

ONE Minute Brief

10 August 2017

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Economic and Political News

In South Africa (SA), the business confidence index recorded a rise to 95.30 in July, compared to a level of 94.90 in June.

The leader of the Democratic Alliance (DA), Mmusi Maimane, stated that dissolving Parliament was the only option that could allow South Africans to express their opinion about president Jacob Zuma's term. Meanwhile, ANC's chief whip, Jackson Mthembu, opined that the statement by the DA indicated that the motion of no confidence in President Zuma was only an attempt at regime change through Parliament.

The S&P has indicated that President Jacob Zuma's survival in the parliamentary no-confidence vote earlier this week will have no impact on the country's credit rating.

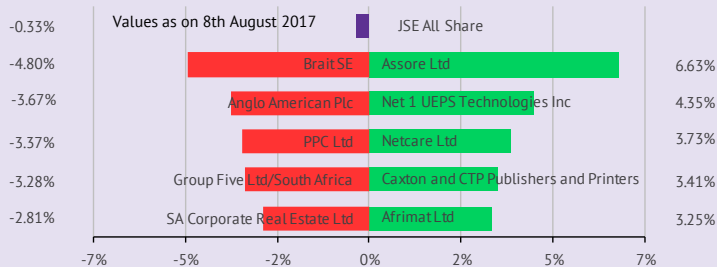
The newly appointed Chinese ambassador to SA, Lin Songtian, has promised to improve working relations between the two nations.

News reports indicate that the new list of ANC MPs who voted with the opposition is much larger than initially estimated.

South Africa Market ▼

South African markets closed lower

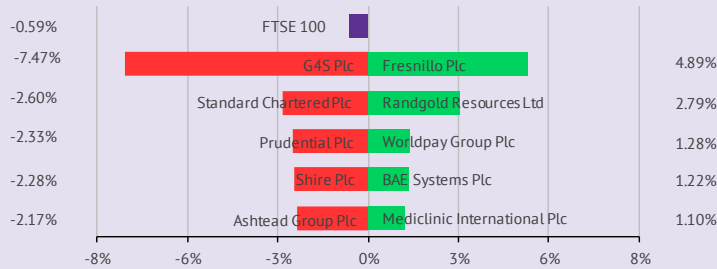
South African markets closed in the red on Tuesday, led by a decline in resources sector stocks. The JSE All Share Index fell 0.3% to close at 55,980.05. On the data front, South Africa's business confidence index rose in July.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid rising tensions between the US and North Korea. Data showed that UK's house price balance recorded an unexpected drop in July. The FTSE 100 Index declined 0.6% to close at 7,498.06.



Key Indices

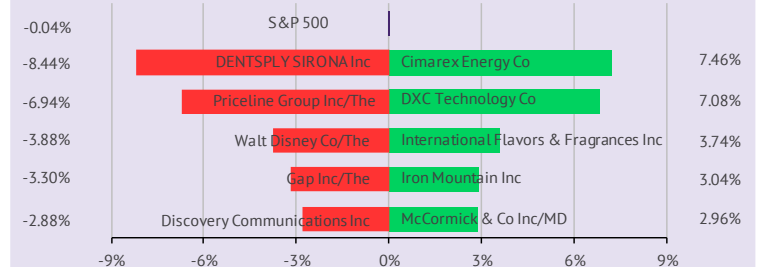
	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share*	55980.05	▼ -183.55	-0.33%	0.06%	1.40%	6.97%	10.52%
JSE Top 40*	49572.69	▼ -173.00	-0.35%	0.13%	1.43%	7.60%	12.92%
FTSE 100	7498.06	▼ -44.67	-0.59%	-0.18%	1.71%	0.81%	4.97%
DAX 30	12154.00	▼ -138.05	-1.12%	-1.17%	0.30%	-1.68%	5.86%
CAC 40	5145.70	▼ -73.19	-1.40%	-1.11%	1.02%	-0.53%	5.83%
S&P 500	2474.02	▼ -0.90	-0.04%	-0.11%	0.15%	1.93%	10.51%
Nasdaq Composite	6352.33	▼ -18.13	-0.28%	0.01%	0.07%	3.38%	18.00%
DJIA	22048.70	▼ -36.64	-0.17%	-0.20%	0.72%	2.54%	11.57%

*Values as on 8th August 2017

US Market ▼

The S&P 500 futures are trading in the red

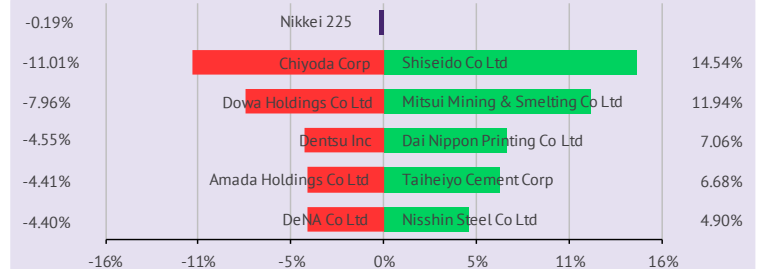
US markets closed lower yesterday, dragged down by weakness in utility and consumer discretionary sector stocks. Data indicated that US wholesale inventories rose more-than-expected in June. The S&P 500 Index marginally eased to close at 2,474.02.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, as geopolitical tensions involving North Korea continued to weigh on market sentiment. On the macro front, Japan's machinery orders rose less-than-expected in June. The Nikkei 225 Index is trading 0.2% lower at 19,701.89.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally climbed against the South African Rand to trade at R13.4444. Later today, traders will keep a close watch on initial jobless claims and the monthly budget statement in the US. Separately, market participants will also focus on South Africa's manufacturing and mining production for further cues.

The US Dollar rose against the South African Rand yesterday, after US wholesale inventories rose more-than-expected in June. Moreover, the nation's non-farm business productivity advanced more-than-estimated in 2Q 2017. Separately, data on Tuesday indicated that South Africa's business confidence climbed to its highest level in 5 months in July.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R17.4757. Later today, traders will keep an eye on UK's trade balance, industrial and manufacturing production data along with NIESR GDP estimate for further direction.

The British Pound advanced against the South African Rand yesterday, after UK's house price balance recorded an unexpected drop in July.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R15.7807.

The Euro strengthened against the South African Rand yesterday.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.5890. Earlier in the session, data indicated that Australia's consumer inflation expectations dropped in August.

The Australian Dollar rose against the South African Rand yesterday. Australia's Westpac consumer confidence index registered a drop in August, while investment lending recorded a rise in June.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4444	▲	0.45%	-0.08%	1.91%	0.85%	-2.13%
GBPZAR	17.4757	▼	0.54%	-0.24%	0.30%	2.31%	3.25%
EURZAR	15.7807	▼	0.53%	-0.18%	1.22%	4.50%	9.45%
AUDZAR	10.5890	▼	0.11%	-0.47%	0.18%	5.43%	6.99%
EURUSD	1.1738	▼	0.06%	-0.12%	-0.70%	3.64%	11.85%
GBPUSD	1.2999	▼	0.09%	-0.28%	-1.60%	1.46%	5.42%
Brent (\$/barrel)	52.7	▲	1.07%	0.53%	-0.04%	8.10%	-7.25%
Gold (\$/oz)	1282.1	▲	1.32%	1.17%	0.51%	1.96%	10.53%
Platinum (\$/oz)	976.6	▲	0.16%	0.73%	3.76%	1.84%	8.26%
Copper (\$/MT)*	6426.8	▼	-0.38%	1.24%	1.43%	6.90%	16.36%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.7% to trade at \$1,282.10/oz.

Yesterday, gold prices rose 1.3% to close at \$1,273.00/oz, amid weakness in the US Dollar. Geopolitical tensions between the US and North Korea lent support to gold prices.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged marginally higher to trade at \$52.72/bl.

Yesterday, Brent crude oil advanced 1.1% to settle at \$52.70/bl, after the US Energy Department reported that crude oil inventories declined by 6.45mn bls for the week ended August 04, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$976.60/oz.

Yesterday, platinum prices climbed 0.2% to close at \$976.10/oz.



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Major South Africa Corporate News

Brait SE

In its 1Q18 NAV update, the company announced that its net asset value per share is ZAR74.14, 5.1%, compared with 4Q17's reported NAV per share of ZAR78.15.

Mpact Limited

In its 1H17 results, the company stated that its revenue increased to ZAR4.83bn from ZAR4.68bn posted in the corresponding period of the previous year. Its diluted EPS significantly fell from the same period of the prior year to 34.30c.

Fortress Income Fund Limited

In its FY17 results, the company stated that its revenue advanced to ZAR3.29bn from ZAR2.27bn posted in the corresponding period of the previous year. Its basic EPS stood at 202.21c, compared with a loss per share of 332.71c recorded in the same period of the prior year.

Pioneer Foods Group Limited

The company announced a 4.0% decline in turnover for the 10 months ended July 31, 2017, compared with a rise of 2.0% in 1H17. The company's performance is materialising at a slower rate than anticipated due to a significant slowdown in the local economy, aggressive price based competition and the lowest international prices recorded on raisins in 7 years.

Howden Africa Holdings Limited

In its 1H17 trading statement, the company revealed that it expects EPS to increase between 170.42c and 198.59c and HEPS between 170.56c and 198.72c per share.

Major Global Economic News

US

On a weekly basis, mortgage applications climbed 3.0% in the US, in the week ended 04 August 2017. Mortgage applications had dropped 2.8% in the prior week.

In June, the seasonally adjusted final wholesale inventories registered a rise of 0.7% in the US, on a monthly basis, higher than market expectations for an advance of 0.6%. The preliminary figures had indicated an advance of 0.6%. The wholesale inventories had recorded a rise of 0.4% in the prior month.

In the US, the flash non-farm business productivity climbed 0.9% on a QoQ basis in 2Q 2017, higher than market expectations for a rise of 0.7%. In the previous quarter, the non-farm business productivity had registered an unchanged reading.

UK

In UK, house price balance fell unexpectedly to 1.00 % in July, compared to a level of 7.0% in the prior month. Market anticipation was for house price balance to advance to a level of 9.0%.

Asia

On a MoM basis, in June, machinery orders advanced 1.9% in Japan, less than market expectations for a rise of 3.6%. Machinery orders had recorded a drop of 3.6% in the previous month.

The tertiary industry index in Japan remained unchanged in June on a MoM basis, lower than market expectations for a rise of 0.2%. In the prior month, the tertiary industry index had dropped 0.1%.

The consumer inflation expectations in Australia recorded a drop to 4.2% in August. The consumer inflation expectations had recorded a reading of 4.4% in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	RICS Housing Price Balance (Jul)	✓✓	1.00%*	7.00%	Monthly
Japan	01:50	Housing Loans (YoY) (Q2)	✓	3.30%*	3.30%	Quarterly
Japan	01:50	Machinery Orders (MoM) (Jun)	✓	-1.90%*	-3.60%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Jun)	✓✓	0.20%	-0.10%	Monthly
France	08:45	Industrial Production (MoM) (Jun)	✓✓✓	-0.60%	1.90%	Monthly
France	08:45	Manufacturing Production (MoM) (Jun)	✓✓	-1.00%	2.00%	Monthly
Italy	10:00	Trade Balance (Jun)	✓	-	EUR4342.00 mn	Monthly
UK	10:30	Industrial Production (Jun)	✓	-	104.10	Monthly
UK	10:30	Industrial Production (MoM) (Jun)	✓	0.10%	-0.10%	Monthly
UK	10:30	Industrial Production (YoY) (Jun)	✓✓	-0.10%	-0.20%	Monthly
UK	10:30	Manufacturing Production (MoM) (Jun)	✓	0.00%	-0.20%	Monthly
UK	10:30	Manufacturing Production (YoY) (Jun)	✓✓	0.60%	0.40%	Monthly
UK	10:30	Construction Output s.a. (YoY) (Jun)	✓	1.80%	-0.30%	Monthly
UK	10:30	Total Trade Balance (Jun)	✓✓	-GBP2.50 bn	-GBP3.07 bn	Monthly
UK	10:30	Trade Balance; non-EU (Jun)	✓	-GBP3.00 bn	-GBP3.80 bn	Monthly
UK	10:30	Visible Trade Balance (Jun)	✓✓	-GBP11.00 bn	-GBP11.86 bn	Monthly
South Africa	11:30	Gold Production (YoY) (Jun)	✓	-	-3.40%	Monthly
South Africa	11:30	Mining Production (YoY) (Jun)	✓✓	-0.60%	3.60%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Jun)	✓	-2.70%	-0.80%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Jun)	✓✓	-0.60%	-0.30%	Monthly
UK	14:00	NIESR GDP Estimate (3M) (Jul)	✓✓✓	0.30%	0.30%	Monthly
Canada	14:30	New Housing Price Index (YoY) (Jun)	✓	-	3.80%	Monthly
US	14:30	Producer Price Index (MoM) (Jul)	✓	0.10%	0.10%	Monthly
Canada	14:30	New Housing Price Index (MoM) (Jun)	✓	0.50%	0.70%	Monthly
US	14:30	Initial Jobless Claims (05-Aug)	✓✓✓	240.00 K	240.00 K	Weekly
US	14:30	Producer Price Index (YoY) (Jul)	✓✓	2.20%	2.00%	Monthly
US	20:00	Monthly Budget Statement (Jul)	✓✓	-	-USD90.20 bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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