

ONE Minute Brief

6 October 2017

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Economic and Political News

In South Africa (SA), the SACCI business confidence index advanced to 93.0 in September, compared to a reading of 89.6 in August. Electricity production climbed 0.8% YoY in August, compared to a drop of 1.8% in July, while electricity consumption recorded a rise of 1.7% YoY, compared to a fall of 1.5% in July.

The Presidency revealed that reports suggesting that President, Jacob Zuma, supported the suspension of Home Affairs Director General, Mkuseli Apleni, were incorrect.

Eskom has demanded that McKinsey and Trillian pay it back ZAR1.6 billion, as an internal inquiry found that the money paid was unlawful.

AgriSA has indicated that the proposed 19.9% Eskom tariff increase could drive marginal farmers off their land.

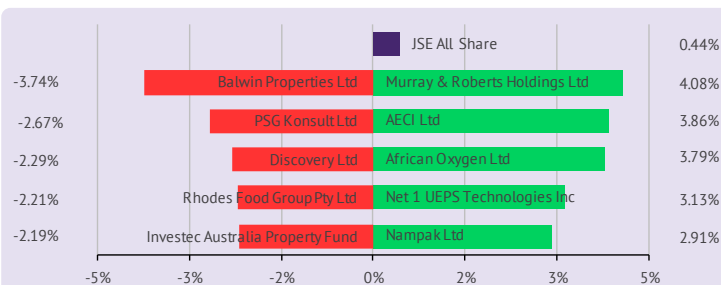
Finance Minister, Malusi Gigaba, stated that the National Treasury was still considering whether or not to grant SABC a ZAR3 billion guarantee.

Democratic Alliance (DA) leader, Mmusi Maimane, has asked South Africans to join his party to fight corruption in both the public and private sectors.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in banking and industrial sector stocks. Data indicated that South Africa's SACCI business confidence index recorded a rise in September. The JSE All Share Index rose 0.4% to close at 56,999.79.



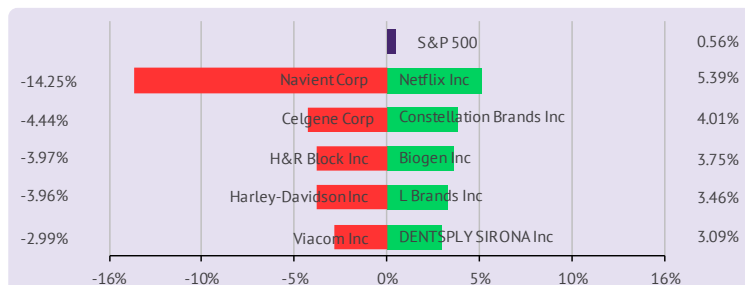
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56999.79	▲	249.76	0.44%	2.55%	-1.67%	12.53%
JSE Top 40	50786.40	▲	243.99	0.48%	2.86%	-1.24%	15.68%
FTSE 100	7507.99	▲	40.41	0.54%	1.83%	-0.78%	5.11%
DAX 30	12968.05	▼	-2.47	-0.02%	1.08%	6.41%	12.95%
CAC 40	5379.21	▲	15.98	0.30%	0.93%	4.80%	10.63%
S&P 500	2552.07	▲	14.33	0.56%	1.30%	1.93%	13.99%
Nasdaq Composite	6585.36	▲	50.73	0.78%	1.38%	1.05%	22.33%
DJIA	22775.39	▲	113.75	0.50%	1.65%	2.08%	15.24%

US Market ▲

The S&P 500 futures are trading in the red

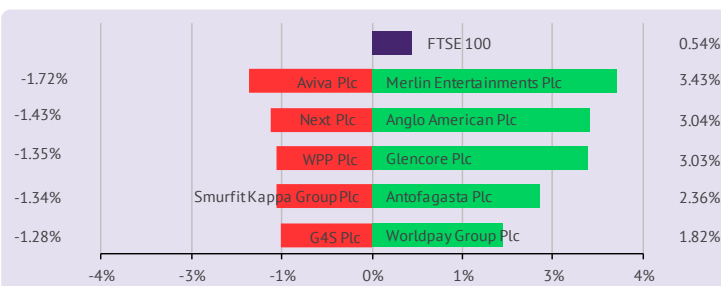
US markets closed higher yesterday, driven by a rise in financial and information technology sector stocks. Data showed that US initial jobless claims recorded a more-than-expected drop for the week ended September 30, 2017. The S&P 500 Index climbed 0.6% to 2,552.07.



UK Market ▲

The FTSE 100 futures are trading in positive territory

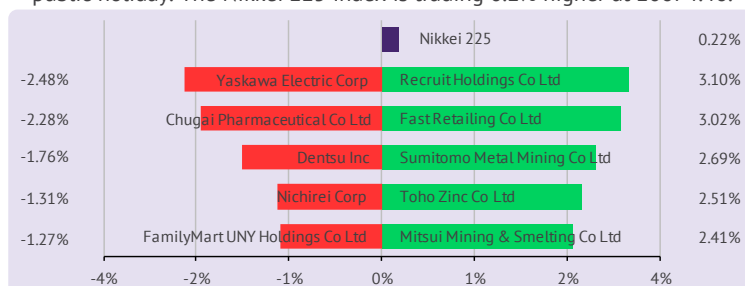
UK markets finished higher yesterday, boosted by gains in mining sector stocks and weakness in the British Pound. The FTSE 100 Index advanced 0.5% to close at 7,507.99.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data showed that Japan's annual labour cash earnings rebounded more-than-expected in August. Markets in China and South Korea are closed today on account of a public holiday. The Nikkei 225 Index is trading 0.2% higher at 20674.46.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R13.6885. Later today, traders will keep a close watch on US nonfarm payrolls, unemployment rate, average hourly earnings and wholesale inventories along with consumer credit data for further direction.

The US Dollar rose against the South African Rand yesterday, after data revealed that the number of Americans applying for unemployment benefits dropped more than market anticipations for the week ended September 30, 2017. Furthermore, the nation's factory orders advanced more-than-expected on a monthly basis in August. Additionally, final durable goods orders unexpectedly rose in August. Moreover, trade deficit narrowed more-than-expected to its lowest level in 11 months in August, amid increasing exports and decreasing imports. Separately, South Africa's SACCI business confidence index advanced in September, compared to its prior reading.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.2% against the South African Rand to trade at R17.9157. Later today, traders will keep an eye on the UK Halifax house price index for further cues.

The British Pound declined against the South African Rand yesterday.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R16.0041. Going forward, market participants will keep a tab on Germany's factory orders for further indication.

The Euro strengthened against the South African Rand yesterday. According to the minutes of the European Central Bank's (ECB) September meeting, senior officials debated over the options to scale back its giant bond-buying programme, focusing on the choice between the pace and the intended duration. Further, minutes noted a "broad agreement" among the governing council that the economy may still need a substantial stimulus for a little longer period of time and that October's meeting would be the right time for the bulk of the decisions. On the data front, Germany's construction PMI recorded a drop in September.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.5% against the South African Rand to trade at R10.6039. Earlier in the session, data showed that Australia's AIG performance of construction index declined in September, compared to its previous reading.

The Australian Dollar fell against the South African Rand yesterday, after data indicated that Australia's monthly retail sales recorded an unexpected drop to its lowest level since early 2013 in August. Meanwhile, trade surplus expanded more-than-expected in August, led by a rise in exports.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.6885	▲	0.79%	0.89%	0.89%	4.27%	-0.37%
GBPZAR	17.9157	▼	-0.19%	-1.23%	-1.23%	8.01%	6.00%
EURZAR	16.0041	▼	0.39%	0.02%	0.02%	3.41%	10.94%
AUDZAR	10.6039	▼	-0.13%	0.35%	0.35%	2.78%	7.61%
EURUSD	1.1692	▼	-0.41%	-0.87%	-0.87%	-0.81%	11.40%
GBPUUSD	1.3091	▼	-0.97%	-2.08%	-2.08%	3.62%	6.35%
Brent (\$/barrel)	56.9	▼	2.15%	0.37%	0.37%	7.43%	0.32%
Gold (\$/oz)	1271.0	▲	-0.30%	-0.91%	-0.91%	-2.81%	10.26%
Platinum (\$/oz)	914.2	=	0.40%	0.43%	0.43%	-8.83%	1.40%
Copper (\$/MT)*	6658.3	▲	2.89%	3.51%	3.51%	-4.84%	20.55%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,271.00/oz, as traders await US non-farm payrolls data ahead in the day.

Yesterday, gold prices fell 0.3% to close at \$1,269.90/oz, as strength in the US Dollar dented demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.1% to trade at \$56.93/bl, as several offshore production sites and refineries were closed down amid concerns that another tropical storm, Nate, heading for the Gulf of Mexico might turn into a hurricane. Moreover, market participants kept a close watch on Baker Hughes data ahead in the day.

Yesterday, Brent crude oil advanced 2.1% to settle at \$57.00/bl, after King Salman of Saudi Arabia and Russian President, Vladimir Putin, discussed the possibility of extending production curbs till the end of 2018.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices traded flat at \$914.20/oz.

Yesterday, platinum prices climbed 0.4% to close at \$914.20/oz.

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Major South Africa Corporate News

Datatec Limited

In its 1H18 trading statement, the company revealed that loss per share and headline loss per share, both are expected be between 5.00c and 6.00c (in US cents), compared with EPS of 9.10c recorded in the comparable period of the prior year. Its consolidated revenue is expected to be USD2.99bn.

Major Global Economic News

US

In the US, the seasonally adjusted initial jobless claims eased to 260.00K in the week ended September 30, 2017, compared to a level of 272.00K in the previous week. Market anticipation was for initial jobless claims to fall to a level of 265.00K.

In August, factory orders advanced 1.2% on a monthly basis in the US, more than market expectations for a rise of 1.0%. Factory orders had dropped 3.3% in the previous month.

In the US, the final durable goods orders climbed 2.0% on a monthly basis in August, compared to a drop of 6.8% in the prior month. The preliminary figures had indicated a rise of 1.7%. Markets were anticipating durable goods orders to rise 1.7%.

In August, trade deficit shrunk to USD42.40bn in the US, from a revised trade deficit of USD43.60bn in the previous month. Market anticipation was for the country's trade deficit to fall to USD42.70bn.

Eurozone

According to the minutes of the ECB's September meeting, policymakers debated over the options to scale back its bond-buying programme, focusing on the choice between the pace and the intended duration. Further, minutes noted a "broad agreement" among the governing council that the economy may still need a substantial stimulus for a little longer period of time and that October's meeting would be the right time for the bulk of the decisions. The minutes also confirmed that most policymakers were concerned that the strengthening Euro might upset the region's nascent recovery.

In Germany, Markit construction PMI dropped to a level of 53.40 in September, compared to a reading of 54.90 in the previous month.

Asia

In Japan, labour cash earnings advanced 0.9% on an annual basis in August, compared to a fall of 0.3% in the prior month. Market anticipation was for labour cash earnings to rise 0.5%.

In Australia, the AIG performance of construction index dropped to 54.70 in September. The index had recorded a reading of 55.30 in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:00	Labour Cash Earnings (YoY) (Aug)	✓✓	0.90%*	-0.30%	Monthly
Japan	07:00	Coincident Index (Aug) (P)	✓	117.50	115.70	Monthly
Japan	07:00	Leading Economic Index (Aug) (P)	✓✓	107.10	105.20	Monthly
Germany	08:00	Factory Orders n.s.a. (YoY) (Aug)	✓✓✓	4.70%	5.00%	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Aug)	✓✓	0.70%	-0.70%	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Sep)	✓✓	USD42.70bn	USD42.65bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Sep)	✓✓	USD47.00bn	USD46.92bn	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (Sep)	✓	3.60%	2.60%	Monthly
UK	09:30	Halifax House Prices (MoM) (Sep)	✓	0.00%	1.10%	Monthly
UK	14:00	BoE's Haldane Speak at Event in London	✓	-	-	As scheduled
US	14:30	Average Hourly Earnings (Sep)	✓✓	-	USD22.12	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Sep)	✓✓	0.30%	0.10%	Monthly
US	14:30	Unemployment Rate (Sep)	✓✓✓	4.40%	4.40%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Sep)	✓✓	2.50%	2.50%	Monthly
US	14:30	Change in Non-farm Payrolls (Sep)	✓✓✓	80.00K	156.00K	Monthly
US	16:00	Wholesale Inventories (MoM) (Aug) (F)	✓✓✓	1.00%	1.00%**	Monthly
US	18:15	Fed's Dudley to Speak on Monetary Policy	✓✓✓	-	-	As scheduled
US	18:45	Fed's Kaplan Speaks at Workforce Conference	✓	-	-	As scheduled
US	19:00	Fed's Bullard Speaks on Economy in St. Louis	✓✓✓	-	-	As scheduled
US	21:00	Consumer Credit Change (Aug)	✓✓	USD15.54bn	USD18.50bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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