

ONE Minute Brief

3 August 2017

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Economic and Political News

Public Enterprises Minister, Lynne Brown, has asked her personal assistant, Kim Davids, to resign following allegations that she had dealings with the controversial Gupta family.

Democratic Alliance (DA) leader, Mmusi Maimane, hand delivered a petition signed by more than a million South Africans to Deputy President, Cyril Ramaphosa, appealing him to vote against President, Jacob Zuma.

The Congress of South African Trade Unions (COSATU) stated that it will debate the South African Communist Party (SACP)'s move to contest elections alone at future elections, which may include the 2019 general polls, when its central executive committee meets this month.

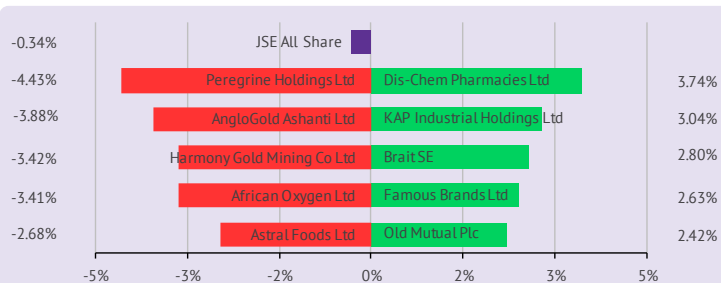
Transport Minister, Joe Maswanganyi, has welcomed the Pretoria High Court judgment that has deemed two contracts entered into by Passenger Rail Agency of South Africa (PRASA) with Fenton Gastin, its Chief Financial Officer, as null and void.

The DA has welcomed the appointment of Justice Bernard Ngoepe to head the Judicial Commission of Inquiry into the role of Minister of Social Development, Bathabile Dlamini, in causing the social grants crisis.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by a decline in mining sector stocks. The JSE All Share Index fell 0.3% to close at 55,200.49.



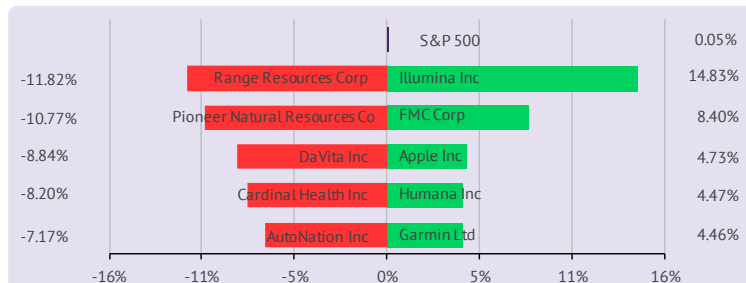
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55200.49	▼	-189.58	-0.34%	0.58%	-0.01%	6.97%	8.98%
JSE Top 40	48811.07	▼	-227.61	-0.46%	0.54%	-0.13%	7.60%	11.18%
FTSE 100	7411.43	▼	-12.23	-0.16%	0.58%	0.53%	0.81%	3.76%
DAX 30	12181.48	▼	-69.81	-0.57%	0.15%	0.52%	-1.68%	6.10%
CAC 40	5107.25	▼	-19.78	-0.39%	-0.47%	0.26%	-0.53%	5.04%
S&P 500	2477.57	▲	1.22	0.05%	0.22%	0.29%	1.93%	10.66%
Nasdaq Composite	6362.65	▼	-0.29	0.00%	-0.19%	0.23%	3.38%	18.20%
DJIA	22016.24	▲	52.32	0.24%	0.85%	0.57%	2.54%	11.40%

US Market ▲

The S&P 500 futures are trading in the red

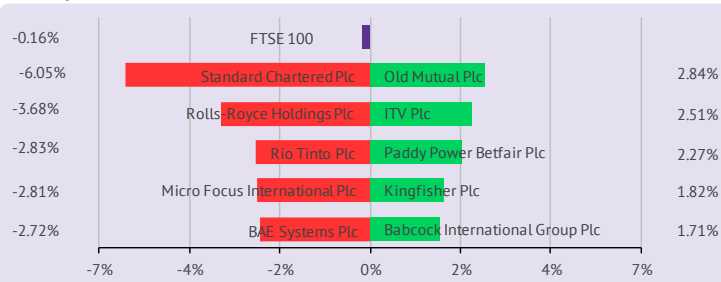
US markets closed higher yesterday, following robust corporate earnings. Data indicated that US private sector employment recorded a less-than-expected rise in July. The S&P 500 Index marginally climbed to close at 2,477.57.



UK Market ▼

The FTSE 100 futures are trading in negative territory

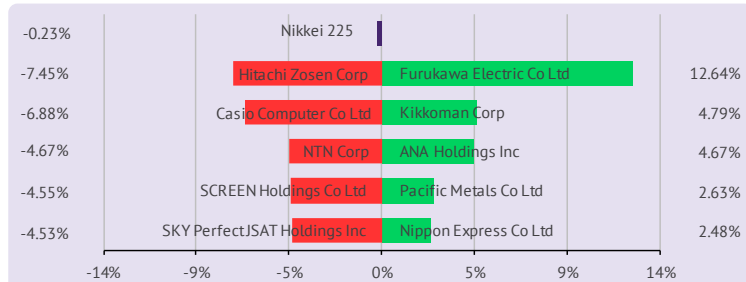
UK markets finished lower yesterday, amid losses in industrial and material sector stocks. Data showed that UK's Markit construction PMI dropped more than market expectations to its lowest level in 11 months in July. The FTSE 100 Index declined 0.2% to close at 7,411.43.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data revealed that China's Caixin services PMI declined in July. Further, Japan's Nikkei services PMI eased in the same month, compared to its prior reading. The Nikkei 225 Index is trading 0.2% lower at 20,033.70.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.2% against the South African Rand to trade at R13.2386. Later today, traders will keep a close watch on the US ISM non-manufacturing PMI, factory orders, final durable goods orders and initial jobless claims for further cues.

The US Dollar fell against the South African Rand yesterday. On the data front, US private sector employment advanced less than market forecast in July. On the other hand, MBA mortgage applications retreated for the week ended July 28, 2017.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound gained 0.2% against the South African Rand to trade at R17.4930. Later today, traders will keep an eye on the Bank of England's (BoE) interest rate decision and inflation report along with UK's Markit services PMI for further direction.

The British Pound declined against the South African Rand yesterday, after growth in Britain's construction sector tumbled to its weakest level in 11 months in July, as a lackluster outlook for the economy and rising political uncertainty deterred new orders.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R15.6756. Going forward, market participants will keep a tab on the European Central Banks economic bulletin and Eurozone's retail sales for further indication. Moreover, the Markit services PMI across the Eurozone will be on investors' radar.

The Euro weakened against the South African Rand yesterday. In economic news, Eurozone's producer price index (PPI) rose at par with market expectations on an annual basis in June.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% lower against the South African Rand at R10.4962. Earlier in the session, data indicated that Australia's trade surplus narrowed more-than-expected in June. Whereas, the nation's AiG performance of service index advanced in July, compared to its previous reading. Meanwhile, in China, Australia's largest trading partner, Caixin services PMI recorded a drop in July, compared to its prior reading.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's building approvals bounced back into positive territory on a monthly basis in June, notching its strongest level since July 2016, boosted by a more than 20.0% rise in apartments.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.2386	▲	-0.51%	1.38%	0.15%	0.85%	-3.83%
GBPZAR	17.4930	▲	-0.34%	2.15%	0.23%	2.31%	3.17%
EURZAR	15.6756	▲	-0.05%	2.35%	0.27%	4.50%	8.42%
AUDZAR	10.4962	▼	-0.51%	0.97%	-0.54%	5.43%	6.22%
EURUSD	1.1843	▼	0.46%	0.89%	0.12%	3.64%	12.77%
GBPUSD	1.3217	▼	0.15%	0.66%	0.06%	1.46%	7.19%
Brent (\$/barrel)	52.2	▼	1.12%	-0.30%	-0.68%	8.10%	-7.85%
Gold (\$/oz)	1267.9	▼	-0.06%	0.27%	0.41%	1.96%	10.43%
Platinum (\$/oz)	949.7	▼	0.45%	1.84%	1.39%	1.84%	5.79%
Copper (\$/MT)*	6322.3	▲	0.14%	0.42%	-0.22%	6.90%	14.47%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,267.90/oz.

Yesterday, gold prices fell 0.1% to close at \$1,271.80/oz, reversing its previous session gains.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged lower 0.4% to trade at \$52.17/bl.

Yesterday, Brent crude oil advanced 1.1% to settle at \$52.36/bl, after the US Energy Department reported that crude oil inventories fell by 1.5mn bls for the week ended July 28, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.4% lower to trade at \$949.70/oz.

Yesterday, platinum prices climbed 0.5% to close at \$953.80/oz.



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Major South Africa Corporate News

Nedbank Limited

In its 1H17 results, the company stated that its net interest income increased to ZAR12.47bn from ZAR12.11bn posted in the corresponding period of the previous year. Its diluted HEPS stood at ZAR10.78, compared with ZAR11.35 recorded in the corresponding period of the previous year.

Major Global Economic News

Asia

In Australia, the seasonally adjusted trade surplus narrowed to AUD856.00mn in June, compared to a revised trade surplus of AUD2024.00mn in the previous month. Markets were expecting the nation to record a trade surplus of AUD1800.00mn.

In July, the AIG performance of services index registered a rise to 56.40 in Australia, compared to a reading of 54.80 in the previous month.

In China, the Caixin/Markit services PMI index eased to 51.50 in July. In the prior month, the index had recorded a reading of 51.60.

In Japan, the Nikkei services PMI recorded a drop to 52.00 in July, compared to a reading of 53.30 in the previous month.

US

In the US, the ADP private sector employment recorded an increase of 178.00K in July, lower than market expectations of an advance of 190.00K. The private sector employment had recorded a revised gain of 191.00K in the prior month.

In the US, MBA mortgage applications slid 2.8% in the week ended July 28, 2017. Mortgage applications had risen 0.4% in the prior week.

UK

In the UK, the construction PMI fell to a level of 51.90 in July, compared to market expectations of a fall to 54.00. In the prior month, the construction PMI had recorded a level of 54.80.

Eurozone

In the Eurozone, the PPI rose 2.5% on a yearly basis in June, at par with market expectations. The PPI had advanced 3.4% in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Markit Japan Services PMI (Jul)	✓✓	52.00*	53.30	Monthly
Japan	02:30	Markit/JMMA Composite PMI (Jul)	✓✓	51.80*	52.90	Monthly
China	03:45	Caixin/Markit Services PMI (Jul)	✓✓	51.50*	51.60	Monthly
China	03:45	HSBC China Composite PMI (Jul)	✓✓✓	51.90*	51.10	Monthly
Germany	09:55	Markit Services PMI (Jul) (F)	✓✓	53.50	53.50**	Monthly
Eurozone	10:00	Markit Composite PMI (Jul) (F)	✓✓✓	55.80	55.80**	Monthly
Eurozone	10:00	Markit Services PMI (Jul) (F)	✓✓	55.40	55.40**	Monthly
UK	10:30	Foreign currency reserves (Jul)	✓	-	USD10600.00mn	Monthly
UK	10:30	Official Reserves (Changes) (Jul)	✓✓	-	USD491.00mn	Monthly
UK	10:30	Markit Services PMI (Jul)	✓✓✓	53.60	53.40	Monthly
Eurozone	11:00	Retail Sales (YoY) (Jun)	✓✓	2.50%	2.60%	Monthly
Eurozone	11:00	Retail Sales (MoM) (Jun)	✓✓✓	0.00%	0.40%	Monthly
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.25%	0.25%	As scheduled
South Africa	13:00	Electricity Consumption (YoY) (Jun)	✓✓	-	3.40%	Monthly
South Africa	13:00	Electricity Production (YoY) (Jun)	✓✓	-	4.60%	Monthly
UK	13:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	13:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
UK	13:30	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (22-Jul)	✓	1958.00K	1964.00K	Weekly
US	14:30	Initial Jobless Claims (29-Jul)	✓✓✓	243.00K	244.00K	Weekly
US	15:45	Markit Composite PMI (Jul) (F)	✓✓	-	54.20**	Monthly
US	15:45	Markit Services PMI (Jul) (F)	✓✓	54.20	54.20**	Monthly
US	16:00	Durable Goods Orders (Jun) (F)	✓✓✓	-	6.50%**	Monthly
US	16:00	Factory Orders (MoM) (Jun)	✓✓✓	3.00%	-0.80%	Monthly
US	16:00	ISM Non-Manufacturing PMI (Jul)	✓✓✓	56.90	57.40	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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