

ONE Minute Brief

28 July 2017

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Economic and Political News

In South Africa (SA), the producer price index (PPI) advanced 4.0% on a yearly basis in June, lower than market expectations for an advance of 4.4%. In the previous month, the index had advanced 4.8%.

Western Cape Premier, Helen Zille has survived the no confidence motion moved by the African National Congress (ANC).

Eskom has suspended its Chief Financial Officer (CFO), Anoj Singh, and has appointed Calib Cassim as the interim CFO.

ANC Secretary-General, Gwede Mantashe, indicated that the ANC lekgotla will discuss sectors which could be targeted to spur economic growth and try to find ways to get out of the "junk status".

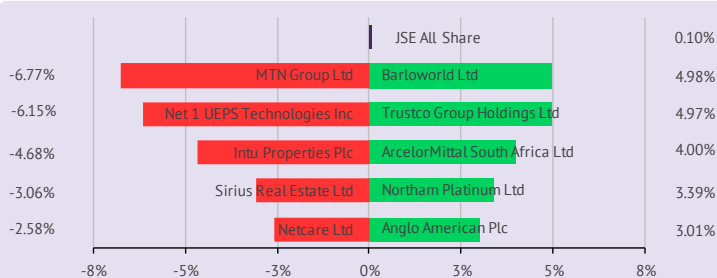
The chief whip of the Democratic Alliance (DA), John Steenhuisen, hinted that while he does not expect the motion of no confidence in President Jacob Zuma to succeed, it could be a turning point.

Momentum and Unisa have indicated that about an additional million South Africans could be unemployed by the end of 2018.

South Africa Market ▲

South African markets closed higher

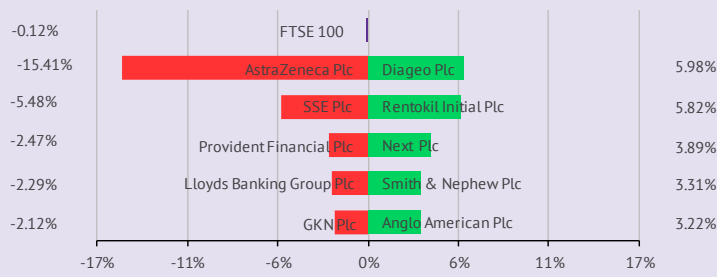
South African markets ended in the green yesterday, led by gains in mining sector stocks. Data revealed that South Africa's PPI rose less-than-expected on an annual basis in June, its lowest level in 2 years. The JSE All Share Index rose 0.1% to close at 54,888.89.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, weighed down by a decline in utility and financial sector stocks. Data showed that UK's GfK consumer confidence dropped more-than-expected in July. The FTSE 100 Index declined 0.1% to close at 7,443.01.



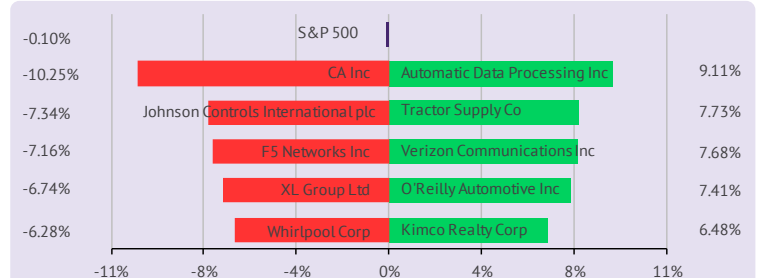
Key Indices

| | Last Close | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 54888.89 | ▲ | 52.70 | 0.10% | 1.34% | 6.35% | -3.64% | 8.36% |
| JSE Top 40 | 48569.42 | ▲ | 5.63 | 0.01% | 1.61% | 6.93% | -3.67% | 10.63% |
| FTSE 100 | 7443.01 | ▼ | -9.31 | -0.12% | -0.13% | 1.78% | -2.76% | 4.20% |
| DAX 30 | 12212.04 | ▼ | -93.07 | -0.76% | -0.23% | -0.92% | -2.30% | 6.37% |
| CAC 40 | 5186.95 | ▼ | -3.22 | -0.06% | 1.35% | 1.29% | -3.08% | 6.68% |
| S&P 500 | 2475.42 | ▼ | -2.41 | -0.10% | 0.12% | 2.15% | 0.48% | 10.57% |
| Nasdaq Composite | 6382.19 | ▼ | -40.56 | -0.63% | -0.09% | 3.94% | -0.94% | 18.56% |
| DJIA | 21796.55 | ▲ | 85.54 | 0.39% | 1.00% | 2.09% | 1.62% | 10.29% |

US Market ▼

The S&P 500 futures are trading in the red

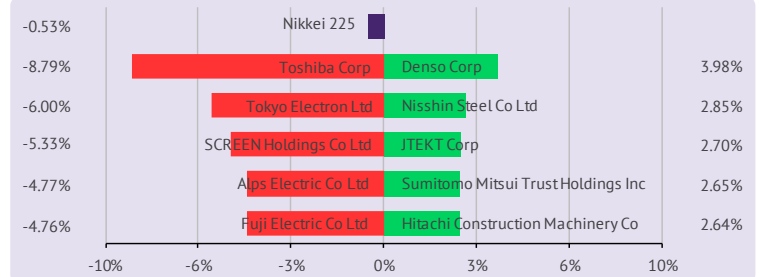
US markets closed lower yesterday, amid losses in technology sector stocks. Data indicated that US flash durable goods orders rebounded more-than-expected in June, notching its highest level since July 2014. The S&P 500 Index dropped 0.1% to close at 2,475.42.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data revealed that Japan's unemployment rate eased more-than-expected in June. Further, National consumer price index (CPI) advanced in line with expectations in June. The Nikkei 225 Index is trading 0.5% lower at 19,973.73.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R13.0174. Later today, traders will keep a close watch on US gross domestic product, personal consumption expenditure and Michigan consumer confidence index for further cues.

The US Dollar rose against the South African Rand yesterday after data revealed that US preliminary durable goods orders for June bounced back into positive territory, more than market anticipations to its strongest level since July 2014, amid a surge in orders of civilian aircraft. Further, advance goods trade deficit narrowed more-than-anticipated in June. Additionally, flash wholesale inventories rose higher than market forecast in the same month. Meanwhile, initial jobless claims increased more-than-expected for the week ended July 22, 2017. Separately, South Africa's PPI rose less than market anticipations on a yearly basis in June, reaching its weakest level since September 2015.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R17.0243. On the macro front, UK's GfK consumer confidence registered a more-than-expected decline in July.

The British Pound advanced against the South African Rand yesterday.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.2% against the South African Rand to trade at R15.2067. Going forward, market participants will keep a tab on Eurozone's consumer confidence and business climate indicator for further direction. Meanwhile, Germany's consumer price index will be on investors' radar.

The Euro strengthened against the South African Rand yesterday after data showed that Germany's GfK consumer confidence index surprisingly advanced to its highest level in 16 years in August.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R10.3580. Earlier in the session, data indicated that Australia's PPI remained steady on a quarterly basis in 2Q17.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that in China, Australia's largest trading partner, industrial profits registered a rise on an annual basis in June, compared to its prior reading.

Key Currencies & Commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|-------------------|---------|---|-----------|-----------|-----------|-------------------|-----------|
| USDZAR | 13.0174 | ▲ | 0.73% | 0.65% | -0.56% | -0.33% | -5.31% |
| GBPZAR | 17.0243 | ▲ | 0.31% | 1.15% | -0.26% | 0.98% | 0.35% |
| EURZAR | 15.2067 | ▲ | 0.26% | 0.75% | 1.60% | 1.56% | 5.12% |
| AUDZAR | 10.3580 | ▼ | -0.23% | 1.29% | 3.22% | 3.21% | 4.55% |
| EURUSD | 1.1683 | ▲ | -0.49% | 0.12% | 2.20% | 1.62% | 11.07% |
| GBPUSD | 1.3078 | ▲ | -0.43% | 0.53% | 0.31% | 1.05% | 5.92% |
| Brent (\$/barrel) | 51.3 | ▼ | 1.02% | 7.14% | 5.58% | -3.92% | -9.38% |
| Gold (\$/oz) | 1263.9 | ▲ | 0.85% | 0.41% | 1.42% | -2.33% | 9.40% |
| Platinum (\$/oz) | 927.3 | ▲ | 0.75% | -0.89% | 0.29% | -2.80% | 2.75% |
| Copper (\$/MT)* | 6298.3 | ▲ | 0.01% | 5.48% | 6.26% | 4.76% | 14.04% |

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,263.90/oz.

Yesterday, gold prices rose 0.9% to close at \$1,260.00/oz, reversing its previous session losses.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.3% to trade at \$51.34/bL.

Yesterday, Brent crude oil advanced 1.0% to settle at \$51.49/bL, notching its highest level in 2 months, supported by a fourth straight weekly decline in US crude supplies.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.1% to trade at \$927.30/oz.

Yesterday, platinum prices climbed 0.8% to close at \$926.40/oz.



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Major South Africa Corporate News

Anglo American Plc

In its 1H17 results, the company indicated that its revenue rose to \$12.12bn from \$9.93bn posted in the corresponding period of the previous year. Its diluted EPS stood at \$1.09, compared with a loss per share of \$0.63 recorded in the corresponding period of the previous year.

ArcelorMittal South Africa Limited

In its 1H17 results, the company stated that its revenue increased to ZAR19.15bn from ZAR17.00bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 203.00c, compared with a loss per share of 44.00c recorded in the corresponding period of the previous year.

Gold Fields Limited

In its 1H17 trading update, the company revealed that EPS is expected to be between \$0.06 and \$0.08, lower than the \$0.14 per share reported in the comparable period. Further, the HEPS is expected to be in the range of \$0.06 to \$0.08, less than \$0.16 posted in the corresponding period of the prior year.

Intu Properties Plc

In its 1H17 results, the company revealed that its revenue advanced 7.6% from the same period of the preceding year to GBP307.30mn. Its diluted EPS stood at 8.90p, compared with 3.30p recorded in the corresponding period of the previous year.

MTN Group Limited

In its 1H17 trading statement, the company revealed that it expects its basic HEPS to be between 210.00c and 230.00c and basic EPS to be between 280.00c and 300.00c.

Netcare Limited

The company stated that Mrs. Jill Watts will be resigning as a Director and as Chief Executive of BMI Healthcare effective September 30, 2017 and will be succeeded by Dr. Karin Prins, who will take over as the new BMI Healthcare Chief Executive.

Major Global Economic News

Asia

The Bank of Japan's (BoJ) summary of opinion report from its July meeting revealed that policymakers discussed repeated delays in meeting the central bank's inflation target and that it could undermine the BoJ's credibility. Also, they called for an in-depth discussion on whether it was appropriate to continue buying exchange-traded funds.

In Japan, the national CPI rose 0.4% on a yearly basis in June, at par with market expectations. In the prior month, the national CPI had registered a similar rise.

In June, unemployment rate fell to a level of 2.8% in Japan, lower than market expectations of a fall to a level of 3.0%. Unemployment rate had registered a reading of 3.1% in the previous month.

In June, retail trade registered a rise of 0.2% on a monthly basis in Japan, compared to a fall of 1.6% in the previous month. Markets were anticipating retail trade to advance 0.4%.

In Australia, the PPI advanced 0.5% on a quarterly basis in 2Q17. The PPI had registered a similar rise in the prior quarter.

US

In the US, the preliminary durable goods orders rose 6.5% on a monthly basis in June, compared to a drop of 0.8% in the prior month. Markets were expecting durable goods orders to rise 3.9%.

In June, advance goods trade deficit narrowed to USD63.90bn in the US, compared to market expectations of deficit of USD65.50bn. The US had reported a revised advance goods trade deficit of USD66.30bn in the previous month.

In the US, the seasonally adjusted initial jobless claims registered a rise to 244.00K in the week ended July 22, 2017, compared to market expectations of a rise to a level of 240.00K. Initial jobless claims had recorded a revised reading of 234.00K in the previous week.

In June, the seasonally adjusted preliminary wholesale inventories rose 0.6% on a monthly basis in the US, compared to a rise of 0.4% in the prior month. Markets were anticipating the wholesale inventories to rise 0.3%.

UK

In the UK, the GfK consumer confidence eased to -12.00 in July, higher than market expectations of a fall to -11.00. The consumer confidence had recorded a reading of -10.00 in the previous month.

Eurozone

In Germany, the consumer confidence index unexpectedly climbed to 10.80 in August, compared to market expectations of an unchanged reading. The index had recorded a level of 10.60 in the prior month.

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Economic Calendar

| Country | SAST | Economic Indicator | Relevance | Consensus/ *Actual | Previous/ **Previous Est. | Frequency |
|----------|-------|--|-----------|-----------------------|------------------------------|--------------|
| UK | 01:01 | GfK Consumer Confidence (Jul) | ✓✓ | -12.00* | -10.00 | Monthly |
| Japan | 01:30 | Job-To-Applicant Ratio (Jun) | ✓ | 1.51* | 1.49 | Monthly |
| Japan | 01:30 | Unemployment Rate (Jun) | ✓✓✓ | 2.80%* | 3.10% | Monthly |
| Japan | 01:30 | Household Spending (YoY) (Jun) | ✓✓ | 2.30%* | -0.10% | Monthly |
| Japan | 01:30 | National Consumer Price Index (YoY) (Jun) | ✓✓✓ | 0.40%* | 0.40% | Monthly |
| Japan | 01:50 | Retail Trade s.a. (MoM) (Jun) | ✓ | 0.20%* | -1.60% | Monthly |
| Japan | 01:50 | BoJ Summary of Opinions at July 19-20 Meeting | ✓ | - | - | As scheduled |
| Japan | 01:50 | Large Retailer's Sales (Jun) | ✓✓ | 0.20%* | -0.60% | Monthly |
| Japan | 01:50 | Retail Trade (YoY) (Jun) | ✓✓ | 2.10%* | 2.00% | Monthly |
| Eurozone | 11:00 | Economic Sentiment Indicator (Jul) | ✓ | 110.80 | 111.10 | Monthly |
| Eurozone | 11:00 | Business Climate Indicator (Jul) | ✓✓ | 1.14 | 1.15 | Monthly |
| Eurozone | 11:00 | Consumer Confidence (Jul) (F) | ✓✓ | -1.70 | -1.70** | Monthly |
| Eurozone | 11:00 | Industrial Confidence (Jul) | ✓ | 4.30 | 4.60 | Monthly |
| Eurozone | 11:00 | Services Sentiment Indicator (Jul) | ✓ | 13.40 | 13.40 | Monthly |
| Germany | 14:00 | Consumer Price Index (MoM) (Jul) (P) | ✓✓✓ | 0.20% | 0.20% | Monthly |
| Germany | 14:00 | Consumer Price Index (YoY) (Jul) (P) | ✓✓ | 1.50% | 1.60% | Monthly |
| US | 14:30 | Personal Consumption Expenditure Core (QoQ) (Q2) (P) | ✓ | - | 2.00% | Quarterly |
| US | 14:30 | Gross Domestic Purchases Price Index (QoQ) (Q2) (P) | ✓✓ | 1.50% | 1.90% | Quarterly |
| US | 14:30 | Employment Cost Index (QoQ) (Q2) | ✓✓ | 0.60% | 0.80% | Quarterly |
| US | 14:30 | Gross Domestic Product Annualised (QoQ) (Q2) (P) | ✓✓✓ | 2.70% | 1.40% | Quarterly |
| US | 14:30 | Personal Consumption (QoQ) (Q2) (P) | ✓✓ | 2.80% | 1.10% | Quarterly |
| US | 16:00 | Reuters/Michigan Consumer Sentiment Index (Jul) (F) | ✓✓✓ | 93.10 | 93.10** | Monthly |
| US | 19:20 | Fed's Kashkari Speaks at Townhall Event | ✓ | - | - | As scheduled |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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