

ONE Minute Brief

18 July 2017

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Economic and Political News

The Democratic Alliance (DA) has called on Speaker, Baleka Mbete, to make a decision on whether to hold the vote of no confidence in President Jacob Zuma by secret ballot or not, by Friday.

Calling on the youth to follow in the footsteps of late Nelson Mandela, President Jacob Zuma advised them to work for achieving radical economic transformation.

The DA stated that it will lay charges of money laundering and corruption against the German software giant, SAP, and Gupta-affiliated company, CAD House, following allegations that SAP paid ZAR100.0mn to CAD House to secure a lucrative contract with Transnet.

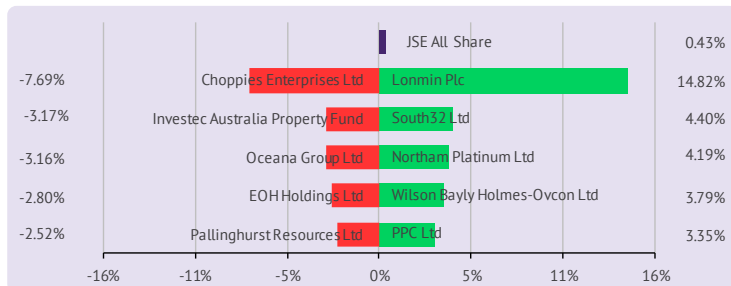
The National Union of Mineworkers (NUM) stated that it is shocked by the decision to temporarily suspend the implementation of the new Mining Charter and is considering legal options against the decision.

The CEO of the South African Social Security Agency (Sassa), Thokozeni Magwaza indicated that his contract was terminated, after the Department of Social Development hinted that he had resigned. Meanwhile, the Chairperson of the Standing Committee on Public Accounts (SCOPA), Themba Godi, stated that Magwaza was forced to resign following differences with Social Development Minister, Bathabile Dlamini.

South Africa Market ▲

South African markets closed higher

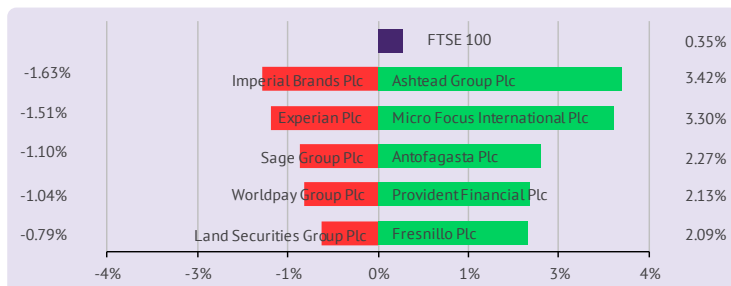
South African markets closed in the green yesterday, amid gains in platinum mining and banking sector stocks. The JSE All Share Index rose 0.4% to close at 53,827.41.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, led by a rise in material sector stocks. The FTSE 100 Index advanced 0.4% to close at 7,404.13.



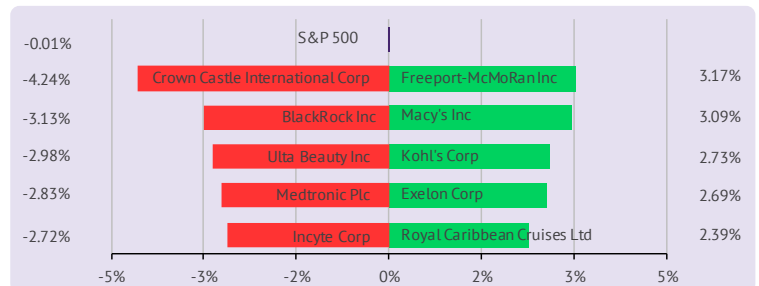
Key Indices

| | Last Close | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 53827.41 | ▲ 229.45 | 0.43% | 0.43% | 4.29% | -3.64% | 6.27% |
| JSE Top 40 | 47499.60 | ▲ 190.34 | 0.40% | 0.40% | 4.57% | -3.67% | 8.19% |
| FTSE 100 | 7404.13 | ▲ 25.74 | 0.35% | 0.35% | 1.25% | -2.76% | 3.66% |
| DAX 30 | 12587.16 | ▼ -44.56 | -0.35% | -0.35% | 2.13% | -2.30% | 9.63% |
| CAC 40 | 5230.17 | ▼ -5.14 | -0.10% | -0.10% | 2.14% | -3.08% | 7.57% |
| S&P 500 | 2459.14 | ▼ -0.13 | -0.01% | -0.01% | 1.47% | 0.48% | 9.84% |
| Nasdaq Composite | 6314.43 | ▲ 1.97 | 0.03% | 0.03% | 2.83% | -0.94% | 17.30% |
| DJIA | 21629.72 | ▼ -8.02 | -0.04% | -0.04% | 1.31% | 1.62% | 9.45% |

US Market ▼

The S&P 500 futures are trading in the red

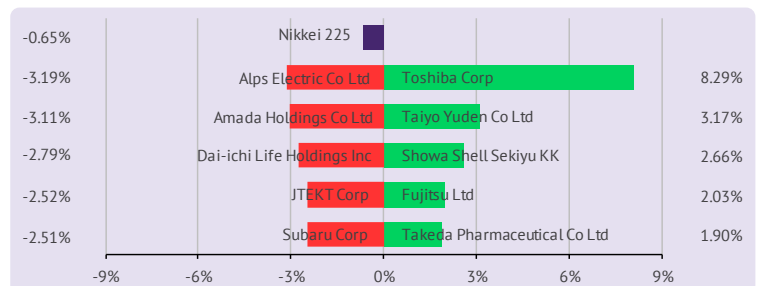
US markets closed a tad lower yesterday, weighed down by losses in health care sector stocks. The S&P 500 Index marginally dropped to close at 2,459.14.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.7% lower at 19,988.07.



Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.4% against the South African Rand to trade at R12.9018. Later today, traders will keep a close watch on the US NAHB housing market index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the New York Empire State manufacturing index dropped more-than-expected in July.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R16.8927. Later today, traders will keep an eye on UK's consumer price index, retail price index and house price index for further cues.

The British Pound declined against the South African Rand yesterday.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading marginally higher against the South African Rand at R14.8693. Going forward, market participants will keep a tab on the Eurozone's and German economic sentiment index for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's consumer price index advanced in line with market expectations on an annual basis in June.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.8% firmer against the South African Rand at R10.1738. Earlier in the session, the Reserve Bank of Australia (RBA) in its July meeting minutes revealed that the policymakers have voted to keep benchmark interest rate at a record low of 1.5% and have become more upbeat about Australia's economic outlook, citing an improving labour market, stronger public investment and a pickup in household consumption. Further, the central bank stated that it is not ready to join global counterparts in unwinding policy stimulus as property and employment outlook was a great concern. Further, the RBA indicated that the "neutral nominal cash rate" would need to rise to around 3.5% to keep inflation in check and growth at reasonable levels.

The Australian Dollar fell against the South African Rand yesterday. Meanwhile, in China, Australia's largest trading partner, gross domestic product advanced more-than-forecast on an annual basis, while rose at par with the market expectations on a quarterly basis in 2Q17. Further, industrial production recorded a higher-than-anticipated rise on a yearly basis in June. Additionally, annual retail sales rose more than market expectations in the same month.

Key Currencies & Commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|-------------------|---------|---|-----------|-----------|-----------|-------------------|-----------|
| USDZAR | 12.9018 | ▼ | -0.66% | -0.66% | -0.96% | -0.33% | -5.69% |
| GBPZAR | 16.8927 | ▼ | -0.97% | -0.97% | -0.74% | 0.98% | -0.13% |
| EURZAR | 14.8693 | ▲ | -0.61% | -0.61% | -0.54% | 1.56% | 2.91% |
| AUDZAR | 10.1738 | ▲ | -1.05% | -1.05% | 0.53% | 3.21% | 1.83% |
| EURUSD | 1.1525 | ▲ | 0.07% | 0.07% | 0.46% | 1.62% | 9.18% |
| GBPUSD | 1.3092 | ▲ | -0.33% | -0.33% | 0.23% | 1.05% | 5.83% |
| Brent (\$/barrel) | 48.5 | ▲ | -1.00% | -1.00% | -0.72% | -3.92% | -14.78% |
| Gold (\$/oz) | 1236.5 | ▲ | 0.51% | 0.51% | -0.69% | -2.33% | 7.12% |
| Platinum (\$/oz) | 927.6 | = | 0.73% | 0.73% | 0.42% | -2.80% | 2.88% |
| Copper (\$/MT)* | 5971.0 | ▲ | 1.11% | 1.11% | 0.74% | 4.76% | 8.11% |

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,236.50/oz.

Yesterday, gold prices rose 0.5% to close at \$1,233.70/oz, extending its previous session gains.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$48.51/bl.

Yesterday, Brent crude oil dropped 1.0% to settle at \$48.42/bl, after the Energy Information Administration projected that crude oil production will rise 113,000 bls a day to 5.6mn bls a day in August.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices are trading flat at \$927.60/oz.

Yesterday, platinum prices climbed 0.7% to close at \$927.60/oz.

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Major South Africa Corporate News

Lonmin Plc

In its 3Q17 production report, the company announced that the mining performance improvement since March 2017 has sustained into this quarter. Total tonnes mined increased by 3.8% to 2.70 mnt compared with 3Q16. Its sales of 180,348 platinum ounces increased by 10.8% on prior year period.

Massmart Holdings Limited

In its 1H17 sales update, the company revealed that its total sales for the period amounted to ZAR42.50bn, representing an increase of 0.5% over the prior year 26-week period. Comparable store sales decreased by 1.6%. Product inflation is estimated at 3.2%.

Major Global Economic News

Asia

The RBA's July meeting minutes revealed that officials have become more upbeat about Australia's economic outlook, citing an improving labour market, stronger public investment and a pickup in household consumption. Further, the central bank indicated that the "neutral nominal cash rate" would need to rise to around 3.5% to keep inflation in check and growth at reasonable levels.

In China, the house price index advanced 10.2% on a yearly basis in June. In the prior month, the index had registered a rise of 10.4%.

Eurozone

In the Eurozone, the final consumer price index (CPI) climbed 1.3% on a yearly basis in June, compared to an advance of 1.4% in the prior month. Markets were expecting the CPI to rise 1.3%. The preliminary figures had also indicated an advance of 1.3%.

US

In the US, the NY Empire State manufacturing index fell to a level of 9.80 in July, compared to a reading of 19.80 in the prior month. Markets were expecting the index to drop to a level of 15.00.

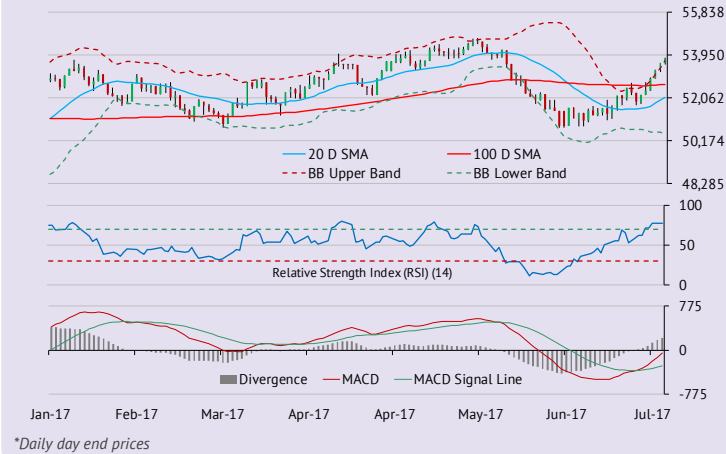
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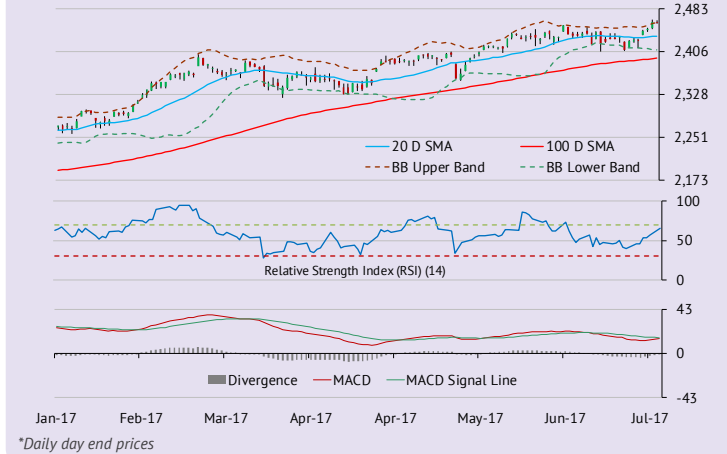
Technical Snapshot

JSE All Share



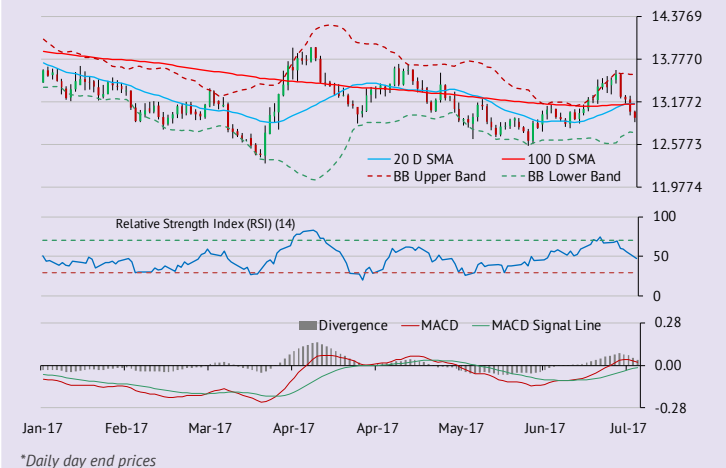
The JSE All Share index is expected to find support at 52,734.42, and a fall through could take it to the next support level of 51,641.42. The index is expected to find its first resistance at 54,373.91, and a rise through could take it to the next resistance level of 54,920.40.

S&P 500



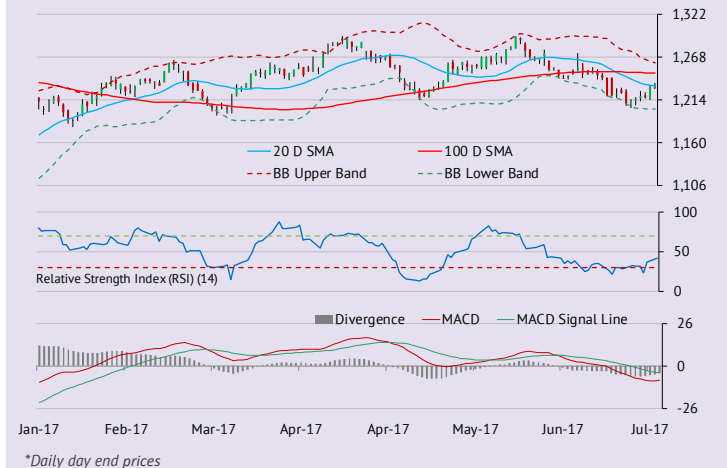
The S&P 500 index is expected to find support at 2,426.77, and a fall through could take it to the next support level of 2,394.41. The index is expected to find its first resistance at 2,477.52, and a rise through could take it to the next resistance level of 2,495.91.

USDZAR



The pair is expected to find support at 12.6847, and a fall through could take it to the next support level of 12.4202. The pair is expected to find its first resistance at 13.4208, and a rise through could take it to the next resistance level of 13.8924.

XAU/USD



Gold is expected to find support at \$1,215.60/oz, and a fall through could take it to the next support level of \$1,197.50/oz. The precious metal is expected to find its first resistance at \$1,243.60/oz, and a rise through could take it to the next resistance level of \$1,253.50/oz.

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Economic Calendar

| Country | SAST | Economic Indicator | Relevance | Consensus/ *Actual | Previous | Frequency |
|----------|-------|---------------------------------------|-----------|-----------------------|----------|--------------|
| China | 03:30 | House Price Index (YoY) (Jun) | ✓ | 10.20%* | 10.40% | Monthly |
| Eurozone | 10:00 | ECB Bank Lending Survey | ✓ | - | - | As scheduled |
| UK | 10:30 | Retail Price Index Ex Food (Jun) | ✓ | - | 281.10 | Monthly |
| UK | 10:30 | Producer Input Prices (Jun) | ✓ | - | 105.80 | Monthly |
| UK | 10:30 | Producer Output Prices (Jun) | ✓ | - | 110.40 | Monthly |
| UK | 10:30 | Retail Price Index (Jun) | ✓ | - | 271.70 | Monthly |
| UK | 10:30 | Consumer Price Index (MoM) (Jun) | ✓✓ | 0.20% | 0.30% | Monthly |
| UK | 10:30 | Consumer Price Index (YoY) (Jun) | ✓✓✓ | 2.90% | 2.90% | Monthly |
| UK | 10:30 | Consumer Price Index Core (YoY) (Jun) | ✓✓✓ | 2.60% | 2.60% | Monthly |
| UK | 10:30 | Retail Price Index (YoY) (Jun) | ✓ | 3.60% | 3.70% | Monthly |
| UK | 10:30 | Retail Price Index (MoM) (Jun) | ✓ | 0.40% | 0.40% | Monthly |
| Eurozone | 11:00 | ZEW Survey - Economic Sentiment (Jul) | ✓✓ | - | 37.70 | Monthly |
| Germany | 11:00 | ZEW Survey - Current Situation (Jul) | ✓✓ | 88.00 | 88.00 | Monthly |
| Germany | 11:00 | ZEW Survey - Economic Sentiment (Jul) | ✓✓✓ | 18.00 | 18.60 | Monthly |
| US | 14:30 | Export Price Index (YoY) (Jun) | ✓ | - | 1.40% | Monthly |
| US | 14:30 | Export Price Index (Jun) | ✓ | - | 121.70 | Monthly |
| US | 14:30 | Import Price Index (Jun) | ✓ | - | 122.40 | Monthly |
| US | 14:30 | Import Price Index (MoM) (Jun) | ✓ | -0.20% | -0.30% | Monthly |
| US | 14:30 | Import Price Index (YoY) (Jun) | ✓ | 1.30% | 2.10% | Monthly |
| US | 14:30 | Export Price Index (MoM) (Jun) | ✓ | 0.00% | -0.70% | Monthly |
| US | 14:55 | Redbook Index s.a. (MoM) (14-Jul) | ✓ | - | -1.10% | Weekly |
| US | 16:00 | NAHB Housing Market Index (Jul) | ✓ | 67.00 | 67.00 | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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