

ONE Minute Brief

25 July 2018

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Economic and political news

In South Africa (SA), leading indicator remained steady at a level of 105.90 in May.

China has pledged to invest USD14.7bn in SA, in order to strengthen economic ties and increase trade. Meanwhile, Eskom has secured a USD2.5bn long-term loan facility from the China Development Bank. Additionally, Industrial and Commercial Bank of China has agreed to provide South African logistics firm, Transnet a USD300.0mn loan.

The High Court in Pretoria has given the state capture inquiry, headed by Deputy Chief Justice, Raymond Zondo, a 24-month extension from March.

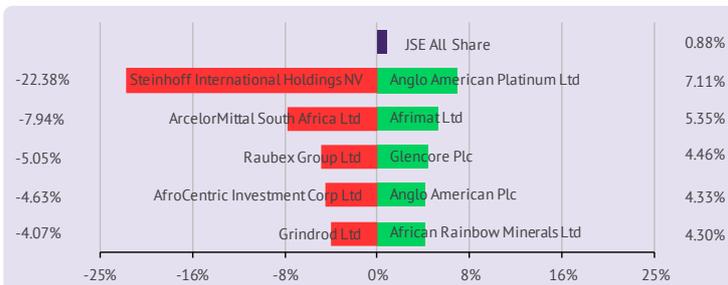
The Constitutional Court has given Public Protector, Busisiwe Mkhwebane, the right to argue against an estimated ZAR900,000 legal costs bill that she was ordered to pay personally.

The Organisation Undoing Tax Abuse (Outa) has welcomed a resolution by the Gauteng African National Congress to terminate e-tolls.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, after China committed to invest in SA and helped by gains in platinum mining and resources sector stocks. The JSE All Share Index rose 0.9% to close at 57,054.84.



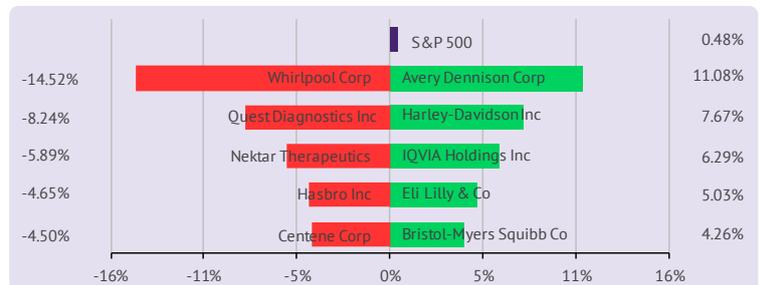
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57054.84	▲	498.03	0.88	0.11	-0.97	2.59
JSE Top 40	50989.64	▲	508.32	1.01	0.17	-1.02	3.48
FTSE 100	7709.05	▲	53.26	0.70	0.39	0.94	-0.54
DAX 30	12689.39	▲	140.82	1.12	1.02	3.12	-2.37
CAC 40	5434.19	▲	55.94	1.04	0.66	2.08	-1.39
S&P 500	2820.40	▲	13.42	0.48	0.66	3.75	0.48
Nasdaq Composite	7840.77	▼	-1.10	-0.01	0.26	4.40	0.92
DJIA	25241.94	▲	197.65	0.79	0.73	4.00	-0.59
MSCI Emerging Markets	1080.38	▲	10.86	1.02	0.96	1.02	-4.57
MSCI Developed World	2151.08	▲	11.64	0.54	0.56	2.96	-0.17

US Market ▲

The S&P 500 futures are trading in the red

US markets closed mostly higher yesterday, on strong earnings report and amid gains in material and telecommunications sector stocks. Data showed that the US Market manufacturing PMI unexpectedly rose in July. The S&P 500 Index climbed 0.5% to close at 2,820.40.



UK Market ▲

The FTSE 100 futures are trading in negative territory

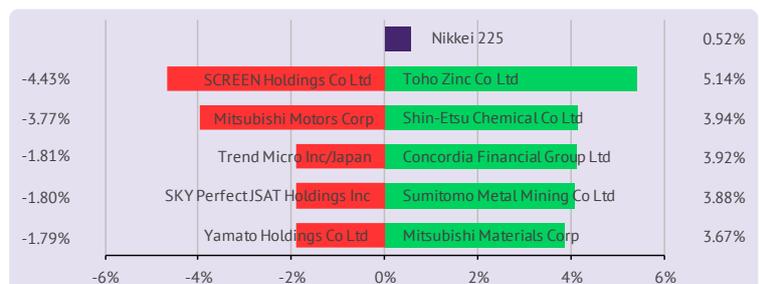
UK markets finished higher yesterday, boosted by gains in mining and banking sector stocks. Data revealed that UK's CBI total trend orders eased in July. The FTSE 100 Index advanced 0.7% to close at 7,709.05.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.5% higher at 22,626.82.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% firmer against the South African Rand at R13.3191. Later today, traders will keep a close watch on the US MBA mortgage applications and new home sales data for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Markit manufacturing unexpectedly advanced in July. On the contrary, the Markit services PMI declined more than market forecast in the same month, marking its slowest growth since April 2018. Furthermore, the Richmond Fed manufacturing index fell less-than-expected in July. Meanwhile, the house price index rose less than market anticipations on a monthly basis in May. Separately, the South African Rand advanced against the US Dollar, after China unveiled investment plans in SA. Data revealed that SA's leading index recorded an unchanged reading in May.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.3% higher against the South African Rand at R17.5050. Ahead in the day, traders will keep an eye on UK's BBA loans for house purchase for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's CBI industrial trend orders eased less than expected in July.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.5577. Going forward, market participants will keep a tab on Germany's Ifo indices for further direction.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's services PMI eased more than market forecast in July. Meanwhile, the Markit manufacturing PMI surprised with a rise in the same month. Separately, Germany's manufacturing PMI unexpectedly climbed to a three-month high level in July. Meanwhile, the services PMI dropped in July.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R9.8520. Earlier in the session, Australia's consumer price index (CPI) advanced less than market expectations on an annual basis in the second quarter of 2018.

The Australian Dollar fell against the South African Rand yesterday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.3191	▲	-1.32	-0.90	-3.22	8.08	7.27
GBPZAR	17.5050	▲	-1.01	-0.84	-3.69	7.34	4.42
EURZAR	15.5577	▲	-1.34	-1.19	-3.17	7.98	4.53
AUDZAR	9.8520	▼	-0.83	-0.86	-3.06	5.77	1.97
EURUSD	1.1680	▼	-0.04	-0.32	0.03	-0.08	-2.65
GBPUSD	1.3142	▼	0.34	0.07	-0.47	-0.68	-2.72
Brent (\$/barrel)	74.0	▲	0.52	0.51	-7.31	2.15	9.83
Gold (\$/oz)	1233.7	▲	-0.01	-0.45	-2.31	-3.51	-6.40
Platinum (\$/oz)	829.6	-	0.46	0.73	-2.67	-6.34	-11.20
Copper (\$/MT)*	6264.8	▲	2.76	2.32	-5.44	-3.21	-13.07

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.7% to trade at \$1,233.70/oz.

Yesterday, gold prices fell marginally to close at \$1,225.50/oz, continuing its previous session losses.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.7% to trade at \$73.97/bl, after the American Petroleum Institute reported that crude oil inventories declined more-than-expected by 3.16mn bls in the week ended 20 July 2018.

Yesterday, Brent crude oil advanced 0.5% to settle at \$73.44/bl, amid rising tensions between the US and Iran.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell marginally to trade at \$829.60/oz.

Yesterday, platinum prices climbed 0.5% to close at \$829.60/oz.

Major South African corporate news

Vodacom Group Limited

In its 2Q18 trading update, the company stated that its revenues increased to ZAR21.73mn, compared to ZAR20.69mn posted in the corresponding period of the previous year. Its services revenue rose 5.2% to ZAR17.81mn, compared to the same period of the preceding year. Further, the number of customers grew to 33.40mn, up 11.4% from the prior year.

Reinet Investments SCA

In its 1Q19 management statement, the company indicated that its net asset value dropped by 5.3% to EUR4.86bn, compared to the previous quarter. Further, net asset value per share stood at EUR24.79 for the period.

Kumba Iron Ore Limited

In its reviewed 1H18 results, the company announced that its revenues declined 9.4% to ZAR19.47bn, compared to the same period of the preceding year. Its diluted EPS stood at ZAR9.14, compared to ZAR14.27 recorded in the corresponding period of the previous year. For 2H18, the company would focus on delivering further operational and financial gains and further productivity and efficiency improvements.

Rebosis Property Fund Limited

The company announced that it has appointed Mr. Rob Becker as an Executive Director and Chief Investment Officer with effect from 1 August 2018.

Major global economic news

US

In the US, the flash Markit manufacturing PMI recorded an unexpected rise to a level of 55.50 in July. In the previous month, the Markit manufacturing PMI had registered a level of 55.40.

In July, the flash Markit services PMI dropped to 56.20 in the US, compared to a reading of 56.50 in the prior month.

In the US, the housing price index recorded a rise of 0.2% on a monthly basis in May, less than market expectations. In the prior month, the index had climbed 0.1%.

In the US, the Richmond Fed manufacturing index dropped to 20.00 in July, compared to a revised reading of 21.00 in the previous month.

Eurozone

In the Eurozone, the flash manufacturing PMI unexpectedly advanced to 55.10 in July. In the prior month, the manufacturing PMI had recorded a reading of 54.90.

In July, the flash services PMI registered a drop to 54.40 in the Eurozone, compared to a level of 55.20 in the previous month.

In Germany, the flash manufacturing PMI unexpectedly climbed to a level of 57.30 in July, compared to a reading of 55.90 in the previous month.

In July, the preliminary services PMI eased to 54.40 in Germany, compared to a reading of 54.50 in the prior month.

UK

In the UK, the balance of firms reporting total order book above normal eased to 11.00 in July. The balance of firms reporting total order book above normal had recorded a reading of 13.00 in the previous month.

Asia

In Australia, the CPI recorded a rise of 2.1% on an annual basis in 2Q18, less than market expectations. In the previous quarter, the CPI had climbed 1.9%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 France	08:45	Producer Price Index (MoM) (Jun)	✓✓	-	0.60%	Monthly
 Spain	09:00	Producer Price Index (MoM) (Jun)	✓	-	1.10%	Monthly
 Spain	09:00	Producer Price Index (YoY) (Jun)	✓	-	2.90%	Monthly
 Eurozone	10:00	Private Loans (YoY) (Jun)	✓	-	2.90%	Monthly
 Switzerland	10:00	ZEW Survey - Expectations (Jul)	✓✓	-	8.00	Monthly
 Germany	10:00	IFO - Current Assessment (Jul)	✓✓	104.90	105.10	Monthly
 Eurozone	10:00	M3 Money Supply (YoY) (Jun)	✓	4.00%	4.00%	Monthly
 Germany	10:00	IFO - Business Climate (Jul)	✓✓✓	101.50	101.80	Monthly
 Germany	10:00	IFO - Expectations (Jul)	✓✓	98.30	98.60	Monthly
 US	13:00	MBA Mortgage Applications (20-Jul)	✓	-	-2.50%	Weekly
 US	16:00	New Home Sales (Jun)	✓✓✓	668.00 K	689.00 K	Monthly
 US	16:00	New Home Sales (MoM) (Jun)	✓✓✓	-3.10%	6.70%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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