

ONE Minute Brief

7 June 2017

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Economic and Political News

In South Africa (SA), the annualised gross domestic product unexpectedly fell 0.7% QoQ in 1Q17, compared to a fall of 0.3% in the prior quarter, thus entering a technical recession for the first time since 2009. Agriculture and mining industries recorded growth, while trade and manufacturing contracted.

SA's National Assembly indicated that it will establish an ad hoc committee to investigate into and make recommendations on the funding of Parliament and Provincial Legislatures' political parties. The decision was welcomed by the African National Congress.

The Democratic Alliance (DA) has called for a boycott of all Gupta owned media in South Africa.

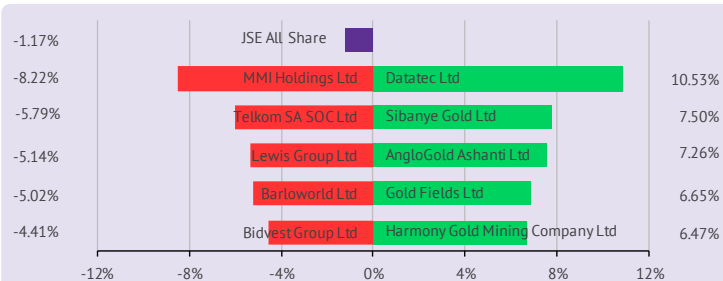
Passenger Rail Agency of South Africa (PRASA) Chairman, Popo Molefe, has confirmed that the board has received a letter from Transport Minister, Joe Maswanganyi, stating that he wants to dissolve the board and has given them seven days to provide a reason why they should not be removed from office. Further, in response, Popo stated that the board should not be blamed for problems at the agency.

Western Cape premier, Helen Zille, has submitted reasons to the DA, highlighting why she should not be suspended from the party.

South Africa Market ▼

South African markets closed lower

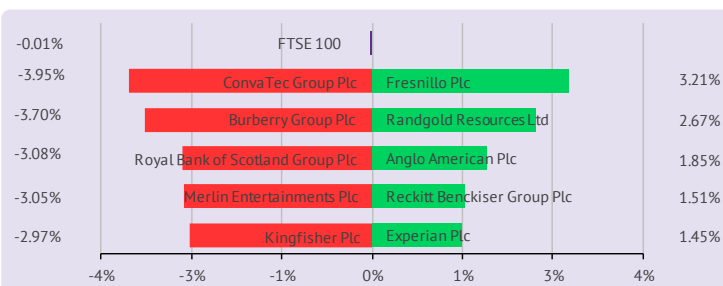
South African markets closed in the red yesterday, amid losses in banking and financial sector stocks. Data showed that South African economy surprisingly contracted on a quarterly basis in 1Q17. The JSE All Share Index fell 1.2% to close at 52,251.87.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished a tad lower yesterday, led by a decline in consumer discretionary sector stocks. The FTSE 100 Index marginally declined to close at 7,524.95.



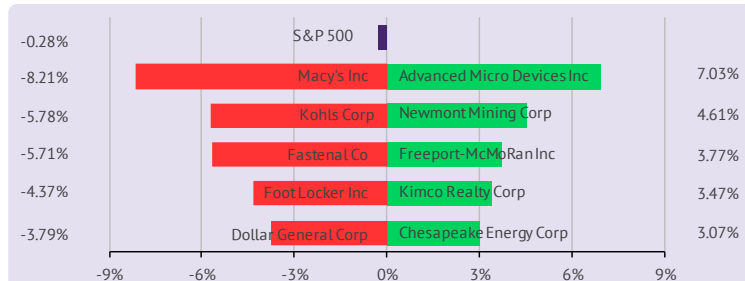
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52251.87	▼ -618.25	-1.17%	-1.21%	-2.45%	-0.47%	3.16%
JSE Top 40	45889.51	▼ -552.56	-1.19%	-1.36%	-2.68%	0.17%	4.53%
FTSE 100	7524.95	▼ -0.81	-0.01%	-0.30%	0.07%	4.39%	5.35%
DAX 30	12690.12	▼ -132.82	-1.04%	-1.04%	0.60%	1.42%	10.53%
CAC 40	5269.22	▼ -38.67	-0.73%	-1.39%	-0.27%	0.31%	8.37%
S&P 500	2429.33	▼ -6.77	-0.28%	-0.40%	0.73%	1.16%	8.51%
Nasdaq Composite	6275.06	▼ -20.63	-0.33%	-0.49%	1.23%	2.50%	16.57%
DJIA	21136.23	▼ -47.81	-0.23%	-0.33%	0.61%	0.33%	6.95%

US Market ▼

The S&P 500 futures are trading in the green

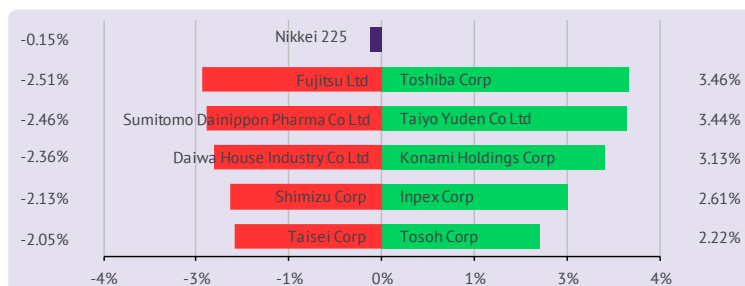
US markets closed lower yesterday, weighed down by losses in consumer discretionary sector stocks. Data revealed that US JOLTS job openings advanced more-than-expected in April, its highest level since 2000. The S&P 500 Index dropped 0.3% to close at 2,429.33.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 0.2% lower at 19,949.02.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R12.8284. Later today, traders will keep a close watch on US MBA mortgage applications for further cues. Separately, South Africa's SACCI business confidence index will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. On the data front, US JOLTS job openings rose more than market forecast, its highest rise since 2000. Separately, South Africa's gross domestic product unexpectedly eased on a quarterly basis in 1Q17, the country entered a recession phase for the first time since 2009.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R16.5471. Later today, traders will keep an eye on UK's Halifax house price index for further direction.

The British Pound advanced against the South African Rand yesterday.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R14.4473. Going forward, market participants will keep a tab on Germany's factory orders and construction PMI for further indication.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's retail sales recorded a more-than-anticipated rise on a monthly basis in April. Further, the Sentix investor confidence index unexpectedly rose in June. Meanwhile, Germany's construction PMI advanced in May, compared to its prior reading.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% firmer against the South African Rand at R9.6728. Earlier in the session, data indicated that Australia's gross domestic product rose at par with market estimates on a quarterly basis in 1Q17. Further, AiG performance of construction index recorded a rise, compared to its previous reading.

The Australian Dollar rose against the South African Rand yesterday. Data showed that Australia's current account deficit widened more-than-expected in 1Q17. Meanwhile, the Reserve Bank of Australia kept its benchmark interest rate steady at 1.5%, at par with market expectations.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.8284	▲	0.88%	0.08%	-2.23%	-1.89%	-6.59%
GBPZAR	16.5471	▼	0.99%	0.20%	-1.84%	-2.60%	-2.19%
EURZAR	14.4473	▼	1.14%	0.09%	-1.70%	1.03%	0.15%
AUDZAR	9.6728	▲	1.12%	0.79%	-1.02%	-2.87%	-2.85%
EURUSD	1.1265	▼	0.20%	-0.02%	0.29%	3.20%	7.27%
GBPUSD	1.2900	▼	0.05%	0.18%	0.16%	-0.47%	4.66%
Brent (\$/barrel)	50.1	▼	1.31%	0.34%	-1.26%	-2.48%	-11.79%
Gold (\$/oz)	1294.0	▼	1.18%	1.38%	1.76%	0.29%	12.39%
Platinum (\$/oz)	960.0	▼	0.60%	1.04%	1.37%	0.17%	6.84%
Copper (\$/MT)*	5586.0	▼	-0.21%	-0.96%	-1.27%	-0.92%	1.14%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged marginally lower to trade at \$1,294.00/oz.

Yesterday, gold prices rose 1.2% to close at \$1,294.40/oz, as weakness in the US Dollar increased demand for the safe haven yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil marginally declined to trade at \$50.12/bl.

Yesterday, Brent crude oil advanced 1.3% to settle at \$50.12/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 4.6mn bls for the week ended June 2, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.3% to trade at \$960.00/oz.

Yesterday, platinum prices climbed 0.6% to close at \$963.30/oz.



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Major South Africa Corporate News

MMI Holdings Limited

In its operational update for the nine months ended March 31, 2017, the company stated that difficult economic conditions continued to weigh on its financial performance during the period. Recurring premium new business was up 8.0% while single premium new business was down 14.0%. The overall covered value of new business (VNB) was ZAR320.00mn for the period. Diluted embedded value per share was ZAR26.25 on March 31, 2017.

Major Global Economic News

Eurozone

In the Eurozone, the seasonally adjusted retail sales rose 0.1% on a monthly basis in April, less than market expectations for an advance of 0.2%. In the previous month, retail sales had registered a revised rise of 0.2%.

In June, the investor confidence index recorded an unexpected rise to 28.40 in the Eurozone, compared to market expectations of an unchanged reading. The index had recorded a reading of 27.40 in the previous month.

US

In the US, JOLTs job openings recorded an unexpected rise to a level of 6044.00K in April, compared to market expectations of a drop to 5750.00K. In the previous month, JOLTs job openings had registered a revised reading of 5785.00K.

Asia

In Australia, the seasonally adjusted gross domestic product (GDP) climbed 0.3% on a quarterly basis in 1Q17, at par with market expectations. GDP had recorded a rise of 1.1% in the prior quarter.

In May, the AIG performance of construction index climbed to 56.70 in Australia. The index had registered a level of 51.90 in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Japan Foreign Reserves (May)	✓	USD1251.90bn*	USD1242.30bn	Monthly
Japan	07:00	Coincident Index (Apr) (P)	✓	117.50	114.40	Monthly
Japan	07:00	Leading Economic Index (Apr) (P)	✓✓	104.30	105.50	Monthly
Germany	08:00	Germany- Foreign Export Orders (Apr)	✓	-	122.90	Monthly
Germany	08:00	Germany- Domestic Orders (Apr)	✓	-	107.40	Monthly
Germany	08:00	Germany- Manufacturing Order-Total (Apr)	✓	-	115.90	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Apr)	✓✓	-0.30%	1.00%	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (May)	✓✓✓	USD44.50bn	USD46.69bn	Monthly
South Africa	08:00	Net Gold & Forex Reserve (May)	✓✓✓	USD41.80bn	USD41.73bn	Monthly
Switzerland	09:00	Foreign Currency Reserves (May)	✓✓✓	-	CHF695.90bn	Monthly
Spain	09:00	Industrial Output s.a. (YoY) (Apr)	✓✓	1.40%	0.40%	Monthly
UK	09:30	Halifax House Prices (MoM) (May)	✓	-0.20%	-0.10%	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (May)	✓	3.00%	3.80%	Monthly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.50%	0.50%**	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q1) (F)	✓✓	1.70%	1.70%**	Quarterly
Eurozone	11:00	Household Consumption (QoQ) (Q1)	✓	0.30%	0.40%	Quarterly
Eurozone	11:00	Gross Fixed Capital (QoQ) (Q1)	✓	1.00%	0.60%	Quarterly
Eurozone	11:00	Government Expenditure (QoQ) (Q1)	✓	0.40%	0.40%	Quarterly
Eurozone	11:00	OECD Economic Outlook	✓	-	-	As scheduled
South Africa	11:30	SACCI Business Confidence Index (May)	✓✓✓	-	94.90	Monthly
US	13:00	MBA Mortgage Applications (02-Jun)	✓	-	-3.40%	Weekly
Canada	14:30	Building Permits (MoM) (Apr)	✓	3.00%	-5.80%	Monthly
US	21:00	Consumer Credit Change (Apr)	✓✓	-	USD16.43bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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