

ONE Minute Brief

20 July 2017

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Economic and Political News

In South Africa (SA), the consumer price index (CPI) recorded a less-than-expected rise of 5.1% YoY in June, compared to a rise of 5.4% in May. Retail sales unexpectedly rose 1.7% YoY in May, compared to a rise of 1.5% in April.

Ratings Agency, Fitch, stated that SA's economic strategy announced by Finance Minister, Malusi Gigaba, is unlikely to boost economic growth in the nation. Further, Fitch cut its growth forecast for this year to 0.6% from 1.2%.

Social Development Minister, Bathabile Dlamini, has appointed African National Congress Women's League member, Pearl Bhengu, as the new interim CEO of the South African Social Security Agency (SASSA). She was the head of Sassa in KwaZulu-Natal since May 2012.

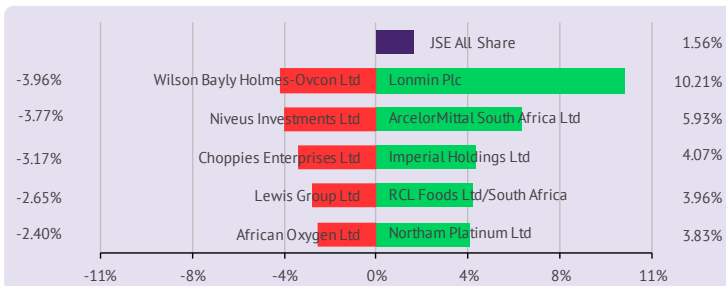
The Portfolio Committee on Public Enterprises revealed that it has asked President, Jacob Zuma's, son, Duduzane, and the Guptas to appear before the committee next month and give evidence about Eskom's deals with Gupta-owned companies.

The South African Broadcasting Corporation (SABC) stated that though it has dropped all charges against its former group CEO, James Aguma, the Special Investigating Unit (SIU) is still investigating certain contracts and could possibly file criminal charges against him.

South Africa Market ▲

South African markets closed higher

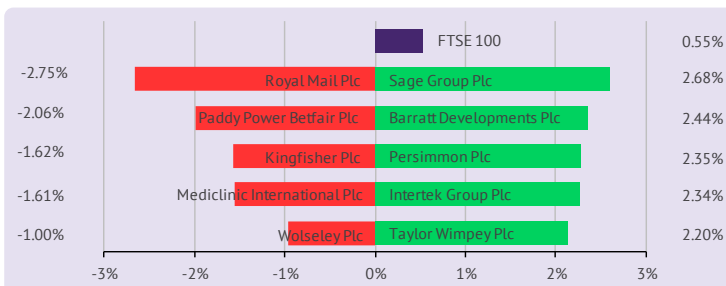
South African markets closed in the green yesterday, led by gains in industrial and retail sector stocks. Data revealed that in SA, growth in inflation slowed on an annual basis in June to its lowest level since November 2015. The JSE All Share Index rose 1.6% to 54,091.11.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, amid gains in information technology and consumer discretionary sector stocks. The FTSE 100 Index advanced 0.6% to close at 7,430.91.



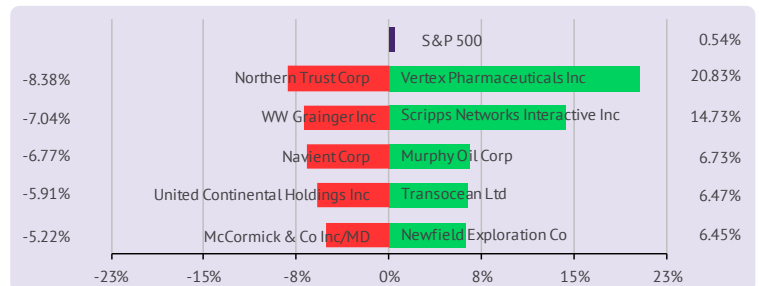
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54091.11	▲ 829.47	1.56%	0.92%	4.81%	-3.64%	6.79%
JSE Top 40	47748.68	▲ 820.84	1.75%	0.93%	5.12%	-3.67%	8.76%
FTSE 100	7430.91	▲ 40.69	0.55%	0.71%	1.62%	-2.76%	4.03%
DAX 30	12452.05	▲ 21.66	0.17%	-1.42%	1.03%	-2.30%	8.46%
CAC 40	5216.07	▲ 42.80	0.83%	-0.37%	1.86%	-3.08%	7.28%
S&P 500	2473.83	▲ 13.22	0.54%	0.59%	2.08%	0.48%	10.50%
Nasdaq Composite	6385.04	▲ 40.74	0.64%	1.15%	3.98%	-0.94%	18.61%
DJIA	21640.75	▲ 66.02	0.31%	0.01%	1.36%	1.62%	9.50%

US Market ▲

The S&P 500 futures are trading in the red

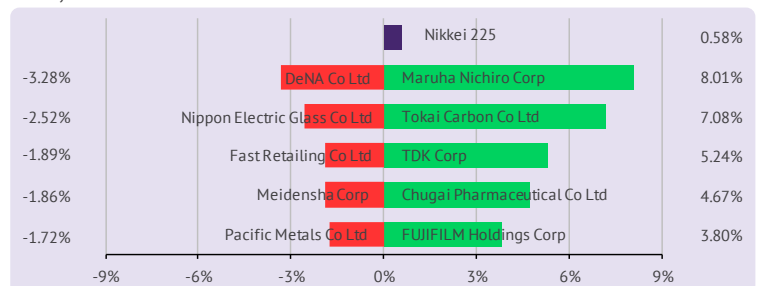
US markets closed higher yesterday, supported by gains in energy and material sector stocks. Data showed that US housing starts and building permits rebounded more than expected on a monthly basis in June. The S&P 500 Index climbed 0.5% to close at 2,473.83.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. On the data front, Japan's Merchandise trade balance recorded a surplus of less than market expectations in June. The Nikkei 225 Index is trading 0.6% higher at 20,136.87.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.3% against the South African Rand to trade at R12.9538. Later today, traders will keep a close watch on US initial jobless claims and leading indicator for further direction. Separately, South African Reserve Bank interest rate decision will be on investors' radar.

The US Dollar rose against the South African Rand yesterday after data indicated that US housing starts bounced back into positive territory, more than market expectations on monthly basis in June, notching its highest level since February. Further, building permits rebounded more-than-anticipated on a monthly basis in the same month, its highest rise in 4 months. Moreover, MBA mortgage applications rebounded for the week ended July 14, 2017. Separately, South Africa's consumer price inflation advanced at a slower-than-expected pace on an annual basis in June, reaching its weakest level since November 2015. Meanwhile, retail sales surprisingly advanced on an annual basis in May.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R16.8608. Later today, traders will keep an eye on UK's retail sales for further cues.

The British Pound advanced against the South African Rand yesterday.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R14.9068. Going forward, market participants will keep a tab on the ECB's interest rate decision, Eurozone's consumer confidence and current account balance along with Germany's producer price index for further indication.

The Euro weakened against the South African Rand yesterday after data revealed that Eurozone's construction output retreated on a monthly basis in May.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R10.2769. Earlier in the session, data revealed that Australia's unemployment rate advanced in line with market expectations in June. Further, the NAB business confidence remained unchanged in 2Q17, compared to its previous reading.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's Westpac leading index for June recorded a drop on a monthly basis, compared to its previous reading.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.9538	▲	0.16%	-0.91%	-1.21%	-0.33%	-5.93%
GBPZAR	16.8608	▲	0.01%	-1.45%	-1.22%	0.98%	-0.62%
EURZAR	14.9068	▲	-0.18%	-0.51%	-0.44%	1.56%	3.02%
AUDZAR	10.2769	▼	0.66%	0.80%	2.42%	3.21%	3.74%
EURUSD	1.1508	▼	-0.34%	0.39%	0.78%	1.62%	9.53%
GBPUSD	1.3016	▼	-0.14%	-0.58%	-0.02%	1.05%	5.56%
Brent (\$/barrel)	49.6	▼	1.76%	1.62%	1.91%	-3.92%	-12.53%
Gold (\$/oz)	1237.4	▼	0.01%	1.18%	-0.02%	-2.33%	7.84%
Platinum (\$/oz)	921.6	-	-0.66%	0.08%	-0.23%	-2.80%	2.22%
Copper (\$/MT)*	5929.5	▼	-0.74%	0.41%	0.04%	4.76%	7.36%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.4% to trade at \$1,237.40/oz.

Yesterday, gold prices marginally rose to close at \$1,242.00/oz, extending its previous session gains.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$49.64/bL.

Yesterday, Brent crude oil advanced 1.8% to settle at \$49.70/bL, after the US Energy Department reported that crude oil inventories fell by 4.7mn bls for the week ended July 14, 2017.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices are trading flat at \$921.60/oz.

Yesterday, platinum prices declined 0.7% to close at \$921.60/oz.



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Major South Africa Corporate News

BHP Billiton Plc

In its operational review for FY17, the company stated that it has achieved its full year production guidance for petroleum and iron ore, with record annual production at Western Australia Iron Ore (WAIO), Spence and two Queensland Coal mines. Separately, its lower copper production reflected the impact of industrial action at Escondida and the power outage and unplanned maintenance at Olympic Dam. However, group copper equivalent production expected to increase by 7.0% in FY18.

British American Tobacco Plc

The company announced that the acquisition by a subsidiary of the company, of the remaining 57.8% of Reynolds American Inc. not already held by the company and its subsidiaries has been approved by its shareholders. Reynolds has also stated that its shareholders have approved the proposed acquisition.

Curro Holdings Limited

In its 1H17 trading statement, the company reported that its earnings per share and headline EPS for the period will be between 26.40c and 27.50c compared with 22.00c achieved for the prior corresponding period, being an increase of between 20.0% and 25.0%.

Major Global Economic News

Asia

In Australia, the seasonally adjusted unemployment rate remained steady at a level of 5.6% in June. Markets were expecting unemployment rate to remain unchanged.

In Australia, the NAB business confidence index remained steady at a level of 7.00 in 2Q17.

In Japan, merchandise (total) trade surplus recorded a reading of JPY439.90bn in June, compared to a trade deficit of JPY203.40bn in the previous month. Market anticipation was for the nation to post a trade surplus of JPY488.00bn.

The Bank of Japan (BoJ) kept monetary policy unchanged, as widely expected. However, in a quarterly review of its long-term projections, the BoJ cut its inflation forecast for the current fiscal year ending in March 2018 to 1.1% from 1.4% forecasted three months ago. Further, the central bank pushed back the timing for achieving its 2% inflation target, stating that it would be met sometime during fiscal 2019. In April, it had projected inflation would hit 2% in fiscal 2018.

In May, the all industry activity index eased 0.9% on a monthly basis in Japan, compared to a revised advance of 2.3% in the previous month. Market anticipation was for the index to ease 0.8%.

US

In the US, housing starts rose 8.3% on monthly basis, to an annual rate of 1215.00K in June, compared to a revised reading of 1122.00K in the previous month. Market expectation was for housing starts to climb to a level of 1160.00K.

In June, building permits climbed 7.4% on monthly basis to an annual rate of 1254.00K in the US, compared to a level of 1168.00K in the prior month. Markets were expecting building permits to advance to 1201.00K.

In the US, MBA mortgage applications advanced 6.3% in the week ended July 14, 2017. In the previous week, mortgage applications had fallen 7.4%.

Eurozone

In the Eurozone, the seasonally adjusted construction output eased 0.7% on a monthly basis in May. In the prior month, construction output had risen 0.3%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Exports (YoY) (Jun)	✓✓	9.70%*	14.90%	Monthly
Japan	01:50	Imports (YoY) (Jun)	✓	15.50%*	17.80%	Monthly
Japan	01:50	Merchandise Trade Balance Total (Jun)	✓✓	JPY439.90bn*	-JPY203.40bn	Monthly
Japan	01:50	Adjusted Merchandise Trade Balance (Jun)	✓	JPY81.40bn*	JPY122.70bn	Monthly
Japan	05:10	Bank of Japan Interest Rate Decision	✓✓✓	-	-0.10%	As scheduled
Japan	05:10	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	05:10	BOJ Outlook Report	✓✓✓	-	-	As scheduled
Japan	06:30	All Industry Activity Index (MoM) (May)	✓✓	-0.90%*	2.10%	Monthly
Germany	08:00	Producer Price Index (MoM) (Jun)	✓✓	-0.10%	-0.20%	Monthly
Germany	08:00	Producer Price Index (YoY) (Jun)	✓✓	2.30%	2.80%	Monthly
Japan	08:30	BOJ Kuroda speaks at press conference after MPM	✓✓✓	-	-	As scheduled
Japan	09:00	Convenience Store Sales (YoY) (Jun)	✓	-	1.00%	Monthly
Eurozone	10:00	Current Account n.s.a. (May)	✓	-	EUR21.50bn	Monthly
Eurozone	10:00	Current Account s.a (May)	✓✓	-	EUR22.20bn	Monthly
UK	10:30	Retail Sales (MoM) (Jun)	✓	0.40%	-1.20%	Monthly
UK	10:30	Retail Sales (YoY) (Jun)	✓✓	2.50%	0.90%	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
US	14:30	Continuing Jobless Claims (08-Jul)	✓	1949.00K	1945.00K	Weekly
US	14:30	Initial Jobless Claims (15-Jul)	✓✓✓	245.00K	247.00K	Weekly
US	14:30	Philadelphia Fed Manufacturing Survey (Jul)	✓✓	23.00	27.60	Monthly
Eurozone	15:30	ECB President Mario Draghi Holds Press Conference	✓✓✓	-	-	As scheduled
US	16:00	Leading Indicator (MoM) (Jun)	✓✓	0.40%	0.30%	Monthly
Eurozone	16:00	Consumer Confidence (Jul) (P)	✓✓	-1.20	-1.30	Monthly
US	16:30	EIA Natural Gas Storage Change (14-Jul)	✓	-	57.00Bcf	Weekly
UK	-	CBI Industrial Trends Survey - Orders (Jul)	✓	-	16.00	Monthly
South Africa	-	SARB Interest Rate Decision	✓✓✓	7.00%	7.00%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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