

ONE Minute Brief

14 June 2017

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Economic and Political News

Ratings agency Moody's Investors Service has downgraded the long-term corporate family rating of Eskom and its zero coupon euro bonds to Ba2 from Ba1 and stated that the outlook for the company was negative.

The ANC and the Democratic Alliance (DA) have demanded that Ben Ngubane, who resigned as Eskom board chairman, should answer all questions regarding the alleged corruption and the breakdown of corporate governance at the utility.

Finance Minister, Malusi Gigaba, has signed the Financial Intelligence Centre Amendment Act but stated that more work is still to be done.

Finance Minister, Malusi Gigaba, has admitted that documents circulating in media about providing the Gupta family early naturalisation were genuine, but that there was "nothing untoward" in his actions.

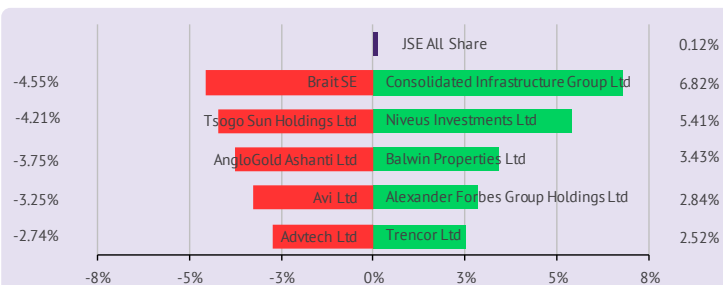
DA leader, Mmusi Maimane, has indicated that the party has decided to allow Helen Zille to continue as the Western Cape premier after her apology, as she runs a good government. Separately, the African National Congress (ANC) has criticised the DA and stated that the party is unable to free itself from racism.

The African National Congress Youth League (ANCYL) stated that it is supporting Dr. Nkosazana Dlamini-Zuma as its presidential candidate.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by gains in industrial and platinum mining sector stocks. The JSE All Share Index rose 0.1% to close at 51,625.07.



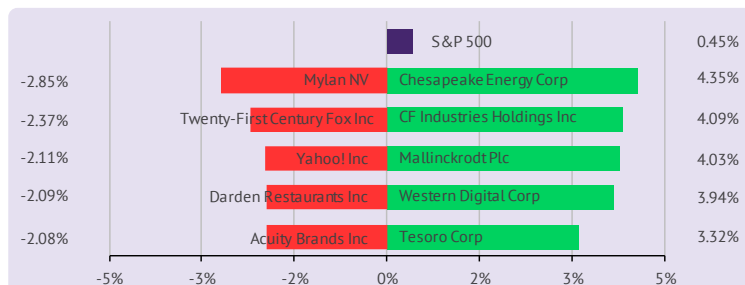
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51625.07	▲	61.07	0.12%	-1.13%	-3.62%	-0.47%	1.92%
JSE Top 40	45264.87	▲	96.20	0.21%	-1.33%	-4.01%	0.17%	3.10%
FTSE 100	7500.44	▼	-11.43	-0.15%	-0.36%	-0.26%	4.39%	5.01%
DAX 30	12764.98	▲	74.54	0.59%	-0.40%	1.19%	1.42%	11.18%
CAC 40	5261.74	▲	21.15	0.40%	-0.72%	-0.41%	0.31%	8.21%
S&P 500	2440.35	▲	10.96	0.45%	0.35%	1.18%	1.16%	9.00%
Nasdaq Composite	6220.37	▲	44.90	0.73%	0.20%	0.35%	2.50%	15.55%
DJIA	21328.47	▲	92.80	0.44%	0.27%	1.52%	0.33%	7.92%

US Market ▲

The S&P 500 futures are trading in the red

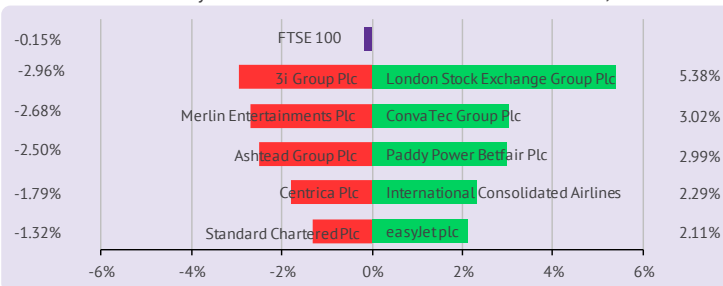
US markets closed higher yesterday, amid a rise in material sector stocks. Data revealed that the US NFIB small business optimism index remained unchanged in May, compared to its prior reading. The S&P 500 Index climbed 0.5% to close at 2,440.35.



UK Market ▼

The FTSE 100 futures are trading in negative territory

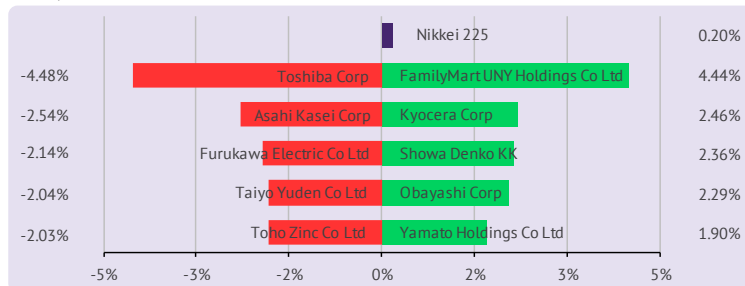
UK markets finished lower yesterday, dragged down by weakness in industrial and consumer discretionary sector stocks. Data indicated that UK's consumer price index advanced more-than-anticipated on an annual basis in May. The FTSE 100 Index declined 0.2% to 7,500.44.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that China's industrial production recorded a more-than-expected rise on a yearly basis in May. The Nikkei 225 Index is trading 0.2% higher at 19,939.40.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally rose against the South African Rand to trade at R12.7710. Later today, traders will keep a close watch on the FOMC interest rate decision, consumer price index and advance retail sales along with business inventories, MBA mortgage applications and real average weekly earnings for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US NFIB small business optimism index recorded a steady reading in May, compared to its previous reading.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound marginally climbed against the South African Rand to trade at R16.2837. Later today, traders will keep an eye on UK's ILO unemployment rate, claimant count rate and average weekly earnings for further direction.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's consumer price inflation rose more than market expectations on a yearly basis in May, notching its strongest level since June 2013. Further, monthly retail price index posted a more-than-anticipated rise in the same month. Additionally, house price index surged higher than market forecast on an annual basis in April.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R14.3241. Going forward, market participants will keep a tab on Eurozone's industrial production and employment change for further indication. Meanwhile, Germany's consumer price index will be on investors' radar.

The Euro weakened against the South African Rand yesterday. In economic news, Eurozone's ZEW economic sentiment index recorded a rise in June, compared to its previous reading. Germany's ZEW economic sentiment index surprisingly declined in the same month. On the flipside, ZEW current situation index grew more than market anticipations in the same month. Meanwhile, wholesale price index registered a decline on a monthly basis in May.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R9.6336. Earlier in the session, data revealed that Australia's Westpac consumer confidence dropped more than its previous reading in June. Meanwhile, in China, Australia's largest trading partner, industrial production rose more than market forecast on an annual basis in May. Further, Chinese retail sales grew at par with market expectations on a yearly basis in the same month.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's NAB business confidence index declined in May, compared to its previous reading, while the NAB business condition index posted a drop in the same month.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.7710	▲	-0.46%	-1.39%	-2.69%	-1.89%	-7.03%
GBPZAR	16.2837	▲	0.29%	-1.30%	-3.49%	-2.60%	-3.83%
EURZAR	14.3241	▲	-0.39%	-1.25%	-2.75%	1.03%	-0.91%
AUDZAR	9.6336	▲	-0.39%	-1.36%	-1.06%	-2.87%	-2.89%
EURUSD	1.1215	▲	0.07%	0.14%	-0.29%	3.20%	6.64%
GBPUSD	1.2747	▼	0.75%	0.06%	-1.06%	-0.47%	3.39%
Brent (\$/barrel)	48.3	▼	0.89%	1.18%	-4.02%	-2.48%	-14.26%
Gold (\$/oz)	1271.5	▲	-0.02%	-0.21%	-0.49%	0.29%	9.91%
Platinum (\$/oz)	933.0	▲	-2.15%	-1.71%	-2.75%	0.17%	2.51%
Copper (\$/MT)*	5685.5	▼	-1.00%	-1.63%	0.49%	-0.92%	2.94%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,271.50/oz.

Yesterday, gold prices marginally fell to close at \$1,265.80/oz, extending its previous session losses.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged lower 0.8% to trade at \$48.32/bl.

Yesterday, Brent crude oil advanced 0.9% to settle at \$48.72/bl, despite the American Petroleum Institute (API) reporting that crude oil inventories increased by 2.8mn bls for the week ended June 9, 2017. Meanwhile, the OPEC stated that the overall crude oil production increased in May.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.0% higher to trade at \$933.00/oz.

Yesterday, platinum prices declined 2.2% to close at \$924.20/oz.



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Major South Africa Corporate News

Aspen Pharmacare Holdings Limited

The company stated that it has noted the announcement made by the South African Competition Commission of investigating the company for suspected abuse of dominance in respect of the provision of cancer medication in South Africa.

Major Global Economic News

Eurozone

In the Eurozone, the ZEW economic sentiment index climbed to 37.70 in June. The index had registered a level of 35.10 in the previous month.

In Germany, the ZEW economic sentiment index registered an unexpected drop to a level of 18.60 in June, compared to market expectations of a rise to a level of 21.70. The index had registered a reading of 20.60 in the previous month.

In June, the ZEW current situation index registered a rise to 88.00 in Germany, higher than market expectations of an advance to a level of 85.00. In the previous month, the index had recorded a level of 83.90.

In Germany, the wholesale price index dropped 0.7% on a monthly basis in May. In the previous month, the index had recorded a rise of 0.3%.

UK

In the UK, the consumer price index (CPI) advanced 2.9% on a yearly basis in May, compared to a rise of 2.7% in the previous month. Market expectation was for the index to rise 2.7%.

In May, the retail price index advanced 0.4% on monthly basis in the UK, to a level of 271.70, higher than market expectations of 271.40. In the prior month, the index had recorded a level of 270.60.

In the UK, the house price index advanced 5.6% on an annual basis in April, more than market expectations for a rise of 3.6%. The index had registered a revised rise of 4.5% in the prior month.

Asia

In Australia, Westpac consumer confidence index fell 1.8% on a monthly basis, to a level of 96.20 in June, compared to a reading of 98.00 in the prior month.

In China, industrial production advanced 6.5% on an annual basis in May, more than market expectations for an advance of 6.4%. Industrial production had registered a similar rise in the previous month.

In May, retail sales climbed 10.7% on a yearly basis in China, in line with market expectations. In the prior month, retail sales had registered a similar rise.

In Japan, the final industrial production registered a rise of 5.7% on a yearly basis, in April. Industrial production had climbed 3.5% in the prior month. The preliminary figures had also recorded an advance of 5.7%.

US

In the US, the small business optimism index remained steady at 104.50 in May, in line with market expectations.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	04:00	Industrial Production (YoY) (May)	✓✓	6.50%*	6.50%	Monthly
China	04:00	Retail Sales (YoY) (May)	✓✓	10.70%*	10.70%	Monthly
Japan	06:30	Industrial Production (MoM) (Apr) (F)	✓✓✓	4.00%*	4.00%**	Monthly
Japan	06:30	Industrial Production (YoY) (Apr) (F)	✓✓	5.70%*	5.70%**	Monthly
Germany	08:00	Consumer Price Index (MoM) (May) (F)	✓✓✓	-0.20%	-0.20%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (May) (F)	✓✓	1.50%	1.50%**	Monthly
UK	10:30	Claimant Count Change (May)	✓✓	-	19.40K	Monthly
UK	10:30	Claimant Count Rate s.a. (May)	✓✓	-	2.30%	Monthly
UK	10:30	Claimant Count s.a. (May)	✓✓	-	792.80K	Monthly
UK	10:30	Average Earnings Including Bonus (3Mo/Yr) (Apr)	✓✓	2.40%	2.40%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Apr)	✓✓✓	4.60%	4.60%	Monthly
UK	10:30	Employment Change (3M/3M) (Apr)	✓✓	125.00K	122.00K	Monthly
Eurozone	11:00	Employment Change (QoQ) (Q1)	✓✓	-	0.30%	Quarterly
Eurozone	11:00	Employment Change (YoY) (Q1)	✓✓	-	1.10%	Quarterly
Eurozone	11:00	Industrial Production s.a. (MoM) (Apr)	✓	0.50%	-0.10%	Monthly
South Africa	12:00	BER Business Confidence Index (Q2)	✓✓✓	39.80	40.00	Quarterly
US	13:00	MBA Mortgage Applications (09-Jun)	✓	-	7.10%	Weekly
South Africa	13:00	Retail Sales (MoM) (Apr)	✓✓✓	-0.70%	0.30%	Monthly
South Africa	13:00	Retail Sales (YoY) (Apr)	✓✓✓	0.60%	0.80%	Monthly
US	14:30	Consumer Price Index (MoM) (May)	✓✓✓	0.00%	0.20%	Monthly
US	14:30	Consumer Price Index (YoY) (May)	✓✓	2.00%	2.20%	Monthly
US	14:30	Advance Retail Sales (MoM) (May)	✓✓✓	0.00%	0.40%	Monthly
US	14:30	Consumer Price Index Core s.a. (May)	✓	251.58	251.17	Monthly
US	16:00	Manufacturing New Orders (Apr)	✓	-	USD478185.00mn	Monthly
US	16:00	Business Inventories (Apr)	✓	-0.20%	0.20%	Monthly
US	20:00	Fed Interest Rate Decision	✓✓✓	1.25%	1.00%	As scheduled
US	20:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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