

ONE Minute Brief

8 June 2018

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Economic and political news

In South Africa (SA), manufacturing production recorded a rise of 1.1% on an annual basis in April, compared to a revised drop of 1.6% in the previous month. Gross gold & forex reserve unexpectedly climbed to a level of USD51.15bn in May, compared to a reading of USD49.54bn in the previous month. Net gold & forex reserves dropped less-than-expected to USD42.87bn in May, compared to a level of USD43.12bn in April.

Eskom's Chief Executive Officer, Phakamani Hadebe, stated that the company is planning to sell its foreign debt in around two months, citing an improvement in investor sentiment. Further, he added that Eskom will reduce its annual capital expenditure to ZAR45bn, from ZAR55bn in the current financial year.

According to a news report, French company, Thint, wants the National Prosecuting Authority to drop the 'arms deal' case against it, after being accused of bribing ZAR500,000 to former President Jacob Zuma.

President, Cyril Ramaphosa has assured the white Afrikaner community that the government's land reform is not a threat, but a way to harness the country's economic potential.

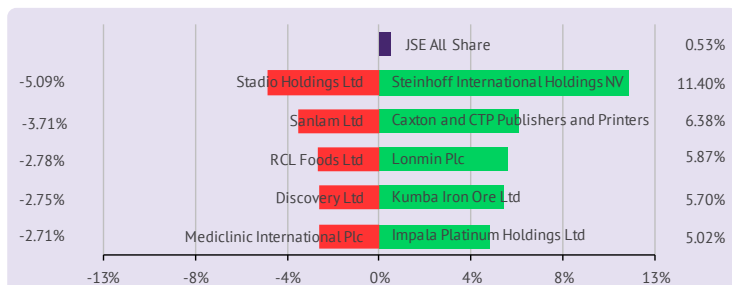
Key indices

| | Last close | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------|------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 58391.64 | ▲ | 309.77 | 0.53 | 1.94 | 3.98 | -3.60 | -1.87 |
| JSE Top 40 | 52037.69 | ▲ | 300.92 | 0.58 | 2.29 | 4.53 | -3.18 | -0.94 |
| FTSE 100 | 7704.40 | ▼ | -7.97 | -0.10 | 0.03 | 0.34 | 2.25 | 0.22 |
| DAX 30 | 12811.05 | ▼ | -19.02 | -0.15 | 0.68 | 1.64 | -0.06 | -0.83 |
| CAC 40 | 5448.36 | ▼ | -9.20 | -0.17 | -0.31 | 0.93 | -2.21 | 2.56 |
| S&P 500 | 2770.37 | ▼ | -1.98 | -0.07 | 1.31 | 2.41 | 2.16 | 3.62 |
| Nasdaq Composite | 7635.07 | ▼ | -54.17 | -0.70 | 1.07 | 2.59 | 5.32 | 10.60 |
| DJIA | 25241.41 | ▲ | 95.02 | 0.38 | 2.46 | 3.38 | 1.05 | 2.11 |
| MSCI Emerging Markets | 1149.68 | ▼ | -0.48 | -0.04 | 1.72 | 2.59 | -3.75 | -0.76 |
| MSCI Developed World | 2137.57 | ▲ | 0.83 | 0.04 | 1.35 | 2.13 | 0.31 | 1.62 |

South Africa Market ▲

South African markets closed higher

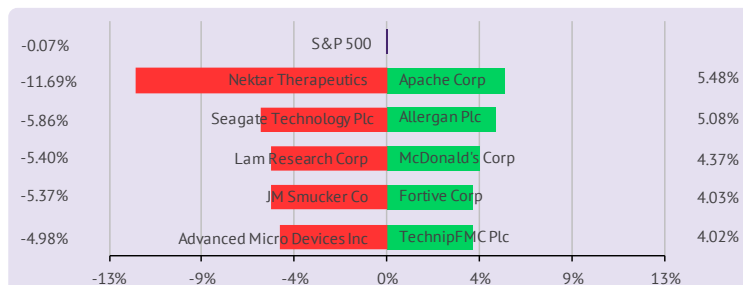
South African markets closed in the green yesterday, boosted by gains in platinum mining and resource sector stocks. On the data front, SA's annual manufacturing output advanced in April. The JSE All Share Index rose 0.5% to close at 58,391.64.



US Market ▼

The S&P 500 futures are trading in the red

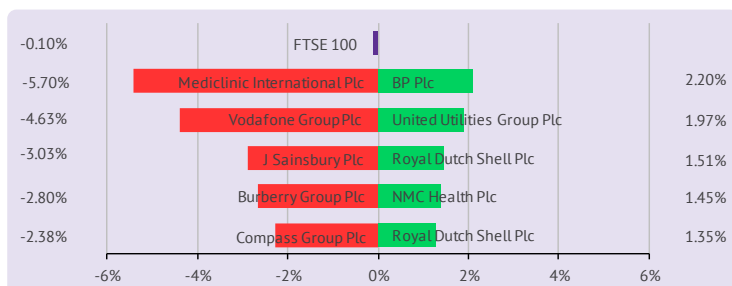
US markets closed mostly lower yesterday, weighed down by losses in technology sector stocks. Data revealed that consumer credit climbed less-than-expected in April. The S&P 500 Index dropped 0.1% to close at 2,770.37.



UK Market ▼

The FTSE 100 futures are trading in negative territory

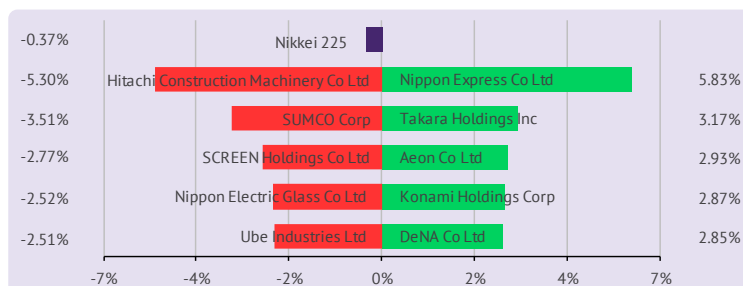
UK markets finished lower yesterday, after delayed opening of trade, following a technical glitch and amid strength in the British Pound. The FTSE 100 Index declined 0.1% to close at 7,704.40.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data indicated that Japan's quarterly gross domestic product (GDP) fell more-than-expected in 1Q18. The Nikkei 225 Index is trading 0.4% lower at 22,739.08



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USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R12.9728. Amid lack of macroeconomic releases in the US today, investor sentiment will be determined by macroeconomic factors.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US initial jobless claims dropped to a four-week low level in the week ended 2 June 2018. Further, consumer credit climbed less than market expectations in April, marking its slowest gain since September 2017. Separately, in SA, manufacturing production advanced in April. Further, gross gold & forex reserves surprisingly rose in May, while net gold & forex reserves registered a decline in the same month.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.3% lower against the South African Rand at R17.4042. Later today, traders will keep an eye on UK's consumer inflation expectations for further direction.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's Halifax house price index jumped more than market forecast on a monthly basis in May.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R15.3057. Going forward, market participants will keep a tab on Germany's trade balance and industrial production for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's final GDP advanced in line with market forecast on a quarterly basis in the first three months of 2018. Separately, Germany's monthly factory orders registered an unexpected decline in April.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.4% against the South African Rand to trade at R9.8722. Meanwhile, in China, Australia's largest trading partner, trade surplus unexpectedly narrowed in May.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's trade surplus narrowed more than market anticipations in April.

Key currencies & commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-------------------|---------|---|--------------|--------------|--------------|----------------------|--------------|
| USDZAR | 12.9728 | ▼ | 2.09 | 2.27 | 2.18 | 1.91 | 4.79 |
| GBPZAR | 17.4042 | ▼ | 2.41 | 3.06 | 3.36 | -1.58 | 4.39 |
| EURZAR | 15.3057 | ▼ | 2.45 | 3.62 | 3.24 | -1.31 | 3.22 |
| AUDZAR | 9.8722 | ▼ | 1.77 | 3.24 | 3.17 | 2.42 | 2.60 |
| EURUSD | 1.1799 | ▼ | 0.22 | 1.21 | 0.92 | -3.19 | -1.71 |
| GBPUSD | 1.3416 | ▼ | 0.07 | 0.58 | 0.94 | -3.38 | -0.67 |
| Brent (\$/barrel) | 77.2 | ▼ | 2.60 | 0.69 | -0.31 | 3.84 | 15.63 |
| Gold (\$/oz) | 1300.4 | ▲ | 0.12 | 0.30 | -0.11 | -1.45 | -0.81 |
| Platinum (\$/oz) | 900.0 | ▼ | -0.80 | -0.71 | -1.08 | 0.63 | -3.63 |
| Copper (\$/MT)* | 7330.5 | ▲ | 1.65 | 6.51 | 7.10 | 1.10 | 1.71 |

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.1% to trade at \$1,300.40/oz.

Yesterday, gold prices rose 0.1% to close at \$1,298.70/oz, as weakness in the US Dollar, increased demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.2% to trade at \$77.20/bL.

Yesterday, Brent crude oil advanced 2.6% to settle at \$77.32/bL, amid geopolitical worries regarding supply in Iran and Venezuela.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$900.00/oz.

Yesterday, platinum prices declined 0.8% to close at \$900.30/oz.



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Major South African corporate news

Bidvest Group Ltd

In its trading update for 10M18, the company stated that overall, the year to date operating performance has been satisfactory. Further, the firm's trading profit continued to grow, albeit at a slower pace than that reported in December 2017.

Steinhoff International Holdings NV

The company announced that the formal letters of support to Steinhoff Europe AG and Steinhoff Finance Holding GmbH has come into effect, whereby the relevant creditors agree to provide the company with a number of interim support measures till 30 June 2018.

Major global economic news

Asia

In Japan, final GDP recorded a more-than-anticipated drop of 0.2% on a quarterly basis in 1Q18. In the previous quarter, GDP had registered a revised rise of 0.1%. The preliminary figures had also recorded a drop of 0.2%.

In Japan, trade surplus narrowed to JPY573.80bn in April, more than market forecast and compared to a surplus of JPY1190.70bn in the prior month.

In April, adjusted current account surplus rose less than market expectations to JPY1885.50bn in Japan, compared to an adjusted surplus of JPY1772.30bn in the prior month.

In China, trade surplus unexpectedly narrowed to USD24.92bn in May. China had reported a revised trade surplus of USD28.38bn in April.

Eurozone

In the Eurozone, seasonally adjusted final GDP rose 0.4% on a quarterly basis in 1Q18, meeting market expectations and compared to a rise of 0.6% in the previous quarter. The preliminary figures had also recorded a rise of 0.4%.

In Germany, seasonally adjusted factory orders recorded an unexpected drop of 2.5% on a monthly basis in April. In the previous month, factory orders had fallen by a revised 1.1%.

US

In the US, seasonally adjusted initial jobless claims registered a drop to 222.00K in the week ended 02 June 2018, compared to a revised level of 223.00K in the prior week.

In April, consumer credit recorded a less-than-expected rise of USD9.26bn in the US, compared to a revised advance of USD12.28bn in the previous month.

UK

In the UK, the Halifax house price index climbed 1.5% on a monthly basis in May, higher than market expectations. In the prior month, the index had fallen 3.1%.

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Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous/ **Previous est. | Frequency |
|--|-------|---|-----------|-----------------------|------------------------------|--------------|
|  Japan | 01:50 | Bank Lending including Trusts (YoY) (May) | ✓ | 2.00%* | 2.10% | Monthly |
|  Japan | 01:50 | Bank Lending ex-Trust (YoY) (May) | ✓ | 1.90%* | 2.00% | Monthly |
|  Japan | 01:50 | Gross Domestic Product Deflator (YoY) (Q1) (F) | ✓ | 0.50%* | 0.50%** | Quarterly |
|  Japan | 01:50 | Nominal Gross Domestic Product (QoQ) (Q1) (F) | ✓✓ | -0.40%* | -0.40%** | Quarterly |
|  Japan | 01:50 | Gross Domestic Product (QoQ) (Q1) (F) | ✓✓ | -0.20%* | -0.20%** | Quarterly |
|  Japan | 01:50 | Gross Domestic Product Annualised (Q1) (F) | ✓✓✓ | -0.60%* | -0.60%** | Quarterly |
|  Japan | 01:50 | Adjusted Current Account Total (Apr) | ✓ | JPY1885.50bn* | JPY1772.30bn | Monthly |
|  Japan | 01:50 | Current Account n.s.a. (Apr) | ✓ | JPY1845.10bn* | JPY3122.30bn | Monthly |
|  Japan | 01:50 | Trade Balance - BOP Basis (Apr) | ✓✓✓ | JPY573.80bn* | JPY1190.70bn | Monthly |
|  China | 05:00 | Exports (YoY) (May) | ✓✓ | 12.60%* | 12.70% | Monthly |
|  China | 05:00 | Imports (YoY) (May) | ✓✓ | 26.00%* | 21.50% | Monthly |
|  China | 05:00 | Trade Balance (May) | ✓✓ | USD24.92bn* | USD28.38bn | Monthly |
|  Japan | 06:30 | Bankruptcies (YoY) (May) | ✓✓ | - | -4.41% | Monthly |
|  Japan | 07:00 | Eco Watchers Survey: Current (May) | ✓✓ | 49.20 | 49.00 | Monthly |
|  Japan | 07:00 | Eco Watchers Survey: Outlook (May) | ✓✓ | 50.30 | 50.10 | Monthly |
|  Germany | 08:00 | Labour Costs s.a. (QoQ) (Q1) | ✓✓ | - | 0.40% | Quarterly |
|  Germany | 08:00 | Labour Costs w.d.a. (YoY) (Q1) | ✓ | - | 1.50% | Quarterly |
|  Germany | 08:00 | Industrial Production (Apr) | ✓ | - | 106.70 | Monthly |
|  Germany | 08:00 | Exports (Apr) | ✓ | - | EUR116.10bn | Monthly |
|  Germany | 08:00 | Imports (Apr) | ✓ | - | EUR90.90bn | Monthly |
|  Germany | 08:00 | Industrial Production n.s.a. and w.d.a. (YoY) (Apr) | ✓✓✓ | 2.80% | 3.20% | Monthly |
|  Germany | 08:00 | Industrial Production s.a. (MoM) (Apr) | ✓✓✓ | 0.30% | 1.00% | Monthly |
|  Germany | 08:00 | Current Account n.s.a. (Apr) | ✓ | EUR20.00bn | EUR29.10bn | Monthly |
|  Germany | 08:00 | Trade Balance n.s.a. (Apr) | ✓✓✓ | EUR20.20bn | EUR25.20bn | Monthly |
|  Eurozone | 09:15 | ECB's Mersch Speaks in Paris | ✓✓ | - | - | As scheduled |
|  US | 16:00 | Wholesale Inventories (MoM) (Apr) (F) | ✓✓✓ | 0.00% | 0.00%** | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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