

# ONE Minute Brief

29 September 2017

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## Economic and Political News

In South Africa (SA), the producer price index (PPI) recorded a more-than-expected rise of 4.2% YoY in August, compared to a rise of 3.6% in July, driven by a rise in fuel prices. Non-farm payrolls slid 0.4% QoQ in 2Q17, compared to a revised similar fall in the prior quarter.

Fitch indicated that SA's economic growth could be affected by increasing political uncertainty ahead of the African National Congress's presidential election in December.

The South African Reserve Bank Governor, Lesetja Kganyago, stated that SA must solve its political issues in order to start structural reform and unlock economic growth.

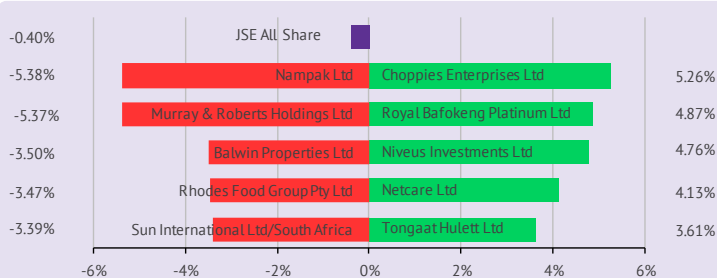
The Democratic Alliance (DA) has officially asked the Public Protector, Busi Mkhwebane, to probe Finance Minister, Malusi Gigaba, for his decision to extend the contract of SAA board chairperson Dudu Myeni.

The Crop Estimates Committee has indicated that SA will harvest 16.744 million tonnes of maize this season, the biggest crop on record and up 2.2% from the estimate in August.

## South Africa Market ▼

### South African markets closed lower

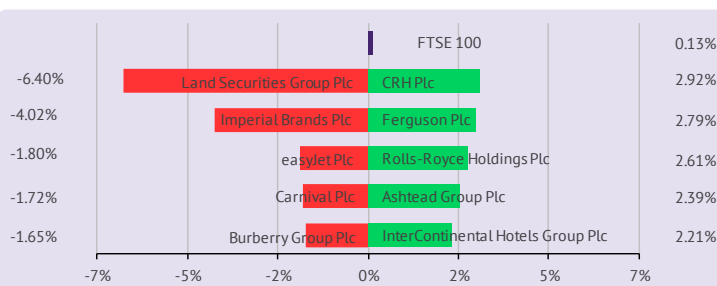
South African markets closed in the red yesterday, led by sharp losses in platinum mining and property stocks. Data revealed that South Africa's producer price index (PPI) advanced more-than-expected in August. The JSE All Share Index fell 0.4% to close at 54,994.35.



## UK Market ▲

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

UK markets finished higher yesterday, amid gains in banking sector stocks. The FTSE 100 Index advanced 0.1% to close at 7,322.82.



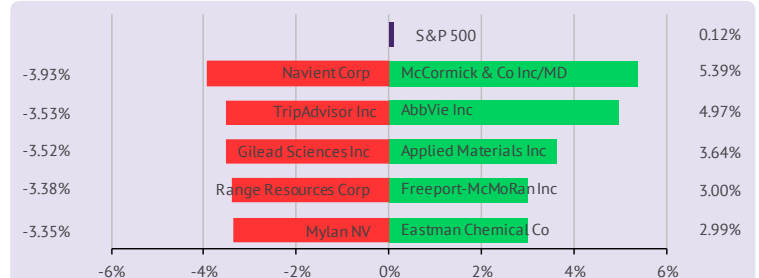
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54994.35	▼	-219.72	-0.40%	-1.51%	-2.70%	2.38%	8.57%
JSE Top 40	48842.89	▼	-175.36	-0.36%	-1.46%	-2.31%	2.30%	11.25%
FTSE 100	7322.82	▲	9.31	0.13%	0.17%	-1.45%	0.80%	2.52%
DAX 30	12704.65	▲	47.24	0.37%	0.89%	5.38%	-0.52%	10.66%
CAC 40	5293.77	▲	11.81	0.22%	0.24%	4.09%	-0.16%	8.87%
S&P 500	2510.06	▲	3.02	0.12%	0.31%	1.55%	0.05%	12.11%
Nasdaq Composite	6453.45	▲	0.19	0.00%	0.41%	0.39%	1.27%	19.88%
DJIA	22381.20	▲	40.49	0.18%	0.14%	1.97%	0.26%	13.25%

## US Market ▲

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

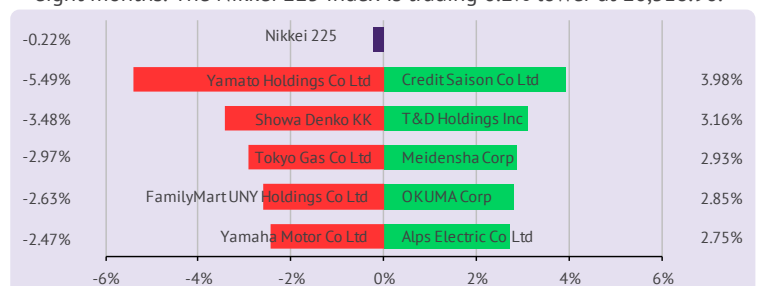
US markets closed higher yesterday, supported by gains in material and real estate sector stocks. In economic news, US GDP expanded at its strongest pace in two years in 2Q17. The S&P 500 Index climbed 0.1% to close at 2,510.06.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that Japan's National consumer price index (CPI) rose more than market expectations on an annual basis in August, notching its highest level in eight months. The Nikkei 225 Index is trading 0.2% lower at 20,318.90.



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## USDZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R13.5385. Later today, traders will keep a close watch on US personal consumption expenditure (PCE) and final Michigan consumer confidence index data for further direction. Separately, South Africa's trade balance and private sector credit will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. On the macro front, US gross domestic product advanced more-than-expected in 2Q17, marking its highest level since early 2015. Further, advanced goods trade deficit surprisingly narrowed in August. Moreover, preliminary wholesale inventories climbed more-than-expected in the same month. On the other hand, US initial jobless claims rose more than market anticipation for the week ended September 23, 2017. Separately, South Africa's PPI grew more than market forecast in August. Further, non-farm payrolls registered a rise on an annual basis in 2Q17.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally fell against the South African Rand to trade at R18.1627. On the data front, GfK consumer confidence index unexpectedly rose to its highest level in four months in September. Later today, traders will keep an eye on UK's gross domestic product, mortgage approvals, current account balance and Nationwide house price index for further cues.

The British Pound declined against the South African Rand yesterday, after the Bank of England (BoE) Governor, Mark Carney, suggested that the central bank has limited means to mitigate the damage from Brexit, although it could influence how that hit is spread across Britain. He further added that the BoE will continue to assess and express its independent assessment of the risks associated with Brexit.

## EURZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R15.9531. Going forward, market participants will keep a tab on Eurozone's CPI for further direction. Moreover, Germany's unemployment rate and retail sales will also be on investors' radar.

The Euro weakened against the South African Rand yesterday. In economic news, Eurozone's economic confidence accelerated to its strongest level since June 2007 in September. Furthermore, business climate index soared in the same month, reaching its highest level since April 2011. Meanwhile, Germany's preliminary CPI advanced at par with market forecast on a yearly basis in September. In contrast, GfK consumer confidence index unexpectedly eased in October.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar marginally rose against the South African Rand to trade at R10.6270. Earlier in the session, Australia's private sector credit climbed in line with market expectations on a yearly basis in August.

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	13.5385	▲	-0.54%	1.98%	3.93%	-1.39%	-1.58%
GBPZAR	18.1627	▼	-0.12%	1.61%	8.02%	-3.47%	7.34%
EURZAR	15.9531	▲	-0.18%	0.60%	2.86%	-0.81%	10.32%
AUDZAR	10.6270	▲	-0.40%	0.74%	2.77%	-2.31%	7.22%
EURUSD	1.1783	▼	0.35%	-1.38%	-1.04%	0.57%	12.11%
GBPUSD	1.3415	▼	0.41%	-0.46%	3.96%	-2.16%	8.97%
Brent (\$/barrel)	57.6	▲	-0.85%	0.97%	8.61%	0.27%	1.04%
Gold (\$/oz)	1287.4	▲	0.11%	-0.60%	-2.50%	4.10%	11.62%
Platinum (\$/oz)	922.0	▲	-0.05%	-1.19%	-7.76%	6.14%	2.15%
Copper (\$/MT)*	6473.5	▲	1.31%	0.90%	-4.23%	6.68%	17.21%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,287.40/oz.

Yesterday, gold prices rose 0.1% to close at \$1,285.50/oz, as weakness in the greenback lifted demand for the precious yellow metal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 0.3% to trade at \$57.58/bl.

Yesterday, Brent crude oil dropped 0.8% to settle at \$57.41/bl, extending its previous session losses.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.1% to trade at \$922.00/oz.

Yesterday, platinum prices marginally declined to close at \$921.00/oz.

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## Major South Africa Corporate News

### Pallinghurst Resources Limited

The company announced that it has appointed Lumkile Mondli as the Lead Independent Director and Chairman of the Nomination Committee with effect from September 14, 2017. Further, Kwape Mmela, an independent Non-Executive Director has been appointed as Chairman of the Remuneration Committee. Mr Mmela has also been appointed as a member of the Nomination Committee. Erich Clarke, an independent Non-Executive Director has been appointed as a member of the Audit Committee.

### Sun International Limited

In its trading statement for 1H 2017, the company stated that its HEPS is expected to be a loss of between 65.00c per share and 77.00c per share compared against the prior corresponding period's headline earnings profit of 87.00c per share, while basic EPS is expected to be a loss of between 90.00c per share and 96.00c per share compared against the prior corresponding period's profit of 32.00c per share.

## Major Global Economic News

### Asia

The Bank of Japan's (BoJ) summary of opinions report showed that one official called for expanding monetary stimulus at the central bank's September meeting, while most policymakers remained in favour of maintaining the current stimulus programme, as the bank was far from achieving the inflation target.

In Japan, the national CPI recorded a rise of 0.7% on an annual basis in August, higher than market expectations for a rise of 0.6%. The national CPI had climbed 0.4% in the prior month.

In Japan, retail trade registered a drop of 1.7% on a monthly basis in August, more than market expectations for a drop of 0.5%. Retail trade had risen 1.1% in the previous month. The preliminary industrial production recorded a more-than-expected rise of 2.1% on a monthly basis in August, compared to a drop of 0.8% in July.

In August, unemployment rate remained steady at a level of 2.8% in Japan. Market expectation was for unemployment rate to remain unchanged.

In Australia, the private sector credit recorded a rise of 5.5% on an annual basis in August, compared to a revised advance of 5.4% in the previous month. Market anticipation was for the private sector credit to advance 5.5%.

### US

In the US, the final annualized GDP advanced 3.1% on a quarterly basis in 2Q17, compared to a revised advance of 1.2% in the previous quarter. Market anticipation was for the annualized GDP to rise 3.0%. The preliminary figures had recorded a rise of 3.0%.

In August, advance goods trade deficit unexpectedly narrowed to USD62.90bn in the US. The US had reported a revised advance goods trade deficit of USD63.90bn in the previous month.

In the US, the seasonally adjusted initial jobless claims rose to a level of 272.00K in the week ended September 23, 2017, compared to a revised level of 260.00K in the prior week. Market expectation was for initial jobless claims to advance to 270.00K.

In August, the seasonally adjusted preliminary wholesale inventories recorded a rise of 1.0% on a monthly basis in the US, more than market expectations for an advance of 0.4%. In the previous month, the wholesale inventories had climbed 0.6%.

### Eurozone

In the Eurozone, the economic sentiment indicator recorded a rise to 113.00 in September, compared to a reading of 111.90 in the previous month. Market expectation was for the economic sentiment indicator to rise to a level of 112.00.

In September, the business climate indicator recorded a rise to 1.34 in the Eurozone, compared to market expectations of a rise to a level of 1.12. In the prior month, the business climate indicator had recorded a revised reading of 1.08.

In Germany, the flash CPI registered a rise of 1.8% on a yearly basis in September, at par with market expectations. The CPI had registered a similar rise in the prior month.

In October, the GfK consumer confidence index registered an unexpected drop to a level of 10.80 in Germany, compared to a level of 10.90 in the prior month. Market expectation was for the consumer confidence index to climb to 11.00.

### UK

The BoE Governor, Mark Carney, suggested that the central bank has limited means to mitigate the damage from Brexit, although it could influence how that hit is spread across Britain. He further added that the BoE will continue to assess and express their independent assessment of the risks associated with Brexit.

In September, the GfK consumer confidence recorded an unexpected rise to a level of -9.00 in the UK, compared to market expectations of a drop to -11.00. In the prior month, the consumer confidence had registered a level of -10.00.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	GfK Consumer Confidence (Sep)	✓✓✓	-9.00*	-10.00	Monthly
Japan	01:30	Unemployment Rate (Aug)	✓✓	2.80%*	2.80%	Monthly
Japan	01:30	Household Spending (YoY) (Aug)	✓✓	0.60%*	-0.20%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Aug)	✓✓✓	0.70%*	0.40%	Monthly
Japan	01:50	Industrial Production (MoM) (Aug) (P)	✓✓✓	2.10%*	-0.80%	Monthly
Japan	01:50	Industrial Production (YoY) (Aug) (P)	✓✓✓	5.40%*	4.70%	Monthly
Japan	01:50	Large Retailer's Sales (Aug)	✓✓	0.60%*	-0.20%	Monthly
Japan	01:50	Retail Trade (YoY) (Aug)	✓✓✓	1.70%*	1.90%	Monthly
Japan	01:50	Retail Trade s.a. (MoM) (Aug)	✓✓✓	-1.70%*	1.10%	Monthly
Japan	01:50	BoJ Summary of Opinions at Sept.20-21 Meeting	✓	-	-	As scheduled
Germany	08:00	Retail Sales (MoM) (Aug)	✓✓✓	0.50%	-1.20%	Monthly
Germany	08:00	Retail Sales (YoY) (Aug)	✓✓✓	3.20%	2.70%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Sep)	✓✓✓	0.10%	-0.10%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Aug)	✓✓	6.50%	6.81%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Aug)	✓✓	6.05%	5.71%	Monthly
Germany	09:55	Unemployment Rate s.a. (Sep)	✓✓✓	5.70%	5.70%	Monthly
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q2) (F)	✓✓✓	0.30%	0.30%**	Quarterly
UK	10:30	Gross Domestic Product s.a. (YoY) (Q2) (F)	✓✓✓	1.70%	1.70%**	Quarterly
UK	10:30	Net Consumer Credit (Aug)	✓✓	GBP1.40bn	GBP1.20bn	Monthly
UK	10:30	Mortgage Approvals (Aug)	✓✓✓	67.30K	68.70K	Monthly
UK	10:30	Current Account (Q2)	✓✓	-GBP15.90bn	-GBP16.90bn	Quarterly
Eurozone	11:00	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	1.60%	1.30%**	Monthly
South Africa	14:00	Trade Balance (Aug)	✓✓✓	ZAR2.10bn	ZAR9.00bn	Monthly
US	14:30	Personal Spending (Aug)	✓✓	0.10%	0.30%	Monthly
US	14:30	Personal Consumption Expenditure Core (YoY) (Aug)	✓✓	1.40%	1.40%	Monthly
US	15:45	Chicago PMI (Sep)	✓✓✓	58.70	58.90	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Sep) (F)	✓✓✓	95.30	95.30**	Monthly
Eurozone	16:15	ECB's Draghi, BoE's Carney in dialog in London	✓✓✓	-	-	As scheduled
UK	16:45	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	17:00	Fed's Harker Speaks at Fintech Event on Consumers and Banking	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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