

ONE Minute Brief

31 August 2018

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Economic and political news

In South Africa (SA), the producer price index (PPI) advanced 6.1% on an annual basis in July, compared to a rise of 5.9% in June. Annual private sector credit recorded a less-than-anticipated growth of 5.41% in July, compared to a rise of 5.68% in the previous month. M3 money supply climbed 6.0% on a yearly basis in July, compared to an increase of 5.77% in June.

S&P Global Ratings stated that SA's sovereign credit ratings were unlikely to be downgraded deeper into "junk" territory, as the country's external metrics were solid and that its monetary flexibility was a credit strength.

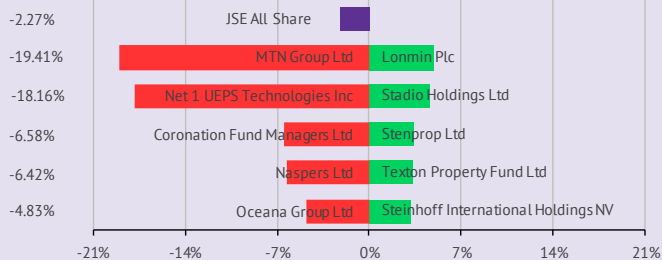
The International Monetary Fund (IMF) announced its support for SA's land-reform plan, provided the process was transparent and constitutional. However, the IMF was unlikely to revise the country's growth forecast upwards.

The National Union of Metalworkers of SA (NUMSA) and the National Union of Mineworkers (NUM) have accepted Eskom's 7.5% pay hike for 2018 and 7.0% for 2019 and 2020. Separately, according to a news report, Eskom is expected to submit an application to energy regulator, Nersa for an average tariff increase of 15.0% per year for the next three years.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in industrial, retail and banking sector stocks. Data revealed that SA's annual private sector credit rose at a slower-than-expected pace in July. The JSE All Share Index fell 2.3% to close at 58,802.69.



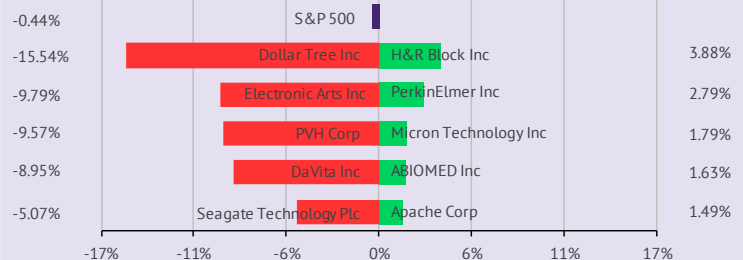
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	58802.69	▼	-1362.82	-2.27	0.01	2.39	-0.31	-1.18
JSE Top 40	52650.20	▼	-1380.40	-2.55	-0.17	2.60	-0.39	0.22
FTSE 100	7516.03	▼	-47.18	-0.62	-0.81	-3.00	1.46	-2.23
DAX 30	12494.24	▼	-67.44	-0.54	0.80	-2.43	4.06	-3.28
CAC 40	5478.06	▼	-23.27	-0.42	0.84	-0.60	3.53	3.12
S&P 500	2901.13	▼	-12.91	-0.44	0.92	3.01	3.60	8.51
Nasdaq Composite	8088.36	▼	-21.32	-0.26	1.79	5.43	2.15	17.17
DJIA	25986.92	▼	-137.65	-0.53	0.76	2.25	4.71	5.13
MSCI Emerging Markets	1057.84	▼	-12.68	-1.18	0.73	-2.72	1.68	-8.68
MSCI Developed World	2181.56	▼	-9.19	-0.42	0.92	1.32	3.05	3.71

US Market ▼

The S&P 500 futures are trading in the red

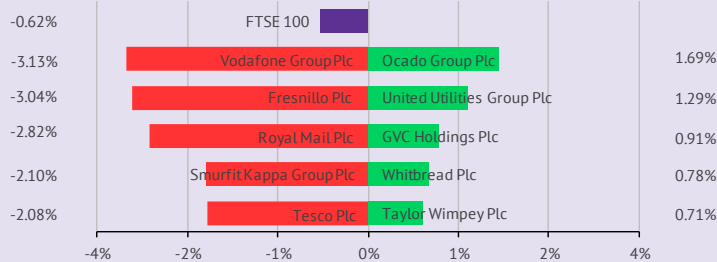
US markets closed lower yesterday, after a news report indicated that the US President, Donald Trump is planning to impose additional tariffs on Chinese imports. The S&P 500 Index dropped 0.4% to close at 2,901.13.



UK Market ▼

The FTSE 100 futures are trading in positive territory

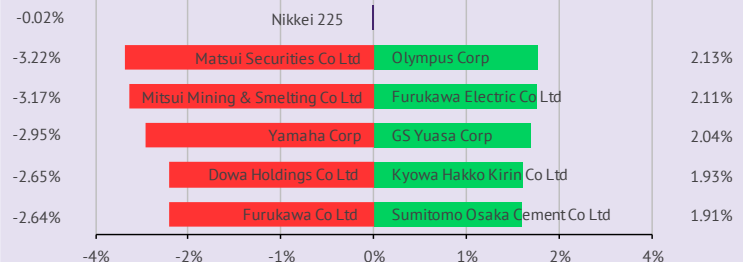
UK markets finished lower yesterday, amid strength in the British Pound. Data indicated that UK's net consumer credit rose less-than-expected in July. The FTSE 100 Index declined 0.6% to close at 7,516.03.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data revealed that Japan's jobless rate unexpectedly rose in July. The Nikkei 225 Index is trading marginally lower at 22,865.83.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R14.7386. Later today, traders will keep a close watch on the US Chicago purchasing managers' index and the Michigan consumer sentiment index for further indication.

The US Dollar rose against the South African Rand yesterday, following robust US consumer spending and inflation data. Data indicated that the US consumer spending rose in line with expectations on a monthly basis in July. Additionally, the personal consumption expenditures (PCE) price index climbed at par with market forecast on a monthly basis in the same month. Meanwhile, initial jobless claims advanced more than expected in the week ended 25 August 2018. Separately, in SA, the PPI climbed more than market expectations on an annual basis in July. Moreover, M3 money supply recorded a more-than-anticipated advance on a yearly basis in July. Meanwhile, the nation's annual private sector credit advanced less than market forecast in July.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R19.1722. Data revealed that UK's GfK consumer confidence index improved in August.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's net consumer credit advanced at its weakest pace since November 2015 in July. Additionally, mortgage approvals registered a more-than-anticipated decline in the same month.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R17.1922. Going forward, market participants will keep a tab on the Eurozone's consumer price index and unemployment rate along with Germany's retail sales for further direction.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's business climate indicator fell more than market expectations in August. Additionally, the consumer confidence index dropped in line with market forecast in August. Moreover, the economic confidence index recorded a more-than-anticipated decline for a consecutive eight month in August. Separately, Germany's consumer price index advanced in line with market forecast on an annual basis in August. Further, unemployment rate recorded an unchanged reading in August, marking its lowest rate since German reunification in 1990.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R10.6869. Earlier in the session, Australia's private sector credit climbed more than market anticipations on a monthly basis in July. Meanwhile, in China, Australia's largest trading partner, the manufacturing PMI surprisingly advanced in August.

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	14.7386	▲	2.56	4.09	10.92	-3.28	18.91
GBPZAR	19.1722	▲	2.44	4.63	9.97	-3.90	14.58
EURZAR	17.1922	▲	2.23	3.96	10.72	-3.22	15.68
AUDZAR	10.6869	▼	1.91	2.38	8.51	-3.03	10.68
EURUSD	1.1664	▼	-0.31	0.42	-0.17	0.06	-2.78
GBPUSD	1.3007	▼	-0.13	1.27	-0.88	-0.63	-3.73
Brent (\$/barrel)	77.7	▼	0.82	2.57	4.80	-6.34	16.30
Gold (\$/oz)	1208.2	▲	-0.54	-0.52	-1.94	-2.46	-8.35
Platinum (\$/oz)	792.8	▲	-0.60	0.30	-6.38	-0.77	-15.24
Copper (\$/MT)*	6062.5	▼	-0.17	-0.48	-3.45	-5.22	-15.88

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,208.20/oz.

Yesterday, gold prices fell 0.5% to close at \$1,200.00/oz, as strength in the US Dollar dampened demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.1% to trade at \$77.69/bl, amid fears over escalating trade war tensions between the US and China.

Yesterday, Brent crude oil advanced 0.8% to settle at \$77.77/bl, amid weekly declines in the US crude supplies and led by ongoing concerns over tighter global inventories tied to the US sanctions on Iran.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$792.80/oz.

Yesterday, platinum prices declined 0.6% to close at \$791.80/oz.

Major South African corporate news

Mr Price Group Limited

In its trading update, the company stated that it recorded a 7.4% increase in its retail sales and other income compared to the corresponding period of the prior year. Its total retail sales grew to ZAR6.90bn, a 6.5% rise from the same period of the previous year. Further, the company's South African sales increased 6.4% and sales in non-South African stores advanced 9.1% for the period.

Murray & Roberts Holdings Limited

The company announced that it has been awarded new underground mining projects to the total value of ZAR3.60bn. It includes the Pumpkin Hollow underground project in Nevada for Nevada Copper Corporation, where the scope of work will include shaft sinking and underground mine development work and a shaft sinking project on a copper mine in South Africa. These projects will be delivered over a period of up to three years.

Net 1 UEPS Technologies Inc

In its FY18 results, the company announced that its revenue rose to USD612.89mn, compared to USD610.07mn posted in the corresponding period of the previous year. Its diluted EPS decreased to USD0.69, compared to USD1.33 recorded in the same period of the prior year.

Santam Limited

In its 1H18 results, the company reported that its revenues advanced 13.0% to ZAR15.59bn compared to the same period of the preceding year. Its diluted EPS stood at 1,009.00c, compared to 677.00c recorded in the corresponding period of the previous year. The company has declared an interim dividend of 363.00c per share, compared to 336.00c per share posted in the same period of the prior year. Separately, the company has increased its effective interest in Saham Finances, held indirectly through SAN JV to 10.0% from 7.0%.

Trencor Limited

In its 1H18 trading statement, the company announced that it expects headline loss per share to be at least 722.50c, 400.0% higher compared to the same period of the previous year. Further, the company expects EPS to be at least 4,867.00c, an increase of 200.0% compared to the corresponding period of the preceding year.

Major global economic news

Eurozone

In the Eurozone, the business climate indicator registered a more-than-anticipated drop to 1.22 in August. In the previous month, the business climate indicator had recorded a revised reading of 1.30.

In the Eurozone, the final consumer confidence index registered a drop to -1.90 in August, meeting market forecast and compared to a revised level of -0.50 in the prior month. The preliminary figures had also recorded a fall to -1.90.

In the Eurozone, the economic sentiment indicator fell to a level of 111.60 in August, more-than-anticipated and compared to a level of 112.10 in the prior month.

In Germany, the preliminary CPI recorded a rise of 2.0% on a yearly basis in August, in line with market expectations. The CPI had registered a similar rise in the prior month.

In Germany, seasonally adjusted unemployment rate remained steady at a rate of 5.2% in August.

UK

In the UK, number of mortgage approvals for house purchases dropped to 64.80K in July, more than market expectations. Number of mortgage approvals for house purchases had recorded a revised reading of 65.40K in the previous month.

In July, net consumer credit registered a less-than-expected rise of GBP0.80bn in the UK, compared to a revised advance of GBP1.50bn in the prior month.

In August, the GfK consumer confidence index recorded an unexpected rise to -7.00 in the UK. In the previous month, the index had recorded a level of -10.00.

Asia

In Japan, unemployment rate unexpectedly climbed to 2.5% in July, compared to a rate of 2.4% in the prior month.

In Japan, preliminary industrial production unexpectedly dropped 0.1% on a monthly basis in July. In the previous month, industrial production had fallen 1.8%.

In China, the manufacturing PMI registered an unexpected rise to a level of 51.30 in August. In the prior month, the NBS manufacturing PMI had registered a reading of 51.20.

In Australia, private sector credit registered a rise of 0.4% on a monthly basis in July, more than market expectations. The private sector credit had recorded a rise of 0.3% in the prior month.

US

In the US, seasonally adjusted initial jobless claims recorded a more-than-expected rise to 213.00K in the week ended 25 August 2018, compared to a reading of 210.00K in the prior week.

In the US, core personal consumption expenditure climbed 0.2% on a monthly basis in July, meeting market forecast and compared to a rise of 0.1% in the prior month.

In the US, personal spending recorded a rise of 0.4% on a monthly basis in July, in line with market expectations. In the previous month, personal spending had registered a similar rise.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	GfK Consumer Confidence (Aug)	✓✓✓	-7.00*	-10.00	Monthly
Japan	01:30	Unemployment Rate (Jul)	✓✓	2.50%*	2.40%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (Aug)	✓✓✓	1.20%*	0.90%	Monthly
Japan	01:30	Tokyo CPI ex Food, Energy (YoY) (Aug)	✓	0.60%*	0.50%	Monthly
Japan	01:30	Tokyo CPI ex Fresh Food (YoY) (Aug)	✓✓✓	0.90%*	0.80%	Monthly
Japan	01:50	Industrial Production (MoM) (Jul) (P)	✓✓✓	-0.10%*	-1.80%	Monthly
Japan	01:50	Industrial Production (YoY) (Jul) (P)	✓✓✓	2.30%*	-0.90%	Monthly
China	03:00	NBS Manufacturing PMI (Aug)	✓✓	51.30*	51.20	Monthly
China	03:00	NBS Non-manufacturing PMI (Aug)	✓	54.20*	54.00	Monthly
Japan	06:00	Vehicle Production (YoY) (Jun)	✓	-4.40%*	4.60%	Monthly
Japan	07:00	Construction Orders (YoY) (Jul)	✓	-	-6.50%	Monthly
Japan	07:00	Annualised Housing Starts (Jul)	✓✓	0.93mn units	0.92mn units	Monthly
Japan	07:00	Housing Starts (YoY) (Jul)	✓	-4.10%	-7.10%	Monthly
Germany	08:00	Short-Term Interest Rate (Jul)	✓	-	-0.32%	Monthly
Germany	08:00	Retail Sales (MoM) (Jul)	✓✓✓	-0.20%	1.20%	Monthly
Germany	08:00	Retail Sales (YoY) (Jul)	✓✓✓	1.30%	3.00%	Monthly
UK	08:00	Nationwide House Prices n.s.a. (YoY) (Aug)	✓✓	2.70%	2.50%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Aug)	✓✓✓	0.10%	0.60%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Aug) (P)	✓✓✓	-	2.10%	Monthly
Eurozone	11:00	Unemployment Rate (Jul)	✓✓✓	8.20%	8.30%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Aug) (P)	✓✓✓	1.10%	1.10%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	2.00%	2.10%**	Monthly
South Africa	14:00	Trade Balance (Jul)	✓✓	ZAR5.20bn	ZAR12.00bn	Monthly
US	15:45	Chicago PMI (Aug)	✓✓✓	63.00	65.50	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Aug) (F)	✓✓✓	95.70	95.30**	Monthly
Eurozone	19:00	ECB Board Member Luis Guindos Speaks in Asturias, Spain	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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