

ONE Minute Brief

7 August 2018

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Economic and political news

Eskom workers have been given a deadline until tomorrow to either accept or reject a new wage offer that includes one-off cash payments of ZAR10,000.

The Democratic Alliance has given the SABC an ultimatum to air a video of party leader, Mmusi Maimane, expressing the party's position on land reform.

Cape Town Mayor, Patricia de Lille, stated that she would continue pursuing legal action against at least 12 individuals who defamed her over the last six months.

South Africa's (SA) largest organised farmers' body, Agri SA, will keep an eye on the African National Congress' (ANC) plans to target 139 farms in test cases for expropriation without compensation and would go to the Constitutional Court if necessary.

The Institute of Directors in Southern Africa announced that Prof Suresh Kana would lead SA's corporate governance committee with effect from 1 October.

Deputy President, David Mabuza, has appointed controversial former crime intelligence boss, Mulangi Mphego, as his special advisor.

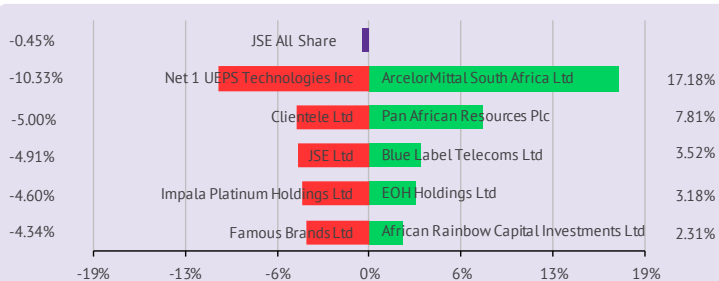
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56861.21	▼	-256.82	-0.45	-0.45	-0.99	-0.31	-4.44
JSE Top 40	50784.44	▼	-204.02	-0.40	-0.40	-1.03	-0.39	-3.33
FTSE 100	7663.78	▲	4.68	0.06	0.06	-1.10	1.46	-0.31
DAX 30	12598.21	▼	-17.55	-0.14	-0.14	-1.62	4.06	-2.47
CAC 40	5477.18	▼	-1.80	-0.03	-0.03	-0.62	3.53	3.10
S&P 500	2850.40	▲	10.05	0.35	0.35	1.21	3.60	6.61
Nasdaq Composite	7859.68	▲	47.66	0.61	0.61	2.45	2.15	13.85
DJIA	25502.18	▲	39.60	0.16	0.16	0.34	4.71	3.17
MSCI Emerging Markets	1071.00	▼	-2.33	-0.22	-0.22	-1.51	1.68	-7.55
MSCI Developed World	2157.34	▲	1.95	0.09	0.09	0.20	3.05	2.56

South Africa Market ▼

South African markets closed lower

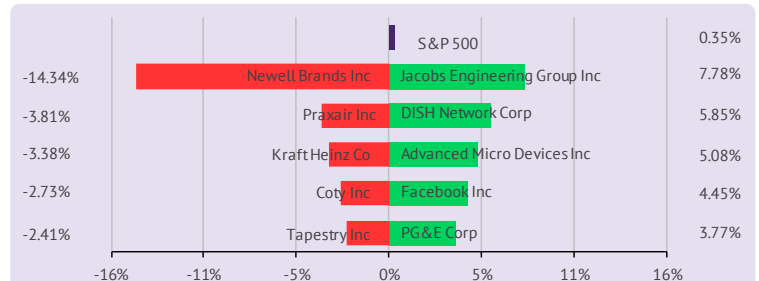
South African markets closed in the red yesterday, weighed down by losses in banking, platinum mining and financial sector stocks. The JSE All Share Index fell 0.5% to close at 56,861.21.



US Market ▲

The S&P 500 futures are trading in the green

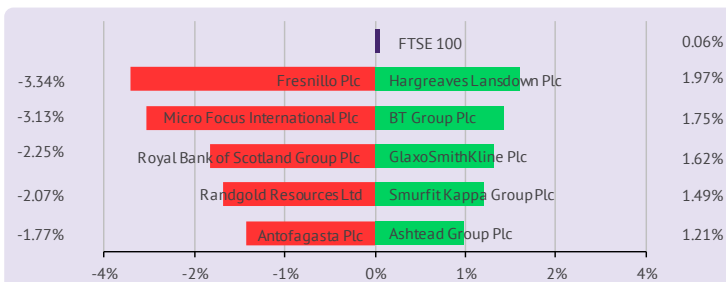
US markets closed higher yesterday, boosted by upbeat corporate earnings results and amid gains in technology sector stocks. The S&P 500 Index climbed 0.4% to close at 2,850.40.



UK Market ▲

The FTSE 100 futures are trading in positive territory

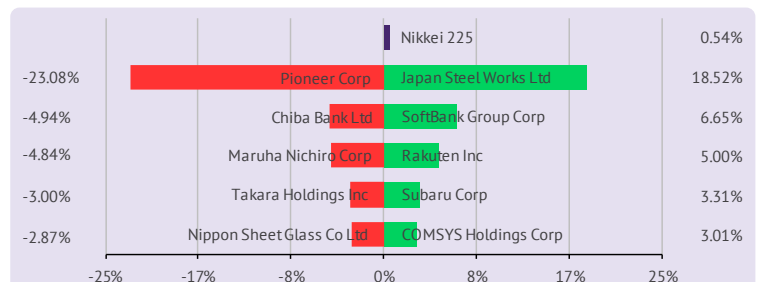
UK markets finished higher yesterday, supported by gains in energy sector stocks and amid weakness in the British Pound. The FTSE 100 Index advanced 0.1% to close at 7,663.78.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.5% higher at 22,628.98.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R13.4327. Later today, traders will keep a close watch on the US JOLTS job openings and consumer credit data for further indication.

The US Dollar rose against the South African Rand yesterday.

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 R17.3842. Ahead in the day, traders will keep an eye on the UK's Halifax house price index for further cues. On the data front, UK's BRC like-for-like sales recorded a less-than-anticipated advance on an annual basis in July.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally fell against the South African Rand to trade at R15.5241. Going forward, market participants will keep a tab on Germany's trade balance, current account balance and industrial production for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's Sentix investor confidence index climbed more than market expectations to a three-month high level in August. Separately, Germany's factory orders declined more than market forecast on a monthly basis in June, marking its biggest fall since January 2017. Additionally, the Markit construction PMI recorded a drop in July.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar slightly advanced against the South African Rand to trade at R9.9301. Earlier in the session, Australia's AiG performance of construction index climbed in July. Meanwhile, the ANZ Roy Morgan weekly consumer confidence Index registered a decline in the week ended 5 August 2018.

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	13.4327	▼	0.89	0.89	1.25	-3.28	8.55
GBPZAR	17.3842	▼	0.45	0.45	-0.13	-3.90	4.05
EURZAR	15.5241	▼	0.77	0.77	0.07	-3.22	4.54
AUDZAR	9.9301	▲	0.67	0.67	0.73	-3.03	2.75
EURUSD	1.1556	▲	-0.12	-0.12	-1.17	0.06	-3.76
GBPUSD	1.2941	▼	-0.44	-0.44	-1.37	-0.63	-4.21
Brent (\$/barrel)	74.0	▲	0.74	0.74	-0.62	-6.34	10.29
Gold (\$/oz)	1217.6	▲	-0.46	-0.46	-1.23	-2.46	-7.69
Platinum (\$/oz)	826.1	▼	-1.27	-1.27	-2.31	-0.77	-11.55
Copper (\$/MT)*	6103.5	▼	-1.21	-1.21	-2.80	-5.22	-15.31

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,217.60/oz.

Yesterday, gold prices fell 0.5% to close at \$1,208.60/oz, as strength in the US dollar dampened demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.3% to trade at \$73.99/bl.

Yesterday, Brent crude oil advanced 0.7% to settle at \$73.75/bl, amid reports of a drop in Saudi Arabian crude oil production and US sanctions against Iran.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally declined to trade at \$826.10/oz.

Yesterday, platinum prices declined 1.3% to close at \$826.30/oz.

Major South African corporate news

Investec Property Fund Limited

The company announced that it has concluded a sale agreement with Equites Property Fund Limited, to dispose of the property situated at 117 Greenhills, for a disposal price of ZAR462.00mn. The Purchase Price reflects an exit yield of 7.0% and represents a ZAR25.00mn premium to the current book value. The property is a 40,428.00m² distribution centre let to Simba Proprietary Limited. The aim of the agreement is in line with the company's strategy of value creation through the efficient recycling of capital and enables the fund to deleverage its balance sheet on both an earnings and net asset value accretive basis.

Royal Bafokeng Platinum Limited

In its 1H18 results, the company announced that its revenues advanced 4.1% to ZAR1.66bn, compared to the same period of the preceding year. Its diluted loss per share stood at 12.40c, compared to 15.00c recorded in the corresponding period of the previous year. The company has not declared an interim dividend for the period. For FY18, the company expects production to be between 3.35Mt to 3.50Mt.

Tongaat Hulett Limited

The company announced that Mr Murray Munro would be stepping down as the Chief Financial Officer (CFO) and Executive Director of the Board of the company with effect from 7 August 2018. Further, the company announced that Mr Rob Aitken, currently a senior Finance Executive, would assume responsibility as the acting CFO as of 7 August 2018.

Steinhoff International Holdings NV

The company announced that 100.0% in value of the third-party creditors under Hemisphere's EUR750.00mn revolving credit facility have now entered into the Hemisphere LUA. The parties to the Hemisphere LUA are now seeking to execute the material documents required to implement the Hemisphere Restructuring by 17 August 2018.

Major global economic news

Eurozone

In the Eurozone, the Sentix investor confidence index registered a more-than-expected rise to 14.70 in August, compared to a reading of 12.10 in the prior month.

In Germany, seasonally adjusted factory orders registered a drop of 4.0% on a monthly basis in June, more than market expectations. In the previous month, factory orders had risen 2.6%.

In Germany, the Markit construction PMI dropped to a level of 50.00 in July. In the previous month, the Markit construction PMI had recorded a level of 53.00.

UK

In the UK, retail sales across all sectors advanced less-than-expected 0.5% on an annual basis in July, compared to an advance of 1.1% in the prior month.

Asia

The Reserve Bank of Australia, in its August monetary policy meeting, kept its interest rate steady at 1.50%, as widely expected.

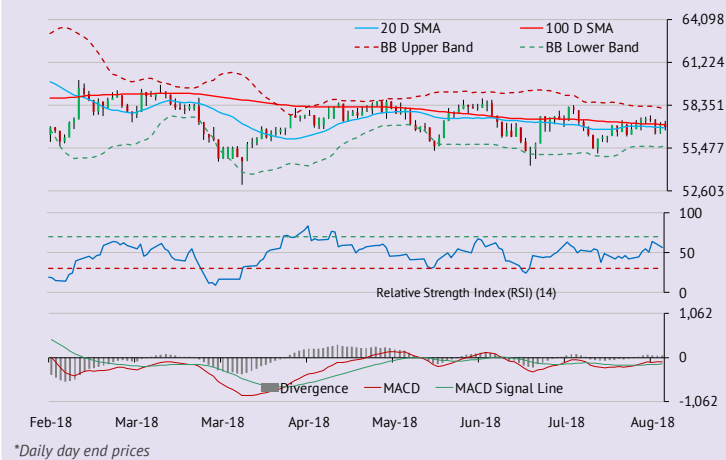
In Australia, the AiG performance of construction index rose to a level of 52.00 in July. The AiG performance of construction index had recorded a reading of 50.60 in the prior month.

In Australia, the ANZ Roy Morgan Weekly Consumer Confidence Index dropped to a level of 118.9 in the week ended 5 August 2018, compared to a reading of 119.8 in the prior month.

In Japan, household spending registered a drop of 1.2% on an annual basis in June, compared to a drop of 3.9% in the previous month.

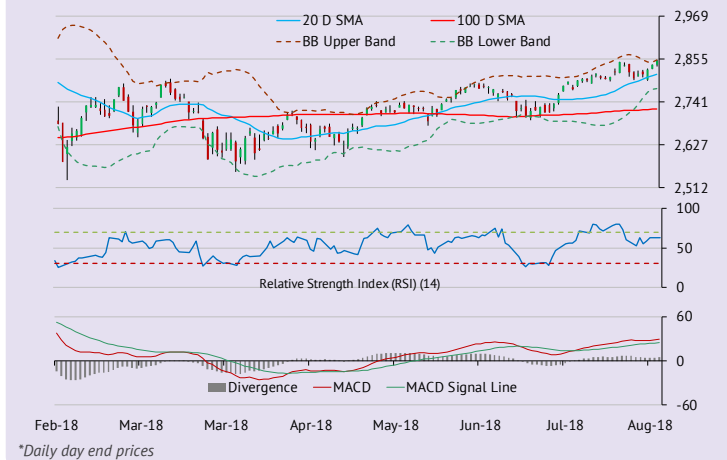
Technical snapshot

JSE All Share



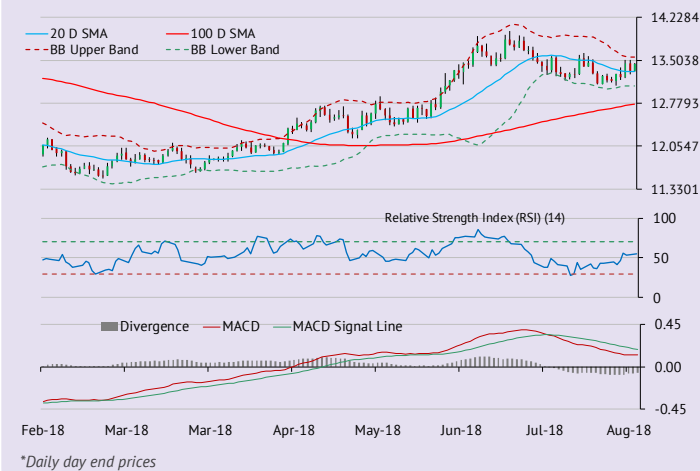
The JSE All Share index is expected to find support at 56,258.93, and a fall through could take it to the next support level of 55,656.65. The index is expected to find its first resistance at 57,572.35, and a rise through could take it to the next resistance level of 58,283.49.

S&P 500



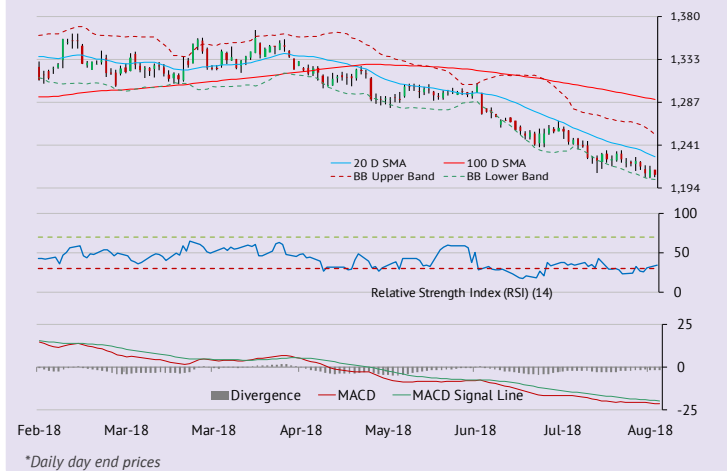
The S&P 500 index is expected to find support at 2,813.40, and a fall through could take it to the next support level of 2,776.39. The index is expected to find its first resistance at 2,870.35, and a rise through could take it to the next resistance level of 2,890.29.

USD ZAR



The pair is expected to find support at 13.1787, and a fall through could take it to the next support level of 12.9159. The pair is expected to find its first resistance at 13.6066, and a rise through could take it to the next resistance level of 13.7717.

XAU USD



Gold is expected to find support at \$1,199.77/oz, and a fall through could take it to the next support level of \$1,190.93/oz. The precious metal is expected to find its first resistance at \$1,222.77/oz, and a rise through could take it to the next resistance level of \$1,236.93/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Jul)	✓✓✓	0.50%*	1.10%	Monthly
Japan	01:30	Household Spending (YoY) (Jun)	✓✓	-1.20%*	-3.90%	Monthly
Japan	01:50	Japan Foreign Reserves (Jul)	✓	USD1256.30bn*	USD1258.70bn	Monthly
Japan	02:00	Labour Cash Earnings (YoY) (Jun)	✓✓	3.60%*	2.10%	Monthly
Japan	07:00	Coincident Index (Jun) (P)	✓	116.20	116.80	Monthly
Japan	07:00	Leading Economic Index (Jun) (P)	✓✓✓	105.30	106.90	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Jul)	✓	-	USD42.45bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Jul)	✓	-	USD50.58bn	Monthly
Germany	08:00	Industrial Production n.s.a. and w.d.a. (YoY) (Jun)	✓✓✓	3.00%	3.10%	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Jun)	✓✓✓	-0.50%	2.60%	Monthly
Germany	08:00	Current Account n.s.a. (Jun)	✓	EUR21.00bn	EUR12.60bn	Monthly
Germany	08:00	Exports s.a. (MoM) (Jun)	✓	-0.30%	1.80%	Monthly
Germany	08:00	Imports s.a. (MoM) (Jun)	✓	0.30%	0.70%	Monthly
Germany	08:00	Trade Balance n.s.a. (Jun)	✓✓✓	EUR20.90bn	EUR19.70bn	Monthly
UK	09:30	Halifax House Prices (MoM) (Jul)	✓	0.20%	0.30%	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (Jul)	✓	2.70%	1.80%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Jun)	✓✓	2.20%	2.30%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Jun)	✓✓	0.40%	1.50%	Monthly
US	14:55	Redbook Index (YoY) (03-Aug)	✓	-	4.20%	Weekly
US	14:55	Redbook Index s.a. (MoM) (03-Aug)	✓	-	0.50%	Weekly
Canada	16:00	Ivey PMI s.a. (Jul)	✓✓✓	-	63.10	Monthly
Canada	16:00	Ivey PMI n.s.a. (Jul)	✓✓	-	65.10	Monthly
US	16:00	JOLTs Job Openings (Jun)	✓	6625.00K	6638.00K	Monthly
US	21:00	Consumer Credit Change (Jun)	✓✓	-	USD24.56bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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