

ONE Minute Brief

28 September 2017

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Economic and Political News

Moody's stated that South Africa's (SA) credit rating is well placed at Baa3 with a negative outlook, but increasing foreign ownership of the government's local-currency bonds is a risk.

Parliament revealed that it has terminated its contract with KPMG, citing reputational risks after the auditing firm was caught up in a scandal involving the Gupta family.

The Western Cape High Court has ruled that Parliament should amend the Promotion of Access to Information Act (PAIA) to allow for the disclosure on private funding of political parties.

The South African Communist Party's (SACP) Blade Nzimande, stated that anti-state capture marches are not against the African National Congress (ANC) and government but are against corruption and state capture.

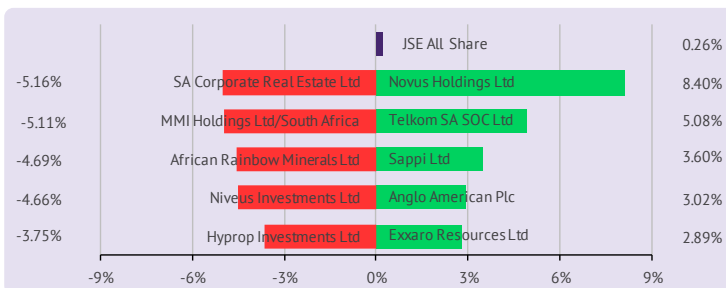
The Democratic Alliance (DA) has urged President, Jacob Zuma, to appoint the new board of the South African Broadcasting Corporation (SABC) immediately.

SA has been ranked 61, down 14 positions in the World Economic Forum's annual competitiveness index, with the decline led by a drop in economic productivity.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in resources and industrial sector stocks. The JSE All Share Index rose 0.3% to close at 55,214.07.



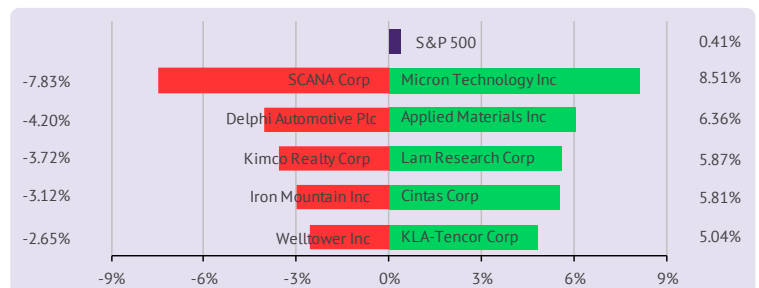
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55214.07	▲	143.69	0.26%	-1.12%	-2.31%	2.38%
JSE Top 40	49018.25	▲	198.90	0.41%	-1.10%	-1.96%	2.30%
FTSE 100	7313.51	▲	27.77	0.38%	0.04%	-1.58%	0.80%
DAX 30	12657.41	▲	52.21	0.41%	0.52%	4.99%	-0.52%
CAC 40	5281.96	▲	13.20	0.25%	0.01%	3.86%	-0.16%
S&P 500	2507.04	▲	10.20	0.41%	0.19%	1.43%	0.05%
Nasdaq Composite	6453.26	▲	73.10	1.15%	0.41%	0.38%	1.27%
DJIA	22340.71	▲	56.39	0.25%	-0.04%	1.79%	0.26%

US Market ▲

The S&P 500 futures are trading in the green

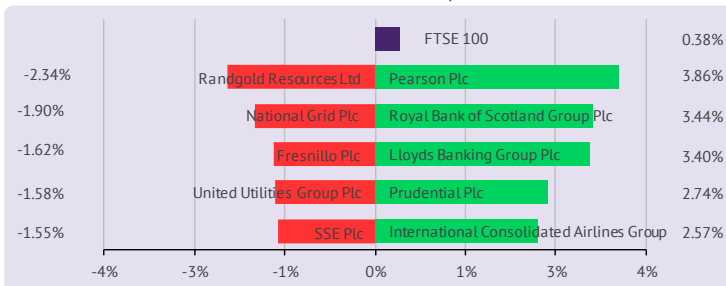
US markets closed higher yesterday, driven by a rise in financial and technology sector stocks. Data showed that US flash durable goods orders rebounded more-than-expected in August. The S&P 500 Index climbed 0.4% to close at 2,507.04.



UK Market ▲

The FTSE 100 futures are trading in negative territory

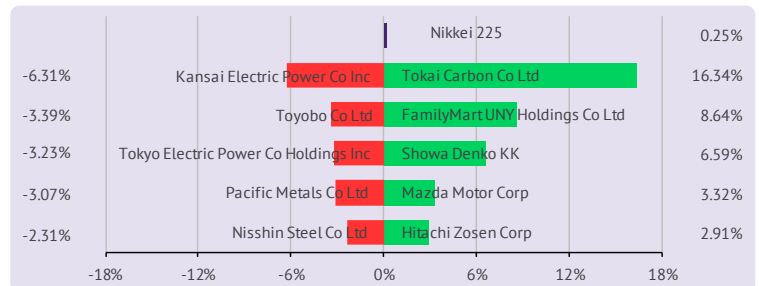
UK markets finished higher yesterday, boosted by gains in financial and material sector stocks. Data revealed that UK's CBI retail sales surged more-than-anticipated to its highest level in 2 years in September. The FTSE 100 Index advanced 0.4% to close at 7,313.51.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.2% higher at 20,316.96.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.3% against the South African Rand to trade at R13.6264. Later today, traders will keep a close watch on US GDP growth data, advance goods trade balance and initial jobless claims along with wholesale inventories data for further cues. Separately, South Africa's producer price index data will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after US preliminary durable goods orders rose more than expected for August, led by a rebound in aircraft sector. In contrast, pending home sales declined more than market expectations on a monthly basis in August, slipping to its lowest level since January 2016.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.2% against the South African Rand to trade at R18.2273. Later today, traders will keep an eye on the Bank of England Governor, Mark Carney's speech for further direction.

The British Pound advanced against the South African Rand yesterday, after UK's CBI retail sales balance rallied to its strongest level in 2 years in September.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R15.9845. Going forward, market participants will keep a tab on Eurozone's consumer confidence index, business climate indicator and economic confidence index data for further direction. Meanwhile, Germany's consumer price index and GfK consumer confidence index will be on investors' radar.

The Euro strengthened against the South African Rand yesterday.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally climbed against the South African Rand to trade at R10.6660.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that in China, Australia's largest trading partner, annual industrial profits advanced its highest level since the January-February period in August.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.6264	▲	1.60%	2.54%	4.50%	-1.39%	-1.04%
GBPZAR	18.2273	▲	1.05%	1.73%	8.16%	-3.47%	7.47%
EURZAR	15.9845	▲	1.20%	0.77%	3.04%	-0.81%	10.52%
AUDZAR	10.6660	▲	1.11%	1.14%	3.18%	-2.31%	7.65%
EURUSD	1.1730	▼	-0.41%	-1.72%	-1.39%	0.57%	11.72%
GBPUSD	1.3377	▼	-0.53%	-0.87%	3.53%	-2.16%	8.52%
Brent (\$/barrel)	57.7	▼	-0.92%	1.83%	9.53%	0.27%	1.90%
Gold (\$/oz)	1283.8	▼	-1.05%	-0.71%	-2.61%	4.10%	11.50%
Platinum (\$/oz)	917.7	▼	-0.35%	-1.14%	-7.71%	6.14%	2.21%
Copper (\$/MT)*	6390.0	▲	0.58%	-0.40%	-5.47%	6.68%	15.70%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged marginally lower to trade at \$1,283.80/oz.

Yesterday, gold prices fell 1.0% to close at \$1,284.10/oz, as strength in the greenback and gains in US equities dented demand for the safe-haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$57.70/bl.

Yesterday, Brent crude oil dropped 0.9% to settle at \$57.90/bl. The US Energy Information Administration reported that crude oil inventories surprisingly declined by 1.8mn bls for the week ended September 22, 2017. On the other hand, US gasoline stockpiles rose 1.1mn bls for the same week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.4% lower to trade at \$917.70/oz.

Yesterday, platinum prices declined 0.3% to close at \$921.50/oz.



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Major South Africa Corporate News

Capitec Bank Holdings Limited

In its 1H17 results, the bank stated that its interest income increased to ZAR7.75bn from ZAR7.43bn posted in the corresponding period of the previous year. Its diluted EPS rose 17.0% from the same period of the prior year to 1,765.00c.

Major Global Economic News

US

In the US, the flash durable goods orders advanced 1.7% on a monthly basis in August, compared to a drop of 6.8% in the prior month. Markets were anticipating durable goods orders to rise 1.0%.

In August, pending home sales slid 2.6% on a monthly basis in the US, higher than market expectations for a drop of 0.5%. Pending home sales had recorded a drop of 0.8% in the prior month.

UK

In the UK, the CBI distributive trade survey's retail sales balance advanced to 42.00 in September, compared to a level of -10.00 in the prior month. Market anticipation was for the CBI distributive trade survey's retail sales balance to climb to 8.00.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
US	01:00	Fed's Rosengren to Speak to Money Marketeers in New York	✓✓✓	-	-	As scheduled
Germany	08:00	GfK Consumer Confidence Survey (Oct)	✓✓✓	11.00	10.90	Monthly
Eurozone	10:00	ECB's Praet speaks in Berlin	✓✓✓	-	-	As scheduled
UK	10:15	Carney Speaks at BOE Independence Conference, London	✓✓✓	-	-	As scheduled
Eurozone	11:00	Consumer Confidence (Sep) (F)	✓✓✓	-1.20	-1.20**	Monthly
Eurozone	11:00	Business Climate Indicator (Sep)	✓✓	1.12	1.09	Monthly
Eurozone	11:00	Economic Sentiment Indicator (Sep)	✓	112.00	111.90	Monthly
Eurozone	11:00	Industrial Confidence (Sep)	✓	5.20	5.10	Monthly
Eurozone	11:00	Services Sentiment Indicator (Sep)	✓	15.00	14.90	Monthly
South Africa	11:30	Producer Price Index (MoM) (Aug)	✓✓✓	0.30%	0.50%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Aug)	✓✓✓	4.10%	3.60%	Monthly
Eurozone	13:10	ECB's Lautenschlaeger speaks in Vienna	✓	-	-	As scheduled
Germany	14:00	Consumer Price Index (MoM) (Sep) (P)	✓✓✓	0.10%	0.10%	Monthly
Germany	14:00	Consumer Price Index (YoY) (Sep) (P)	✓✓✓	1.80%	1.80%	Monthly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q2) (F)	✓✓✓	1.00%	1.00%**	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q2) (F)	✓✓✓	3.00%	3.00%**	Quarterly
US	14:30	Continuing Jobless Claims (16-Sep)	✓	1993.00K	1980.00K	Weekly
US	14:30	Initial Jobless Claims (23-Sep)	✓✓	270.00K	259.00K	Weekly
US	14:30	Wholesale Inventories (MoM) (Aug) (P)	✓✓	0.40%	0.60%	Monthly
US	14:30	Personal Consumption (QoQ) (Q2) (F)	✓✓	3.30%	3.30%**	Quarterly
US	15:45	Fed's George Speaks on Economy and Monetary Policy	✓✓✓	-	-	As scheduled
US	16:00	Fed's Fischer Speaks at BOE Independence Conference, London	✓✓✓	-	-	As scheduled
US	19:30	Fed's Bostic to Speak about Careers in Economics	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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