

ONE Minute Brief

23 August 2017

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Economic and Political News

In South Africa (SA), the leading indicator recorded a drop to 95.70 in June, compared to a reading of 95.80 in May.

Statistics SA has indicated that the poverty ratio in the nation surged to 55.5% (30.4mn people) in 2015 and suggested that the country is unlikely to meet its National Development Plan (NDP) goal to eliminate poverty by 2030.

The Democratic Alliance (DA) has claimed that a report by the auditor-general (AG) indicates that the first part of the nuclear deal is irregular and unauthorised.

Eskom has been permitted to recover billions of Rands in tariffs against a number of private companies within the Nelson Mandela Bay Metropolitan Municipality after the Constitutional Court dismissed an appeal against a decision by the Supreme Court to allow Eskom's application for a tariff adjustment.

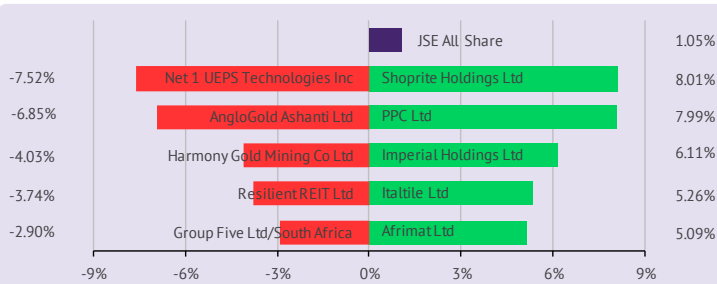
South African Engineers and Founders Association (SAEFA) stated that South African unions have agreed to a wage hike of 7.0% in 2017, 6.75% in 2018 and 6.5% in 2019.

Home Affairs Minister, Hlengiwe Mkhize, stated that she will wait for the conclusion of Parliament's inquiry into the Guptas and state-capture allegations before deciding whether or not to revoke their citizenship.

South Africa Market ▲

South African markets closed higher

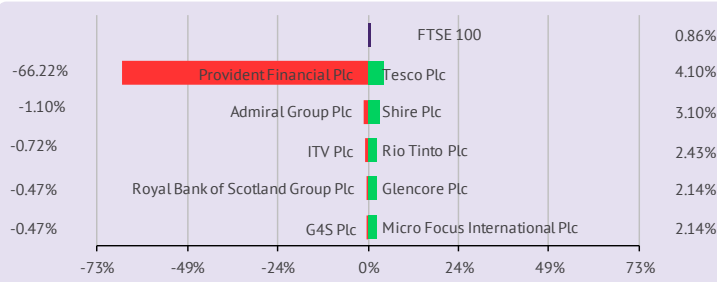
South African markets closed in the green yesterday, amid gains in retail sector stocks. Data showed that South Africa's leading indicator registered a decline in June, compared to its prior reading. The JSE All Share Index rose 1.0% to close at 56,033.96.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, driven by a rise in retail and mining sector stocks. Data indicated that UK's public sector net borrowings posted a surplus in July. The FTSE 100 Index advanced 0.9% to close at 7,381.74.



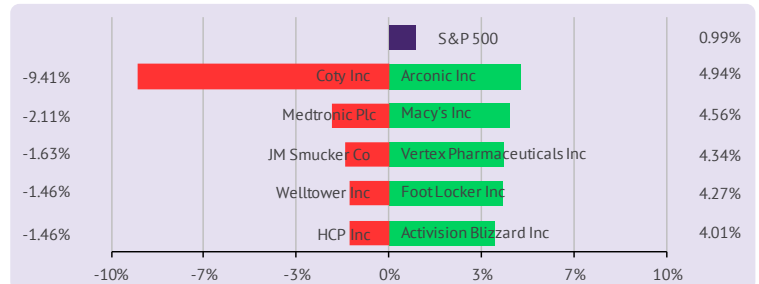
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56033.96	▲	583.43	1.05%	1.32%	1.50%	6.97%	10.62%
JSE Top 40	49588.44	▲	559.44	1.14%	1.35%	1.46%	7.60%	12.95%
FTSE 100	7381.74	▲	62.86	0.86%	0.79%	0.13%	0.81%	3.34%
DAX 30	12229.34	▲	163.35	1.35%	0.53%	0.92%	-1.68%	6.52%
CAC 40	5131.86	▲	44.27	0.87%	0.35%	0.75%	-0.53%	5.54%
S&P 500	2452.51	▲	24.14	0.99%	1.11%	-0.72%	1.93%	9.54%
Nasdaq Composite	6297.48	▲	84.35	1.36%	1.30%	-0.80%	3.38%	16.99%
DJIA	21899.89	▲	196.14	0.90%	1.04%	0.04%	2.54%	10.81%

US Market ▲

The S&P 500 futures are trading in the red

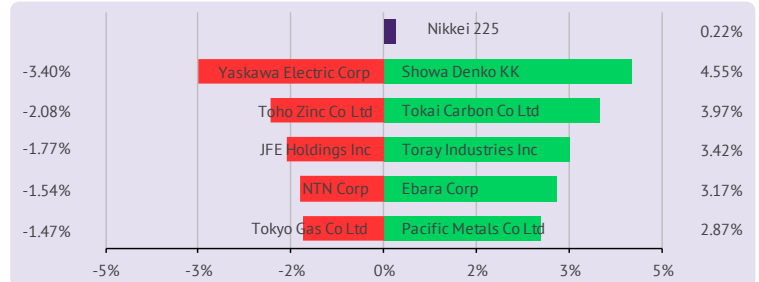
US markets closed higher yesterday, boosted by gains in information technology sector stocks. Data revealed that US house price index advanced less-than-expected on a monthly basis in June. The S&P 500 Index climbed 1.0% to close at 2,452.51.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan's preliminary Nikkei manufacturing PMI expanded to its highest level in 3 months in August. The Nikkei 225 Index is trading 0.2% higher at 19,426.93.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R13.2291. Later today, traders will keep a close watch on the US Markit manufacturing and services PMI along with new home sales and MBA mortgage approvals for further cues. Separately, South Africa's consumer price index will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. On the macro front, US house price index recorded a less-than-expected rise on a monthly basis in June. Separately, South Africa's leading indicator for June dropped, compared to its previous reading.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R16.9566. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. On the data front, UK's public sector net borrowings, excluding nationalised banks, recorded its first July surplus since 2002, bolstered by self-assessed tax receipts.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro marginally gained against the South African Rand to trade at R15.5591. Going forward, market participants will keep a tab on the European Central Bank President, Mario Draghi's speech along with the Eurozone's consumer confidence index and Markit manufacturing and services PMI for August, scheduled to release across the region today.

The Euro weakened against the South African Rand yesterday, after data revealed that Eurozone's ZEW economic sentiment index dropped in August, compared to its previous reading. Furthermore, Germany's ZEW economic sentiment index eased to its lowest level in 10 months in August, led by a strong decline in exports after the Euro notched its highest level in two and a half years against the US Dollar. In contrast, Germany's ZEW current situation index recorded an unexpected rise in the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R10.4425.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's ANZ Roy Morgan weekly consumer confidence index declined for the week ended August 20, 2017.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.2291	▲	0.38%	0.51%	0.30%	0.85%	-3.69%
GBPZAR	16.9566	▼	-0.15%	0.17%	-2.64%	2.31%	0.22%
EURZAR	15.5591	▲	-0.07%	0.54%	-0.38%	4.50%	7.72%
AUDZAR	10.4425	▼	0.07%	0.62%	-1.09%	5.43%	5.63%
EURUSD	1.1761	▼	-0.45%	0.01%	-0.68%	3.64%	11.88%
GBPUUSD	1.2817	▼	-0.59%	-0.36%	-2.96%	1.46%	3.96%
Brent (\$/barrel)	51.7	▼	0.41%	-1.61%	-1.61%	8.10%	-8.71%
Gold (\$/oz)	1291.1	▲	-0.44%	-0.05%	1.46%	1.96%	11.58%
Platinum (\$/oz)	980.6	▼	-0.43%	-0.11%	4.32%	1.84%	8.84%
Copper (\$/MT)*	6547.3	▼	-0.06%	1.47%	3.33%	6.90%	18.55%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,291.10/oz.

Yesterday, gold prices fell 0.4% to close at \$1,285.10/oz, as the greenback strengthened, denting demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$51.70/bL.

Yesterday, Brent crude oil advanced 0.4% to settle at \$51.87/bL, after the American Petroleum Institute (API) reported that crude oil inventories declined by 3.6mn bls for the week ended August 18, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$980.60/oz.

Yesterday, platinum prices declined 0.4% to close at \$981.30/oz.



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Major South Africa Corporate News

Group Five Limited

In its FY17 results, the company stated that its revenue declined to ZAR10.80bn from ZAR13.77bn recorded in the corresponding period of the previous year. Its diluted loss per share stood at 829.00c, compared with EPS of 375.00c recorded in the corresponding period of the previous year.

Imperial Holdings Limited

In its FY17 results, the company revealed that its revenue advanced 0.6% from the same period of the preceding year to ZAR119.52bn. Its diluted EPS stood at 1,302.00c, compared with 1,514.00c recorded in the corresponding period of the previous year.

Shoprite Holdings Limited

In its FY17 results, the company stated that its sale of merchandise increased to ZAR141.00bn from ZAR130.03bn recorded in the corresponding period of the previous year. Its diluted EPS rose 9.3% from the same period of the preceding year to 984.80c.

Major Global Economic News

Eurozone

In the Eurozone, the ZEW economic sentiment index registered a drop to 29.30 in August, compared to a level of 35.60 in the prior month.

In Germany, the ZEW economic sentiment index recorded a drop to 10.00 in August, compared to market expectations of a fall to 15.00. The index had recorded a reading of 17.50 in the previous month.

In August, the current situation index unexpectedly rose to 86.70 in Germany, compared to market expectations of a fall to a level of 85.20. In the previous month, the index had registered a reading of 86.40.

Asia

In Japan, the Nikkei flash manufacturing PMI recorded a rise to 52.80 in August, compared to a level of 52.10 in the prior month.

UK

In the UK, the public sector net borrowing has reported a surplus of GBP0.80bn in July, as compared to a revised deficit of GBP5.70bn in the prior month. Markets were expecting public sector net borrowing to show a deficit of GBP0.30bn.

In July, the public sector net borrowing (excluding temporary effects of financial interventions) has reported a surplus of GBP0.20bn in the UK, as compared to a revised deficit of GBP6.20bn in the previous month. Markets were expecting public sector net borrowing to show a deficit of GBP1.00bn.

US

In the US, the housing price index climbed 0.1% on a monthly basis in June, lower than market expectations for a rise of 0.5%. In the prior month, the index had recorded a rise of 0.4%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Aug) (P)	✓✓✓	52.80*	52.10	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Jul) (F)	✓✓	-	26.30%**	Monthly
Eurozone	09:00	ECB's Draghi Speaks in Lindau, Germany	✓✓✓	-	-	As scheduled
France	09:00	Markit Manufacturing PMI (Aug) (P)	✓✓✓	54.50	54.90	Monthly
Germany	09:30	Markit Manufacturing PMI (Aug) (P)	✓✓✓	57.60	58.10	Monthly
Germany	09:30	Markit Services PMI (Aug) (P)	✓✓	53.30	53.10	Monthly
Eurozone	10:00	Markit Composite PMI (Aug) (P)	✓✓✓	55.50	55.70	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Aug) (P)	✓✓✓	56.30	56.60	Monthly
Eurozone	10:00	Markit Services PMI (Aug) (P)	✓✓	55.40	55.40	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Jul)	✓✓✓	0.30%	0.20%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Jul)	✓✓✓	4.70%	5.10%	Monthly
UK	12:00	Inflation Report Hearings	✓✓✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (18-Aug)	✓	-	0.10%	Weekly
US	15:05	Fed's Kaplan Speaks to Oil Group in Midland, Texas	✓	-	-	As scheduled
US	15:45	Markit Composite PMI (Aug) (P)	✓✓	-	54.60	Monthly
US	15:45	Markit Manufacturing PMI (Aug) (P)	✓✓✓	53.50	53.30	Monthly
US	15:45	Markit Services PMI (Aug) (P)	✓✓	55.00	54.70	Monthly
US	16:00	New Home Sales (MoM) (Jul)	✓	0.00%	0.80%	Monthly
Eurozone	16:00	Consumer Confidence (Aug) (P)	✓✓	-1.80	-1.70	Monthly
US	16:00	New Home Sales Change (Jul)	✓✓	610.00K	610.00K	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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