

ONE Minute Brief

1 August 2018

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Economic and political news

In South Africa (SA), trade surplus widened more-than-expected to ZAR12.00bn in June, compared to a revised surplus of ZAR3.84bn in May. Unemployment rate climbed to 27.2% in 2Q18, compared to a rate of 26.7% in the previous quarter.

President, Cyril Ramaphosa, stated that the African National Congress (ANC) has decided to revise the Constitution of SA to allow for the expropriation of land without compensation.

Eskom stated that it has implemented controlled electricity cuts after the firm's power supply was disrupted by labour protests.

The Johannesburg High Court has granted an order allowing for the immediate liquidation of VBS Mutual Bank's largest shareholder, Vele Investments, thereby allowing liquidators to recover as much as half of the ZAR1.5bn stolen from depositors of the bank.

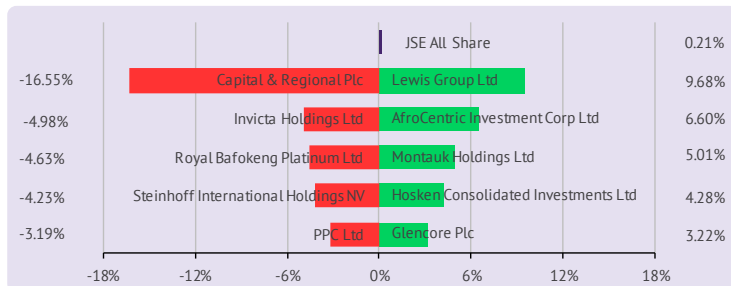
The Organisation Undoing Tax Abuse (Outa) and other civil action groups will hand over a memorandum to the Finance Minister, Nhlanhla Nene requesting for a reduced fuel levy.

Finance Minister, Nhlanhla Nene has extended the deadline for a panel of experts appointed to submit a report on the current list of items exempt from value-added tax to 6 August.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in retail, resources and banking sector stocks. Data indicated that SA's trade surplus widened more than expected in June. The JSE All Share Index rose 0.2% to close at 57,432.46.



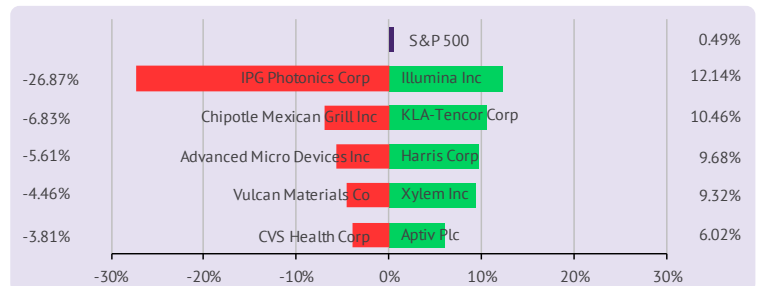
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57432.46	▲	119.32	0.21	0.47	NA	-0.31	-3.48
JSE Top 40	51315.00	▲	87.32	0.17	0.37	NA	-0.39	-2.32
FTSE 100	7748.76	▲	47.91	0.62	0.62	NA	1.46	0.79
DAX 30	12805.50	▲	7.30	0.06	-0.43	NA	4.06	-0.87
CAC 40	5511.30	▲	20.08	0.37	-0.01	NA	3.53	3.74
S&P 500	2816.29	▲	13.69	0.49	-0.09	NA	3.60	5.34
Nasdaq Composite	7671.79	▲	41.78	0.55	-0.85	NA	2.15	11.13
DJIA	25415.19	▲	108.36	0.43	-0.14	NA	4.71	2.82
MSCI Emerging Markets	1087.46	▼	-2.69	-0.25	-0.45	NA	1.68	-6.13
MSCI Developed World	2153.10	▲	4.85	0.23	-0.14	NA	3.05	2.36

US Market ▲

The S&P 500 futures are trading in the red

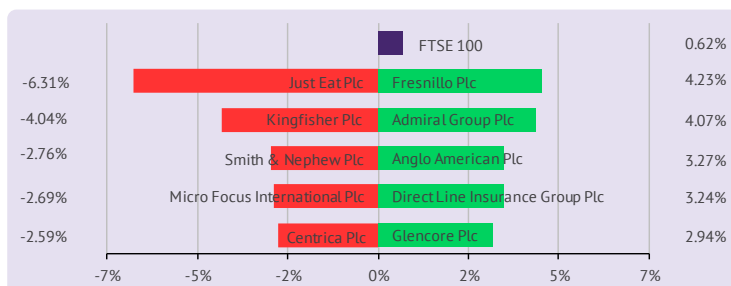
US markets closed higher yesterday, amid optimism over renewed trade negotiations between the US and China and supported by gains in health care and industrial sector stocks. The S&P 500 Index climbed 0.5% to close at 2,816.29.



UK Market ▲

The FTSE 100 futures are trading in negative territory

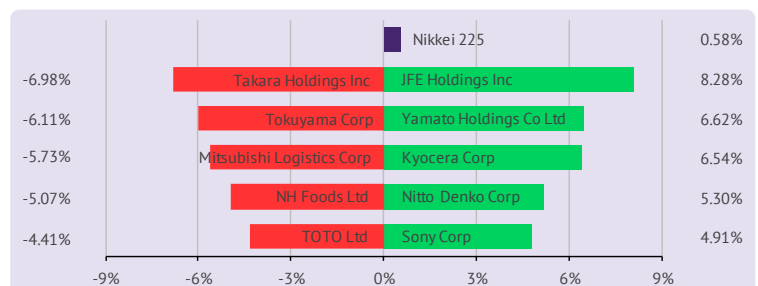
UK markets finished higher yesterday, amid reports that US and China may resume trade talks aimed at resolving trade conflicts. The FTSE 100 Index advanced 0.6% to close at 7,748.76.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data showed that Japan's Nikkei manufacturing PMI advanced in July. The Nikkei 225 Index is trading 0.6% higher at 22,684.04.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R13.2543. Later today, traders will keep a close watch on the FOMC interest rate decision, the US Markit manufacturing PMI, MBA mortgage applications, construction spending along with ADP employment change and the ISM manufacturing for further indication.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US consumer confidence index surprised with a rise in July. Additionally, the Chicago purchasing managers' index unexpectedly advanced in the same month. Separately, in SA, trade surplus expanded in June. Meanwhile, unemployment rate recorded a rise in the second quarter of 2018.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.3% against the South African Rand to trade at R17.3775. Ahead in the day, traders will keep an eye on UK's Nationwide house price index and the Markit manufacturing PMI for further direction. On the data front, UK's BRC shop price index declined 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 is trading 0.2% weaker against the South African Rand at R15.4836. Going forward, market participants will keep a tab on the Markit manufacturing PMI across the Eurozone for further cues.

The Euro strengthened against the South African Rand yesterday, after Eurozone's consumer price index (CPI) climbed more than market forecast on an annual basis in July, hitting its highest level since late 2012. Further, unemployment rate remained steady at the lowest level since December 2008 in June. Meanwhile, the region's gross domestic product (GDP) grew at a slower than expected pace in the second quarter of 2018, marking its weakest expansion in two years. Germany's unemployment rate recorded an unchanged reading in July. Further, retail sales rebounded on a monthly basis in June.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% lower against the South African Rand at R9.8275. Earlier in the session, Australia's AiG performance of manufacturing index recorded a drop in July. Additionally, the CBA manufacturing PMI eased in the same month. Meanwhile, in China, Australia's largest trading partner, the Caixin manufacturing PMI dropped more than market forecast in July, marking its lowest level in eight months.

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	13.2543	▼	0.91	0.78	NA	-3.28	7.21
GBPZAR	17.3775	▼	0.83	0.96	NA	-3.90	4.19
EURZAR	15.4836	▼	0.76	1.05	NA	-3.22	4.48
AUDZAR	9.8275	▼	1.15	1.10	NA	-3.03	2.00
EURUSD	1.1682	▼	-0.13	0.29	NA	0.06	-2.62
GBPUSD	1.3110	▼	-0.07	0.14	NA	-0.63	-2.88
Brent (\$/barrel)	73.9	▼	-1.01	-0.11	NA	-6.34	10.98
Gold (\$/oz)	1230.5	▲	0.20	0.06	NA	-2.46	-6.54
Platinum (\$/oz)	839.6	▼	1.72	1.70	NA	-0.77	-9.46
Copper (\$/MT)*	6279.3	▲	0.90	0.08	NA	-5.22	-12.87

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,230.50/oz.

Yesterday, gold prices rose 0.2% to close at \$1,223.70/oz, reversing its previous session losses.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.4% to trade at \$73.92/bl, after the American Petroleum Institute reported that crude oil inventories advanced by 5.6mn bls in the week ended 27 July 2018.

Yesterday, Brent crude oil dropped 1.0% to settle at \$74.21/bl, amid increasing crude output from the OPEC and Russia.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.7% to trade at \$839.60/oz.

Yesterday, platinum prices climbed 1.7% to close at \$845.80/oz.

Major South African corporate news

Anglo American Plc

The company announced that in the sixth sales cycle of the year, demand for De Beers rough diamonds was in line with expectations during the seasonally quieter summer period. The sales value of the rough diamonds was worth USD530.00mn.

Howden Africa Holdings Limited

In its 1H18 results, the company revealed that its revenues declined 22.8%, compared to the same period of the preceding year to ZAR652.32mn. Its diluted EPS stood at 131.12c, compared to 182.23c recorded in the corresponding period of the previous year. For FY18, the company expects that capital project spent within power generation, mining and general industry will remain subdued.

Gold Fields Limited

The company announced that it has completed the joint venture with Asanko Gold, acquiring a 50.0% stake in Asanko's 90.0% interest in the Asanko Gold Mine in Ghana. The closing of the transaction with Asanko gives the company exposure to a great camp, with long-life, low-cost production, with significant exploration potential.

Oceana Group Limited

The company announced that Mr Imraan Soomra has been appointed as Chief Executive Officer, effective from 1 August 2018. Further, Trevor Giles has been appointed as interim Chief Financial Officer with effect from 1 August 2018.

Major global economic news

Eurozone

In the Eurozone, GDP registered a rise of 0.3% on a quarterly basis in 2Q18, compared to a rise of 0.4% in the previous quarter.

In the Eurozone, the preliminary CPI registered a more-than-expected rise of 2.1% on an annual basis in July, compared to an advance of 2.0% in the prior month.

In June, unemployment rate remained steady at 8.3% in the Eurozone, in line with expectations.

In Germany, seasonally adjusted unemployment rate remained unchanged at 5.2% in July, at par with market expectations.

In June, retail sales rebounded 1.2% on a monthly basis in Germany, compared to a drop of 2.1% in the previous month.

Asia

In Australia, the AIG performance of manufacturing index recorded a drop to 52.00 in July, compared to a reading of 57.40 in the previous month.

In China, the Markit manufacturing PMI index fell to a level of 50.80 in July, compared to a reading of 51.00 in the prior month.

In Japan, the final manufacturing PMI fell to a level of 52.30 in July, compared to a level of 53.00 in the previous month. The preliminary figures had indicated a drop to 51.60.

US

In the US, the consumer confidence index unexpectedly climbed to 127.40 in July. The index had registered a revised reading of 127.10 in the prior month.

In July, the Chicago Fed purchasing managers' index unexpectedly rose to 65.50 in the US. The index had recorded a reading of 64.10 in the previous month.

UK

In the UK, the BRC shop price index recorded a drop of 0.3% on an annual basis in July. In the previous month, the index had fallen 0.5%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Jul)	✓✓✓	-0.30%*	-0.50%	Monthly
Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Jul) (F)	✓✓✓	52.30*	51.60**	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Jul)	✓✓✓	50.80*	51.00	Monthly
Japan	07:00	Vehicle Sales (YoY) (Jul)	✓	-	-7.30%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Jul)	✓✓✓	0.10%	0.50%	Monthly
UK	08:00	Nationwide House Prices n.s.a. (YoY) (Jul)	✓✓	1.80%	2.00%	Monthly
Eurozone	09:00	Non-monetary policy's ECB meeting	✓✓	-	-	As scheduled
Germany	09:55	Markit Manufacturing PMI (Jul) (F)	✓✓✓	57.30	57.30**	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Jul) (F)	✓✓✓	55.10	55.10**	Monthly
UK	10:30	Markit Manufacturing PMI (Jul)	✓✓✓	54.20	54.40	Monthly
South Africa	11:00	PMI Manufacturing (Jul)	✓✓	48.50	47.90	Monthly
US	13:00	MBA Mortgage Applications (27-Jul)	✓	-	-0.20%	Weekly
US	14:15	ADP Employment Change (Jul)	✓✓✓	186.00K	177.00K	Monthly
US	15:45	Markit Manufacturing PMI (Jul) (F)	✓✓✓	55.50	55.50**	Monthly
US	16:00	ISM Employment (Jul)	✓	-	56.00	Monthly
US	16:00	ISM Backlog Orders (Jul)	✓	-	60.10	Monthly
US	16:00	ISM Inventories (Jul)	✓	-	50.80	Monthly
US	16:00	ISM Production (Jul)	✓	-	62.30	Monthly
US	16:00	ISM New Orders (Jul)	✓	-	63.50	Monthly
US	16:00	Construction Spending (MoM) (Jun)	✓✓	0.30%	0.40%	Monthly
US	16:00	ISM Manufacturing PMI (Jul)	✓✓✓	59.30	60.20	Monthly
US	16:00	ISM Prices Paid (Jul)	✓✓	75.30	76.80	Monthly
US	20:00	Fed Interest Rate Decision	✓✓✓	2.00%	2.00%	As scheduled
US	20:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled
US	-	Total Vehicle Sales (Jul)	✓	17.05mn	17.38mn	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Jul)	✓	3.00%	3.00%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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