

# ONE Minute Brief

2 August 2018

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## Economic and political news

In South Africa (SA), the manufacturing PMI advanced more-than-expected to 51.50 in July, compared to a level of 47.90 in the previous month. Vehicle sales advanced by 2.6% to 47,881 units in July.

President, Cyril Ramaphosa, has served a notice to Deputy National Director of Public Prosecutions, Nomgcobo Jiba and Special Director of Public Prosecutions, Lawrence Mrwebi, regarding his intention to suspend them.

Pravin Gordhan's public enterprises ministry will now control the troubled South African Airways (SAA), after President, Cyril Ramaphosa transferred its control, with effect from 1 August.

Following President, Cyril Ramaphosa's latest comments on land expropriation, the Democratic Alliance leader, Mmusi Maimane, has called for an urgent parliamentary sitting to address the issue of land expropriation without compensation.

South African Bureau of Standards' (SABS) Chief Executive Officer, Boni Mehlomakulu, has resigned, citing coercion.

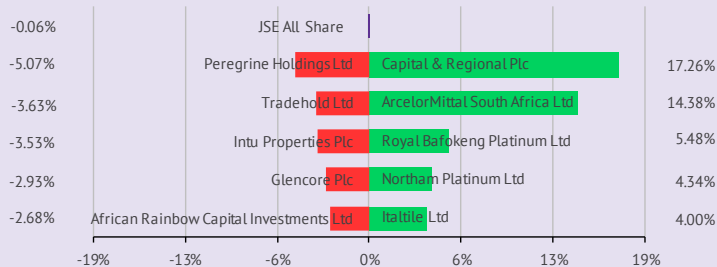
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57399.53	▼	-32.93	-0.06	0.41	-0.06	-0.31	-3.54
JSE Top 40	51276.97	▼	-38.03	-0.07	0.29	-0.07	-0.39	-2.39
FTSE 100	7652.91	▼	-95.85	-1.24	-0.63	-1.24	1.46	-0.45
DAX 30	12737.05	▼	-68.45	-0.53	-0.96	-0.53	4.06	-1.40
CAC 40	5498.37	▼	-12.93	-0.23	-0.24	-0.23	3.53	3.50
S&P 500	2813.36	▼	-2.93	-0.10	-0.19	-0.10	3.60	5.23
Nasdaq Composite	7707.29	▲	35.50	0.46	-0.39	0.46	2.15	11.64
DJIA	25333.82	▼	-81.37	-0.32	-0.46	-0.32	4.71	2.49
MSCI Emerging Markets	1086.88	▼	-0.58	-0.05	-0.50	-0.05	1.68	-6.18
MSCI Developed World	2149.36	▼	-3.73	-0.17	-0.31	-0.17	3.05	2.18

## South Africa Market ▼

### South African markets closed lower

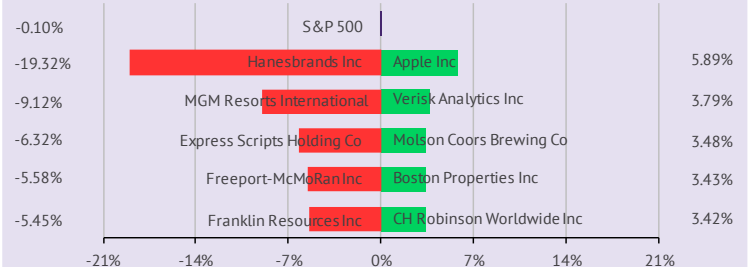
South African markets closed in the red yesterday, amid policy uncertainty over land expropriation and led by losses in banking stocks. Data revealed that SA's manufacturing PMI rose more-than-expected in July. The JSE All Share Index fell 0.1% to close at 57,399.53.



## US Market ▼

### The S&P 500 futures are trading in the red

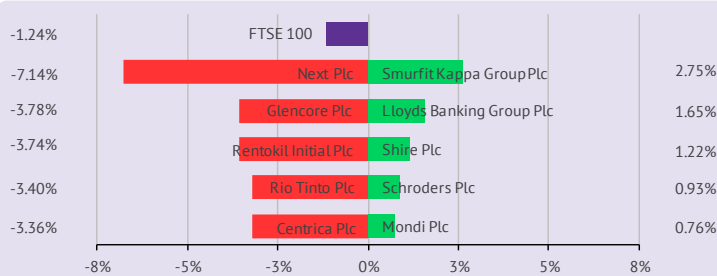
US markets closed mostly lower yesterday, after the Federal Reserve kept its interest rates steady but signalled a rate increase in September. Data revealed that the US Markit manufacturing PMI unexpectedly fell in July. The S&P 500 Index dropped 0.1% to close at 2,813.36.



## UK Market ▼

### The FTSE 100 futures are trading in negative territory

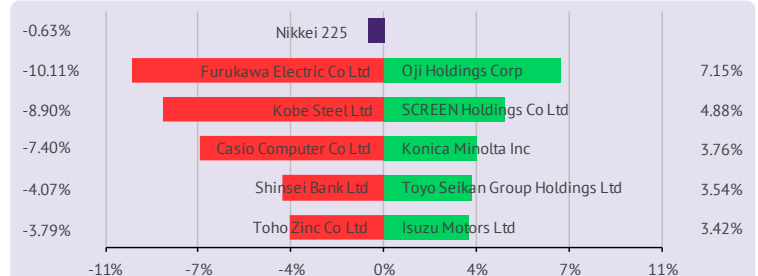
UK markets finished lower yesterday, as mining stocks declined, after Washington threatened to impose further tariffs on China, the world's largest metal consumers. The FTSE 100 Index declined 1.2% to close at 7,652.91.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 0.6% lower at 22,603.90.



## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% firmer against the South African Rand at R13.2781. Later today, traders will keep a close watch on the US initial jobless claims, factory orders and durable goods orders for further cues.

The US Dollar fell against the South African Rand yesterday, after the US Markit manufacturing PMI unexpectedly declined in July. Additionally, MBA mortgage applications registered a decline in the week ended 27 July 2018. Moreover, construction spending recorded an unexpected drop on a monthly basis in June, marking its largest fall since April 2017. Further, the ISM manufacturing index fell more than market forecast in July. On the contrary, the nation's ADP employment change rose more than market expectations in July. Separately, in SA, manufacturing PMI climbed more than market anticipations in July.

## GBP ZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.3% against the South African Rand to trade at R17.3994. Ahead in the day, traders will keep an eye on the Bank of England's interest rate decision along with UK's construction PMI for further indication.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's Markit manufacturing PMI dropped more than market forecast to a three-month low level in July. Meanwhile, the region's nationwide house price index recorded a more-than-expected advance on a monthly basis in July.

## EUR ZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.4% against the South African Rand to trade at R15.4718. Going forward, market participants will keep a tab on the Eurozone producer price index for further direction.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's Markit manufacturing PMI recorded an advance in July. Separately, Germany's Markit manufacturing PMI rose less than market expectations in July.

years. Germany's unemployment rate recorded an unchanged rate in July. Further, retail sales rebounded on a monthly basis in June.

## AUD ZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.2% against the South African Rand to trade at R9.8102. Earlier in the session, Australia's trade surplus widened more-than-anticipated in June.

The Australian Dollar fell against the South African Rand yesterday.

## Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.2781	▲	-0.41	0.37	-0.41	-3.28	6.77
GBPZAR	17.3994	▲	-0.40	0.56	-0.40	-3.90	3.77
EURZAR	15.4718	▲	-0.69	0.36	-0.69	-3.22	3.76
AUDZAR	9.8102	▲	-0.68	0.41	-0.68	-3.03	1.30
EURUSD	1.1652	▼	-0.27	0.03	-0.27	0.06	-2.87
GBPUSD	1.3104	▼	0.02	0.17	0.02	-0.63	-2.86
Brent (\$/barrel)	72.7	▲	-2.45	-2.56	-2.45	-6.34	8.25
Gold (\$/oz)	1228.2	▲	-0.47	-0.42	-0.47	-2.46	-6.98
Platinum (\$/oz)	821.9	▲	-3.38	-1.74	-3.38	-0.77	-12.52
Copper (\$/MT)*	6147.0	▼	-2.11	-2.03	-2.11	-5.22	-14.71

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,228.20/oz.

Yesterday, gold prices fell 0.5% to close at \$1,217.90/oz.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$72.67/bl.

Yesterday, Brent crude oil dropped 2.5% to settle at \$72.39/bl, after the US Energy Information Administration reported that crude oil inventories unexpectedly climbed by 3.8mn bls in the week ended 27 July 2018.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.6% to trade at \$821.90/oz.

Yesterday, platinum prices declined 3.4% to close at \$817.20/oz.

## Major South African corporate news

### Anglo American Plc

The company announced that it has completed the sale of the New Largo thermal coal project and Old New Largo closed colliery in South Africa to New Largo Coal Proprietary Limited, which is owned by Seriti Resources Proprietary Limited and Coalzar Proprietary Limited by its 73.0% held subsidiary, Anglo American Inyosi Coal (Proprietary) Limited. The cash consideration payable for New Largo is ZAR850.00mn.

### ArcelorMittal South Africa Limited

In its 1H18 results, the company stated that its revenues increased to ZAR22.87mn, compared to ZAR19.15mn posted in the corresponding period of the previous year. Its diluted loss per share fell to 147.00c, compared to 203.00c recorded in the same period of the prior year. The company has not declared an interim dividend for the period. Separately, Mr Gerhard Van Zyl would assume the role of interim Chief Financial Officer (CFO), with effect from 1 August 2018.

### Foschini Group Limited

The company announced the appointment of Bongiwe Ntuli as the Chief Financial Officer (CFO) and Executive Director, with effect from 14 January 2019.

### Grindrod Limited

The company announced that Bongiwe Ntuli has decided to step down from the role of CFO of the Freight Services division. Bongiwe has accepted an appointment as the CFO and Executive Director of The Foschini Group Limited, with effect from 14 January 2019.

### Santam Limited

The company announced that Mr PE Speckmann will serve as Chairperson of the company's Audit Committee from 1 August 2018. Mr MJ Reyneke, who served as chairperson of the Audit Committee from 1 June 2016 will continue to serve as a member of the Committee. Mr Reyneke will also continue to serve as chairperson of the Risk Committee.

### Vukile Property Fund Limited

The company announced the acquisition of Morzal Properties Iberia S.L. which had secured the opportunity to acquire 4 shopping centres in Spain. The company announced that it has acquired by way of subscription of 51.0% shareholding in Morzal.

## Major global economic news

### US

The Federal Reserve (Fed), at its August monetary policy meeting, decided to maintain the target range for the federal funds rate at 1.75% to 2.00%, as widely expected. The Fed stated that economy is growing at a "strong rate" and labour market is strengthening, with inflation near its 2.0% target. The central bank also reiterated that "further gradual increases" in interest rates would be consistent.

In the US, the final Markit manufacturing PMI registered an unexpected drop to a level of 55.30 in July, compared to a reading of 55.40 in the previous month. The preliminary figures had recorded an advance to 55.50.

In the US, mortgage applications registered a drop of 2.6% on a weekly basis in the week ended 27 July 2018, compared to a drop of 0.2% in the prior week.

In July, private sector employment recorded a more-than-expected increase of 219.00K in the US. The private sector employment had recorded a gain of 177.00K in the previous month.

In the US, the ISM manufacturing activity index recorded a drop to 58.10 in July, more than market expectations, compared to a reading of 60.20

### UK

In the UK, seasonally adjusted house prices registered a more-than-anticipated rise of 0.6% on a monthly basis in July, compared to a rise of 0.5% in the previous month.

In the UK, the manufacturing PMI registered a drop to 54.00 in July, more than market expectations. The manufacturing PMI had registered a revised reading of 54.30 in the previous month.

### Eurozone

In the Eurozone, the final manufacturing PMI advanced to 55.10 in July, compared to a reading of 54.90 in the prior month. The preliminary figures had also indicated an advance to 55.10.

In Germany, the final manufacturing PMI advanced to 56.90 in July, less than market expectations. In the prior month, manufacturing PMI had recorded a reading of 55.90. The preliminary figures had indicated an advance to 57.30.

### Asia

In Australia, seasonally adjusted trade surplus expanded more-than-expected to AUD1873.00mn in June, compared to a revised surplus of AUD725.00mn in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	1:50	Monetary Base (YoY) (Jul)	✓	7.00%*	7.40%	Monthly
Japan	1:50	Foreign Buying Japan Bonds (27-Jul)	✓	JPY538.80bn*	JPY68.20bn	Weekly
Japan	1:50	Foreign Buying Japan Stocks (27-Jul)	✓	-JPY63.40bn*	JPY173.60bn	Weekly
Japan	1:50	Japan Buying Foreign Bonds (27-Jul)	✓	JPY526.50bn*	-JPY201.30bn	Weekly
Japan	1:50	Japan Buying Foreign Stocks (27-Jul)	✓	JPY251.00bn*	JPY151.90bn	Weekly
Japan	1:50	Monetary Base (Jul)	✓✓✓	JPY503.00tn*	JPY502.90tn	Monthly
UK	10:30	Markit Construction PMI (Jul)	✓✓✓	52.80	53.10	Monthly
UK	13:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.75%	0.50%	As scheduled
South Africa	13:00	Electricity Consumption (YoY) (Jun)	✓	-	0.20%	Monthly
South Africa	13:00	Electricity Production (YoY) (Jun)	✓	-	-0.80%	Monthly
UK	13:00	Bank of England Inflation Report (3Q)	✓✓✓	-	-	As scheduled
UK	13:00	Monetary Policy Summary	✓✓✓	-	-	As scheduled
UK	13:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	13:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
US	13:30	Challenger Job Cuts (YoY) (Jul)	✓	-	19.60%	Monthly
UK	13:30	BOE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (21-Jul)	✓✓✓	1750.00K	1745.00K	Weekly
US	14:30	Initial Jobless Claims (28-Jul)	✓✓✓	220.00K	217.00K	Weekly
US	16:00	Cap Goods Orders Nondef Ex Air (Jun) (F)	✓	-	0.60%**	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Jun) (F)	✓	-	1.00%**	Monthly
US	16:00	Durable Goods Orders (Jun) (F)	✓✓✓	-	1.00%**	Monthly
US	16:00	Durable Goods Orders ex Transportation (Jun) (F)	✓✓	-	0.40%**	Monthly
US	16:00	Factory Orders (MoM) (Jun)	✓✓✓	0.70%	0.40%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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