

# ONE Minute Brief

20 June 2017

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## Economic and Political News

Moody's has warned that the sharp decline in South Africa's business confidence could result in lower investment and negatively affect economic growth. Meanwhile, Fitch has stated that the new mining regulations could deter investments into the sector.

Public Protector, Busisiwe Mkhwebane, has recommended changing the constitution to modify the central bank's primary role to promoting economic growth rather than stability of currency and prices. Mkhwebane also accused the government and the South African Reserve Bank (SARB) of failing to recover more than ZAR1.0bn from Bankorp Limited/Absa Bank. The SARB indicated that it was studying the Public Protector's report. Separately, the Public Protector stated that her office will oppose a judicial review application by President, Jacob Zuma, into state capture.

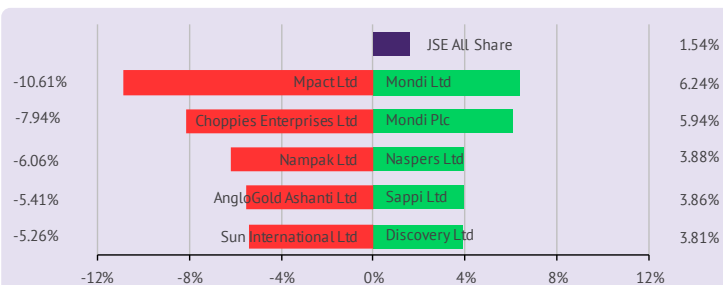
The South African Nuclear Energy Corporation (NECSA) stated that it will award nuclear contracts for its nuclear expansion programme by the end of 2017.

Following the leaked Gupta e-mails, National Assembly Committees Chairman, Cedric Frolick, has urged portfolio committees with oversight of ministers and departments implicated in the allegations to urgently investigate the issue and report back to the house.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, amid gains in retail, resources and industrial sector stocks. The JSE All Share Index rose 1.5% to close at 51,615.90.



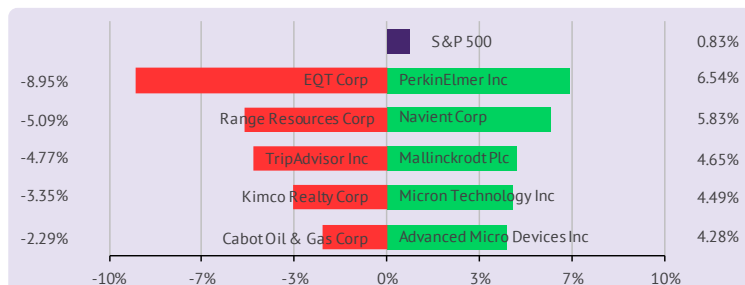
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51615.90	▲	784.01	1.54%	1.54%	-3.63%	-0.47%	1.90%
JSE Top 40	45381.20	▲	869.05	1.95%	1.95%	-3.76%	0.17%	3.37%
FTSE 100	7523.81	▲	60.27	0.81%	0.81%	0.05%	4.39%	5.33%
DAX 30	12888.95	▲	136.22	1.07%	1.07%	2.17%	1.42%	12.26%
CAC 40	5310.72	▲	47.41	0.90%	0.90%	0.51%	0.31%	9.22%
S&P 500	2453.46	▲	20.31	0.83%	0.83%	1.73%	1.16%	9.59%
Nasdaq Composite	6239.01	▲	87.26	1.42%	1.42%	0.65%	2.50%	15.90%
DJIA	21528.99	▲	144.71	0.68%	0.68%	2.48%	0.33%	8.94%

## US Market ▲

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

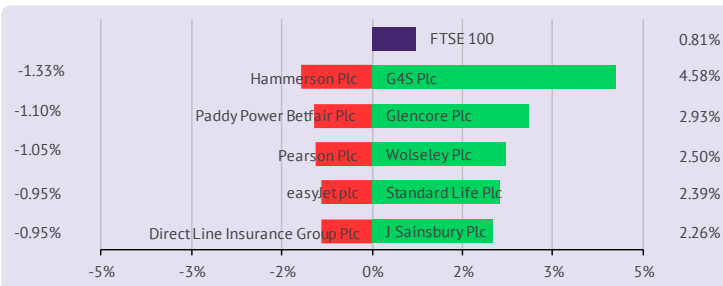
US markets closed higher yesterday, supported by rise in information technology sector stocks. The S&P 500 Index climbed 0.8% to close at 2,453.46.



## UK Market ▲

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

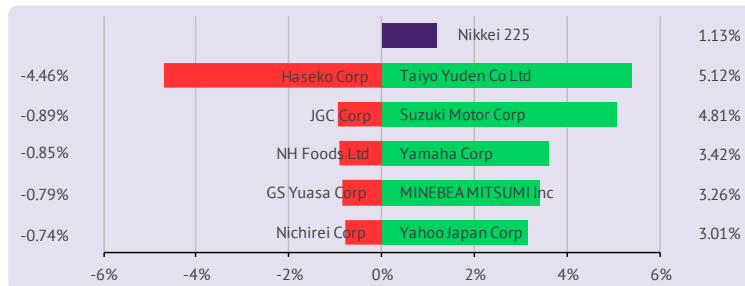
UK markets finished higher yesterday, led by a rise in material and industrial sector stocks. The FTSE 100 Index advanced 0.8% to close at 7,523.81.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 1.1% higher at 20,294.22.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.2% against the South African Rand to trade at R12.9810. Later today, traders will keep a close watch on US current account balance for further cues. Separately, South Africa's leading indicator and current account balance will be on investors' radar.

The US Dollar rose against the South African Rand yesterday.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R16.5320. With no major economic news in the UK today, investor sentiment will be determined by the global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. Britain and the European Union started formal Brexit negotiations on June 19, 2017.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R14.4818. Going forward, market participants will keep a tab on Eurozone's current account balance and Germany's producer price index for further direction.

The Euro strengthened against the South African Rand yesterday. In the second and final round of the legislative elections, President, Emmanuel Macron's party La République en Marche (LREM, or The Republic on the Move!) won a majority with 350 seats out of a total of 577 in alliance with the Democratic Movement (MoDem). On the data front, Eurozone's construction output rebounded on a monthly basis in April.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.2% against the South African Rand to trade at R9.8625. Earlier in the session, the Reserve Bank of Australia (RBA) in its June meeting minutes voted to keep the benchmark interest rate at a record low level of 1.5% and further remains confident that the Australian economy will improve in the coming years, shrugging off its first quarter result which revealed that the economy expanded at its slowest pace since 2009. In the coming months, the RBA will be more focused on the employment and housing markets. On the macro front, Australia's house price index advanced in line with market expectations on a quarterly basis in 1Q17.

The Australian Dollar rose against the South African Rand yesterday. Meanwhile, data indicated that in China, Australia's largest trading partner, house price index recorded a drop in May, compared to its prior reading.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.9810	▼	1.47%	1.47%	-0.88%	-1.89%	-5.31%
GBPZAR	16.5320	▼	1.10%	1.10%	-1.82%	-2.60%	-2.17%
EURZAR	14.4818	▼	1.05%	1.05%	-1.48%	1.03%	0.38%
AUDZAR	9.8625	▼	1.20%	1.20%	1.62%	-2.87%	-0.27%
EURUSD	1.1155	▲	-0.44%	-0.44%	-0.84%	3.20%	6.05%
GBPUSD	1.2734	▼	-0.36%	-0.36%	-1.19%	-0.47%	3.25%
Brent (\$/barrel)	47.0	▲	-0.97%	-0.97%	-7.58%	-2.48%	-17.44%
Gold (\$/oz)	1246.2	▲	-0.78%	-0.78%	-2.19%	0.29%	8.03%
Platinum (\$/oz)	926.7	▼	0.01%	0.01%	-2.46%	0.17%	2.81%
Copper (\$/MT)*	5702.8	▲	1.13%	1.13%	0.80%	-0.92%	3.25%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,246.20/oz.

Yesterday, gold prices fell 0.8% to close at \$1,244.20/oz, as strength in the US Dollar dented demand for the precious yellow metal, reaching to a near 5 week low.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil gained 0.2% to trade at \$46.99/bl.

Yesterday, Brent crude oil dropped 1.0% to settle at \$46.91/bl, amid rising concerns about US crude production.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$926.70/oz.

Yesterday, platinum prices marginally climbed to close at \$926.90/oz.



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## Major South Africa Corporate News

### Sibanye Gold Limited

The company indicated that it has secured a two-year wage agreement with the United Steel Workers of America, International Union, the representative union at its Stillwater Operations in Montana, USA. Negotiations with the United Steel Workers of America, International Union at East Boulder, will take place at year end. In terms of the agreement there will be 2.0% general wage increase for all job categories effective from June 2, 2017 to January 1, 2018, with a further 1.0% increase effective from January 1, 2018 to June 1, 2018.

## Major Global Economic News

### Asia

The RBA in its June meeting minutes voted to keep the key interest rate steady at 1.5% and further remains confident about the Australian economy to improve in the coming years, shrugging off its 1Q17 result which indicated that the economy expanded at its slowest pace since 2009. In the coming months, the central bank will be more focused on the employment and housing market.

In Australia, the house price index advanced 2.2% on a quarterly basis in 1Q17, compared to an advance of 4.1% in the previous quarter. Market anticipation was for the index to advance 2.2%.

### Eurozone

In the Eurozone, the seasonally adjusted construction output rose 0.3% on a monthly basis in April. In the previous month, construction output had dropped 1.1%.

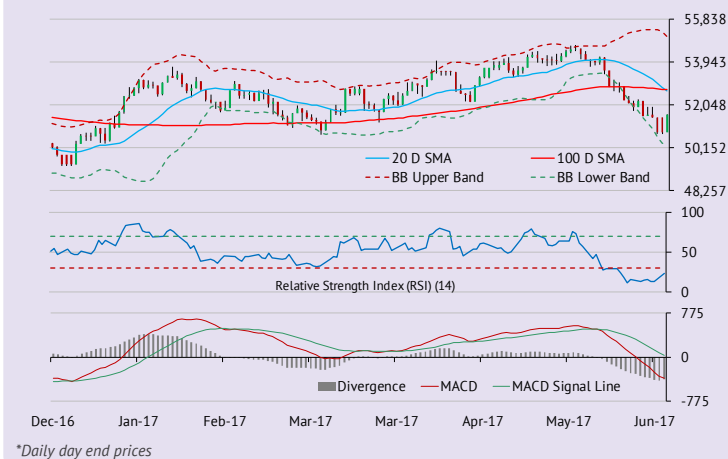
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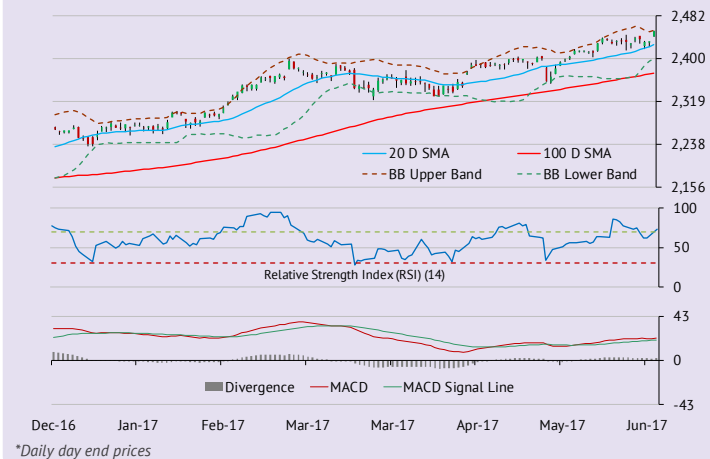
## Technical Snapshot

### JSE All Share



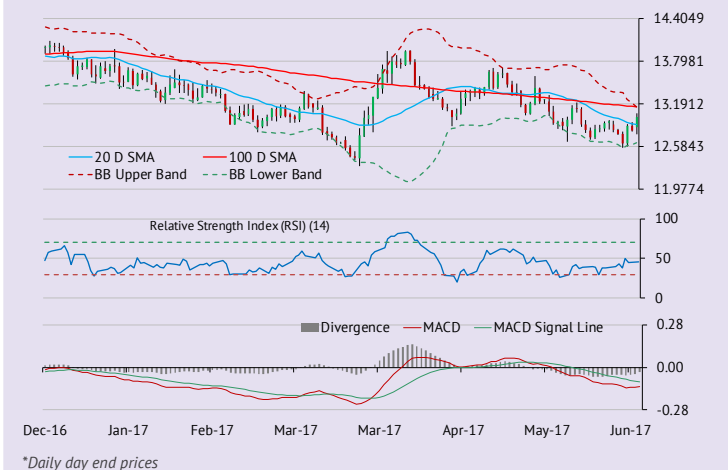
The JSE All Share index is expected to find support at 50,920.00, and a fall through could take it to the next support level of 50,224.09. The index is expected to find its first resistance at 52,141.49, and a rise through could take it to the next resistance level of 52,667.07.

### S&P 500



The S&P 500 index is expected to find support at 2,430.05, and a fall through could take it to the next support level of 2,406.65. The index is expected to find its first resistance at 2,465.34, and a rise through could take it to the next resistance level of 2,477.23.

### USDZAR



The pair is expected to find support at 12.6905, and a fall through could take it to the next support level of 12.3788. The pair is expected to find its first resistance at 13.1846, and a rise through could take it to the next resistance level of 13.3670.

### XAU/USD



Gold is expected to find support at \$1,231.40/oz, and a fall through could take it to the next support level of \$1,218.60/oz. The precious metal is expected to find its first resistance at \$1,267.50/oz, and a rise through could take it to the next resistance level of \$1,290.80/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
China	03:00	PBOC Governor Zhou Xiaochuan Speaks in Shanghai	✓✓✓	-	-	As scheduled
Japan	07:30	Nationwide Department Store Sales (YoY) (May)	✓	-	0.70%	Monthly
Japan	07:30	Tokyo Department Store Sales (YoY) (May)	✓	-	-0.80%	Monthly
Germany	08:00	Producer Price Index (MoM) (May)	✓✓	-0.10%	0.40%	Monthly
Germany	08:00	Producer Price Index (YoY) (May)	✓✓	2.90%	3.40%	Monthly
Spain	09:00	Trade Balance (Apr)	✓✓	-	-EUR1.46bn	Monthly
Japan	09:00	Convenience Store Sales (YoY) (May)	✓	-	0.30%	Monthly
South Africa	09:00	Leading Indicator (Apr)	✓✓	-	97.60	Monthly
US	09:15	Fed's Fischer Speaks in Amsterdam	✓	-	-	As scheduled
UK	09:30	BOE's Carney speaks at Mansion House event in London	✓✓✓	-	-	As scheduled
Eurozone	10:00	Current Account n.s.a. (Apr)	✓	-	EUR44.80bn	Monthly
Eurozone	10:00	Current Account s.a (Apr)	✓✓	-	EUR34.10bn	Monthly
South Africa	10:00	Current Account Balance (Q1)	✓✓	-ZAR84.00bn	-ZAR76.00bn	Quarterly
South Africa	10:00	Current Account to GDP (Q1)	✓✓	-2.00%	-1.70%	Quarterly
Portugal	10:30	Bank of Portugal Governor Speaks at Conference in Lisbon	✓✓✓	-	-	As scheduled
Switzerland	10:45	SNB's Jordan Speaks in Bern	✓✓✓	-	-	As scheduled
US	13:45	Fed's Rosengren to Speak at Macroeconomic Conference	✓	-	-	As scheduled
Canada	14:30	Wholesale Sales (MoM) (Apr)	✓	0.50%	0.90%	Monthly
US	14:30	Current Account Balance (Q1)	✓✓	-USD123.60bn	-USD112.40bn	Quarterly
US	14:55	Redbook Index (YoY) (16-Jun)	✓	-	2.10%	Weekly
US	14:55	Redbook Index s.a. (MoM) (16-Jun)	✓	-	0.50%	Weekly
China	15:00	Conference Board Leading Economic Index (May)	✓	-	1.20%	Monthly
US	21:00	Fed's Kaplan Speaks in San Francisco	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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