

# ONE Minute Brief

5 June 2018

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## Economic and political news

Global auditor, KPMG, stated that it will lay off 400 employees in South Africa (SA) over the next two months, following a corruption scandal in the country.

Head of the South African Communist Party, Blade Nzimande, stated that former leader, Jacob Zuma is impeding a crackdown on corruption by the African National Congress (ANC) under President, Cyril Ramaphosa.

Cape Town Mayor Patricia de Lille has argued that the Democratic Alliance's (DA) cessation clause to cease her party membership was "ridiculous and irrational".

SA's Public Servants Association (PSA) has filed a notice to strike from 11 June, following a failure to reach a wage deal with government.

The DA has submitted the Small Enterprises Ombud Service Bill to the Parliament for consideration, which aims to assist small, medium and micro enterprises.

According to a news report, Public Service and Administration Minister, Ayanda Dlodlo, is expected to submit the final draft of a revised ministerial handbook to President Cyril Ramaphosa this week.

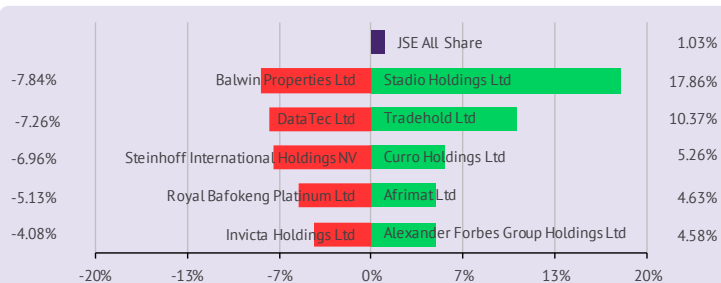
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57870.89	▲	588.75	1.03	1.03	3.05	-3.60	-2.75
JSE Top 40	51404.55	▲	529.54	1.04	1.04	3.26	-3.18	-2.15
FTSE 100	7741.29	▲	39.52	0.51	0.51	0.82	2.25	0.70
DAX 30	12770.75	▲	46.48	0.37	0.37	1.32	-0.06	-1.14
CAC 40	5472.91	▲	7.38	0.14	0.14	1.38	-2.21	3.02
S&P 500	2746.87	▲	12.25	0.45	0.45	1.54	2.16	2.74
Nasdaq Composite	7606.46	▲	52.13	0.69	0.69	2.21	5.32	10.18
DJIA	24813.69	▲	178.48	0.72	0.72	1.63	1.05	0.38
MSCI Emerging	1146.74	▲	16.53	1.46	1.46	2.32	-3.75	-1.01
MSCI Developed	2121.86	▲	12.66	0.60	0.60	1.38	0.31	0.88

## South Africa Market ▲

### South African markets closed higher

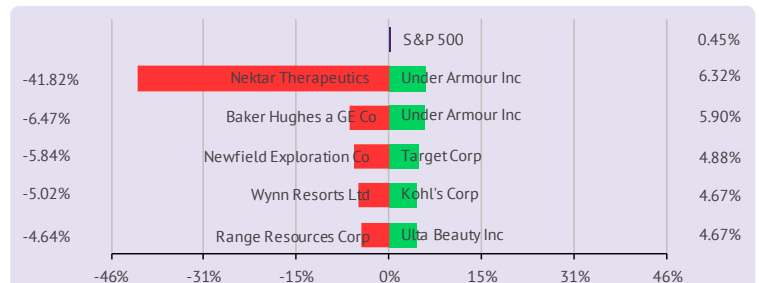
South African markets closed in the green yesterday, boosted by gains in banking and retail sector stocks. The JSE All Share Index rose 1.0% to close at 57,870.89.



## US Market ▲

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

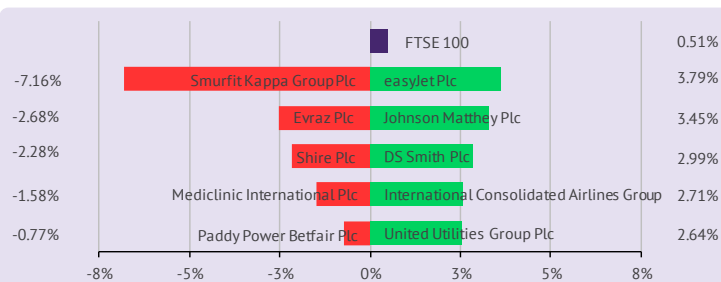
US markets closed higher yesterday, boosted by gains in technology sector stocks. Data indicated that US factory orders fell more than expected in April. The S&P 500 Index climbed 0.5% to close at 2,746.87.



## UK Market ▲

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

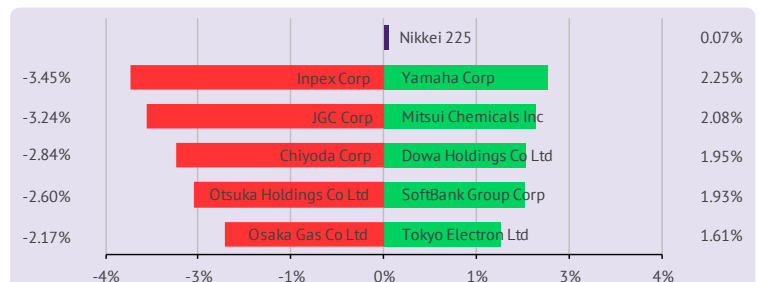
UK markets finished higher yesterday, buoyed by a string of M&A news and as political tensions in Italy eased. The FTSE 100 Index advanced 0.5% to close at 7,741.29.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that Japan's Nikkei services PMI declined in May. The Nikkei 225 Index is trading 0.1% higher at 22,492.19.



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## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R12.5775. Later today, traders will keep a close watch on the US Markit services PMI, JOLTS job openings and ISM non-manufacturing PMI for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US durable goods orders registered a decline in April. Additionally, factory orders recorded a more-than-expected drop in the same month.

## GBP ZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R16.7428. Later today, traders will keep an eye on UK's Markit services PMI for further direction.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's construction PMI recorded a steady reading in May.

## EUR ZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading marginally higher against the South African Rand at R14.7045. Going forward, market participants will keep a tab on the Markit services PMI across the Eurozone and the region's retail sales data for further cues.

The Euro weakened against the South African Rand yesterday, after Eurozone's Sentix investor confidence index fell more than market expectations in June, recording its lowest level since October 2016. Additionally, the producer price inflation (PPI) advanced at a slower-than-expected pace on an annual basis in April.

## AUD ZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R9.6040. Earlier in the session, Australia's AiG performance of service index advanced in May. Further, the services PMI climbed in the same month. Meanwhile, in China, Australia's largest trading partner, the Caixin services PMI remained unchanged in May.

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	12.5775	▲	-0.95	-0.95	-1.04	1.91	1.49
GBPZAR	16.7428	▲	-1.22	-1.22	-0.92	-1.58	0.07
EURZAR	14.7045	▲	-0.64	-0.64	-1.00	-1.31	-1.03
AUDZAR	9.6040	▼	0.07	0.07	0.00	2.42	-0.55
EURUSD	1.1691	▼	0.34	0.34	0.05	-3.19	-2.55
GBPUSD	1.3312	▼	-0.25	-0.25	0.11	-3.38	-1.48
Brent (\$/barrel)	75.5	▲	-1.95	-1.95	-2.93	3.84	12.59
Gold (\$/oz)	1296.0	▲	-0.13	-0.13	-0.54	-1.45	-1.24
Platinum (\$/oz)	899.6	▼	-0.35	-0.35	-0.73	0.63	-3.29
Copper (\$/MT)*	6973.3	▲	1.31	1.31	1.88	1.10	-3.24

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.2% to trade at \$1,296.00/oz.

Yesterday, gold prices fell 0.1% to close at \$1,293.10/oz, continuing its previous session losses.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$75.48/bl.

Yesterday, Brent crude oil dropped 2.0% to settle at \$75.29/bl, amid rising US crude production and growing expectations that the Organization of the Petroleum Exporting Countries might control crude production cuts.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.4% to trade at \$899.60/oz.

Yesterday, platinum prices declined 0.4% to close at \$903.50/oz.



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5 June 2018



## Major South African corporate news

### Curro Holdings Limited

The company announced that the rating agency Global Credit Rating Company affirmed the national scale issuer long term rating assigned to Curro of BBB(ZA), but altered the outlook from stable to positive. Further, it also upgraded the short-term rating to A2(ZA), with a positive outlook.

### Delta Property Fund Limited

In its FY18 results, the company indicated that its rental income fell to ZAR1.56bn, compared to ZAR1.61bn posted in the corresponding period of the previous year. Its diluted EPS increased 25.4% to 112.26c, compared to the same period of the prior year. Further, the company declared a final dividend of 50.84c per share.

## Major global economic news

### Asia

In Australia, the AIG performance of services index climbed to 59.00 in May. In the prior month, the index had registered a level of 55.20.

In Australia, seasonally adjusted current account deficit fell to AUD10.50bn in 1Q18, compared to a revised deficit of AUD14.70bn in the previous quarter.

In Japan, the Nikkei Japan services PMI recorded a drop to 51.00 in May, compared to a level of 52.50 in the previous month.

In China, the Caixin services PMI index remained flat at a level of 52.90 in May, at par with market expectations.

### US

In the US, final durable goods orders fell 1.6% on a monthly basis in April. In the prior month, durable goods orders had recorded a revised rise of 2.7%. The preliminary figures had recorded a fall of 1.7%.

In April, final factory orders slid 0.8% on a monthly basis in the US, more-than-expected and compared to a revised rise of 1.7% in the previous month.

### Eurozone

In the Eurozone, the Sentix investor confidence index registered a more-than-expected drop to 9.30 in June. In the prior month, the index had registered a level of 19.20.

In the Eurozone, the PPI registered a rise of 2.0% on a yearly basis in April, lower than market expectations. In the previous month, the PPI had risen 2.1%.

### UK

In the UK, the Markit construction PMI remained steady at a level of 52.50 in May.

In the UK, the BRC retail sales across all sectors climbed 2.8% on a yearly basis in May. Retail sales across all sectors had dropped 4.2% in the prior month.

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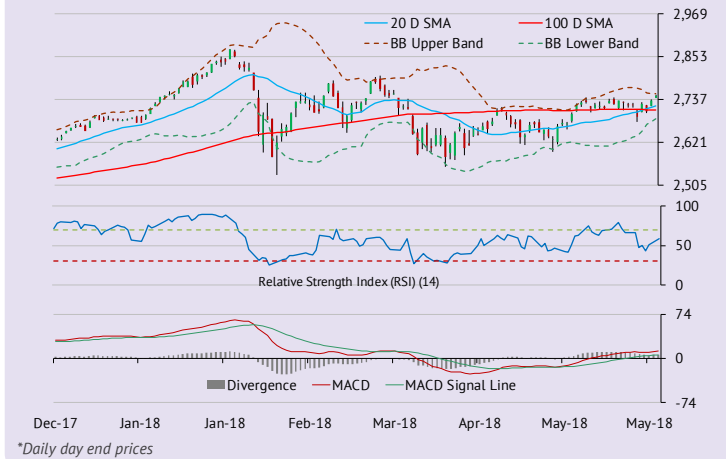
## Technical snapshot

### JSE All Share



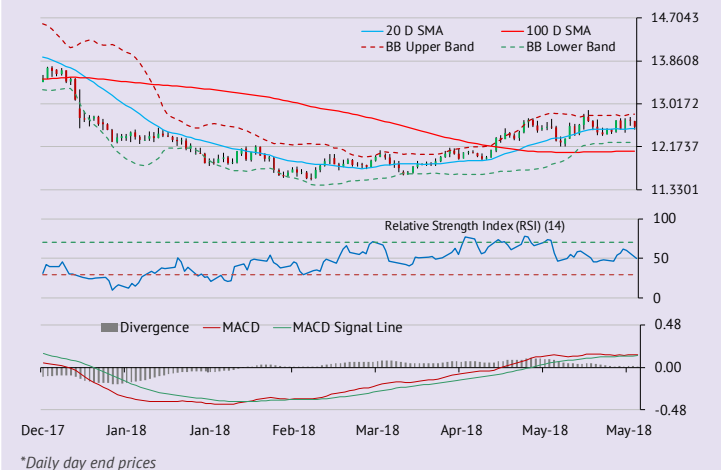
The JSE All Share index is expected to find support at 56,040.98, and a fall through could take it to the next support level of 54,211.08. The index is expected to find its first resistance at 58,933.81, and a rise through could take it to the next resistance level of 59,996.74.

### S&P 500



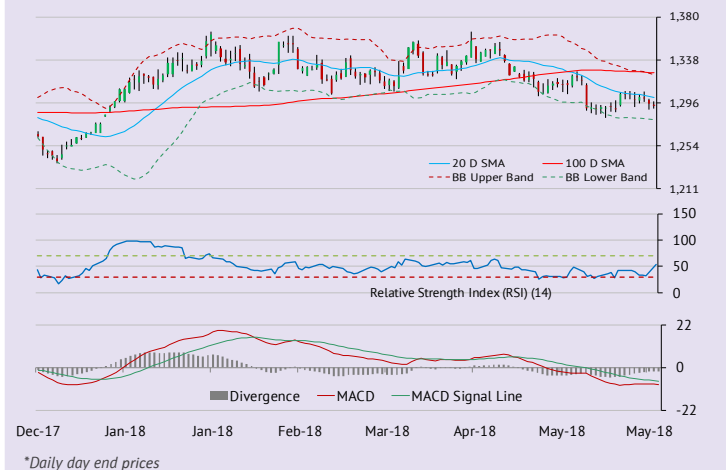
The S&P 500 index is expected to find support at 2,699.40, and a fall through could take it to the next support level of 2,651.93. The index is expected to find its first resistance at 2,771.75, and a rise through could take it to the next resistance level of 2,796.63.

### USD ZAR



The pair is expected to find support at 12.4239, and a fall through could take it to the next support level of 12.2806. The pair is expected to find its first resistance at 12.7362, and a rise through could take it to the next resistance level of 12.9052.

### XAU USD



Gold is expected to find support at \$1,285.73/oz, and a fall through could take it to the next support level of \$1,278.37/oz. The precious metal is expected to find its first resistance at \$1,303.63/oz, and a rise through could take it to the next resistance level of \$1,314.17/oz.

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## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	1:01	BRC Sales Like-For-Like (YoY) (May)	✓✓✓	2.80%*	-4.20%	Monthly
Japan	1:30	Household Spending (YoY) (Apr)	✓✓	-1.30%*	-0.70%	Monthly
Japan	2:30	Nikkei Japan Services PMI (May)	✓✓	51.00*	52.50	Monthly
China	3:45	Caixin/Markit Services PMI (May)	✓✓✓	52.90*	52.90	Monthly
Germany	9:55	Markit Services PMI (May) (F)	✓✓✓	52.10	52.10**	Monthly
UK	10:00	New Car Registrations (YoY) (May)	✓	-	10.40%	Monthly
Eurozone	10:00	Markit Composite PMI (May) (F)	✓✓✓	54.10	54.10**	Monthly
Eurozone	10:00	Markit Services PMI (May) (F)	✓✓✓	53.90	53.90**	Monthly
UK	10:30	Official Reserves (Changes) (May)	✓✓	-	USD17.00mn	Monthly
UK	10:30	Markit Services PMI (May)	✓✓✓	53.00	52.80	Monthly
Eurozone	11:00	Retail Sales (Apr)	✓✓	-	104.60	Monthly
Eurozone	11:00	Retail Sales (MoM) (Apr)	✓✓✓	0.50%	0.10%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Apr)	✓✓✓	1.70%	0.80%	Monthly
South Africa	11:30	Gross Domestic Product (QoQ) (Q1)	✓✓✓	-0.50%	3.10%	Quarterly
Eurozone	11:30	ECB's Nowotny Chairs Panel at Slovak Central Bank Conference	✓	-	-	As scheduled
South Africa	11:30	Gross Domestic Product (YoY) (Q1)	✓✓✓	1.90%	1.50%	Quarterly
UK	12:00	MPC Member Cunliffe Speech	✓✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (01-Jun)	✓	-	4.30%	Weekly
US	14:55	Redbook Index s.a. (MoM) (01-Jun)	✓	-	0.10%	Weekly
Eurozone	15:00	ECB President Draghi's Speech	✓✓✓	-	-	As scheduled
US	15:45	Markit Composite PMI (May) (F)	✓✓✓	-	55.70**	Monthly
US	15:45	Markit Services PMI (May) (F)	✓✓✓	55.70	55.70**	Monthly
US	16:00	ISM Non-Manufacturing PMI (May)	✓✓✓	57.60	56.80	Monthly
US	16:00	JOLTs Job Openings (Apr)	✓	6350.00K	6550.00K	Monthly
Germany	19:30	German Buba President Weidmann speech	✓✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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