

ONE Minute Brief

4 July 2018

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Economic and political news

Moody's warned that weakness in the South African rand and rising bond yields might hurt South Africa's ability to raise funds and service its foreign debt. Further, the agency cautioned that tightening external financing conditions could affect the overall cost of debt for the government.

Suspended South African Revenue Service Commissioner, Tom Moyane, has demanded that President, Cyril Ramaphosa halt one of two inquiries against him or face legal action.

According to a news report, Eskom is considering debt extensions and staff layoffs, citing financial problems.

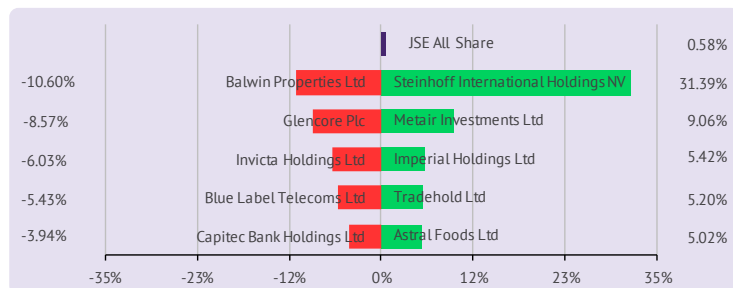
The African National Congress has welcomed the appointment of former Democratic Alliance (DA) Member of the Provincial Legislature, Lennit Max as special advisor to Police Minister Bheki Cele. Meanwhile, the DA leader, Bonginkosi Madikizela has asked Lennit Max to resign from the party.

Eskom cautioned that infrastructure and electricity theft are a leading cause of blackouts.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, platinum mining and retail sector stocks. The JSE All Share Index rose 0.6% to close at 57,488.76.



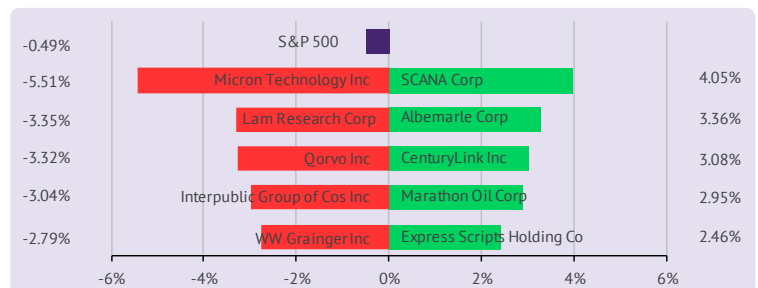
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57488.76	▲	329.17	0.58	-0.21	-0.21	2.59	-3.39
JSE Top 40	51286.82	▲	306.95	0.60	-0.44	-0.44	3.48	-2.37
FTSE 100	7593.29	▲	45.44	0.60	-0.57	-0.57	-0.54	-1.23
DAX 30	12349.14	▲	110.97	0.91	0.35	0.35	-2.37	-4.40
CAC 40	5316.77	▲	40.01	0.76	-0.13	-0.13	-1.39	0.08
S&P 500	2713.22	▼	-13.49	-0.49	-0.19	-0.19	0.48	1.48
Nasdaq Composite	7502.67	▼	-65.01	-0.86	-0.10	-0.10	0.92	8.68
DJIA	24174.82	▼	-132.36	-0.54	-0.40	-0.40	-0.59	-2.20
MSCI Emerging Markets	1057.70	▼	-1.62	-0.15	-1.10	-1.10	-4.57	-8.70
MSCI Developed World	2082.05	▼	-0.03	0.00	-0.35	-0.35	-0.17	-1.02

US Market ▼

The S&P 500 futures are trading in the green

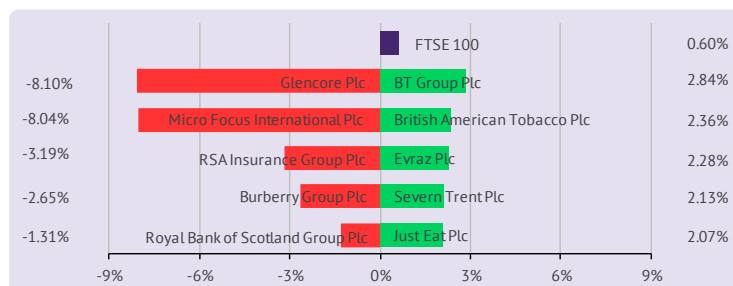
US markets closed lower yesterday, weighed down by losses in technology sector stocks. Data revealed that the US factory orders surprisingly climbed in May. The S&P 500 Index dropped 0.5% to close at 2,713.22.



UK Market ▲

The FTSE 100 futures are trading in positive territory

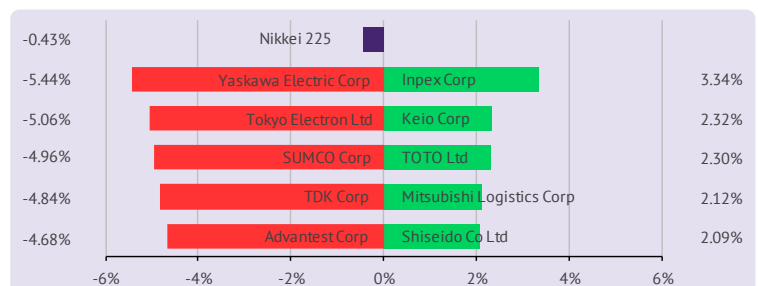
UK markets finished higher yesterday, as risk appetite improved among investors. Data showed that UK's construction PMI unexpectedly rose in June. The FTSE 100 Index advanced 0.6% to close at 7,593.29.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data indicated that Japan's Nikkei services PMI advanced in June. The Nikkei 225 Index is trading 0.4% lower at 21,691.51.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar dropped 0.2% against the South African Rand to trade at R13.6514. Later today, traders will keep a close watch on the US mortgage applications for further direction.

The US Dollar fell against the South African Rand yesterday, ahead of the US Federal Reserve's June meeting minutes and jobs data. Data indicated that the US durable goods orders recorded a less-than-expected decline in May. On the flipside, factory orders rebounded in the same month.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R18.0260. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further cues. Data revealed that UK's BRC shop price index eased on an annual basis in June.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's construction PMI surprised with a rise in June, notching its highest level since November 2017.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand to trade at R15.9251. Going forward, market participants will keep a tab on the Markit services PMI across the Eurozone for further indication.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's producer price index (PPI) recorded a more-than-expected advance on a yearly basis in May, marking its strongest level since May 2017. Meanwhile, monthly retail sales recorded a flat reading in the same month.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R10.1070. Earlier in the session, Australia's trade surplus widened less than market expectations in May. Meanwhile, retail sales advanced more than market forecast on a monthly basis in May. Additionally, the AiG performance of service index jumped in June. Meanwhile, in China, Australia's largest trading partner, Caixin services PMI unexpectedly rose to a four-month high level in June.

The Australian Dollar fell against the South African Rand yesterday. Yesterday, the Reserve Bank of Australia (RBA), at its June rate decision, opted to keep the benchmark interest rate steady at 1.50%, as widely expected.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.6514	▼	-1.13	-0.36	-0.36	8.08	10.44
GBPZAR	18.0260	▼	-0.73	-0.47	-0.47	7.34	7.91
EURZAR	15.9251	▼	-0.92	-0.53	-0.53	7.98	7.38
AUDZAR	10.1070	▲	-0.51	-0.64	-0.64	5.77	4.51
EURUSD	1.1665	▲	0.16	-0.22	-0.22	-0.08	-2.89
GBPUSD	1.3203	▲	0.38	-0.11	-0.11	-0.68	-2.37
Brent (\$/barrel)	78.1	▲	0.60	-1.86	-1.86	2.15	16.29
Gold (\$/oz)	1258.2	▲	0.95	-0.08	-0.08	-3.51	-4.26
Platinum (\$/oz)	841.8	-	4.05	-1.24	-1.24	-6.34	-9.89
Copper (\$/MT)*	6487.3	▼	-0.57	-2.08	-2.08	-3.21	-9.99

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,258.20/oz.

Yesterday, gold prices rose 1.0% to close at \$1,253.50/oz, amid weakness in the greenback and drop in the US bond yields.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$78.07/bl.

Yesterday, Brent crude oil advanced 0.6% to settle at \$77.76/bl, amid supply disruptions and after the American Petroleum Institute reported that the US crude supplies dropped by 4.5mn bls in the week ended 29 June 2018. Separately, Saudi Arabia and Russia have reaffirmed an agreement between OPEC and other oil producers to raise oil production by 1.00mn bls a day.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$841.80/oz.

Yesterday, platinum prices climbed 4.1% to close at \$841.80/oz, amid weakness in the US Dollar.

Major South African corporate news

Discovery Limited

The company announced that Rand Merchant Investment Holdings Limited (RMI) has decreased its beneficial interest in the company from 25.0% to 0.0% in terms of an internal group restructure.

Major global economic news

Asia

RBA, at its June rate decision, opted to keep the key interest rate unchanged at 1.50%, as widely expected.

In Australia, the seasonally adjusted trade surplus widened less-than-anticipated to AUD827.00mn, compared to a revised surplus of AUD472.00mn in the prior month.

In Australia, the seasonally adjusted retail sales climbed 0.4% on a monthly basis in May, more than market expectations. In the previous month, retail sales had climbed by a revised 0.5%.

In June, the AiG performance of services index climbed to 63.00 in Australia, compared to a reading of 59.00 in the prior month.

In China, the Markit services PMI index unexpectedly advanced to a level of 53.90 in June. In the prior month, the Markit services PMI index had registered a reading of 52.90.

In Japan, Nikkei Japan services PMI rose to a level of 51.40 in June. In the prior month, Nikkei Japan services PMI had recorded a level of 51.00.

US

In the US, factory orders unexpectedly rose 0.4% on a monthly basis in May, compared to a revised fall of 0.4% in the previous month.

In May, the final durable goods orders slid 0.4% on a monthly basis in the US, less than market expectations. The preliminary figures had recorded a drop of 0.6%. In the prior month, durable goods orders had fallen by a revised 1.0%.

UK

In the UK, the construction PMI recorded an unexpected rise to 53.10 in June. The construction PMI had recorded a reading of 52.50 in the prior month.

In the UK, the BRC shop price index registered a drop of 0.5% on a yearly basis in June. In the prior month, the index had fallen 1.1%.

Eurozone

In the Eurozone, the PPI registered a rise of 3.0% on an annual basis in May, more-than-anticipated and compared to a revised rise of 1.9% in the previous month.

In the Eurozone, seasonally adjusted retail sales remained flat on a monthly basis in May, compared to a revised drop of 0.1% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Jun)	✓✓✓	-0.50%*	-1.10%	Monthly
Japan	02:30	Nikkei Japan Services PMI (Jun)	✓✓	51.40*	51.00	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Jun)	✓✓✓	52.10*	51.70	Monthly
Japan	03:30	BoJ Harada speaks in Kanazawa	✓	-	-	As scheduled
China	03:45	Caixin/Markit Services PMI (Jun)	✓✓✓	53.90*	52.90	Monthly
China	03:45	HSBC China Composite PMI (Jun)	✓✓✓	53.00*	52.30	Monthly
Spain	09:15	Markit Services PMI (Jun)	✓✓✓	56.20	56.40	Monthly
Italy	09:45	Markit Services PMI (Jun)	✓✓✓	53.30	53.10	Monthly
France	09:50	Markit Services PMI (Jun) (F)	✓✓✓	56.40	56.40**	Monthly
Germany	09:55	Markit Services PMI (Jun) (F)	✓✓✓	53.90	53.90**	Monthly
Eurozone	10:00	Markit Composite PMI (Jun) (F)	✓✓✓	54.80	54.80**	Monthly
Eurozone	10:00	Markit Services PMI (Jun) (F)	✓✓✓	55.00	55.00**	Monthly
UK	10:05	BoE's Woods Speaks in London	✓	-	-	As scheduled
UK	10:30	Official Reserves (Changes) (Jun)	✓✓	-	USD448.00mn	Monthly
UK	10:30	Markit Services PMI (Jun)	✓✓✓	54.00	54.00	Monthly
UK	12:55	BoE's Saporta Speaks in London	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (29-Jun)	✓	-	-4.90%	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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