/bl, amid concerns that the production deal between OPEC and Russia is not sufficient enough to curb the global supply glut. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories declined by 8.7mn bls last week.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$948.50/oz.

Yesterday, platinum prices climbed 1.0% to close at \$950.30/oz.



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## Major South Africa Corporate News

### The Spar Group Limited

The company, in its 1H17 results, reported that its revenue increased to ZAR48.38bn from ZAR42.48bn posted in the corresponding period of the previous year. Its diluted headline EPS rose 6.7% from the same period of the prior year to 471.90c. Its pre-tax profit advanced 7.8% to ZAR1.23bn from last year.

## Major Global Economic News

### US

In the US, pending home sales unexpectedly dropped 1.3% on a MoM basis in April, compared to a revised fall of 0.9% in the previous month. Market anticipation was for pending home sales to rise 0.5%.

The Chicago Fed purchasing managers index fell to a level of 55.20 in May, in the US, compared to a reading of 58.30 in the prior month. Market anticipation was for the Chicago Fed purchasing managers index to ease to 57.00.

Mortgage applications registered a drop of 3.4% on a weekly basis in the US, in the week ended 26 May 2017. In the prior week, mortgage applications had registered a rise of 4.4%.

The Federal Reserve's (Fed) Beige Book report indicated that the US economy expanded at a modest to moderate pace from early April through late May. However, the economy showed little sign of breaking out from a recent trend of sluggish inflation and some firms have become a bit less optimistic about the future.

### UK

Net consumer credit advanced GBP1.50bn in the UK in April, meeting market expectations. In the previous month, net consumer credit had risen GBP1.60bn.

Number of mortgage approvals for house purchases in the UK eased unexpectedly to a level of 64.60K in April, lower than market expectations of an unchanged reading. Number of mortgage approvals for house purchases had recorded a revised reading of 66.00K in the previous month.

### Eurozone

On an annual basis, the flash consumer price index (CPI) advanced 1.4% in May, in the Eurozone, less than market expectations for a rise of 1.5%. The CPI had climbed 1.9% in the previous month.

In April, the unemployment rate fell unexpectedly to a level of 9.3% in the Eurozone, lower than market expectations of an unchanged reading. In the previous month, the unemployment rate had registered a revised level of 9.4%.

In May, the seasonally adjusted unemployment rate recorded a drop to 5.7% in Germany, compared to a level of 5.8% in the prior month. Markets were expecting unemployment rate to drop to a level of 5.7%.

In Germany, retail sales registered an unexpected drop of 0.2% MoM in April, compared to a revised rise of 0.2% in the previous month. Market anticipation was for retail sales to advance 0.3%.

### Asia

In China, the Caixin/Markit manufacturing PMI index fell to a level of 49.60 in May, compared to a level of 50.30 in the previous month. Market anticipation was for Caixin/Markit manufacturing PMI index to drop to 50.10.

In April, the seasonally adjusted retail sales in Australia climbed 1.0% on a monthly basis, higher than market expectations for an advance of 0.3%. In the previous month, retail sales had registered a revised drop of 0.2%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	Caixin/Markit Manufacturing PMI (May)	✓✓	49.60*	50.30	Monthly
Switzerland	07:45	Gross Domestic Product s.a. (QoQ) (Q1)	✓✓	0.50%	0.10%	Quarterly
Switzerland	09:15	Real Retail Sales (YoY) (Apr)	✓✓	-	2.10%	Monthly
Switzerland	09:30	SVME - PMI (May)	✓✓	57.80	57.40	Monthly
France	09:50	Markit Manufacturing PMI (May) (F)	✓✓✓	54.00	54.00**	Monthly
Germany	09:55	Markit Manufacturing PMI (May) (F)	✓✓✓	59.40	59.40**	Monthly
Eurozone	10:00	Markit Manufacturing PMI (May) (F)	✓✓✓	57.00	57.00**	Monthly
Italy	10:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓	0.20%	0.20%**	Quarterly
UK	10:30	Markit Manufacturing PMI (May)	✓✓✓	56.50	57.30	Monthly
South Africa	11:00	PMI Manufacturing (May)	✓	46.00	44.70	Monthly
South Africa	11:30	Unemployment Rate (Q1)	✓	27.00%	26.50%	Quarterly
South Africa	13:00	Electricity Consumption (YoY) (Apr)	✓	-	2.70%	Monthly
South Africa	13:00	Electricity Production (YoY) (Apr)	✓	-	2.70%	Monthly
US	14:15	ADP Employment Change (May)	✓✓✓	180.00 K	177.00 K	Monthly
US	14:30	Initial Jobless Claims (27-May)	✓✓✓	238.00 K	234.00 K	Weekly
US	15:45	Markit Manufacturing PMI (May) (F)	✓✓✓	52.50	52.50**	Monthly
US	16:00	Construction Spending (MoM) (Apr)	✓✓	0.50%	-0.20%	Monthly
US	16:00	ISM Manufacturing PMI (May)	✓✓	54.60	54.80	Monthly
US	16:00	ISM Prices Paid (May)	✓✓	67.00	68.50	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (May)	✓	-0.40%	-13.40%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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