

ONE Minute Brief

19 July 2017

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Economic and Political News

Stating that state capture is a fact, former Finance Minister, Pravin Gordhan, has called on President, Jacob Zuma, to step down and added that the ANC still had time to correct itself for the 2019 general election.

Public Enterprises Minister, Lynne Brown, stated that while Eskom's performance and financial status had improved, allegations of corruption against the utility have eroded its integrity. She has asked the new interim Eskom board to conduct specific short-term investigations and report back to her with recommendations.

The African National Congress Women's League (ANCWL) has lashed out at the Chamber of Mines over its application to prevent implementation of the Mining Charter.

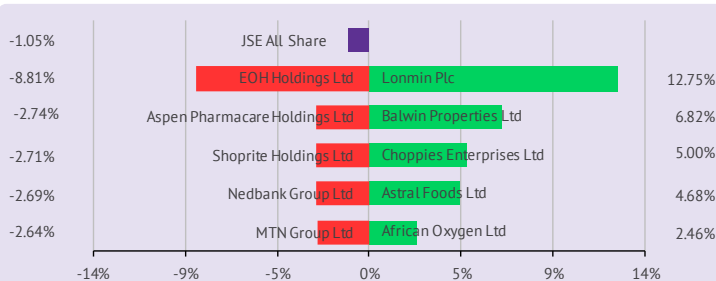
Passenger Rail Agency of South Africa (PRASA) Board Chairman, Popo Molefe, has accused Finance Minister, Malusi Gigaba, of withholding a Treasury nominee to the board and stifling corporate governance at the state enterprise.

A Reuters poll has indicated that economists expect the South Africa's Reserve Bank to leave interest rates unchanged at its July 20 meeting and issue a dovish statement.

South Africa Market ▼

South African markets closed lower

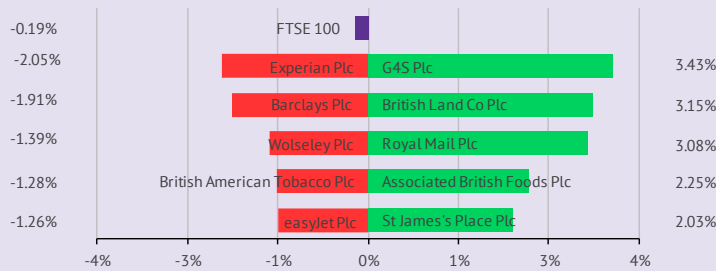
South African markets closed in the red yesterday, amid losses in resources and banking sector stocks. The JSE All Share Index fell 1.1% to close at 53,261.64.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, led by a decline in industrial sector stocks. Data showed that UK's consumer price inflation rose at a slower-than-expected pace on a yearly basis in June. The FTSE 100 Index declined 0.2% to close at 7,390.22.



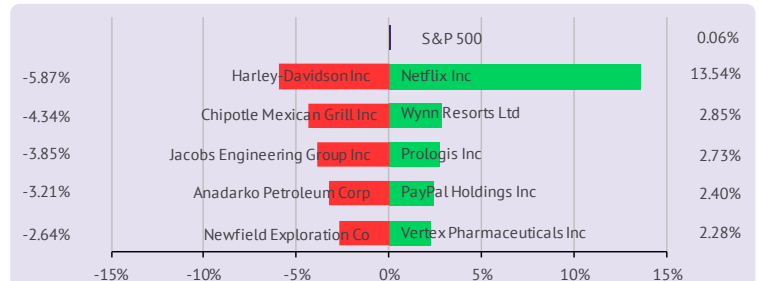
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53261.64	▼	-565.77	-1.05%	-0.63%	3.20%	-3.64%	5.15%
JSE Top 40	46927.84	▼	-571.76	-1.20%	-0.81%	3.32%	-3.67%	6.89%
FTSE 100	7390.22	▼	-13.91	-0.19%	0.16%	1.06%	-2.76%	3.46%
DAX 30	12430.39	▼	-156.77	-1.25%	-1.59%	0.85%	-2.30%	8.27%
CAC 40	5173.27	▼	-56.90	-1.09%	-1.19%	1.03%	-3.08%	6.40%
S&P 500	2460.61	▲	1.47	0.06%	0.05%	1.54%	0.48%	9.91%
Nasdaq Composite	6344.31	▲	29.87	0.47%	0.50%	3.32%	-0.94%	17.86%
DJIA	21574.73	▼	-54.99	-0.25%	-0.29%	1.05%	1.62%	9.17%

US Market ▲

The S&P 500 futures are trading in the green

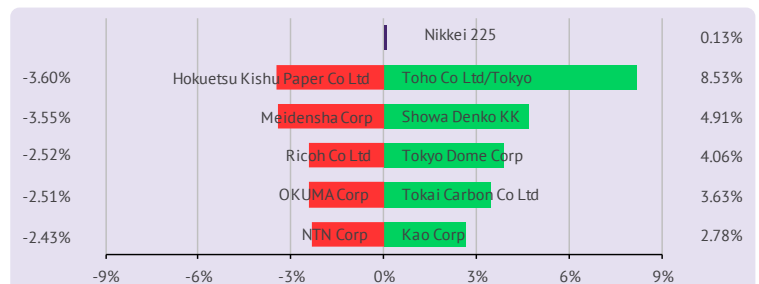
US markets closed higher yesterday, supported by a rise in information technology sector stocks. Data revealed that US NAHB housing market index surprisingly dropped in July, reaching its lowest level since November 2016. The S&P 500 Index climbed 0.1% to close at 2,460.61.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.1% higher at 20,025.07.



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 higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R12.9138. Later today, traders will keep a close watch on US housing starts, building permits and MBA mortgage applications for further cues. Separately, South Africa's consumer price index (CPI) and retail sales will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US NAHB housing market index for July recorded an unexpected drop to its weakest level since November 2016.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading marginally firmer against the South African Rand at R16.8288. With no major economic releases scheduled in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. In economic news, UK's CPI advanced less than market anticipations on an annual basis in June. Further, retail price index recorded a less-than-expected rise on a monthly basis in the same month, whereas annual house price index surged more-than-expected in May.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R14.9008. Going forward, market participants will keep a tab on Eurozone's construction output for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's economic sentiment index registered a decline in July. Additionally, Germany's economic sentiment index eased more-than-expected in the same month, reaching its lowest level in 4 months. Moreover, current situation index unexpectedly declined in the same month.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% higher against the South African Rand at R10.2372. Earlier in the session, data revealed that Australia's Westpac leading index dropped on a monthly basis in June, compared to its prior reading.

The Australian Dollar rose against the South African Rand yesterday, after the Reserve Bank of Australia in its July meeting minutes revealed that the senior officials have voted to keep the key interest rate at a record low of 1.5% and have become more confident 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.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.9138	▲	-0.41%	-1.07%	-1.36%	-0.33%	-6.08%
GBPZAR	16.8288	▲	-0.50%	-1.46%	-1.24%	0.98%	-0.63%
EURZAR	14.9008	▼	0.28%	-0.33%	-0.26%	1.56%	3.20%
AUDZAR	10.2372	▲	1.21%	0.15%	1.75%	3.21%	3.07%
EURUSD	1.1539	▼	0.66%	0.73%	1.12%	1.62%	9.90%
GBPUSD	1.3032	▼	-0.11%	-0.44%	0.12%	1.05%	5.71%
Brent (\$/barrel)	48.8	▼	0.87%	-0.14%	0.14%	-3.92%	-14.04%
Gold (\$/oz)	1241.0	▼	0.66%	1.17%	-0.03%	-2.33%	7.83%
Platinum (\$/oz)	927.7	=	0.01%	0.74%	0.43%	-2.80%	2.89%
Copper (\$/MT)*	5973.5	▲	0.04%	1.16%	0.78%	4.76%	8.16%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,241.00/oz.

Yesterday, gold prices rose 0.7% to close at \$1,241.90/oz, as the greenback weakened against the major currencies thereby increasing demand for the dollar denominated commodity.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.1% to trade at \$48.79/bl.

Yesterday, Brent crude oil advanced 0.9% to settle at \$48.84/bl, after the UK's Petroleum Policy Intelligence report revealed that Saudi Arabia is considering cutting exports by 1.0mn bls a day to offset the rise in output from Libya and Nigeria. Meanwhile, the American Petroleum Institute reported that crude supplies unexpectedly climbed 1.6mn bls for the week ended July 14, 2017.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices are trading flat at \$927.70/oz.

Yesterday, platinum prices marginally climbed to close at \$927.70/oz.

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Major South Africa Corporate News

Anglo American Platinum Limited

In its 1H17 trading statement, the company stated that its headline earnings and headline EPS for the period are likely to decrease to between ZAR550.00mn and ZAR875.00mn (or between 67.0% and 47.0% lower than the prior year restated figure of R1.65bn) and to between 210.00c and 335.00c per share (or between 67.0% and 47.0% lower than the prior year restated figure of 629.00c) respectively.

Major Global Economic News

Eurozone

In the Eurozone, the ZEW economic sentiment index recorded a drop to 35.60 in July, compared to a level of 37.70 in the previous month.

In Germany, the ZEW economic sentiment index registered a drop to 17.50 in July, compared to market expectations of a drop to a level of 18.00. In the previous month, the index had recorded a level of 18.60.

In July, the current situation index unexpectedly declined to a level of 86.40 in Germany, compared to market expectations of a steady reading. In the previous month, the index had registered a reading of 88.00.

US

In the US, the NAHB housing market index unexpectedly eased to a level of 64.00 in July, compared to a revised reading of 66.00 in the prior month. Market expectation was for the index to climb to a level of 67.00.

UK

In the UK, the CPI climbed 2.6% on a yearly basis in June, compared to an advance of 2.9% in the previous month. Market expectation was for the CPI to climb 2.9%.

In June, the retail price index registered a rise of 0.2% on monthly basis in the UK, to a level of 272.30, lower than market expectations of 272.70. The index had recorded a level of 271.70 in the previous month.

In the UK, the house price index registered a rise of 4.7% on an annual basis in May, compared to a revised advance of 5.3% in the prior month. Market anticipation was for the index to climb 3.0%.

Asia

In Australia, the Westpac leading index fell 0.14% on a monthly basis in June. In the previous month, the index had dropped by a revised 0.01%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Japan	08:00	Machine Tool Orders (YoY) (Jun) (F)	✓✓	-	31.10%**	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Jun)	✓✓✓	0.20%	0.30%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Jun)	✓✓✓	5.20%	5.40%	Monthly
Eurozone	11:00	Construction Output s.a. (MoM) (May)	✓	-	0.30%	Monthly
Eurozone	11:00	Construction Output w.d.a. (YoY) (May)	✓	-	3.20%	Monthly
US	13:00	MBA Mortgage Applications (14-Jul)	✓	-	-7.40%	Weekly
South Africa	13:00	Retail Sales (MoM) (May)	✓✓	0.20%	0.30%	Monthly
South Africa	13:00	Retail Sales (YoY) (May)	✓✓	-0.30%	1.50%	Monthly
US	14:30	Housing Starts (MoM) (Jun)	✓✓	6.20%	-5.50%	Monthly
Canada	14:30	Manufacturing Shipments (MoM) (May)	✓	0.80%	1.10%	Monthly
US	14:30	Housing Starts (Jun)	✓✓✓	1160.00K	1092.00K	Monthly
US	14:30	Building Permits (Jun)	✓✓	1201.00K	1168.00K	Monthly
US	14:30	Building Permits (MoM) (Jun)	✓✓	2.80%	-4.90%	Monthly
Japan	-	Cabinet Office Monthly Economic Report	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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