

ONE Minute Brief

24 August 2017

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Economic and Political News

In South Africa (SA), the consumer price index (CPI) recorded a less-than-expected rise of 4.6% YoY in July, compared to a rise of 5.1% in June.

The National Treasury has confirmed that the government is considering selling its stake in Telkom to fund a ZAR10bn bailout of South African Airways (SAA). Deputy Finance Minister, Sifiso Buthelezi told Parliament that the government will not let SAA fail. Meanwhile, the Chairperson of the Parliament's standing committee on public accounts (SCOPA), Themba Godi, stated that the lack of leadership at SAA had contributed to the bankruptcy the state-owned airline is facing.

The African National Congress (ANC) has expressed grave concerns about the latest poverty figures and promised to act with urgency to deal with the crisis.

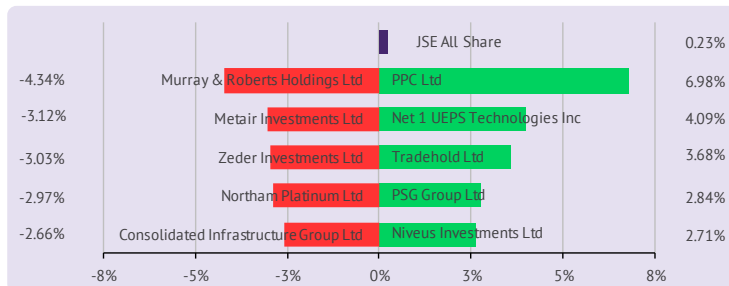
The Gupta family has agreed to sell their South African mining unit, Tegeta Exploration and Resources, to Swiss-based Charles King SA for \$225mn (R2.97bn).

Minister of Energy, Mmamoloko Kubayi, has suspended Deputy Director-General, Ompi Aphane and Chief Financial Officer, Yvonne Chetty, in an attempt to clean up the department.

South Africa Market ▲

South African markets closed higher

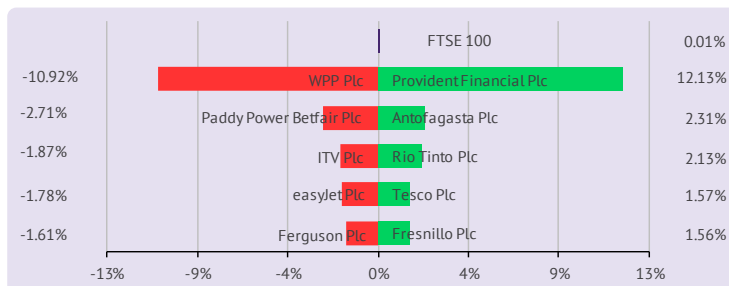
South African markets closed in the green yesterday, led by a rise in industrial sector stocks. Data showed that South Africa's CPI advanced less-than-expected on an annual basis in July, reaching its weakest level in 22 months. The JSE All Share Index rose 0.2% to close at 56,162.30.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished a tad higher yesterday, supported by gains in material and financial sector stocks. The FTSE 100 Index marginally advanced to close at 7,382.65.



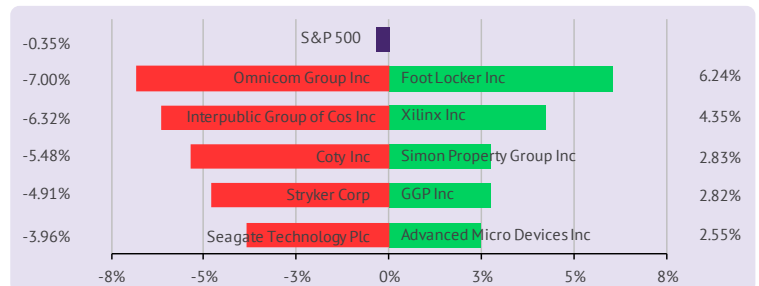
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56162.30	▲	128.34	0.23%	1.55%	1.73%	6.97%	10.88%
JSE Top 40	49734.51	▲	146.07	0.29%	1.64%	1.76%	7.60%	13.29%
FTSE 100	7382.65	▲	0.91	0.01%	0.80%	0.14%	0.81%	3.36%
DAX 30	12174.30	▼	-55.04	-0.45%	0.07%	0.46%	-1.68%	6.04%
CAC 40	5115.39	▼	-16.47	-0.32%	0.02%	0.42%	-0.53%	5.20%
S&P 500	2444.04	▼	-8.47	-0.35%	0.76%	-1.06%	1.93%	9.17%
Nasdaq Composite	6278.41	▼	-19.07	-0.30%	1.00%	-1.10%	3.38%	16.63%
DJIA	21812.09	▼	-87.80	-0.40%	0.63%	-0.36%	2.54%	10.37%

US Market ▼

The S&P 500 futures are trading in the red

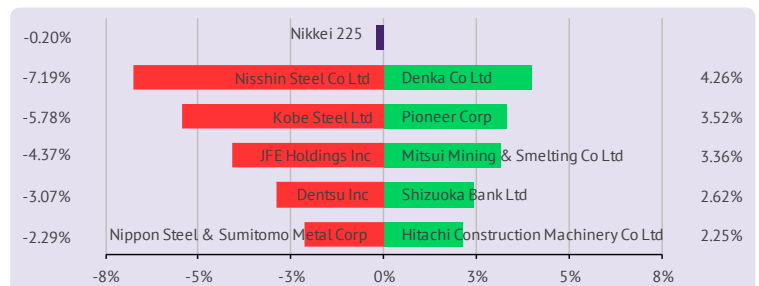
US markets closed lower yesterday, amid losses in consumer discretionary and industrial sector stocks. Data revealed that US preliminary Markit manufacturing PMI surprisingly eased in August. The S&P 500 Index dropped 0.4% to close at 2,444.04.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.2% lower at 19,395.59.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R13.1602. Later today, traders will keep a close watch on US initial jobless claims and existing home sales data for further direction.

The US Dollar fell against the South African Rand yesterday, after data indicated that US flash Markit manufacturing PMI registered an unexpected decline in August. In contrast, Markit preliminary services PMI expanded at a faster-than-expected pace to its strongest level in more than 2 years in August. Meanwhile, monthly new home sales painted a negative picture for July. Further, MBA mortgage applications retreated for the week ended August 18, 2017. Separately, South Africa's CPI rose less than market anticipations on a yearly basis in July, marking its weakest level in 22 months.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R16.8325. Later today, traders will keep an eye on UK's second quarter gross domestic product and BBA mortgage approvals for further cues.

The British Pound declined against the South African Rand yesterday.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R15.5317. With no major economic news in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's flash Markit services PMI unexpectedly dropped in August. Meanwhile, preliminary Markit manufacturing PMI surprisingly advanced to a 2-month high level in August. Additionally, the region's consumer confidence index surprisingly improved in the same month. Separately, Germany's flash Markit manufacturing PMI recorded an unexpected rise in August. Moreover, preliminary Markit services PMI climbed more-than-expected in the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R10.3977.

The Australian Dollar fell against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.1602	▼	-0.46%	0.05%	-0.16%	0.85%	-4.13%
GBPZAR	16.8325	▼	-0.68%	-0.51%	-3.30%	2.31%	-0.46%
EURZAR	15.5317	▼	-0.09%	0.45%	-0.48%	4.50%	7.62%
AUDZAR	10.3977	▼	-0.57%	0.05%	-1.65%	5.43%	5.03%
EURUSD	1.1802	▼	0.38%	0.39%	-0.30%	3.64%	12.31%
GBPUSD	1.2787	▼	-0.19%	-0.54%	-3.14%	1.46%	3.76%
Brent (\$/barrel)	52.6	■	1.35%	-0.28%	-0.28%	8.10%	-7.48%
Gold (\$/oz)	1293.4	▲	0.30%	0.25%	1.76%	1.96%	11.91%
Platinum (\$/oz)	981.3	▲	-0.04%	-0.15%	4.27%	1.84%	8.80%
Copper (\$/MT)*	6537.3	▼	-0.15%	1.32%	3.17%	6.90%	18.36%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,293.40/oz.

Yesterday, gold prices rose 0.3% to close at \$1,288.90/oz, as weakness in the US Dollar and losses in US equities, underpinned demand for the precious yellow metal.

Brent Crude Oil ◀▶

Trading flat

At 06:00 SAST, Brent crude oil is trading flat at \$52.57/bl.

Yesterday, Brent crude oil advanced 1.3% to settle at \$52.57/bl, after the US Energy Department reported that crude oil inventories fell by 3.3mn bls for the week ended August 18, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged marginally higher to trade at \$981.30/oz.

Yesterday, platinum prices marginally declined to close at \$980.90/oz.



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Major South Africa Corporate News

Grindrod Limited

In its 1H17 results, the company stated that its revenue decreased to ZAR4.11bn from ZAR4.65bn recorded in the corresponding period of the previous year. Its diluted loss per share stood at 11.50c, compared with 149.20c recorded in the corresponding period of the prior year.

Murray & Roberts Holdings Limited

In its FY17 results, the company revealed that its revenue from continuing operations declined 18.2% from the preceding year to ZAR21.40bn. Its diluted EPS stood at 74.00c, compared with 215.00c recorded in the corresponding period of the previous year.

Major Global Economic News

Eurozone

In the Eurozone, the flash consumer confidence index unexpectedly grew to a level of -1.50 in August, compared to a level of -1.70 in the prior month. Markets were anticipating the index to drop to a level of -1.80.

In the Eurozone, the flash Markit manufacturing PMI unexpectedly advanced to a level of 57.40 in August, compared to market expectations of a drop to 56.30. In the prior month, the manufacturing PMI had recorded a reading of 56.60.

In August, the preliminary Markit services PMI unexpectedly eased to a level of 54.90 in the Eurozone, compared to a level of 55.40 in the previous month. Markets were anticipating services PMI to record a steady reading.

In Germany, the preliminary Markit manufacturing PMI surprisingly climbed to 59.40 in August, higher than market expectations of a drop to 57.60. Manufacturing PMI had registered a reading of 58.10 in the prior month.

In August, the preliminary Markit services PMI advanced to 53.40 in Germany, compared to a reading of 53.10 in the prior month. Markets were expecting services PMI to rise to 53.30.

US

In the US, the preliminary Markit manufacturing PMI unexpectedly eased to 52.50 in August, compared to a reading of 53.30 in the previous month. Market expectation was for the Markit manufacturing PMI to rise to a level of 53.50.

In August, the flash Markit services PMI rose to a level of 56.90 in the US, higher than market expectations of an advance to 55.00. In the prior month, Markit services PMI had recorded a level of 54.70.

In the US, new home sales fell 9.4% on monthly basis, to a level of 571.00K in July, compared to a revised reading of 630.00K in the previous month. Markets were anticipating new home sales to drop to a level of 610.00K.

In the US, MBA mortgage applications slid 0.5% in the week ended August 18, 2017. In the prior week, mortgage applications had risen 0.1%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Japan	07:00	Coincident Index (Jun) (F)	✓	-	117.20**	Monthly
Japan	07:00	Leading Economic Index (Jun) (F)	✓✓	-	106.30**	Monthly
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q2) (S)	✓✓✓	0.30%	0.30%**	Quarterly
UK	10:30	Gross Domestic Product s.a. (YoY) (Q2) (S)	✓✓	1.70%	1.70%**	Quarterly
UK	10:30	BBA Mortgage Approvals (Jul)	✓✓	-	40.20K	Monthly
UK	10:30	Exports (QoQ) (Q2) (P)	✓	1.00%	-0.70%	Quarterly
UK	10:30	Index of Services (3M/3M) (Jun)	✓	0.50%	0.40%	Monthly
UK	10:30	Index of Services (MoM) (Jun)	✓	0.20%	0.20%	Monthly
UK	10:30	Private Consumption (QoQ) (Q2) (P)	✓	0.30%	0.40%	Quarterly
UK	10:30	Government Spending (Q2) (P)	✓	0.30%	0.70%	Quarterly
UK	10:30	Imports (QoQ) (Q2) (P)	✓	0.50%	1.70%	Quarterly
UK	10:30	Gross Fixed Capital Formation (Q2) (P)	✓	-0.40%	1.00%	Quarterly
UK	12:00	CBI Distributive Trades Survey - Realised (Aug)	✓	-	22.00%	Monthly
US	14:30	Continuing Jobless Claims (12-Aug)	✓	1950.00K	1953.00K	Weekly
US	14:30	Initial Jobless Claims (19-Aug)	✓✓✓	238.00K	232.00K	Weekly
US	16:00	Mortgage Delinquencies (Q2)	✓	-	4.71%	Quarterly
US	16:00	MBA Mortgage Foreclosures (Q2)	✓	-	1.39%	Quarterly
US	16:00	Existing Home Sales (Jul)	✓	5.55mn	5.52mn	Monthly
US	16:00	Existing Home Sales (MoM) (Jul)	✓	0.50%	-1.80%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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