

# ONE Minute Brief

31 July 2017

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## Economic and Political News

Reserve Bank Governor, Lesetja Kganyago, stated on Friday, that economic growth in South Africa (SA) is likely to be positive in 2Q17, after a short recession.

A Group-20 Global Infrastructure Hub report revealed that SA needs to invest ZAR6.0tn (\$464.0bn) by 2040 in water and electricity sectors.

The energy department has indicated that the retail price of petrol in SA will increase by more than 1.5% from August 2, while the price of wholesale diesel will rise by 2.6%.

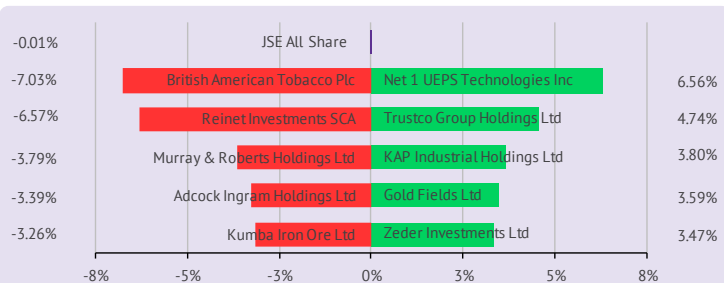
Energy Minister, Mmamoloko Kubayi, stated that her department will provide integrated resource and energy plans by the end of this financial year which will help in taking a decision on sourcing energy from independent power producers.

The Democratic Alliance has called on National Assembly Speaker, Baleka Mbete, to decide on whether the no confidence vote against President, Jacob Zuma, will be held by a secret or open ballot.

## South Africa Market

### South African markets closed lower

South African markets closed a tad lower on Friday, reversing its previous session gains. The JSE All Share Index marginally fell to close at 54,883.21.



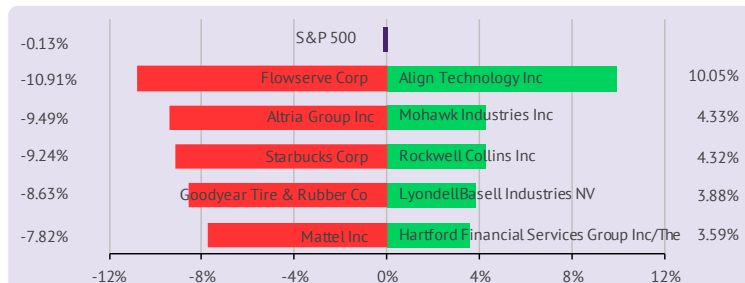
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg	
JSE All Share	54883.21	▼	-5.68	-0.01%	NA	6.34%	-3.64%	8.35%
JSE Top 40	48551.29	▼	-18.13	-0.04%	NA	6.89%	-3.67%	10.59%
FTSE 100	7368.37	▼	-74.64	-1.00%	NA	0.76%	-2.76%	3.16%
DAX 30	12162.70	▼	-49.34	-0.40%	NA	-1.32%	-2.30%	5.94%
CAC 40	5131.39	▼	-55.56	-1.07%	NA	0.21%	-3.08%	5.53%
S&P 500	2472.10	▼	-3.32	-0.13%	NA	2.01%	0.48%	10.42%
Nasdaq Composite	6374.68	▼	-7.51	-0.12%	NA	3.81%	-0.94%	18.42%
DJIA	21830.31	▲	33.76	0.15%	NA	2.25%	1.62%	10.46%

## US Market

### The S&P 500 futures are trading in the red

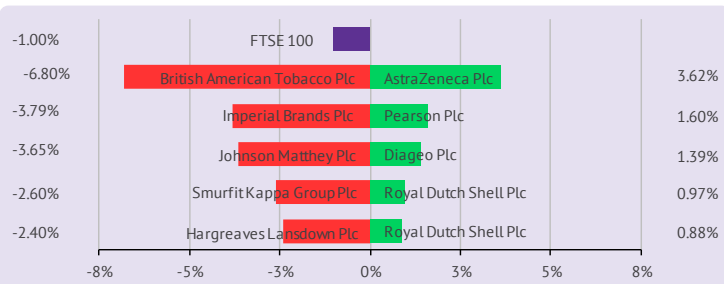
US markets closed in the red on Friday, due to a decline in consumer staples sector stocks. Data revealed that the US economy grew at a faster pace in 2Q17. The S&P 500 Index dropped 0.1% to close at 2,472.10.



## UK Market

### The FTSE 100 futures are trading in negative territory

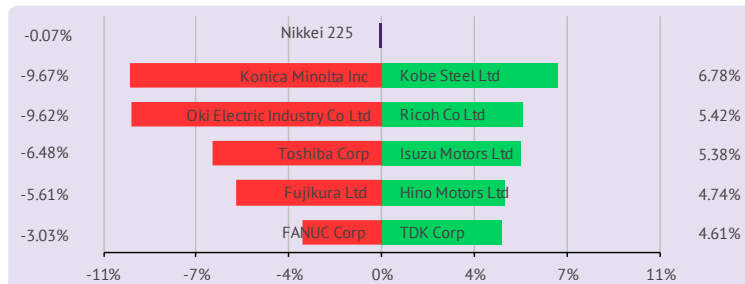
UK markets finished lower on Friday, amid a decline in consumer staples and material sector stocks. The FTSE 100 Index declined 1.0% to close at 7,368.37.



## Asian Market

### Trading mixed

Asian markets are trading mixed this morning. Data indicated that China's manufacturing PMI dropped more-than-expected in July. The Nikkei 225 Index is trading 0.1% lower at 19,945.95.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R13.0087. Later today, traders will keep a close watch on US pending home sales and the Chicago purchasing managers' index for further direction. Separately, South Africa's trade balance and private sector credit will be on investors' radar.

The US Dollar rose against the South African Rand on Friday, after data showed that the US economy accelerated in the second quarter, as consumers ramped up spending and businesses invested more on equipment. Further, final Michigan consumer sentiment index advanced more-than-expected in July. Additionally, the nation's core personal consumption expenditure rose more than market anticipations in 2Q17.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R17.0723. Later today, traders will keep an eye on UK's net consumer credit and mortgage approvals for further cues.

The British Pound advanced against the South African Rand on Friday.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R15.2640. Going forward, market participants will keep a tab on preliminary reading of the Eurozone's consumer price index for July along with German retail sales data for further indication.

The Euro strengthened against the South African Rand on Friday, after the Eurozone's economic sentiment indicator unexpectedly advanced in July, notching its highest level since 2007. Further, final consumer confidence remained unchanged in the same month. Meanwhile, business climate indicator dropped more-than-expected in July. Separately, Germany's flash annual consumer price index advanced to a 3-month high in July.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.5% against the South African Rand to trade at R10.3711. Earlier in the session, data showed that Australia's HIA new home sales retreated on a monthly basis in June, reaching its lowest level since 2013. On the other hand, private sector credit recorded an unexpected rise on a monthly basis in the same month. Meanwhile, in China, Australia's largest trading partner, manufacturing PMI declined more than market anticipations in July. However, it continued to remain in expansionary territory. Further, non-manufacturing PMI posted a drop in the same month.

The Australian Dollar rose against the South African Rand on Friday. Data indicated that Australia's PPI remained unchanged on a quarterly basis in 2Q17.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.0087	▼	0.19%	NA	-0.37%	-0.33%	-5.13%
GBPZAR	17.0723	▼	0.65%	NA	0.38%	0.98%	1.00%
EURZAR	15.2640	▼	0.77%	NA	2.38%	1.56%	5.93%
AUDZAR	10.3711	▼	0.61%	NA	3.85%	3.21%	5.20%
EURUSD	1.1733	▼	0.63%	NA	2.84%	1.62%	11.78%
GBPUSD	1.3122	▼	0.54%	NA	0.85%	1.05%	6.49%
Brent (\$/barrel)	52.9	▲	2.00%	NA	7.69%	-3.92%	-7.57%
Gold (\$/oz)	1274.0	▲	0.67%	NA	2.10%	-2.33%	10.13%
Platinum (\$/oz)	937.8	▲	1.10%	NA	1.40%	-2.80%	3.88%
Copper (\$/MT)*	6295.5	▼	-0.04%	NA	6.22%	4.76%	13.99%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,274.00/oz.

On Friday, gold prices rose 0.7% to close at \$1,268.40/oz, as weakness in the greenback against its major counterparts underpinned demand for the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$52.90/bl.

On Friday, Brent crude oil advanced 2.0% to settle at \$52.52/bl, despite Baker Hughes reporting that the US oil rig count climbed by 2 to 766 rigs last week.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices gained 0.1% to trade at \$937.80/oz.

On Friday, platinum prices climbed 1.1% to close at \$936.60/oz.



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31 July 2017



## Major South Africa Corporate News

### Barclays Africa Group

In its 1H17 results, the company stated that its revenue decreased to ZAR36.32bn from ZAR36.50bn posted in the corresponding period of the previous year. However, its diluted EPS rose 5.0% from the same period of the prior year to 872.90c.

### Northam Platinum Limited

The company announced that it has entered into a binding transaction agreement pursuant to which it will acquire platinum group metals recycling equipment located in Pennsylvania, United States of America as well as immovable property comprising land and buildings for the PGM Recycling Equipment for a consideration of \$10.70bn.

## Major Global Economic News

### Asia

In Australia, new home sales fell 6.9% on a monthly basis in June. New home sales had recorded a rise of 1.1% in the previous month.

In June, the private sector credit advanced 0.6% on a monthly basis in Australia, compared to an advance of 0.4% in the previous month. Market anticipation was for the private sector credit to rise 0.4%.

In China, the NBS manufacturing PMI fell to a level of 51.40 in July, lower than market expectations of a fall to a level of 51.50. In the prior month, the NBS manufacturing PMI had recorded a reading of 51.70.

In July, the NBS non-manufacturing PMI dropped to 54.50 in China, compared to a level of 54.90 in the previous month.

In Japan, industrial production recorded a rise of 1.6% on a monthly basis in June, compared to a drop of 3.6% in the previous month. Market expectations for the industrial production was to advance 1.5%.

### Eurozone

In the Eurozone, the final consumer confidence index registered a drop to -1.70 in July, at par with market expectations. The preliminary figures had also recorded a drop to -1.70. In the prior month, the index had registered a reading of -1.30.

In July, the business climate indicator dropped to 1.05 in the Eurozone, compared to a revised reading of 1.16 in the prior month. Market anticipation was for the business climate indicator to ease to a level of 1.14.

In the Eurozone, the economic sentiment indicator unexpectedly climbed to a level of 111.20 in July, compared to a reading of 111.10 in the previous month. Market anticipation was for the economic sentiment indicator to fall to 110.80.

In Germany, the flash CPI advanced 1.7% on a yearly basis in July, compared to an advance of 1.6% in the prior month. Market expectation was for the CPI to rise 1.5%.

### US

In the US, the preliminary annualized gross domestic product climbed 2.6% on a quarterly basis in 2Q17, lower than market expectations for a rise of 2.7%. In the prior quarter, the annualized GDP had recorded a rise of 1.4%.

In July, the final Reuters/Michigan consumer sentiment index fell to a level of 93.40 in the US, compared to a reading of 95.10 in the previous month. The preliminary figures had recorded a drop to 93.10. Markets were anticipating the index to drop to a level of 93.20.

In the US, the preliminary core personal consumption expenditure recorded a rise of 0.9% on a quarterly basis in 2Q17, higher than market expectations for an advance of 0.7%. In the prior quarter, core personal consumption expenditure had advanced 2.0%.



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## 40 Best Performers on the All Share Index

Company Name	Last Close	1 Week % Change	MTD % Change	YTD % Change
Naspers Ltd	285023	1.57%	4.96%	41.51%
Adcock Ingram Holdings Ltd	6415	-1.90%	3.80%	34.36%
Clicks Group Ltd	14860	0.41%	9.78%	31.61%
Bid Corp Ltd	31740	3.30%	5.92%	30.68%
Dis-Chem Pharmacies Ltd	2815	-2.09%	-2.36%	25.99%
Capitec Bank Holdings Ltd	86497	1.96%	11.07%	25.77%
Trencor Ltd	3530	1.44%	4.75%	25.55%
Mondi Plc	34222	-0.17%	-0.80%	24.84%
Exxaro Resources Ltd	10732	5.61%	5.12%	24.43%
Discovery Ltd	14100	2.36%	10.05%	23.96%
Mondi Ltd	34000	-0.44%	-1.53%	23.48%
RCL Foods Ltd/South Africa	1550	1.91%	3.33%	22.93%
Glencore Plc	5645	7.14%	15.56%	22.07%
Cie Financiere Richemont SA	11045	1.22%	-0.14%	21.72%
Gold Fields Ltd	5225	7.18%	12.61%	21.69%
Fortress Income Fund Ltd	3826	-0.05%	9.35%	21.05%
Anglo American Platinum Ltd	32000	2.72%	14.73%	21.02%
Kumba Iron Ore Ltd	19137	9.36%	21.85%	20.36%
Shoprite Holdings Ltd	20415	2.17%	-2.32%	20.12%
Vodacom Group Ltd	17785	-1.47%	10.53%	19.86%
PSG Group Ltd	25862	-1.10%	7.96%	19.53%
Murray & Roberts Holdings Ltd	1372	-12.78%	3.24%	19.10%
Holdsport Ltd	6700	7.20%	17.82%	18.10%
PSG Konsult Ltd	855	2.40%	4.27%	17.17%
DataTec Ltd	5775	-1.79%	10.63%	16.71%
Astral Foods Ltd	14800	0.75%	-6.64%	16.64%
Resilient REIT Ltd	12995	0.74%	8.05%	16.20%
Equites Property Fund Ltd	1775	-1.39%	3.44%	16.10%
Hudaco Industries Ltd	12850	1.34%	-1.98%	15.40%
MAS Real Estate Inc	2507	1.09%	6.68%	14.42%
Mr Price Group Ltd	17650	-0.28%	21.04%	13.79%
Reunert Ltd	7184	-3.70%	0.92%	12.45%
Sanlam Ltd	6769	-2.05%	-1.37%	12.06%
Standard Bank Group Ltd	16473	3.47%	12.41%	11.72%
South32 Ltd	2985	6.04%	15.21%	11.49%
Fortress Income Fund Ltd	1770	0.34%	4.30%	11.10%
Investec Plc	9840	1.12%	-2.20%	10.89%
British American Tobacco Plc	84196	-8.33%	-10.82%	10.67%
AVI Ltd	9898	1.57%	0.32%	10.18%
Investec Ltd	9765	1.30%	-3.13%	10.10%
<b>JSE All Share Index</b>	<b>54883</b>	<b>1.33%</b>	<b>6.34%</b>	<b>8.35%</b>

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Industrial Production (MoM) (Jun) (P)	✓✓✓	1.60%*	-3.60%	Monthly
Japan	01:50	Industrial Production (YoY) (Jun) (P)	✓✓	4.90%*	6.50%	Monthly
China	03:00	NBS Non-manufacturing PMI (Jul)	✓	54.50*	54.90	Monthly
China	03:00	NBS Manufacturing PMI (Jul)	✓✓	51.40*	51.70	Monthly
Japan	06:00	Vehicle Production (YoY) (Jun)	✓	6.90%*	5.50%	Monthly
Japan	07:00	Construction Orders (YoY) (Jun)	✓	-	-0.50%	Monthly
Japan	07:00	Housing Starts (YoY) (Jun)	✓	0.10%	-0.30%	Monthly
Japan	07:00	Annualised Housing Starts (Jun)	✓✓	0.99mn units	1.00mn units	Monthly
Germany	07:30	Short-Term Interest Rate (Jun)	✓	-	-0.33%	Monthly
Germany	08:00	Retail Sales (MoM) (Jun)	✓✓	0.20%	0.50%	Monthly
Germany	08:00	Retail Sales (YoY) (Jun)	✓✓	2.70%	4.80%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Jun)	✓	5.85%	5.98%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Jun)	✓✓	6.58%	6.69%	Monthly
UK	10:30	Net Lending to Individuals (Jun)	✓✓	-	GBP5.30bn	Monthly
UK	10:30	Net Consumer Credit (Jun)	✓✓	GBP1.50bn	GBP1.70bn	Monthly
UK	10:30	Net Lending Sec. on Dwellings (Jun)	✓✓	GBP3.40bn	GBP3.50bn	Monthly
UK	10:30	Mortgage Approvals (Jun)	✓✓✓	65.00K	65.20K	Monthly
Eurozone	11:00	Unemployment Rate (Jun)	✓✓	9.20%	9.30%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Jul) (P)	✓✓✓	1.10%	1.10%	Monthly
UK	12:00	Inflation Report Hearings	✓✓✓	-	-	As scheduled
South Africa	14:00	Trade Balance (Jun)	✓✓✓	-	ZAR9.50bn	Monthly
US	15:45	Chicago PMI (Jul)	✓✓✓	59.00	65.70	Monthly
US	16:00	Pending Home Sales (YoY) (Jun)	✓	-	0.50%	Monthly
US	16:00	Pending Home Sales (MoM) (Jun)	✓	1.00%	-0.80%	Monthly
US	16:30	Dallas Fed Manufacturing Business Index (Jul)	✓	14.00	15.00	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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