

ONE Minute Brief

22 September 2017

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Economic and Political News

The South African Reserve Bank (SARB) held its key interest rate steady at 6.75%, compared to market expectations of a cut to 6.50%.

SARB Governor Lesetja Kganyago stated that the central bank was concerned about the accounting practices at the local unit of KPMG and would engage with banks and audit firms so as to be better placed to manage any potential financial stability risk. Meanwhile, former Finance Minister, Pravin Gordhan, and former Deputy Finance Minister, Mcebisi Jonas, in a meeting with KPMG, asked for full disclosure of the role of various parties in state capture.

The South African Social Security Agency (SASSA) has launched an investigation into allegations by the Organisation Undoing Tax Abuse (Outa) that it had awarded two irregular tenders amounting to about ZAR400.0mn.

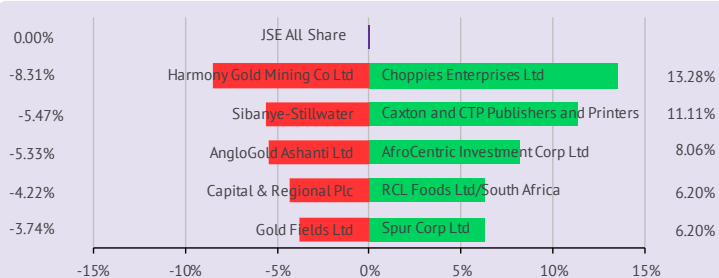
African National Congress (ANC) MP Makhosi Khoza, has announced her resignation from the ANC.

Public Enterprises Minister Lynne Brown has asked Eskom to start legal action against companies involved in disputed contracts with the utility.

South Africa Market ▼

South African markets closed lower

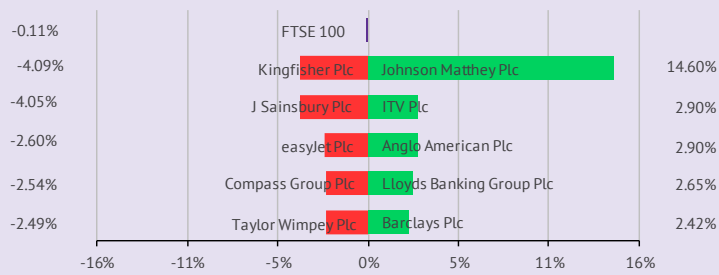
South African markets closed marginally lower yesterday, weighed down by losses in gold mining sector stocks. The SARB kept the benchmark interest rate steady at 6.75%. The JSE All Share Index ended almost flat at 55,867.34.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, led by a decline in consumer discretionary sector stocks. Data revealed that UK's public sector net borrowings posted a less-than-expected deficit in August. The FTSE 100 Index declined 0.1% to close at 7,263.90.



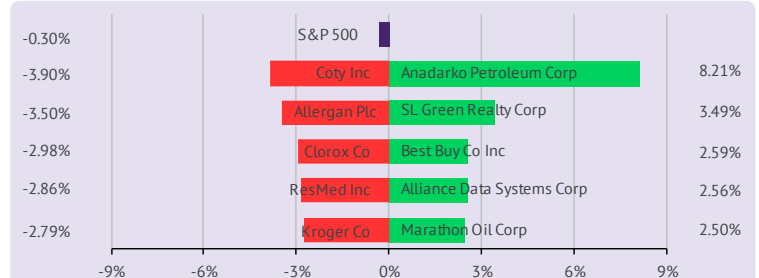
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg	
JSE All Share	55867.34	▼	-0.12	0.00%	0.40%	-1.16%	2.38%	10.29%
JSE Top 40	49548.85	▼	-27.03	-0.05%	0.56%	-0.90%	2.30%	12.86%
FTSE 100	7263.90	▼	-8.05	-0.11%	0.67%	-2.24%	0.80%	1.69%
DAX 30	12600.03	▲	30.86	0.25%	0.65%	4.51%	-0.52%	9.75%
CAC 40	5267.29	▲	25.63	0.49%	1.02%	3.57%	-0.16%	8.33%
S&P 500	2500.60	▼	-7.64	-0.30%	0.01%	1.17%	0.05%	11.69%
Nasdaq Composite	6422.69	▼	-33.35	-0.52%	-0.40%	-0.09%	1.27%	19.31%
DJIA	22359.23	▼	-53.36	-0.24%	0.41%	1.87%	0.26%	13.14%

US Market ▼

The S&P 500 futures are trading in the red

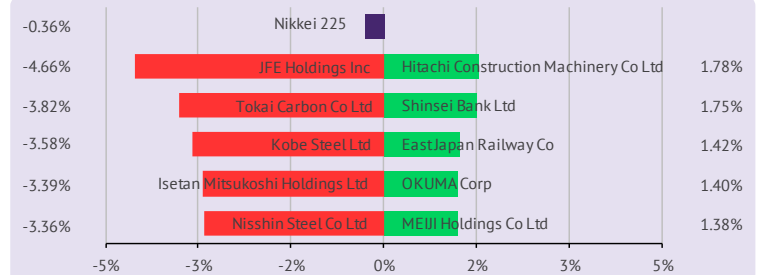
US markets closed lower yesterday, amid losses in technology and telecommunication sector stocks. Data showed that US initial jobless claims unexpectedly fell for the week ended September 16, 2017. The S&P 500 Index dropped 0.3% to close at 2,500.60.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.4% lower at 20,275.02.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R13.2668. Later today, traders will keep a close watch on the US Markit manufacturing and services PMI for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the number of American applying for fresh unemployment benefits surprisingly dropped for the week ended September 16, 2017. Furthermore, leading indicator advanced more than market expectations in August. Whereas, house price index rose less-than-expected on a monthly basis in July. Separately, the SARB has decided to hold the repurchase rate unchanged at 6.75% per annum.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R18.0099. Later today, traders will keep an eye on UK's CBI total trends orders for further indication.

The British Pound advanced against the South African Rand yesterday. In economic news, UK's public sector net borrowings recorded a less-than-anticipated deficit in August, albeit reaching its lowest level since 2007.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro marginally advanced against the South African Rand to trade at R15.8631. Going forward, market participants will keep a tab on the European Central Bank (ECB) President, Mario Draghi's speech and the Markit manufacturing and services PMIs across the Eurozone.

The Euro strengthened against the South African Rand yesterday, after Eurozone's consumer confidence surprised with an unexpected rise in September, notching its highest level since April 2001. In its latest economic bulletin, the ECB stated the Eurozone's economic recovery is gaining momentum, but underlying inflation lacks a convincing upward trend, making it necessary to maintain the massive monetary stimulus in order to drive inflation towards the ECB's target.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R10.5133. With no major economic news in the Australia today, investor sentiment will be determined by global macroeconomic news.

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	13.2668	▼	-0.33%	0.93%	2.12%	-1.39%	-3.29%
GBPZAR	18.0099	▼	0.30%	0.76%	7.23%	-3.47%	6.54%
EURZAR	15.8631	▲	0.08%	0.89%	2.39%	-0.81%	9.82%
AUDZAR	10.5133	▼	-1.56%	-0.04%	1.90%	-2.31%	6.32%
EURUSD	1.1956	▲	0.41%	-0.03%	0.26%	0.57%	13.58%
GBPUUSD	1.3577	▼	0.63%	-0.10%	5.03%	-2.16%	10.08%
Brent (\$/barrel)	56.4	=	0.25%	1.46%	6.75%	0.27%	-0.69%
Gold (\$/oz)	1299.9	▲	-1.67%	-2.32%	-2.12%	4.10%	12.06%
Platinum (\$/oz)	944.8	▲	-0.58%	-3.28%	-5.87%	6.14%	4.25%
Copper (\$/MT)*	6440.0	▼	-0.65%	-0.33%	-4.73%	6.68%	16.60%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.7% to trade at \$1,299.90/oz.

Yesterday, gold prices fell 1.7% to close at \$1,290.60/oz, after the US Federal Reserve signalled that it was on track to hike US interest rates again in December.

Brent Crude Oil ◀▶

Trading flat

At 06:00 SAST, Brent crude oil traded flat at \$56.43/bl.

Yesterday, Brent crude oil advanced 0.2% to settle at \$56.43/bl, with traders awaiting meeting of the Organisation of the Petroleum Exporting Countries (OPEC), Russia and other producers today to discuss whether to extend production cuts that have helped reduce the global crude glut.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.5% to trade at \$944.80/oz.

Yesterday, platinum prices declined 0.6% to close at \$939.90/oz.



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Major South Africa Corporate News

Pallinghurst Resources Limited

In its trading statement for the period to June 30, 2017, the company revealed that it anticipates the loss and headline loss per share to be ZAR1.39, compared with loss and headline loss per share of ZAR0.67 recorded in the comparative period.

Trencor Limited

In its 1H17 trading update, the company announced that it expects adjusted headline loss per share to be in the range of 125.00c to 155.00c and loss per share to be between 440.00c and 530.00c.

Major Global Economic News

US

In the US, the seasonally adjusted initial jobless claims registered an unexpected drop to 259.00K in the week ended September 16, 2017, compared to market expectations of a rise to 302.00K. In the previous week, initial jobless claims had registered a revised level of 282.00K.

In August, leading indicator advanced 0.4% on a monthly basis in the US, higher than market expectations for an advance of 0.3%. In the prior month, leading indicator had recorded a rise of 0.3%.

In the US, the housing price index recorded a rise of 0.2% on a monthly basis in July, lower than market expectations for a rise of 0.4%. In the prior month, the index had recorded a rise of 0.1%.

Eurozone

The ECB, in its latest economic bulletin, indicated that the Eurozone's economic recovery is gaining momentum, but underlying inflation lacks a convincing upward trend, making it necessary to continue a substantial monetary stimulus in order to drive inflation towards the ECB's target.

In the Eurozone, the flash consumer confidence index unexpectedly climbed to a level of -1.20 in September, higher than market expectations of a steady reading. In the prior month, the index had registered a level of -1.50.

UK

In the UK, the public sector net borrowing has posted a deficit of GBP5.10bn in August, following a revised surplus of GBP1.30bn in the prior month. Market expectation was for public sector net borrowing to announce a deficit of GBP6.40bn.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Eurozone	09:15	ECB Executive Board member Coeure speaks in Sarajevo	✓	-	-	As scheduled
Germany	09:30	Markit Services PMI (Sep) (P)	✓✓	53.70	53.50	Monthly
Germany	09:30	Markit Manufacturing PMI (Sep) (P)	✓✓✓	59.00	59.30	Monthly
Eurozone	10:00	Markit Services PMI (Sep) (P)	✓✓	54.80	54.70	Monthly
Eurozone	10:00	ECB President Mario Draghi speaks in Dublin	✓✓✓	-	-	As scheduled
Eurozone	10:00	Markit Composite PMI (Sep) (P)	✓✓✓	55.60	55.70	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Sep) (P)	✓✓✓	57.20	57.40	Monthly
Eurozone	11:30	ECB President Draghi participates in roundtable in Dublin	✓✓✓	-	-	As scheduled
UK	12:00	CBI Trends Selling Prices (Sep)	✓✓	-	19.00	Monthly
US	12:00	Fed's Williams Speaks to Media at Swiss National Bank Event	✓✓✓	-	-	As scheduled
UK	12:00	CBI Industrial Trends Survey - Orders (Sep)	✓	13.00	13.00	Monthly
Eurozone	13:15	ECB Vice-President Constancio speaks in Frankfurt	✓✓✓	-	-	As scheduled
Eurozone	15:15	ECB Vice-President Constancio is chairing a panel in Frankfurt	✓	-	-	As scheduled
US	15:30	Fed's George Speaks at Conference on Outlook for Oil	✓✓✓	-	-	As scheduled
US	15:45	Markit Composite PMI (Sep) (P)	✓✓	-	55.30	Monthly
US	15:45	Markit Manufacturing PMI (Sep) (P)	✓✓✓	53.00	52.80	Monthly
US	15:45	Markit Services PMI (Sep) (P)	✓✓	55.70	56.00	Monthly
US	19:30	Fed's Kaplan Speaks at Dallas/Kansas City Fed Oil Conference	✓✓✓	-	-	As scheduled
UK	-	UK Prime Minister Theresa May speech	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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