

ONE Minute Brief

12 July 2018

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Economic and political news

Yesterday, South Africa's (SA) biggest gold producers initiated wage negotiations with labour unions. The National Union of Mineworkers have demanded a rise in underground base pay of up to 37.0%, while the rival Association of Mineworkers and Construction Union is seeking even more.

Trade unions have requested a meeting with the Finance Minister, Nhlanhla Nene, Public Enterprises Minister, Pravin Gordhan and Eskom's board, to speed up wage negotiations.

President, Cyril Ramaphosa, has urged his Nigerian counterpart, Muhammadu Buhari, to sign Africa's free trade agreement.

According to the Global Innovation Index 2018, SA has been ranked the 58th most innovative economy in the world and the most innovative in sub-Saharan Africa.

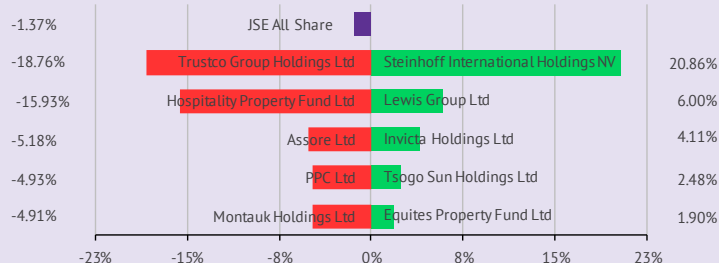
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57231.01	▼ -796.10	-1.37	-0.14	-0.66	2.59	-3.82
JSE Top 40	51044.56	▼ -750.95	-1.45	-0.15	-0.92	3.48	-2.83
FTSE 100	7591.96	▼ -100.08	-1.30	-0.34	-0.59	-0.54	-1.25
DAX 30	12417.13	▼ -192.72	-1.53	-0.63	0.90	-2.37	-3.87
CAC 40	5353.93	▼ -80.43	-1.48	-0.41	0.57	-1.39	0.78
S&P 500	2774.02	▼ -19.82	-0.71	0.51	2.05	0.48	3.76
Nasdaq Composite	7716.61	▼ -42.59	-0.55	0.37	2.75	0.92	11.78
DJIA	24700.45	▼ -219.21	-0.88	1.00	1.77	-0.59	-0.08
MSCI Emerging Markets	1064.72	▼ -11.47	-1.07	0.45	-0.45	-4.57	-8.09
MSCI Developed World	2117.30	▼ -18.57	-0.87	0.17	1.34	-0.17	0.66

South Africa Market ▼

South African markets closed lower

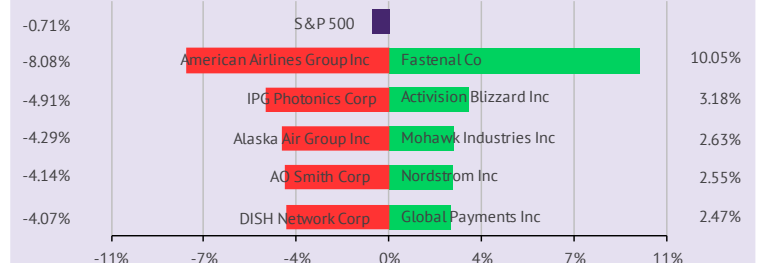
South African markets closed in the red yesterday, amid renewed fears over global trade war and weighed down by losses in resources and financial sector stocks. The JSE All Share Index fell 1.4% to close at 57,231.01.



US Market ▼

The S&P 500 futures are trading in the green

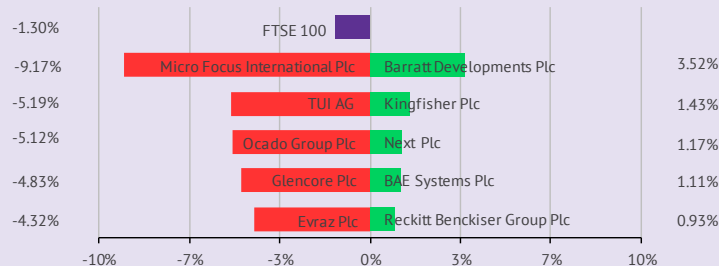
US markets closed lower yesterday, after the US President, Donald Trump threatened to impose additional tariffs on Chinese goods and led by losses in energy sector stocks. The S&P 500 Index dropped 0.7% to close at 2,774.02.



UK Market ▼

The FTSE 100 futures are trading in positive territory

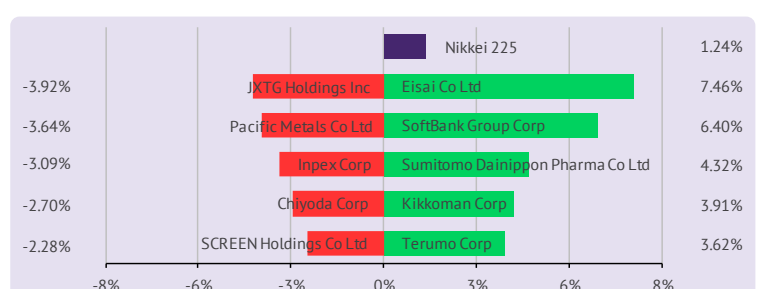
UK markets finished lower yesterday, as trade war tensions between the US and China intensified. The FTSE 100 Index declined 1.3% to close at 7,591.96.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 1.2% higher at 22,203.33.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R13.5355. Later today, traders will keep a close watch on the US consumer price index (CPI), initial jobless claims, monthly budget statement and average hourly earnings for further indication.

The US Dollar rose against the South African Rand yesterday, after the US producer price index (PPI) advanced to its highest level since November 2011 on an annual basis in June. Additionally, the MBA mortgage applications recorded an advance in the week ended 6 June 2018.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R17.8654. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news. On the data front, UK's RICS house price balance surprised with a rise in June.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro slightly fell against the South African Rand to trade at R15.8039. Going forward, market participants will keep a tab on the Eurozone's industrial production and Germany's CPI for further direction.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R9.9847. Earlier in the session, Australia's consumer inflation expectations declined in July.

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	13.5355	▼	1.62	0.56	-1.30	8.08	9.40
GBPZAR	17.8654	▼	1.08	0.00	-1.31	7.34	7.00
EURZAR	15.8039	▼	0.98	-0.12	-1.40	7.98	6.44
AUDZAR	9.9847	▼	0.49	-0.12	-1.69	5.77	3.40
EURUSD	1.1676	▲	-0.60	-0.61	-0.09	-0.08	-2.76
GBPUSD	1.3199	▼	-0.53	-0.59	-0.02	-0.68	-2.28
Brent (\$/barrel)	74.7	▲	-6.92	-4.81	-7.36	2.15	9.77
Gold (\$/oz)	1243.7	▼	-0.88	-0.91	-0.81	-3.51	-4.96
Platinum (\$/oz)	831.0	=	-1.31	-1.56	-2.51	-6.34	-11.05
Copper (\$/MT)*	6130.0	▼	-3.02	-0.02	-7.47	-3.21	-14.94

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped 0.1% to trade at \$1,243.70/oz.

Yesterday, gold prices fell 0.9% to close at \$1,244.40/oz, as the US Dollar strengthened, amid escalating trade war tensions between the US and China.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.7% higher to trade at \$74.66/bl, on news that Libya would resume oil exports and amid US-China trade tensions.

Yesterday, Brent crude oil dropped 6.9% to settle at \$73.40/bl. The Energy Information Administration reported that domestic crude supplies dropped by 12.6mn bls in the week ended 6 July 2018, reaching its lowest level in nearly two years.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$831.00/oz.

Yesterday, platinum prices declined 1.3% to close at \$831.00/oz.

Major South African corporate news

Steinhoff International Holdings NV

The company announced that it has launched a consent process for a lock-up agreement in relation with the restructuring of the financial indebtedness of the company, Steinhoff Europe AG and Finance Holding and Stripes US Holding Incorporated.

Major global economic news

US

In the US, mortgage applications recorded a rise of 2.5% on a weekly basis in the week ended 6 July 2018. Mortgage applications had dropped 0.5% in the previous week.

In the US, the PPI recorded a more-than-expected rise of 3.4% on a yearly basis in June. The PPI had registered a rise of 3.1% in the previous month.

UK

In the UK, house price balance unexpectedly advanced to a level of 2.0% in June. In the previous month, house price balance had registered a revised level of -2.0%.

Eurozone

The European Central Bank (ECB) President, Mario Draghi stated that the improvement in the euro-area inflation is on a self-sustained path and expressed confidence over the bank's decision to withdraw its stimulus, despite rising global trade tensions. Additionally, Draghi stressed the need for a common deposit insurance mechanism across Eurozone retail banks in order to safeguard the financial system.

Asia

In Australia, consumer inflation expectations eased to 3.9% in July. In the previous month, the consumer inflation expectations had registered a reading of 4.2%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	RICS Housing Price Balance (Jun)	✓✓✓	2.00%*	-2.00%	Monthly
Germany	08:00	Consumer Price Index (MoM) (Jun) (F)	✓✓✓	0.10%	0.10%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (Jun) (F)	✓✓✓	2.10%	2.10%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Jun) (F)	✓✓✓	0.10%	0.10%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Jun) (F)	✓✓✓	2.10%	2.10%**	Monthly
UK	10:30	BoE Credit Conditions Survey	✓✓	-	-	As scheduled
Eurozone	11:00	Industrial Production (May)	✓	-	105.30	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (May)	✓✓✓	1.20%	-0.90%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (May)	✓✓✓	2.40%	1.70%	Monthly
South Africa	11:30	Gold Production (YoY) (May)	✓	-	-5.70%	Monthly
South Africa	11:30	Mining Production (YoY) (May)	✓✓	-3.50%	-4.30%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (May)	✓✓	-0.60%	1.10%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (May)	✓✓	0.40%	-0.60%	Monthly
Eurozone	13:30	ECB Monetary Policy Meeting Accounts	✓✓✓	-	-	As scheduled
US	14:30	Consumer Price Index (MoM) (Jun)	✓✓✓	0.20%	0.20%	Monthly
US	14:30	Consumer Price Index Ex Food & Energy (MoM) (Jun)	✓✓✓	0.20%	0.20%	Monthly
US	14:30	Consumer Price Index (YoY) (Jun)	✓✓✓	2.90%	2.80%	Monthly
US	14:30	Consumer Price Index Ex Food & Energy (YoY) (Jun)	✓✓✓	2.30%	2.20%	Monthly
US	14:30	FOMC Member Kashkari Speech	✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (30-Jun)	✓✓✓	1730.00K	1739.00K	Weekly
US	14:30	Initial Jobless Claims (07-Jul)	✓✓✓	225.00K	231.00K	Weekly
US	14:30	Consumer Price Index Core s.a. (Jun)	✓	257.36	256.89	Monthly
US	14:30	Consumer Price Index n.s.a. (Jun)	✓	252.09	251.59	Monthly
US	18:15	FOMC Member Harker Speech	✓✓	-	-	As scheduled
US	20:00	Monthly Budget Statement (Jun)	✓✓✓	-USD80.00bn	-USD146.80bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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