

ONE Minute Brief

6 August 2018

GTC
consult • partner • manage

Economic and political news

Eskom closed in on a wage deal with trade unions, as the National Union of Mineworkers and the National Union of Metalworkers of South Africa would seek approval from their members on the company's latest wage hike offer.

Cape Town Mayor, Patricia de Lille has agreed to step down from her post with effect from 31 October 2018 and will remain a member of the Democratic Alliance (DA). Meanwhile, the DA has decided to withdraw all internal disciplinary charges against her.

The Chairperson of the portfolio committee on labour in Parliament, Lemias Mashile, has criticised the DA's decision to end its backing of the black economic empowerment (BEE) policy.

President, Cyril Ramaphosa, has urged all Zimbabweans to accept the election of Emmerson Mnangagwa as the President of Zimbabwe.

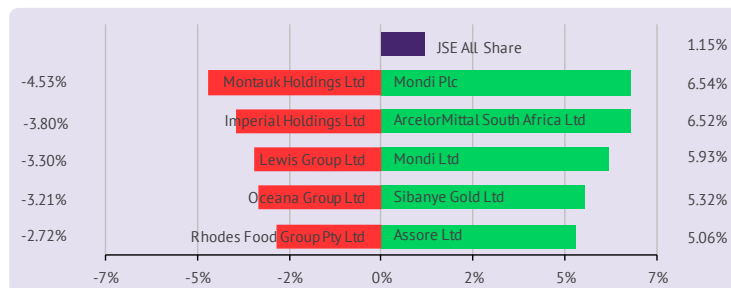
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57118.03	▲	647.31	1.15	NA	-0.55	-0.31	-4.01
JSE Top 40	50988.46	▲	647.98	1.29	NA	-0.64	-0.39	-2.94
FTSE 100	7659.10	▲	83.17	1.10	NA	-1.16	1.46	-0.37
DAX 30	12615.76	▲	69.43	0.55	NA	-1.48	4.06	-2.34
CAC 40	5478.98	▲	18.00	0.33	NA	-0.59	3.53	3.13
S&P 500	2840.35	▲	13.13	0.46	NA	0.85	3.60	6.24
Nasdaq Composite	7812.02	▲	9.33	0.12	NA	1.83	2.15	13.16
DJIA	25462.58	▲	136.42	0.54	NA	0.19	4.71	3.01
MSCI Emerging Markets	1073.33	▲	5.91	0.55	NA	-1.30	1.68	-7.35
MSCI Developed World	2155.39	▲	7.81	0.36	NA	0.11	3.05	2.47

South Africa Market ▲

South African markets closed higher

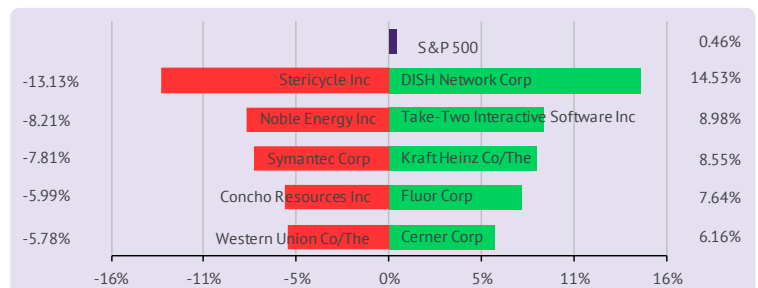
South African markets closed in the green on Friday, boosted by gains in banking, retail and resources sector stocks. The JSE All Share Index rose 1.2% to close at 57,118.03.



US Market ▲

The S&P 500 futures are trading in the green

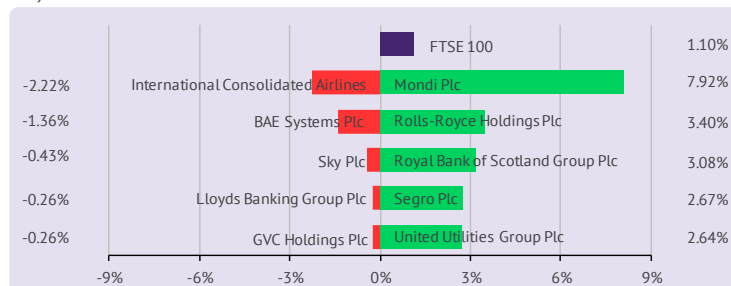
US markets closed higher on Friday, amid upbeat corporate earnings and supported by gains in shares of Apple and IBM. Data revealed that the US trade deficit widened less-than-expected in June. The S&P 500 Index climbed 0.5% to close at 2,840.35.



UK Market ▲

The FTSE 100 futures are trading in positive territory

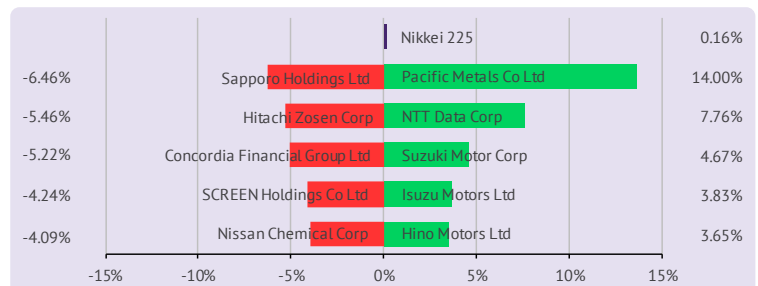
UK markets finished higher on Friday, led by gains in technology sector stocks and amid robust quarterly results from Mondi Plc and Royal Bank of Scotland Group Plc. The FTSE 100 Index rose 1.1% to close at 7,659.10.



Asian Market ▲

Trading higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.2% higher at 22,561.11.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally advanced against the South African Rand to trade at R13.3244. Amid no major economic news in the US, market sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand on Friday. On the macro front, the US trade deficit widened for the first time in four months in June. Additionally, change in non-farm payrolls recorded a less-than-expected rise in July. Moreover, Markit services PMI fell more than market forecast in July. On the flipside, unemployment rate declined to an 18-year low in July. Further, average hourly earnings advanced in line with market expectations on a monthly basis in July.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally retreated against the South African Rand to trade at R17.3188. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic factors.

The British Pound declined against the South African Rand on Friday, after the Bank of England Governor, Mark Carney, signaled that Britain is on course to leave the EU without a deal. Data indicated that UK's services PMI fell more than market forecast to a three-month low level in July.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro slightly declined against the South African Rand to trade at R15.4065. Going forward, market participants will keep a tab on the Eurozone's Sentix investor confidence index along with Germany's factory orders and Markit construction PMI for further indication.

The Euro weakened against the South African Rand on Friday. On the data front, Eurozone's Markit services PMI declined more than market forecast in July. Additionally, retail sales recorded a less-than-expected rise on a monthly basis in June. Separately, Germany's Markit services PMI recorded a more-than-anticipated drop in July.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R9.8499.

The Australian Dollar fell against the South African Rand on Friday. Data revealed that Australia's CBA services PMI dropped in July. Additionally, the AiG performance of service index declined in the same month. Meanwhile, the nation's monthly retail sales recorded a more than expected rise in June.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.3244	▲	-0.94	NA	0.36	-3.28	7.59
GBPZAR	17.3188	▼	-1.09	NA	-0.58	-3.90	3.58
EURZAR	15.4065	▼	-1.11	NA	-0.70	-3.22	3.74
AUDZAR	9.8499	▼	-0.42	NA	0.07	-3.03	2.07
EURUSD	1.1563	▼	-0.15	NA	-1.05	0.06	-3.64
GBPUSD	1.2998	▼	-0.12	NA	-0.94	-0.63	-3.79
Brent (\$/barrel)	73.4	▲	-0.33	NA	-1.35	-6.34	9.48
Gold (\$/oz)	1224.0	▲	0.30	NA	-0.78	-2.46	-7.26
Platinum (\$/oz)	835.6	▼	1.05	NA	-1.05	-0.77	-10.42
Copper (\$/MT)*	6178.3	▲	1.11	NA	-1.61	-5.22	-14.27

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,224.00/oz.

On Friday, gold prices rose 0.3% to close at \$1,214.20/oz, following weaker-than-expected US non-farm payrolls data.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.3% to trade at \$73.43/bl, after Saudi crude production unexpectedly fell in July and as American shale drilling stalled.

On Friday, Brent crude oil dropped 0.3% to settle at \$73.21/bl, amid rising global crude oil production. Meanwhile, Baker Hughes reported that US oil rig count fell by 2 to 859 in the week ended 3 August 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$835.60/oz.

On Friday, platinum prices climbed 1.1% to close at \$836.90/oz.

Major South African corporate news

Imperial Holdings Limited

In its FY18 trading statement, the company announced that it expects HEPS to be 9.0% and 16.0% higher to be in the range of 1,520.00c to 1,615.00c. Further, the company expects EPS to be 22.0% and 29.0% higher to be in the range of 1,630.00c to 1,730.00c.

Mondi Limited

In its 1H18 results, the company announced that its revenues increased to EUR3.73bn, compared to EUR3.58bn posted in the corresponding period of the prior year. Its EPS rose to 72.40c, compared to 72.00c recorded in the same period of the preceding year. The company declared an interim dividend of 21.45c compared to the 19.10c in the same period of the prior year.

Steinhoff International Holdings NV

The company announced that SEAG and Finance Holding will each relocate their principal place of business from Austria to the UK and set up a permanent establishment in the UK. The principal place of business and address for all its notices and communications, the management and principal place of administration and the head office will be the same as the head office of the Steinhoff UK Group.

Sibanye Gold Limited

In its 1H18 trading update, the company stated that it expects to report a significantly increased EPS of 3.00c and HEPS increased by 4.00c, representing an increase of 101.0% and 103.0%, respectively, compared to the loss per share of 298.00c and a headline loss per share of 135.00c.

Major global economic news

US

In the US, trade deficit widened to USD46.30bn in June, from a revised deficit of USD43.20bn in the prior month.

In the US, non-farm payrolls advanced less-than-anticipated by 157.00K in July, following a revised gain of 248.00K in the prior month.

In July, unemployment rate fell to a rate of 3.9% in the US, meeting market expectations and compared to a rate of 4.0% in the previous month.

In the US, the final Markit services PMI eased to 56.00 in July, more than market expectations. The preliminary figures had recorded a fall to 56.20. In the prior month, Markit services PMI had registered a level of 56.50.

In the US, average hourly earnings of all employees rose 0.3% on a monthly basis in July, at par with market expectations. In the previous month, average hourly earnings of all employees had risen by a revised 0.1%.

UK

In the UK, the services PMI recorded a more-than-expected drop to 53.50 in July, compared to a reading of 55.10 in the previous month.








Eurozone

In the Eurozone, the final services PMI dropped more-than-expected to 54.20 in July, compared to a level of 55.20 in the prior month. The preliminary figures had recorded a drop to 54.40.

In the Eurozone, seasonally adjusted retail sales rose 0.30% on a monthly basis in June, less than market expectations. Retail sales had registered a revised similar rise in the prior month.

In Germany, the final services PMI fell to a level of 54.10 in July, more-than-expected and compared to a level of 54.50 in the previous month. The preliminary figures had recorded a fall to 54.40.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Germany	08:00	Factory Orders n.s.a. (YoY) (Jun)	✓✓✓	3.40%	4.40%	Monthly
 Germany	08:00	Factory Orders s.a. (MoM) (Jun)	✓✓	0.00%	2.60%	Monthly
 UK	10:00	New Car Registrations (YoY) (Jul)	✓	-	-3.50%	Monthly
 Eurozone	10:30	Sentix Investor Confidence (Aug)	✓✓✓	14.00	12.10	Monthly
 US	-	Loan Officer Survey (Q4)	✓	-	-	As scheduled
 US	-	Mortgage Delinquencies (Q2)	✓	-	4.63%	Quarterly
 US	-	MBA Mortgage Foreclosures (Q2)	✓	-	1.16%	Quarterly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Murray & Roberts Holdings Ltd	1790	0.22	-0.94	47.81
Clover Industries Ltd	1797	11.27	9.98	39.41
Mondi PLC	38390	6.64	6.38	28.11
Mondi Ltd	38348	6.43	6.20	27.61
Emira Property Fund Ltd	1572	1.16	0.51	22.19
Sasol Ltd	51523	-0.42	-0.57	21.81
Reunert Ltd	8200	0.24	0.49	21.47
BHP Billiton PLC	29297	-0.86	-3.04	20.13
Astral Foods Ltd	29723	-0.27	1.79	19.07
Anglo American Platinum Ltd	41342	3.87	2.21	18.10
Lewis Group Ltd	2901	5.53	-2.98	17.53
Anglo American PLC	29176	-0.42	-2.02	16.76
Santam Ltd	30400	0.63	0.67	16.04
Netcare Ltd	2794	3.87	3.33	15.40
EPP NV	1849	1.59	0.65	13.85
Octodec Investments Ltd	2036	3.30	1.09	13.37
Adcock Ingram Holdings Ltd	6522	2.79	1.51	13.21
PSG Konsult Ltd	976	-1.81	-1.91	13.13
Sappi Ltd	9780	4.39	4.21	11.68
AECI Ltd	10802	4.07	2.05	11.38
RCL Foods Ltd/South Africa	1674	-2.67	-2.39	11.01
Stenprop Ltd	2000	2.56	3.09	9.97
Clicks Group Ltd	19557	3.83	1.20	9.93
ArcelorMittal South Africa Ltd	425	41.67	32.81	9.82
Telkom SA SOC Ltd	5040	5.13	0.02	9.74
JSE Ltd	16300	0.57	-1.98	9.58
Pick n Pay Stores Ltd	7398	1.08	-0.68	8.52
City Lodge Hotels Ltd	15423	1.13	2.81	8.49
African Oxygen Ltd	2969	9.56	4.80	7.94
Nedbank Group Ltd	26827	-0.13	-1.68	7.29
Raubex Group Ltd	2093	-0.57	5.44	6.51
Accelerate Property Fund Ltd	519	-1.14	-1.14	6.34
Investec PLC	9271	-2.51	-2.92	5.85
Famous Brands Ltd	10872	-3.35	-3.68	5.56
Investec Ltd	9150	-3.47	-3.82	4.50
FirstRand Ltd	6877	2.64	-0.72	4.22
Delta Property Fund Ltd	622	3.67	3.67	4.03
Cie Financiere Richemont SA	11598	0.35	0.72	3.79
RMB Holdings Ltd	8044	0.42	-2.37	3.76
RDI REIT PLC	611	0.66	0.49	3.67
JSE All Share Index	57118	-0.08	-0.55	-4.01

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

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

An Authorised Financial
Services Provider
FSP no. 731

GTC is nationally represented in Johannesburg, Cape Town and Durban.

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services