

ONE Minute Brief

26 July 2017

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Economic and Political News

In South Africa (SA), the central bank's leading business indicator remained steady at a level of 95.80 in May.

SA's Chamber of Mines has filed an urgent application in the Pretoria High Court to interdict Mineral Resources Minister, Mosebenzi Zwane, from suspending the issuance of new mining and prospecting rights.

Finance Minister, Malusi Gigaba, told Parliament that the Public Investment Corporation (PIC) believes that the nation faces the risk of a further credit rating downgrade by rating agencies because of sluggish growth and low confidence in the economy, which is hurting investment and consumer spending. Separately, Gigaba, in responded to a question posed by the Democratic Alliance (DA) indicated that credit rating downgrades have had a "minimal" effect on the Government Employees Pension Fund.

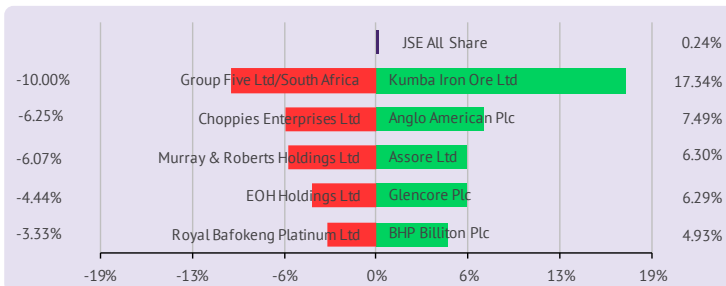
Parliament has started its preparations for an inquiry into Eskom, with its public enterprises portfolio committee meeting for the first time.

The DA has filed a Constitutional Court application to intervene in the impeachment case against President, Jacob Zuma, by the Economic Freedom Fighters (EFF), and indicated that it could provide new evidence to assist the court.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by a rise in resources sector stocks. Data revealed that South Africa's leading indicator remained unchanged in May. The JSE All Share Index rose 0.2% to close at 54,499.11.



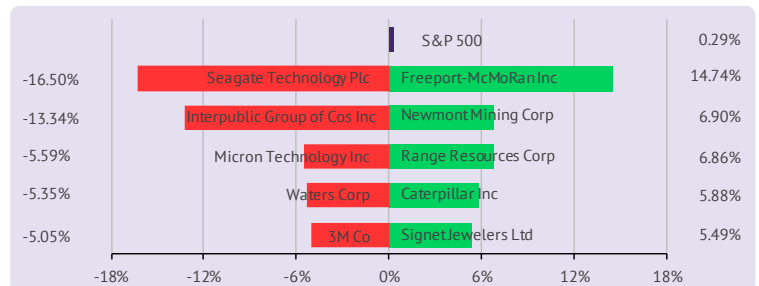
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54499.11	▲	130.49	0.24%	0.62%	5.60%	-3.64%	7.59%
JSE Top 40	48223.29	▲	164.94	0.34%	0.88%	6.17%	-3.67%	9.84%
FTSE 100	7434.82	▲	57.09	0.77%	-0.24%	1.67%	-2.76%	4.09%
DAX 30	12264.31	▲	55.36	0.45%	0.20%	-0.49%	-2.30%	6.82%
CAC 40	5161.08	▲	33.38	0.65%	0.85%	0.79%	-3.08%	6.14%
S&P 500	2477.13	▲	7.22	0.29%	0.19%	2.22%	0.48%	10.64%
Nasdaq Composite	6412.17	▲	1.36	0.02%	0.38%	4.43%	-0.94%	19.12%
DJIA	21613.43	▲	100.26	0.47%	0.15%	1.24%	1.62%	9.37%

US Market ▲

The S&P 500 futures are trading in the red

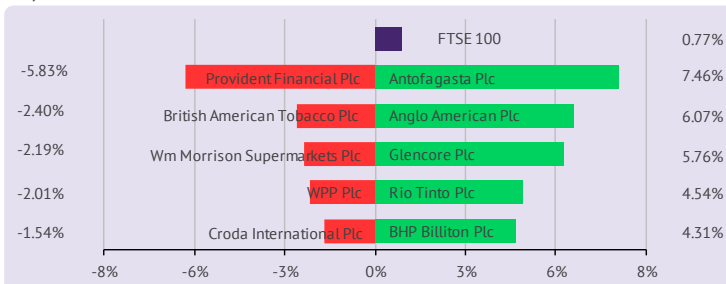
US markets closed higher yesterday, led by gains in financial, material and energy sector stocks. Data indicated that the US CB consumer confidence surprisingly advanced to its highest level since July 2001 in July. The S&P 500 Index climbed 0.3% to close at 2,477.13.



UK Market ▲

The FTSE 100 futures are trading in negative territory

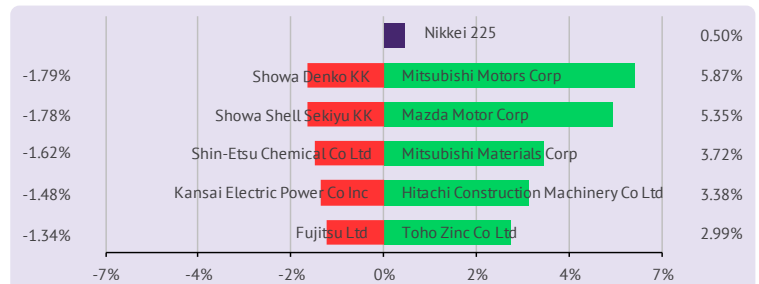
UK markets finished higher yesterday, amid gains in material sector stocks. Data showed that UK's CBI trends total orders dropped more-than-expected in July. The FTSE 100 Index advanced 0.8% to close at 7,434.82.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.5% higher at 20,055.83.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R13.0735. Later today, traders will keep a close watch on the FOMC interest rate decision along with the US new home sales and MBA mortgage applications data for further cues.

The US Dollar rose against the South African Rand yesterday after data showed that US CB consumer confidence for July recorded an unexpected rise, notching its strongest level since in 16 years, boosted by a healthy job market. In contrast, the US house price index rose less than market expectations on a monthly basis in May. Separately, South Africa's leading indicator recorded a steady reading in May.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R17.0248. Later today, traders will keep an eye on UK's gross domestic product and BBA mortgage approvals for further direction.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's CBI trends total orders eased more-than-expected in July.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R15.2221. With no major economic news in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday after Germany's Ifo business climate index unexpectedly climbed to its highest level since 1991 in July. Moreover, the Ifo expectations index surprisingly advanced in the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.3324. Earlier in the session, data revealed that Australia's consumer price index advanced less-than-expected on a quarterly basis in 2Q17.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's ANZ Roy Morgan weekly consumer confidence index rose for the week ended July 23, 2017, compared to its previous reading.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.0735	▼	0.91%	1.26%	0.05%	-0.33%	-4.74%
GBPZAR	17.0248	▼	0.85%	1.43%	0.01%	0.98%	0.63%
EURZAR	15.2221	▼	0.90%	1.08%	1.94%	1.56%	5.48%
AUDZAR	10.3324	▼	0.71%	1.17%	3.10%	3.21%	4.43%
EURUSD	1.1644	▼	0.04%	-0.14%	1.93%	1.62%	10.79%
GBPUSD	1.3021	▼	-0.02%	0.22%	0.00%	1.05%	5.59%
Brent (\$/barrel)	50.6	▲	3.29%	4.45%	2.93%	-3.92%	-11.65%
Gold (\$/oz)	1252.8	▲	-0.18%	-0.22%	0.79%	-2.33%	8.72%
Platinum (\$/oz)	928.9	=	-0.05%	-0.62%	0.56%	-2.80%	3.03%
Copper (\$/MT)*	6197.3	▲	3.38%	3.79%	4.56%	4.76%	12.21%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.1% to trade at \$1,252.80/oz.

Yesterday, gold prices fell 0.2% to close at \$1,252.10/oz, as investors awaited clues about monetary policy from the US Federal Reserve.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.8% to trade at \$50.58/bL.

Yesterday, Brent crude oil advanced 3.3% to settle at \$50.20/bL, after the American Petroleum Institute reported that US crude supplies dropped more-than-expected by 10.2mn bls for the week ended July 21, 2017.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices are trading flat at \$928.90/oz.

Yesterday, platinum prices declined 0.1% to close at \$928.90/oz.



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Major South Africa Corporate News

British American Tobacco Plc

The company announced that it has completed the acquisition of the remaining 57.8% of Reynolds American Inc.

Mediclinic International

The company announced that Mr Danie Meintjes has decided to step down from his position as Chief Executive Officer and a Director by July 31, 2018.

Kumba Iron Ore Limited

In its 1H17 results, the company stated that its revenue increased to ZAR21.50bn from ZAR17.56bn posted in the corresponding period of the previous year. Its diluted HEPS jumped 52.8% from the same period of the prior year to ZAR14.33. Separately, it announced that Dr. Mandla Gantsho has been appointed as an Independent Director and Chairman and will join the board on August 1, 2017. He will succeed Mr. Fani Titi, who intends to step down as Chairman effective September 30, 2017.

Sasol Limited

In its FY17 trading update, the company revealed that EPS is expected to increase between 48.0% and 58.0%, compared with EPS of ZAR21.66 recorded in the prior year. It anticipates HEPS to decline between 11.0% and 21.0%, compared with HEPS of ZAR41.40 recorded last year.

Major Global Economic News

Eurozone

In Germany, the Ifo business climate index recorded an unexpected rise to a level of 116.00 in July, compared to a revised reading of 115.20 in the prior month. Market expectation was for the index to fall to a level of 114.90.

In July, the Ifo business expectations index unexpectedly advanced to 107.30 in Germany, compared to market expectations of a drop to 106.50. In the prior month, the index had recorded a reading of 106.80.

US

In the US, the CB consumer confidence index unexpectedly climbed to 121.10 in July, compared to a revised level of 117.30 in the prior month. Market anticipation was for the index to fall to 116.50.

In May, the housing price index advanced 0.4% on a monthly basis in the US, compared to a revised rise of 0.6% in the prior month. Markets were anticipating the index to rise 0.5%.

UK

In the UK, the balance of firms reporting total order book above normal registered a drop to 10.00 in July, compared to a level of 16.00 in the prior month. Markets were anticipating the balance of firms reporting total order book above normal to ease to a level of 12.00.

Asia

In Australia, the consumer price index (CPI) recorded a rise of 0.2% on a quarterly basis in 2Q17, compared to an advance of 0.5% in the previous quarter. Market expectation was for the CPI to climb 0.4%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (Jun)	✓	0.80%*	0.80%	Monthly
Japan	03:30	BoJ Nakaso speaks in Hiroshima	✓	-	-	As scheduled
Japan	07:00	Small Business Confidence (Jul)	✓	49.80	49.20	Monthly
Switzerland	08:00	UBS Consumption Indicator (Jun)	✓✓	-	1.39	Monthly
France	08:45	Consumer Confidence (Jul)	✓✓✓	108.00	108.00	Monthly
Switzerland	10:00	ZEW Survey - Expectations (Jul)	✓✓	-	20.70	Monthly
Italy	10:00	Manufacturing Confidence (Jul)	✓✓	107.00	107.30	Monthly
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q2) (P)	✓✓✓	0.30%	0.20%	Quarterly
UK	10:30	Gross Domestic Product s.a. (YoY) (Q2) (P)	✓✓	1.70%	2.00%	Quarterly
UK	10:30	Index of Services (3M/3M) (May)	✓	0.40%	0.20%	Monthly
UK	10:30	Index of Services (MoM) (May)	✓	0.10%	0.20%	Monthly
UK	10:30	BBA Mortgage Approvals (Jun)	✓✓	40.00K	40.35K	Monthly
UK	12:00	Inflation Report Hearings	✓✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (21-Jul)	✓	-	6.30%	Weekly
US	16:00	New Home Sales (MoM) (Jun)	✓	0.80%	2.90%	Monthly
US	16:00	New Home Sales Change (Jun)	✓✓	615.00K	610.00K	Monthly
US	20:00	Fed Interest Rate Decision	✓✓✓	1.25%	1.25%	As scheduled
US	20:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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