

ONE Minute Brief

2 July 2018

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Economic and political news

In South Africa (SA), private sector credit rose 4.56% on a yearly basis in May, compared to a rise of 5.07% in the prior month. Growth in annual M3 money supply slowed to 5.73% in May, from 6.39% in April. In May, trade surplus widened to ZAR3.52bn, compared to a revised surplus of ZAR1.17bn in the prior month.

The energy department announced that retail petrol prices in SA will increase by more than 1.5%, while wholesale diesel prices will rise by 1.8%, with effect from 4 July 2018.

South African Broadcasting Corporation (SABC) Board member, Victor Rambau, has tendered his resignation, reducing the board to only eight members.

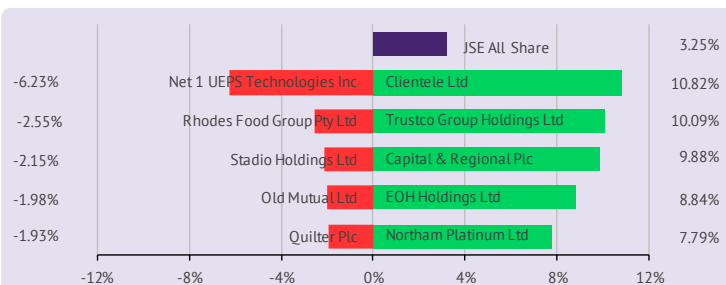
The Department of Mineral Resources has halted new applications for petroleum exploration and development in order to change its licensing process.

Freedom Under Law has instructed its attorneys to prepare an application to seek contempt of court orders against National Director of Public Prosecutions, Shaun Abrahams and his suspended Deputy, Nomgcobo Jiba.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in platinum mining and banking sector stocks. Data indicated that SA's trade surplus widened less-than-expected in May. The JSE All Share Index rose 3.3% to close at 57,610.98.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher on Friday, amid gains in mining and banking sector stocks. On the macro front, UK economic growth was revised higher in 1Q18. The FTSE 100 Index rose 0.3% to close at 7,636.93.



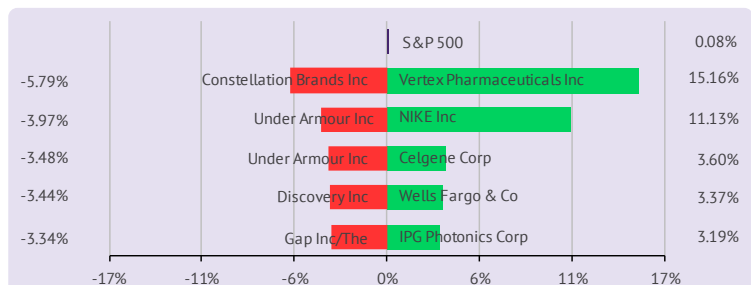
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57610.98	▲	1815.78	3.25	NA	NA	2.59	-3.18
JSE Top 40	51516.06	▲	1739.14	3.49	NA	NA	3.48	-1.94
FTSE 100	7636.93	▲	21.30	0.28	NA	NA	-0.54	-0.66
DAX 30	12306.00	▲	128.77	1.06	NA	NA	-2.37	-4.73
CAC 40	5323.53	▲	47.89	0.91	NA	NA	-1.39	0.21
S&P 500	2718.37	▲	2.06	0.08	NA	NA	0.48	1.67
Nasdaq Composite	7510.30	▲	6.62	0.09	NA	NA	0.92	8.79
DJIA	24271.41	▲	55.36	0.23	NA	NA	-0.59	-1.81
MSCI Emerging Markets	1069.52	▲	22.81	2.18	NA	NA	-4.57	-7.68
MSCI Developed World	2089.30	▲	9.68	0.47	NA	NA	-0.17	-0.67

US Market ▲

The S&P 500 futures are trading in the red

US markets closed higher on Friday, led by gains in financial sector stocks. Data showed that the US Chicago Fed purchasing managers index (PMI) unexpectedly rose in June. The S&P 500 Index climbed 0.1% to close at 2,718.37.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. On the data front, Japan's Nikkei manufacturing index eased in June. The Nikkei 225 Index is trading 0.6% lower at 22,174.58.



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USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R13.7354. Later today, traders will keep a close watch on the US Markit manufacturing PMI, construction spending, ISM manufacturing and ISM employment data for further cues.

The US Dollar fell against the South African Rand on Friday. Data indicated that the US Michigan consumer sentiment index registered a more-than-expected decline in June. Further, personal spending rose less than market forecast in the same month. While, personal income advanced in line with market expectations in May. Additionally, the Chicago PMI surprisingly jumped to a 6-month high level in June. Separately, in SA, annual private sector credit recorded a less-than-expected rise in May. Additionally, M3 money supply advanced less than market forecast on a yearly basis in the same month. Moreover, trade surplus widened less than market anticipations in May.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R18.0970. Ahead in the day, traders will keep an eye on UK's Markit manufacturing PMI for further direction.

The British Pound advanced against the South African Rand on Friday, following a surprise upward revision in the UK's first quarter gross domestic product (GDP) growth. Other data showed that current account deficit narrowed more than market expectations in 1Q18. Moreover, mortgage approvals surprisingly climbed in May. Meanwhile, the nation's net consumer credit rose less-than-anticipated in May.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R16.0058. Going forward, market participants will keep a tab on Eurozone's producer price index, unemployment rate and Markit manufacturing PMI across the Eurozone for further indication.

The Euro strengthened against the South African Rand on Friday. On the macro front, Eurozone's consumer price index (CPI) advanced in line with market expectations on a yearly basis in June. Separately, Germany's unemployment rate remained unchanged in June, recording its lowest level since German reunification in 1990. Further, retail sales unexpectedly dropped on a yearly basis in May.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.3% against the South African Rand to trade at R10.1309. Earlier in the session, Australia's AiG performance of manufacturing index recorded a fall in June. Meanwhile, in China, Australia's largest trading partner, the Caixin manufacturing PMI unexpectedly eased in June.

The Australian Dollar rose against the South African Rand on Friday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.7354	▲	-0.33	NA	NA	8.08	10.84
GBPZAR	18.0970	▼	0.66	NA	NA	7.34	8.42
EURZAR	16.0058	▼	0.66	NA	NA	7.98	7.96
AUDZAR	10.1309	▼	0.40	NA	NA	5.77	5.19
EURUSD	1.1653	▼	0.99	NA	NA	-0.08	-2.67
GBPUSD	1.3175	▼	0.99	NA	NA	-0.68	-2.26
Brent (\$/barrel)	78.2	▼	1.77	NA	NA	2.15	18.48
Gold (\$/oz)	1252.4	▼	0.28	NA	NA	-3.51	-4.19
Platinum (\$/oz)	852.4	=	0.25	NA	NA	-6.34	-8.76
Copper (\$/MT)*	6625.0	▼	-0.05	NA	NA	-3.21	-8.08

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.2% lower to trade at \$1,252.40/oz.

Yesterday, gold prices rose 0.3% to close at \$1,254.50/oz, amid weakness in the greenback.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.3% lower to trade at \$78.17/bl, after Saudi king promised US President, Donald Trump that he can boost oil output if needed.

Yesterday, Brent crude oil advanced 1.8% to settle at \$79.23/bl, amid concerns that US sanctions against Iran would pull out a substantial volume of crude oil from world markets. Additionally, Baker Hughes reported that the number of oil rigs declined by 4 to 858 in the week ended 29 June 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$852.40/oz.

Yesterday, platinum prices climbed 0.3% to close at \$852.40/oz.



ONE Minute Brief

2 July 2018



Major South African corporate news

Anglo American Platinum Limited

In its 1H18 trading statement, the company stated that it expects HEPS and EPS to be at least 20.0% higher compared to the same period for the previous year.

BHP Billiton Plc

The company announced that it has agreed to fund a total of USD211.00mn in financial support for the Renova Foundation and Samarco Mineração SA until 31 December 2018. From which, USD158.00mn will be used to fund the Renova Foundation to undertake the remediation and compensation programs and the remaining USD53.00mn will be made available to Samarco to carry out ongoing repair works, maintain facilities and support restart planning.

Lonmin Plc

The company announced that it has entered into an agreement to sell its 50.0% interest stake in Petrozim Line Limited for a gross cash consideration of USD14.75mn to the National Oil Infrastructure Company of Zimbabwe Limited.

Sibanye Gold Limited

The company announced that it has entered into an arrangement agreement with Regulus Resources Inc. and a newly formed subsidiary of Regulus, Aldebaran Resources Inc to unlock value at its Altar copper-gold project. Further, under the terms of agreement, Aldebaran will have the option to earn into a maximum 80.0% interest in a wholly-owned subsidiary of Peregrine Metals Limited, which owns the Altar Project.

Steinhoff International Holdings NV

In its 1H18 results, the company reported that its revenues advanced 2.0% to EUR10.10bn, compared to the same period of the preceding year. Its net loss for the period increased to EUR599.00mn, compared to net loss of EUR362.00mn recorded in the corresponding period of the previous year.

Major global economic news

UK

In the UK, final GDP advanced 0.2% on a quarterly basis in 1Q18, higher than market expectations. GDP had recorded a rise of 0.4% in the previous quarter. The preliminary figures had indicated an advance of 0.1%.

In the UK, net consumer credit climbed GBP1.40bn in May, less than market forecast and compared to an advance of GBP1.80bn in the previous month.

In the UK, current account deficit narrowed more-than-expected to GBP17.72bn in 1Q18, compared to a revised deficit of GBP19.50bn in the previous quarter.

In May, number of mortgage approvals for house purchases recorded an unexpected rise to a level of 64.50K in the UK. In the previous month, number of mortgage approvals had registered a revised level of 62.90K.

Eurozone

In the Eurozone, the preliminary CPI climbed 2.0% on an annual basis in June, in line with market expectations. The CPI had climbed 1.9% in the prior month.

In Germany, seasonally adjusted unemployment rate remained steady at 5.2% in June, meeting market expectations.

In Germany, retail sales registered a drop of 2.1% on a monthly basis in May, higher than market expectations. In the prior month, retail sales had registered a rise of 2.3%.

US

In the US, the final Michigan consumer sentiment index climbed to 98.20 in June, less than market expectations. In the previous month, the index had registered a reading of 98.00. The preliminary figures had indicated a rise to 99.30.

In May, personal income rose 0.4% on a monthly basis in the US, meeting market expectations and compared to a revised rise of 0.2% in the prior month.

In the US, personal spending rose 0.2% on a monthly basis in May, less than market expectations. Personal spending had advanced by a revised 0.5% in the previous month.

In the US, the Chicago Fed PMI unexpectedly rose to a level of 64.10 in June. The index had recorded a level of 62.70 in the previous month.

Asia

In China, the Markit manufacturing PMI index registered an unexpected drop to 51.00 in June, compared to a level of 51.10 in the prior month.

In Australia, the AIG performance of manufacturing index fell to a level of 57.40 in June, compared to a level of 57.50 in the previous month.

In Japan, the final manufacturing PMI climbed to 53.00 in June. In the prior month, manufacturing PMI had registered a reading of 52.80. The preliminary figures had indicated an advance to 53.10.



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2 July 2018



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40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Murray & Roberts Holdings Ltd	1751	-0.62	NA	44.59
Trustco Group Holdings Ltd	1200	23.71	NA	34.83
BHP Billiton Plc	31076	4.53	NA	27.43
Clover Industries Ltd	1640	2.24	NA	27.23
Mondi Plc	37281	3.23	NA	24.41
Mondi Ltd	37159	3.68	NA	23.55
Anglo American Plc	30743	1.40	NA	23.03
Lewis Group Ltd	3111	1.60	NA	21.93
Reunert Ltd	8027	3.76	NA	18.91
Sasol Ltd	50286	7.48	NA	18.88
RCL Foods Ltd	1728	-4.95	NA	14.59
Astral Foods Ltd	28543	4.66	NA	14.34
Netcare Ltd	2762	-0.65	NA	12.31
PSG Konsult Ltd	966	-1.43	NA	11.97
Emira Property Fund Ltd	1434	-1.10	NA	11.46
Octodec Investments Ltd	2000	-0.99	NA	11.36
Stenprop Ltd	2098	1.16	NA	11.35
South32 Ltd	3681	1.27	NA	11.31
Clicks Group Ltd	19653	-3.18	NA	10.47
Famous Brands Ltd	11329	1.14	NA	10.00
Pick n Pay Stores Ltd	7478	-5.27	NA	9.69
AECI Ltd	10575	0.71	NA	9.04
JSE Ltd	16211	-1.49	NA	8.99
Santam Ltd	28542	-0.59	NA	8.95
Investec Plc	9762	-0.54	NA	8.76
African Oxygen Ltd	2970	7.96	NA	7.98
Hudaco Industries Ltd	15145	-0.36	NA	7.75
Hammerson Plc	9429	-1.27	NA	7.44
EPP NV	1739	-0.63	NA	7.08
Investec Ltd	9606	-0.34	NA	7.07
RDI REIT Plc	630	0.16	NA	6.89
Telkom SA SOC Ltd	4904	1.11	NA	6.78
Sappi Ltd	9150	2.29	NA	4.49
Glencore Plc	6595	-4.03	NA	4.45
Adcock Ingram Holdings Ltd	6015	-1.94	NA	4.41
Sun International Ltd	6109	2.59	NA	4.20
Cie Financiere Richemont SA	11630	-1.84	NA	4.07
PPC Ltd	723	4.18	NA	3.73
Transaction Capital Ltd	1710	0.12	NA	3.66
Anglo American Platinum Ltd	35900	8.68	NA	2.55
JSE All Share Index	57611	1.33	NA	-3.18

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2 July 2018

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Jun) (F)	✓✓✓	53.00*	53.10**	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Jun)	✓✓✓	51.00*	51.10	Monthly
Germany	09:55	Markit Manufacturing PMI (Jun) (F)	✓✓✓	55.90	55.90**	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Jun) (F)	✓✓✓	55.00	55.00**	Monthly
UK	10:30	Markit Manufacturing PMI (Jun)	✓✓✓	54.00	54.40	Monthly
Eurozone	11:00	Unemployment Rate (May)	✓✓✓	8.50%	8.50%	Monthly
South Africa	11:00	PMI Manufacturing (Jun)	✓✓	-	49.80	Monthly
Eurozone	11:00	Producer Price Index (MoM) (May)	✓✓✓	0.50%	0.00%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (May)	✓✓✓	2.70%	2.00%	Monthly
US	15:45	Markit Manufacturing PMI (Jun) (F)	✓✓✓	54.70	54.60**	Monthly
US	16:00	ISM Employment (Jun)	✓	-	56.30	Monthly
US	16:00	ISM Backlog Orders (Jun)	✓	-	66.50	Monthly
US	16:00	ISM Inventories (Jun)	✓	-	50.20	Monthly
US	16:00	ISM Production (Jun)	✓	-	61.50	Monthly
US	16:00	ISM New Orders (Jun)	✓	-	63.70	Monthly
US	16:00	ISM Imports (Jun)	✓	-	54.10	Monthly
US	16:00	ISM New Export Orders (Jun)	✓	-	55.60	Monthly
US	16:00	Construction Spending (MoM) (May)	✓✓	0.50%	1.80%	Monthly
US	16:00	ISM Manufacturing PMI (Jun)	✓✓✓	58.50	58.70	Monthly
US	16:00	ISM Prices Paid (Jun)	✓✓	74.80	79.50	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Jun)	✓	-	2.40%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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