

# ONE Minute Brief

1 November 2017

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## Economic and Political News

South Africa's (SA) trade surplus unexpectedly narrowed to ZAR4bn in September, compared to a revised trade surplus of ZAR6bn in August. The unemployment rate remained unchanged at a level of 27.7% in 3Q17.

Finance Minister, Malusi Gigaba, stated that businesses and the government needed to work together to move the economy forward. Separately, Gigaba indicated that Eskom's application to National Energy Regulator (NERSA) for a 19.9% electricity tariff hike in 2018 was "unjustified".

President, Jacob Zuma, indicated that he will set up a commission of inquiry into state capture within 30 days if asked to by a court. Meanwhile, he has asked the High Court to set aside the Public Protector, Thuli Madonsela's State of Capture report.

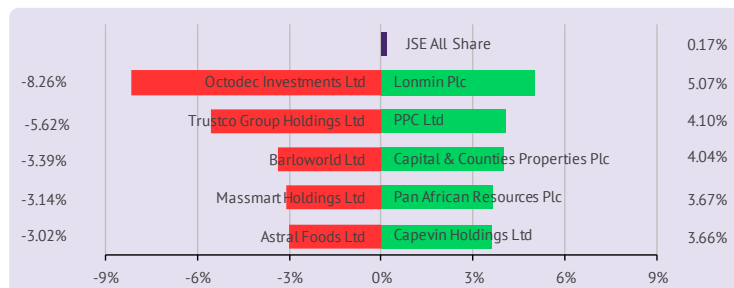
The National Union of Mineworkers (NUM) has indicated that its coal workers would call a strike next week if their wage demands are not met by the Chamber of Mines.

Energy Minister, David Mahlobo, has asked his department to quickly complete the Integrated Resource Plan (IRP), which will serve as SA's blueprint for future energy needs.

## South Africa Market ▲

### South African markets closed higher

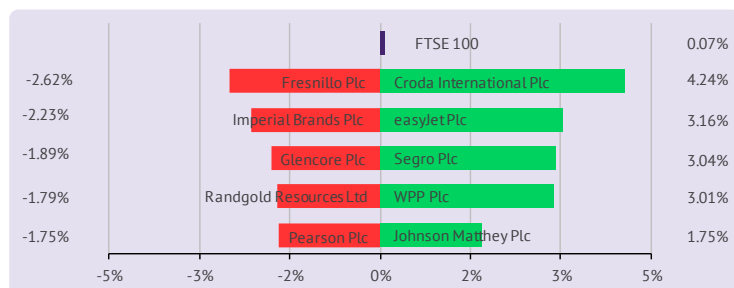
South African markets closed in the green yesterday, amid gains in platinum mining and resources sector stocks. Data revealed that South Africa's trade surplus surprisingly narrowed in September. The JSE All Share Index rose 0.2% to close at 58,980.11.



## UK Market ▲

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

UK markets finished higher yesterday, boosted by gains in material sector stocks and upbeat corporate earnings. The FTSE 100 Index advanced 0.1% to close at 7,493.08.



## Key Indices

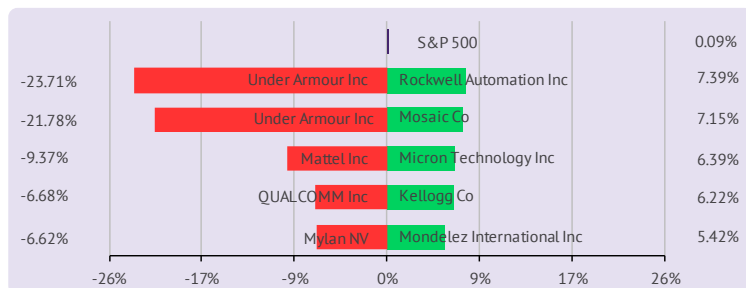
	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	58980.11	▲	100.97	0.17%	0.45%	NA	6.12%	16.44%
JSE Top 40	52570.20	▲	91.02	0.17%	0.32%	NA	6.47%	19.74%
FTSE 100	7493.08	▲	5.27	0.07%	-0.16%	NA	1.63%	4.90%
DAX 30*	13229.57	▲	12.03	0.09%	0.09%	NA	3.12%	15.23%
CAC 40	5503.29	▲	9.66	0.18%	0.17%	NA	3.25%	13.18%
S&P 500	2575.26	▲	2.43	0.09%	-0.23%	NA	2.22%	15.03%
Nasdaq Composite	6727.67	▲	28.71	0.43%	0.39%	NA	3.57%	24.98%
DJIA	23377.24	▲	28.50	0.12%	-0.24%	NA	4.34%	18.29%

\*Values as on 30 October 2017

## US Market ▲

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

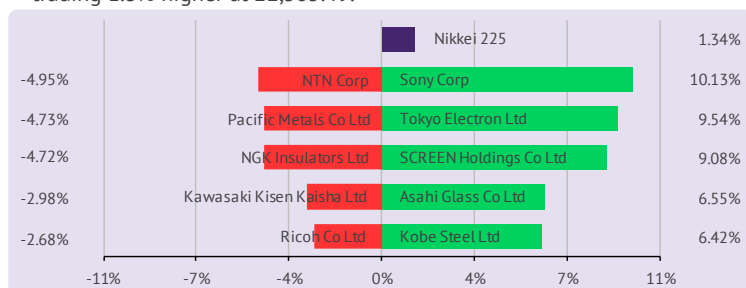
US markets closed higher yesterday, driven by a rise in technology and consumer staples sector stocks. Data showed that consumer confidence index in the US surged to its strongest level in 17 years in October. The S&P 500 Index climbed 0.1% to close at 2,575.26.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. Data indicated that Japan's Nikkei manufacturing PMI advanced more-than-expected in October. The Nikkei 225 Index is trading 1.3% higher at 22,305.49.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R14.1367. Later today, traders will keep a close watch on the FOMC interest rate decision, US ISM manufacturing PMI for October along with ADP employment change, the final Markit manufacturing PMI and construction spending data for further direction.

The US Dollar rose against the South African Rand yesterday, after US consumer confidence index soared more-than-expected in October, notching its highest level since December 2000. Separately, South Africa's trade surplus unexpectedly eased in September. However, the nation's unemployment rate remained steady in 3Q17, the worst level in 14 years.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R18.7647. Later today, traders will keep an eye on UK's Markit manufacturing PMI and the nationwide house price index for further cues. Separately, South Africa's manufacturing PMI will be on investors' radar.

The British Pound advanced against the South African Rand yesterday, after the European Union's Chief Brexit negotiator, Michel Barnier agreed to speed up talks with the UK.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.4447. Amid lack of major economic releases in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday, after a preliminary reading indicated that Eurozone's economy grew at a faster pace on a quarterly basis in 3Q17. Further, the region saw an unexpected drop in the unemployment rate in September, the lowest level since January 2009. Whereas, consumer price inflation rose at a slower pace on an annual basis in October, justifying the European Central Bank's cautious approach for rate hikes at their October policy meeting.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 0.2% against the South African Rand to trade at R10.8371. Earlier in the session, data indicated that Australia's performance of manufacturing index registered a decline in October, although remained in expansion territory. Meanwhile, in China, Australia's largest trading partner, the Caixin manufacturing PMI advanced as expected in October.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's monthly new home sales declined in September and private sector credit rose less than expected on a monthly basis in the same month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.1367	▲	0.50%	0.17%	NA	4.19%	2.88%
GBPZAR	18.7647	▼	1.04%	1.32%	NA	3.32%	10.88%
EURZAR	16.4447	▼	0.46%	0.53%	NA	2.73%	13.95%
AUDZAR	10.8371	▲	0.06%	-0.15%	NA	1.82%	9.18%
EURUSD	1.1632	▼	-0.04%	0.33%	NA	-1.42%	10.78%
GBPUSD	1.3274	▼	0.57%	1.18%	NA	-0.86%	7.68%
Brent (\$/barrel)	61.2	▲	0.07%	0.83%	NA	7.31%	7.25%
Gold (\$/oz)	1270.8	▲	-0.56%	-0.10%	NA	-0.86%	10.32%
Platinum (\$/oz)	924.1	▲	-0.34%	0.55%	NA	1.02%	2.00%
Copper (\$/MT)*	6816.8	▼	-0.33%	0.24%	NA	5.98%	23.42%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices marginally advanced to trade at \$1,270.80/oz.

Yesterday, gold prices fell 0.6% to close at \$1,270.50/oz, amid a stronger US Dollar following a robust reading on consumer confidence in the US and uncertainty ahead of the Federal Reserve's two-day policy meeting.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$61.16/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$60.94/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 5.1mn bls for the week ended 27 October 2017.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.5% to trade at \$924.10/oz.

Yesterday, platinum prices declined 0.3% to close at \$919.60/oz.

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## Major South Africa Corporate News

### Delta Property Fund Limited

In its unaudited 1Q18 results, the company stated that its revenue increased to ZAR781.64mn from ZAR757.29mn posted in the corresponding period of the previous year. Its diluted EPS fell 21.7% from the same period of the prior year to 33.99c.

### Octodec Investments Limited

In its FY17 results, the company revealed that its revenue advanced 3.4% from the preceding year to ZAR1.83bn. Its diluted EPS stood at 263.3c, compared with 338.9c recorded the previous year.

### Impala Platinum Holdings Limited

In its 1Q18 production update, the company stated that the production across the company increased by 9.6% from the same period of the preceding year to 6,741,000 tonnes. Further, gross refined platinum production decreased by 6.6% to 341 200 ounces and for FY18, it is expected to be in the range of 1.51mn ounces to 1.56mn ounces.

## Major Global Economic News

### Eurozone

In the Eurozone, the seasonally adjusted flash GDP rose 0.6% in 3Q17, compared to a similar rise in the previous quarter. Market expectation was for GDP to advance 0.5%.

In September, the unemployment rate unexpectedly dropped to a level of 8.9% in the Eurozone, compared to a revised reading of 9.0% in the previous month. Market expectation was for the unemployment rate to record a steady reading.

In the Eurozone, the flash CPI climbed 1.4% on an annual basis in October, less than market expectations for an advance of 1.5%. The CPI had registered a rise of 1.5% in the prior month.

### Asia

In Australia, the AIG performance of manufacturing index recorded a drop to 51.10 in October, compared to a reading of 54.20 in the prior month.

In China, Caixin/Markit manufacturing PMI index remained unchanged at a level of 51.00 in October, in line with market expectations.

In Japan, the final manufacturing PMI fell to a level of 52.80 in October, compared to a level of 52.90 in the previous month. The preliminary figures had indicated a fall to 52.50.

### US

In the US, the CB consumer confidence index recorded a rise to 125.90 in October, compared to a revised reading of 120.60 in the prior month. Markets were expecting the index to advance to a level of 121.50.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	02:01	BRC Shop Price Index (YoY) (Oct)	✓	-0.10%*	-0.10%	Monthly
Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Oct) (F)	✓✓✓	52.80*	52.50**	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Oct)	✓✓✓	51.00*	51.00	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Oct)	✓✓✓	0.20%	0.20%	Monthly
South Africa	11:00	PMI Manufacturing (Oct)	✓✓✓	45.50	44.90	Monthly
UK	11:30	Markit Manufacturing PMI (Oct)	✓✓✓	55.90	55.90	Monthly
UK	12:00	Bank of England's Jon Cunliffe Speaks at House of Lords	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (27-Oct)	✓	-	-4.60%	Weekly
US	14:15	ADP Employment Change (Oct)	✓✓✓	200.00K	135.00K	Monthly
US	15:45	Markit Manufacturing PMI (Oct) (F)	✓✓✓	54.50	54.50**	Monthly
US	16:00	Construction Spending (MoM) (Sep)	✓✓	-0.20%	0.50%	Monthly
US	16:00	ISM Manufacturing PMI (Oct)	✓✓✓	59.50	60.80	Monthly
US	16:00	ISM Prices Paid (Oct)	✓✓	67.80	71.50	Monthly
US	20:00	Fed Interest Rate Decision	✓✓✓	1.25%	1.25%	As scheduled
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled
South Africa	-	Naamsa Vehicle Sales (YoY) (Oct)	✓✓	4.30%	7.00%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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