

ONE Minute Brief

4 August 2017

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Economic and Political News

In South Africa (SA), the Standard Bank PMI expanded to 50.1 in July, compared to 49.0 in June. Electricity production rose 1.6% YoY in June, compared to a rise of 4.6% in May, while electricity consumption rose 1.6% YoY in June, compared to a rise of 3.4% in May.

The leader of the Democratic Alliance (DA), Mmusi Maimane, stated that opposition parties in Parliament were discussing ways to co-operate with each other, if the motion of no confidence against President, Jacob Zuma were to succeed. Separately, Maimane indicated that the DA governed metropolitan councils were doing well.

South African Airways (SAA) has recorded a loss of ZAR1.46bn in 1Q17. Meanwhile, Vuyani Jarana has been appointed as the new Chief Executive Officer for SAA.

The South African Reserve Bank (SARB) has launched a new High Court application for a review of the Public Protector's report indicating that it did not recover interest from a bail out to Absa.

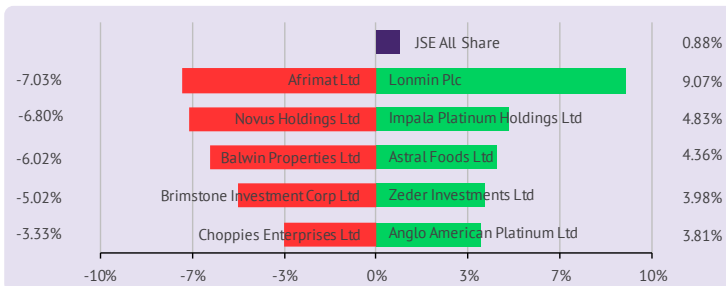
The Department of Mineral Resources has indicated that Mineral Resources Minister Mosebenzi Zwane has not enforced a freeze on new mining right or prospecting right applications.

The ANC has asked opposition parties members in Parliament to vote according to their conscience in the motion of no confidence in President, Jacob Zuma.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in platinum mining and banking sector stocks. Data revealed that Standard Bank South Africa PMI entered into expansion territory in July. The JSE All Share Index rose 0.9% to close at 55,685.01.



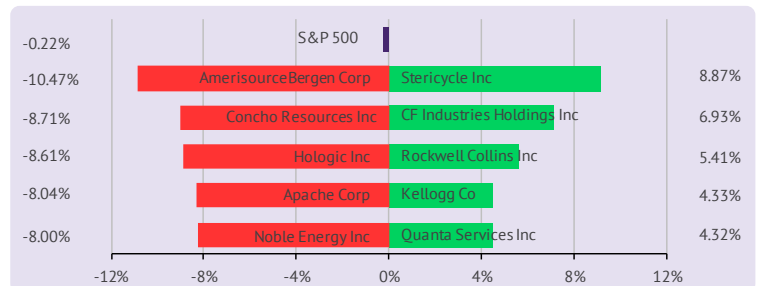
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55685.01	▲	484.52	0.88%	1.46%	0.87%	6.97%
JSE Top 40	49243.79	▲	432.72	0.89%	1.43%	0.76%	12.17%
FTSE 100	7474.77	▲	63.34	0.85%	1.44%	1.39%	4.65%
DAX 30	12154.72	▼	-26.76	-0.22%	-0.07%	0.30%	-1.68%
CAC 40	5130.49	▲	23.24	0.46%	-0.02%	0.72%	-0.53%
S&P 500	2472.16	▼	-5.41	-0.22%	0.00%	0.08%	1.93%
Nasdaq Composite	6340.34	▼	-22.30	-0.35%	-0.54%	-0.12%	3.38%
DJIA	22026.10	▲	9.86	0.04%	0.90%	0.62%	11.45%

US Market ▼

The S&P 500 futures are trading in the red

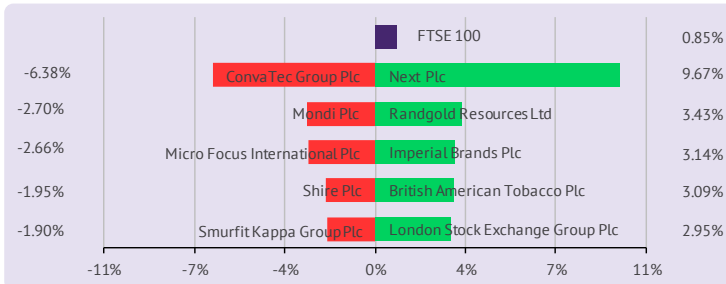
US markets closed lower yesterday, led by a decline in energy sector stocks. Data revealed that US ISM non-manufacturing PMI dropped at a faster-than-expected pace in July, reaching its lowest level in a year. The S&P 500 Index dropped 0.2% to close at 2,472.16.



UK Market ▲

The FTSE 100 futures are trading in positive territory

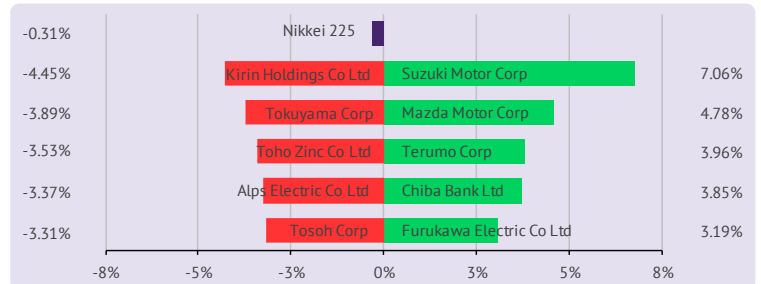
UK markets finished higher yesterday, as the Pound declined after the Bank of England (BoE) cut its 2017 growth forecast for gross domestic product (GDP) to 1.7% from 1.9%. The FTSE 100 Index advanced 0.9% to close at 7,474.77.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that Japan's labour cash earnings retreated on an annual basis in June. The Nikkei 225 Index is trading 0.3% lower at 19,967.76.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.3% against the South African Rand to trade at R13.3668. Later today, traders will keep a close watch on US non-farm payrolls, unemployment rate, average hourly earnings, and trade balance for further direction.

The US Dollar rose against the South African Rand yesterday after data showed that factory orders rebounded as expected MoM in June, notching its highest level in 8 months. Moreover, initial jobless claims dropped more-than-forecast for the week ended July 29, 2017. Meanwhile, the US ISM non-manufacturing PMI declined sharply to its weakest level in 1 year in July.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.3% against the South African Rand to trade at R17.5615. With no major economic news in the UK today, investor sentiment will be determined by the global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. The BoE kept the benchmark interest rate steady at 0.25%, after a 6-2 vote of policymakers. Further, the central bank pointed towards the uncertainties of Brexit weighing on the decisions of some business and investments. Furthermore, in its latest inflation report, the BoE cut its economic growth forecast for the nation to 1.7% from 1.9% for 2017 and to 1.6% from 1.7% for 2018. In economic news, UK's Markit services PMI advanced more than market expectations in July.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand to trade at R15.8771. Going forward, market participants will keep a tab on Germany's Markit construction PMI and factory orders for further cues.

The Euro strengthened against the South African Rand yesterday. The European Central Bank (ECB), in its economic bulletin, indicated that growth in wages and the price of consumer goods in the Eurozone is still slow, and slack in the labour market, weak productivity growth and the ongoing impact of labour market reforms are together holding back inflation despite a strengthening economic recovery. Further, the central bank remains cautious about price pressures as it prepares to decide whether to wind down its 2.3 trillion euros (\$2.7 trillion) stimulus program. Data showed that Eurozone's retail sales surprisingly advanced MoM in June. Further, final Markit services PMI remained steady in July. Germany's final Markit services PMI unexpectedly dropped in July.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.6498. Earlier in the session, the Reserve Bank of Australia (RBA), in its quarterly statement on Monetary Policy, stated that it has trimmed down its gross domestic product forecast to a range of 2%-3% for 2017 and left its forecast for 2018 unchanged at a range of 2.75%-3.75%.

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	13.3668	▼	1.48%	2.87%	1.63%	0.85%	-2.41%
GBPZAR	17.5615	▼	0.83%	3.00%	1.06%	2.31%	4.03%
EURZAR	15.8771	▼	1.59%	3.98%	1.86%	4.50%	10.15%
AUDZAR	10.6498	▼	1.26%	2.24%	0.71%	5.43%	7.55%
EURUSD	1.1879	▲	0.12%	1.01%	0.24%	3.64%	12.91%
GBPUSD	1.3139	▲	-0.64%	0.02%	-0.58%	1.46%	6.50%
Brent (\$/barrel)	51.9	▼	-0.67%	-0.97%	-1.35%	8.10%	-8.47%
Gold (\$/oz)	1274.1	▲	-0.31%	-0.05%	0.09%	1.96%	10.08%
Platinum (\$/oz)	965.9	▲	1.13%	2.99%	2.54%	1.84%	6.99%
Copper (\$/MT)*	6325.8	▲	0.06%	0.48%	-0.17%	6.90%	14.53%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,274.10/oz.

Yesterday, gold prices fell 0.3% to close at \$1,267.80/oz, extending its previous session losses.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$51.93/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$52.01/bl, as investors awaited a highly-anticipated OPEC meeting next week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$965.90/oz.

Yesterday, platinum prices climbed 1.1% to close at \$964.60/oz.

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Major South Africa Corporate News

JSE Limited

In its 1H17 results, the company stated that its revenue decreased to ZAR1.07bn from ZAR1.17bn posted in the corresponding period of the previous year. Its diluted EPS fell 16.4% from the same period of the prior year to ZAR4.85.

MTN Group Limited

In its 2Q17 results, the company stated that its revenue decreased to ZAR64.38bn from ZAR79.11bn posted in the corresponding period of the previous year. Its diluted EPS stood at 283.00c compared with loss per share of 301.00c recorded in the same period of the prior year.

Mondi Limited

In its 1H17 results, the company revealed that its revenue advanced 8.2% from the same period of the preceding year to EUR3.58bn. Its diluted HEPS stood at 72.60c, compared with 74.90c recorded in the corresponding period of the previous year.

Sappi Limited

In its 3Q17 results, the company indicated that its revenue rose to \$1.26bn from \$1.22bn posted in the corresponding period of the previous year. Its diluted EPS considerably increased from the same period of the prior year to 11.00c.

Major Global Economic News

Eurozone

The ECB, in its economic bulletin indicated that wages and the price of consumer goods in the Eurozone are still growing at a slower pace, and slack in the labour market, weak productivity growth and the ongoing impact of labour market reforms are together holding back inflation despite a strengthening economic recovery. Further, the central bank remains cautious about price pressures as it prepares to decide whether to wind down its €2.3tn (\$2.7tn) stimulus program.

In the Eurozone, the seasonally adjusted retail sales registered an unexpected rise of 0.5% on a monthly basis in June, compared to a rise of 0.4% in the previous month. Markets were expecting retail sales to remain unchanged. In July, the final Markit services PMI remained unchanged at 55.40, in line with market expectations. The preliminary figures had also indicated an unchanged reading.

In Germany, the final Markit services PMI dropped to 53.10 in July, higher than market expectations of a drop to 53.50. In the previous month, services PMI had recorded a reading of 54.00. The preliminary figures had indicated a drop to 53.50.

Asia

The RBA trimmed its forecast for Australia's economic growth by half a percentage point for 2017 to 2-3%, citing the impact of a stronger Australian dollar on economic growth. However, the central bank reiterated its expectation that the economy would grow at an annual rate of about 3% over the next couple of years. The RBA left its outlook on average underlying inflation unchanged for the year ended December at 1.5-2.5%, later picking up to 2-3% by June 2019.

In Australia, the seasonally adjusted retail sales climbed 0.3% on a monthly basis in June, compared to an advance of 0.6% in the prior month. Market expectation was for retail sales to climb 0.2%.

In Japan, labour cash earnings unexpectedly dropped 0.4% on a yearly basis in June, less than market expectations for a rise of 0.5%. Labour cash earnings had risen 0.7% in the prior month.

US

In the US, the non-manufacturing PMI registered a drop to 53.90 in July, lower than market expectations of a fall to 56.90. The non-manufacturing PMI had recorded a reading of 57.40 in the previous month.

In June, factory orders registered a rise of 3.0% on a monthly basis in the US, meeting market expectations. In the prior month, factory orders had dropped by a revised 0.3%.

In the US, the final durable goods orders registered a rise of 6.4% on a monthly basis in June. Durable goods orders had fallen by a revised 0.1% in the previous month. The preliminary figures had recorded a rise of 6.5%.

In the US, the seasonally adjusted initial jobless claims fell to a level of 240.00K in the week ended July 29, 2017, compared to market expectations of a drop to a level of 243.00K. In the prior week, initial jobless claims had recorded a revised reading of 245.00K.

UK

The BoE's monetary policy committee voted 6-2 to hold the key interest rate steady at 0.25%. The central bank also left unchanged the size of its asset purchase programme at £435.0bn and its corporate-bond purchase programme at £10.0bn. The BoE Governor, Mark Carney, reiterated that uncertainty about Brexit will weigh on growth in the coming years and the central bank expects the UK economy to grow by 1.7% in 2017 and 1.6% next year, down from 1.9% and 1.7% as per its last inflation report in May. Inflation is expected to peak at around 3% by October 2017, before gradually moderating, and falling to 2.2% by 2020.

In the UK, the services PMI registered a rise to 53.80 in July, compared to market expectations of a rise to a level of 53.60. The services PMI had recorded a reading of 53.40 in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	02:00	Labour Cash Earnings (YoY) (Jun)	✓✓	-0.40%*	0.70%	Monthly
Germany	08:00	Germany- Foreign Export Orders (Jun)	✓	-	122.00	Monthly
Germany	08:00	Germany- Domestic Orders (Jun)	✓	-	105.60	Monthly
Germany	08:00	Germany- Manufacturing Order-Total (Jun)	✓	-	114.60	Monthly
Germany	08:00	Factory Orders n.s.a. (YoY) (Jun)	✓✓	4.40%	3.70%	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Jun)	✓✓	0.50%	1.00%	Monthly
US	14:30	Average Hourly Earnings (Jul)	✓✓	-	USD22.03	Monthly
US	14:30	Change in Household Employment (Jul)	✓	-	245.00K	Monthly
Canada	14:30	Unemployment Rate (Jul)	✓✓✓	6.50%	6.50%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Jul)	✓✓	0.30%	0.20%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Jul)	✓✓	2.40%	2.50%	Monthly
US	14:30	Average Weekly Hours All Employees (Jul)	✓	34.50	34.50	Monthly
US	14:30	Unemployment Rate (Jul)	✓✓✓	4.30%	4.40%	Monthly
US	14:30	Underemployment Rate (Jul)	✓✓	-	8.60%	Monthly
US	14:30	Change in Manufacturing Payrolls (Jul)	✓	5.00K	1.00K	Monthly
US	14:30	Change in Non-farm Payrolls (Jul)	✓✓✓	180.00K	222.00K	Monthly
US	14:30	Change in Private Payrolls (Jul)	✓✓	180.00K	187.00K	Monthly
US	14:30	Trade Balance (Jun)	✓✓✓	-USD44.50bn	-USD46.50bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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