

ONE Minute Brief

3 October 2017

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Economic and Political News

In South Africa (SA), the manufacturing PMI climbed less-than-expected to 44.90 in September, compared to a level of 44.00 in August. New vehicle sales advanced more-than-expected by 7.0% on an annual basis in September, compared to a rise of 6.5% in August.

The Energy Department indicated that petrol prices will go up by 29c a litre for 95 octane and 25c a litre for 93 octane from Wednesday, while diesel prices will rise 42c a litre, amid increasing crude oil prices.

Eskom has suspended three executives for their involvement in paying Gupta-linked Trillian. Meanwhile, news reports indicate that Eskom had continued to pay Trillian even after McKinsey & Co. warned it about concerns over transparency.

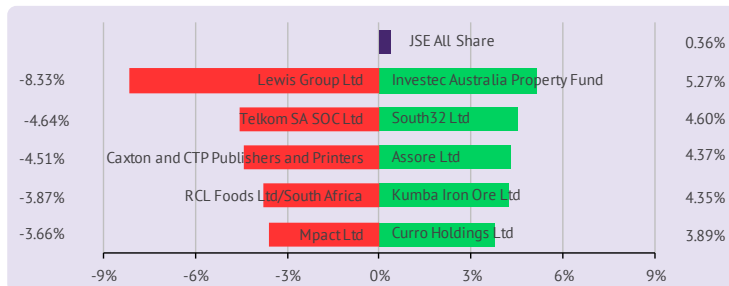
The Democratic Alliance has submitted a written statement to Parliament's Standing Committee on Finance to schedule hearings to examine South African Revenue Services' review of the "rogue unit".

The Special Investigating Unit has confirmed that it has already completed an initial investigation to assess the scope of its probe into Eskom but is awaiting a proclamation from the presidency to start further investigation.

South Africa Market ▲

South African markets closed higher

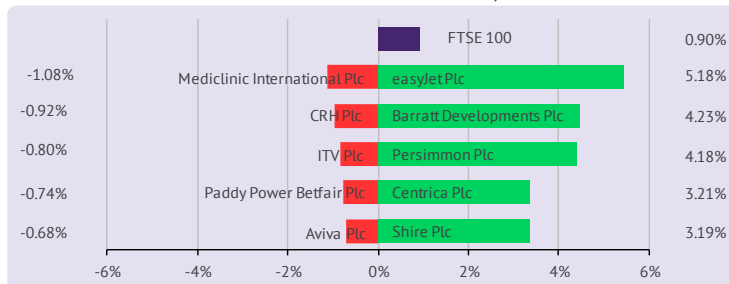
South African markets closed in the green yesterday, led by a sharp rally in platinum mining sector stocks. Data revealed that South Africa's manufacturing PMI advanced less-than-expected in September. The JSE All Share Index rose 0.4% to close at 55,778.27.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, amid weakness in the Pound and gains in housebuilding and travel sector stocks. Data showed that UK's Markit manufacturing PMI dropped more-than-expected in September. The FTSE 100 Index advanced 0.9% to close at 7,438.84.



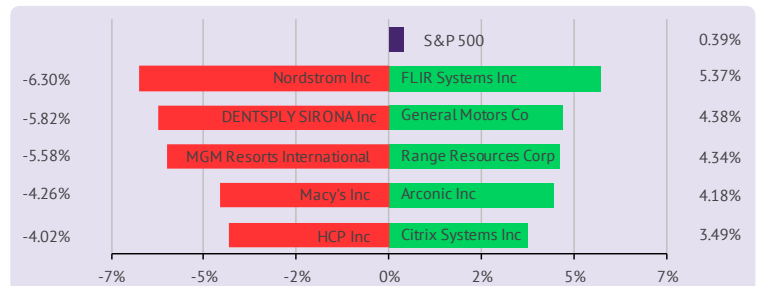
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55778.27	▲	198.35	0.36%	0.36%	-1.67%	10.12%
JSE Top 40	49609.58	▲	233.12	0.47%	0.47%	-1.24%	13.00%
FTSE 100	7438.84	▲	66.08	0.90%	0.90%	-0.78%	4.14%
DAX 30	12902.65	▲	73.79	0.58%	0.58%	6.41%	12.38%
CAC 40	5350.44	▲	20.63	0.39%	0.39%	4.80%	10.04%
S&P 500	2529.12	▲	9.76	0.39%	0.39%	1.93%	12.97%
Nasdaq Composite	6516.72	▲	20.76	0.32%	0.32%	1.05%	21.06%
DJIA	22557.60	▲	152.51	0.68%	0.68%	2.08%	14.14%

US Market ▲

The S&P 500 futures are trading in the green

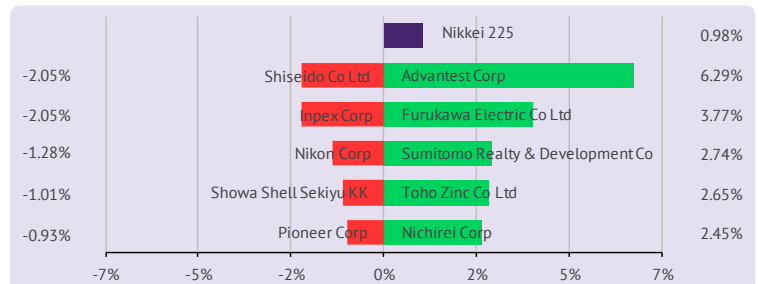
US markets closed higher yesterday, boosted by gains in healthcare and financial sector stocks. Data indicated that US ISM manufacturing PMI surprisingly surged to its highest level in 13 years in September. The S&P 500 Index climbed 0.4% to close at 2,529.12.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Chinese and South Korean markets are closed today on account of a public holiday. The Nikkei 225 Index is trading 1.0% higher at 20,600.97.



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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 R13.6239. With no major economic news in the US today, investor sentiment will be determined by global macroeconomic events.

The US Dollar rose against the South African Rand yesterday, after the US manufacturing activity unexpectedly advanced to its highest level in 13 years in September. Further, the final Markit manufacturing PMI recorded an unexpected rise in the same month. Additionally, the nation's construction spending rebounded more-than-expected on a monthly basis in August. Separately, South Africa's manufacturing PMI rose less than market forecast in September, remaining in contraction territory.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R18.0549. Later today, traders will keep an eye on UK's Markit construction PMI for further cues.

The British Pound declined against the South African Rand yesterday, after the UK's manufacturing activity declined more than market anticipations in September, as the consumer, intermediate and investment goods industries grew at a slower pace.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R15.9467. Going forward, market participants will keep a tab on the Eurozone's producer price index for further direction.

The Euro weakened against the South African Rand yesterday, after the Eurozone's manufacturing sector was slightly down in September, compared to its preliminary reading. Further, the region's unemployment rate remained unchanged in August from previous month. Meanwhile, Germany's final Markit manufacturing PMI recorded a steady reading in September.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R10.6223. Earlier in the session, the Reserve Bank of Australia (RBA) kept key interest rate unchanged at a record low 1.5%, as widely expected. In a statement following the central bank board meeting, Governor Philip Lowe highlighted that jobless rate in Australia was unlikely to fall quickly while adding sluggish wages was going to be a problem for some time. Australia's HIA new home sales bounced back into positive territory on a monthly basis in August and building approvals rebounded less-than-expected on a monthly basis in the same month.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's AiG performance of manufacturing index dropped in September.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.6239	▲	0.31%	0.31%	0.31%	4.27%	-0.95%
GBPZAR	18.0549	▼	-0.61%	-0.61%	-0.61%	8.01%	6.66%
EURZAR	15.9467	▼	-0.38%	-0.38%	-0.38%	3.41%	10.49%
AUDZAR	10.6223	▼	0.20%	0.20%	0.20%	2.78%	7.45%
EURUSD	1.1705	▼	-0.69%	-0.69%	-0.69%	-0.81%	11.60%
GBPUSD	1.3252	▼	-0.91%	-0.91%	-0.91%	3.62%	7.62%
Brent (\$/barrel)	55.9	▼	-1.18%	-1.18%	-1.18%	7.43%	-1.23%
Gold (\$/oz)	1271.9	▼	-0.69%	-0.69%	-0.69%	-2.81%	10.51%
Platinum (\$/oz)	911.6	=	0.14%	0.14%	0.14%	-8.83%	1.11%
Copper (\$/MT)*	6446.3	▲	0.22%	0.22%	0.22%	-4.84%	16.72%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.1% to trade at \$1,271.90/oz.

Yesterday, gold prices fell 0.7% to close at \$1,272.70/oz, as strength in the greenback and gains in US equities, dented demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.4% to trade at \$55.87/bl.

Yesterday, Brent crude oil dropped 1.2% to settle at \$56.12/bl, extending its previous session losses, amid signs of rising global oil production.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices are trading flat at \$911.60/oz.

Yesterday, platinum prices climbed 0.1% to close at \$911.60/oz.



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Major South Africa Corporate News

Growthpoint Properties Limited

In its FY17 results, the company stated that its revenue increased to ZAR10.75bn from ZAR10.21bn posted in the previous year. Its diluted EPS rose 40.5% from the same period of the prior year to 266.21c.

Pick N Pay Stores Limited

In its updated 1H17 results, the company indicated that its diluted HEPS is expected to rise between 10.0% and 15.0%, compared with 79.87c posted in the corresponding period last year.

Sun International Limited

The company announced that Chief Financial Officer, N Basthdaw has been appointed as an additional member of the company's Risk Committee effective from October 2, 2017.

Major Global Economic News

US

In the US, the ISM manufacturing activity index registered an unexpected rise to 60.80 in September, compared to market expectations of a fall to a level of 58.10. In the prior month, the ISM manufacturing activity index had registered a reading of 58.80.

In September, the final Markit manufacturing PMI registered a rise to 53.10 in the US, compared to a level of 52.80 in the previous month. The preliminary figures had recorded a rise to 53.00. Markets were anticipating the Markit manufacturing PMI to climb to 53.00.

In the US, construction spending rose 0.5% on a monthly basis in August, compared to a revised drop of 1.2% in the prior month. Markets were anticipating construction spending to climb 0.4%.

Eurozone

In the Eurozone, the final manufacturing PMI registered a rise to 58.10 in September, lower than market expectations of an advance to 58.20. The preliminary figures had indicated an advance to 58.20. In the previous month, the manufacturing PMI had registered a reading of 57.40.

In August, the unemployment rate remained steady at a level of 9.1% in the Eurozone, compared to market expectations of a drop to a level of 9.0%.

In Germany, the final manufacturing PMI registered a rise to 60.60 in September, meeting market expectations. The preliminary figures had also indicated a rise to 60.60. In the previous month, manufacturing PMI had registered a level of 59.30.

Asia

The RBA kept the benchmark interest rate steady at a record low 1.5%, as widely expected. In a statement following the central bank board meeting, Governor, Philip Lowe, highlighted that jobless rate in Australia was unlikely to fall quickly while adding sluggish wages was going to be a problem for some time. He also stated that the impact of a stronger Australian Dollar is expected to contribute to continued subdued price pressures in the economy.

In Australia, HIA new home sales recorded a rise of 9.1% on a monthly basis in August. In the prior month, new home sales had registered a revised drop of 15.4%.

In August, the seasonally adjusted building approvals climbed 0.4% on a monthly basis in Australia, compared to a revised drop of 1.2% in the previous month. Markets were expecting building approvals to rise 1.0%.

UK

In the UK, the manufacturing PMI eased to 55.90 in September, lower than market expectations of a fall to 56.20. In the previous month, the manufacturing PMI had registered a revised reading of 56.70.

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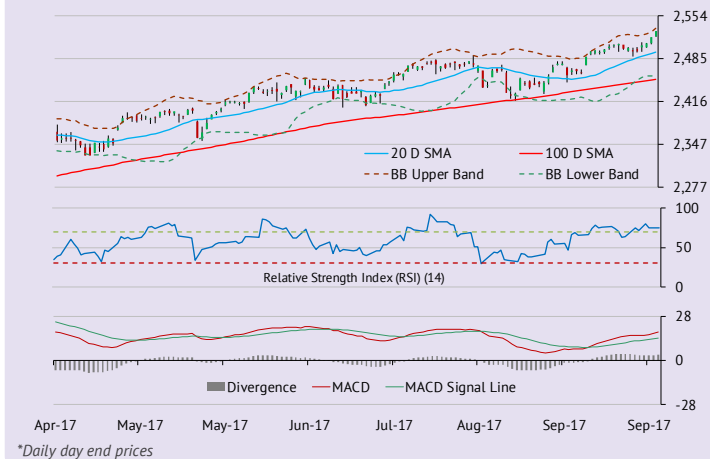
Technical Snapshot

JSE All Share



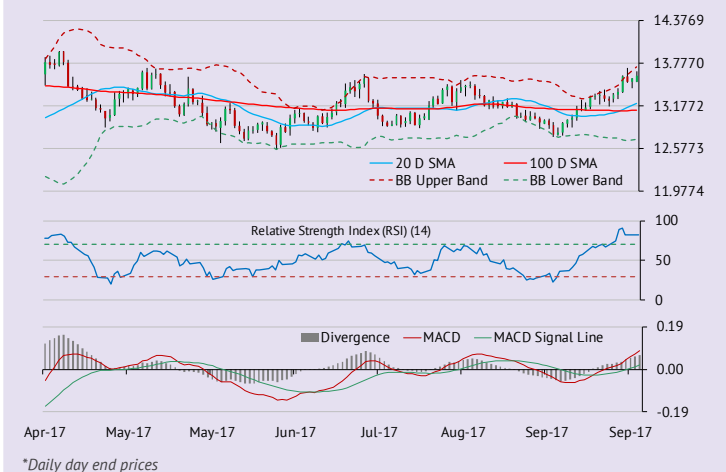
The JSE All Share index is expected to find support at 55,093.83, and a fall through could take it to the next support level of 54,409.39. The index is expected to find its first resistance at 56,262.99, and a rise through could take it to the next resistance level of 56,747.71.

S&P 500



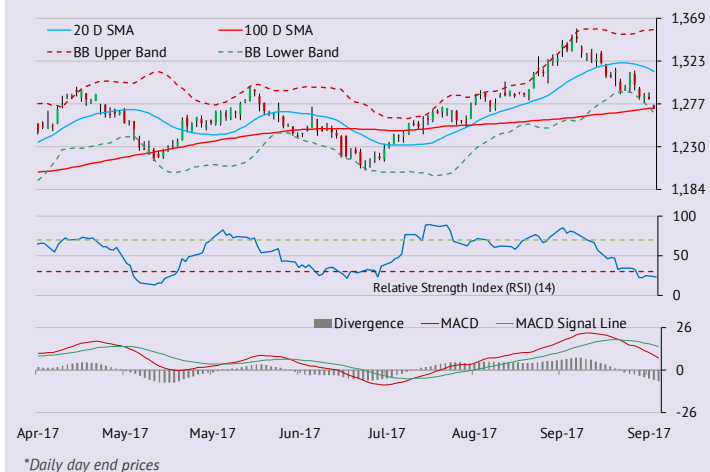
The S&P 500 index is expected to find support at 2,506.42, and a fall through could take it to the next support level of 2,483.71. The index is expected to find its first resistance at 2,540.53, and a rise through could take it to the next resistance level of 2,551.93.

USDZAR



The pair is expected to find support at 13.3455, and a fall through could take it to the next support level of 13.0899. The pair is expected to find its first resistance at 13.7841, and a rise through could take it to the next resistance level of 13.9671.

XAU/USD



Gold is expected to find support at \$1,257.90/oz, and a fall through could take it to the next support level of \$1,243.10/oz. The precious metal is expected to find its first resistance at \$1,300.00/oz, and a rise through could take it to the next resistance level of \$1,327.30/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Monetary Base (Sep)	✓✓✓	JPY474.70tn*	JPY469.20tn	Monthly
Japan	01:50	Monetary Base (YoY) (Sep)	✓	15.60%*	16.30%	Monthly
Japan	07:00	Consumer Confidence Index (Sep)	✓✓	43.50	43.30	Monthly
UK	10:30	Markit Construction PMI (Sep)	✓✓✓	51.10	51.10	Monthly
UK	10:30	Record of the Financial Policy Committee's September meeting	✓✓	-	-	As scheduled
Eurozone	11:00	Producer Price Index (MoM) (Aug)	✓✓✓	0.10%	0.00%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Aug)	✓✓✓	2.30%	2.00%	Monthly
US	14:30	FOMC Member Powell Speech	✓✓✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (29-Sep)	✓	-	4.00%	Weekly
US	14:55	Redbook Index s.a. (MoM) (29-Sep)	✓	-	0.00%	Weekly
US	15:45	ISM New York Index (Sep)	✓	-	62.80	Monthly
US	-	Domestic Vehicle Sales (Sep)	✓	13.00mn	12.48mn	Monthly
US	-	Total Vehicle Sales (Sep)	✓	17.15mn	16.03mn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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