

ONE
Minute Brief

8 September 2017

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Economic and Political News

In South Africa (SA), manufacturing output fell a more than expected 1.4% YoY in July. Gold production climbed 3.9% YoY, mining production rose a less-than-anticipated 0.9% YoY, while platinum production declined 5.0% YoY during the same month. Net gold & forex reserves climbed higher-than-estimated to \$42.65bn in August, compared to \$42.41bn in July.

Moody's has warned that the plan proposed by SA's government to implement "radical economic transformation" could affect investments adversely and increasing poverty may limit Treasury's efforts to rein in fiscal deficit. Additionally, the agency indicated that the stalemate on structural reforms will continue to weigh on the weak business confidence and hamper government's fiscal consolidation efforts.

South African Energy Minister, Mmamoloko Kubayi, stated that the South African Power Pool, a regional industry collaboration linking up national grids, had exceeded generation capacity targets for 2016 by 11.0%.

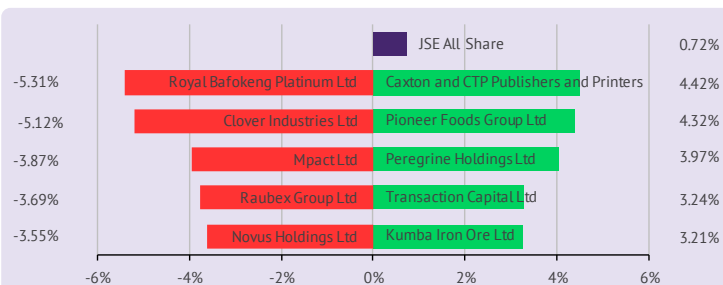
Minister in the Presidency, Jeff Radebe, indicated that government departments will have to cap spending on non-core and non-performing programmes, considering limited fiscal manoeuvring space.

Global financial services major, UBS, has highlighted that a return to a more market-friendly and transparent government structure is key to South Africa's medium-term outlook.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in banking and industrials sector stocks. Data showed that South Africa's manufacturing production dropped more-than-expected on a yearly basis in July. The JSE All Share Index rose 0.7% to close at 55,878.19.



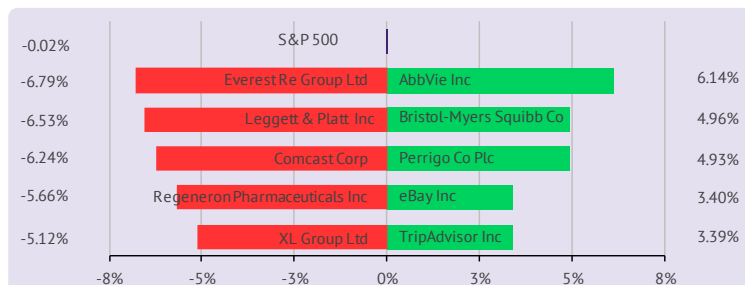
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55878.19	▲	397.99	0.72%	-1.12%	-1.14%	2.38%	10.31%
JSE Top 40	49430.81	▲	407.15	0.83%	-1.13%	-1.13%	2.30%	12.59%
FTSE 100	7396.98	▲	42.85	0.58%	-0.56%	-0.45%	0.80%	3.56%
DAX 30	12296.63	▲	82.09	0.67%	1.27%	2.00%	-0.52%	7.10%
CAC 40	5114.62	▲	13.21	0.26%	-0.17%	0.57%	-0.16%	5.19%
S&P 500	2465.10	▼	-0.44	-0.02%	-0.46%	-0.27%	0.05%	10.11%
Nasdaq Composite	6397.87	▲	4.55	0.07%	-0.58%	-0.48%	1.27%	18.85%
DJIA	21784.78	▼	-22.86	-0.10%	-0.92%	-0.74%	0.26%	10.23%

US Market ▼

The S&P 500 futures are trading in the red

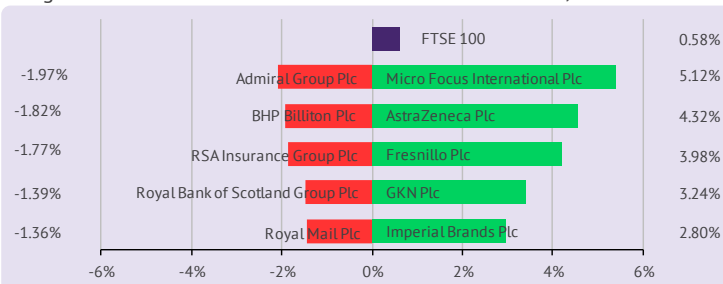
US markets closed a tad lower yesterday, weighed down by losses in financial and telecommunication sector stocks. Data showed that US initial jobless claims rose more-than-expected for the week ended September 2, 2017. The S&P 500 Index marginally dropped to 2,465.10.



UK Market ▲

The FTSE 100 futures are trading in negative territory

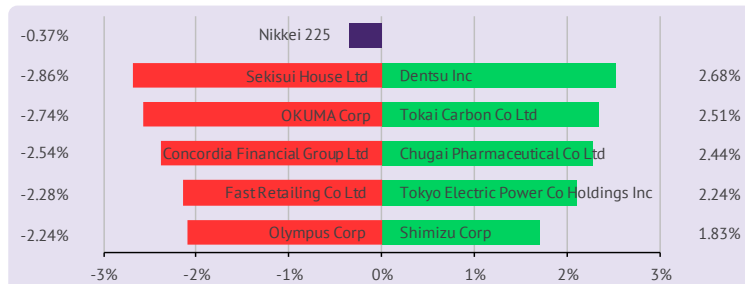
UK markets finished higher yesterday, led by a rise in information technology and material sector stocks. Data revealed that UK's Halifax house price index advanced more-than-expected on a monthly basis in August. The FTSE 100 Index advanced 0.6% to close at 7,396.98.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data indicated that Japan's annualised gross domestic product advanced less-than-expected in 2Q17. The Nikkei 225 Index is trading 0.4% lower at 19,324.94.



Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.2% against the South African Rand to trade at R12.7793. Later today, traders will keep a close watch on US wholesale inventories for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the number of Americans applying for fresh unemployment benefits surged higher than market expectations for the week ended September 2, 2017, notching its highest level since April 2015. Separately, South Africa's manufacturing production painted a negative picture for July.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R16.7816. Later today, traders will keep an eye on UK's NIESR gross domestic product, manufacturing production, industrial production, total trade balance and construction output for further cues.

The British Pound advanced against the South African Rand yesterday. In economic news, UK's Halifax house price index rose higher than market anticipations on a monthly basis in August.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro gained 0.3% against the South African Rand to trade at R15.4257. Going forward, market participants will keep a tab on Germany's trade balance for further indication.

The Euro strengthened against the South African Rand yesterday. The European Central Bank (ECB) raised its Eurozone economic growth forecast to 2.2% in 2017, the fastest growth in 10 years. Meanwhile, it lowered its forecasts for inflation to 1.2% next year from 1.3% previously and to 1.5% in 2019 from 1.6%. Moreover, the central bank kept the refinancing rate at a record low of 0.00% and further, it confirmed that asset purchases will continue at €60.0bn (\$71.76bn) per month at least until December. Meanwhile, the ECB President, Mario Draghi, stated that the central bank should take into account the continued weakness in inflation due to the strong Euro as it prepares to wind down its unprecedented stimulus program. On the data front, Eurozone's economy expanded at a faster-than-expected pace on a quarterly basis in 2Q17, boosted by higher domestic demand and investment. Meanwhile, Germany's industrial production recorded a flat reading on a monthly basis in July.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.6% against the South African Rand to trade at R10.3604.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's trade surplus unexpectedly narrowed in July. Further, the AiG performance of construction index dropped in August. Moreover, retail sales registered a flat reading on a monthly basis in July.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.7793	▼	0.18%	-1.09%	-1.57%	-1.39%	-6.79%
GBPZAR	16.7816	▲	0.54%	0.04%	-0.31%	-3.47%	-0.94%
EURZAR	15.4257	▲	1.09%	0.25%	-0.66%	-0.81%	6.55%
AUDZAR	10.3604	▲	0.65%	-0.12%	-0.36%	-2.31%	3.95%
EURUSD	1.2071	▲	0.89%	1.37%	0.95%	0.57%	14.36%
GBPUSD	1.3133	▲	0.44%	1.16%	1.32%	-2.16%	6.20%
Brent (\$/barrel)	54.7	▲	0.54%	3.30%	3.08%	0.27%	-4.10%
Gold (\$/oz)	1358.1	▲	0.85%	1.50%	2.12%	4.10%	16.91%
Platinum (\$/oz)	1024.3	▲	0.96%	0.77%	1.83%	6.14%	12.78%
Copper (\$/MT)*	6873.8	▼	-0.03%	1.02%	1.69%	6.68%	24.46%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.9% higher to trade at \$1,358.10/oz.

Yesterday, gold prices rose 0.9% to close at \$1,346.50/oz, as weakness in the US Dollar underpinned demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$54.71/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$54.49/bl, its highest rise in near three-and-a-half month, as US refiners restarting after Hurricane Harvey, increased their crude processing. Meanwhile, the US Energy Information Administration reported that domestic crude supplies increased more-than-expected by 4.6mn bls for the week ended September 1, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.7% to trade at \$1,024.30/oz.

Yesterday, platinum prices climbed 1.0% to close at \$1016.80/oz.

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Major South Africa Corporate News

African Rainbow Minerals Limited

In its FY17 results, the company indicated that its revenue stood at ZAR9.01bn unchanged from the previous year. Its basic EPS increased 31.8% from the prior year to 733.00c.

FirstRand Limited

In its FY17 results, the bank stated that its non-interest revenue increased to ZAR40.92bn from ZAR36.93bn posted in the previous year. Its diluted headline EPS rose 6.0% from the prior year to 423.70c.

Clover Industries Limited

In its trading statement, the group revealed that it expects its HEPS to be lower in the range of 66.12c and 94.42c. Further, its EPS is anticipated to be in the range of 83.58c to 111.56c.

Sanlam Limited

In its 1H17 results, the company revealed that its revenue declined 5.0% from the same period of the preceding year to ZAR47.28bn. Its diluted EPS stood at 240.20c, compared with 273.30c recorded in the corresponding period of the previous year.

Major Global Economic News

Eurozone

The ECB maintained the deposit rate of -0.4%, refinancing rate of 0.0% and the quantitative easing programme of up to €60 billion per month. The ECB President Mario Draghi stated that the central bank will set out plans to wind down its bond-buying programme at the next meeting in October. The ECB lowered its forecasts for inflation to 1.2% next year from 1.3% previously and to 1.5% in 2019 from 1.6%. However, it raised its economic growth forecast for this year to 2.2% from 1.9% previously.

In the Eurozone, in the Eurozone, the seasonally adjusted final GDP rose 0.6% on a quarterly basis in 2Q17, meeting market expectations. The preliminary figures had also indicated a rise of 0.6%. In the previous quarter, GDP had advanced by a revised 0.5%.

In Germany, the seasonally adjusted industrial production remained steady on a monthly basis in July, less than market expectations for a rise of 0.5%. In the previous month, industrial production had dropped 1.1%.

Asia

In Japan, the final annualised GDP climbed 2.5% on a quarterly basis in 2Q17, compared to a revised rise of 1.5% in the previous quarter. Market anticipation was for annualised GDP to rise 2.9%. The preliminary figures had indicated a rise of 4.0%.

Japan has reported (BOP basis) trade surplus of JPY566.60bn in July, from a trade surplus of JPY518.50bn in the previous month. Market expectation was for the nation to register a trade surplus of JPY518.00bn.

US

In the US, the seasonally adjusted initial jobless claims climbed to 298.00K in the week ended September 2, 2017, compared to market expectations of an advance to a level of 245.00K. In the prior week, initial jobless claims had recorded a level of 236.00K.

UK

In the UK, the Halifax house price index climbed 1.1% on a monthly basis in August, higher than market expectations for a rise of 0.2%. In the previous month, the Halifax house price index had advanced by a revised 0.7%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Gross Domestic Product (QoQ) (Q2) (F)	✓✓	0.60%*	1.00%**	Quarterly
Japan	01:50	Gross Domestic Product Annualised (Q2) (F)	✓✓✓	2.50%*	4.00%**	Quarterly
Japan	01:50	Nominal Gross Domestic Product (QoQ) (Q2) (F)	✓✓	0.70%*	1.10%**	Quarterly
Japan	01:50	Adjusted Current Account Total (Jul)	✓	JPY2032.90bn*	JPY1522.50bn	Monthly
Japan	01:50	Current Account n.s.a. (Jul)	✓	JPY2320.00bn*	JPY934.60bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Jul)	✓✓	JPY566.60bn*	JPY518.50bn	Monthly
China	05:11	Trade Balance (Aug)	✓✓	USD41.99bn*	USD46.74bn	Monthly
China	05:11	Imports (YoY) (Aug)	✓✓	13.30%*	11.00%	Monthly
China	05:11	Exports (YoY) (Aug)	✓✓	5.50%*	7.20%	Monthly
Germany	08:00	Exports (Jul)	✓	-	EUR107.20bn	Monthly
Germany	08:00	Imports (Jul)	✓	-	EUR84.90bn	Monthly
Germany	08:00	Labour Costs s.a. (QoQ) (Q2)	✓✓	-	0.50%	Quarterly
Germany	08:00	Exports s.a. (MoM) (Jul)	✓	1.30%	-2.80%	Monthly
Germany	08:00	Imports s.a. (MoM) (Jul)	✓	2.80%	-4.50%	Monthly
UK	10:30	Industrial Production (Jul)	✓	-	104.70	Monthly
UK	10:30	Industrial Production (MoM) (Jul)	✓	0.20%	0.50%	Monthly
UK	10:30	Construction Output s.a. (YoY) (Jul)	✓	0.20%	0.90%	Monthly
UK	10:30	Industrial Production (YoY) (Jul)	✓✓	0.40%	0.30%	Monthly
UK	10:30	Manufacturing Production (YoY) (Jul)	✓✓	1.70%	0.60%	Monthly
UK	10:30	Visible Trade Balance (Jul)	✓✓	-GBP12.00bn	-GBP12.72bn	Monthly
UK	10:30	Manufacturing Production (MoM) (Jul)	✓	0.30%	0.00%	Monthly
UK	10:30	Total Trade Balance (Jul)	✓✓	-GBP3.25bn	-GBP4.56bn	Monthly
UK	14:00	NIESR GDP Estimate (3M) (Aug)	✓✓✓	-	0.20%	Monthly
US	16:00	Wholesale Inventories (MoM) (Jul) (F)	✓✓✓	0.40%	0.40%**	Monthly
US	21:00	Consumer Credit Change (Jul)	✓✓	USD15.00bn	USD12.40bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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