

# ONE Minute Brief

20 July 2018

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## Economic and political news

The South African Reserve Bank (SARB) has kept its benchmark repo rate unchanged at 6.5% in a unanimous vote, as widely expected. Meanwhile, the Reserve Bank slashed its 2018 growth forecast to 1.2% from 1.7% and projected the growth rate to accelerate to 1.9% in 2019 and 2.0% in 2020.

According to Statistics South Africa's (SA) monthly motor trade report, new vehicles sales in SA rose 1.6% to ZAR13.9bn in May, while used-vehicle sales fell marginally to ZAR10.3bn in the same month.

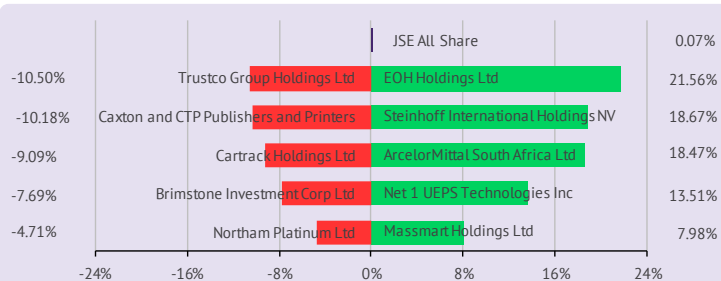
The Department of Public Works is approaching the high court in order to recover more than ZAR1.2bn from private landlords lost through overstated payments and other irregular transactions in the government lease portfolio.

President, Cyril Ramaphosa's lawyers have accused suspended Boss, Tom Moyane of "effectively sabotaging" his own misconduct hearing.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, amid weakness in the South African Rand, as the SARB slashed SA's economic growth forecast and boosted by gains in retail sector stocks. The JSE All Share Index rose 0.1% to close at 56,276.72.



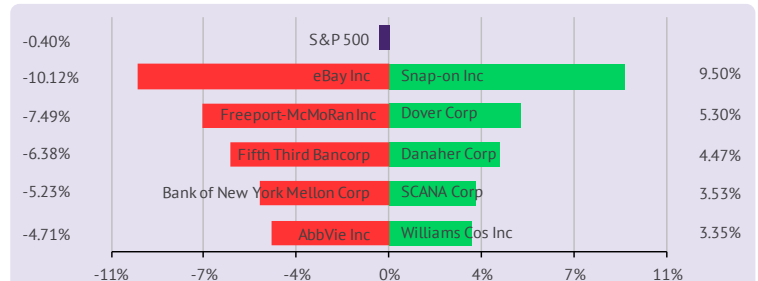
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56276.72	▲	39.52	0.07	-0.16	-2.32	2.59	-5.42
JSE Top 40	50199.70	▲	30.96	0.06	-0.09	-2.56	3.48	-4.44
FTSE 100	7683.97	▲	7.69	0.10	0.29	0.62	-0.54	-0.05
DAX 30	12686.29	▼	-79.65	-0.62	1.16	3.09	-2.37	-1.79
CAC 40	5417.07	▼	-30.37	-0.56	-0.22	1.76	-1.39	1.97
S&P 500	2804.49	▼	-11.13	-0.40	0.11	3.17	0.48	4.90
Nasdaq Composite	7825.30	▼	-29.15	-0.37	-0.01	4.19	0.92	13.35
DJIA	25064.50	▼	-134.79	-0.53	0.18	3.27	-0.59	1.40
MSCI Emerging Markets	1060.65	▼	-8.10	-0.76	-1.39	-0.83	-4.57	-8.44
MSCI Developed World	2134.84	▼	-7.40	-0.35	0.01	2.18	-0.17	1.49

## US Market ▼

### The S&P 500 futures are trading in the red

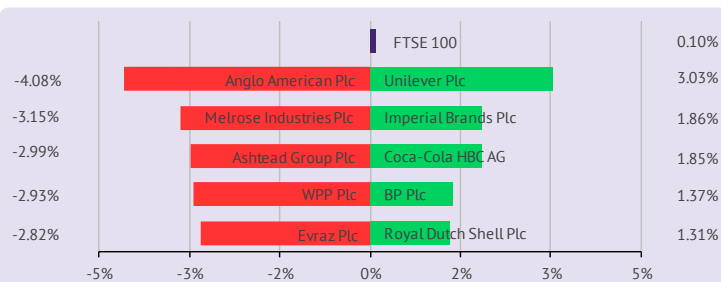
US markets closed lower yesterday, amid downbeat corporate earnings and renewed trade tensions between the European Union and the US. The S&P 500 Index dropped 0.4% to close at 2,804.49.



## UK Market ▲

### The FTSE 100 futures are trading in negative territory

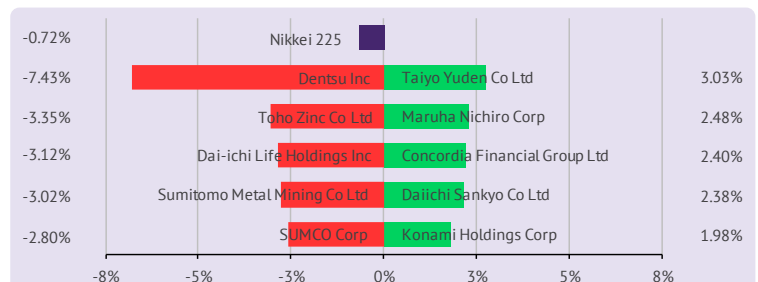
UK markets finished higher yesterday, as the British Pound weakened, after UK's retail sales unexpectedly declined in June. The FTSE 100 Index advanced 0.1% to close at 7,683.97.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning. Data revealed that Japan's annual consumer price index (CPI) rose less-than-expected in June. The Nikkei 225 Index is trading 0.7% lower at 22,601.57.



## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.3% against the South African Rand to trade at R13.5779. With no major economic news in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand yesterday. On the data front, the US initial jobless claims surprisingly dropped to its lowest level since 1969 in the week ended 14 July 2018. Additionally, leading index advanced at a faster-than-expected pace in June. Separately, the South African Rand declined against the dollar, after the central bank kept its lending rates unchanged and slashed the country's economic growth outlook.

## GBP ZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.4% higher against the South African Rand at R17.6803. Ahead in the day, traders will keep an eye on UK's public-sector net borrowing for further indication.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's retail sales unexpectedly declined on a monthly basis in June.

## EUR ZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.4% firmer against the South African Rand at R15.8181. Going forward, market participants will keep a tab on the Eurozone's current account balance and Germany's producer price index for further direction.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 0.3% against the South African Rand to trade at R9.9863.

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	13.5779	▲	2.04	2.00	-1.36	8.08	9.33
GBPZAR	17.6803	▲	1.60	0.40	-2.82	7.34	5.36
EURZAR	15.8181	▲	2.07	1.61	-1.71	7.98	6.11
AUDZAR	9.9863	▲	1.45	1.04	-2.04	5.77	3.04
EURUSD	1.1651	▲	0.03	-0.37	-0.36	-0.08	-3.02
GBPUSD	1.3022	▲	-0.42	-1.57	-1.46	-0.68	-3.69
Brent (\$/barrel)	72.6	▼	-0.44	-3.65	-8.39	2.15	8.54
Gold (\$/oz)	1218.2	▼	-0.32	-1.39	-2.43	-3.51	-6.51
Platinum (\$/oz)	800.6	-	-1.61	-3.10	-6.08	-6.34	-14.30
Copper (\$/MT)*	6039.5	▼	-1.37	-2.85	-8.84	-3.21	-16.20

\*As of previous close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices dropped 0.5% to trade at \$1,218.20/oz.

Yesterday, gold prices fell 0.3% to close at \$1,224.00/oz, amid strength in the greenback.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil is trading marginally lower at \$72.57/bl, after Saudi Arabia's OPEC Governor, Adeeb Al-Aama stated that the kingdom's exports are likely to fall by around 100,000 bls per day in August and inventories might reduce in the third quarter.

Yesterday, Brent crude oil dropped 0.4% to settle at \$72.58/bl, amid rising US crude stockpiles.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices marginally dropped to trade at \$800.60/oz.

Yesterday, platinum prices declined 1.6% to close at \$800.60/oz, amid rise in the US Dollar.

## Major South African corporate news

### ArcelorMittal South Africa Limited

In its 1H18 trading statement, the company stated that the loss per share is expected to be in the range of 142.00c to 152.00c, compared to a loss per share of 203.00c posted in the corresponding period of the previous year. Further, HEPS is expected to be in the range of 1.00c and 9.00c.

### Kumba Iron Ore Limited

In its 2Q18 production and sales report, the company stated that its total production increased by 2.0%, compared to the corresponding period of the previous year, due to a solid operational performance from both Sishen and Kolomela. Further, it expects HEPS to be in the range of ZAR9.02 to ZAR9.49, representing a decline between 34.0% and 37.0%, compared to the same period of the previous year.

### EOH Holdings Limited

The company announced that it has appointed Stephen van Collier as its new Chief Executive Officer with effect from 1 September 2018.

### Massmart Holdings Limited

In its 1H18 sales update, the company announced that its like on like sales increased 1.9%, compared to the same period of the prior year. Further, the total sales from its South African stores advanced 2.0%, compared to the corresponding period of the previous year.

### Howden Africa Holdings Limited

In its 1H18 trading statement, the company stated that it expects EPS to be in the range of 112.90c to 149.34c, which is a decline of 18.0% to 38.0%, compared to the same period of the previous year.

### Murray & Roberts Holdings Limited

The company announced that it has been awarded new projects to the value of ZAR4.00bn. It includes projects to be undertaken by the Oil & Gas platform in the metals & minerals market in Australasia and development of a copper mine in Mongolia, which will be a joint-venture between the Oil & Gas and Underground Mining platforms.

## Major global economic news

### US

In the US, seasonally adjusted initial jobless claims unexpectedly fell to a level of 207.00K in the week ended 14 July 2018. Initial jobless claims had registered a revised level of 215.00K in the prior week.

In the US, leading indicator advanced 0.5% on a monthly basis in June, more than market expectations. Leading indicator had recorded a revised flat reading in the previous month.

### Asia








In Japan, the national CPI rose less-than-expected 0.7% on an annual basis in June, compared to a similar rise in the prior month.

In May, the all industry activity index registered an unexpected rise of 0.1% on a monthly basis in Japan, compared to a rise of 1.0% in the previous month.

### UK

In the UK, retail sales registered an unexpected drop of 0.5% on a monthly basis in June, compared to a revised rise of 1.4% in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	01:30	National Consumer Price Index (YoY) (Jun)	✓✓✓	0.70%*	0.70%	Monthly
 Japan	01:30	National CPI Ex Food, Energy (YoY) (Jun)	✓✓	0.20%*	0.30%	Monthly
 Japan	01:30	National CPI Ex-Fresh Food (YoY) (Jun)	✓✓✓	0.80%*	0.70%	Monthly
 Japan	01:50	Foreign Buying Japan Bonds (13-Jul)	✓	JPY653.60bn*	JPY230.80bn	Weekly
 Japan	01:50	Foreign Buying Japan Stocks (13-Jul)	✓	JPY601.40bn*	JPY76.00bn	Weekly
 Japan	01:50	Japan Buying Foreign Bonds (13-Jul)	✓	-JPY5.60bn*	JPY818.90bn	Weekly
 Japan	01:50	Japan Buying Foreign Stocks (13-Jul)	✓	JPY273.00bn*	JPY380.90bn	Weekly
 Japan	06:30	All Industry Activity Index (MoM) (May)	✓✓✓	0.10%*	1.00%	Monthly
 Germany	08:00	Producer Price Index (MoM) (Jun)	✓✓✓	0.30%	0.50%	Monthly
 Germany	08:00	Producer Price Index (YoY) (Jun)	✓✓✓	3.00%	2.70%	Monthly
 Japan	09:00	Convenience Store Sales (YoY) (Jun)	✓	-	-1.20%	Monthly
 Eurozone	10:00	Current Account n.s.a. (May)	✓	-	EUR26.20bn	Monthly
 Eurozone	10:00	Current Account s.a (May)	✓✓✓	-	EUR28.40bn	Monthly
 Spain	10:00	Trade Balance (May)	✓✓✓	-	-EUR3.05bn	Monthly
 Italy	10:00	Current Account (May)	✓	-	EUR3.01bn	Monthly
 UK	10:30	Total Government Receipts (Jun)	✓✓	-	GBP40693.00mn	Monthly
 UK	10:30	Total Outlays (Jun)	✓✓	-	GBP54299.00mn	Monthly
 UK	10:30	Public Sector Net Cash Requirement (Jun)	✓✓	-	GBP4.50bn	Monthly
 UK	10:30	PSNB ex Interventions (Jun)	✓	GBP5.00bn	GBP5.00bn	Monthly
 UK	10:30	Public Sector Net Borrowing (Jun)	✓✓	GBP3.60bn	GBP3.40bn	Monthly
 US	14:00	Fed's Bullard Speaks on Economy and Monetary Policy	✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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