

ONE Minute Brief

20 June 2018

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Economic and political news

According to a news report, Eskom has proposed a new wage offer of 4.7% for 2018 and an annual inflation based hike for the next four years.

News reports indicated that President, Cyril Ramaphosa, will fight a court ruling that his predecessor Jacob Zuma must provide reasons that led to his decision to fire Finance Minister, Pravin Gordhan.

News reports indicated that the African National Congress (ANC) has failed to select a candidate that will replace North West Premier, Supra Mahumapelo. However, the responsibility has now been deferred to the party's national working committee that will sit on Wednesday.

The South African Institute of Chartered Accountants (SAICA) announced that it would charge former Eskom's Chief Financial Officer, Anoj Singh with serious misconduct related to a ZAR600mn loan to the Gupta business family.

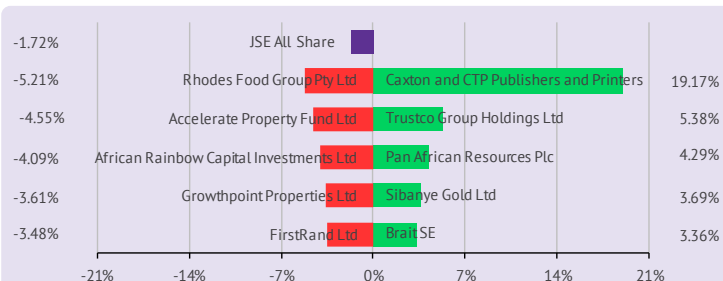
Finance Minister, Nhlanhla Nene, has confirmed that KPMG has repaid ZAR23.60mn to the South African Revenue Service (SARS) for the work it did on the SARS rogue unit report.

Agriculture, Forestry and Fisheries Minister, Senzeni Zokwana, has fired the department's Director-General, Mike Mlengana over alleged corruption.

South Africa Market ▼

South African markets closed lower

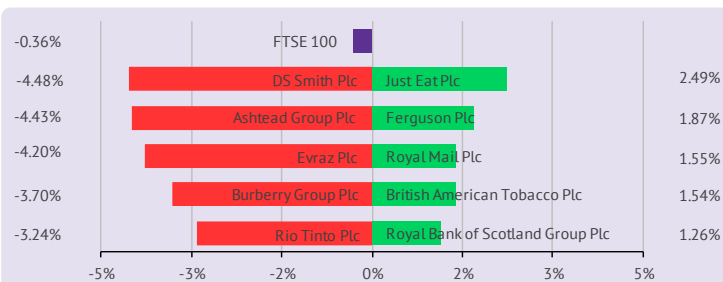
South African markets closed in the red yesterday, weighed down by losses in banking, property and industrial sector stocks. The JSE All Share Index fell 1.7% to close at 56,253.31.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower for the third consecutive session yesterday, amid heightened trade worries between the US and China and a slew of profit warnings. The FTSE 100 Index declined 0.4% to close at 7,603.85.



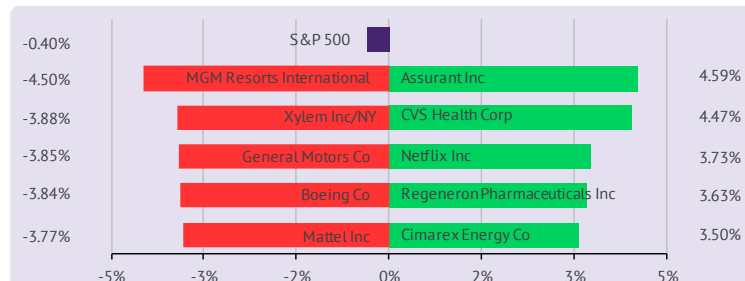
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56253.31	▼ -983.53	-1.72	-2.44	0.17	-3.60	-5.46
JSE Top 40	50020.40	▼ -984.53	-1.93	-2.55	0.48	-3.18	-4.78
FTSE 100	7603.85	▼ -27.48	-0.36	-0.39	-0.97	2.25	-1.09
DAX 30	12677.97	▼ -156.14	-1.22	-2.56	0.58	-0.06	-1.86
CAC 40	5390.63	▼ -59.85	-1.10	-2.02	-0.14	-2.21	1.47
S&P 500	2762.59	▼ -11.16	-0.40	-0.61	2.12	2.16	3.33
Nasdaq Composite	7725.59	▼ -21.44	-0.28	-0.27	3.81	5.32	11.91
DJIA	24700.21	▼ -287.26	-1.15	-1.56	1.16	1.05	-0.08
MSCI Emerging Markets	1085.03	▼ -20.95	-1.89	-2.58	-3.18	-3.75	-6.34
MSCI Developed World	2111.44	▼ -14.35	-0.67	-1.06	0.88	0.31	0.38

US Market ▼

The S&P 500 futures are trading in the green

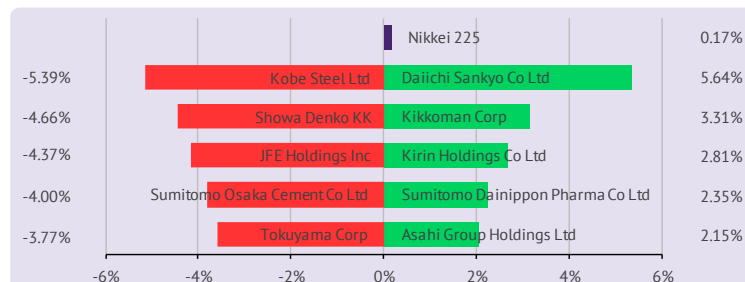
US markets closed lower yesterday, after the US President, Donald Trump, threatened to impose additional tariffs on USD200bn of imported Chinese goods. The S&P 500 Index dropped 0.4% to close at 2,762.59.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.2% higher at 22,316.82.



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USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R13.7281. Later today, traders will keep a close watch on the US MBA mortgage applications, current account balance and existing home sales for further cues.

The US Dollar rose against the South African Rand yesterday, amid ongoing trade tensions. On the macroeconomic front, the US housing starts climbed to a 11-year high level on a monthly basis in May. Meanwhile, monthly building permits dropped in the same month, marking its lowest level since September 2017.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.3% weaker against the South African Rand at R18.0656. Later today, traders will keep an eye on UK's CBI total trend orders for further direction.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.3% lower against the South African Rand at R15.8890. Going forward, market participants will keep a tab on Germany's producer price index for further indication.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's current account balance narrowed to its lowest level since June 2017 in April. Meanwhile, monthly construction output rebounded in April.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar marginally declined against the South African Rand to trade at R10.1516. Earlier in the session, Australia's Westpac leading index declined on a monthly basis 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	13.7281	▼	0.78	2.38	8.28	1.91	11.05
GBPZAR	18.0656	▼	0.25	1.62	7.27	-1.58	8.34
EURZAR	15.8890	▼	0.51	2.17	7.32	-1.31	7.29
AUDZAR	10.1516	▼	0.23	1.59	5.64	2.42	5.05
EURUSD	1.1575	▼	-0.28	-0.17	-0.88	-3.19	-3.46
GBPUSD	1.3161	▼	-0.54	-0.78	-0.93	-3.38	-2.51
Brent (\$/barrel)	75.3	▲	-0.35	2.23	-3.20	3.84	12.28
Gold (\$/oz)	1275.7	▲	-0.05	0.08	-1.88	-1.45	-2.57
Platinum (\$/oz)	861.0	▼	-2.15	-2.58	-4.97	0.63	-7.42
Copper (\$/MT)*	6832.0	▼	-1.99	-2.66	-0.19	1.10	-5.20

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged marginally higher to trade at \$1,275.70/oz.

Yesterday, gold prices fell 0.1% to close at \$1,275.60/oz, as strength in the US Dollar, dented demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$75.26/bl, after the American Petroleum Institute reported that the US crude supplies dropped by 3.00mn bls to 430.6mn bls in the week ended 15 June 2018.

Yesterday, Brent crude oil dropped 0.4% to settle at \$75.08/bl, amid expectations that OPEC and other major oil producers will announce a decision later this week to increase production.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.5% lower to trade at \$861.00/oz.

Yesterday, platinum prices declined 2.2% to close at \$864.90/oz.



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Major South African corporate news

Attacq Limited

The company announced that Mr. Melt Hamman has been appointed as the permanent Chief Executive Officer (CEO), with immediate effect. Additionally, Mr. Raj Nana has been appointed as the Chief Financial Officer, effective immediately. Further, Ms. Jackie van Niekerk, the existing Chief Operating Officer of the firm, has been appointed to the Board of Directors of Attacq in an executive capacity.

Grindrod Limited

The company announced that it has been shortlisted as one of the four potential acquirers of Mercantile Bank Limited, which is owned by Portuguese state-owned Caixa Geral de Depositos. The firm will now move into the second phase, which will include, inter alia, due diligence, engagement with Mercantile management and submission of binding offers. Separately, the company, in its trading statement for 1H18 indicated that its total EPS is expected to be positive (an increase of more than 100%), compared with the loss per share of 11.50c recorded during the corresponding period of the previous year.

Brait SE

In its audited results for FY18, the company indicated that its growth rate was 26.2% and the headline loss per share stood at 1.90c. No dividend has been declared for the current year.

Niveus Investments Limited

The company announced that Muriel Loftie-Eaton, has resigned as the CEO of the firm with effect from 1 August 2018, and that Yunis Shaik has been appointed as the CEO of the company with effect from the same date. Further, Carolyn Kristal has resigned as the Financial Director with effect from 1 July 2018, and Cisco Pereira has been appointed to the post with effect from the same date.

British American Tobacco Plc

The company announced that the August 2018 dividend will be payable on 8 August 2018 to shareholders registered on either the UK main register or the South Africa branch register on 29 June 2018 (the record date). The salient dates and other dividend declaration information announced on 22 February 2018 remain unchanged.

Major global economic news

Eurozone

In Eurozone, the seasonally adjusted current account surplus narrowed to EUR28.40bn in April, compared to a revised surplus of EUR32.80bn in the prior month.

In the Eurozone, the seasonally adjusted construction output rose 1.8% on a monthly basis in April. Construction output had recorded a revised drop of 0.2% in the previous month.

US

In the US, housing starts climbed 5.0% on a monthly basis in May, to an annual rate of 1350.00K. Housing starts had registered a revised reading of 1286.00K in the prior month.

In May, building permits fell 4.6% on monthly basis in the US, to an annual rate of 1301.00K, compared to a revised reading of 1364.00K in the prior month.

Asia

Minutes of the Bank of Japan's (BoJ) April meeting showed that most policymakers urged to keep monetary policy unchanged, however, only one official stated that additional easing was required to accelerate inflation. Meanwhile, members indicated that it was appropriate to drop the timeframe the bank had set for achieving its 2.0% inflation target. Further, most of the officials shared the view that the country's economic expansion was progressing as expected and is likely to continue.

In Australia, the Westpac leading index slid 0.22% on a monthly basis in May. The index had climbed by a revised 0.23% in the prior month.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Japan	1:50	BoJ Minutes of Policy Meeting	✓✓	-	-	As scheduled
Germany	8:00	Producer Price Index (YoY) (May)	✓✓✓	2.50%	2.00%	Monthly
Germany	8:00	Producer Price Index (MoM) (May)	✓✓✓	0.40%	0.50%	Monthly
Japan	8:30	BoJ Kuroda speaks at National Credit Union's meeting	✓✓✓	-	-	As scheduled
Japan	9:00	Convenience Store Sales (YoY) (May)	✓	-	0.70%	Monthly
Eurozone	9:30	Villeroy Speaks in Paris	✓	-	-	As scheduled
Eurozone	10:00	ECB's Lautenschläger chairs panel in Sintra	✓	-	-	As scheduled
South Africa	10:00	Consumer Price Index (MoM) (May)	✓✓✓	0.40%	0.80%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (May)	✓✓✓	4.60%	4.50%	Monthly
UK	12:00	CBI Trends Selling Prices (Jun)	✓✓	-	19.00	Monthly
UK	12:00	CBI Industrial Trends Survey - Orders (Jun)	✓	2.00	-3.00	Monthly
Eurozone	12:30	ECB's Coeure is chairing a panel in Sintra, Portugal	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (15-Jun)	✓	-	-1.50%	Weekly
US	14:30	Current Account Balance (Q1)	✓✓	-USD129.00bn	-USD128.20bn	Quarterly
Eurozone	15:30	Draghi, Lowe and Powell speak in Sintra, Portugal	✓✓✓	-	-	As scheduled
US	15:30	Fed's Powell Speech	✓✓✓	-	-	As scheduled
US	16:00	Existing Home Sales (May)	✓✓✓	5.52mn	5.46mn	Monthly
US	16:00	Existing Home Sales (MoM) (May)	✓✓✓	1.10%	-2.50%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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