

ONE
Minute Brief

25 May 2018



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Economic and political news

The South African Reserve Bank (SARB) maintained its benchmark repo rate at 6.5%, as expected and stated that it expects the economy to expand 1.7% this year, compared to a growth of 1.3% in 2017. Separately, President, Cyril Ramaphosa stated that the SARB should be independent even if it is nationalised.

Deputy Chief Justice, Raymond Zondo, stated that an inquiry into state capture involving the Gupta family and their associates will begin public hearings in August and could take two years or more.

News reports indicated that the National Prosecuting Authority has filed forfeiture application against global consultancy, McKinsey.

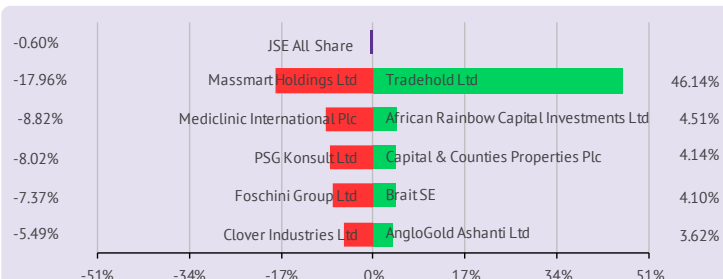
According to a news report, Phakamani Hadebe has been appointed as the Chief Executive Officer of Eskom.

South Africa's Civil Aviation Authority stated that it had suspended all flights of SA Express due to safety concerns. Meanwhile, Public Enterprises Minister, Pravin Gordhan stated that grounding of the airline was a direct consequence of state capture.

South Africa Market ▼

South African markets closed lower

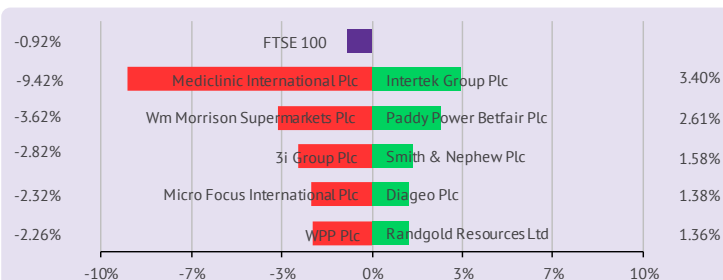
South African markets closed in the red yesterday, amid disappointing corporate results and led by losses in retail and resources sector stocks. The JSE All Share Index fell 0.6% to close at 56,699.20.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, as the British Pound strengthened, following better-than-expected UK retail sales data. The FTSE 100 Index declined 0.9% to close at 7,716.74.



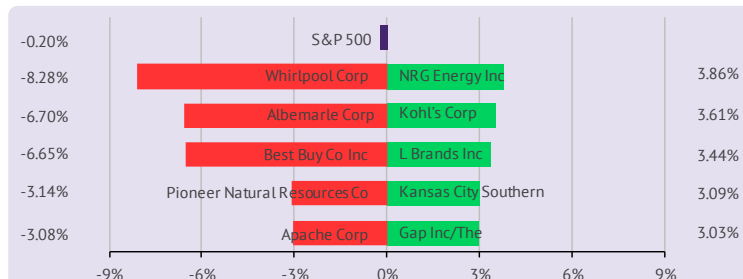
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56699.20	▼ -344.22	-0.60	-1.91	-2.67	5.01	-4.71
JSE Top 40	50345.50	▼ -254.45	-0.50	-1.85	-2.09	5.38	-4.16
FTSE 100	7716.74	▼ -71.70	-0.92	-0.80	2.76	6.42	0.38
DAX 30	12855.09	▼ -121.75	-0.94	-1.70	1.93	4.26	-0.48
CAC 40	5548.45	▼ -17.40	-0.31	-1.18	0.51	6.84	4.44
S&P 500	2727.76	▼ -5.53	-0.20	0.55	3.01	0.27	2.03
Nasdaq Composite	7424.43	▼ -1.53	-0.02	0.95	5.07	0.04	7.55
DJIA	24811.76	▼ -75.05	-0.30	0.39	2.68	0.25	0.37
MSCI Emerging Markets	1135.06	▲ 1.97	0.17	-0.24	-2.52	-0.55	-2.02
MSCI Developed World	2117.73	▼ -5.16	-0.24	-0.14	1.50	0.95	0.68

US Market ▼

The S&P 500 futures are trading in the green

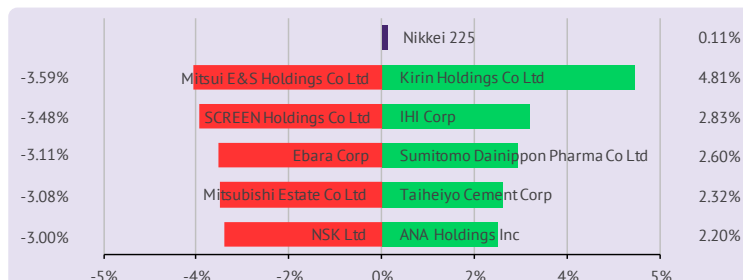
US markets closed lower yesterday, after the US President, Donald Trump cancelled the North Korea nuclear summit. Data showed that the US weekly initial jobless claims unexpectedly rose last week. The S&P 500 Index dropped 0.2% to close at 2,727.76.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that in Japan, the rise in Tokyo annual consumer price index (CPI) slowed in May. The Nikkei 225 Index is trading 0.1% higher at 22,462.02.



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USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.1% against the South African Rand to trade at R12.4406. Later today, traders will keep a close watch on the Federal Reserve Chairman, Jerome Powell's speech along with the US durable goods orders and the Michigan consumer sentiment index for further cues.

The US Dollar fell against the South African Rand yesterday, after the US President, Donald Trump cancelled the planned summit with North Korean leader Kim Jong Un. Data indicated that, the US initial jobless claims unexpectedly climbed to a seven-week high level in the week ended 19 May 2018. Additionally, monthly existing home sales declined more than market forecast in April. Meanwhile, the house price index recorded a rise on a monthly basis in March, marking its smallest gain in over 3 years. Separately, the South African Rand advanced, after the Reserve Bank kept its interest rate unchanged as expected.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R16.6396. Later today, traders will keep an eye on UK's gross domestic product (GDP) and BBA loans for house purchase for further indication.

The British Pound declined against the South African Rand yesterday, despite better than expected UK retail sales data. On the macro front, UK's retail sales climbed more than market anticipations on a monthly basis in April.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R14.5665. Going forward, market participants will keep a tab on Germany's Ifo indices for further direction.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's GDP advanced in line with market expectations on a quarterly basis in 1Q18, marking its weakest growth in more than a year. Meanwhile, the nation's GfK consumer confidence index unexpectedly dropped for the second consecutive month in June.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R9.4131.

The Australian Dollar fell against the South African Rand yesterday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	12.4406	▲	-0.26	-2.68	-0.31	5.24	0.32
GBPZAR	16.6396	▲	-0.03	-3.38	-3.15	3.38	-0.62
EURZAR	14.5665	▲	-0.07	-3.13	-3.26	3.08	-2.00
AUDZAR	9.4131	▲	-0.02	-1.88	0.31	3.20	-2.60
EURUSD	1.1709	▼	0.20	-0.44	-2.96	-2.00	-2.37
GBPUSD	1.3371	▼	0.25	-0.66	-2.78	-1.80	-0.98
Brent (\$/barrel)	78.7	▼	-1.27	0.36	5.49	7.72	17.83
Gold (\$/oz)	1307.4	▲	1.15	1.01	-1.12	-0.27	-0.37
Platinum (\$/oz)	912.1	▼	1.31	2.94	0.91	-2.47	-2.31
Copper (\$/MT)*	6857.8	▲	0.24	0.00	1.30	1.36	-4.85

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,307.40/oz.

Yesterday, gold prices rose 1.2% to close at \$1,304.40/oz, amid weakness in the US Dollar, after the US President, Donald Trump, cancelled the nuclear summit with North Korean leader Kim Jong Un.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$78.66/bl, after Russia signalled that it might gradually increase output.

Yesterday, Brent crude oil dropped 1.3% to settle at \$78.79/bl, amid concerns over rising US crude inventories.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading 0.1% lower at \$912.10/oz.

Yesterday, platinum prices climbed 1.3% to close at \$912.60/oz.



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Major South African corporate news

Famous Brands Limited

In its FY18 results, the company reported that its revenues advanced 22.7% to ZAR7.02bn, compared to the same period of the preceding year. Its diluted EPS stood at 22.00c, compared to 413.00c recorded in the corresponding period of the previous year.

Foschini Group Limited

In its FY18 results, the company stated that its revenues increased to ZAR31.54bn compared to ZAR26.41bn posted in the corresponding period of the previous year. Its diluted EPS fell 2.4% to 1,072.30c, compared to the same period of the prior year. Further, the company has declared a gross final dividend of 420.00c per share.

Massmart Holdings Limited

In its 1H18 trading statement, the company stated that it expects basic EPS including the restructure costs to be in the range of 52.90c to 69.90c, which is significantly lower compared to the same period of the previous year. Further, it expects HEPS to be in the range of 53.90c to 70.80c, which is 58.0% to 68.0% lower compared to the corresponding period of the previous year.

Mediclinic International Plc

In its FY18 results, the company indicated that its revenues increased to GBP2.87bn, compared to GBP2.75bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 66.70p, compared to EPS of 31.00p. Further, the company declared a final dividend of 4.70p per share.

MMI Holdings Limited

In its 9M18 operational statement, the company stated that its diluted core headline earnings were down by 5.0% on the prior period. The retail new business volumes advanced 6.0% for the period.

Tiger Brands Limited

In its 1H18 results, the company indicated that its revenues decreased to ZAR15.68bn, compared to ZAR16.39bn posted in the corresponding period of the previous year. Its diluted EPS fell 16.4% to 846.70c compared to the same period of the prior year. Further, the company declared an unchanged interim dividend of 378.00c per share.

Major global economic news

US

In the US, the seasonally adjusted initial jobless claims unexpectedly jumped to 234.00K in the week ended 19 May 2018, compared to a revised reading of 223.00K in the previous week.

In March, the housing price index registered a rise of 0.1% on a monthly basis in the US, compared to a revised rise of 0.8% in the prior month.

In the US, existing home sales eased 2.5% to a level of 5.46mn on a monthly basis in April. Existing home sales had registered a level of 5.60 million in the previous month.

UK

The Bank of England (BoE) Governor, Mark Carney, stated that Brexit negotiations were entering a crucial juncture and added that the central bank stands ready to pump more stimulus into the economy if Britain is plunged into a "disorderly" Brexit.

In the UK, retail sales advanced 1.3% on a monthly basis in April, more than market expectations. In the prior month, retail sales had fallen 0.5%.

Eurozone

In Germany, the seasonally adjusted final GDP rose 0.3% on a quarterly basis in 1Q18, meeting market expectations. The preliminary figures had also recorded a rise of 0.3%. In the prior quarter, GDP had risen 0.6%.

In Germany, the GfK consumer confidence index unexpectedly eased to 10.70 in June, compared to a reading of 10.80 in the previous month.

Asia

In Japan, Tokyo CPI registered a rise of 0.4% in May on a yearly basis, less than market expectations and compared to a rise of 0.5% in the previous month.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	1:30	Tokyo Consumer Price Index (YoY) (May)	✓✓✓	0.40%*	0.50%	Monthly
Japan	1:30	Tokyo CPI ex Fresh Food (YoY) (May)	✓✓✓	0.50%*	0.60%	Monthly
Germany	10:00	IFO - Business Climate (May)	✓✓✓	102.00	102.10	Monthly
Germany	10:00	IFO - Current Assessment (May)	✓✓	105.50	105.70	Monthly
Germany	10:00	IFO - Expectations (May)	✓✓	98.50	98.70	Monthly
UK	10:30	BBA Mortgage Approvals (Apr)	✓✓	-	37.56K	Monthly
UK	10:30	Index of Services (3M/3M) (Mar)	✓	0.30%	0.40%	Monthly
UK	10:30	Index of Services (MoM) (Mar)	✓	0.10%	-0.20%	Monthly
UK	10:30	Exports (QoQ) (Q1) (P)	✓	0.40%	-0.90%	Quarterly
UK	10:30	Imports (QoQ) (Q1) (P)	✓	0.10%	0.40%	Quarterly
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q1) (S)	✓✓✓	0.10%	0.10%**	Quarterly
UK	10:30	Gross Domestic Product s.a. (YoY) (Q1) (S)	✓✓✓	1.20%	1.20%**	Quarterly
UK	10:30	Private Consumption (QoQ) (Q1) (P)	✓	0.10%	0.30%	Quarterly
UK	10:30	Gross Fixed Capital Formation (Q1) (P)	✓	-0.20%	1.10%	Quarterly
UK	10:30	Government Spending (Q1) (P)	✓	0.30%	0.40%	Quarterly
US	14:30	Durable Goods Orders ex Transportation (Apr) (P)	✓✓	0.50%	0.10%	Monthly
US	14:30	Cap Goods Orders Nondef Ex Air (Apr) (P)	✓	0.70%	-0.40%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Apr) (P)	✓	0.40%	-0.80%	Monthly
US	14:30	Durable Goods Orders (Apr) (P)	✓✓✓	-1.30%	2.60%	Monthly
US	15:00	Fed's Powell Joins Riksbank's 350th Anniversary Conference	✓✓✓	-	-	As scheduled
Eurozone	15:15	ECB's Coeure Speaks in Stockholm	✓	-	-	As scheduled
UK	15:20	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	16:00	Reuters/Michigan Consumer Sentiment Index (May) (F)	✓✓✓	98.80	98.80**	Monthly
US	17:45	Fed's Kaplan, Evans and Bostic Speak at Dallas Fed	✓	-	-	As scheduled
Eurozone	-	Eurogroup meeting	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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