

ONE Minute Brief

3 July 2017

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Economic and Political News

In South Africa (SA), trade surplus widened more-than-expected to ZAR9.50bn in May, from a trade surplus of ZAR5.10bn in April. Meanwhile, private sector credit registered a higher-than-anticipated rise of 6.69% YoY in May, compared to an advance of 5.90% in April.

The Chairman of the Parliament's Standing Committee on Finance, Yunus Carrim, indicated that the government had no choice but to bail-out South African Airways (SAA), after the Treasury earlier revealed that it had provided SAA ZAR2.3bn to repay loans.

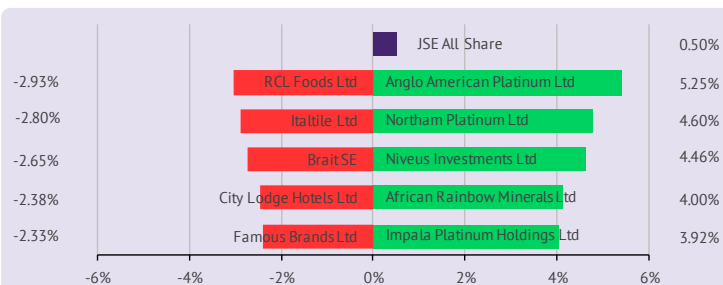
In the ANC's policy conference, President, Jacob Zuma, stated that SA will likely miss the government's growth forecast of 1.1%. Finance Minister, Malusi Gigaba, called for drastic measures to drive recovery and indicated that SA may need outside financial support to get rid of its economic spiral. ANC's Treasurer General, Zweli Mkhize, highlighted that radical economic policies were required to end inequality. Deputy President Cyril Ramaphosa stated that there were no divisions among the delegates attending the conference.

Parliament will hold the debate on the motion of no confidence in President, Jacob Zuma, on August 8. Parties have been told to submit their views on having the vote by a secret or open ballot by July 14.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, amid gains in platinum mining sector stocks. Data revealed that South Africa's trade balance expanded more-than-expected in May. The JSE All Share Index rose 0.5% to close at 51,611.01.



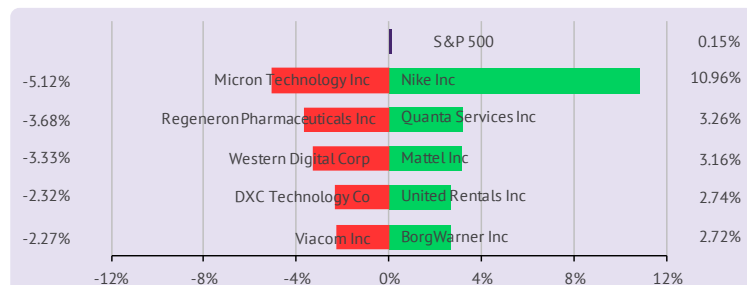
Key Indices

| | Last Close | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 51611.01 | ▲ | 255.04 | 0.50% | NA | NA | 1.89% |
| JSE Top 40 | 45421.76 | ▲ | 210.02 | 0.46% | NA | NA | 3.46% |
| FTSE 100 | 7312.72 | ▼ | -37.60 | -0.51% | NA | NA | 2.38% |
| DAX 30 | 12325.12 | ▼ | -91.07 | -0.73% | NA | NA | 7.35% |
| CAC 40 | 5120.68 | ▼ | -33.67 | -0.65% | NA | NA | 5.31% |
| S&P 500 | 2423.41 | ▲ | 3.71 | 0.15% | NA | NA | 8.24% |
| Nasdaq Composite | 6140.42 | ▼ | -3.93 | -0.06% | NA | NA | 14.07% |
| DJIA | 21349.63 | ▲ | 62.60 | 0.29% | NA | NA | 8.03% |

US Market ▲

The S&P 500 futures are trading in the green

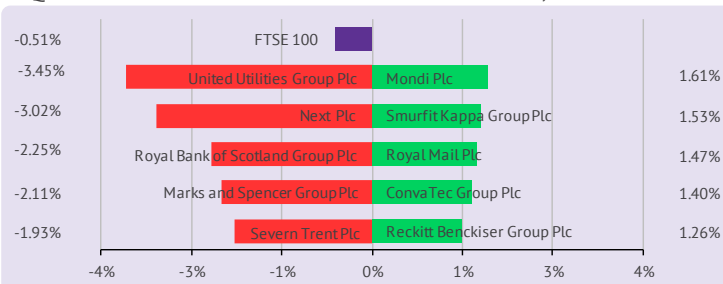
US markets closed higher on Friday, supported by a rise in industrial sector stocks. Data indicated that US personal consumption expenditure recorded an expected rise on an annual basis in May. The S&P 500 Index climbed 0.2% to close at 2,423.41.



UK Market ▼

The FTSE 100 futures are trading in positive territory

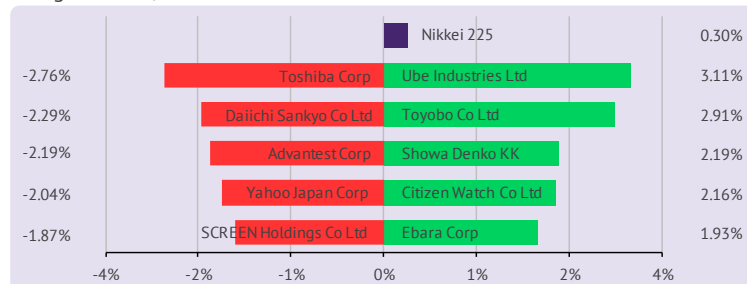
UK markets finished lower on Friday, led by losses in utility and consumer discretionary sector stocks. Data showed that the UK economy advanced at par with market forecast on a quarterly basis in 1Q17. The FTSE 100 Index declined 0.5% to close at 7,312.72.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. On the data front, China's Caixin manufacturing PMI expanded at a faster pace notching its highest level in 3 months in June. The Nikkei 225 Index is trading 0.3% higher at 20,094.32.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R13.0669. Later today, traders will keep a close watch on the US ISM manufacturing PMI and Markit manufacturing PMI for further cues. Separately, South Africa's manufacturing PMI will be on investors' radar.

The US Dollar rose against the South African Rand on Friday. In economic news, US personal consumption expenditure grew in line with market anticipations on an annual basis in May. Further, personal spending increased as forecasted in May. Additionally, flash Michigan consumer confidence index advanced more than expected in June. Separately, South Africa's trade balance for May recorded a surplus of higher than market expectations. Moreover, private sector credit advanced higher-than-anticipated in the same month.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.3% against the South African Rand to trade at R16.9851. Later today, traders will keep an eye on UK Markit manufacturing PMI for further direction.

The British Pound advanced against the South African Rand on Friday. On the macro front, UK's gross domestic product (GDP) posted a rise in line with market expectations on a quarterly basis for the first quarter of 2017. Whereas, current account deficit widened in line with the market forecast in 1Q17.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R14.9057. Going forward, market participants will keep a tab on EUR Eurozone's unemployment rate along with Markit manufacturing PMI across the Eurozone.

The Euro strengthened against the South African Rand on Friday, after Eurozone's consumer price index jumped higher than expected on an annual basis in June. Meanwhile, Germany's unemployment rate remained unchanged for June, compared to its prior reading. Further, retail sales rebounded more-than-expected on a monthly basis in May.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R10.0283. Earlier in the session, data indicated that Australia's AiG Performance of manufacturing Index registered a rise in June, compared to its previous reading. Separately, building approvals retreated more-than-anticipated on a monthly basis in May. Meanwhile, in China, Australia's largest trading partner, Caixin manufacturing PMI for June advanced to its strongest level in 3 months.

The Australian Dollar rose against the South African Rand on Friday. Data showed that Australia's private sector credit for May grew in line with market anticipations on an annual basis. Meanwhile, in China, Australia's largest trading partner, NBS manufacturing PMI surprisingly advanced for June.

Key Currencies & Commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|-------------------|---------|---|-----------|-----------|-----------|-------------------|-----------|
| USDZAR | 13.0669 | ▼ | 0.40% | NA | NA | -0.33% | -4.78% |
| GBPZAR | 16.9851 | ▼ | 0.55% | NA | NA | 0.98% | 0.61% |
| EURZAR | 14.9057 | ▼ | 0.29% | NA | NA | 1.56% | 3.47% |
| AUDZAR | 10.0283 | ▼ | 0.28% | NA | NA | 3.21% | 1.29% |
| EURUSD | 1.1407 | ▼ | -0.13% | NA | NA | 1.62% | 8.68% |
| GBPUUSD | 1.2998 | ▼ | 0.14% | NA | NA | 1.05% | 5.59% |
| Brent (\$/barrel) | 48.9 | ▲ | 2.85% | NA | NA | -3.92% | -14.17% |
| Gold (\$/oz) | 1237.4 | ▼ | -0.28% | NA | NA | -2.33% | 7.87% |
| Platinum (\$/oz) | 922.9 | ▼ | 0.51% | NA | NA | -2.80% | 2.45% |
| Copper (\$/MT)* | 5927.0 | ▼ | -0.07% | NA | NA | 4.76% | 7.31% |

*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.

On Friday gold prices fell 0.3% to close at \$1,242.30/oz, as strength in the US Dollar dented demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.2% to trade at \$48.87/bl.

On Friday, Brent crude oil advanced 2.9% to settle at \$48.77/bl, after Baker Hughes reported that US crude oil rig count fell by 2 to 756 last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.1% to trade at \$922.90/oz.

On Friday, platinum prices climbed 0.5% to close at \$923.70/oz.

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Major South Africa Corporate News

BHP Billiton Plc

The company indicated that it has approved a total of \$250.00mn in financial support for the Renova Foundation and Samarco Mineração (Samarco) until December 31, 2017. The amount of \$174.00mn will be used to fund the Renova Foundation for remediation and compensation programs identified under the agreement with the Federal Prosecutors' Office in Brazil in relation to the Samarco dam failure. This amount will be offset against the Group's provision for the Samarco dam failure. A short-term facility of up to \$76.00mn will be made available to Samarco to carry out remediation and stabilisation work and to support Samarco's operations.

Hudaco Industries Limited

In its 1H17 results, the company stated that its turnover increased to ZAR2.67bn from ZAR2.51bn posted in the corresponding period of the previous year. Its diluted headline EPS rose 0.4% from the same period of the prior year to 473.00c. Its pre-tax earnings advanced to ZAR217.00mn from ZAR210.00mn posted last year.

Sibanye Gold Limited

The company announced that its Cooke Operations will resume production, following an unprotected strike which started on June 6, 2017. The unprotected strike ensued after a prohibition on food being taken underground, which had been agreed with the majority union, was implemented.

Major Global Economic News

Asia

In Australia, the AIG performance of manufacturing index rose to a level of 55.00 in June. The index had recorded a level of 54.80 in the prior month.

In May, the seasonally adjusted building approvals slid 5.6% on a monthly basis in Australia, more than market expectations for a drop of 1.3%. In the previous month, building approvals had recorded a revised rise of 4.8%.

In China, Caixin/Markit manufacturing PMI index rose to a level of 50.40 in June, compared to market expectations of a rise to 49.80. In the previous month, the index had recorded a reading of 49.60.

In Japan, the Nikkei final manufacturing PMI dropped to 52.40. Manufacturing PMI had recorded a level of 53.10 in the prior month. The preliminary figures had indicated a drop to 52.00.

Eurozone

In the Eurozone, the flash consumer price index (CPI) advanced 1.3% on an annual basis in June, more than market expectations for an advance of 1.2%. The CPI had climbed 1.4% in the prior month.

In Germany, the seasonally adjusted unemployment rate remained flat at 5.7% in June, at par with market expectations.

In May, retail sales rose 0.5% on a monthly basis in Germany, higher than market expectations for an advance of 0.3%. In the prior month, retail sales had recorded a drop of 0.2%.

US

In the US, the final Reuters/Michigan consumer sentiment index dropped to 95.10 in June, compared to a reading of 97.10 in the previous month. Markets were anticipating the index to fall to 94.50. The preliminary figures had indicated a rise to 98.00.

In May, core personal consumption expenditure climbed 1.4% on a yearly basis in the US, compared to a rise of 1.5% in the previous month. Markets were anticipating core personal consumption expenditure to climb 1.4%.

In the US, personal spending registered a rise of 0.1% on a monthly basis, in May, meeting market expectations. Personal spending had advanced 0.4% in the previous month.

UK

In the UK, the final gross domestic product (GDP) rose 0.2% on a quarterly basis in 1Q17, compared to a rise of 0.7% in the prior quarter. Market expectation was for GDP to climb 0.2%. The preliminary figures had also recorded an advance of 0.2%.

In the UK, current account deficit rose to GBP16.90bn in 1Q17, as expected GBP16.90bn. The UK had reported a current account deficit of GBP12.10bn in the prior quarter.

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40 Best Performers on the All Share Index

| Company Name | Last Close | 1 Week % Change | MTD % Change | YTD % Change |
|-------------------------------|--------------|-----------------|--------------|--------------|
| Trencor Ltd | 3699 | 2.75% | NA | 31.56% |
| Naspers Ltd | 254500 | -3.55% | NA | 26.36% |
| Mondi Plc | 34065 | 0.67% | NA | 24.27% |
| Dis-Chem Pharmacies Ltd | 2771 | -2.50% | NA | 24.03% |
| Clicks Group Ltd | 14000 | 0.63% | NA | 24.00% |
| Adcock Ingram Holdings Ltd | 5910 | -1.50% | NA | 23.79% |
| Bid Corp Ltd | 29922 | 2.75% | NA | 23.20% |
| Mondi Ltd | 33911 | 0.41% | NA | 23.15% |
| DataTec Ltd | 6025 | 3.70% | NA | 21.77% |
| RCL Foods Ltd/South Africa | 1524 | 1.46% | NA | 20.86% |
| Capitec Bank Holdings Ltd | 83000 | 5.73% | NA | 20.68% |
| Cie Financiere Richemont SA | 10817 | 0.53% | NA | 19.21% |
| British American Tobacco Plc | 89345 | -1.00% | NA | 17.44% |
| Shoprite Holdings Ltd | 19938 | 0.95% | NA | 17.31% |
| Astral Foods Ltd | 14800 | -1.46% | NA | 16.64% |
| Hudaco Industries Ltd | 12850 | -0.39% | NA | 15.40% |
| Reunert Ltd | 7332 | 1.83% | NA | 14.77% |
| Murray & Roberts Holdings Ltd | 1307 | -2.46% | NA | 13.45% |
| Anglo American Platinum Ltd | 29975 | 1.10% | NA | 13.37% |
| PSG Konsult Ltd | 825 | -0.48% | NA | 13.06% |
| Discovery Ltd | 12792 | -1.98% | NA | 12.46% |
| Equites Property Fund Ltd | 1712 | 0.12% | NA | 11.97% |
| Brimstone Investment Corp Ltd | 1300 | -3.70% | NA | 11.57% |
| PSG Group Ltd | 24000 | 2.71% | NA | 10.93% |
| Vodacom Group Ltd | 16427 | 0.58% | NA | 10.71% |
| Capital & Regional Plc | 964 | 0.42% | NA | 10.41% |
| Reinet Investments SCA | 2948 | -0.61% | NA | 10.00% |
| Fortress Income Fund Ltd | 3470 | -0.29% | NA | 9.79% |
| Octodec Investments Ltd | 2302 | -4.08% | NA | 9.10% |
| Resilient REIT Ltd | 12174 | 0.03% | NA | 8.86% |
| KAP Industrial Holdings Ltd | 813 | 5.58% | NA | 8.69% |
| AECI Ltd | 10628 | 0.77% | NA | 7.94% |
| Exxaro Resources Ltd | 9300 | 7.63% | NA | 7.82% |
| Fortress Income Fund Ltd | 1716 | 0.65% | NA | 7.71% |
| Kumba Iron Ore Ltd | 17121 | 17.26% | NA | 7.68% |
| Sanlam Ltd | 6480 | -0.87% | NA | 7.28% |
| MAS Real Estate Inc | 2350 | 1.82% | NA | 7.25% |
| Investec Plc | 9730 | 2.58% | NA | 7.22% |
| Trustco Group Holdings Ltd | 446 | 4.94% | NA | 6.95% |
| Texton Property Fund Ltd | 790 | -0.25% | NA | 6.74% |
| JSE All Share Index | 51611 | 0.21% | NA | 1.89% |

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Economic Calendar

| Country | SAST | Economic Indicator | Relevance | Consensus/ *Actual | Previous/ **Previous Est. | Frequency |
|--------------|-------|--|-----------|-----------------------|------------------------------|--------------|
| Japan | 01:50 | Tankan Large All Industry Capex (Q2) | ✓✓ | 8.00%* | 0.60% | Quarterly |
| Japan | 01:50 | Tankan Large Manufacturing Index (Q2) | ✓✓ | 17.00* | 12.00 | Quarterly |
| Japan | 01:50 | Tankan Large Manufacturing Outlook (Q2) | ✓✓ | 15.00* | 11.00 | Quarterly |
| Japan | 01:50 | Tankan Non - Manufacturing Index (Q2) | ✓✓ | 23.00* | 20.00 | Quarterly |
| Japan | 01:50 | Tankan Non - Manufacturing Outlook (Q2) | ✓✓ | 18.00* | 16.00 | Quarterly |
| Japan | 02:30 | Nomura/ JMMA Manufacturing PMI (Jun) (F) | ✓✓✓ | 52.40* | 52.00** | Monthly |
| China | 03:45 | Caixin/Markit Manufacturing PMI (Jun) | ✓✓✓ | 50.40* | 49.60 | Monthly |
| Japan | 07:00 | Consumer Confidence Index (Jun) | ✓✓ | 43.90 | 43.60 | Monthly |
| Japan | 07:00 | Vehicle Sales (YoY) (Jun) | ✓ | - | 6.10% | Monthly |
| Germany | 09:55 | Markit Manufacturing PMI (Jun) (F) | ✓✓✓ | 59.30 | 59.30** | Monthly |
| Eurozone | 10:00 | Markit Manufacturing PMI (Jun) (F) | ✓✓✓ | 57.30 | 57.30** | Monthly |
| US | 10:30 | Fed's Bullard Speaks at BoE Conference in London | ✓ | - | - | As scheduled |
| UK | 10:30 | Markit Manufacturing PMI (Jun) | ✓✓✓ | 56.30 | 56.70 | Monthly |
| Eurozone | 11:00 | Unemployment Rate (May) | ✓✓ | 9.30% | 9.30% | Monthly |
| South Africa | 11:00 | PMI Manufacturing (Jun) | ✓✓✓ | - | 51.50 | Monthly |
| US | 15:45 | Markit Manufacturing PMI (Jun) (F) | ✓✓✓ | 52.10 | 52.10** | Monthly |
| US | 16:00 | ISM Employment (Jun) | ✓ | - | 53.50 | Monthly |
| US | 16:00 | Construction Spending (MoM) (May) | ✓✓ | 0.30% | -1.40% | Monthly |
| US | 16:00 | ISM Manufacturing PMI (Jun) | ✓✓ | 55.20 | 54.90 | Monthly |
| US | 16:00 | ISM Prices Paid (Jun) | ✓✓ | 58.50 | 60.50 | Monthly |
| South Africa | - | Naamsa Vehicle Sales (YoY) (Jun) | ✓✓✓ | - | -2.60% | Monthly |
| Japan | - | Japan Foreign Reserves (Jun) | ✓ | - | USD1251.90bn | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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