

ONE Minute Brief

29 June 2018

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Economic and political news

In South Africa (SA), the producer price index (PPI) rose 4.6% on an annual basis in May, higher than market expectations and compared to an advance of 4.4% in the prior month.

The National Union of Metalworkers of South Africa (NUMSA) stated that Eskom has raised its wage increase offer for 2018 to 6.2% from 4.7%. Separately, Finance Minister, Nhlanhla Nene, warned that Eskom is a 'threat' to the nation's investment strategy.

Yesterday, Trade and Industry Minister, Rob Davies, dissolved the board of the South African Bureau of Standards (SABS) with immediate effect, citing failure to exercise its fiduciary duties.

Finance Minister, Nhlanhla Nene, stated that the government was working with international institutions to trace and recover all the funds that were stolen from the country through "state capture".

Home Affairs Minister, Malusi Gigaba, stated that the Independent Electoral Commission of SA (IEC) does not have sufficient funds to run two national registration weekends ahead of the 2019 elections.

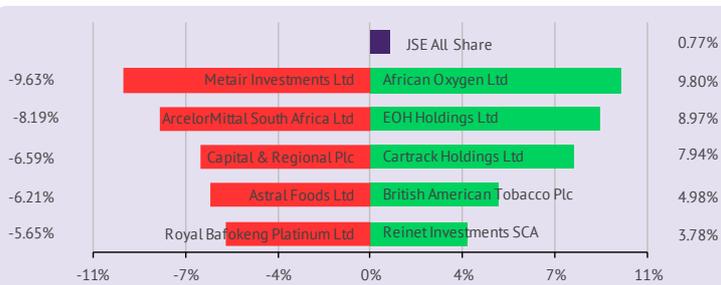
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55795.20	▲ 425.94	0.77	-1.87	-0.65	-3.60	-6.23
JSE Top 40	49776.92	▲ 447.32	0.91	-1.67	-0.01	-3.18	-5.25
FTSE 100	7615.63	▼ -6.06	-0.08	-0.87	-0.81	2.25	-0.94
DAX 30	12177.23	▼ -171.38	-1.39	-3.20	-3.39	-0.06	-5.73
CAC 40	5275.64	▼ -51.56	-0.97	-2.07	-2.27	-2.21	-0.69
S&P 500	2716.31	▲ 16.68	0.62	-1.40	0.41	2.16	1.60
Nasdaq Composite	7503.68	▲ 58.60	0.79	-2.46	0.83	5.32	8.70
DJIA	24216.05	▲ 98.46	0.41	-1.48	-0.82	1.05	-2.04
MSCI Emerging Markets	1046.71	▼ -5.41	-0.51	-3.80	-6.60	-3.75	-9.65
MSCI Developed World	2079.62	▲ 3.32	0.16	-1.67	-0.64	0.31	-1.13

South Africa Market ▲

South African markets closed higher

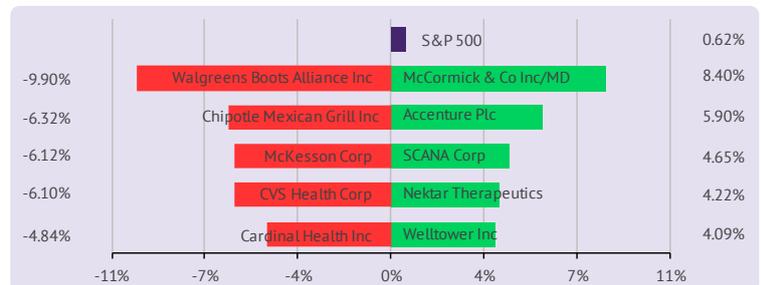
South African markets closed in the green yesterday, amid gains in banking and industrial sector stocks. Data indicated that SA's annual PPI advanced more-than-expected in May. The JSE All Share Index rose 0.8% to close at 55,795.20.



US Market ▲

The S&P 500 futures are trading in the green

US markets closed higher yesterday, boosted by gains in banking and technology sector stocks. Data showed that the US gross domestic product (GDP) growth was unexpectedly revised down in 1Q18. The S&P 500 Index climbed 0.6% to close at 2,716.31.



UK Market ▼

The FTSE 100 futures are trading in negative territory

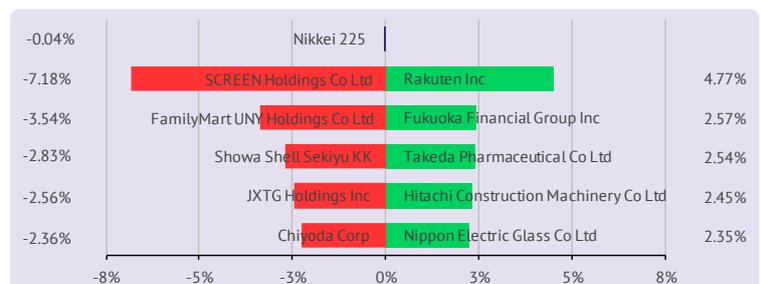
UK markets finished lower yesterday, amid ongoing concerns over global trade. The FTSE 100 Index declined 0.1% to close at 7,615.63.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that Japan's monthly industrial production fell less-than-expected in May. The Nikkei 225 Index is trading slightly lower at 22,261.64.



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USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.3% against the South African Rand to trade at R13.7309. Later today, traders will keep a close watch on the US Michigan consumer sentiment index, personal income, personal spending and the Chicago purchasing managers' index for further cues.

The US Dollar fell against the South African Rand yesterday, after data showed that the US GDP growth was revised down in the first quarter of 2018. Moreover, initial jobless claims rose higher than market forecast in the week ended 23 June 2018, recording its first advance in four weeks. Separately, in SA, the PPI climbed more than market expectations on an annual basis in May.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound marginally declined against the South African Rand to trade at R18.0070. Later today, traders will keep an eye on UK's gross domestic product, net consumer credit, current account balance and mortgage approvals for further direction. On the macro front, UK's GfK consumer confidence index declined more than expected in June.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.3% higher against the South African Rand at R15.9778, after the European Union leaders reached a deal on migration. Going forward, market participants will keep a tab on Eurozone's consumer price index along with Germany's unemployment rate and retail sales data for further indication.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's business climate indicator registered a more-than-expected decline in June. Additionally, the consumer confidence index dropped in line with market anticipations in June. Further, economic confidence index fell to a 10-month low level in the same month. Separately, Germany's annual consumer price index (CPI) advanced at a slower than expected pace in June. Further, the GfK consumer confidence index recorded an unchanged reading in July.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.1348. Earlier in the session, Australia's monthly private sector credit climbed less than market anticipations in May.

The Australian Dollar fell against the South African Rand yesterday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.7309	▼	-0.63	2.48	8.44	1.91	11.21
GBPZAR	18.0070	▼	-0.90	1.02	6.64	-1.58	7.70
EURZAR	15.9778	▲	-0.50	1.73	7.28	-1.31	7.25
AUDZAR	10.1348	▲	-0.48	1.21	5.34	2.42	4.76
EURUSD	1.1636	▲	0.13	-0.70	-1.06	-3.19	-3.63
GBPUSD	1.3114	▲	-0.27	-1.38	-1.65	-3.38	-3.22
Brent (\$/barrel)	77.7	▼	0.30	3.04	0.37	3.84	16.42
Gold (\$/oz)	1250.6	▼	-0.41	-1.29	-3.78	-1.45	-4.45
Platinum (\$/oz)	844.7	▼	-0.93	-2.63	-6.57	0.63	-8.98
Copper (\$/MT)*	6628.5	▼	-0.97	-2.40	-3.16	1.10	-8.03

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices are trading marginally lower at \$1,250.60/oz.

Yesterday, gold prices fell 0.4% to close at \$1,251.00/oz, as strength in the US Dollar dented demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.2% to trade at \$77.73/bl.

Yesterday, Brent crude oil advanced 0.3% to settle at \$77.85/bl, amid concerns over sanctions on Iran.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.7% to trade at \$844.70/oz.

Yesterday, platinum prices declined 0.9% to close at \$850.30/oz.



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Major South African corporate news

Clover Industries Limited

In its FY18 trading statement, the company stated that it expects HEPS and EPS to be at least 20.0% higher, compared to the corresponding period of the previous year.

Hudaco Industries Limited

In its 1H18 results, the company stated that its revenues increased to ZAR2.96bn, compared to ZAR2.67bn posted in the corresponding period of the previous year. Its diluted EPS rose 8.0% from the same period of the prior year to 511.00c.

Sibanye Gold Limited

The company announced that the UK Competition and Market Authority has unconditionally cleared the proposed acquisition of Lonmin by the company, following its investigation. Further, both the companies remain fully committed to the acquisition, which is expected to be completed in 2H18. Separately, it stated that various law firms in the US have threatened about possible class action lawsuits against the company.

Spur Corporation Limited

The restaurant franchise company announced that it has acquired a 51.0% stake in the fast-growing franchise restaurant group, Nikos Coalgrill Greek. Further, the purchase consideration will be calculated based on a five-times earnings multiple after year three and the company will have an option to acquire an additional 19.0% shareholding after three years. The effective date of the transaction is 1 August 2018.

Major global economic news

Eurozone

In the Eurozone, the business climate index registered a more-than-expected drop to 1.39 in June. In the prior month, the index had recorded a revised reading of 1.44.

In June, the final consumer confidence index fell to a level of -0.50 in the Eurozone, at par with market expectations. The preliminary figures had also recorded a drop to -0.50. In the prior month, the index had recorded a level of 0.20.

In the Eurozone, the economic confidence index dropped to 112.30 in June, less than market expectations. The index had recorded a reading of 112.50 in the prior month.

In Germany, the flash CPI recorded a rise of 2.1% on an annual basis in June, meeting market expectations. In the prior month, the CPI had advanced 2.2%.

In Germany, the GfK consumer confidence index remained unchanged at 10.70 in July.

US

In the US, the final GDP index rose 2.2% in on a quarterly basis 1Q18, compared to a rise of 2.3% in the prior quarter. The preliminary figures had recorded an advance of 1.9%.

In the US, the seasonally adjusted initial jobless claims rose more-than-expected to a level of 227.00K in the week ended 23 June 2018. In the previous week, initial jobless claims had recorded a reading of 218.00K.

Asia

In Australia, the private sector credit recorded a slower-than-expected rise of 0.2% on a monthly basis in May, compared to an advance of 0.4% in the previous month.

In Japan, jobless rate dropped to 2.2% in May, compared to a rate of 2.5% in the previous month.

In Japan, the preliminary industrial production dropped 0.2% on a monthly basis in May, more than market expectations. In the prior month, industrial production had climbed 0.5%.

UK

In the UK, the GfK consumer confidence index unexpectedly dropped to -9.00 in June, compared to a level of -7.00 in the previous month.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/	Previous/	Frequency
UK	01:01	GfK Consumer Confidence (Jun)	✓✓✓	-9.00*	-7.00	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (Jun)	✓✓✓	0.60%*	0.40%	Monthly
Japan	01:30	Job-To-Applicant Ratio (May)	✓	1.60*	1.59	Monthly
Japan	01:30	Unemployment Rate (May)	✓✓	2.20%*	2.50%	Monthly
Japan	01:50	Industrial Production (MoM) (May) (P)	✓✓✓	-0.20%*	0.50%	Monthly
Japan	01:50	Industrial Production (YoY) (May) (P)	✓✓✓	4.20%*	2.60%	Monthly
Japan	07:00	Consumer Confidence Index (Jun)	✓✓	43.80	43.80	Monthly
Germany	08:00	Retail Sales (MoM) (May)	✓✓✓	-0.50%	2.30%	Monthly
Germany	08:00	Retail Sales (YoY) (May)	✓✓✓	1.90%	1.20%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (May)	✓	6.20%	6.39%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (May)	✓	4.92%	5.07%	Monthly
Germany	09:55	Unemployment Rate s.a. (Jun)	✓✓✓	5.20%	5.20%	Monthly
Germany	09:55	Unemployment Change (Jun)	✓✓✓	-8.00K	-11.00K	Monthly
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.10%	0.10%**	Quarterly
UK	10:30	Gross Domestic Product s.a. (YoY) (Q1) (F)	✓✓✓	1.20%	1.20%**	Quarterly
UK	10:30	Net Consumer Credit (May)	✓✓	GBP1.50bn	GBP1.80bn	Monthly
UK	10:30	Net Lending Sec. on Dwellings (May)	✓✓	GBP3.70bn	GBP3.90bn	Monthly
UK	10:30	Mortgage Approvals (May)	✓✓✓	62.20K	62.50K	Monthly
UK	10:30	Current Account (Q1)	✓✓	-GBP17.90bn	-GBP18.40bn	Quarterly
Eurozone	11:00	Consumer Price Index (YoY) (Jun) (F)	✓✓✓	2.00%	1.20%**	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Jun) (P)	✓✓✓	2.00%	1.90%	Monthly
South Africa	14:00	Trade Balance (May)	✓✓	ZAR5.80bn	ZAR1.10bn	Monthly
US	14:30	Personal Income (MoM) (May)	✓✓	0.40%	0.30%	Monthly
US	14:30	Personal Spending (May)	✓✓	0.40%	0.60%	Monthly
US	15:45	Chicago PMI (Jun)	✓✓✓	60.00	62.70	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Jun) (F)	✓✓✓	99.00	99.30**	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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