

ONE Minute Brief

4 June 2018

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Economic and political news

In South Africa (SA), the manufacturing PMI eased to 49.80 in May, more than market expectations and compared to a reading of 50.90 in April. New vehicle sales rose 2.4% on a yearly basis to 42,984 units in May. On an annual basis, vehicle exports climbed 13.9% to 32,731 units in May.

KPMG has resigned as the external auditor for the South African Institute of Chartered Accountants (Saica), amid concerns over Ntsebeza inquiry into Saica members.

South African prosecutors have filed a lawsuit aimed at recovering ZAR1bn in consultancy fees unlawfully paid to McKinsey & Co by Eskom.

Energy Minister, Jeff Radebe, stated that SA's next round of bids for renewable energy agreements with independent power producers would begin in November, which could unlock investments worth up to ZAR50bn.

According to a news report, Democratic Alliance leader, Mmusi Maimane, has admitted difficulties in his relationship with Western Cape Premier, Helen Zille and stated that she should have been removed from decision-making structures after she stepped down as party leader in May 2015.

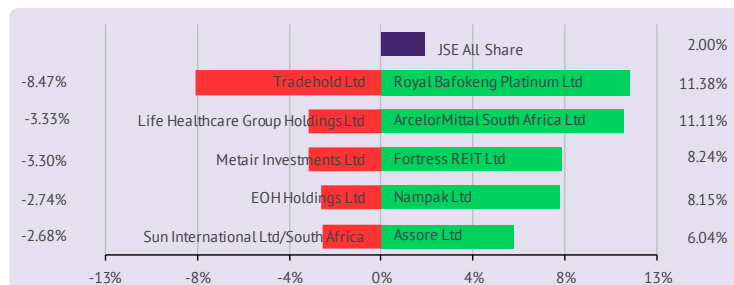
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57282.14	▲	1124.25	2.00	NA	2.00	-3.60	-3.74
JSE Top 40	50875.01	▲	1091.09	2.19	NA	2.19	-3.18	-3.16
FTSE 100	7701.77	▲	23.57	0.31	NA	0.31	2.25	0.18
DAX 30	12724.27	▲	119.38	0.95	NA	0.95	-0.06	-1.50
CAC 40	5465.53	▲	67.13	1.24	NA	1.24	-2.21	2.88
S&P 500	2734.62	▲	29.35	1.08	NA	1.08	2.16	2.28
Nasdaq Composite	7554.33	▲	112.22	1.51	NA	1.51	5.32	9.43
DJIA	24635.21	▲	219.37	0.90	NA	0.90	1.05	-0.34
MSCI Emerging Markets	1130.22	▲	9.51	0.85	NA	0.85	-3.75	-2.44
MSCI Developed World	2109.19	▲	16.27	0.78	NA	0.78	0.31	0.27

South Africa Market ▲

South African markets closed higher

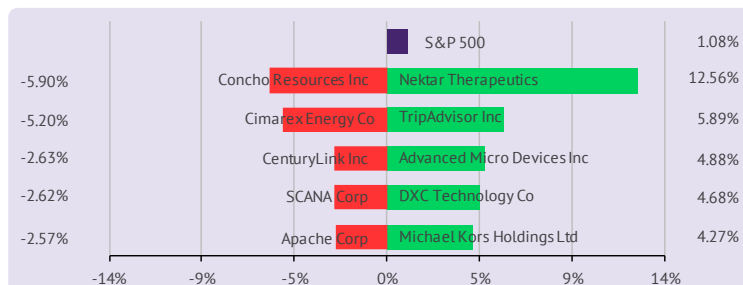
South African markets closed in the green yesterday, boosted by gains in industrial, mining and banking sector stocks. Data showed that SA's manufacturing PMI fell more than market forecast in May. The JSE All Share Index rose 2.0% to close at 57,282.14.



US Market ▲

The S&P 500 futures are trading in the green

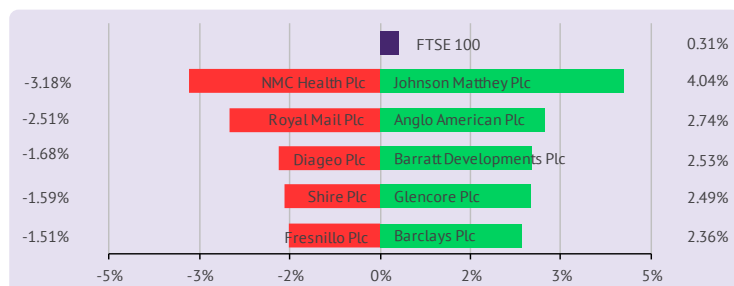
US markets closed higher yesterday, following robust US jobs data and buoyed by gains in technology sector stocks. Data revealed that the US non-farm payrolls data surged more-than-expected in May. The S&P 500 Index climbed 1.1% to close at 2,734.62.



UK Market ▲

The FTSE 100 futures are trading in positive territory

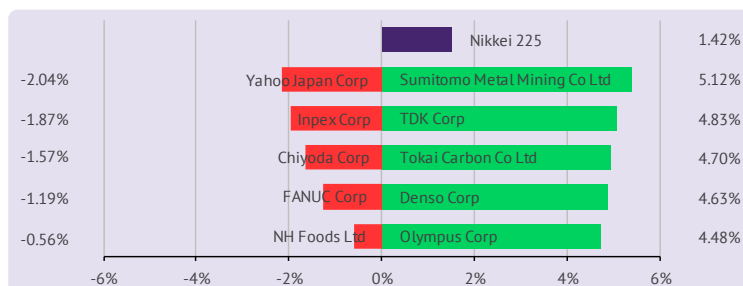
UK markets finished higher yesterday, supported by gains in mining and financial sector stocks. Data showed that UK's Markit manufacturing PMI rose in May. The FTSE 100 Index advanced 0.3% to close at 7,701.77.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 1.4% higher at 22,486.07.



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USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R12.6458. Later today, traders will keep a close watch on the US durable goods orders and factory orders for further direction.

The US Dollar fell against the South African Rand yesterday, despite upbeat US non-farm payrolls data. On the data front, the US Markit manufacturing PMI unexpectedly slid in May. On the flipside, non-farm payrolls jumped more than market expectations in May. Additionally, unemployment rate dropped to 18-year low level in the same month. Moreover, average hourly earnings rose more-than-anticipated on a monthly basis in May. Further, monthly construction spending advanced more than market forecast in April, marking its largest gain since January 2016. Separately, in SA, the manufacturing PMI recorded a more-than-expected decline in May.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R16.9111. Later today, traders will keep an eye on UK's construction PMI data for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's Markit manufacturing PMI unexpectedly climbed in May.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R14.7902. Going forward, market participants will keep a tab on the Eurozone's Sentix investor confidence index and the producer price index for further cues.

The Euro weakened against the South African Rand yesterday. On the macro front, Eurozone's final Markit manufacturing dropped to a 15-month level in May. Separately, Germany's Markit manufacturing registered a decline in the same month, marking its lowest reading in last 15 months.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R9.6262. Earlier in the session, Australia's retail sales registered a more-than-expected advance on a monthly basis in April.

The Australian Dollar dropped against the South African Rand yesterday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	12.6458	▼	-0.09	NA	-0.09	1.91	2.47
GBPZAR	16.9111	▼	0.30	NA	0.30	-1.58	1.30
EURZAR	14.7902	▼	-0.36	NA	-0.36	-1.31	-0.39
AUDZAR	9.6262	▲	-0.06	NA	-0.06	2.42	-0.61
EURUSD	1.1695	▲	-0.29	NA	-0.29	-3.19	-2.88
GBPUSD	1.3371	▲	0.36	NA	0.36	-3.38	-1.24
Brent (\$/barrel)	76.6	▼	-0.99	NA	-0.99	3.84	14.83
Gold (\$/oz)	1297.4	▲	-0.41	NA	-0.41	-1.45	-1.11
Platinum (\$/oz)	904.8	▼	-0.37	NA	-0.37	0.63	-2.94
Copper (\$/MT)*	6882.8	▲	0.56	NA	0.56	1.10	-4.50

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.2% to trade at \$1,297.40/oz.

Yesterday, gold prices fell 0.4% to close at \$1,294.80/oz, as upbeat US jobs data boosted expectations of interest rate hike.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.3% to trade at \$76.55/bL.

Yesterday, Brent crude oil dropped 1.0% to settle at \$76.79/bL, amid rising US production and the possibility that Organisation of the Petroleum Exporting Countries might boost supplies. Further, Baker Hughes reported that US oil rig count rose by 2 to 861 last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.2% to trade at \$904.80/oz.

Yesterday, platinum prices declined 0.4% to close at \$906.70/oz.



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Major South African corporate news

Life Healthcare Group Holdings Limited

In its FY18 interim results, the company announced that its revenues advanced 17.5% to ZAR11.32bn, compared to the same period of the preceding year. Its diluted HEPS stood at 53.50c, compared to 24.80c recorded in the corresponding period of the previous year.

Mondi Limited

The company announced that it has completed the acquisition of 100% of the outstanding shares in Powerflute Group Holdings Oy for a total consideration of EUR365.00mn on an enterprise value basis.

Metair Investments Limited

The company announced that it has submitted an indicative non-binding offer to acquire Tovarna Akumulatorskih Baterij, a manufacturer of batteries based in Slovenia for a consideration of EUR300.00mn.

Mr Price Group Limited

In its FY18 results, the company stated that its revenues increased to ZAR21.35bn, compared to ZAR19.76bn posted in the corresponding period of the previous year. Its diluted HEPS jumped 21.1% to 1,075.40c, compared to the same period of the prior year. Further, the company declared a final gross dividend of 414.10c per share.

Major global economic news

US

In the US, non-farm payrolls rose by 223.00K in May, more than market anticipations. Non-farm payrolls had recorded a revised increase of 159.00K in the prior month.

In the US, average hourly earnings of all employees advanced 0.3% on a monthly basis in May, more-than-anticipated and compared to a rise of 0.1% in the prior month.

In May, the final Markit manufacturing PMI unexpectedly dropped to a level of 56.40 in the US, compared to a level of 56.50 in the prior month. The preliminary figures had recorded an advance to 56.60.

In the US, construction spending climbed 1.8% in April on a monthly basis, more than market expectations and compared to a drop of 1.7% in the previous month.

In May, unemployment rate unexpectedly declined to a level of 3.8% in the US. In the previous month, unemployment rate had recorded a level of 3.9%.

Eurozone

In the Eurozone, the final manufacturing PMI fell to a level of 55.50 in May, at par with market expectations. In the previous month, the manufacturing PMI had recorded a level of 56.20. The preliminary figures had also indicated a fall to 55.50.

In Germany, the final manufacturing PMI fell to a level of 56.90 in May, higher than market expectations and compared to a level of 58.10 in the prior month. The preliminary figures had recorded a drop to 56.80.

Asia

In Australia, seasonally adjusted retail sales registered more-than-expected a rise of 0.4% on a monthly basis in April, compared to an unchanged reading in the previous month.

UK

In the UK, the manufacturing PMI recorded an unexpected rise to a level of 54.40 in May, compared to a reading of 53.90 in the prior month.



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40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Murray & Roberts Holdings Ltd	1870	8.72	2.86	54.42
Clover Industries Ltd	1748	-4.11	-2.24	35.61
Lewis Group Ltd	3438	-0.35	2.96	34.74
Anglo American Plc	31079	4.47	2.74	24.37
Netcare Ltd	2980	-1.23	0.64	21.18
JSE Ltd	17926	-4.81	-1.24	20.52
Emira Property Fund Ltd	1540	-0.96	0.00	19.70
BHP Billiton Plc	29137	3.41	0.70	19.48
RCL Foods Ltd	1800	4.29	0.00	19.36
Santam Ltd	30752	0.65	-0.80	17.38
Mondi Plc	35127	1.60	-0.19	17.22
Raubex Goup Ltd	2300	1.48	1.81	17.05
Mondi Ltd	34928	1.24	-0.41	16.13
Reunert Ltd	7916	-1.92	-0.68	15.41
Octodec Investments Ltd	2068	-1.76	-1.05	15.15
PPC Ltd	795	-6.69	-1.97	14.06
Sasol Ltd	48150	3.77	5.25	13.83
Echo Polska Properties NV	1839	-0.59	-2.13	13.24
Hudaco Industries Ltd	15900	-0.61	0.54	13.12
Sun International Ltd	6618	-2.40	-2.68	12.88
Clicks Group Ltd	20157	-5.25	-0.21	12.73
PSG Konsult Ltd	969	0.94	1.25	12.32
Accelerate Property Fund Ltd	575	3.60	1.05	11.65
AECI Ltd	10800	-1.41	0.01	11.36
Adcock Ingram Holdings Ltd	6400	-1.30	-2.13	11.10
Nedbank Group Ltd	27730	-2.17	1.35	10.90
Standard Bank Group Ltd	21107	2.05	1.77	10.48
South32 Ltd	3650	4.38	2.82	10.37
City Lodge Hotels Ltd	15553	0.99	-0.35	9.41
Telkom SA SOC Ltd	5264	-1.85	1.54	9.39
Redefine Properties Ltd	1118	0.27	1.91	8.97
Pick n Pay Stores Ltd	7575	0.26	0.73	8.90
Old Mutual PLC	4025	-2.07	-0.35	7.53
Famous Brands Ltd	11000	1.85	-0.09	6.81
Astral Foods Ltd	27600	1.28	2.14%	6.44
Investec Property Fund Ltd	1749	3.43	3.4	6.00
Hammerson Plc	9272	-0.30	-0.22	5.65
Shoprite Holdings Ltd	23173	0.33	-1.00	5.58
African Oxygen Ltd	2900	0.35	-1.23	5.43
Arrowhead Properties Ltd	689	2.99	1.62	5.19
JSE All Share Index	57282	0.64	2.00	-3.74

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Monetary Base (YoY) (May)	✓	8.10%*	7.80%	Monthly
Japan	01:50	Monetary Base (May)	✓✓✓	Yen492.60tn*	Yen498.30tn	Monthly
Spain	09:00	Unemployment Change (May)	✓✓✓	-101.30K	-86.70K	Monthly
UK	10:30	Markit Construction PMI (May)	✓✓✓	51.50	52.50	Monthly
Eurozone	10:30	Sentix Investor Confidence (Jun)	✓✓✓	18.50	19.20	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Apr)	✓✓✓	2.40%	2.10%	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Apr)	✓✓✓	0.20%	0.10%	Monthly
Greece	11:00	Gross Domestic Product n.s.a. (YoY) (Q1) (F)	✓	-	1.80%**	Quarterly
Eurozone	13:30	ECB's Nowotny Speaks at Conference in Vienna	✓	-	-	As scheduled
US	16:00	Cap Goods Orders Nondef Ex Air (Apr) (F)	✓	-	1.00%**	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Apr) (F)	✓	-	0.80%**	Monthly
US	16:00	Durable Goods Orders (Apr) (F)	✓✓✓	-	-1.70%**	Monthly
US	16:00	Durable Goods Orders ex Transportation (Apr) (F)	✓✓	-	0.90%**	Monthly
US	16:00	Factory Orders (MoM) (Apr)	✓✓✓	-0.50%	1.60%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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formerly Grant Thornton Capital

a GTC @Grant Thornton, The Wanderers Office Part,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2118

t +27 (0) 10 597 6800
f +27 (0) 10 597 6801
w www.gtc.co.za

GTC (Pty) Ltd.
reg. no. 1996/001488/07
Directors: G.K. Mockler, F.Dildar

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