

ONE Minute Brief

24 October 2017

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Economic and Political News

South Africa's (SA) steel production rose 9.9% on an annual basis in September to 556,000 tonnes, compared to a rise of 24.4% in August.

Business Unity South Africa (BUSA) has indicated that any tax increases in the mini budget to be delivered by Finance Minister, Malusi Gigaba, on Wednesday, would be detrimental to the health of the economy, and that cost cutting and revenue generating efficiencies should be the priorities. Separately, the Democratic Alliance (DA) has also called on Gigaba to cut wasteful government spending, freeze salaries of civil servants and announce the termination of the government's nuclear build programme, to save costs.

The South African Chamber of Commerce and Industry has urged Finance Minister, Malusi Gigaba, to issue a Policy statement which will restore business confidence.

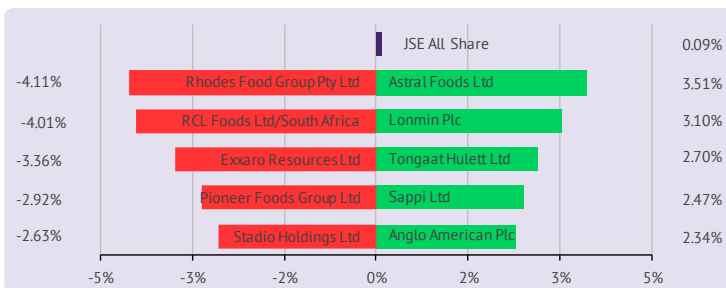
News reports indicate that Cyril Ramaphosa is leading the nominations from Gauteng for the ANC's presidential race.

The Russian Embassy in SA has denied news reports that it had a hand in the nation's most-recent Cabinet reshuffle.

South Africa Market ▲

South African markets closed higher

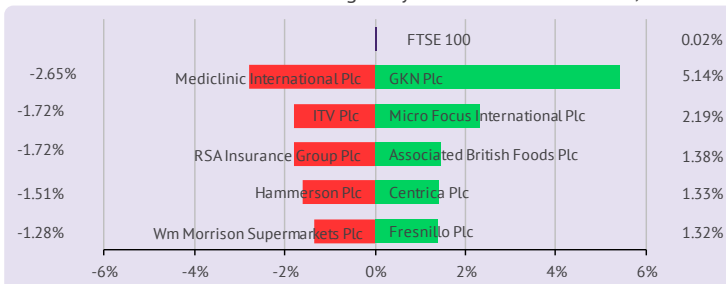
South African markets closed in the green yesterday, amid gains in resources sector stocks. The JSE All Share Index rose 0.1% to close at 57,999.60.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished a tad higher yesterday, supported by gains in consumer discretionary and technology sector stocks. Data revealed that UK's monthly CBI industrial trends orders unexpectedly declined in October. The FTSE 100 Index marginally advanced to close at 7,524.45.



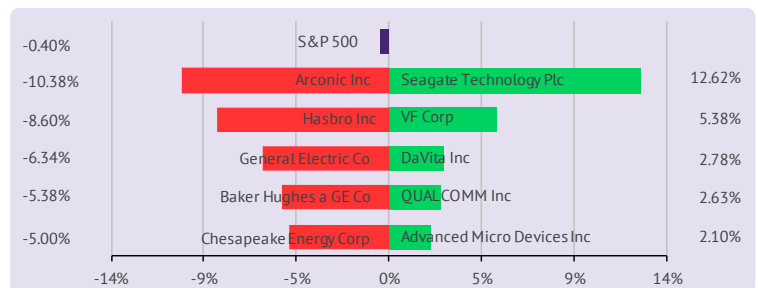
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	57999.60	▲	50.94	0.09%	0.09%	4.35%	-1.67%	14.50%
JSE Top 40	51669.89	▲	69.23	0.13%	0.13%	4.64%	-1.24%	17.69%
FTSE 100	7524.45	▲	1.22	0.02%	0.02%	2.06%	-0.78%	5.34%
DAX 30	13003.14	▲	11.86	0.09%	0.09%	1.36%	6.41%	13.26%
CAC 40	5386.81	▲	14.43	0.27%	0.27%	1.07%	4.80%	10.79%
S&P 500	2564.98	▼	-10.23	-0.40%	-0.40%	1.81%	1.93%	14.57%
Nasdaq Composite	6586.83	▼	-42.23	-0.64%	-0.64%	1.40%	1.05%	22.36%
DJIA	23273.96	▼	-54.67	-0.23%	-0.23%	3.88%	2.08%	17.77%

US Market ▼

The S&P 500 futures are trading in the green

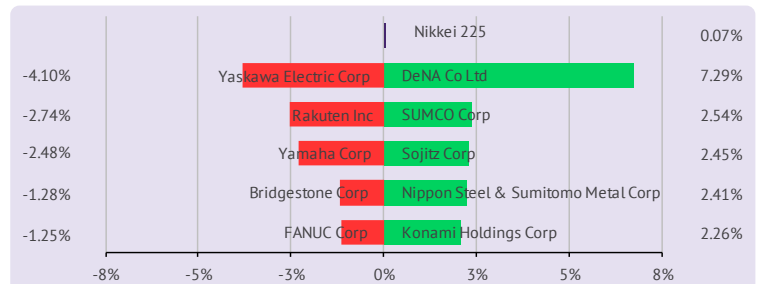
US markets closed lower yesterday, led by losses in industrial and telecommunication sector stocks. Data showed that US Chicago Fed national activity index surprisingly rebounded in September. The S&P 500 Index dropped 0.4% to close at 2,564.98.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data indicated that Japan's preliminary Nikkei manufacturing PMI recorded a drop in October. The Nikkei 225 Index is trading 0.1% higher at 21,710.99.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.2% against the South African Rand to trade at R13.6823. Later today, traders will keep a close watch on US Markit manufacturing and services PMI for October for further cues. Separately, South Africa's leading indicator will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. On the data front, US Chicago Fed national activity index bounced back into positive territory in September.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading marginally firmer against the South African Rand at R18.0900. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's CBI industrial trends orders recorded an unexpected drop on a monthly basis in October.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R16.0992. Going forward, market participants will keep a tab on Markit manufacturing and services PMI across the Eurozone for further direction.

The Euro strengthened against the South African Rand yesterday, after Eurozone's consumer confidence advanced for a third consecutive month in October. Meanwhile, According to the Bundesbank's monthly report, German economy would maintain a healthy pace of growth in 3Q17, driven by robust industrial orders and added that industrial sector is likely to remain a key pillar of growth for the economy. Further, it revealed that construction has probably made no further contribution to growth.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading a tad higher against the South African Rand at R10.7026. Earlier in the session, data indicated that Australia's ANZ Roy Morgan consumer confidence index recorded a rise for the week ended October 22, 2017.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.6823	▼	0.46%	0.46%	1.10%	4.27%	-0.17%
GBPZAR	18.0900	▲	0.54%	0.54%	-0.43%	8.01%	6.86%
EURZAR	16.0992	▼	0.19%	0.19%	0.55%	3.41%	11.53%
AUDZAR	10.7026	▲	0.29%	0.29%	0.71%	2.78%	7.99%
EURUSD	1.1766	▲	-0.30%	-0.30%	-0.55%	-0.81%	11.76%
GBPUSD	1.3221	▲	0.06%	0.06%	-1.49%	3.62%	6.99%
Brent (\$/barrel)	57.5	▲	-0.66%	-0.66%	1.02%	7.43%	0.97%
Gold (\$/oz)	1284.1	▲	0.02%	0.02%	-0.30%	-2.81%	10.94%
Platinum (\$/oz)	924.5	=	0.04%	0.04%	1.56%	-8.83%	2.54%
Copper (\$/MT)*	6975.3	▲	0.78%	0.78%	8.44%	-4.84%	26.29%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.5% to trade at \$1,284.10/oz.

Yesterday, gold prices marginally rose to close at \$1,277.70/oz, as losses in US equities underpinned demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.2% to trade at \$57.48/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$57.37/bl. However, losses were trimmed following positive signals from OPEC and supply disruptions in Iraq.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices traded flat at \$924.50/oz.

Yesterday, platinum prices marginally climbed to close at \$924.50/oz.



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Major South Africa Corporate News

Adcorp Holdings Limited

In its 1H18 trading update, the company stated that it expects headline loss per share to be in the range of 38.00c to 45.00c compared with HEPS of 77.50c posted in the corresponding period of the previous year. Additionally, trading across the Group has been stable for the period and revenue growth has been relatively flat compared to the prior period.

Gold Fields Limited

In its operational update, the company stated that gold production for the September quarter increased 3.0% from the same period of the prior year to 567.00Koz. Further, it generated net cash flow of USD85.00mn compared with an outflow of USD67.00mn in 2Q17.

Pioneer Food Group Limited

In its FY17 trading update, the company stated that it expects HEPS to be in the range of 398.00c to 470.00c, compared with 904.00c reported last year. The company also announced that revenue decreased by between 4% and 6% from ZAR20.60bn in the comparative period due to a combination of deflation, volume declines and resistance to price increases.

Major Global Economic News

Eurozone

In the Eurozone, the flash consumer confidence index registered a rise to -1.00 in October, higher than market expectations of a rise to a level of -1.10. The index had recorded a level of -1.20 in the previous month.

According to the Bundesbank's monthly report, German economy would maintain a healthy pace of growth in the third quarter of 2017, driven by robust industrial orders and added that industrial sector is likely to remain a key pillar of growth for the economy. Further, it revealed that construction has probably made no further contribution to growth.

UK

In the UK, the balance of firms reporting total order book above normal unexpectedly eased to a level of -2.00 in October, lower than market expectations of an advance to 9.00. In the prior month, the balance of firms reporting total order book above normal had registered a reading of 7.00.

US

In the US, the Chicago Fed national activity index recorded a rise to 0.17 in September, compared to a revised reading of -0.37 in the prior month. Markets were expecting the index to advance to a level of -0.10.

Asia

In Japan, the flash manufacturing PMI recorded a drop to 52.50 in October. In the previous month, manufacturing PMI had registered a level of 52.90.

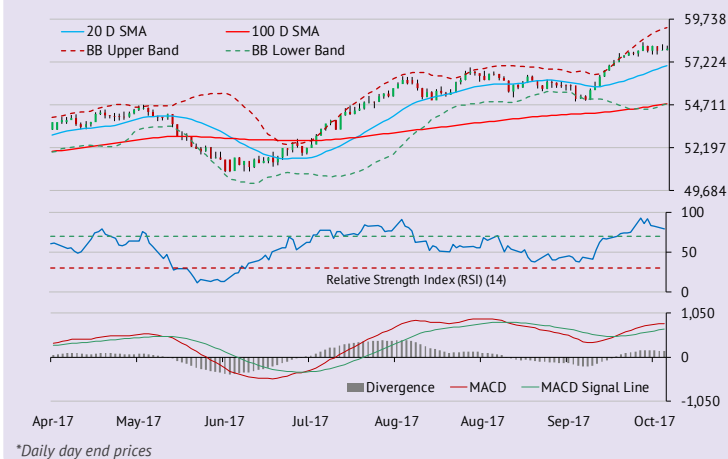
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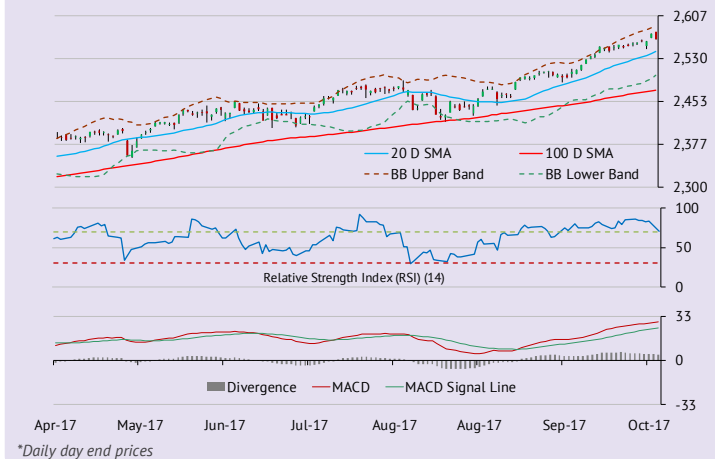
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 57,691.14, and a fall through could take it to the next support level of 57,382.68. The index is expected to find its first resistance at 58,285.04, and a rise through could take it to the next resistance level of 58,570.48.

S&P 500



The S&P 500 index is expected to find support at 2,549.17, and a fall through could take it to the next support level of 2,533.36. The index is expected to find its first resistance at 2,579.54, and a rise through could take it to the next resistance level of 2,594.10.

USDZAR



The pair is expected to find support at 13.4103, and a fall through could take it to the next support level of 13.1130. The pair is expected to find its first resistance at 13.8868, and a rise through could take it to the next resistance level of 14.0660.

XAU/USD



Gold is expected to find support at \$1,267.77/oz, and a fall through could take it to the next support level of \$1,257.83/oz. The precious metal is expected to find its first resistance at \$1,291.37/oz, and a rise through could take it to the next resistance level of \$1,305.03/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Oct) (P)	✓✓✓	52.50*	52.90	Monthly
South Africa	09:00	Leading Indicator (Aug)	✓✓✓	-	97.30	Monthly
Germany	09:30	Markit Manufacturing PMI (Oct) (P)	✓✓✓	60.00	60.60	Monthly
Germany	09:30	Markit Services PMI (Oct) (P)	✓✓✓	55.50	55.60	Monthly
Eurozone	10:00	Markit Composite PMI (Oct) (P)	✓✓✓	56.50	56.70	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Oct) (P)	✓✓✓	57.80	58.10	Monthly
Eurozone	10:00	Markit Services PMI (Oct) (P)	✓✓✓	55.60	55.80	Monthly
Eurozone	10:00	ECB Bank Lending Survey	✓✓✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (20-Oct)	✓	-	3.60%	Weekly
US	14:55	Redbook Index s.a. (MoM) (20-Oct)	✓	-	-1.40%	Weekly
US	15:45	Markit Composite PMI (Oct) (P)	✓✓✓	-	54.80	Monthly
US	15:45	Markit Manufacturing PMI (Oct) (P)	✓✓✓	53.50	53.10	Monthly
US	15:45	Markit Services PMI (Oct) (P)	✓✓✓	55.20	55.30	Monthly
US	16:00	Richmond Fed Manufacturing Index (Oct)	✓	17.00	19.00	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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