

ONE Minute Brief

5 June 2017

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Economic and Political News

On Friday, S&P re-affirmed South Africa's credit rating at BB+ with a negative outlook. The Treasury welcomed S&P's decision not to downgrade the country's credit rating further.

Democratic Alliance (DA) Leader, Mmusi Maimane, stated that Western Cape Premier, Helen Zille, will not be able to take part in any activities conducted by the DA until her disciplinary hearing is completed. Meanwhile, the ANC has called for her immediate resignation.

The presidency has denied a Sunday Times report that President Jacob Zuma owns a property in Dubai. Meanwhile, the DA challenged the President to take legal action if the report was false.

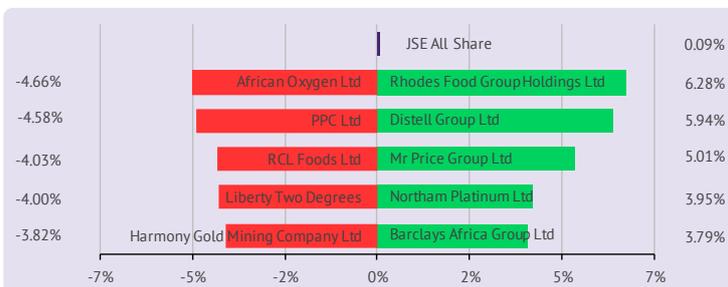
News reports indicate that Brian Molefe has served papers on Eskom and Public Enterprises Minister Lynne Brown regarding his removal from Eskom. He is set to file an urgent application in the Labour Court today.

The South African Communist Party (SACP) has expressed concern about the postponement of the African National Congress (ANC) led alliance's political council and indicated that a debate on the state of the ruling party and its president could not be delayed any further.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, supported by gains in banking and platinum mining sector stocks. The JSE All Share Index rose 0.1% to close at 52,889.70.



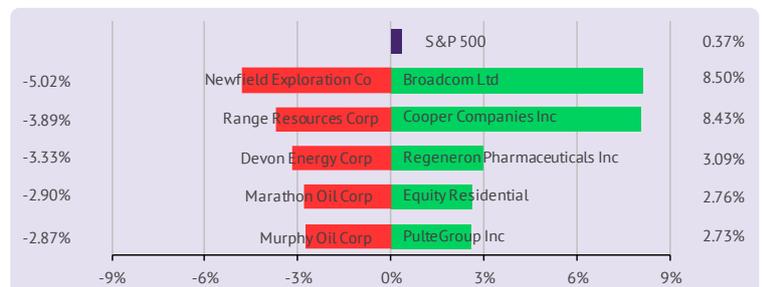
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52889.70	▲ 49.02	0.09%	NA	-1.26%	-0.47%	4.41%
JSE Top 40	46522.53	▲ 35.03	0.08%	NA	-1.34%	0.17%	5.97%
FTSE 100	7547.63	▲ 3.86	0.05%	NA	0.37%	4.39%	5.67%
DAX 30	12822.94	▲ 158.02	1.25%	NA	1.65%	1.42%	11.69%
CAC 40	5343.41	▲ 24.74	0.47%	NA	1.13%	0.31%	9.89%
S&P 500	2439.07	▲ 9.01	0.37%	NA	1.13%	1.16%	8.94%
Nasdaq Composite	6305.80	▲ 58.97	0.94%	NA	1.73%	2.50%	17.14%
DJIA	21206.29	▲ 62.11	0.29%	NA	0.94%	0.33%	7.31%

US Market ▲

The S&P 500 futures are trading in the red

US markets closed higher on Friday, amid a rise in information technology sector stocks. Data revealed that US unemployment rate unexpectedly declined in May. The S&P 500 Index rose 0.4% to close at 2439.07.



UK Market ▲

The FTSE 100 futures are trading in negative territory

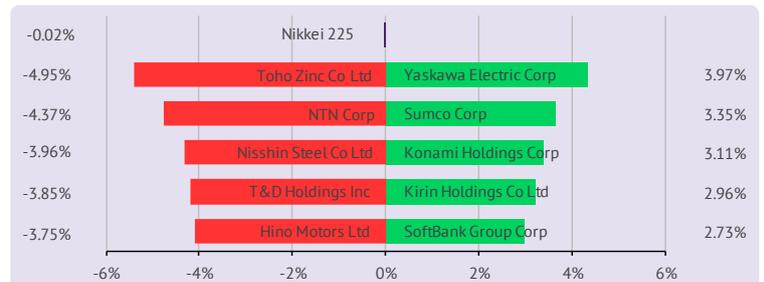
UK markets finished higher on Friday, led by gains in material sector stocks. Data indicated that UK's Markit construction PMI surprisingly advanced in May. The FTSE 100 Index advanced 0.1% to close at 7547.63.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that Japan's Nikkei services PMI expanded in May, compared to its prior reading. The Nikkei 225 Index is trading marginally lower at 20,173.98.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R12.8484. Later today, traders will keep a close watch on the USISM and Markit services PMI, factory orders durable goods orders for further indication.

The US Dollar fell against the South African Rand on Friday. On the data front, the US unemployment rate recorded a surprising drop in May, notching its lowest level in 16 years. Further, nonfarm payrolls rose less-than-expected in the same month. Moreover, trade deficit widened more-than-expected in April. Additionally, average hourly earnings advanced less than market forecast on a yearly basis in May.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R16.5305. Later today, traders will keep an eye on UK's Markit services PMI for further cues.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's construction PMI unexpectedly rose in May, its highest rise in 17 months, driven by a rebound in business activity.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R14.4786. Going forward, market participants will keep a tab on Markit services PMI across the Eurozone for further direction.

The Euro marginally strengthened against the South African Rand yesterday. Data revealed that Eurozone's producer price index posted a flat reading on a monthly basis in April.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R9.5673. Earlier in the session, data revealed that Australia's AiG performance of service index recorded a drop in May. Meanwhile, in China, Australia's largest trading partner, Caixin services PMI advanced in May, 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	12.8484	▲	-0.61%	NA	-2.30%	-1.89%	-6.67%
GBPZAR	16.5305	▲	-0.46%	NA	-2.03%	-2.60%	-2.38%
EURZAR	14.4786	▲	0.02%	NA	-1.79%	1.03%	0.07%
AUDZAR	9.5673	▲	-0.27%	NA	-1.79%	-2.87%	-3.61%
EURUSD	1.1270	▼	0.59%	NA	0.31%	3.20%	7.29%
GBPUSD	1.2867	▼	0.05%	NA	-0.02%	-0.47%	4.47%
Brent (\$/barrel)	50.6	▲	-1.34%	NA	-1.60%	-2.48%	-12.09%
Gold (\$/oz)	1283.0	▲	0.77%	NA	0.38%	0.29%	10.86%
Platinum (\$/oz)	952.3	▼	2.63%	NA	0.33%	0.17%	5.75%
Copper (\$/MT)*	5640.0	▼	-0.62%	NA	-0.31%	-0.92%	2.12%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,283.00/oz.

On Friday, gold prices rose 0.8% to close at \$1,276.80/oz, as weakness in the greenback increased demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.2% higher to trade at \$50.55/bl.

On Friday, Brent crude oil dropped 1.3% to settle at \$49.95/bl, after Baker Hughes reported that US oil rig count rose by 11 to 733 rigs last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$952.30/oz.

On Friday, platinum prices climbed 2.6% to close at \$953.40/oz.



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Major South Africa Corporate News

Old Mutual Plc

The company announced that its UK wealth management business, Old Mutual Wealth, has completed the acquisition of the financial adviser network, Caerus Capital Group. It has received approval from the regulator and remaining shareholders following the unanimous decision of the Caerus Board to accept the offer with regards to its own holdings.

Major Global Economic News

US

In the US, unemployment rate unexpectedly dropped to 4.3% in May, compared to a level of 4.0% in the previous month. Markets were anticipating unemployment rate to remain unchanged.

In May, nonfarm payrolls rose by 138.00K in the US, compared to market expectations of an advance of 182.00K. Non-farm payrolls had registered a revised increase of 174.00K in the previous month.

In the US, trade deficit rose to USD47.60bn in April, compared to a revised trade deficit of USD45.30bn in the previous month. Markets were expecting the nation to register a trade deficit of USD46.10bn.

In May, average hourly earnings of all employees advanced 2.5% on a yearly basis in the US, less than market expectations for an advance of 2.6%. Average hourly earnings of all employees had registered a similar rise in the prior month.

Eurozone

In the Eurozone, the producer price index (PPI) remained flat on a monthly basis in April, less than market expectations for a rise of 0.2%. In the previous month, the index had dropped 0.3%.

Asia

In Australia, AiG performance of service index dropped to 51.50 in May, compared to a reading of 53.00 in the previous month.

In Japan, Nikkei services PMI advanced 53.00 in May, compared to a reading of 52.20 in the prior month.

In China, Caixin services PMI rose 52.80 in May, compared to a reading of 51.50 in the prior month.

UK

In the UK, the construction PMI unexpectedly rose to 56.00 in May, compared to market expectations of a drop to a level of 52.60. The construction PMI had recorded a level of 53.10 in the prior month.



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40 Best Performers on the All Share Index

Company Name	Last Close	1 Week % Change	MTD % Change	YTD % Change
Naspers Ltd	2670	-4.75%	-1.69%	32.55%
Adcock Ingram Holdings Ltd	60	-2.42%	-2.62%	24.73%
Dis-Chem Pharmacies	28	-0.89%	-3.92%	23.66%
Astral Foods Ltd	159	-0.34%	-0.56%	23.37%
Bid Corporation Ltd	299	2.02%	-0.24%	21.94%
Mondi PLC	339	2.10%	-1.77%	21.58%
Shoprite Holdings Ltd	208	-1.62%	-0.62%	21.14%
Mondi Ltd	339	2.01%	-1.86%	21.03%
Trencor Ltd	34	0.15%	1.04%	19.47%
KAP Industrial Holdings Ltd	9	-1.00%	-0.34%	19.25%
Compagnie Financiere Richemont SA	108	0.46%	-2.24%	19.16%
British American Tobacco PLC	919	-0.21%	-2.69%	18.00%
Hudaco Industries Ltd	133	-1.88%	1.79%	16.82%
Murray & Roberts Holdings Ltd	13	0.22%	1.05%	16.58%
Clicks Group Ltd	134	-3.36%	-1.92%	15.67%
Reinet Investments SCA	31	-1.90%	-2.37%	15.30%
RCL Foods Ltd	14	-1.38%	-4.67%	12.60%
PSG Konsult Ltd	8	0.00%	0.61%	11.64%
Discovery Ltd	128	-1.69%	-0.25%	11.62%
Mpact Ltd	32	-5.12%	-2.78%	11.50%
Capitec Bank Holdings Ltd	771	-3.37%	-0.97%	10.96%
Brimstone Investment Corporation Ltd	13	0.61%	-4.00%	10.00%
Investec Ltd	100	-3.76%	-3.25%	9.97%
Vodacom Group Ltd	166	-0.69%	0.62%	9.11%
Avi Ltd	100	0.24%	1.01%	9.08%
Investec PLC	99	-3.84%	-4.00%	8.84%
Sanlam Ltd	68	-3.13%	-0.79%	8.25%
Niveus Investments Ltd	40	-1.25%	0.00%	8.22%
PSG Group Ltd	237	-4.32%	-1.28%	8.20%
Reunert Ltd	74	3.62%	1.59%	7.95%
Gold Fields Ltd	47	-2.99%	1.38%	7.91%
Nampak Ltd	20	4.49%	-2.44%	7.76%
Fortress Income Fund Ltd	35	-0.14%	-0.54%	7.64%
Exxaro Resources Ltd	96	-4.69%	-5.65%	7.62%
Equites Property Fund Ltd	17	-1.51%	-0.99%	7.53%
Anglo American Platinum Ltd	284	-3.24%	1.82%	7.41%
Advtech Ltd	18	0.00%	2.46%	6.87%
Northam Platinum Ltd	43	0.23%	-1.77%	6.67%
Investec Property Fund Ltd	16	3.39%	3.19%	6.46%
Santam Ltd	249	-1.04%	1.63%	6.41%
JSE All Share Index	52890	-2.05%	-1.26%	4.41%

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Markit Japan Services PMI (May)	✓✓	53.00*	52.20	Monthly
Japan	02:30	Markit/JIMMA Composite PMI (May)	✓✓	53.40*	52.60	Monthly
China	03:45	Caixin/Markit Services PMI (May)	✓✓	52.80*	51.50	Monthly
China	03:45	HSBC China Composite PMI (May)	✓✓	51.50*	51.20	Monthly
Germany	9:55	Markit Services PMI (May) (F)	✓✓	55.20	55.20**	Monthly
UK	10:30	Foreign currency reserves (May)	✓	-	USD10409.00 mn	Monthly
UK	10:30	Official Reserves (Changes) (May)	✓✓	-	USD1362.00 mn	Monthly
UK	10:30	Markit Services PMI (May)	✓✓✓	55.10	55.80	Monthly
Eurozone	10:30	Markit Composite PMI (May) (F)	✓✓✓	56.80	-56.80**	Monthly
Eurozone	10:30	Markit Services PMI (May) (F)	✓✓	56.20	56.20**	Monthly
US	15:45	Markit Services PMI (May) (F)	✓✓	-	54.00**	Monthly
US	15:45	Markit Composite PMI (May) (F)	✓✓	-	53.90**	Monthly
US	16:00	Inventories / Shipment Ratio (Apr)	✓	-	1.32	Monthly
US	16:00	Unfilled Orders/Shipments (Apr)	✓	-	6.52	Monthly
US	16:00	Cap Goods Orders Nondef Ex Air (Apr) (F)	✓	-	0.00%**	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Apr) (F)	✓	-	-0.10%**	Monthly
US	16:00	Durable Goods Orders (Apr) (F)	✓✓✓	-	-0.70%**	Monthly
US	16:00	Durable Goods Orders ex Transportation (Apr) (F)	✓✓	-	-0.40%**	Monthly
US	16:00	Factory Orders (MoM) (Apr)	✓✓✓	-0.20%	0.20%	Monthly
US	16:00	ISM Non-Manufacturing PMI (May)	✓✓✓	57.00	57.50	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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