

ONE  
Minute Brief

3 May 2018

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## Economic and political news

In South Africa (SA), the manufacturing PMI rose to a level of 50.90 in April, higher than market expectations and compared to a reading of 46.90 in March. Further, new vehicle sales rose 3.6% to 36,346 units on an annual basis in April.

Fitch maintained Eskom's credit rating at below investment grade. Additionally, the agency stated that it would maintain the company's long-term Local Currency Issuer Default Rating (IDR) and unguaranteed local currency senior unsecured ratings of 'BB-', leaving it at speculative grade and also affirmed the government-guaranteed local currency senior unsecured debt ratings at 'BB+'.

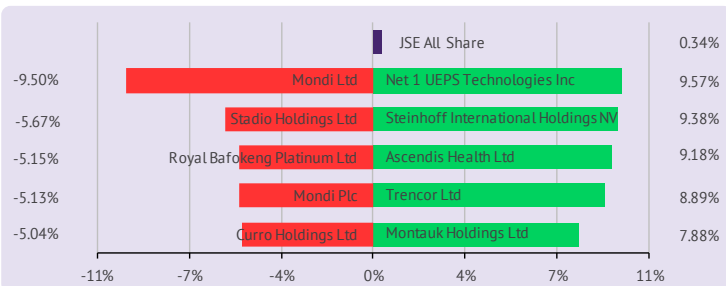
The trade department and labour unions warned that the US's decision to reject SA's application for exemption from steel and aluminium tariffs could threaten about 7,500 jobs in the country. Meanwhile, the Steel and Engineering Industries Federation of Southern Africa (Seifsa) stated that the move would cost local exporters an estimated ZAR3bn.

News reports indicated that a South African human rights lawyer expects to sign today a ZAR5bn silicosis settlement, on behalf of a million miners who contracted fatal lung diseases silicosis and TB in mines.

## South Africa Market ▲

## South African markets closed higher

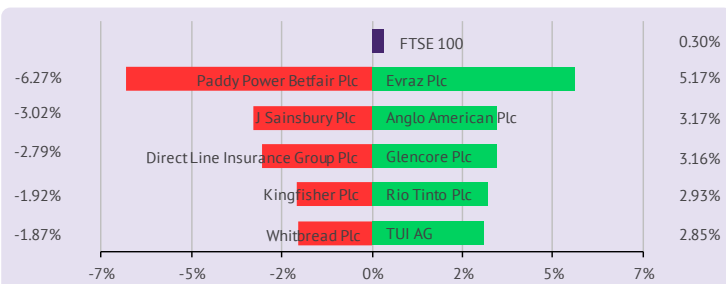
South African markets closed in the green yesterday, boosted by gains in mining and resources sector stocks. Data indicated that SA's manufacturing PMI recorded a more-than-anticipated rise in April. The JSE All Share Index rose 0.3% to close at 58,450.44.



## UK Market ▲

## The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, amid upbeat corporate earnings and buoyed by gains in mining sector stocks. The FTSE 100 Index advanced 0.3% to close at 7,543.20.



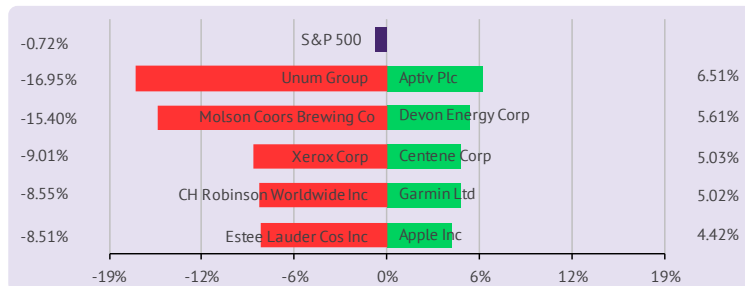
## Key indices

|                       | Last close |   | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------|------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share         | 58450.44   | ▲ | 198.32    | 0.34      | 1.74      | 0.34      | 5.01              | -1.77     |
| JSE Top 40            | 51553.86   | ▲ | 134.64    | 0.26      | 1.72      | 0.26      | 5.38              | -1.86     |
| FTSE 100              | 7543.20    | ▲ | 22.84     | 0.30      | 0.55      | 0.45      | 6.42              | -1.88     |
| DAX 30                | 12802.25   | ▲ | 190.14    | 1.51      | 1.76      | 1.51      | 4.26              | -0.89     |
| CAC 40                | 5529.22    | ▲ | 8.72      | 0.16      | 0.84      | 0.16      | 6.84              | 4.08      |
| S&P 500               | 2635.67    | ▼ | -19.13    | -0.72     | -1.28     | -0.47     | 0.27              | -1.42     |
| Nasdaq Composite      | 7100.90    | ▼ | -29.81    | -0.42     | -0.27     | 0.49      | 0.04              | 2.86      |
| DJIA                  | 23924.98   | ▼ | -174.07   | -0.72     | -1.59     | -0.99     | 0.25              | -3.21     |
| MSCI Emerging Markets | 1151.44    | ▼ | -11.04    | -0.95     | -0.42     | -1.12     | -0.55             | -0.61     |
| MSCI Developed World  | 2076.69    | ▼ | -7.08     | -0.34     | -0.92     | -0.47     | 0.95              | -1.27     |

## US Market ▼

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

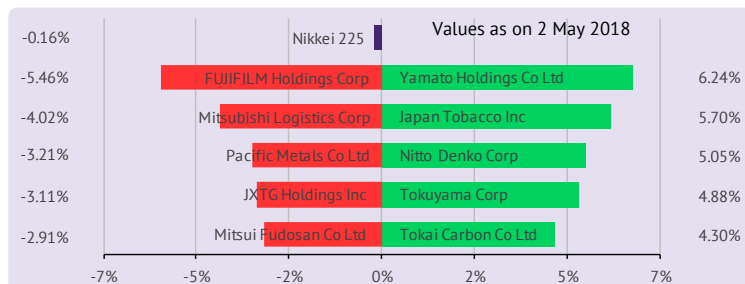
US markets closed lower yesterday, after the Federal Reserve (Fed), in its policy statement signalled higher inflation ahead and amid concerns over China trade relations. Data revealed that the US private sector added more jobs in April. The S&P 500 Index dropped 0.7% at 2,635.67.



## Asian Market ▼

## Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. Markets in Japan are closed on account of a public holiday. Yesterday, the Nikkei 225 Index closed 0.2% lower at 2,472.78.



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## USD ZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% lower against the South African Rand at R12.6538. Later today, traders will keep a close watch on the US trade balance, Markit and ISM services PMI, initial jobless claims along with durable goods orders and factory orders for further direction.

The US Dollar rose against the South African Rand yesterday, after the US Federal Reserve expressed growing confidence that inflation is inching closer to its goal. On the data front, the US ADP private sector employment climbed more-than-anticipated in April. Meanwhile, the MBA mortgage applications registered a decline in the week ended 27 April 2018. Separately, in SA, the manufacturing PMI advanced more than market expectations in April. Additionally, the nation's new vehicle sales climbed on a yearly basis in April.

## GBP ZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R17.2135. Later today, traders will keep an eye on UK's Markit services PMI for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's construction PMI advanced more than market anticipations in April.

## EUR ZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R15.1639. Going forward, market participants will keep a tab on Eurozone's consumer and producer price index for further cues.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's quarterly gross domestic product (GDP) expanded at its slowest pace since the third quarter of 2016 in 1Q18. Moreover, the region's unemployment rate remained unchanged in March, marking its lowest level since December 2008. Further, the Markit manufacturing PMI dropped to a thirteen-month low level in April. Separately, Germany's Markit manufacturing PMI fell at par with market expectations in April, reaching its lowest level in nine months.

## AUD ZAR ▲

### AUD trading slightly higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R9.5232. Earlier in the session, Australia's trade surplus surprisingly widened in March. Furthermore, monthly building approvals jumped more than market forecast in March. Meanwhile, the AiG performance of service index and the CBA services PMI recorded a drop in April.

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            | 12.6538 | ▼ | 0.43      | 3.06      | 1.97      | 5.24              | 2.62      |
| GBPZAR            | 17.2135 | ▼ | 0.16      | 1.48      | 0.52      | 3.38              | 3.15      |
| EURZAR            | 15.1639 | ▼ | 0.09      | 1.54      | 0.93      | 3.08              | 2.23      |
| AUDZAR            | 9.5232  | ▲ | 0.46      | 1.85      | 1.46      | 3.20              | -1.49     |
| EURUSD            | 1.1983  | ▲ | -0.35     | -1.48     | -1.05     | -2.00             | -0.45     |
| GBPUSD            | 1.3598  | ▲ | -0.28     | -1.49     | -1.36     | -1.80             | 0.47      |
| Brent (\$/barrel) | 73.2    | ▼ | 0.31      | -1.71     | -1.78     | 7.72              | 9.71      |
| Gold (\$/oz)      | 1309.3  | ▲ | -0.09     | -1.35     | -1.03     | -0.27             | -0.28     |
| Platinum (\$/oz)  | 897.6   | ▲ | -0.04     | -2.47     | -1.17     | -2.47             | -4.32     |
| Copper (\$/MT)*   | 6784.5  | ▲ | 1.15      | 0.38      | 0.21      | 1.36              | -5.86     |

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.3% to trade at \$1,309.30/oz, ahead of US-China trade talks.

Yesterday, gold prices fell 0.1% to close at \$1,305.60/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 is trading 0.3% lower at \$73.17/bl.

Yesterday, Brent crude oil advanced 0.3% to settle at \$73.36/bl, after the International Monetary Fund threatened to expel Venezuela, raising concerns over the nation's crude production. Separately, the US Energy Information Administration reported that crude oil inventories rose by 6.2mn bls for the week ended 27 April 2018.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$897.60/oz.

Yesterday, platinum prices marginally declined to close at \$893.80 /oz.

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## Major South African corporate news

### Astral Foods Limited

In its 1H18 trading statement, the company stated that it expects EPS to be in the range of 1,942.00c to 1,977.00c, which is significantly higher compared to the corresponding period of the previous year. Further, HEPS is expected to be in the range of 1,958.00c to 1,994.00c, which is significantly higher compared to the same period of the prior year.

### British American Tobacco Plc

The company announced that it has reclassified the company's results for 1H17, in order to provide a consistent basis for the organic performance measurements of the group for 1H18, including a representative comparator base inclusive of the 2017 acquisitions. Additionally, the firm reclassified for regional structure in 2017, and reported restated total region revenue of GBP7.42bn.

### Harmony Gold Mining Company Limited

In its 3Q18 operational update, the company announced that its production and underground grade remained steady compared to the same period of the previous year at 7,983.00 kg, and 5.02g/t respectively. For FY18, the company expects gold production to be approximately 1.18 Moz.

### Pan African Resources Plc

In its operational update, the company stated that Barberton Mines is expected to produce 50,000.00oz of gold in 2H18, which is an increase of 23.0% compared to the 1H18 production. Further, the company stated that construction of Elikhulu is ahead of schedule, with first gold production expected in August 2018 and full commissioning at the end of September 2018.

### Trencor Limited

The company announced delay regarding the publication of its reviewed FY17 provisional results and confirmed that it expects to publish reviewed provisional results on or before 31 May 2018 and to distribute its audited annual financial statements on or before 30 June 2018.

## Major global economic news

### Eurozone

In the Eurozone, the seasonally adjusted preliminary GDP advanced 0.4% on a quarterly basis in 1Q18, meeting market expectations. In the previous quarter, GDP had risen 0.6%.

In the Eurozone, the unemployment rate remained unchanged at 8.5% in March.

In April, the final manufacturing PMI fell to a level of 56.20 in the Eurozone, compared to a reading of 56.60 in the prior month. The preliminary figures had indicated a fall to 56.00.

In Germany, the final manufacturing PMI recorded a drop to 58.10 in April, at par with market forecast and compared to a level of 58.20 in the previous month. The preliminary figures had also indicated a drop to 58.10.

### Asia

In Australia, the seasonally adjusted trade surplus unexpectedly widened to AUD1527.00mn in March, compared to a revised surplus of AUD1349.00mn in the previous month.

In Australia, the AIG performance of services index registered a drop to 55.20 in April, compared to a level of 56.90 in the prior month.

In Australia, the seasonally adjusted building approvals recorded a more-than-expected rise of 2.6% on a monthly basis in March. Building approvals had fallen by a revised 4.2% in the previous month.

### US

The US Fed, at its May monetary policy meeting, unanimously decided to keep the key interest rate steady at a target of 1.50% to 1.75%, meeting market expectations. Further, the central bank expressed more confidence in its inflation outlook, indicating that annual inflation is expected to run near the central bank's 2.0% target over the medium term.

In the US, the MBA mortgage applications recorded a drop of 2.5% on a weekly basis in the week ended 27 April 2018. In the previous week, mortgage applications had recorded a drop of 0.2%.

In the US, the ADP private sector employment rose by 204.00K in April, compared to a gain of 241.00 K in the prior month.

### UK

In the UK, the construction PMI rose more-than-expected to a level of 52.50 in April, compared to a level of 47.00 in the previous month.

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## Economic calendar

| Country      | SAST  | Economic indicator                               | Relevance | Consensus   | Previous/<br>**Previous est. | Frequency    |
|--------------|-------|--|-----------|-------------|------------------------------|--------------|
| UK           | 10:30 | Official Reserves (Changes) (Apr)                | ✓✓        | -           | USD1493.00mn                 | Monthly      |
| UK           | 10:30 | Markit Services PMI (Apr)                        | ✓✓✓       | 53.50       | 51.70                        | Monthly      |
| Eurozone     | 11:00 | Consumer Price Index - Core (YoY) (Apr) (P)      | ✓✓✓       | 0.90%       | 1.00%                        | Monthly      |
| Eurozone     | 11:00 | Producer Price Index (MoM) (Mar)                 | ✓✓✓       | 0.10%       | 0.10%                        | Monthly      |
| Eurozone     | 11:00 | Producer Price Index (YoY) (Mar)                 | ✓✓✓       | 2.10%       | 1.60%                        | Monthly      |
| Eurozone     | 11:00 | Consumer Price Index (YoY) (Apr) (P)             | ✓✓✓       | 1.30%       | 1.30%                        | Monthly      |
| South Africa | 13:00 | Electricity Consumption (YoY) (Mar)              | ✓         | -           | 0.40%                        | Monthly      |
| South Africa | 13:00 | Electricity Production (YoY) (Mar)               | ✓         | -           | 2.00%                        | Monthly      |
| US           | 13:30 | Challenger Job Cuts (YoY) (Apr)                  | ✓         | -           | 39.40%                       | Monthly      |
| Eurozone     | 14:00 | ECB's Constancio Speaks in Frankfurt             | ✓         | -           | -                            | As scheduled |
| Eurozone     | 14:00 | ECB Vice President Vitor Constancio speech       | ✓✓        | -           | -                            | As scheduled |
| US           | 14:30 | Non-Farm Productivity (Q1) (P)                   | ✓         | 0.90%       | 0.00%                        | Quarterly    |
| US           | 14:30 | Unit Labour Costs (Q1) (P)                       | ✓         | 3.00%       | 2.50%                        | Quarterly    |
| Eurozone     | 14:30 | ECB's Coeure Speaks in Frankfurt                 | ✓         | -           | -                            | As scheduled |
| US           | 14:30 | Continuing Jobless Claims (21-Apr)               | ✓✓✓       | 1835.00K    | 1837.00K                     | Weekly       |
| US           | 14:30 | Initial Jobless Claims (28-Apr)                  | ✓✓✓       | 225.00K     | 209.00K                      | Weekly       |
| US           | 14:30 | Trade Balance (Mar)                              | ✓✓✓       | -USD50.00bn | -USD57.60bn                  | Monthly      |
| US           | 15:45 | Markit Composite PMI (Apr) (F)                   | ✓✓✓       | -           | 54.80**                      | Monthly      |
| US           | 15:45 | Markit Services PMI (Apr) (F)                    | ✓✓✓       | 54.50       | 54.40**                      | Monthly      |
| US           | 16:00 | Cap Goods Orders Nondef Ex Air (Mar) (F)         | ✓         | -           | -0.10%**                     | Monthly      |
| US           | 16:00 | Cap Goods Ship Nondef Ex Air (Mar) (F)           | ✓         | -           | -0.70%**                     | Monthly      |
| US           | 16:00 | Durable Goods Orders (Mar) (F)                   | ✓✓✓       | -           | 2.60%**                      | Monthly      |
| US           | 16:00 | Durable Goods Orders ex Transportation (Mar) (F) | ✓✓        | -           | 0.00%**                      | Monthly      |
| US           | 16:00 | ISM Non-Manufacturing PMI (Apr)                  | ✓✓✓       | 58.00       | 58.80                        | Monthly      |
| US           | 16:00 | Factory Orders (MoM) (Mar)                       | ✓✓✓       | 1.40%       | 1.20%                        | Monthly      |

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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