

ONE Minute Brief

31 August 2017

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Economic and Political News

In South Africa (SA), private sector credit registered a less-than-expected rise of 5.71% YoY in July, compared to a rise of 6.16% in June. The country recorded a budget deficit of 92.2bn in July, compared to a surplus of 15.4bn in June.

South African Reserve Bank (SARB) Governor, Lesetja Kganyago, stated that the central bank's 3-6% inflation target range should be lowered to 3-4% to bring it into line with emerging market counterparts. He also indicated that nationalising the central bank would not change anything useful and added that SARB's shareholders exercised no control over its policies.

Public Enterprises Minister, Lynne Brown, stated that the government is considering merging South African Airways (SAA), Mango and SA Express, into one entity, and offering a 25.0% stake in the holding company to a private equity partner.

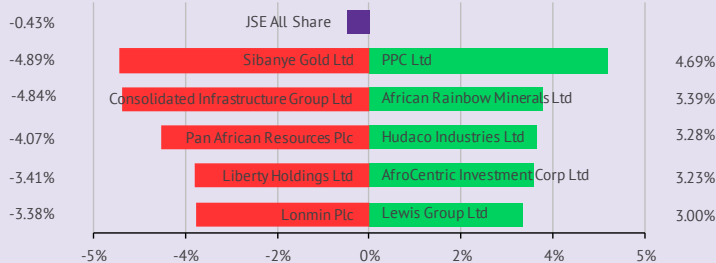
The Hawks have confirmed that an investigation is going on into the Gupta emails and the alleged use of state funds to pay for a Gupta family wedding.

The Government Employees Pension Fund (GEPPF) has indicated that it has not received any proposal to help fund SAA.

South Africa Market ▼

South African markets closed lower

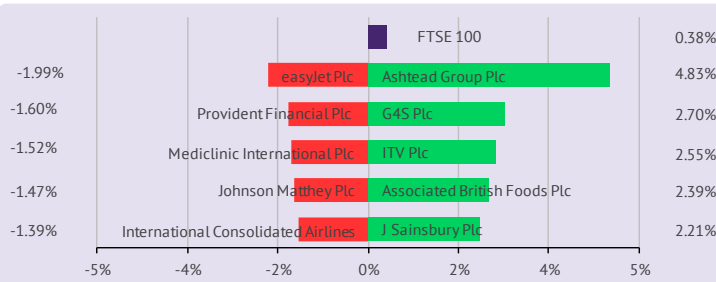
South African markets closed in the red yesterday, amid losses in bank and gold mining sector stocks. Data revealed that South Africa's private sector credit advanced less-than-expected on an annual basis in July. The JSE All Share Index fell 0.4% to close at 56,168.00.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, boosted by gains in industrial sector stocks. Data indicated that UK's GfK consumer confidence surprisingly advanced in August. The FTSE 100 Index advanced 0.4% to close at 7,365.26.



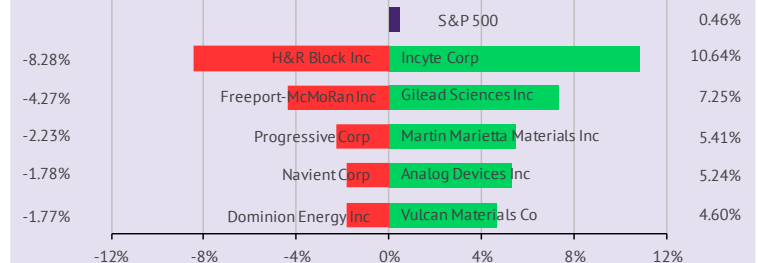
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56168.00	▼ -241.62	-0.43%	-0.86%	1.74%	6.97%	10.89%
JSE Top 40	49674.92	▼ -208.36	-0.42%	-1.00%	1.64%	7.60%	13.15%
FTSE 100	7365.26	▲ 27.83	0.38%	-0.49%	-0.09%	0.81%	3.11%
DAX 30	12002.47	▲ 56.59	0.47%	-1.36%	-0.96%	-1.68%	4.54%
CAC 40	5056.34	▲ 24.42	0.49%	-0.94%	-0.73%	-0.53%	3.99%
S&P 500	2457.59	▲ 11.29	0.46%	0.60%	-0.51%	1.93%	9.77%
Nasdaq Composite	6368.31	▲ 66.42	1.05%	1.64%	0.32%	3.38%	18.30%
DJIA	21892.43	▲ 27.06	0.12%	0.36%	0.01%	2.54%	10.78%

US Market ▲

The S&P 500 futures are trading in the green

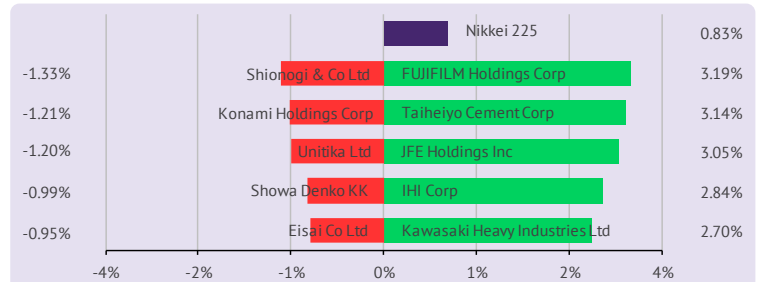
US markets closed higher yesterday, driven by a rise in information technology sector stocks. Data showed that US economy rose at a faster-than-expected pace to its highest level in more than 2 years in Q17. The S&P 500 Index climbed 0.5% to close at 2,457.59.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. On the data front, Japan's preliminary industrial production retreated more-than-anticipated on a monthly basis in July. The Nikkei 225 Index is trading 0.8% higher at 19,668.38.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R13.0252. Later today, traders will keep a close watch on US personal consumption expenditure, initial jobless claims and pending home sales for further cues. Separately, South Africa's producer price index and trade balance will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after US gross domestic product (GDP) grew at a stronger pace in the second quarter of 2017, notching its highest level in more than 2 years, boosted by a rise in consumer spending and business investment. Furthermore, ADP employment change recorded a rise in August. In contrast, MBA mortgage applications eased for the week ended August 25, 2017, higher than the previous drop. Separately, South Africa's annual private sector credit rose less than market forecast in July. Meanwhile, the nation recorded a more-than-expected budget deficit in July.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally advanced against the South African Rand to trade at R16.8187. In economic news, UK's GfK consumer confidence recorded an unexpected rise in August.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's net consumer credit grew less-than-expected in July. Whereas, mortgage approvals surged at a faster-than-expected pace in the same month, notching its highest level in 16 months.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R15.4667. Going forward, market participants will keep a tab on Eurozone's consumer price index estimate and the unemployment rate for further direction. Germany's unemployment rate and retail sales will be on investors' radar.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's final consumer confidence index recorded a rise at par with market expectations in August. Additionally, economic confidence index surprisingly advanced to its the highest level since July 2007 in the same month. Furthermore, business climate indicator jumped higher-than-anticipated in August. Meanwhile, Germany's preliminary consumer price index (CPI) advanced in line with market anticipations on an annual basis in August, notching its highest level in 4 months.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R10.2965. Earlier in the session, data showed that Australia's private sector credit edged up at par with market forecast on a monthly basis in July. Meanwhile, in China, Australia's largest trading partner, NBS manufacturing PMI surprisingly surged in August, led by domestic infrastructure spending and a recovery in exports. Whereas, non-manufacturing PMI registered a decline in the same month.

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	13.0252	▼	0.41%	0.08%	-1.16%	0.85%	-5.09%
GBPZAR	16.8187	▲	0.23%	0.18%	-3.51%	2.31%	-0.68%
EURZAR	15.4667	▼	-0.41%	-0.33%	-0.83%	4.50%	7.23%
AUDZAR	10.2965	▲	-0.48%	-0.14%	-2.88%	5.43%	3.72%
EURUSD	1.1874	▼	-0.74%	-0.34%	0.35%	3.64%	13.04%
GBPUSD	1.2913	▼	0.05%	0.33%	-2.19%	1.46%	4.77%
Brent (\$/barrel)	50.9	▼	-2.19%	-2.96%	-3.53%	8.10%	-10.49%
Gold (\$/oz)	1308.1	▼	-0.37%	1.38%	3.46%	1.96%	13.78%
Platinum (\$/oz)	989.2	▼	-0.83%	1.64%	5.79%	1.84%	10.38%
Copper (\$/MT)*	6740.0	▼	-0.47%	1.38%	6.37%	6.90%	22.04%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.2% to trade at \$1,308.10/oz.

Yesterday, gold prices fell 0.4% to close at \$1,310.40/oz, as strength in the US Dollar dented demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil marginally fell to trade at \$50.85/bL.

Yesterday, Brent crude oil dropped 2.2% to settle at \$50.86/bL, as traders focus on upcoming government reports to reveal the impact of Hurricane Harvey-related crude production and refinery shutdown. Meanwhile, the US Energy Department reported that crude oil inventories fell by 5.4mn bls for the week ended August 25, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.6% to trade at \$989.20/oz.

Yesterday, platinum prices declined 0.8% to close at \$995.20/oz.

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Major South Africa Corporate News

Aspen Pharmacare Holdings Limited

In its FY17 trading statement, the company revealed that it expects HEPS and EPS to rise in the range of 1,271.30c to 1,315.70c and 1,096.70c to 1,143.90c, respectively.

Growthpoint Properties Limited

In its FY17 results, the company reported that its revenue advanced 5.3% from the preceding year to ZAR10.75bn. Its diluted HEPS stood at 178.64c, compared with 140.01c recorded in the previous year.

Assore Limited

In its FY17 results, the company indicated that its revenue rose to ZAR7.22bn from ZAR2.94bn posted in the previous year. Its diluted HEPS stood at 5,049.00c compared with 1,690.00c recorded in the prior year.

Sibanye Gold Limited

In its 1H17 results, the company revealed that its revenue advanced 31.0% from the same period of the preceding year to ZAR19.21bn. Its diluted headline loss per share stood at 147.00c, compared with HEPS of 79.00c recorded in the corresponding period of the previous year.

Major Global Economic News

Eurozone

In the Eurozone, the final consumer confidence index rose to a level of -1.50 in August, meeting market expectations. The index had recorded a level of -1.70 in the prior month. The preliminary figures had also recorded an advance to -1.50.

In August, the economic sentiment indicator registered an unexpected rise to a level of 111.90 in the Eurozone, compared to a revised reading of 111.30 in the prior month. Markets were anticipating the economic sentiment indicator to record a flat reading.

In the Eurozone, the business climate indicator recorded a rise to 1.09 in August, higher than market expectations of a rise to 1.05. In the previous month, the business climate indicator had registered a revised reading of 1.04.

In Germany, the preliminary CPI registered a rise of 1.8% on a yearly basis in August, compared to a rise of 1.7% in the prior month. Market anticipation was for the consumer price index to climb 1.8%.

Asia

In Japan, the flash industrial production slid 0.8% on a monthly basis in July, higher than market expectations for a drop of 0.3%. Industrial production had recorded a rise of 2.2% in the previous month.

In China, the NBS manufacturing PMI unexpectedly advanced to a level of 51.70 in August, higher than market expectations of a fall to a level of 51.30. The NBS manufacturing PMI had registered a reading of 51.40 in the prior month.

In August, the NBS non-manufacturing PMI recorded a drop to 53.40 in China. In the previous month, the NBS non-manufacturing PMI had registered a reading of 54.50.

In Australia, the private sector credit registered a rise of 0.5% on a monthly basis in July, meeting market expectations. The private sector credit had climbed 0.6% in the prior month.

US

In the US, the second estimate of annualised GDP climbed 3.0% on a quarterly basis in 2Q17, compared to a revised rise of 1.2% in the previous quarter. Market expectation was for the annualised GDP to climb 2.7%. The preliminary figures had recorded an advance of 2.6%.

In August, the private sector employment recorded an increase of 237.00K in the US, following a revised advance of 201.00K in the prior month. Market expectation was for the private sector employment to advance 185.00K.

In the US, MBA mortgage applications fell 2.3% in the week ended August 25, 2017. Mortgage applications had registered a drop of 0.5% in the prior week.

UK

In the UK, the GfK consumer confidence unexpectedly climbed to -10.00 in August, compared to a reading of -12.00 in the prior month. Markets were anticipating the consumer confidence to ease to a level of -13.00.

In July, net consumer credit rose GBP1.20bn in the UK, compared to a revised advance of GBP1.40bn in the previous month. Markets were expecting net consumer credit to advance GBP1.50bn.

In the UK, number of mortgage approvals for house purchases rose to a level of 68.70K in July, compared to market expectations of an advance to 65.50K. In the prior month, number of mortgage approvals for house purchases had registered a revised reading of 65.30K.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	Lloyds Business Barometer (Aug)	✓	17.00%*	30.00%	Monthly
UK	01:01	GfK Consumer Confidence (Aug)	✓✓	-10.00*	-12.00	Monthly
Japan	01:50	Industrial Production (MoM) (Jul) (P)	✓✓✓	-0.80%*	2.20%	Monthly
Japan	01:50	Industrial Production (YoY) (Jul) (P)	✓✓	4.70%*	5.50%	Monthly
China	03:00	NBS Non-manufacturing PMI (Aug)	✓	53.40*	54.50	Monthly
China	03:00	NBS Manufacturing PMI (Aug)	✓✓	51.70*	51.40	Monthly
Germany	09:55	Unemployment Rate s.a. (Aug)	✓✓	5.70%	5.70%	Monthly
Germany	09:55	Unemployment Change (Aug)	✓✓✓	-6.00K	-9.00K	Monthly
Eurozone	11:00	Unemployment Rate (Jul)	✓✓	9.10%	9.10%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Aug) (P)	✓✓✓	1.20%	1.20%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Jul)	✓✓✓	0.20%	-0.30%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Jul)	✓✓✓	3.50%	4.00%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Jul)	✓✓	-	1.60%	Monthly
South Africa	13:00	Electricity Production (YoY) (Jul)	✓✓	-	1.60%	Monthly
South Africa	14:00	Trade Balance (Jul)	✓✓✓	ZAR7.10bn	ZAR10.70bn	Monthly
US	14:30	Personal Income (MoM) (Jul)	✓✓	0.30%	0.00%	Monthly
US	14:30	Personal Spending (Jul)	✓✓	0.40%	0.10%	Monthly
US	14:30	Personal Consumption Expenditure Core (MoM) (Jul)	✓✓	0.10%	0.10%	Monthly
US	14:30	Initial Jobless Claims (26-Aug)	✓✓✓	238.00K	234.00K	Weekly
US	14:30	Personal Consumption Expenditure Core (YoY) (Jul)	✓✓	1.40%	1.50%	Monthly
US	15:45	Chicago PMI (Aug)	✓✓✓	58.50	58.90	Monthly
US	16:00	Pending Home Sales (MoM) (Jul)	✓	0.40%	1.50%	Monthly
US	16:00	Pending Home Sales (YoY) (Jul)	✓	0.50%	0.70%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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