

ONE Minute Brief

21 June 2017

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Economic and Political News

In South Africa (SA), current account deficit expanded more-than-expected to ZAR92bn in 1Q17, following a current account deficit of ZAR76bn in the previous quarter. Leading indicator eased to 96.7 in April, compared to a reading of 97.6 in March.

Deputy President, Cyril Ramaphosa, has stated that true radical economic transformation is needed in the country to redress the imbalances of the past.

Credit rating agency S&P has warned that SA's credit rating would be downgraded deeper into junk territory if the government interferes in the independence of the nation's central bank.

The South African Reserve Bank (SARB) has decided to take legal action against the Public Protector, Busisiwe Mkhwebane's, after its legal team advised that actions recommended by the Public Protector fell outside her powers and were unlawful.

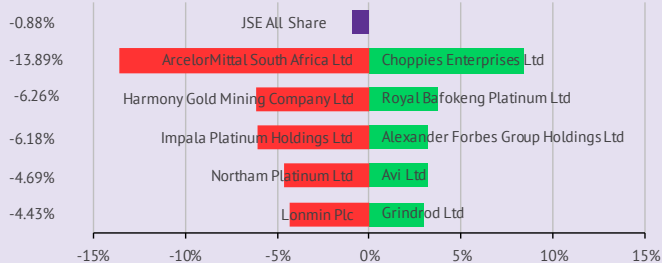
The Constitutional Court has indicated that it will indicate its judgement on Thursday about whether members of Parliament could vote by secret ballot in a motion of no confidence in President, Jacob Zuma.

The JSE has indicated that JSE-listed companies are now required to publish a compliance report on their broad-based black economic empowerment (B-BBEE) status.

South Africa Market ▼

South African markets closed lower

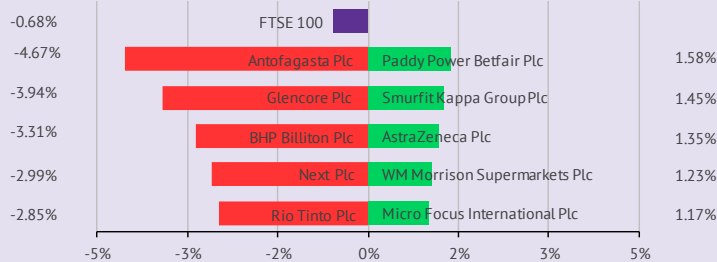
South African markets closed in the red yesterday, amid a decline in platinum mining sector stocks. Data revealed that South Africa's current account deficit widened more-than-anticipated in the first quarter of 2017. The JSE All Share Index fell 0.9% to close at 51,160.57.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, weighed down by losses in commodity sector stocks. The FTSE 100 Index declined 0.7% to close at 7,472.71.



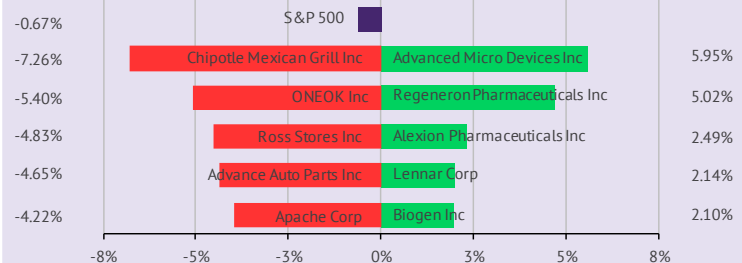
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51160.57	▼ -455.33	-0.88%	0.65%	-4.48%	-0.47%	1.00%
JSE Top 40	44970.49	▼ -410.71	-0.91%	1.03%	-4.63%	0.17%	2.43%
FTSE 100	7472.71	▼ -51.10	-0.68%	0.12%	-0.63%	4.39%	4.62%
DAX 30	12814.79	▼ -74.16	-0.58%	0.49%	1.58%	1.42%	11.62%
CAC 40	5293.65	▼ -17.07	-0.32%	0.58%	0.19%	0.31%	8.87%
S&P 500	2437.03	▼ -16.43	-0.67%	0.16%	1.05%	1.16%	8.85%
Nasdaq Composite	6188.03	▼ -50.98	-0.82%	0.59%	-0.17%	2.50%	14.95%
DJIA	21467.14	▼ -61.85	-0.29%	0.39%	2.18%	0.33%	8.63%

US Market ▼

The S&P 500 futures are trading in the red

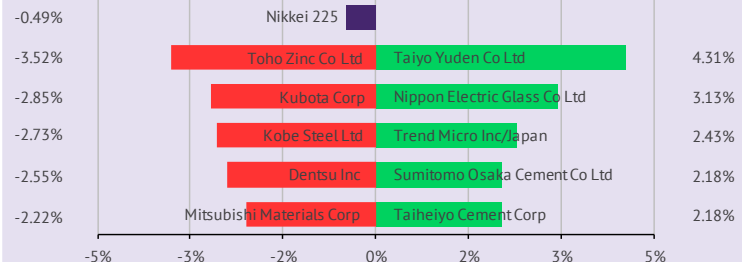
US markets closed lower yesterday, led by losses in energy sector stocks. Data indicated that US current account deficit widened less-than-expected in 1Q17. The S&P 500 Index dropped 0.7% to close at 2,437.03.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that Japan's all industry activity index advanced more-than-expected on a monthly basis in April. The Nikkei 225 Index is trading 0.5% lower at 20,132.16.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally gained against the South African Rand to trade at R13.0742. Later today, traders will keep a close watch on US existing home sales and MBA mortgage applications for further cues. Separately, South Africa's consumer price index will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. On the macro front, US current account deficit increased less than market anticipations in the first quarter of 2017. Separately, South Africa's current account deficit widened more-than-expected in the same quarter. Further, leading indicator recorded a drop in April, compared to its prior reading.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R16.5180. Later today, traders will keep an eye on UK's public sector net borrowings for further direction.

The British Pound declined against the South African Rand yesterday. At his Mansion House speech in London, the Bank of England's (BoE) Mark Carney warned that given the mixed signals on consumer spending and business investment in the UK and given the still subdued domestic inflationary pressures, in particular anaemic wage growth, now is not the time to raise interest rates.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R14.5599.

The Euro strengthened against the South African Rand yesterday. In the economic news, Eurozone's current account surplus narrowed compared to its previous reading in April. Meanwhile, Germany's producer price index declined more-than-anticipated on a monthly basis in May.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R9.8941. Earlier in the session, data showed that Australia's Westpac leading index recorded a drop on a monthly basis in May.

The Australian Dollar rose against the South African Rand yesterday. The Reserve Bank of Australia (RBA) in its June meeting minutes kept the benchmark interest rate steady at 1.5% and further remains confident about the Australian economy to improve in the coming years, shrugging off its first quarter result which revealed that the economy expanded at its slowest pace since 2009. The central bank will focus on the employment and housing markets in the coming months. Data revealed that Australia's house price index rose at par with the market forecast on a quarterly basis in 1Q17.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.0742	▲	0.51%	1.98%	-0.38%	-1.89%	-4.83%
GBPZAR	16.5180	▲	-0.33%	0.76%	-2.14%	-2.60%	-2.49%
EURZAR	14.5599	▲	0.38%	1.44%	-1.11%	1.03%	0.76%
AUDZAR	9.8941	▼	0.26%	1.47%	1.88%	-2.87%	-0.01%
EURUSD	1.1137	▲	-0.13%	-0.57%	-0.98%	3.20%	5.91%
GBPUSD	1.2634	▲	-0.85%	-1.20%	-2.02%	-0.47%	2.38%
Brent (\$/barrel)	45.9	▼	-1.90%	-2.85%	-9.34%	-2.48%	-19.01%
Gold (\$/oz)	1247.2	▲	-0.26%	-1.04%	-2.44%	0.29%	7.75%
Platinum (\$/oz)	923.2	▲	-0.58%	-0.57%	-3.03%	0.17%	2.21%
Copper (\$/MT)*	5630.5	▼	-1.27%	-0.15%	-0.48%	-0.92%	1.95%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,247.20/oz.

Yesterday, gold prices fell 0.3% to close at \$1,241.00/oz, after the Boston Fed President, Eric Rosengren, stated that low-interest rates in the US indicates financial stability risks and the Fed should consider this into their decision making. Further, strength in the US dollar also lowered demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.2% to trade at \$45.91/bl.

Yesterday, Brent crude oil dropped 1.9% to settle at \$46.02/bl, after the American Petroleum Institute (API) reported that gasoline supplies climbed by 346,000 bls, while inventories of distillates increased by 1.8mn bls. Meanwhile, the API reported a decline of 2.7mn bls in the US crude supplies for the week ended June 16, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$923.20/oz.

Yesterday, platinum prices declined 0.6% to close at \$921.50/oz.

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Major South Africa Corporate News

Anglo American Plc

The company reported the value of rough diamond sales for De Beers' fifth sales cycle of 2017, amounting to \$530.00mn.

Net 1 Ueps Technologies Inc.

The company announced that the High Court of the Republic of South Africa Gauteng Division, Pretoria has refused the applicants', including the Minister of Social Development, SASSA and Black Sash, leave to appeal its May 9, 2017, declaratory order.

Datatec Limited

The company announced that its subsidiary Logicalis Group Limited and its Indonesian partner Metrodata, have agreed to acquire a majority stake in Packet Systems Indonesia, a leading ICT systems integrator and service company. PSI will be integrated with Logicalis Metrodata Indonesia, the existing Indonesian operation of Logicalis. The total consideration payable by Logicalis will be \$6.80mn in cash funded from Logicalis' existing bank facilities.

Major Global Economic News

Asia

In Australia, the Westpac leading index recorded a drop of 0.02% on a monthly basis in May. In the previous month, the index had registered a revised drop of 0.08%.

The Bank of Japan (BoJ) in its April meeting minutes stated that the policymakers have become more optimistic about Japanese industrial production and exports, but are still cautious on inflation expectations. Moreover, they agreed that the amount of government debt purchases will fluctuate under its quantitative easing programme, but such changes are not expected to pose problems for its guidance on market operations.

In Japan, the all industry activity index recorded a rise of 2.1% on a monthly basis in April, more than market expectations for an advance of 1.6%. The index had fallen by a revised 0.7% in the prior month.

Eurozone

In the Eurozone, the seasonally adjusted current account surplus narrowed to EUR22.20bn in April, following a revised current account surplus of EUR35.70bn in the prior month.

In Germany, the producer price index dropped 0.2% on a monthly basis in May, more than market expectations for a fall of 0.1%. The index had advanced 0.4% in the previous month.

US

The US has posted current account deficit of USD116.80bn in 1Q17, following a revised current account deficit of USD114.00bn in the previous quarter. Market anticipation was for a current account deficit of USD123.80bn.

UK

The BoE Governor, Mark Carney warned that given the mixed signals on consumer spending and business investment in the UK and further the domestic inflationary pressures, in particular anemic wage growth, now is not the time to hike interest rates.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	BoJ Monetary Policy Meeting Minutes	✓✓✓	-	-	As scheduled
Japan	06:30	All Industry Activity Index (MoM) (Apr)	✓✓	2.10%*	-0.60%	Monthly
Japan	07:00	Supermarket Sales (YoY) (May)	✓	-	0.60%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (May) (F)	✓✓	-	24.40%**	Monthly
Japan	08:36	BOJ Kuroda speaks in Tokyo	✓✓✓	-	-	As scheduled
South Africa	10:00	Consumer Price Index (MoM) (May)	✓✓✓	0.20%	0.10%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (May)	✓✓✓	5.40%	5.30%	Monthly
UK	10:30	PSCNR Net Debt % GDP (May)	✓✓	-	100.90%	Monthly
UK	10:30	Public Sector Net Cash Requirement (May)	✓✓	-	-GBP15.21bn	Monthly
UK	10:30	PSNB ex Interventions (May)	✓	GBP6.80bn	GBP10.40bn	Monthly
UK	10:30	Public Sector Net Borrowing (May)	✓✓	GBP7.00bn	GBP9.60bn	Monthly
US	13:00	MBA Mortgage Applications (16-Jun)	✓	-	2.80%	Weekly
UK	13:00	BOE's Haldane Speaks in Yorkshire	✓	-	-	As scheduled
US	16:00	Existing Home Sales (May)	✓	5.54mn	5.57mn	Monthly
US	16:00	Existing Home Sales (MoM) (May)	✓	-0.40%	-2.30%	Monthly
UK	-	Central Government: Other Receipts (May)	✓	-	GBP1056.00mn	Monthly
UK	-	Total Government Receipts (May)	✓✓	-	GBP53960.00mn	Monthly
UK	-	Total Outlays (May)	✓✓	-	GBP44224.00mn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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