

ONE Minute Brief

1 August 2017

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Economic and Political News

In South Africa (SA), trade surplus widened more-than-expected to ZAR10.70bn in June, from a trade surplus of ZAR7.20bn in May. In June, private sector credit advanced less-than-expected by 6.16% YoY, compared to an advance of 6.69% in May.

Moody's stated that while the interest rate cut by the South African Reserve Bank is likely to boost economic growth, the policy decision also pointed towards growing political pressure on the bank.

The African National Congress (ANC) chief whip, Jackson Mthembu, has called for disciplinary action against party MP, Mondli Gungubele, for his decision to support the motion of no confidence against President, Jacob Zuma.

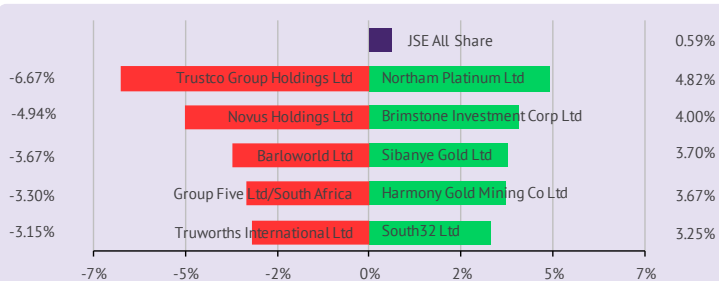
The Organisation Undoing Tax Abuse (OUTA) has filed a court application to intervene in the case against alleged corrupt railway contracts at Passenger Rail Agency of South Africa (Prasa). Meanwhile, the outgoing chairperson of PRASA board, Popo Molefe, accused Transport Minister Joe Maswanganyi, of prejudicing the board's investigation.

The National Union of Mineworkers (NUM) has called on Mineral Resources Minister, Mosebenzi Zwane, to step down, citing that his decision to freeze the new mining charter threatens employment in the industry.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in mining sector stocks. Data showed that South Africa's trade surplus expanded more-than-expected in June. The JSE All Share Index rose 0.6% to close at 55,207.41.



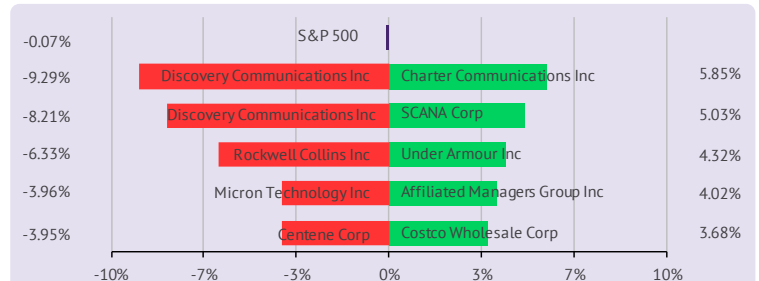
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55207.41	▲ 324.20	0.59%	0.59%	NA	6.97%	8.99%
JSE Top 40	48873.13	▲ 321.84	0.66%	0.66%	NA	7.60%	11.32%
FTSE 100	7372.00	▲ 3.63	0.05%	0.05%	NA	0.81%	3.21%
DAX 30	12118.25	▼ -44.45	-0.37%	-0.37%	NA	-1.68%	5.55%
CAC 40	5093.77	▼ -37.62	-0.73%	-0.73%	NA	-0.53%	4.76%
S&P 500	2470.30	▼ -1.80	-0.07%	-0.07%	NA	1.93%	10.34%
Nasdaq Composite	6348.12	▼ -26.55	-0.42%	-0.42%	NA	3.38%	17.93%
DJIA	21891.12	▲ 60.81	0.28%	0.28%	NA	2.54%	10.77%

US Market ▼

The S&P 500 futures are trading in the green

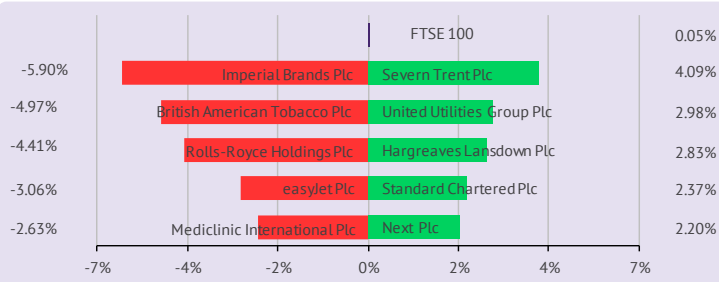
US markets closed lower yesterday, weighed down by losses in material and information technology sector stocks. Data indicated that US pending home sales rebounded more-than-expected on a monthly basis in June. The S&P 500 Index dropped 0.1% to close at 2,470.30.



UK Market ▲

The FTSE 100 futures are trading in positive territory

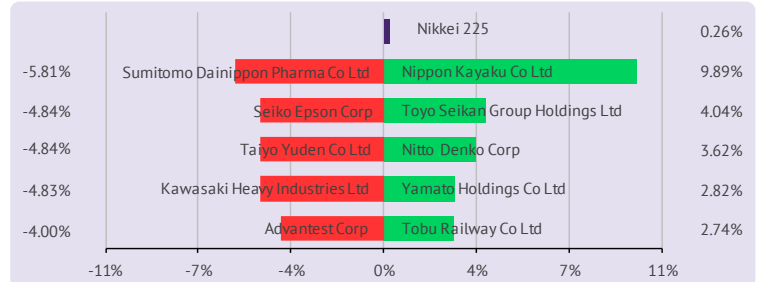
UK markets finished higher yesterday, led by a rise in utility and financial sector stocks. Data revealed that UK's net consumer credit advanced in line with market expectations in June. The FTSE 100 Index advanced 0.1% to close at 7,372.00.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. On the data front, China's Caixin manufacturing PMI surprisingly advanced in July, notching its highest level in 4 months. The Nikkei 225 Index is trading 0.3% higher at 19,976.74.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R13.1675. Later today, traders will keep a close watch on the US ISM and Markit manufacturing PMIs along with construction spending data for further cues. Separately, South Africa's manufacturing PMI will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after the Americans signed more contracts to purchase homes in June, breaking a 3-month decline in pending sales. Meanwhile, the Chicago purchasing managers' index dropped more-than-expected in July. Separately, South Africa's trade surplus expanded more than market expectations in June, boosted by growth in exports and a recovery in commodity prices. On the other hand, private sector credit rose less-than-expected on an annual basis in June.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R17.4045. Later today, traders will keep an eye on the UK's Markit manufacturing PMI and the Nationwide house price index for further direction.

The British Pound advanced against the South African Rand yesterday. In economic news, UK's net consumer credit rose at par with market estimates in June. Whereas, mortgage approvals declined more than market anticipations in the same month, marking its weakest level in 9 months.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand to trade at R15.5773. Going forward, market participants will keep a tab on Eurozone's gross domestic product and Germany's unemployment rate along with the final Markit manufacturing PMI across the Eurozone.

The Euro strengthened against the South African Rand yesterday, after the Eurozone's unemployment rate recorded an unexpected drop to its lowest level since February 2009 in June. Further, Eurozone's consumer price index (CPI) remained steady on an annual basis in July. Moreover, Germany's retail sales rose at a faster-than-expected pace on a monthly basis in June.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R10.5685. Earlier in the session, data showed that the Reserve Bank of Australia kept its interest rate steady at 1.5%, in line with market expectations. Australia's AiG performance of manufacturing index advanced in July, compared to its prior reading. Meanwhile, in China, Australia's largest trading partner, the Caixin manufacturing PMI for July unexpectedly rose to its strongest level in 4 months, driven by strong growth in output and new orders.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.1675	▼	1.23%	1.23%	NA	0.85%	-3.97%
GBPZAR	17.4045	▼	1.92%	1.92%	NA	2.31%	2.94%
EURZAR	15.5773	▼	2.08%	2.08%	NA	4.50%	8.13%
AUDZAR	10.5685	▼	1.52%	1.52%	NA	5.43%	6.79%
EURUSD	1.1829	▼	0.77%	0.77%	NA	3.64%	12.64%
GBPUSD	1.3217	▲	0.60%	0.60%	NA	1.46%	7.13%
Brent (\$/barrel)	52.8	▲	0.38%	0.38%	NA	8.10%	-7.22%
Gold (\$/oz)	1275.6	▲	-0.14%	-0.14%	NA	1.96%	9.98%
Platinum (\$/oz)	943.3	▲	0.44%	0.44%	NA	1.84%	4.34%
Copper (\$/MT)*	6336.3	▲	0.65%	0.65%	NA	6.90%	14.72%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.7% to trade at \$1,275.60/oz.

Yesterday, gold prices fell 0.1% to close at \$1,266.60/oz, reversing its previous session gains.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.1% to trade at \$52.76/bl.

Yesterday, Brent crude oil advanced 0.4% to settle at \$52.72/bl, notching its highest level in two months, boosted by tightening of US sanctions against Venezuela's oil industry and as supply concerns waned in recent week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.3% to trade at \$943.30/oz.

Yesterday, platinum prices climbed 0.4% to close at \$940.70/oz.

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Major South Africa Corporate News

Adcorp Holdings Limited

The company announced the resignation of its Chief Executive Officer, Mr Richard Pike and its Chief Operating Officer, Mr Nelis Swart with effect from July 31, 2017.

Pick n Pay Stores Limited

In its 1H17 business and trading statement, the company revealed that it expects Group HEPS to be lower more than 20.0%, while also expects EPS to decline by more than 20.0%.

Pan African Resources Plc

The company announced that the Group has successfully concluded a conditional agreement with Sylvania, whereby the company will dispose of all of its shares and loan accounts in its wholly-owned subsidiary Phoenix Platinum to Sylvania for a total cash consideration of ZAR89.00mn.

Major Global Economic News

Asia

In China, the Caixin/Markit manufacturing PMI index unexpectedly rose to a level of 51.10 in July, higher than market expectations of an unchanged reading. In the prior month, Caixin/Markit manufacturing PMI index had registered a reading of 50.40.

In Japan, the Nikkei final manufacturing PMI recorded a drop to 52.10 in July. Manufacturing PMI had recorded a reading of 52.40 in the prior month. The preliminary figures had indicated a drop to 52.20.

In Australia, the AIG performance of manufacturing index advanced to 56.00 in July. The index had registered a level of 55.00 in the prior month.

The Reserve Bank of Australia kept its benchmark interest rate unchanged at 1.50%, at par with market forecast.

Eurozone

In the Eurozone, the unemployment rate unexpectedly dropped to a level of 9.1% in June, compared to a revised level of 9.2% in the previous month. Markets were expecting the unemployment rate to remain unchanged.

In July, the CPI advanced 1.3% on a yearly basis in the Eurozone, at par with market expectations. In the prior month, the CPI had risen 1.3%.

In Germany, retail sales advanced 1.1% on a monthly basis in June, compared to an advance of 0.5% in the prior month. Markets were anticipating retail sales to rise 0.2%.

US

In the US, pending home sales advanced 1.5% on a monthly basis in June, more than market expectations for an advance of 1.0%. In the prior month, pending home sales had registered a revised drop of 0.7%.

In July, the Chicago Fed purchasing managers index dropped to 58.90 in the US, compared to market expectations of a drop to a level of 60.00. In the previous month, the index had recorded a reading of 65.70.

UK

In the UK, net consumer credit registered a rise of GBP1.50bn in June, at par with market expectations. Net consumer credit had registered a revised rise of GBP1.80bn in the prior month.

In June, number of mortgage approvals for house purchases recorded a drop to 64.70K in the UK, compared to market expectations of a drop to a level of 65.00K. Number of mortgage approvals for house purchases had recorded a revised reading of 65.10K in the previous month.

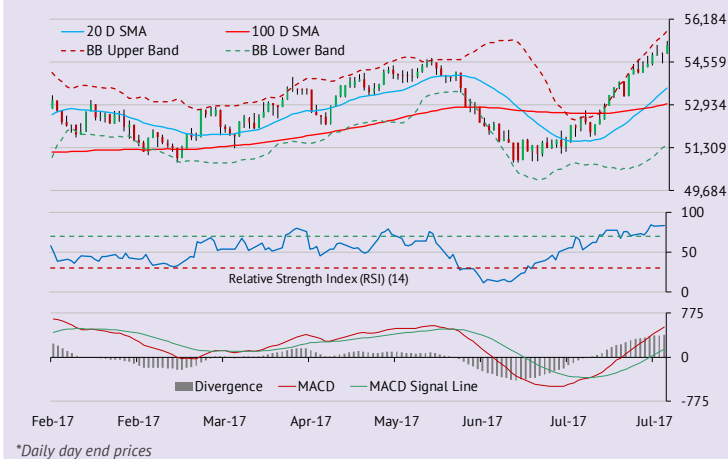
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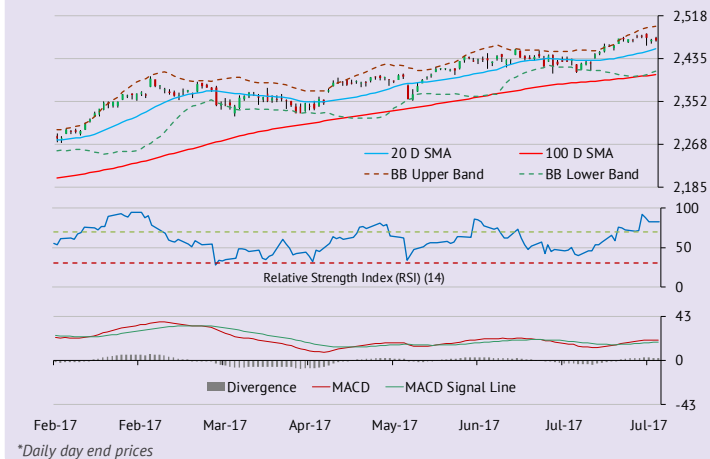
Technical Snapshot

JSE All Share



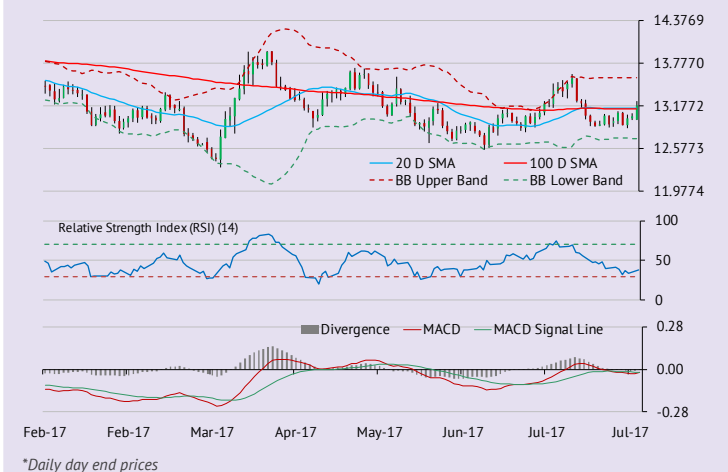
The JSE All Share index is expected to find support at 54,595.11, and a fall through could take it to the next support level of 53,982.80. The index is expected to find its first resistance at 55,593.23, and a rise through could take it to the next resistance level of 55,979.04.

S&P 500



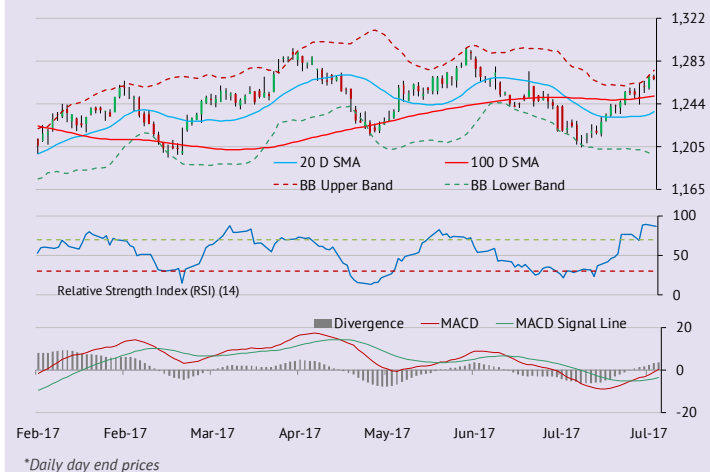
The S&P 500 index is expected to find support at 2,458.81, and a fall through could take it to the next support level of 2,447.31. The index is expected to find its first resistance at 2,482.92, and a rise through could take it to the next resistance level of 2,495.53.

USDZAR



The pair is expected to find support at 12,948.2, and a fall through could take it to the next support level of 12,710.6. The pair is expected to find its first resistance at 13,351, and a rise through could take it to the next resistance level of 13,484.4.

XAU/USD



Gold is expected to find support at \$1,249.60/oz, and a fall through could take it to the next support level of \$1,232.60/oz. The precious metal is expected to find its first resistance at \$1,277.20/oz, and a rise through could take it to the next resistance level of \$1,287.80/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Jul) (F)	✓✓✓	52.10*	52.20**	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Jul)	✓✓✓	51.10*	50.40	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Jul)	✓✓✓	-0.10%	1.10%	Monthly
Germany	09:55	Unemployment Rate s.a. (Jul)	✓✓	5.70%	5.70%	Monthly
Germany	09:55	Markit Manufacturing PMI (Jul) (F)	✓✓✓	58.30	58.30**	Monthly
Germany	09:55	Unemployment Change (Jul)	✓✓✓	-5.00K	7.00K	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Jul) (F)	✓✓✓	56.80	56.80**	Monthly
UK	10:30	Markit Manufacturing PMI (Jul)	✓✓✓	54.50	54.30	Monthly
South Africa	11:00	PMI Manufacturing (Jul)	✓✓✓	48.00	46.70	Monthly
US	14:30	Personal Income (MoM) (Jun)	✓✓	0.40%	0.40%	Monthly
US	14:30	Personal Spending (Jun)	✓✓	0.10%	0.10%	Monthly
US	14:30	Personal Consumption Expenditure Core (MoM) (Jun)	✓✓	0.10%	0.10%	Monthly
US	14:30	Personal Consumption Expenditure Core (YoY) (Jun)	✓✓	1.40%	1.40%	Monthly
US	15:45	Markit Manufacturing PMI (Jul) (F)	✓✓✓	53.10	53.20**	Monthly
US	16:00	ISM Imports (Jul)	✓	-	54.00	Monthly
US	16:00	ISM New Export Orders (Jul)	✓	-	59.50	Monthly
US	16:00	ISM Employment (Jul)	✓	-	57.20	Monthly
US	16:00	Construction Spending (MoM) (Jun)	✓✓	0.50%	0.00%	Monthly
US	16:00	ISM Manufacturing PMI (Jul)	✓✓	56.40	57.80	Monthly
US	16:00	ISM Prices Paid (Jul)	✓✓	56.50	55.00	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Jul)	✓✓	1.00%	0.90%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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