

# ONE Minute Brief

30 June 2017

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## Economic and Political News

In South Africa, the producer price index registered an expected rise of 4.8% YoY in May, compared to an advance of 4.6% in April.

President, Jacob Zuma, stated that the ANC will emerge stronger from its policy conference. Meanwhile, the party's Secretary General, Gwede Mantashe, stated that discussions at the conference will include allegations that business interests are having undue influence over political appointments and public tenders.

South African Health Minister, Aaron Motsoaledi, stated that the National Health Insurance (NHI) will be mandatory for all citizens once passed and that it may be fully operational by 2025. He added that the implementation phase of the NHI will cost about ZAR69.0bn over a four-year period.

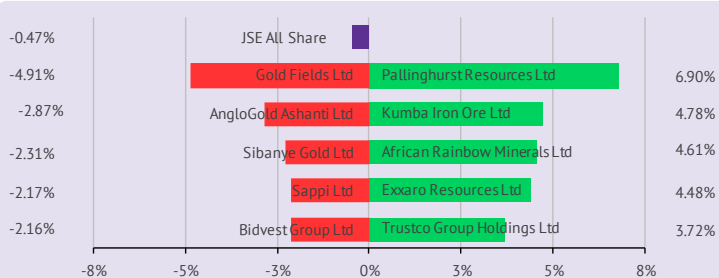
The disciplinary hearing for South African Broadcasting Corporation's (SABC) suspended acting CEO, James Aguma's has been postponed to July to collect further information from the SABC on the nature of the charges faced by him.

The Democratic Alliance has asked for the removal of South African Airways Chairwoman, Dudu Myeni, after the Companies Tribunal dismissed her application to set aside a compliance notice issued against her by the Companies and Intellectual Properties Commission.

## South Africa Market ▼

### South African markets closed lower

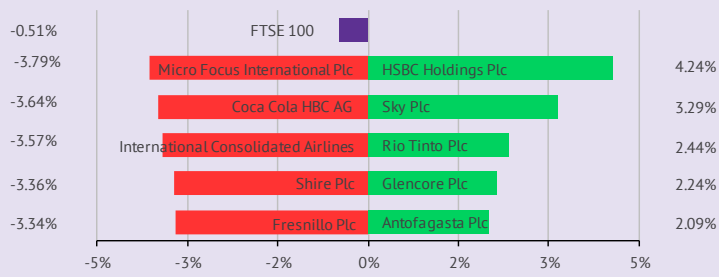
South African markets closed in the red yesterday, led by losses in gold mining sector stocks. Data revealed that South Africa's producer price index for May advanced at par with the market forecast on an annual basis. The JSE All Share Index fell 0.5% to close at 51,355.97.



## UK Market ▼

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

UK markets finished lower yesterday, amid a decline in utility sector stocks. Data indicated that UK's GfK consumer confidence for June tumbled to its lowest level in 11 months. The FTSE 100 Index declined 0.5% to close at 7,350.32.



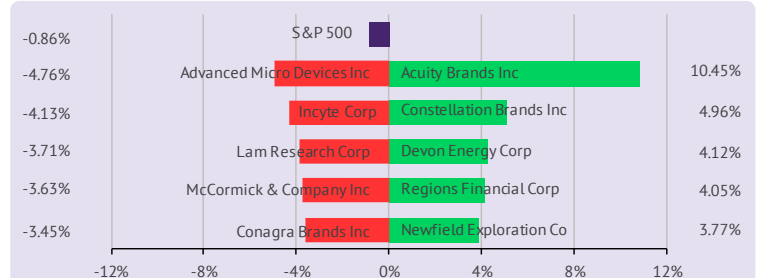
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51355.97	▼ -240.87	-0.47%	-0.29%	-4.12%	-0.47%	1.39%
JSE Top 40	45211.74	▼ -292.81	-0.64%	-0.32%	-4.12%	0.17%	2.98%
FTSE 100	7350.32	▼ -37.48	-0.51%	-0.99%	-2.26%	4.39%	2.90%
DAX 30	12416.19	▼ -231.08	-1.83%	-2.49%	-1.58%	1.42%	8.14%
CAC 40	5154.35	▼ -98.55	-1.88%	-2.12%	-2.45%	0.31%	6.01%
S&P 500	2419.70	▼ -20.99	-0.86%	-0.76%	0.33%	1.16%	8.08%
Nasdaq Composite	6144.35	▼ -90.06	-1.44%	-1.93%	-0.87%	2.50%	14.14%
DJIA	21287.03	▼ -167.58	-0.78%	-0.50%	1.33%	0.33%	7.71%

## US Market ▼

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

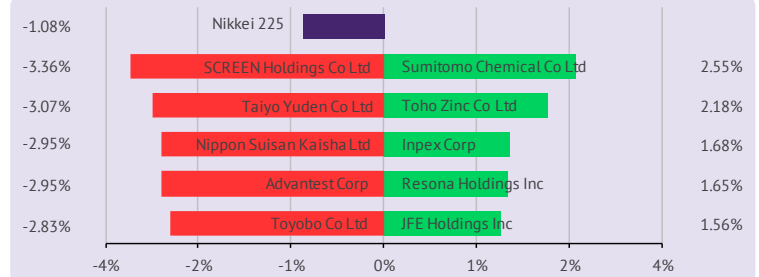
US markets closed lower yesterday, weighed down by losses in information technology sector stocks. On the data front, US annualized gross domestic product advanced more-than-forecast in 1Q17. The S&P 500 Index dropped 0.9% to close at 2,419.70.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning. Data showed that Japan's national consumer price index for May rose less-than-expected. The Nikkei 225 Index is trading 1.1% lower at 20,001.23.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R13.0012. Later today, traders will keep a close watch on US personal consumption expenditure and personal spending for further direction. Separately, South Africa's trade balance and private sector credit will be on investors' radar.

The US Dollar rose against the South African Rand yesterday after the US annualized gross domestic product recorded a more-than-expected rise in the first quarter of 2017, amid strength in consumer spending and exports. Meanwhile, initial jobless claims surprisingly increased for the week ended June 24, 2017. Separately, South Africa's annual and monthly producer price index recorded a rise for May in line with market anticipation.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R16.9270. On the macro front, UK's GfK consumer confidence declined more-than-anticipated in June, reaching its weakest level in 11 months, weighed down by rising inflation and weakness in wage growth. Later today, traders will keep an eye on UK's gross domestic product and current account balance for further direction.

The British Pound advanced against the South African Rand yesterday. In the economic news, UK's net consumer credit for May rose higher than market anticipation. Moreover, mortgage approvals surprisingly increased in the same month.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R14.8726. Going forward, market participants will keep a tab on Eurozone's consumer price index estimate along with Germany's unemployment rate and retail sales for further cues.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's economic sentiment indicator for June advanced to its highest level since August 2007. Additionally, business climate indicator grew more-than-expected in the same month, notching its strongest level since April 2011. Further, final consumer confidence index for June rose in line with the market forecast. Meanwhile, Germany's preliminary consumer price inflation in June jumped more than market expectations on an annual basis. Further, GfK consumer confidence recorded an unexpected rise in July.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.0142. Earlier in the session, data revealed that Australia's private sector credit for May registered a rise at par with market expectations on a yearly basis. Meanwhile, in China, Australia's largest trading partner, NBS manufacturing PMI unexpectedly grew in June.

The Australian Dollar rose against the South African Rand yesterday.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.0012	▼	0.68%	0.72%	-0.72%	-1.89%	-5.16%
GBPZAR	16.9270	▼	1.32%	2.99%	0.43%	-2.60%	0.07%
EURZAR	14.8726	▼	1.22%	2.92%	1.27%	1.03%	3.17%
AUDZAR	10.0142	▲	1.27%	2.25%	2.91%	-2.87%	1.01%
EURUSD	1.1438	▼	0.55%	2.21%	1.75%	3.20%	8.83%
GBPUSD	1.3020	▲	0.63%	2.27%	0.91%	-0.47%	5.44%
Brent (\$/barrel)	47.7	▲	0.23%	4.13%	-6.58%	-2.48%	-16.54%
Gold (\$/oz)	1246.6	▲	-0.26%	-0.83%	-2.06%	0.29%	8.17%
Platinum (\$/oz)	919.5	▲	-0.29%	-1.12%	-3.29%	0.17%	1.93%
Copper (\$/MT)*	5931.3	▲	1.10%	2.61%	4.83%	-0.92%	7.39%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,246.60/oz.

Yesterday, gold prices fell 0.3% to close at \$1,245.80/oz, reversing its previous session gains.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.6% to trade at \$47.71/bbl.

Yesterday, Brent crude oil advanced 0.2% to settle at \$47.42/bbl, extending its previous session gains. Meanwhile, Goldman Sachs has downgraded its three-month average prediction for oil prices to \$47.50 per barrel for WTI crude, down from its previous estimate of \$55.00 a barrel, amid an upsurge in shale drilling and an unexpected rise in production from Libya and Nigeria.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.1% to trade at \$919.50/oz.

Yesterday, platinum prices declined 0.3% to close at \$919.00/oz.

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## Major South Africa Corporate News

### Murray & Roberts Holdings Limited

The company announced that Ms Mahlape Sello, an independent Non-Executive Director since February 2009 and a Chairman from March 2013, will retire as a Director and Chairman of the company at the 2017 Annual General Meeting (AGM). Further, Dr Suresh Kana is appointed as an Independent Non-Executive Chairman. Furthermore, Mr Dave Barber, an independent Non-Executive Director will also step down from the Board at the AGM.

### Old Mutual Plc

The company announced that Dr Nkosana Moyo has stepped down from the Board with immediate effect.

## Major Global Economic News

### Asia

In Australia, private sector credit registered a rise of 5.0% on an annual basis in May, compared to a rise of 4.9% in the previous month. Market expectation was for the private sector credit to climb 5.0%.

In China, the NBS manufacturing PMI recorded an unexpected rise to a level of 51.70 in June, compared to market expectations of a fall to a level of 51.00. The NBS manufacturing PMI had recorded a reading of 51.20 in the prior month.

In Japan, the national consumer price index (CPI) climbed 0.4% on an annual basis in May, lower than market expectations for a rise of 0.5%. In the prior month, the index had registered a similar rise.

In Japan, unemployment rate recorded an unexpected rise to a level of 3.1% in May, higher than market expectations of a steady reading. Unemployment rate had registered a level of 2.8% in the previous month.

In May, household spending fell 0.1% on a yearly basis in Japan, less than market expectations for a drop of 0.7%. Household spending had registered a drop of 1.4% in the prior month.

In Japan, preliminary industrial production eased 3.3% on a monthly basis in May, compared to an advance of 4.0% in the prior month. Market expectation was for industrial production to drop 3.0%.

### Eurozone

In the Eurozone, the final consumer confidence index climbed to -1.30 in June, compared to a level of -3.30 in the prior month. Markets were expecting the index to rise to a level of -1.30. The preliminary figures had also recorded an advance to -1.30.

In June, the business climate indicator advanced to 1.15 in the Eurozone, higher than market expectations of an advance to a level of 0.94. The business climate indicator had recorded a reading of 0.90 in the prior month.

In the Eurozone, the economic sentiment indicator climbed to 111.10 in June, higher than market expectations of an advance to a level of 109.50. In the prior month, the economic sentiment indicator had recorded a level of 109.20.

In Germany, the preliminary consumer price index advanced 1.6% on a yearly basis in June, compared to a rise of 1.5% in the previous month. Market anticipation was for the index to advance 1.4%.

In July, the GfK consumer confidence index unexpectedly rose to a level of 10.60 in Germany, compared to a reading of 10.40 in the previous month. Market expectation was for the index to record a flat reading.

### UK

In the UK, net consumer credit advanced GBP1.70bn in May, compared to an advance of GBP1.50bn in the prior month. Market expectation was for net consumer credit to rise GBP1.40bn.

In May, number of mortgage approvals for house purchases recorded an unexpected rise to a level of 65.20K in the UK, compared to market expectations of a fall to 64.00K. In the prior month, number of mortgage approvals for house purchases had recorded a revised level of 65.10K.

In the UK, the GfK consumer confidence recorded a drop to -10.00 in June, higher than market expectations of a drop to -7.00. The consumer confidence had registered a level of -5.00 in the previous month.

### US

In the US, the final annualized gross domestic product (GDP) registered a rise of 1.4% on a quarterly basis in 1Q17, compared to a rise of 2.1% in the previous quarter. The preliminary figures had indicated an advance of 1.2%. Markets were anticipating the annualized GDP to advance 1.2%.

In the US, the seasonally adjusted initial jobless claims surprisingly advanced to a level of 244.00K in the week ended June 24, 2017, compared to a revised reading of 242.00K in the prior week. Market expectation was for initial jobless claims to ease to a level of 240.00K.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	Lloyds Business Barometer (Jun)	✓	30.00%*	27.00%	Monthly
UK	01:01	GfK Consumer Confidence (Jun)	✓✓	-10.00*	-5.00	Monthly
Japan	01:30	Job-To-Applclicant Ratio (May)	✓	1.49*	1.48	Monthly
Japan	01:30	Unemployment Rate (May)	✓✓✓	3.10%*	2.80%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (May)	✓✓✓	0.40%*	0.40%	Monthly
Japan	01:30	Household Spending (YoY) (May)	✓✓	-0.10%*	-1.40%	Monthly
Japan	01:50	Industrial Production (MoM) (May) (P)	✓✓✓	-3.30%*	4.00%	Monthly
China	03:00	NBS Manufacturing PMI (Jun)	✓✓	51.70*	51.20	Monthly
Japan	07:00	Housing Starts (YoY) (May)	✓	-0.70%	1.90%	Monthly
Germany	08:00	Retail Sales (MoM) (May)	✓✓	0.30%	-0.20%	Monthly
Germany	08:00	Retail Sales (YoY) (May)	✓✓	2.80%	-0.90%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (May)	✓	5.60%	5.33%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (May)	✓✓	6.00%	5.90%	Monthly
Germany	09:55	Unemployment Rate s.a. (Jun)	✓✓	5.70%	5.70%	Monthly
Germany	09:55	Unemployment Change (Jun)	✓✓✓	-10.00K	-9.00K	Monthly
UK	10:30	Current Account (Q1)	✓✓	-	-GBP12.10bn	Quarterly
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.20%	0.20%**	Quarterly
UK	10:30	Gross Domestic Product s.a. (YoY) (Q1) (F)	✓✓	2.00%	2.00%**	Quarterly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Jun) (P)	✓✓✓	1.00%	0.90%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Jun) (F)	✓✓	1.30%	1.90%**	Monthly
South Africa	14:00	Trade Balance (May)	✓✓✓	ZAR9.30bn	ZAR5.10bn	Monthly
US	14:30	Personal Income (MoM) (May)	✓✓	0.30%	0.40%	Monthly
US	14:30	Personal Spending (May)	✓✓	0.10%	0.40%	Monthly
US	14:30	Personal Consumption Expenditure Core (YoY) (May)	✓✓	1.40%	1.50%	Monthly
US	14:30	Personal Consumption Expenditure Core (MoM) (May)	✓✓	0.10%	0.20%	Monthly
US	15:45	Chicago PMI (Jun)	✓✓✓	58.00	55.20	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Jun) (F)	✓✓✓	94.50	94.50**	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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