

ONE Minute Brief

9 June 2017

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Economic and Political News

In South Africa (SA), the manufacturing production index registered a more-than-expected drop of 4.1% YoY in April, compared to a revised advance of 0.4% in March. Gold production recorded a drop of 2.0% YoY in April, compared to a revised drop of 9.1% in March. Platinum production declined 5.2% in April, compared to a rise of 30.0% in March. Mining production climbed less-than-anticipated by 1.7% YoY in April, compared to a revised rise of 15.4% in March.

Finance Minister, Malusi Gigaba, has warned that growth in 2017 is likely to be lower than the Treasury's forecast of 1.3% and this would limit the government's ability to generate more revenue. He indicated that the nation aims to cut its budget deficit to 3.3% in the next three years, from 3.8% currently.

Fitch Director, Jan Friederich, indicated that SA is likely to miss revenue estimates stated in its February budget and that weakness in state-owned companies are a risk to fiscal deficit targets.

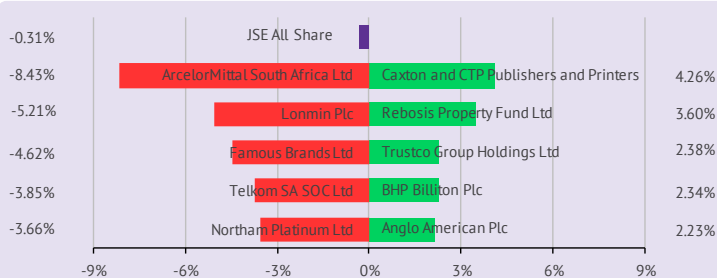
The National Union of Mineworkers (NUM) and Cosatu have called on President Jacob Zuma to step down and expressed support for Cyril Ramaphosa as Zuma's successor.

MPC member Brian Kahn stated that deep economic weakness and political turmoil in SA need to be addressed first and that cutting interest rates is not the answer to getting the nation's economy out of recession.

South Africa Market ▼

South African markets closed lower

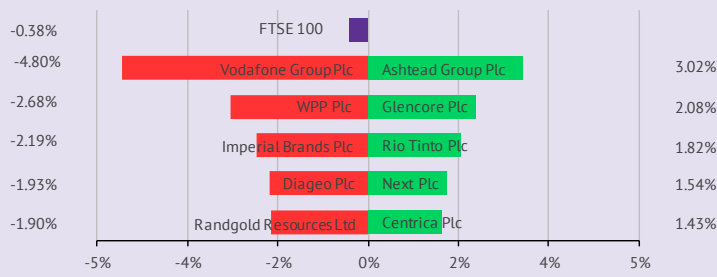
South African markets closed in the red yesterday, dragged down by losses in platinum and gold mining sector stocks. Data revealed that South Africa's annual manufacturing production dropped more-than-expected in April. The JSE All Share Index fell 0.3% to 51,958.52.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, after the exit polls for UK general election revealed that Prime Minister, Theresa May's Conservative party will lose its Parliamentary majority. The FTSE 100 Index declined 0.4% to close at 7,449.98.



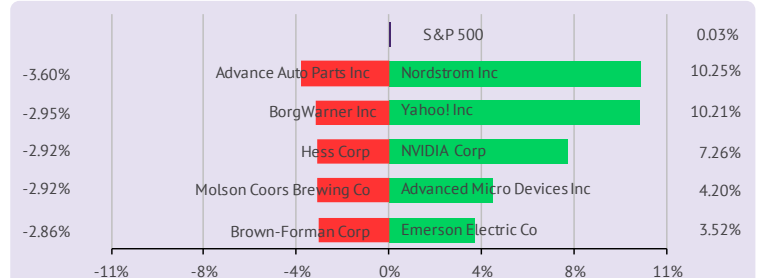
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51958.52	▼	-159.30	-0.31%	-1.76%	-2.99%	-0.47%	2.58%
JSE Top 40	45733.78	▼	-75.30	-0.16%	-1.70%	-3.01%	0.17%	4.17%
FTSE 100	7449.98	▼	-28.64	-0.38%	-1.29%	-0.93%	4.39%	4.30%
DAX 30	12713.58	▲	41.09	0.32%	-0.85%	0.78%	1.42%	10.74%
CAC 40	5264.24	▼	-1.29	-0.02%	-1.48%	-0.37%	0.31%	8.27%
S&P 500	2433.79	▲	0.65	0.03%	-0.22%	0.91%	1.16%	8.71%
Nasdaq Composite	6321.76	▲	24.38	0.39%	0.25%	1.99%	2.50%	17.44%
DJIA	21182.53	▲	8.84	0.04%	-0.11%	0.83%	0.33%	7.18%

US Market ▲

The S&P 500 futures are trading in the green

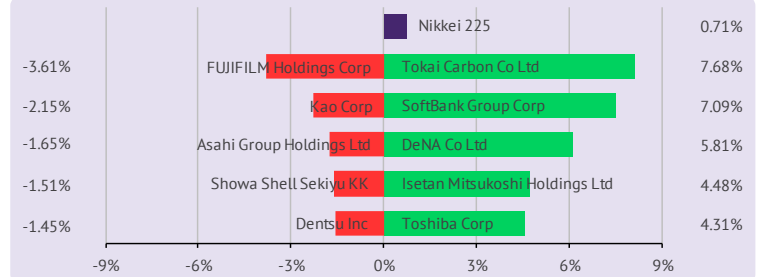
US markets finished a tad higher yesterday, supported by gains in financial sector stocks. Data revealed that US initial jobless claims declined less-than-expected for the week ended June 3, 2017. The S&P 500 Index marginally climbed to close at 2,433.79.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that China's consumer price inflation advanced at par with market expectations on a yearly basis in May. The Nikkei 225 Index is trading 0.7% higher at 20,050.65.



Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is marginally trading weaker against the South African Rand at R12.9119. Later today, traders will keep a close watch on US wholesale inventories and wholesale trade sales for further cues.

The US Dollar rose against the South African Rand yesterday. In the economic news, the number of Americans applying for fresh unemployment benefits dropped less than market expectations for the week ended June 3, 2017. Separately, South Africa's manufacturing production plunged more than market forecast on a yearly basis in April.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 1.6% lower against the South African Rand at R16.4668. Later today, traders will keep an eye on UK's NIESR Gross domestic product estimate, industrial production and manufacturing production along with construction output and total trade balance data for further direction.

The British Pound advanced against the South African Rand yesterday. The exit polls for UK general election indicated that UK's Prime Minister, Theresa May's Conservative party will lose 17 seats in Parliament while the opposition Labour Party, led by far-left firebrand Jeremy Corbyn, will gain 34 seats.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.2% against the South African Rand to trade at R14.4625. Going forward, market participants will keep a tab on Germany's trade and current account balance scheduled in few hours.

The Euro strengthened against the South African Rand yesterday. The European central bank kept its benchmark interest rate unchanged at 0.0%. Further, the central bank lowered its outlook for inflation at 1.5% in 2017 and 1.3% in 2018, compared to its prediction of 1.7% and 1.6%, respectively from March. Moreover, it raised its growth forecast at 1.9% in 2017 and 1.8% in 2018 from 1.8% and 1.7% respectively. Data indicated that the Eurozone's economy expanded more-than-expected on a quarterly basis in 1Q17, notching its highest level since 2015. Meanwhile, Germany's industrial production rebounded more than market expectations on a monthly basis in April.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R9.7328. Earlier in the session, in China, Australia's largest trading partner, annual consumer price index recorded an expected rise in May. Moreover, producer price index rose less than market anticipations on a yearly basis in the same month.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's trade surplus narrowed more than market expectations in April. Moreover, in China, Australia's largest trading partner, trade surplus expanded less than market anticipations in May.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.9119	▼	0.64%	0.79%	-1.53%	-1.89%	-5.93%
GBPZAR	16.4668	▼	0.61%	1.28%	-0.77%	-2.60%	-1.13%
EURZAR	14.4625	▼	0.26%	0.24%	-1.55%	1.03%	0.31%
AUDZAR	9.7328	▼	0.61%	2.11%	0.28%	-2.87%	-1.58%
EURUSD	1.1199	▼	-0.38%	-0.58%	-0.27%	3.20%	6.67%
GBPUSD	1.2754	▼	-0.03%	0.53%	0.51%	-0.47%	5.03%
Brent (\$/barrel)	47.8	▼	-0.42%	-4.18%	-5.71%	-2.48%	-15.77%
Gold (\$/oz)	1276.7	▲	-1.07%	-0.04%	0.34%	0.29%	10.82%
Platinum (\$/oz)	937.3	▼	-1.00%	-1.60%	-1.28%	0.17%	4.05%
Copper (\$/MT)*	5703.8	▲	2.00%	1.13%	0.81%	-0.92%	3.27%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices marginally advanced to trade at \$1,276.70/oz.

Yesterday, gold prices fell 1.1% to close at \$1,276.30/oz, as the greenback strengthened lowering the demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$47.82/bl.

Yesterday, Brent crude oil dropped 0.4% to settle at \$47.86/bl, extending its previous session losses.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged lower 0.1% to trade at \$937.30/oz.

Yesterday, platinum prices declined 1.0% to close at \$938.10/oz.

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Major South Africa Corporate News

Bell Equipment Limited

The company announced the appointment of Leon Goosen as Chief Executive Officer.

Hospitality Property Fund Limited

The company announced the appointment of Mr. Jacques Booysen as a Non-Executive Director with immediate effect.

Major Global Economic News

Eurozone

The European Central Bank (ECB) left the benchmark interest rate unchanged and dropped any reference to future rate cuts. The ECB President, Mario Draghi indicated that interest rates are likely to remain at present levels for an extended period of time, but added that the central bank would be ready to extend its quantitative easing program if needed. Further, the ECB expects inflation this year at just 1.5%, down from its previous forecast of 1.7%.

In the Eurozone, the seasonally adjusted final gross domestic product (GDP) rose 0.6% in 1Q17 on a quarterly basis, higher than market expectations for a rise of 0.5%. GDP had risen by a revised 0.5% in the previous quarter. The preliminary figures had indicated an advance of 0.5%.

In April, the seasonally adjusted industrial production advanced 0.8% on a monthly basis in Germany, compared to a revised drop of 0.1% in the prior month. Markets were expecting industrial production to rise 0.5%.

Asia

In May, the consumer price index climbed 1.5% on a yearly basis in China, meeting market expectations. In the previous month, the index had registered a rise of 1.2%.

In China, the producer price index climbed 5.5% on an annual basis in May, less than market expectations for a rise of 5.6%. In the prior month, the index had registered a rise of 6.4%.

In Japan, Tertiary Industry Index advanced 1.2% on a monthly basis in April, compared to a fall of 0.2% in the previous month.

US

In the US, the seasonally adjusted initial jobless claims dropped to 245.00K in the week ended June 3, 2017, compared to a revised level of 255.00K in the previous week. Market anticipation was for initial jobless claims to ease to 240.00K.

UK

The results from exit polls for UK general election indicated that UK's Prime Minister, Theresa May's Conservative party will lose 17 seats in Parliament while the opposition Labour Party, led by far-left firebrand Jeremy Corbyn, will gain 34 seats.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:30	Consumer Price Index (MoM) (May)	✓✓	0.10%*	0.10%	Monthly
China	03:30	Consumer Price Index (YoY) (May)	✓✓✓	1.5%*	1.20%	Monthly
China	03:30	Producer Price Index (YoY) (May)	✓✓✓	5.5%*	6.40%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Apr)	✓✓	1.20%*	-0.20%	Monthly
Germany	08:00	Exports (Apr)	✓	-	EUR118.20bn	Monthly
Germany	08:00	Imports (Apr)	✓	-	EUR92.90bn	Monthly
Germany	08:00	Labour Costs s.a. (QoQ) (Q1)	✓✓	-	1.50%	Quarterly
Germany	08:00	Exports s.a. (MoM) (Apr)	✓	0.30%	0.40%	Monthly
Germany	08:00	Imports s.a. (MoM) (Apr)	✓	-0.50%	2.40%	Monthly
France	08:45	Manufacturing Production (MoM) (Apr)	✓✓	-0.50%	2.50%	Monthly
France	08:45	Manufacturing Production (YoY) (Apr)	✓✓	1.80%	3.50%	Monthly
France	08:45	Budget Balance (Apr)	✓	-	-EUR29.60bn	Monthly
France	08:45	Industrial Production (MoM) (Apr)	✓✓✓	0.20%	2.00%	Monthly
France	08:45	Industrial Production (YoY) (Apr)	✓✓	1.20%	2.00%	Monthly
UK	10:30	Industrial Production (Apr)	✓	-	104.00	Monthly
UK	10:30	Manufacturing Production (MoM) (Apr)	✓	0.80%	-0.60%	Monthly
UK	10:30	Manufacturing Production (YoY) (Apr)	✓✓	0.70%	2.30%	Monthly
UK	10:30	Industrial Production (MoM) (Apr)	✓	0.70%	-0.50%	Monthly
UK	10:30	Industrial Production (YoY) (Apr)	✓✓	-0.30%	1.40%	Monthly
UK	10:30	Construction Output s.a. (YoY) (Apr)	✓	-0.30%	2.40%	Monthly
UK	10:30	Total Trade Balance (Apr)	✓✓	-GBP3.50bn	-GBP4.90bn	Monthly
UK	10:30	Visible Trade Balance (Apr)	✓✓	-GBP12.00bn	-GBP13.44bn	Monthly
UK	14:00	NIESR GDP Estimate (3M) (May)	✓✓✓	-	0.20%	Monthly
US	16:00	Wholesale Inventories (MoM) (Apr) (F)	✓✓✓	-0.30%	-0.30%**	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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