

ONE Minute Brief

1 September 2017

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Economic and Political News

In South Africa (SA), the producer price index (PPI) registered a more-than-expected rise of 3.6% YoY in July, compared a rise of 4.0% in June. The nation's trade surplus narrowed less-than-anticipated to ZAR9.0bn in July, compared to a revised trade surplus of ZAR10.6bn in June. Electricity consumption fell 1.5% YoY in July, compared to a rise of 1.6% in June. Electricity production recorded a drop of 1.8% YoY in July, compared to a rise of 1.6% in June.

President, Jacob Zuma, stated that the economic problems facing SA could not be blamed on his decisions to reshuffle the cabinet. He added that South African Airways (SAA) had a history of problems and the current management and board could not be blamed for the issues facing the airline.

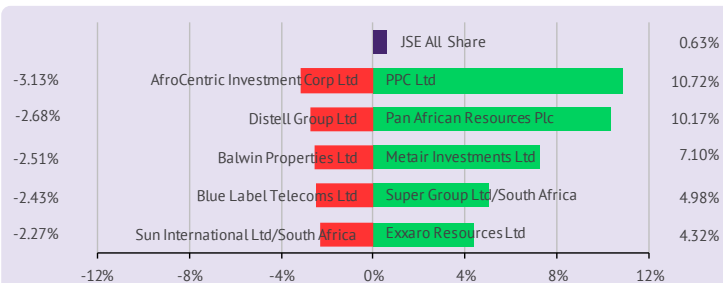
Economic Development Minister, Ebrahim Patel, has appointed an advisory panel to draft legislative changes that will provide competition authorities with the tools to address concentration and lack of transformation in SA's economy. The Minister indicated that corruption costs SA R27bn in GDP annually and a loss of 76 000 possible additional jobs.

Public Enterprises Minister, Lynne Brown, has extended the deadline given to Eskom to clarify its relationship with Trillian to until the end of Friday.

South Africa Market ▲

South African markets closed higher

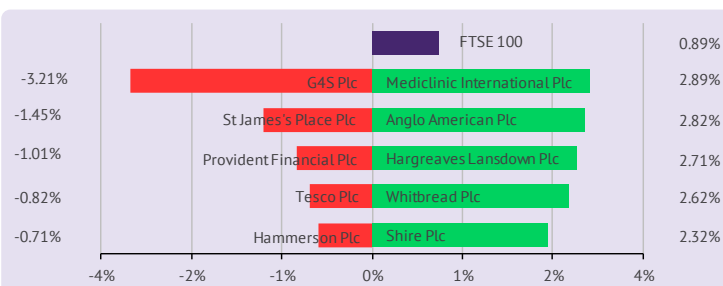
South African markets closed in the green yesterday, amid gains in resources and retail sector stocks. Data revealed that South Africa's producer price index advanced more-than-expected on an annual basis in July. The JSE All Share Index rose 0.6% to close at 56,522.11.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, led by sharp gains in mining sector stocks. The FTSE 100 Index advanced 0.9% to close at 7,430.62.



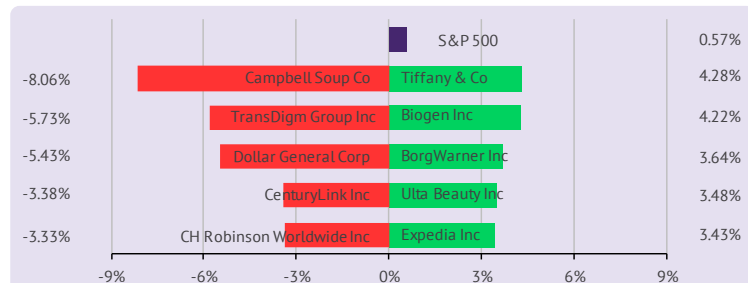
Key Indices

| | Last Close | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 56522.11 | ▲ 354.11 | 0.63% | -0.24% | NA | 2.38% | 11.59% |
| JSE Top 40 | 49997.27 | ▲ 322.35 | 0.65% | -0.35% | NA | 2.30% | 13.88% |
| FTSE 100 | 7430.62 | ▲ 65.36 | 0.89% | 0.39% | NA | 0.80% | 4.03% |
| DAX 30 | 12055.84 | ▲ 53.37 | 0.44% | -0.92% | NA | -0.52% | 5.01% |
| CAC 40 | 5085.59 | ▲ 29.25 | 0.58% | -0.37% | NA | -0.16% | 4.59% |
| S&P 500 | 2471.65 | ▲ 14.06 | 0.57% | 1.17% | NA | 0.05% | 10.40% |
| Nasdaq Composite | 6428.66 | ▲ 60.35 | 0.95% | 2.60% | NA | 1.27% | 19.42% |
| DJIA | 21948.10 | ▲ 55.67 | 0.25% | 0.62% | NA | 0.26% | 11.06% |

US Market ▲

The S&P 500 futures are trading in the green

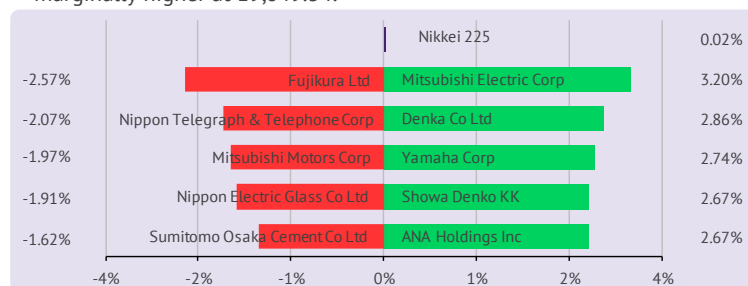
US markets closed higher yesterday, boosted by a rise in health care sector stocks. Data showed that US initial jobless claims rose less-than-expected for the week ended August 26, 2017. The S&P 500 Index climbed 0.6% to close at 2,471.65.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that China's Caixin manufacturing PMI surprisingly advanced in August, notching its highest level in 6 months. The Nikkei 225 Index is trading marginally higher at 19,649.34.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R13.0133. Later today, traders will keep a close watch on US non-farm payrolls, unemployment rate, the ISM and Markit manufacturing PMIs along with average hourly earnings and the Reuters/Michigan consumer confidence index for further direction. Separately, South Africa's manufacturing PMI will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. In economic news, the number of Americans applying for the first-time unemployment benefits grew less than market expectations for the week ended August 26, 2017. Whereas, pending home sales registered an unexpected decline on a monthly basis in July, its fourth decrease in five months. Separately, South Africa's PPI rose more than market anticipations on a yearly basis in July. In contrast, trade surplus narrowed less-than-expected in the same month.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R16.8335. Later today, traders will keep an eye on UK's Markit manufacturing PMI for further cues.

The British Pound advanced against the South African Rand yesterday.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R15.4888. Going forward, market participants will keep a tab on the Markit manufacturing PMI across the Eurozone.

The Euro strengthened against the South African Rand yesterday, after Eurozone's consumer price index (CPI) advanced more-than-expected on a yearly basis in August, notching its highest level in 4 months. Further, unemployment rate recorded an unchanged reading in July. Separately, Germany's unemployment rate remained steady in August. Whereas, retail sales declined more-than-expected on a monthly basis in July.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.3433. Earlier in the session, data indicated that Australia's AiG performance of manufacturing index recorded a rise in August, compared to its prior reading. Meanwhile, in China, Australia's largest trading partner, Caixin manufacturing PMI unexpectedly rose to its strongest level in 6 months in August, led by strong growth in new businesses.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's private sector credit rose in line with market expectations on a monthly basis in July. Meanwhile, in China, Australia's largest trading partner, NBS manufacturing PMI unexpectedly rose in August, led by domestic infrastructure spending and a recovery in exports. Whereas, non-manufacturing PMI dropped in the same month.

Key Currencies & Commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|-------------------|---------|---|-----------|-----------|-----------|-------------------|-----------|
| USDZAR | 13.0133 | ▲ | -0.23% | -0.15% | NA | -1.39% | -5.30% |
| GBPZAR | 16.8335 | ▲ | 0.04% | 0.22% | NA | -3.47% | -0.64% |
| EURZAR | 15.4888 | ▼ | 0.02% | -0.31% | NA | -0.81% | 7.25% |
| AUDZAR | 10.3433 | ▲ | 0.59% | 0.45% | NA | -2.31% | 4.33% |
| EURUSD | 1.1902 | ▼ | 0.22% | -0.12% | NA | 0.57% | 13.29% |
| GBPUSD | 1.2936 | ▲ | 0.04% | 0.37% | NA | -2.16% | 4.82% |
| Brent (\$/barrel) | 52.7 | ▼ | 3.93% | 0.86% | NA | 0.27% | -6.97% |
| Gold (\$/oz) | 1325.3 | ▲ | 0.62% | 2.01% | NA | 4.10% | 14.48% |
| Platinum (\$/oz) | 1000.4 | ▲ | 0.33% | 1.98% | NA | 6.14% | 10.75% |
| Copper (\$/MT)* | 6759.5 | ▲ | 0.29% | 1.67% | NA | 6.68% | 22.39% |

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged higher 0.5% to trade at \$1,325.30/oz.

Yesterday, gold prices rose 0.6% to close at \$1,318.50/oz, as the greenback weakened, increasing demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.2% to trade at \$52.74/bl.

Yesterday, Brent crude oil advanced 3.9% to settle at \$52.86/bl, as flooding brought by the Hurricane Harvey continued to disrupt oil refineries along the Gulf coast, which has paralysed at least 4.4mn bls per day of refining capacity.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$1,000.40/oz.

Yesterday, platinum prices climbed 0.3% to close at \$998.50/oz.

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Major South Africa Corporate News

Ascendis Health Limited

The company announced the appointment of Thomas Thomsen as the Chief Operating Officer effective August 2017.

Discovery Limited

In its FY17 trading statement, the company revealed that it expects its HEPS to rise between 674.00c and 697.00c and anticipates its EPS to increase in the range of 676.00c to 699.00c.

British American Tobacco Plc

The company announced the appointment of Jack Bowles, Regional Director, Asia-Pacific, to the newly created profile of Chief Operating Officer for the international business, excluding the US, following acquisition of Reynolds American Inc, effective 1 October 2017.

Santam Limited

In its 1H17 results, the company reported that its gross written premiums advanced 14.0% from the same period of the preceding year to ZAR13.79bn. Its diluted EPS stood at 677.00c, compared with 627.00c recorded in the corresponding period of the previous year.

Consolidated Infrastructure Group Limited

In its FY17 trading statement, the company revealed that it expects its EPS and HEPS to be lower in the range of 165.75c to 191.25c and between 165.95c to 191.25c, respectively.

Major Global Economic News

Eurozone

Eurozone's CPI recorded a rise of 1.5% on a yearly basis in August, compared to a reading of 1.3% in the previous month. Market expectations was for the CPI to record a reading of 1.4%.

In July, the unemployment rate remained flat at 9.1% in the Eurozone. Markets were anticipating the unemployment rate to remain unchanged.

In Germany, the seasonally adjusted unemployment rate remained flat at a level of 5.7% in August. Market anticipation was for unemployment rate to remain unchanged.

In July, retail sales dropped by 1.2% on a monthly basis in Germany, compared to a revised rise of 1.3% in the prior month. Market expectations was for the retail sales to drop 0.6%.

Asia

In China, Caixin manufacturing PMI index recorded an unexpected rise to a level of 51.60 in August, compared to a level of 51.10 in the previous month. Market anticipation was for Caixin manufacturing PMI index to drop to 51.00.

In Japan, the final Nikkei manufacturing PMI climbed to 52.20 in August, compared to a level of 52.10 in the previous month. The preliminary figures had indicated an advance to 52.80.

In Australia, the AIG performance of manufacturing index registered a rise to 59.80 in August, compared to a reading of 56.00 in the prior month.

US

In the US, the seasonally adjusted initial jobless claims rose to a level of 236.00K for the week ended August 26, 2017, lower than market expectations of a rise to a level of 238.00K. In the previous week, initial jobless claims had recorded a revised level of 235.00K.

In July, pending home sales unexpectedly dropped 0.8% on a monthly basis in the US, compared to a revised rise of 1.3% in the previous month. Market anticipation was for pending home sales to rise 0.3%.

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Economic Calendar

| Country | SAST | Economic Indicator | Relevance | Consensus/ *Actual | Previous/ **Previous Est. | Frequency |
|--------------|-------|---|-----------|-----------------------|------------------------------|-----------|
| Japan | 01:50 | Capital Spending (Q2) | ✓✓✓ | 1.50%* | 4.50% | Quarterly |
| Japan | 02:30 | Nomura/ JMMA Manufacturing PMI (Aug) (F) | ✓✓✓ | 52.20* | 52.80** | Monthly |
| China | 03:45 | Caixin/Markit Manufacturing PMI (Aug) | ✓✓✓ | 51.60* | 51.10 | Monthly |
| Japan | 07:00 | Consumer Confidence Index (Aug) | ✓✓ | 43.50 | 43.80 | Monthly |
| Germany | 09:55 | Markit Manufacturing PMI (Aug) (F) | ✓✓✓ | 59.40 | 59.40** | Monthly |
| Eurozone | 10:00 | Markit Manufacturing PMI (Aug) (F) | ✓✓✓ | 57.40 | 57.40** | Monthly |
| UK | 10:30 | Markit Manufacturing PMI (Aug) | ✓✓✓ | 55.00 | 55.10 | Monthly |
| South Africa | 11:00 | PMI Manufacturing (Aug) | ✓✓✓ | - | 42.90 | Monthly |
| US | 14:30 | Average Hourly Earnings (Aug) | ✓✓ | - | USD22.10 | Monthly |
| US | 14:30 | Average Hourly Earnings All Employees (MoM) (Aug) | ✓✓ | 0.20% | 0.30% | Monthly |
| US | 14:30 | Average Hourly Earnings All Employees (YoY) (Aug) | ✓✓ | 2.60% | 2.50% | Monthly |
| US | 14:30 | Average Weekly Hours All Employees (Aug) | ✓ | 34.50 | 34.50 | Monthly |
| US | 14:30 | Unemployment Rate (Aug) | ✓✓✓ | 4.30% | 4.30% | Monthly |
| US | 14:30 | Change in Non-farm Payrolls (Aug) | ✓✓✓ | 180.00K | 209.00K | Monthly |
| US | 15:45 | Markit Manufacturing PMI (Aug) (F) | ✓✓✓ | 52.50 | 52.50** | Monthly |
| US | 16:00 | Construction Spending (MoM) (Jul) | ✓✓ | 0.50% | -1.30% | Monthly |
| US | 16:00 | ISM Manufacturing PMI (Aug) | ✓✓ | 56.50 | 56.30 | Monthly |
| US | 16:00 | Reuters/Michigan Consumer Sentiment Index (Aug) (F) | ✓✓✓ | 97.50 | 98.00** | Monthly |
| South Africa | - | Naamsa Vehicle Sales (YoY) (Aug) | ✓✓ | - | 4.10% | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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