

# ONE Minute Brief

11 August 2017

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## Economic and Political News

In South Africa (SA), mining production recorded a drop of 0.8% on an annual basis in June, more than market expectations for a fall of 0.6%. Mining production had advanced 3.6% in May. Gold production slid 3.6% on a YoY basis in June, compared to a drop of 3.4% in May. The seasonally adjusted manufacturing production index remained flat on a monthly basis in June, better than market expectations for a drop of 0.6%. In May, the manufacturing production index had dropped 0.3%.

The Economic Freedom Fighters (EFF) has indicated that it would not support the motion by Democratic Alliance (DA) to dissolve Parliament, which would lead to early elections.

Energy Minister, Mmamoloko Kubayi, has launched a probe against several senior officials in her department for alleged irregularities in nuclear contracts, worth about ZAR80mn.

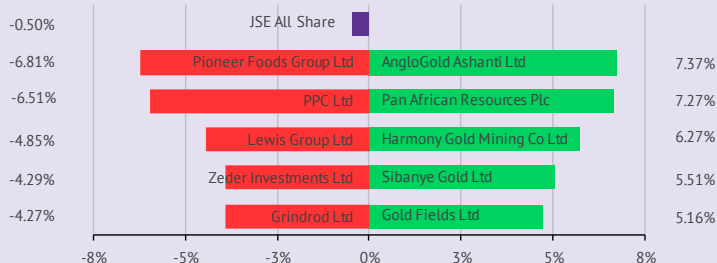
Eskom's chief executive officer, Johnny Dladla, stated that the firm will start selling its surplus power as new coal-fired plants Kusile and Medupi have boosted its capacity.

Moody's Investors Service is scheduled to release a ratings review of SA today.

## South Africa Market ▼

### South African markets closed lower

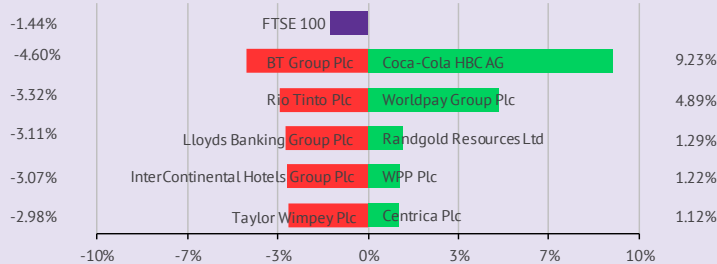
South African markets closed in the red yesterday, led by a decline in retail sector stocks. Data indicated that South Africa's mining production declined more-than-anticipated on an annual basis in June. The JSE All Share Index fell 0.5% to close at 55,700.64.



## UK Market ▼

### The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid weakness in property sector stocks. Data showed that UK's NIESR estimated GDP advanced less-than-expected in the May-July 2017 period. The FTSE 100 Index declined 1.4% to close at 7,389.94.



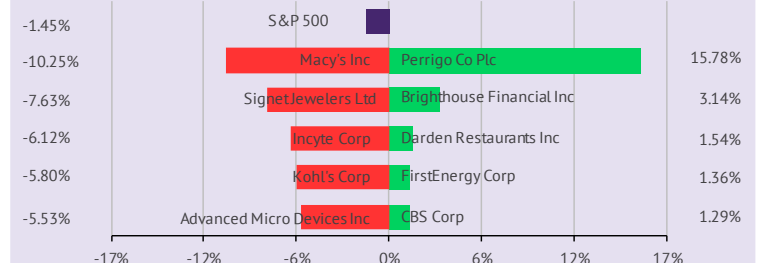
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55700.64	▼ -279.41	-0.50%	-0.44%	0.89%	6.97%	9.96%
JSE Top 40	49303.27	▼ -269.42	-0.54%	-0.41%	0.88%	7.60%	12.30%
FTSE 100	7389.94	▼ -108.12	-1.44%	-1.62%	0.24%	0.81%	3.46%
DAX 30	12014.30	▼ -139.70	-1.15%	-2.30%	-0.86%	-1.68%	4.64%
CAC 40	5115.23	▼ -30.47	-0.59%	-1.70%	0.42%	-0.53%	5.20%
S&P 500	2438.21	▼ -35.81	-1.45%	-1.56%	-1.30%	1.93%	8.91%
Nasdaq Composite	6216.87	▼ -135.46	-2.13%	-2.12%	-2.07%	3.38%	15.49%
DJIA	21844.01	▼ -204.69	-0.93%	-1.13%	-0.22%	2.54%	10.53%

## US Market ▼

### The S&P 500 futures are trading in the red

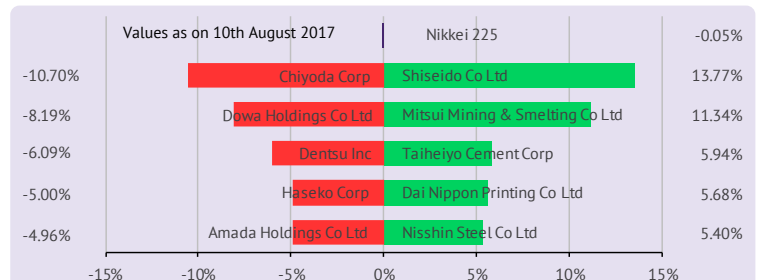
US markets closed lower yesterday, amid heightened geopolitical tension between the US and North Korea. Data revealed that initial jobless claims in the US surprisingly climbed in the last week. The S&P 500 Index dropped 1.5% to close at 2,438.21.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. Yesterday, the Nikkei 225 Index traded 0.1% lower at 19,729.74.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally fell against the South African Rand to trade at R13.4594. Later today, traders will keep a close watch on the consumer price index and the labour market conditions index in the US for further cues.

The US Dollar rose against the South African Rand yesterday, after budget deficit in the US fell more-than-expected in July, while initial jobless claims surprisingly climbed in the last week. Separately, data indicated that South Africa's mining production declined more-than-expected on an annual basis in June, while manufacturing production remained flat on a monthly basis in June.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R17.4961.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's total trade deficit unexpectedly widened to a 9-month high in June, as imports climbed and exports fell sharply. In other economic news, the nation's manufacturing production remained flat in June, while industrial production advanced more-than-expected on a monthly basis in June. Separately, UK's NIESR estimated GDP advanced less-than-anticipated in the May-July 2017 period.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro marginally advanced against the South African Rand to trade at R15.8489. Going forward, market participants will keep a tab on Germany's consumer prices data for further direction.

The Euro strengthened against the South African Rand yesterday. In economic news, French industrial production fell by the most in 4 months in June.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.4% against the South African Rand to trade at R10.5646.

The Australian Dollar marginally rose against the South African Rand yesterday. On the data front, Australia's consumer inflation expectations dropped in August.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4594	▼	0.19%	0.11%	2.10%	0.85%	-1.95%
GBPZAR	17.4961	▲	-0.06%	-0.30%	0.24%	2.31%	3.19%
EURZAR	15.8489	▲	0.27%	0.08%	1.49%	4.50%	9.74%
AUDZAR	10.5646	▼	0.03%	-0.44%	0.21%	5.43%	7.02%
EURUSD	1.1776	▲	0.11%	-0.01%	-0.59%	3.64%	11.98%
GBPUSD	1.2999	▲	-0.21%	-0.48%	-1.80%	1.46%	5.20%
Brent (\$/barrel)	51.6	▼	-1.52%	-0.99%	-1.56%	8.10%	-8.66%
Gold (\$/oz)	1291.9	▲	0.84%	2.02%	1.35%	1.96%	11.46%
Platinum (\$/oz)	985.9	=	1.00%	1.74%	4.80%	1.84%	9.35%
Copper (\$/MT)*	6393.8	▼	-0.51%	0.72%	0.91%	6.90%	15.77%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.6% to trade at \$1,291.90/oz.

Yesterday, gold prices rose 0.8% to close at \$1,283.70/oz, hovering near 2-month high, lifted by safe-haven demand triggered by rising tensions on the Korean peninsula.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.5% lower to trade at \$51.64/bl.

Yesterday, Brent crude oil dropped 1.5% to settle at \$51.90/bl, reversing its previous session gains, amid increasing doubts about the effectiveness of the OPEC-led production cut agreement.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$985.90/oz.

Yesterday, platinum prices climbed 1.0% to close at \$985.90/oz.



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## Major South Africa Corporate News

### Peregrine Holdings

The company announced that it has boosted its stake in investment firm Astoria to 20.8%.

## Major Global Economic News

### UK

In the UK, manufacturing production remained flat on a MoM basis in June, at par with market expectations. In the prior month, manufacturing production had recorded a revised drop of 0.1%.

In June, industrial production climbed 0.5% on a monthly basis in the UK, more than market expectations for an advance of 0.1%. Industrial production had registered a revised flat reading in the previous month.

The UK has posted total trade deficit of GBP4.56bn in June, compared to a revised total trade deficit of GBP2.52bn in the previous month. Market expectation was for a total trade deficit of GBP2.50bn.

Construction output recorded an unexpected drop of 0.1% on a MoM basis in the UK, in June, compared to a revised fall of 0.4% in the prior month. Market expectation was for construction output to advance 1.4%.

In the May-July 2017 period, NIESR estimated gross domestic product (GDP) climbed 0.2% on a MoM basis in the UK, lower than market expectations for a rise of 0.3%. In the April-June 2017 period, NIESR estimated GDP had climbed 0.3%.

### Eurozone

In France, manufacturing production fell 0.9% on a monthly basis in June, compared to an advance of 2.0% in the previous month. Markets were anticipating manufacturing production to fall 1.0%.

### US

In the US, the seasonally adjusted initial jobless claims rose unexpectedly to a level of 244.00 K in the week ended August 05, 2017, compared to market expectations of a fall to 240.00 K. In the previous week, initial jobless claims had recorded a revised level of 241.00 K.

The US has registered budget deficit of USD42.90bn in July, compared to a budget deficit of USD90.20bn in the prior month. Market expectation was for the nation to register a budget deficit of USD54.00bn.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Germany	08:00	Consumer Price Index (MoM) (Jul) (F)	✓✓✓	0.40%	0.40%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (Jul) (F)	✓✓	1.70%	1.70%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Jul) (F)	✓✓	0.40%	0.40%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Jul) (F)	✓✓	1.50%	1.50%**	Monthly
France	08:45	Consumer Price Index (MoM) (Jul) (F)	✓✓✓	-0.30%	-0.30%**	Monthly
Spain	09:00	Consumer Price Index (MoM) (Jul) (F)	✓✓	-0.70%	-0.70%**	Monthly
Spain	09:00	Consumer Price Index (YoY) (Jul) (F)	✓✓✓	1.50%	1.50%**	Monthly
Italy	10:00	Consumer Price Index (Jul) (F)	✓	-	101.20**	Monthly
Italy	10:00	Consumer Price Index (MoM) (Jul) (F)	✓✓✓	-	0.10%**	Monthly
Italy	10:00	Consumer Price Index (YoY) (Jul) (F)	✓✓	-	1.10%**	Monthly
UK	13:00	Composite Leading Indicator (Jun)	✓	-	99.64	Monthly
Spain	13:00	Composite Leading Indicator (Jun)	✓	-	99.83	Monthly
US	14:30	Consumer Price Index (MoM) (Jul)	✓✓✓	0.20%	0.00%	Monthly
US	14:30	Consumer Price Index (YoY) (Jul)	✓✓	1.80%	1.60%	Monthly
US	15:40	Fed's Kaplan Speaks in Arlington, Texas	✓	-	-	As scheduled
US	17:30	Fed's Kashkari Speaks to Independent Community Bankers of Minn	✓	-	-	As scheduled
South Africa	-	BER Business Confidence Index (Q3)	✓	-	29.00	Quarterly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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