

# ONE Minute Brief

8 June 2017

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## Economic and Political News

News reports indicate that the fire in the coastal town of Knysna is still not under control, as of early morning.

In South Africa (SA), the SACCI business confidence index eased to 93.20 in May, compared to a level of 94.90 in April. Meanwhile, net gold & forex reserves for May advanced to USD41.73bn in SA, compared to USD41.73bn in April.

The Democratic Alliance's (DA) Federal Executive has suspended Helen Zille from the party until her disciplinary hearing is concluded, but she will remain as the Western Cape Premier. Meanwhile, Helen Zille claimed that the DA had failed to follow proper party procedures when considering her suspension.

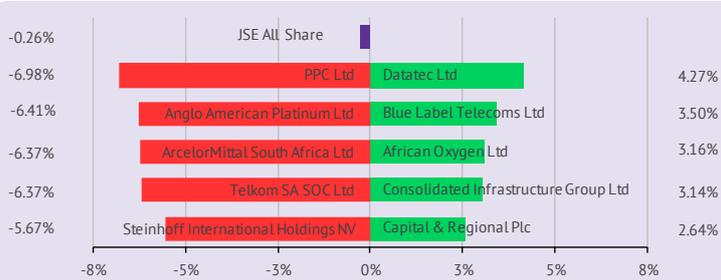
The African National Congress (ANC) Secretary General, Gwede Mantashe, stated that leaked emails indicating corruption in awarding state contracts are damaging the ANC and should be investigated. Separately, he also indicated that President, Jacob Zuma, may be removed as the leader of the ANC after a December conference where a new party leader will be selected.

The South African Post Office Chief Executive Officer, Mark Barnes, revealed that it could finalise a contract with the South African Social Security Agency next week which will enable it to take over the payment of welfare grants for the next few years.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, led by a decline in platinum and gold mining sector stocks. Data revealed that South Africa's SACCI business confidence index dropped to its lowest level in 7 months in May. The JSE All Share Index fell 0.3% to close at 52,117.82.



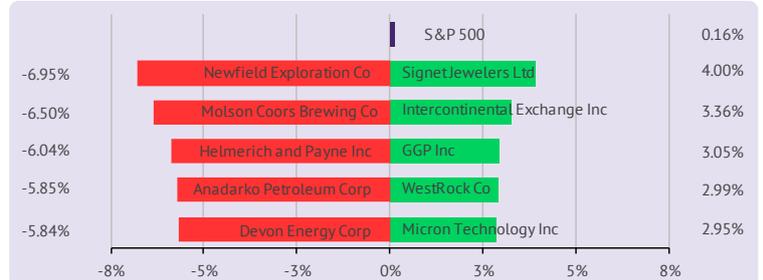
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52117.82	▼ -134.05	-0.26%	-1.46%	-2.70%	-0.47%	2.89%
JSE Top 40	45809.08	▼ -80.43	-0.18%	-1.53%	-2.85%	0.17%	4.34%
FTSE 100	7478.62	▼ -46.33	-0.62%	-0.91%	-0.55%	4.39%	4.70%
DAX 30	12672.49	▼ -17.63	-0.14%	-1.17%	0.46%	1.42%	10.38%
CAC 40	5265.53	▼ -3.69	-0.07%	-1.46%	-0.34%	0.31%	8.29%
S&P 500	2433.14	▲ 3.81	0.16%	-0.24%	0.88%	1.16%	8.68%
Nasdaq Composite	6297.38	▲ 22.32	0.36%	-0.13%	1.59%	2.50%	16.98%
DJIA	21173.69	▲ 37.46	0.18%	-0.15%	0.79%	0.33%	7.14%

## US Market ▲

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

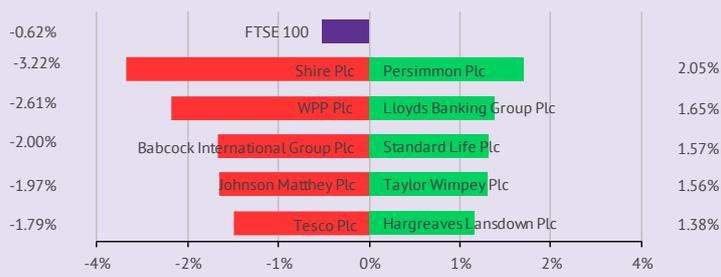
US markets closed higher yesterday, supported by gains in financial sector stocks. Data indicated that US consumer credit advanced less-than-expected in April. The S&P 500 Index climbed 0.2% to close at 2,433.14.



## UK Market ▼

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

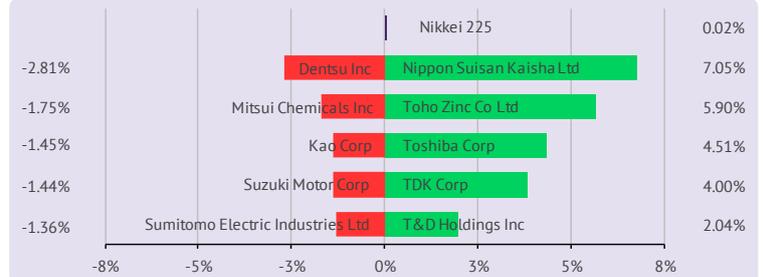
UK markets finished lower yesterday, amid losses in health care and energy sector stocks. Data showed that UK's RICS house price balance declined more-than-expected in May, notching its weakest level since August 2016. The FTSE 100 Index declined 0.6% to close at 7,478.62.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that Japan's final gross domestic product rose less than market forecast in 1Q17, amid a drop in oil inventories and other raw materials. The Nikkei 225 Index is trading marginally higher at 19,987.67.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R12.8206. Later today, traders will keep a close watch on US initial jobless claims for further indication. Meanwhile, South Africa's manufacturing production will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. On the macro front, US consumer credit grew less than market anticipations in April. Meanwhile, MBA mortgage applications rebounded for the week ended June 2, 2017. Separately, South Africa's SACCI business confidence index registered a decline in May, reaching its weakest level in 7 months.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R16.6088. Later today, traders will keep an eye on UK's Parliamentary Elections for further cues.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's RICS house price balance dropped more than market forecast in May, to its lowest level since August 2016. Meanwhile, UK's Halifax house price index surprisingly advanced on a monthly basis in May.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R14.4314. Going forward, market participants will keep a tab on Eurozone's central bank interest rate decision and gross domestic product for further direction. Meanwhile, Germany's industrial production will be on investors' radar.

The Euro weakened against the South African Rand yesterday. In the economic news, Germany's factory orders plunged more than market expectations on a monthly basis in April.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand to trade at R9.6730. Earlier in the session, data showed that Australia's trade surplus narrowed more-than-anticipated in April. Moreover, in China, Australia's largest trading partner, trade surplus expanded less-than-expected in May.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's gross domestic product advanced in line with the market forecast on a quarterly basis in 1Q17. Moreover, AiG performance of construction index grew, compared to its prior reading.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.8206	▼	0.07%	0.15%	-2.16%	-1.89%	-6.53%
GBPZAR	16.6088	▼	0.47%	0.67%	-1.37%	-2.60%	-1.72%
EURZAR	14.4314	▼	-0.10%	-0.01%	-1.80%	1.03%	0.05%
AUDZAR	9.6730	▼	0.70%	1.49%	-0.33%	-2.87%	-2.18%
EURUSD	1.1255	▼	-0.18%	-0.20%	0.12%	3.20%	7.08%
GBPUSD	1.2955	▼	0.38%	0.56%	0.54%	-0.47%	5.06%
Brent (\$/barrel)	48.4	▲	-4.11%	-3.78%	-5.32%	-2.48%	-15.42%
Gold (\$/oz)	1287.3	▼	-0.33%	1.04%	1.42%	0.29%	12.02%
Platinum (\$/oz)	947.4	▼	-1.63%	-0.61%	-0.28%	0.17%	5.10%
Copper (\$/MT)*	5591.8	▲	0.10%	-0.86%	-1.17%	-0.92%	1.24%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.2% lower to trade at \$1,287.30/oz.

Yesterday, gold prices fell 0.3% to close at \$1,290.10/oz, as strength in the US Dollar dented demand for the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$48.38/bl.

Yesterday, Brent crude oil dropped 4.1% to settle at \$48.06/bl, after the US Energy Department reported that crude oil inventories advanced by 3.3mn bls for the week ended June 2, 2017. Moreover, the oil prices was dragged down by a rise in Gasoline stockpiles by 3.3mn bls and distillate stockpiles by 4.4mn bls last week.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices marginally retreated to trade at \$947.40/oz.

Yesterday, platinum prices declined 1.6% to close at \$947.60/oz.

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## Major South Africa Corporate News

### PPC Limited

In its provisional results for FY17, the company stated that its revenue increased to ZAR9.64bn from ZAR9.19bn posted in the previous year. However, its diluted EPS substantially fell from the prior year to 7.00c. Its profit before tax significantly declined to ZAR180.00mn from ZAR1.11bn posted last year.

### Sanlam Limited

In its 1Q17 operational update, the company stated that the key trends emerging during FY16 persisted into this year. Satisfactory growth was achieved in net result from financial services despite a marked increase in new business strain recognised pursuant to the increase in the new risk business, as well as the negative impact of a stronger average Rand exchange rate against the major currencies where the group operates. Further, the group warned that the economic and operating environment will remain challenging for the remainder of 2017 with a resulting impact on its key operational performance indicators.

## Major Global Economic News

### Asia

In Australia, the seasonally adjusted trade surplus narrowed to AUD555.00mn in April, compared to a revised trade surplus of AUD3169.00mn in the previous month. Market anticipation was for the nation to record a trade surplus of AUD2000.00mn.

In Japan, the final annualised gross domestic product (GDP) registered a rise of 1.0% on a quarterly basis in 1Q17, compared to a revised rise of 1.4% in the previous quarter. The preliminary figures had indicated an advance of 2.2%. Market expectation was for annualised GDP to climb 2.4%.

In April, adjusted (total) current account surplus expanded to JPY1807.40bn in Japan, compared to a adjusted current account surplus of JPY1731.20bn in the prior month. Market expectation was for the nation's adjusted current account surplus to drop to JPY1624.40bn.

In Japan, (BOP basis) trade surplus narrowed to JPY553.60bn in April, compared to market expectations of a trade surplus of JPY494.00bn. Japan had reported a trade surplus of JPY865.50bn in the prior month.

Trade surplus in China rose to USD40.81bn in May, from a revised trade surplus of USD38.03bn in the previous month. Markets were expecting the nation to record a trade surplus of USD47.80bn.

### UK

In the UK, the RICS House price balance dropped to 17.0% in May, compared to a reading of 22.0% in the previous month. Markets were anticipating house price balance to drop to a level of 20.0%.

In May, the Halifax house price index registered an unexpected rise of 0.4% on a monthly basis in the UK, more than market expectations for a drop of 0.2%. The index had registered a revised flat reading in the prior month.

### US

In the US, mortgage applications recorded a rise of 7.1% on a weekly basis in the week ended June 2, 2017. In the previous week, mortgage applications had fallen 3.4%.

In the US, consumer credit rose USD8.20bn in April, compared to a revised rise of USD19.54bn in the prior month. Markets were anticipating consumer credit to advance USD15.00bn.

The Organisation for Economic Cooperation and Development (OECD) stated that the global economy is doing better, but has not yet improved sufficiently to make a material difference to people's lives. The Paris-based organisation forecasted the global economy to grow 3.5% in 2017, before nudging up to 3.6% in 2018. Further, the OECD warned policymakers to look beyond the broader based cyclical upturn and to continue efforts to improve growth fundamentals.

### Eurozone

In Germany, the seasonally adjusted factory orders eased 2.1% on a monthly basis in April, higher than market expectations for a fall of 0.3%. In the previous month, factory orders had recorded a revised rise of 1.1%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	RICS Housing Price Balance (May)	✓✓	17.00%*	22.00%	Monthly
Japan	01:50	Gross Domestic Product (QoQ) (Q1) (F)	✓✓	0.30%*	0.50%**	Quarterly
Japan	01:50	Gross Domestic Product Annualised (Q1) (F)	✓✓✓	1.00%*	2.20%**	Quarterly
Japan	01:50	Gross Domestic Product Deflator (YoY) (Q1) (F)	✓	-0.80%*	-0.80%**	Quarterly
Japan	01:50	Nominal Gross Domestic Product (QoQ) (Q1) (F)	✓✓	-0.30%*	0.00%**	Quarterly
Japan	01:50	Adjusted Current Account Total (Apr)	✓	JPY1807.40bn*	JPY1731.20bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Apr)	✓✓	JPY553.60bn*	JPY865.50bn	Monthly
China	05:33	Exports (YoY) (May)	✓✓	8.70%*	8.00%	Monthly
China	05:33	Imports (YoY) (May)	✓✓	14.80%*	11.90%	Monthly
China	05:33	Trade Balance (May)	✓✓	USD40.81bn*	USD38.03bn	Monthly
Japan	07:00	Eco Watchers Survey: Current (May)	✓✓	48.60	48.10	Monthly
Japan	07:00	Eco Watchers Survey: Outlook (May)	✓✓	48.50	48.80	Monthly
Germany	08:00	Industrial Production (Apr)	✓	-	113.00	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Apr)	✓✓✓	0.50%	-0.40%	Monthly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q1) (F)	✓✓	1.70%	1.70%**	Quarterly
Eurozone	11:00	Government Expenditure (QoQ) (Q1)	✓	0.40%	0.40%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.50%	0.50%**	Quarterly
South Africa	11:30	Gold Production (YoY) (Apr)	✓✓	-	-8.80%	Monthly
South Africa	11:30	Mining Production (YoY) (Apr)	✓✓	6.90%	15.50%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Apr)	✓✓✓	-0.20%	-0.60%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Apr)	✓✓	-1.60%	0.30%	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
Eurozone	14:30	ECB President Mario Draghi Holds Press Conference	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (27-May)	✓	1920.00K	1915.00K	Weekly
US	14:30	Initial Jobless Claims (03-Jun)	✓✓✓	240.00K	248.00K	Weekly
US	18:00	Household Change in Net Worth (Q1)	✓	-	USD2043.00bn	Quarterly
UK	-	UK Parliamentary Elections	✓✓✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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