

ONE Minute Brief

31 July 2018

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Economic and political news

In South Africa (SA), private sector credit recorded a rise of 5.68% on an annual basis in June, higher than market expectations and compared to a rise of 4.54% in the previous month. In June, M3 money supply rose 5.77% on a yearly basis, less than market expectations and compared to a rise of 5.73% in May.

The International Monetary Fund (IMF) kept SA's 2018 economic growth forecast unchanged at 1.5%, but warned over the rapid rise in public debt and potential bailouts to state firms. Separately, the IMF urged South African authorities to fight against corruption and change its labour and product markets.

News reports indicated that Eskom has warned over potential power outages this week, as wage protests by workers disrupted operations at several of its power stations.

The Department of Energy announced that petrol prices would rise by 1c per litre, while diesel prices would decrease by 4c per litre with effect from 1 August.

Home Affairs Minister, Malusi Gigaba has appointed Thulani Mavuso as the acting Director General of his department, with effect from 1 August.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by gains in banking, gold mining and financials sector stocks. Data indicated that growth in SA's private sector credit climbed more-than-anticipated in June. The JSE All Share Index rose 0.3% to close at 57,313.14.



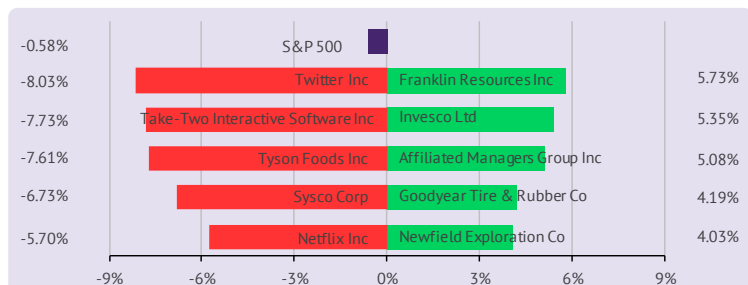
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57313.14	▲	150.76	0.26	0.26	-0.52	2.59	-3.68
JSE Top 40	51227.68	▲	100.78	0.20	0.20	-0.56	3.48	-2.48
FTSE 100	7700.85	▼	-0.46	-0.01	-0.01	0.84	-0.54	0.17
DAX 30	12798.20	▼	-62.20	-0.48	-0.48	4.00	-2.37	-0.92
CAC 40	5491.22	▼	-20.54	-0.37	-0.37	3.15	-1.39	3.36
S&P 500	2802.60	▼	-16.22	-0.58	-0.58	3.10	0.48	4.82
Nasdaq Composite	7630.00	▼	-107.42	-1.39	-1.39	1.59	0.92	10.53
DJIA	25306.83	▼	-144.23	-0.57	-0.57	4.27	-0.59	2.38
MSCI Emerging	1090.14	▼	-2.22	-0.20	-0.20	1.93	-4.57	-5.90
MSCI Developed	2148.25	▼	-7.86	-0.36	-0.36	2.82	-0.17	2.13

US Market ▼

The S&P 500 futures are trading in the green

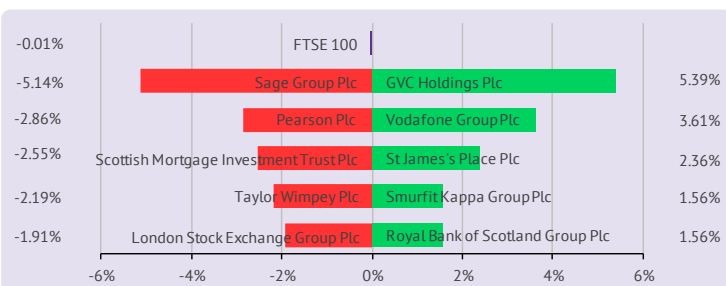
US markets closed lower yesterday, weighed down by losses in technology sector stocks. The S&P 500 Index dropped 0.6% to close at 2,802.60.



UK Market ▼

The FTSE 100 futures are trading in positive territory

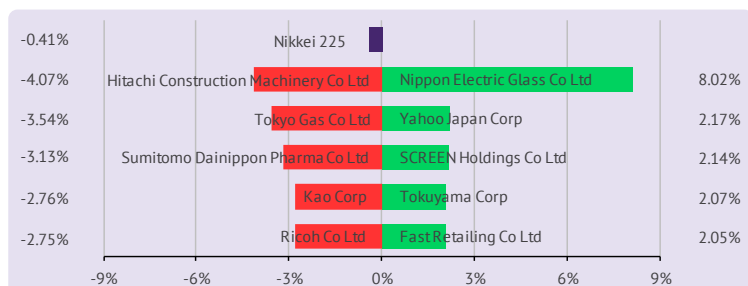
UK markets finished lower yesterday, amid strength in the British Pound and led by losses in technology and utility sector stocks. The FTSE 100 Index marginally declined to close at 7,700.85.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data revealed that Japan's monthly industrial production fell more-than-expected in June. The Nikkei 225 Index is trading 0.4% lower at 22,453.30.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R13.1442. Later today, traders will keep a close watch on the US consumer confidence index and the Chicago purchasing managers' index for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US Dallas Fed manufacturing activity index registered a less than expected decline in July. Meanwhile, the nation's pending home sales climbed more than market forecast on a monthly basis in June, posting its first rise in three months. Separately, in SA, private sector credit recorded a more-than-expected rise on a yearly basis in June. Meanwhile, annual M3 money supply advanced less than market forecast in the same month.

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 R17.2520. Data revealed that UK's GfK consumer confidence index recorded an unexpected fall in July.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's net consumer credit recorded a rise in June. Additionally, mortgage approvals advanced more than market forecast to a five-month high level in the same month.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R15.3909. Going forward, market participants will keep a tab on the Eurozone's gross domestic product, consumer price index and unemployment rate along with Germany's unemployment rate and retail sales data for further direction.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's economic confidence index dropped less than market expectations in July. Further, the consumer confidence index recorded an unchanged reading in the same month. Separately, Germany's consumer price index (CPI) advanced less than market forecast on an annual basis in July.

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 R9.7573. Earlier in the session, Australia's private sector credit rose in line with market expectations on a monthly basis in June. Moreover, monthly building approvals recorded a more-than-expected advance in the same month. Meanwhile, in China, Australia's largest trading partner, manufacturing PMI declined in July, marking its lowest reading since February 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	13.1442	▼	-0.13	-0.13	-4.15	8.08	6.24
GBPZAR	17.2520	▼	0.13	0.13	-4.69	7.34	3.33
EURZAR	15.3909	▼	0.28	0.28	-3.96	7.98	3.69
AUDZAR	9.7573	▲	-0.05	-0.05	-4.13	5.77	0.84
EURUSD	1.1709	▲	0.42	0.42	0.19	-0.08	-2.49
GBPUSD	1.3125	▼	0.21	0.21	-0.56	-0.68	-2.81
Brent (\$/barrel)	74.8	▼	0.92	0.92	-5.38	2.15	12.11
Gold (\$/oz)	1229.9	▲	-0.14	-0.14	-2.65	-3.51	-6.72
Platinum (\$/oz)	831.2	▼	-0.02	-0.02	-2.45	-6.34	-10.99
Copper (\$/MT)*	6223.5	▼	-0.81	-0.01	-6.06	-3.21	-13.65

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.7% to trade at \$1,229.90/oz, amid weakness in the US Dollar.

Yesterday, gold prices fell 0.1% to close at \$1,221.30/oz, ahead of the US monetary policy meeting.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.3% to trade at \$74.77/bl, after the OPEC raised production by 70,000 bls per day to 32.64mn bls per day in July, hitting a 2018 high.

Yesterday, Brent crude oil advanced 0.9% to settle at \$74.97/bl, amid ongoing concerns over global supply and strong underlying demand.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading slightly lower at \$831.20/oz.

Yesterday, platinum prices marginally declined to close at \$831.50/oz.

Major South African corporate news

Imperial Holdings Limited

The company announced that Chief Executive Officer (CEO), Osman Arbee, is on medical leave and Mohammed Akoojee would be appointed as the acting CEO of Imperial Holdings, in addition to his role as the Chief Financial Officer, until the conclusion of the unbundling of Motus.

Spur Corporation Limited

In its FY18 sales update, the company stated that its total franchised restaurant sales increased by 1.3% to ZAR7.10bn in FY18. Further, franchised restaurant sales in SA grew by 1.5%, with sales from international restaurants declining by 0.7% in rand terms. International restaurant sales increased by 2.7% on a constant exchange rate basis. Also, 44 new restaurants were opened and 18 closed in the country during the year, while 11 restaurants were opened and 9 closed internationally.

Massmart Holdings Limited

In its 1H18 trading statement, the company revealed that the company expects HEPS to be in the range of 89.30c to 106.20c, a 47.0% to 37.0% decrease compared to the same period of the prior year. Further, the company expects EPS to fall between 50.0% to 40.0% to be in the range of 85.30c to 102.40c.

Major global economic news

Asia

In Japan, unemployment rate climbed more-than-expected to 2.4% in June, compared to a rate of 2.2% in the prior month.

In Japan, preliminary industrial production registered a more-than-expected drop of 2.1% on a monthly basis in June, compared to a fall of 0.2% in the prior month.

In Australia, private sector credit recorded a rise of 0.3% on a monthly basis in June, in line with market expectations. In the previous month, private sector credit had advanced 0.2%.

In Australia, seasonally adjusted building approvals rose 6.4% on a monthly basis in June, more than market expectations. In the previous month, building approvals had registered a revised drop of 2.5%.

In China, the manufacturing PMI eased more-than-anticipated to 51.20 in July. The manufacturing PMI had registered a reading of 51.50 in the prior month.

UK

In the UK, number of mortgage approvals for house purchases rose to a level of 65.60K in June, higher than market expectations. Number of mortgage approvals for house purchases had registered a revised reading of 64.70K in the previous month.

In June, net consumer credit climbed GBP1.60bn in the UK, compared to a revised similar rise in the prior month.

In July, the GfK consumer confidence index unexpectedly fell to a level of -10.00 in the UK. In the prior month, the index had registered a reading of -9.00.

Eurozone

In the Eurozone, the economic sentiment indicator recorded a less-than-expected drop to 112.10 in July. The economic sentiment indicator had registered a reading of 112.30 in the previous month.

In July, the final consumer confidence index remained unchanged at -0.60 in the Eurozone, at par with market expectations. The preliminary figures had also recorded an unchanged reading.

In Germany, the preliminary CPI climbed 2.0% on an annual basis in July, less than market expectations. In the previous month, the CPI had advanced 2.1%.

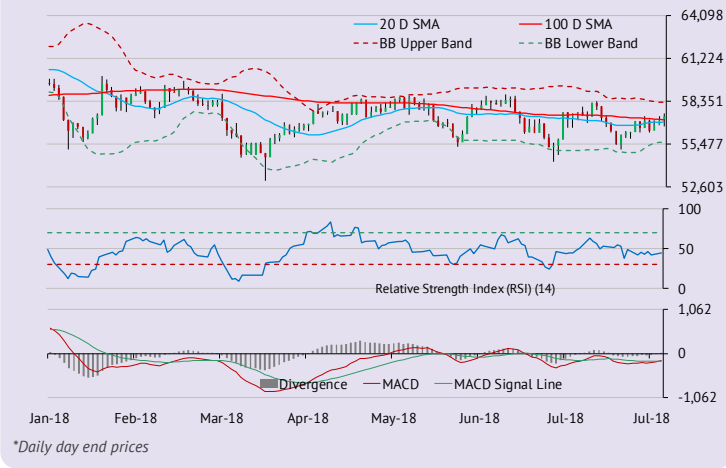
US

In the US, the Dallas Fed manufacturing business index registered a drop to 32.30 in July. The index had registered a reading of 36.50 in the prior month.

In June, pending home sales rose 0.9% on a monthly basis in the US, more than market expectations. Pending home sales had registered a drop of 0.5% in the previous month.

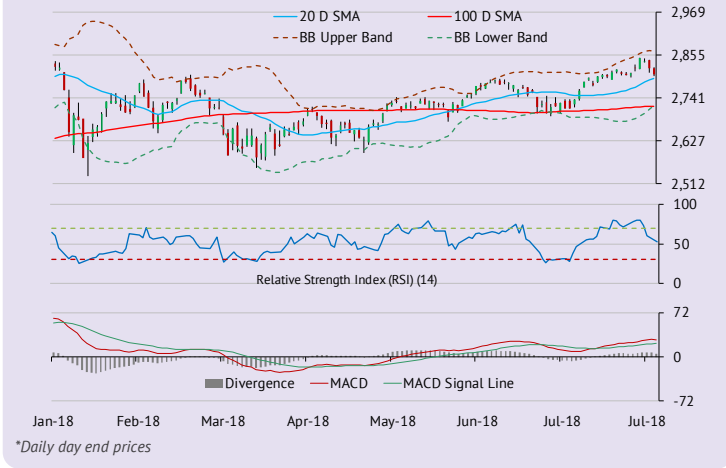
Technical snapshot

JSE All Share



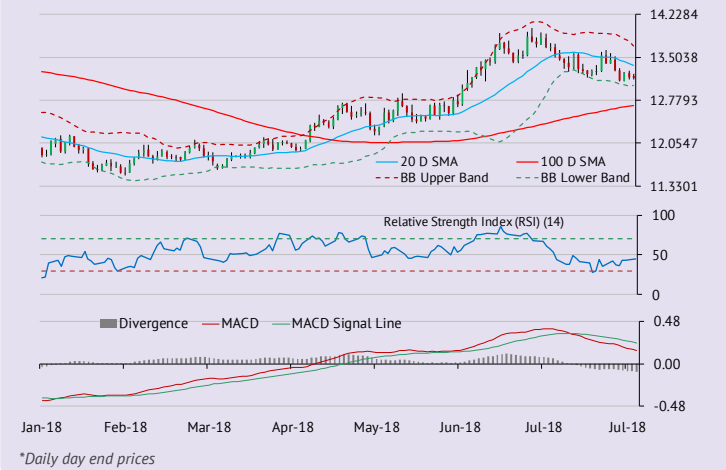
The JSE All Share index is expected to find support at 56,537.78, and a fall through could take it to the next support level of 55,762.41. The index is expected to find its first resistance at 57,804.70, and a rise through could take it to the next resistance level of 58,296.25.

S&P 500



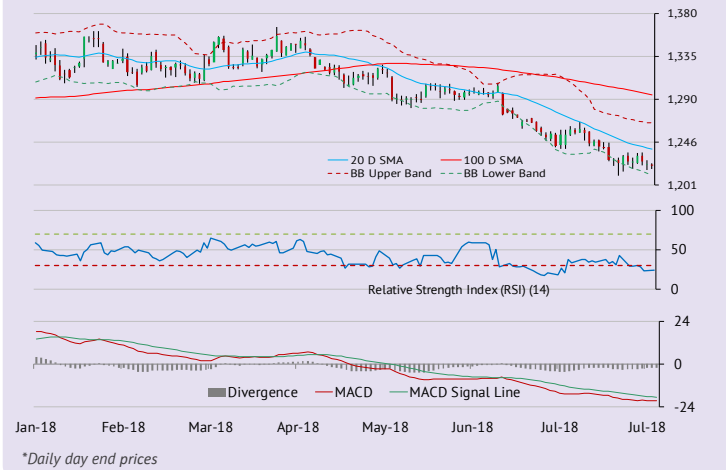
The S&P 500 index is expected to find support at 2,784.46, and a fall through could take it to the next support level of 2,766.33. The index is expected to find its first resistance at 2,834.38, and a rise through could take it to the next resistance level of 2,866.17.

USD ZAR



The pair is expected to find support at 12.9975, and a fall through could take it to the next support level of 12.8396. The pair is expected to find its first resistance at 13.4182, and a rise through could take it to the next resistance level of 13.6810.

XAU USD



Gold is expected to find support at \$1,213.57/oz, and a fall through could take it to the next support level of \$1,205.83/oz. The precious metal is expected to find its first resistance at \$1,232.17/oz, and a rise through could take it to the next resistance level of \$1,243.03/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/	Previous	Frequency
UK	01:01	Lloyds Business Barometer (Jul)	✓	29.00%*	29.00%	Monthly
UK	01:01	GfK Consumer Confidence (Jul)	✓✓✓	-10.00*	-9.00	Monthly
Japan	01:30	Job-To-Applicant Ratio (Jun)	✓	1.62*	1.60	Monthly
Japan	01:30	Unemployment Rate (Jun)	✓✓	2.40%*	2.20%	Monthly
Japan	01:50	Industrial Production (MoM) (Jun) (P)	✓✓✓	-2.10%*	-0.20%	Monthly
Japan	01:50	Industrial Production (YoY) (Jun) (P)	✓✓✓	-1.20%*	4.20%	Monthly
China	03:00	NBS Manufacturing PMI (Jul)	✓✓	51.20*	51.50	Monthly
Japan	04:00	BoJ Monetary Policy Statement	✓✓✓	-	-	As scheduled
Japan	04:00	BoJ outlook report (Q2)	✓✓	-	-	As scheduled
Japan	07:00	Consumer Confidence Index (Jul)	✓✓	43.80	43.70	Monthly
Japan	07:00	Annualised Housing Starts (Jun)	✓✓	0.96mn units	1.00mn units	Monthly
Germany	08:00	Retail Sales (MoM) (Jun)	✓✓✓	1.00%	-2.10%	Monthly
Germany	08:00	Retail Sales (YoY) (Jun)	✓✓✓	1.50%	-1.60%	Monthly
Germany	09:55	Unemployment Rate s.a. (Jul)	✓✓✓	5.20%	5.20%	Monthly
Germany	09:55	Unemployment Change (Jul)	✓✓✓	-10.00 K	-15.00 K	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Jul) (P)	✓✓✓	-	2.00%	Monthly
Eurozone	11:00	Unemployment Rate (Jun)	✓✓✓	8.30%	8.40%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Jul) (P)	✓✓✓	1.00%	0.90%	Monthly
South Africa	11:30	Unemployment Rate (Q2)	✓✓	-	26.70%	Quarterly
South Africa	14:00	Trade Balance (Jun)	✓✓	ZAR5.00bn	ZAR3.50bn	Monthly
US	14:30	Personal Income (MoM) (Jun)	✓✓	0.40%	0.40%	Monthly
US	14:30	Personal Spending (Jun)	✓✓	0.40%	0.20%	Monthly
US	14:30	Employment Cost Index (QoQ) (Q2)	✓✓	0.70%	0.80%	Quarterly
US	15:45	Chicago PMI (Jul)	✓✓✓	62.00	64.10	Monthly
US	16:00	Consumer Confidence (Jul)	✓✓✓	126.00	126.40	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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formerly Grant Thornton Capital

a GTC @Grant Thornton, The Wanderers Office Part,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2118

t +27 (0) 10 597 6800
f +27 (0) 10 597 6801
w www.gtc.co.za

GTC (Pty) Ltd.
reg. no. 1996/001488/07
Directors: G.K. Mockler, F.Dildar

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