

# ONE Minute Brief

25 October 2017

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## Economic and Political News

In South Africa (SA), the leading indicator eased to 97.20 in August, compared to a revised reading of 97.50 in July.

Parliament's Standing Committee on Finance has asked the Minister in the Presidency, Jeff Radebe, to brief Parliament on a mandate paper which gives his department powers over budget prioritisation instead of the Treasury.

The National Assembly has passed the International Arbitration Bill to make it easier for foreign investors to resolve disputes by aligning national law with international arbitration procedures.

The Economic Freedom Fighters (EFF) has argued that President, Jacob Zuma, cannot appoint a commission of inquiry into state capture as he is personally implicated in the investigation. Meanwhile, Zuma has asked the High Court to reject calls for an inquiry into state capture.

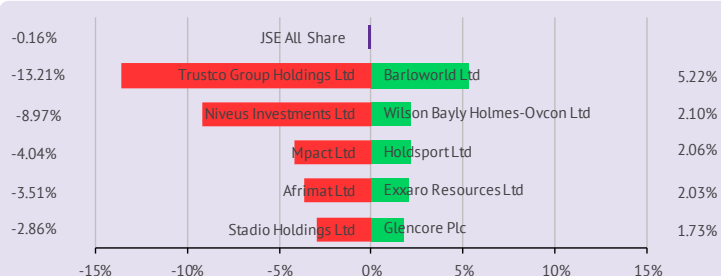
South African Communist Party (SACP) General Secretary, Blade Nzimande, has called for President, Jacob Zuma, to step down.

ANC Secretary General, Gwede Mantashe, indicated that the December party conference is a time for the party to course correct, else it risked loss of voters.

## South Africa Market ▼

### South African markets closed lower

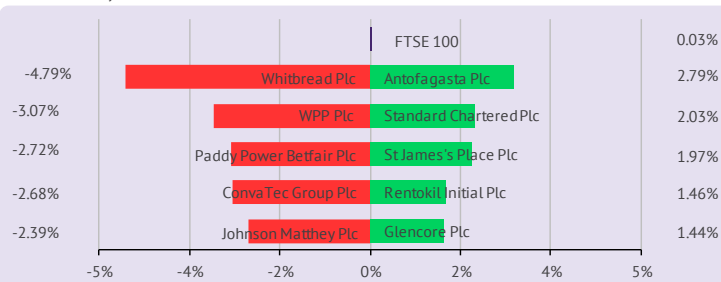
South African markets closed in the red yesterday, led by losses in gold mining and retail sector stocks. Data revealed that South Africa's leading indicator recorded a drop in August. The JSE All Share Index fell 0.2% to close at 57,904.72.



## UK Market ▲

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

UK markets finished a tad higher yesterday, as losses in consumer discretionary sector stocks were trimmed by gains in material and financial sector stocks. The FTSE 100 Index marginally advanced to close at 7,526.54.



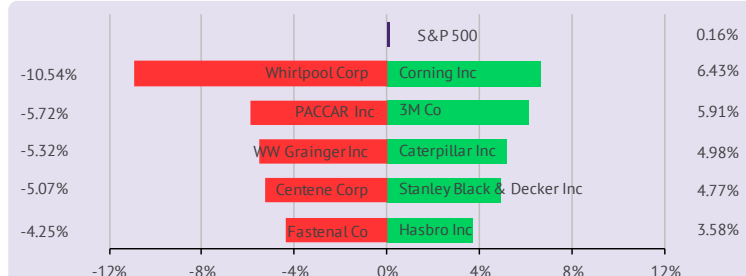
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	57904.72	▼	-94.88	-0.16%	-0.08%	4.18%	-1.67%	14.32%
JSE Top 40	51597.49	▼	-72.40	-0.14%	-0.01%	4.50%	-1.24%	17.53%
FTSE 100	7526.54	▲	2.09	0.03%	0.04%	2.09%	-0.78%	5.37%
DAX 30	13013.19	▲	10.05	0.08%	0.17%	1.44%	6.41%	13.34%
CAC 40	5394.80	▲	7.99	0.15%	0.42%	1.22%	4.80%	10.95%
S&P 500	2569.13	▲	4.15	0.16%	-0.24%	1.98%	1.93%	14.75%
Nasdaq Composite	6598.43	▲	11.60	0.18%	-0.46%	1.58%	1.05%	22.58%
DJIA	23441.76	▲	167.80	0.72%	0.48%	4.63%	2.08%	18.62%

## US Market ▲

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

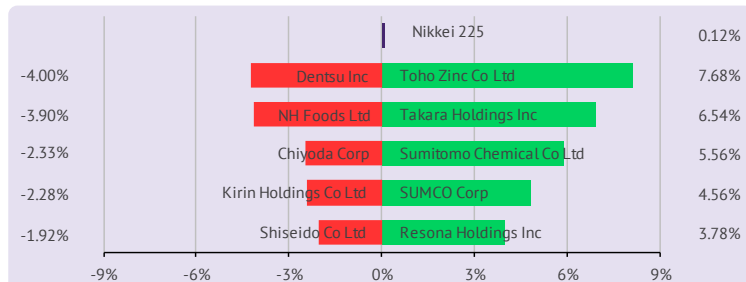
US markets closed higher yesterday, amid gains in financial sector stocks. Data indicated that US Market manufacturing PMI advanced at a faster pace to its highest level in nine months in October. The S&P 500 Index climbed 0.2% to close at 2,569.13.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.1% higher at 21,831.25.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally declined against the South African Rand to trade at R13.7458. Later today, traders will keep a close watch on US preliminary durable goods orders, new home sales and house price index data for further direction.

The US Dollar rose against the South African Rand yesterday, after manufacturing activity in the US rose more-than-expected in October, notching its highest level in nine months. Furthermore, the flash Markit services PMI unexpectedly advanced in October, its second-fastest rate of expansion since November 2015. Separately, South Africa's leading indicator declined in August.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R18.0563. Later today, traders will keep an eye on UK's gross domestic product for 3Q17 and BBA mortgage approvals for further cues.

The British Pound declined against the South African Rand yesterday.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.1596. Going forward, market participants will keep a tab on Germany's Ifo business climate and expectations indices for further cues.

The Euro strengthened against the South African Rand yesterday, after Eurozone's manufacturing sector surprisingly surged to its highest level since February 2011 in October. However, service sector in the region eased more than market expectations in the same month. Meanwhile, Germany's preliminary Markit manufacturing PMI fell less-than-anticipated in October. Additionally, the nation's services PMI dropped more than market forecast in the same month.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.9% against the South African Rand to trade at R10.6131. Earlier in the session, data indicated that Australia's consumer price index (CPI) advanced less-than-expected on an annual basis in 3Q17.

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	13.7458	▼	0.29%	0.76%	1.39%	4.27%	0.12%
GBPZAR	18.0563	▼	-0.04%	0.50%	-0.47%	8.01%	6.81%
EURZAR	16.1596	▼	0.42%	0.60%	0.97%	3.41%	11.99%
AUDZAR	10.6131	▼	0.06%	0.36%	0.77%	2.78%	8.06%
EURUSD	1.1756	▼	0.10%	-0.20%	-0.45%	-0.81%	11.87%
GBPUSD	1.3136	▲	-0.48%	-0.42%	-1.97%	3.62%	6.47%
Brent (\$/barrel)	58.4	▲	1.67%	1.00%	2.71%	7.43%	2.66%
Gold (\$/oz)	1274.2	▼	-0.21%	-0.19%	-0.51%	-2.81%	10.71%
Platinum (\$/oz)	922.8	=	-0.18%	-0.14%	1.37%	-8.83%	2.35%
Copper (\$/MT)*	7009.8	▲	0.49%	1.28%	8.98%	-4.84%	26.92%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices fell 0.1% to trade at \$1,274.20/oz.

Yesterday, gold prices fell 0.2% to close at \$1,275.00/oz, as strength in the US stock market dented demand for the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$58.40/bl.

Yesterday, Brent crude oil advanced 1.7% to settle at \$58.33/bl, after Saudi Arabia reiterated that it will further reduce crude inventories through an OPEC-led deal to help rebalance the global crude market. Meanwhile, the American Petroleum Institute (API) reported that US crude oil inventories increased by 519,000 bls for the week ended October 20, 2017.

## Platinum ◀▶

### Trading flat

At 06:00 SAST, platinum prices traded flat at \$922.80/oz.

Yesterday, platinum prices declined 0.2% to close at \$922.80/oz.



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## Major South Africa Corporate News

### Anglo American Platinum Limited

In its 3Q17 update, the company stated that total platinum production was flat at 621,400 ounces. Further, the company revised the production guidance to be in the range of 2.40mn platinum ounces to 2.45mn platinum ounces.

### Kumba Iron Ore Limited

In its 3Q17 update, the company stated that production was down 2.0% to 11.50Mt due to decrease in Sishen production. Further, the company revised the total production guidance for FY17 to be in the range of 42.00Mt to 44.00Mt.

### Anglo American Plc

In its 3Q17 production report, the company stated that total production in copper increased by 5.0% to 147,300 tonnes, reflecting strong mine extraction and higher associated grades.

### MTN Group Limited

In its 3Q17 update, the company stated that its subscribers declined by 0.7% to 230.20mn compared with previous quarter. Further, total revenue and group service revenue decreased by 13.4% and 14.0%, respectively, due to exchange rate movements.

## Major Global Economic News

### Eurozone

In the Eurozone, the preliminary Markit manufacturing PMI unexpectedly climbed to 58.60 in October, higher than market expectations of a fall to 57.80. In the previous month, the manufacturing PMI had registered a reading of 58.10.

In October, the flash Markit services PMI dropped to 54.90 in the Eurozone, lower than market expectations of a fall to a level of 55.60. The services PMI had registered a reading of 55.80 in the prior month.

In Germany, the flash manufacturing PMI fell to a level of 60.50 in October, lower than market expectations of a drop to 60.00. The manufacturing PMI had recorded a reading of 60.60 in the prior month.

In October, the flash services PMI recorded a drop to 55.20 in Germany, higher than market expectations of a drop to a level of 55.50. The services PMI had registered a reading of 55.60 in the prior month.

### US

In the US, the flash Markit manufacturing PMI recorded a rise to 54.50 in October, compared to market expectations of a rise to a level of 53.40. In the previous month, the Markit manufacturing PMI had recorded a reading of 53.10.

In October, the flash Markit services PMI unexpectedly advanced to 55.90 in the US, higher than market expectations of a drop to a level of 55.20. In the previous month, the Markit services PMI had registered a reading of 55.30.

### Asia

In Australia, the CPI rose 1.8% on a yearly basis in 3Q17, compared to an advance of 1.9% in the prior quarter. Markets were expecting the CPI to climb 2.0%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Germany	10:00	Ifo - Current Assessment (Oct)	✓✓	123.50	123.60	Monthly
Germany	10:00	Ifo - Expectations (Oct)	✓✓	107.30	107.40	Monthly
Germany	10:00	Ifo - Business Climate (Oct)	✓✓✓	115.10	115.20	Monthly
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q3) (P)	✓✓✓	0.30%	0.30%	Quarterly
UK	10:30	Gross Domestic Product s.a. (YoY) (Q3) (P)	✓✓✓	1.50%	1.50%	Quarterly
UK	10:30	Index of Services (MoM) (Aug)	✓	0.30%	-0.20%	Monthly
UK	10:30	Index of Services (3M/3M) (Aug)	✓	0.40%	0.50%	Monthly
US	13:00	MBA Mortgage Applications (20-Oct)	✓	-	3.60%	Weekly
US	14:30	Durable Goods Orders (Sep) (P)	✓✓✓	1.00%	2.00%	Monthly
US	14:30	Durable Goods Orders ex Transportation (Sep) (P)	✓✓	0.50%	0.50%	Monthly
US	15:00	House Price Index s.a. (Aug)	✓✓	-	249.80	Monthly
US	15:00	Housing Price Index (MoM) (Aug)	✓	0.40%	0.20%	Monthly
US	16:00	New Home Sales (Sep)	✓✓✓	554.00K	560.00K	Monthly
US	16:00	New Home Sales (MoM) (Sep)	✓	-1.10%	-3.40%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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