

ONE Minute Brief

10 July 2018

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Economic and political news

Eskom has welcomed consultancy firm, McKinsey's apology to South Africans and confirmed that it has received ZAR902.00mn from the firm.

The South African Reserve Bank (SARB) Governor, Lesetja Kganyago announced that over 20,000 depositors of VBS Mutual Bank would receive their money deposited with the bank not exceeding ZAR100,000.

Former President, Jacob Zuma has fired his attorney, Michael Hulley and has appointed former Denel Chairman, Daniel Mantsha as his new attorney.

Public Protector, Busisiwe Mkhwebane has now turned to both the Supreme Court of Appeal and the Constitutional Court to fight against the estimated ZAR900,000 legal bill she was ordered to pay after her court battle with the Reserve Bank.

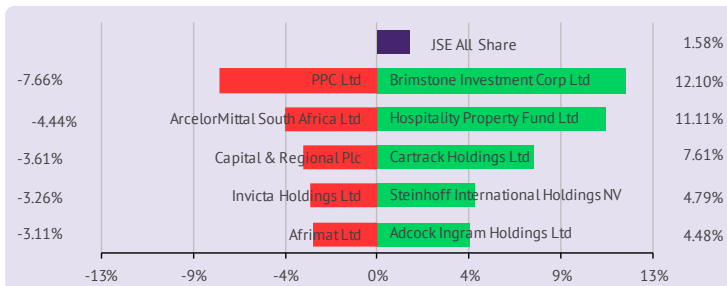
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	58219.91	▲	906.03	1.58	1.58	1.06	2.59	-2.16
JSE Top 40	51992.92	▲	870.25	1.70	1.70	0.93	3.48	-1.03
FTSE 100	7687.99	▲	70.29	0.92	0.92	0.67	-0.54	0.00
DAX 30	12543.89	▲	47.72	0.38	0.38	1.93	-2.37	-2.89
CAC 40	5398.11	▲	22.34	0.42	0.42	1.40	-1.39	1.61
S&P 500	2784.17	▲	24.35	0.88	0.88	2.42	0.48	4.14
Nasdaq Composite	7756.20	▲	67.81	0.88	0.88	3.27	0.92	12.35
DJIA	24776.59	▲	320.11	1.31	1.31	2.08	-0.59	0.23
MSCI Emerging Markets	1075.74	▲	15.77	1.49	1.49	0.58	-4.57	-7.14
MSCI Developed World	2131.14	▲	17.40	0.82	0.82	2.00	-0.17	1.32

South Africa Market ▲

South African markets closed higher

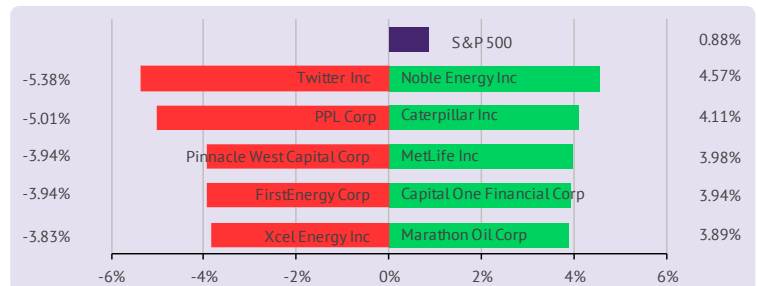
South African markets closed in the green yesterday, supported by gains in banking, industrial and retail sector stocks. The JSE All Share Index rose 1.6% to close at 58,219.91.



US Market ▲

The S&P 500 futures are trading in the green

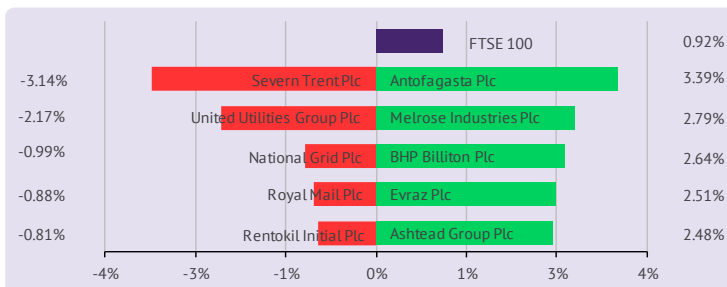
US markets closed higher yesterday, boosted by gains in industrial and financial sector stocks. Data indicated that the US consumer credit rose more-than-expected in May. The S&P 500 Index climbed 0.9% to close at 2,784.17.



UK Market ▲

The FTSE 100 futures are trading in positive territory

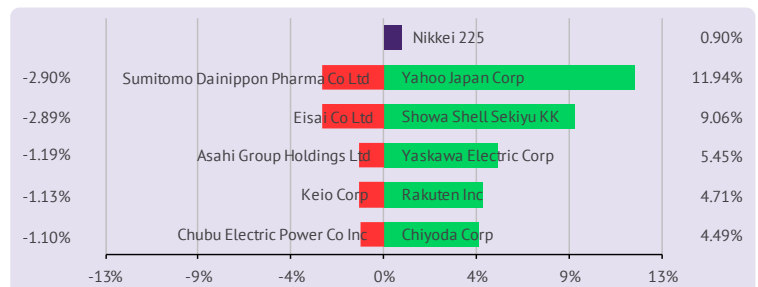
UK markets finished higher yesterday, amid weakness in the British Pound, following the resignation of two key UK officials. The FTSE 100 Index advanced 0.9% to close at 7,687.99.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.9% higher at 22,249.78.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally rose against the South African Rand to trade at R13.4154. Later today, traders will keep a close watch on the US NFIB small business optimism index and JOLTS job openings for further cues.

The US Dollar fell against the South African Rand yesterday. On the data front, the US consumer credit climbed more than market forecast in May, recording its biggest rise in six months.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R17.7611. Ahead in the day, traders will keep an eye on UK's NEISR gross domestic product, trade balance, construction output, manufacturing and industrial production for further direction. Data revealed that UK's BRC like-for-like sales recorded a rise on an annual basis in June.

The British Pound declined against the South African Rand yesterday, after the resignation of Foreign Secretary, Boris Johnson and Brexit Minister, David Davis.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro marginally rose against the South African Rand to trade at R15.7600. Going forward, market participants will keep a tab on Eurozone's ZEW survey economic sentiment index along with Germany's ZEW survey current situation and expectations index for further indication.

The Euro weakened against the South African Rand yesterday. On the macroeconomic front, Eurozone's Sentix investor confidence index unexpectedly rose in July. Separately, Germany's trade surplus widened more-than-anticipated in May. Meanwhile, current account balance narrowed more than market forecast in the same month.

AUD ZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R10.0276. Earlier in the session, Australia's NAB business confidence index recorded an unchanged reading in June. Meanwhile, in China, Australia's largest trading partner, the consumer price index (CPI) advanced in line with market expectations on a yearly basis in June. Additionally, the nation's annual producer price inflation (PPI) climbed to a six-month high level in the same month.

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	13.4154	▲	-0.45	-0.45	-2.29	8.08	8.30
GBPZAR	17.7611	▼	-0.60	-0.60	-1.90	7.34	6.36
EURZAR	15.7600	▲	-0.45	-0.45	-1.73	7.98	6.09
AUDZAR	10.0276	▲	0.08	0.08	-1.50	5.77	3.61
EURUSD	1.1748	▼	0.04	0.04	0.57	-0.08	-2.12
GBPUSD	1.3239	▼	-0.17	-0.17	0.40	-0.68	-1.87
Brent (\$/barrel)	78.4	▲	1.24	1.24	-1.46	2.15	16.75
Gold (\$/oz)	1260.1	▲	0.30	0.30	0.41	-3.51	-3.80
Platinum (\$/oz)	851.0	▲	0.57	0.57	-0.40	-6.34	-9.12
Copper (\$/MT)*	6382.8	▲	1.66	0.02	-3.66	-3.21	-11.44

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices are trading slightly higher at \$1,260.10/oz, amid Brexit uncertainty and softer dollar.

Yesterday, gold prices rose 0.3% to close at \$1,259.60/oz, amid weakness in the US Dollar.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.4% to trade at \$78.42/bl, on concerns over potential supply shortages.

Yesterday, Brent crude oil advanced 1.2% to settle at \$78.07/bl, amid production disruptions in Libya and Venezuela and expectations of declines in Iranian exports.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.2% to trade at \$851.00/oz.

Yesterday, platinum prices climbed 0.6% to close at \$849.00/oz.

Major South African corporate news

Hospitality Property Fund Limited

The company announced that with its wholly-owned subsidiary, Merway Fifth Investments Proprietary Limited, it has entered into a sale of shares and subscription agreement with Tsogo Sun Holdings Limited for the acquisition of a portfolio of seven mixed-use casino precincts for an agreed aggregate purchase consideration of ZAR23.00bn.

Major global economic news

Asia

In Australia, the NAB business confidence index recording a steady reading of 6.00 in June.

In China, the CPI rose 1.9% on a yearly basis in June, meeting market expectations. The CPI had climbed 1.8% in the prior month.

In June, the PPI registered a rise of 4.7% on an annual basis in China, more than market expectations. In the prior month, the PPI had climbed 4.1%.

Eurozone

In the Eurozone, the Sentix investor confidence index recorded an unexpected rise to a level of 12.10 in July, compared to a reading of 9.30 in the previous month.

In Germany, seasonally adjusted trade surplus widened more-than-expected to EUR20.30bn in May, from a surplus of EUR19.00bn in the previous month.

In Germany, non-seasonally adjusted current account surplus narrowed to EUR12.60bn in May, from a surplus of EUR22.70bn in the prior month.

UK

In the UK, BRC retail sales across all sectors recorded a rise of 1.1% on a yearly basis in June. Retail sales across all sectors had climbed 2.8% in the prior month.

US

In the US, consumer credit recorded a more-than-expected rise of USD24.56bn in May, compared to a revised rise of USD10.27bn in the previous month.

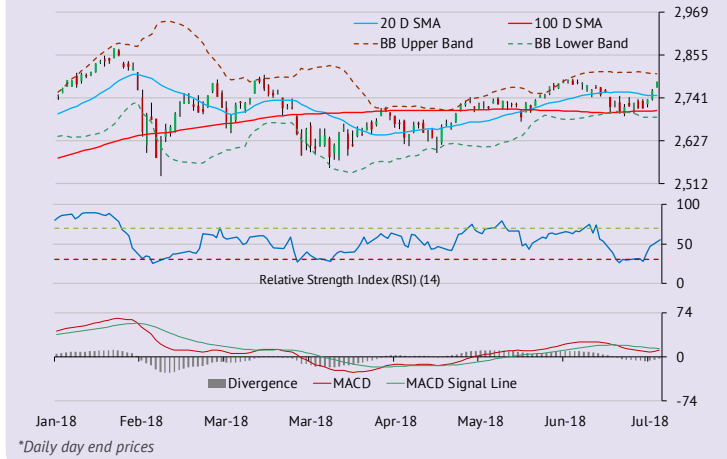
Technical snapshot

JSE All Share



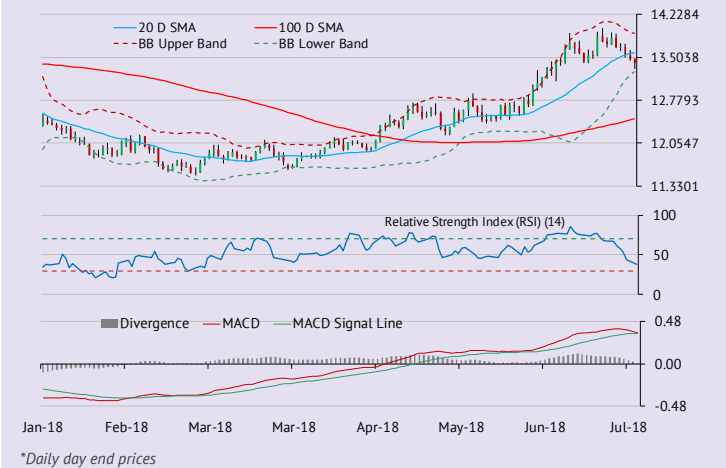
The JSE All Share index is expected to find support at 57,121.59, and a fall through could take it to the next support level of 56,023.28. The index is expected to find its first resistance at 58,783.69, and a rise through could take it to the next resistance level of 59,347.48.

S&P 500



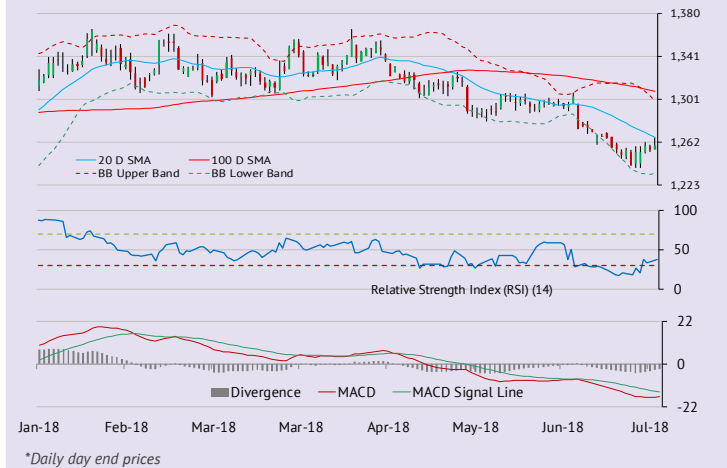
The S&P 500 index is expected to find support at 2,735.34, and a fall through could take it to the next support level of 2,686.50. The index is expected to find its first resistance at 2,808.83, and a rise through could take it to the next resistance level of 2,833.48.

USD ZAR



The pair is expected to find support at 13.1791, and a fall through could take it to the next support level of 12.9472. The pair is expected to find its first resistance at 13.7719, and a rise through could take it to the next resistance level of 14.1328.

XAU USD



Gold is expected to find support at \$1,243.30/oz, and a fall through could take it to the next support level of \$1,227.00/oz. The precious metal is expected to find its first resistance at \$1,271.40/oz, and a rise through could take it to the next resistance level of \$1,283.20/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Jun)	✓✓✓	1.10%*	2.80%	Monthly
China	03:30	Consumer Price Index (YoY) (Jun)	✓✓✓	1.90%*	1.80%	Monthly
China	03:30	Producer Price Index (YoY) (Jun)	✓✓✓	4.70%*	4.10%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Jun) (P)	✓✓✓	-	14.90%	Monthly
UK	10:30	U.K. Statistics Office Publishes First Monthly Estimate of GDP	✓✓	-	-	As scheduled
UK	10:30	Industrial Production (MoM) (May)	✓✓✓	0.50%	-0.80%	Monthly
UK	10:30	Industrial Production (YoY) (May)	✓✓✓	1.90%	1.80%	Monthly
UK	10:30	Manufacturing Production (YoY) (May)	✓✓✓	1.90%	1.40%	Monthly
UK	10:30	Trade Balance; non-EU (May)	✓✓✓	-GBP3.98bn	-GBP5.37bn	Monthly
UK	10:30	Visible Trade Balance (May)	✓✓✓	-GBP12.00bn	-GBP14.04bn	Monthly
UK	10:30	Manufacturing Production (MoM) (May)	✓✓✓	0.70%	-1.40%	Monthly
UK	10:30	Construction Output s.a. (YoY) (May)	✓	-1.60%	-3.30%	Monthly
UK	10:30	Total Trade Balance (May)	✓✓✓	-GBP3.40bn	-GBP5.20bn	Monthly
Eurozone	11:00	ZEW Survey - Economic Sentiment (Jul)	✓✓	-	-12.60	Monthly
Germany	11:00	ZEW Survey - Current Situation (Jul)	✓✓	78.10	80.60	Monthly
Germany	11:00	ZEW Survey - Economic Sentiment (Jul)	✓✓✓	-18.90	-16.10	Monthly
South Africa	11:30	SACCI Business Confidence Index (Jun)	✓	-	94.00	Monthly
US	12:00	NFIB Small Business Optimism (Jun)	✓	106.90	107.80	Monthly
UK	13:00	NIESR GDP Estimate (3M) (Jun)	✓✓✓	-	0.20%	Monthly
US	16:00	JOLTs Job Openings (May)	✓	6620.00K	6698.00K	Monthly
Eurozone	18:30	ECB's Angeloni Speaks in Frankfurt	✓	-	-	As scheduled
Eurozone	19:00	ECB's Lautenschlaeger Speaks in Frankfurt	✓	-	-	As scheduled
South Africa	-	BER Consumer Confidence (Q2)	✓	-	26.00	Quarterly

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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