

ONE Minute Brief

15 June 2018

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Economic and political news

In South Africa (SA), mining production dropped 4.3% on an annual basis in April, more than market expectations and compared to a fall of 8.4% in the previous month. Gold production declined 5.7% on a yearly basis in April, compared to a drop of 18.0% in March. In April, annual platinum production fell 6.5%, compared to a decline of 6.1% in the prior month.

The National Energy Regulator of SA has granted Eskom ZAR32.69 for its regulatory clearing account. Separately, news reports indicated that the two-hour load shedding, implemented by Eskom has ended.

Sibbanye-Stillwater mines confirmed that bodies of five mineworkers lost at its Kloof mine in SA have been located and recovered.

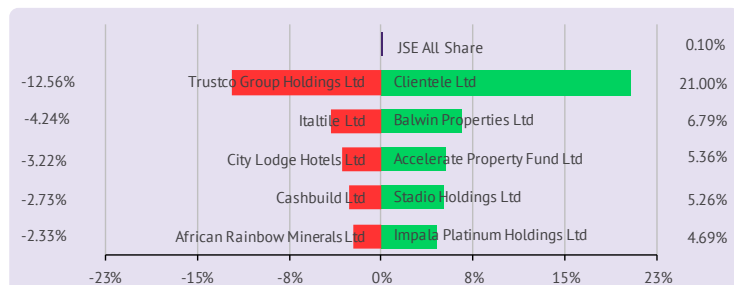
According to a news report, South African trade union, Solidarity, has been given clearance to strike at energy firm, Sasol over an empowerment scheme which unfairly excludes white workers.

South African Federation of Trade Unions General Secretary, Zwelinzima Vavi stated that Eskom workers should not pay for the firm's fraudulent actions.

South Africa Market ▲

South African markets closed higher

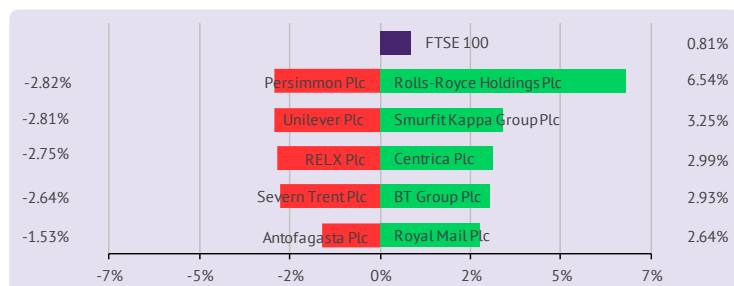
South African markets closed in the green yesterday, boosted by gains in banking, retail and property sector stocks. Data showed that SA's annual mining production fell more-than-expected in April. The JSE All Share Index rose 0.1% to close at 58,495.67.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, amid weakness in the British Pound and after the ECB signalled the end of its quantitative easing programme. The FTSE 100 Index advanced 0.8% to close at 7,765.79.



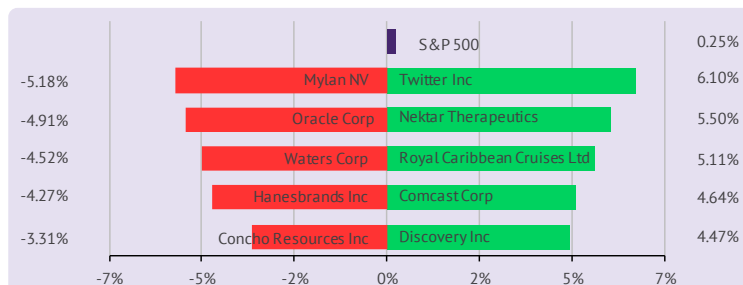
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	58495.67	▲	58.44	0.10	0.47	4.16	-3.60	-1.70
JSE Top 40	52178.24	▼	-21.79	-0.04	0.57	4.81	-3.18	-0.68
FTSE 100	7765.79	▲	62.08	0.81	1.10	1.14	2.25	1.01
DAX 30	13107.10	▲	216.52	1.68	2.67	3.98	-0.06	1.47
CAC 40	5528.46	▲	75.73	1.39	1.44	2.41	-2.21	4.06
S&P 500	2782.49	▲	6.86	0.25	0.12	2.85	2.16	4.07
Nasdaq Composite	7761.04	▲	65.34	0.85	1.51	4.29	5.32	12.42
DJIA	25175.31	▼	-25.89	-0.10	-0.56	3.11	1.05	1.85
MSCI Emerging Markets	1125.71	▼	-9.98	-0.88	-0.85	0.45	-3.75	-2.83
MSCI Developed World	2142.02	▲	1.81	0.08	0.20	2.35	0.31	1.83

US Market ▲

The S&P 500 futures are trading in the red

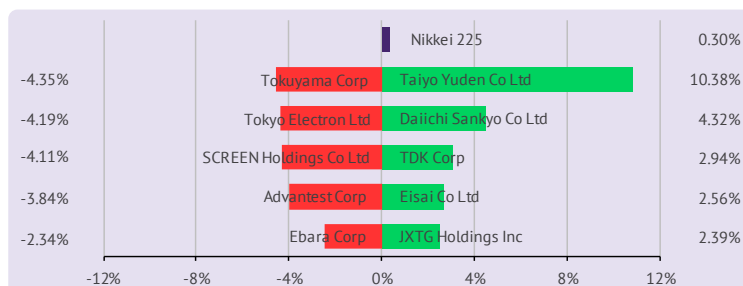
US markets closed mostly higher yesterday, after the European Central Bank (ECB) indicated gradual interest rate hikes. Data revealed that the US monthly advance retail sales advanced more-than-expected in May. The S&P 500 Index climbed 0.3% to close at 2,782.49.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.3% higher at 22,807.69.



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USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R13.4466. Later today, traders will keep a close watch on the US Michigan consumer sentiment index, manufacturing and industrial production for further direction.

The US Dollar rose against the South African Rand yesterday, after the ECB signalled gradual rate hikes. Adding to the positive sentiment, data indicated that the US advance retail sales climbed more than market anticipations on a monthly basis in May, marking its biggest gain since November 2017. Additionally, initial jobless claims unexpectedly declined in the week ended 9 June 2018. Moreover, business inventories rebounded in April. Separately, in SA, mining production registered a more-than-anticipated decline on a yearly basis in April. Additionally, annual platinum production dropped in April. Also, gold production slid on an annual basis in the same month.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R17.8186. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, after UK's monthly retail sales advanced for a second month in May, more than market expectations.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R15.5540. Going forward, market participants will keep a tab on Eurozone's consumer price index and trade balance for further indication.

The Euro weakened against the South African Rand yesterday, following the ECB's decision to keep interest rates at record lows until mid-2019 and to end its stimulus programme by the end of this year. On the data front, Germany's final consumer price index (CPI) advanced in line with market forecast on an annual basis in May.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% lower against the South African Rand at R10.0353.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that, Australia's consumer inflation expectations advanced in June. Additionally, unemployment rate fell more than market expectations in May.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.4466	▼	1.10	2.96	5.95	1.91	8.66
GBPZAR	17.8186	▼	0.25	1.94	5.65	-1.58	6.71
EURZAR	15.5540	▼	-0.79	1.19	4.80	-1.31	4.78
AUDZAR	10.0353	▼	-0.20	1.32	4.73	2.42	4.15
EURUSD	1.1567	▼	-1.89	-1.71	-1.07	-3.19	-3.64
GBPUSD	1.3250	▼	-0.85	-1.07	-0.27	-3.38	-1.86
Brent (\$/barrel)	75.9	▼	-1.04	-0.68	-2.09	3.84	13.56
Gold (\$/oz)	1304.7	▲	0.55	0.45	0.30	-1.45	-0.40
Platinum (\$/oz)	906.2	▼	0.93	0.57	0.09	0.63	-2.49
Copper (\$/MT)*	7173.0	▼	-1.08	-2.06	4.80	1.10	-0.47

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,304.70/oz.

Yesterday, gold prices rose 0.6% to close at \$1,304.00/oz, following monetary policy decisions by the ECB and the US Federal Reserve.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil marginally declined to trade at \$75.93/bl.

Yesterday, Brent crude oil dropped 1.0% to settle at \$75.94/bl, amid expectations that the Organization of the Petroleum Exporting Countries, at its upcoming meeting, might decide to increase crude output.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.5% to trade at \$906.20/oz.

Yesterday, platinum prices climbed 0.9% to close at \$910.90/oz.



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Major South African corporate news

Anglo American Plc

The company announced that it has entered into a Heads of Agreement with Mitsubishi Corporation in relation to Mitsubishi's proposed acquisition of a 21.9% equity interest for a total consideration of USD600.00mn in Anglo American Quellaveco SA, which owns the Quellaveco copper project in Peru.

Growthpoint Properties Limited

The company announced that the firm via its wholly-owned subsidiary, Growthpoint Properties International Limited (GPI), has subscribed for 95,541,401 shares in Globalworth Poland Real Estate N.V. (GPPE) at EUR1.57 per share for a total of EUR150.00mn, following which the company, via GPI, now holds a 21.6% shareholding in GPPE.

BHP Billiton Plc

The company announced that its board has approved USD2.90bn in capital expenditure for the South Flank project in central Pilbara, Western Australia. The South Flank project would fully replace production from the 80.00 mtpa Yandi mine which is reaching the end of its economic life.

Major global economic news

US

In the US, advance retail sales advanced 0.8% on a monthly basis in May, more-than-expected and compared to a revised rise of 0.4% in the prior month.

In the US, seasonally adjusted initial jobless claims recorded an unexpected drop to a level of 218.00K in the week ended 9 June 2018. In the prior week, initial jobless claims had registered a reading of 222.00K.

In the US, business inventories climbed 0.3% on a monthly basis in April, meeting market expectations. Business inventories had recorded a revised drop of 0.1% in the prior month.

Eurozone

The ECB, at its June monetary policy meeting, kept the benchmark interest rate steady at 0.00%, in line with expectations. The ECB signalled that it would reduce its monthly bond purchases to €15.0 billion after September and finally end them in December. Further, the central bank stated that interest rates could remain at their present levels. Further, the bank raised its inflation forecasts for 2018 and 2019, but lowered its 2018 growth projection. In a statement post-meeting, the ECB President, Mario Draghi, stated that growth in the common currency region remained strong to overcome increased risk, justifying the bank's decision to end quantitative easing.

In Germany, the final CPI registered a rise of 2.2% on a yearly basis in May, at par with market expectations. The CPI had risen 1.6% in the previous month. The preliminary figures had also indicated a rise of 2.2%.

UK

In the UK, retail sales climbed 1.3% on a monthly basis in May, more than market expectations. In the prior month, retail sales had advanced by a revised 1.8%.

Asia

The Bank of Japan (BoJ), in its monetary policy meeting, decided to keep its key interest rate unchanged at -0.1%, as widely expected.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	04:41	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled
Eurozone	10:00	ECB's Nowotny Presents Austrian Economic Outlook	✓	-	-	As scheduled
Switzerland	10:00	KOF Institute Summer Economic Forecast	✓	-	-	As scheduled
Eurozone	11:00	Labour Cost (Q1)	✓	-	1.50%	Quarterly
Eurozone	11:00	Trade Balance n.s.a. (Apr)	✓✓	-	EUR26.90bn	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (May) (F)	✓✓✓	1.10%	1.10%**	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (May)	✓✓✓	0.50%	0.30%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (May) (F)	✓✓✓	1.90%	1.20%**	Monthly
Eurozone	11:00	Trade Balance s.a. (Apr)	✓✓✓	EUR20.20bn	EUR21.20bn	Monthly
Eurozone	11:45	ECB Cœuré Speech	✓✓	-	-	As scheduled
UK	14:00	BoE Quarterly Bulletin	✓	-	-	As scheduled
Canada	14:30	Canadian Portfolio Investment in Foreign Securities (Apr)	✓	-	-CAD1.90bn	Monthly
Canada	14:30	Foreign Portfolio Investment in Canadian Securities (Apr)	✓	-	CAD6.15bn	Monthly
Canada	14:30	Manufacturing Shipments (MoM) (Apr)	✓✓	0.60%	1.40%	Monthly
US	14:30	NY Empire State Manufacturing Index (Jun)	✓✓	19.00	20.10	Monthly
Canada	15:00	Existing Home Sales (MoM) (May)	✓	-1.70%	-2.90%	Monthly
US	15:15	Capacity Utilisation (May)	✓	78.10%	78.00%	Monthly
US	15:15	Industrial Production (MoM) (May)	✓✓✓	0.20%	0.70%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (May)	✓✓✓	0.00%	0.50%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Jun) (P)	✓✓✓	98.50	98.00	Monthly
US	19:30	Fed's Kaplan Speaks in Fort Worth	✓	-	-	As scheduled
US	22:00	Net Long-Term TIC Flows (Apr)	✓✓	-	USD61.80bn	Monthly
US	22:00	Total Net TIC Flows (Apr)	✓	-	-USD38.50bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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