

# ONE Minute Brief

28 June 2018

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## Economic and political news

Trade unions have rejected Eskom's latest wage offer of a 5.0% raise for 2018, with an inflation plus 0.6% increase for next year and inflation plus 0.7% for 2020.

The Western Cape High Court has ruled in favour of Cape Town Mayor, Patricia de Lille, stating that the termination of her membership was unlawful and invalid. Meanwhile, the DA is seeking to move another motion of no confidence against the Mayor after the Court verdict.

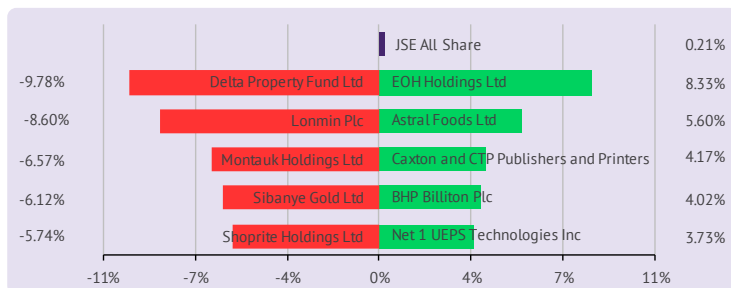
President, Cyril Ramaphosa, warned that South Africa's (SA) health system is in a crisis and stated that the National Health Insurance Fund would bring stability to the country's troubled healthcare system.

The Ntsebeza Commission of Inquiry claimed that KPMG plagiarised South African Revenue Service (SARS) 'rogue unit' report.

## South Africa Market ▲

### South African markets closed higher

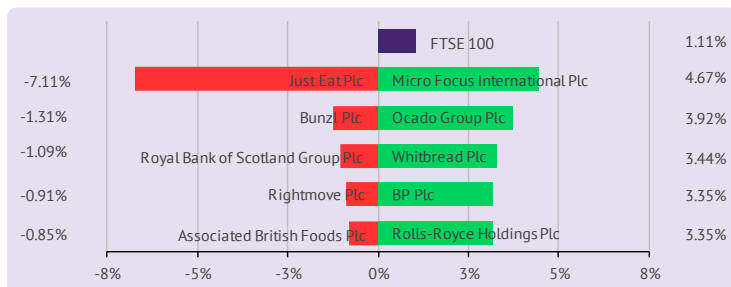
South African markets closed in the green yesterday, amid weakness in the Rand and boosted by gains in resources, mining and industrial sector stocks. The JSE All Share Index rose 0.2% to close at 55,369.26.



## UK Market ▲

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

UK markets finished higher yesterday, as trade tensions between the US and China subsided. The FTSE 100 Index advanced 1.1% to close at 7,621.69.



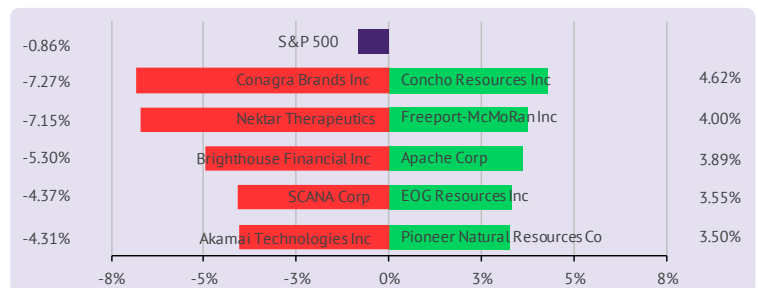
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55369.26	▲	114.59	0.21	-2.62	-1.40	-3.60	-6.95
JSE Top 40	49329.60	▲	191.01	0.39	-2.56	-0.91	-3.18	-6.10
FTSE 100	7621.69	▲	83.77	1.11	-0.79	-0.74	2.25	-0.86
DAX 30	12348.61	▲	114.27	0.93	-1.84	-2.03	-0.06	-4.41
CAC 40	5327.20	▲	45.91	0.87	-1.12	-1.32	-2.21	0.28
S&P 500	2699.63	▼	-23.43	-0.86	-2.01	-0.21	2.16	0.97
Nasdaq Composite	7445.09	▼	-116.54	-1.54	-3.22	0.04	5.32	7.85
DJIA	24117.59	▼	-165.52	-0.68	-1.88	-1.22	1.05	-2.43
MSCI Emerging Markets	1052.12	▼	-15.64	-1.46	-3.30	-6.12	-3.75	-9.18
MSCI Developed World	2076.30	▼	-12.11	-0.58	-1.83	-0.79	0.31	-1.29

## US Market ▼

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

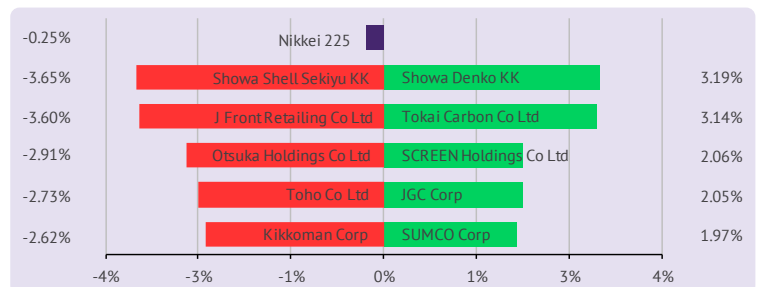
US markets closed lower yesterday, weighed down by losses in technology and financial sector stocks. Data indicated that the US advance goods trade deficit unexpectedly narrowed in May. The S&P 500 Index dropped 0.9% to close at 2,699.63.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. Data revealed that Japan's monthly retail trade dropped more than market forecast in May. The Nikkei 225 Index is trading 0.3% lower at 22,216.97.



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## USD ZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally fell against the South African Rand to trade at R13.8525. Later today, traders will keep a close watch on the US gross domestic product and initial jobless claims for further indication.

The US Dollar rose against the South African Rand yesterday. Data revealed that, the US advance goods trade deficit surprisingly narrowed in May. Further, durable goods orders recorded a less-than-expected drop for a second consecutive month in May. Meanwhile, the MBA mortgage applications registered a decline in the week ended 22 June 2018, marking its biggest fall in four months. Additionally, monthly pending home sales unexpectedly fell for a second straight month in May.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading slightly lower against the South African Rand at R18.1646. 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. On the macro front, UK's Nationwide house price index climbed more than market forecast on a monthly basis in June.

## EUR ZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R16.0245. Going forward, market participants will keep a tab on the European Central Bank's economic bulletin along with Eurozone's business climate indicator, consumer confidence and economic confidence for further clues. Moreover, Germany's consumer price index and GfK consumer confidence index will keep investors on their toes.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R10.1896.

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	13.8525	▼	2.36	3.13	9.13	1.91	11.92
GBPZAR	18.1646	▼	1.52	1.94	7.60	-1.58	8.68
EURZAR	16.0245	▲	1.55	2.25	7.82	-1.31	7.79
AUDZAR	10.1896	▲	1.65	1.70	5.85	2.42	5.27
EURUSD	1.1568	▲	-0.81	-0.83	-1.19	-3.19	-3.76
GBPUSD	1.3114	▲	-0.85	-1.12	-1.39	-3.38	-2.96
Brent (\$/barrel)	77.4	▼	1.72	2.74	0.08	3.84	16.08
Gold (\$/oz)	1254.1	▼	-0.04	-0.89	-3.38	-1.45	-4.06
Platinum (\$/oz)	854.8	▼	-1.49	-1.72	-5.69	0.63	-8.12
Copper (\$/MT)*	6693.5	▼	-0.33	-1.44	-2.21	1.10	-7.13

\*As of previous close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices fell 0.2% to trade at \$1,254.10/oz.

Yesterday, gold prices marginally fell to close at \$1,256.10/oz, as strength in the US Dollar lowered demand for the safe haven asset.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$77.42/bl.

Yesterday, Brent crude oil advanced 1.7% to settle at \$77.62/bl, after the US Energy Information Administration reported that crude supplies declined by 9.9mn bls in the week ended 22 June 2018, marking its largest weekly decline this year.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.4% to trade at \$854.80/oz.

Yesterday, platinum prices declined 1.5% to close at \$858.30/oz.



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## Major South African corporate news

### AngloGold Ashanti Limited

The company announced that it has received environmental permits for the Obuasi Gold Mine from Ghana's Environmental Protection Agency.

### Impala Platinum Holdings Limited

The company announced the appointment of Ms Meroonisha Kerber, Ms Dawn Earp and Mr Preston Speckmann to the Board of Directors of the company with effect from 1 August 2018. Additionally, the company announced the appointment of Ms Kerber as CFO and an Executive Director of the company.

### EOH Holdings Limited

The company announced the creation of two independent businesses under EOH Holdings which would be completed by 1 August 2018. Accordingly, the ICT business will operate under the EOH brand and the specialised solutions for high-growth industries businesses, will operate under the newly launched NEXTEC brand. Also, Mr Zunaid Mayet has been appointed as Chief Executive Officer (CEO) of NEXTEC and Mr Rob Godlonton has been appointed as CEO of the EOH branded business.

### Telkom SA SOC Limited

The telecommunications company announced that the Telkom board has appointed Ms Tsholofelo Molefe as the new Chief Financial Officer (CFO) and Executive Director of the company with effect from 1 July 2018. Further, Ms Molefe would be preceded by Mr Fredericks, who will step down from his position of CFO from 30 June 2018.

## Major global economic news

### UK

The Bank of England (BoE), in its Financial Stability Report, cautioned over the risks posed by Brexit to the UK financial system. Meanwhile, the BoE Governor, Mark Carney, warned that rising protectionism could hurt global growth. Further, he stated that the British government had committed to a temporary permissions regime from March 2019 onwards, however, the EU has not done enough to ensure financial stability in case of hard Brexit scenario.

In the UK, the seasonally adjusted Nationwide house prices advanced 0.5% on a monthly basis in June, compared to a fall of 0.2% in the prior month.

### US

In the US, mortgage applications slid 4.9% on a weekly basis in the week ended 22 June 2018. Mortgage applications had registered a rise of 5.1% in the previous week.

The US registered an advance goods trade deficit of USD64.80bn in May, compared to a deficit of USD67.30bn in the prior month.

In the US, pending home sales unexpectedly eased 0.5% on a monthly basis in May. In the prior month, pending home sales had recorded a drop of 1.3%.

In May, the flash durable goods orders slid 0.6% on a monthly basis in the US, less-than-expected and compared to a drop of 1.6% in the prior month.

### Asia

In Japan, retail trade recorded a drop of 1.7% on a monthly basis in May, higher than market expectations. In the previous month, retail trade had climbed 1.4%.

In May, large retailer's sales fell 2.0% on a monthly basis in Japan. In the prior month, large retailer's sales had registered a drop of 0.80%.

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## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Large Retailer's Sales (May)	✓✓	-2.00%*	-0.80%	Monthly
Japan	01:50	Retail Trade (YoY) (May)	✓✓✓	0.60%*	1.60%	Monthly
Japan	01:50	Retail Trade s.a. (MoM) (May)	✓✓✓	-1.70%*	1.40%	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Jul)	✓✓✓	10.60	10.70	Monthly
Eurozone	11:00	Consumer Confidence (Jun) (F)	✓✓✓	-0.50	-0.50**	Monthly
Eurozone	11:00	Services Sentiment Indicator (Jun)	✓	14.10	14.30	Monthly
Eurozone	11:00	Business Climate Indicator (Jun)	✓✓	1.40	1.45	Monthly
Eurozone	11:00	Economic Sentiment Indicator (Jun)	✓	112.00	112.50	Monthly
Eurozone	11:00	Industrial Confidence (Jun)	✓	6.50	6.80	Monthly
South Africa	11:30	Producer Price Index (MoM) (May)	✓✓	0.50%	1.00%	Monthly
South Africa	11:30	Producer Price Index (YoY) (May)	✓✓	4.40%	4.40%	Monthly
UK	12:00	BoE's Bailey Speaks on the Future of Payments in London	✓	-	-	As scheduled
Germany	14:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Jun) (P)	✓✓✓	0.20%	0.60%	Monthly
Germany	14:00	Consumer Price Index (MoM) (Jun) (P)	✓✓✓	0.10%	0.50%	Monthly
Germany	14:00	Consumer Price Index (YoY) (Jun) (P)	✓✓✓	2.10%	2.20%	Monthly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q1) (F)	✓✓✓	-	2.30%**	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q1) (F)	✓✓✓	2.20%	2.20%**	Quarterly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q1) (F)	✓✓✓	1.90%	1.90%**	Quarterly
US	14:30	Initial Jobless Claims (23-Jun)	✓✓✓	220.00K	218.00K	Weekly
US	14:30	Personal Consumption (QoQ) (Q1) (F)	✓✓✓	1.00%	1.00%**	Quarterly
US	14:30	Continuing Jobless Claims (16-Jun)	✓✓✓	1717.00K	1723.00K	Weekly
UK	15:30	BoE Chief Economist Andy Haldane Speaks in London	✓✓	-	-	As scheduled
US	16:45	Fed's Bullard Speaks on U.S. Economy and Monetary Policy	✓	-	-	As scheduled
US	17:00	Kansas City Fed Manufacturing Activity (Jun)	✓✓✓	26.00	29.00	Monthly
US	18:00	Fed's Bostic to Meet With Fed Up Coalition in Atlanta	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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