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BRENTHURST
THE HOME OF WEALTH

BRENTHURST RANKED BEST BOUTIQUE WEALTH MANAGER IN SA 2017

GLOBAL MARKETS

LITTLE PROGRESS MADE AT FURTHER BREXIT TALKS

This week saw Hurricane Harvey bring massive flooding to Texas. Harvey managed to take one-fifth of US oil refineries offline, including Royal Dutch Shell and Exxon Mobil, but US gasoline prices gained around 20% during the week to reach a new two-year high. Bloomberg reported that the costs of the damage could exceed $100 billion, compared to Hurricane Katrina which cost almost $120 billion, and Sandy at about $75 billion.

NORTH KOREA: FIRES MISSILE OVER JAPAN

On Monday night, North Korea fired several ballistic missiles, including one that flew over Japan's island of Hokkaido. The missiles landed in the Pacific Ocean with no reports of damage. Japan's Prime Minister Abe called the missile over Japan "an unprecedented and serious threat" and requested an emergency meeting with the UN Security Council. The increased geopolitical tension saw the yen strengthen, followed by gold which broke through to highs last seen almost twelve months ago.

US: Q2 GDP REVISED UPWARDS TO 3% QoQ

The Dallas Fed manufacturing activity index for August met forecasts at 17, with the hiring index moving down slightly from July's 19-month high, and the capex index rising to its highest level since January. July wholesale inventories came in at 0.4% MoM (vs. 0.3% expected), while retail inventories fell 0.2% MoM. The Conference Board consumer confidence index for August was up to 122.9 (vs. 120.7 previous), the highest since December 2000 (excluding March this year). Second quarter GDP was revised upwards from 2.6% QoQ to 3.0% QoQ (vs. 2.7% expected) boosting through-year growth to 2.2% SAAR. Non-farm payrolls only climbed 156,000 in August vs. 180,000 expected.

UK: BREXIT TALKS REQUIRE MORE FROM BRITAIN

The next round of Brexit talks took place this week, but without much progress**.** EU's chief negotiator Michael Barnier's mandate means that the UK has to reach an agreement of its share of the EU's 2014-20 budget, the Irish border and EU citizen rights before it can discuss its future relationship with the EU. Where data was concerned, the August Nationwide house price index came in at -0.1% MoM (vs. 0% expected) and 2.1% YoY (vs 2.5% expected). August's inflation data was slightly higher than forecast at 0.2% MoM (vs 0.1% expected), raising the annual growth rate to 1.8% YoY (vs. 1.7%).

FRANCE: GDP FOR Q2: 2017 IN LINE WITH FORECASTS

France's second quarter GDP met expectations, coming in at 0.5% QoQ, but revisions saw the annual growth rate slide to 1.7% YoY (vs. 1.8%). July's consumer spending was in line at 0.7% MoM, raising the annual growth rate to 2.1% YoY (vs 1.8%), the highest reading so far for 2017.

CHINA: MANUFACTURING STRONGER THAN EXPECTED

The August manufacturing PMI for China came in better than forecast at 51.7 pts (vs. 51.3 expected), and up from 51.4 pts in July. New orders and business activity rose during August, but the non-manufacturing PMI fell 1.1 pts to 53.4 pts. The Caixin manufacturing PMI for China in August came in a bit better than anticipated at 51.6 pts vs. 51.0 expected, and up from 51.1 in July.

DOMESTIC MARKETS

LARGEST MONTHLY BUDGET DEFICIT RECORDED SINCE 2004

By Friday, the JSE had risen 2.63%, with 2.11% gains in resource shares boosting the index. The rand had strengthened by 0.64% to the US dollar by the end of the week, closing at R12.96 to the greenback. The MSCI global index rose 1.09%,while the MSCI EM index gained 0.55% for the week.

DOMESTIC DEMAND SLOWS IN JULY

In July, private sector credit extension declined to 5.71% YoY (vs. 6.16% YoY previous). As demand is still low, the exchange rate pass through (ERPT) is likely to remain low, possibly below its historical average of 20%, at around 10%. A low ERPT could be positive for the inflation outlook and help to motivate future rate cuts.

LARGEST MoM BUDGET DEFICIT SINCE 2004

July's budget balance number recorded the largest MoM deficit since at least 2004, coming in at R92.2 billon from a previous surplus of R15.4 billion in June, vs. expectations of a deficit of R66.1 billion. The National Treasury estimates an overall budget deficit of 3.3% of GDP for this fiscal year. Revenue collection year-to-date came in at 26.9% in 2017/18 (vs. 28.7% in 2016/17), while expenditure year-to-date came in at 32.9% in 2017/18 (vs. 32.8% in 2016/17).

Expenditure thus remained stable, despite the bailout to SAA of R2.2 billion in July, but revenue collection has declined by 1.8% year-to-date. Most of the tax revenue collection, however, does happen closer to the end of the year.

TRADE SURPLUS HIGHER THAN EXPECTED IN JULY

July's South Africa's trade surplus declined to R8.99 billion in July, from a downwardly revised R10.56 billion surplus in June, exceeding expectations of a R5.8 billion surplus. Exports dropped by 8.7%, while imports fell by 8%. Balance of trade averaged R47.26 million from 1957 until 2017, reaching an all-time high of R187.3 billion in May 2016 and a record low of -R23.4 billion in Jan 2015.

PPI INCREASES TO 3.6% IN JULY

Producer Price Inflation for final manufactured goods printed at 3.6% YoY in July 2017, an increase of 0.5% from June 2017 to July 2017. PPI peaked at 7.2% YoY in December 2016, before moderating to 4.0% YoY in June. The moderation in PPI may give the SARB more reason to cut interest rates in the following months.

DATE	EVENT	PERIOD	SURVEY	PRIOR
UNITED KINGDOM				
09/01/17	Markit UK PMI Manufacturing SA	Aug	55	55.1
09/05/17	Markit/CIPS UK Composite PMI	Aug	54	54.1
09/08/17	Industrial Production	Jul	0.30%	0.30%
09/08/17	Manufacturing Production	Jul	1.70%	0.60%
EUROAREA				
09/01/17	Markit Eurozone Manufacturing PMI	Aug	57.4	57.4
09/04/17	PPI	Jul	2.10%	2.50%
09/05/17	Retail Sales	Jul	2.50%	3.10%
09/07/17	GDP SA	2Q	2.20%	2.20%
09/07/17	ECB Marginal Lending Facility	Sep	0.25%	0.25%
JAPAN				
09/01/17	Company Sales	2Q		5.60%
09/01/17	Vehicle Sales	Aug		-1.10%
09/05/17	Nikkei Japan PMI Composite	Aug		51.8
09/08/17	GDP Deflator	2Q	-0.40%	-0.40%
CHINA				
09/01/17	Caixin China PMI	Aug	51	51.1
09/07/17	Foreign Reserves	Aug		$3080.7b
09/08/17	Trade Balance CNY	Aug		321.20b
09/08/17	Imports	Aug	10.00%	11.00%
09/08/17	Exports	Aug	5.10%	7.20%
UNITED STATES				
09/01/17	Change in Nonfarm Payrolls	Aug	180k	209k
09/01/17	Unemployment Rate	Aug	4.30%	4.30%
09/01/17	Average Hourly Earnings	Aug	2.60%	2.50%
09/01/17	Markit US Manufacturing PMI	Aug F	52.5	52.5
09/01/17	U. of Mich. 1 Yr Inflation	Aug F		2.60%
09/06/17	Markit US Composite PMI	Aug F		56
SOUTH AFRICA				
09/01/17	Naamsa Vehicle Sales	Aug	3.20%	4.10%
09/05/17	Standard Bank South Africa PMI	Aug	50.1	50.1
09/05/17	GDP	2Q	0.50%	1.00%
09/06/17	SACCI Business Confidence	Aug		95.3
09/07/17	Mining Production	Jul	2.00%	-0.80%
09/07/17	Manufacturing Prod NSA	Jul	-0.30%	-2.30%

This report was compiled in association with Counterpoint Asset Management. www.cpam.co.za

WEEKLY TICKER

CURRENCIES							
Description	Classification	Currency	Exchange Rate	Week	Month	Month-to-Date	Year-to-Date
ZAR/USD	ZAR/USD	ZAR	12.96	0.64%	2.02%	0.36%	6.05%
ZAR/Pound	ZAR/GBP	ZAR	16.78	0.13%	4.03%	0.24%	0.98%
ZAR/Euro	ZAR/EUR	ZAR	15.41	1.21%	1.98%	0.53%	-6.20%
Dollar/Euro**	USD/EUR	USD	1.19	-0.54%	-0.03%	-0.15%	13.07%
Yen/Dollar	YEN/USD	YEN	109.49	-0.81%	0.42%	0.45%	6.82%

COMMODITIES							
Description	Classification	Currency	Commodity Price	Week	Month	Month-to-Date	Year-to-Date
Gold	Gold Spot	USD	1337.83	2.62%	4.62%	1.24%	16.59%
Brent Crude Oil	ICE Brent Futures	USD	52.33	1.48%	0.59%	-1.00%	-10.96%
Platinum	Platinum Spot	USD	1011.84	3.38%	6.33%	1.27%	12.04%
Copper	LME 3 month Copper	USD	6835.00	2.54%	7.60%	0.69%	23.48%
Silver	Silver Spot	USD	17.85	3.89%	6.90%	1.56%	12.08%

GLOBAL EQUITY INDEXES (TOTAL RETURN)							
Description	Index	Currency	Index Value	Week	Month	Month-to-Date	Year-to-Date
Global	MSCI World*	USD	1965.79	1.09%	-0.23%	0.32%	14.30%
United States	S&P 500	USD	4798.99	1.43%	0.20%	0.20%	12.16%
Europe	Euro Stoxx 50	EUR	6906.14	0.16%	-0.39%	0.65%	6.95%
Britain	FTSE 100	GBP	6256.47	0.52%	1.20%	0.11%	7.43%
Germany	DAX	EUR	12142.64	-0.21%	-0.32%	0.72%	5.76%
Japan	Nikkei 225	JPY	30378.83	1.29%	-1.87%	0.23%	4.08%
Emerging Markets	MSCI Emerging Markets*	USD	1091.36	0.55%	2.00%	0.35%	29.04%

SOUTH AFRICAN EQUITY INDEXES (TOTAL RE-							
Description	Index	Currency	Index Value	Week	Month	Month-to-Date	Year-to-Date
All Share	JSE All Share	ZAR	7932.82	-0.23%	2.63%	-0.02%	13.55%
Top 40	JSE Top 40	ZAR	7007.18	-0.36%	2.70%	0.00%	15.79%
Shareholder Weighted	JSE SWIX	ZAR	20382.57	-0.50%	2.37%	-0.08%	12.42%
Small Companies	JSE Small Cap*	ZAR	60094.86	2.08%	1.92%	0.30%	-0.32%
Resources	JSE Resource 20	ZAR	2232.01	2.11%	5.54%	0.20%	14.01%
Industrials	JSE Industrial 25	ZAR	14428.34	-1.07%	1.83%	-0.14%	19.71%
Financials	JSE Financial 15	ZAR	8344.56	-1.14%	2.45%	0.06%	6.93%
SA Listed Property	JSE SA Listed Property	ZAR	2258.99	2.09%	0.74%	0.50%	7.41%
Preference Shares	JSE Pref Shares	ZAR	1946.39	0.25%	0.04%	-0.17%	1.71%

SA FIXED INTEREST							
Description	Index	Currency	Index Value	Week	Month	Month-to-Date	Year-to-Date
All Bond	BESA ALBI Index	ZAR	571.48	0.57%	1.47%	0.46%	7.15%
Inflation Linked Bonds	BESA CILI	ZAR	247.70	-0.21%	0.15%	0.09%	0.84%
Cash	STEFI Composite*	ZAR	374.18	0.14%	0.60%	0.02%	5.06%

*Price Index (not Total Return) ** Negative indicates Euro weakness