

ONE Minute Brief

8 August 2018

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Economic and political news

In South Africa (SA), annual manufacturing production rose less-than-expected by 0.7% in June, compared to a revised rise of 2.0% in May. Net gold & forex reserves fell to a level of USD42.44bn in July, compared to a reading of USD42.45bn in the previous month. Gross gold & forex reserves eased to USD50.51bn in July, compared to a level of USD50.58bn in June.

The Association of Mineworkers and Construction Union (AMCU) has warned that it will embark on an industrial strike action at Impala Platinum if talks with the company over its plans to cut 13,000 jobs and shut down five mines fail.

The National Council of Provinces' (NCOP's) select committee on economic and business development has adopted the national minimum wage bill.

South African Revenue Service (SARS) has appointed Johnstone Makhubu as its new Chief Officer for finance.

The African National Congress has criticised the Democratic Alliance of undermining policy measures that broaden access to economic opportunities for black South Africans.

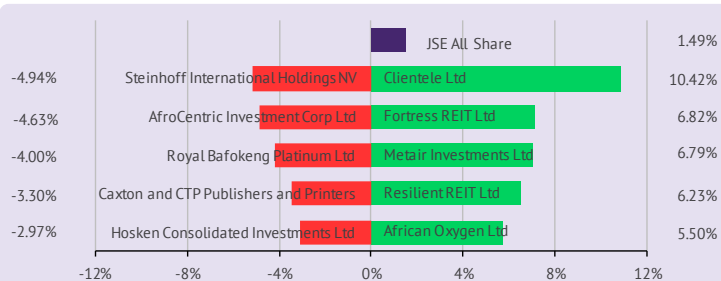
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57705.64	▲	844.43	1.49	1.03	0.48	-0.31	-3.02
JSE Top 40	51578.06	▲	793.62	1.56	1.16	0.51	-0.39	-1.82
FTSE 100	7718.48	▲	54.70	0.71	0.78	-0.39	1.46	0.40
DAX 30	12648.19	▲	49.98	0.40	0.26	-1.23	4.06	-2.09
CAC 40	5521.31	▲	44.13	0.81	0.77	0.18	3.53	3.93
S&P 500	2858.45	▲	8.05	0.28	0.64	1.50	3.60	6.91
Nasdaq Composite	7883.66	▲	23.99	0.31	0.92	2.76	2.15	14.20
DJIA	25628.91	▲	126.73	0.50	0.65	0.84	4.71	3.68
MSCI Emerging Markets	1079.79	▲	8.79	0.82	0.60	-0.71	1.68	-6.79
MSCI Developed World	2166.85	▲	9.52	0.44	0.53	0.64	3.05	3.01

South Africa Market ▲

South African markets closed higher

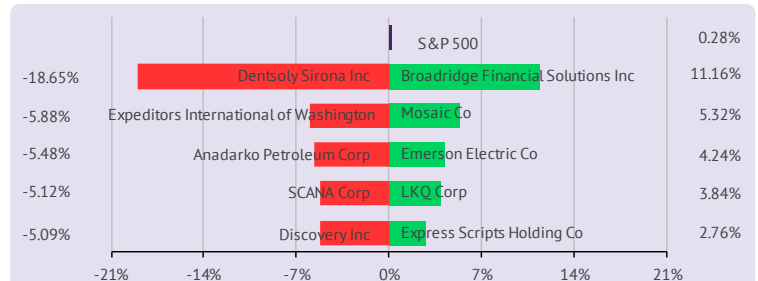
South African markets closed in the green yesterday, amid gains in resources, industrial and retail sector stocks. Data indicated that SA's annual manufacturing production advanced less-than-anticipated in June. The JSE All Share Index rose 1.5% to close at 57,705.64.



US Market ▲

The S&P 500 futures are trading in the green

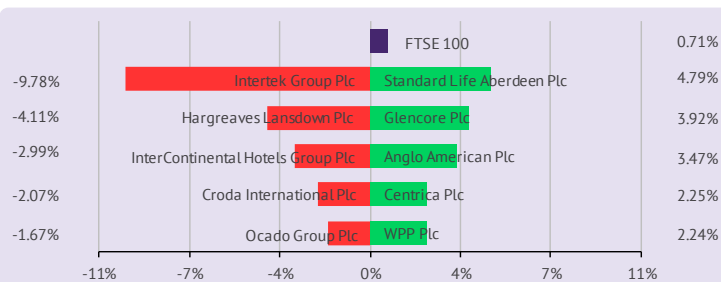
US markets closed higher yesterday, on the back of strong corporate earnings and amid gains in banking, technology and industrial sector stocks. The S&P 500 Index climbed 0.3% to close at 2,858.45.



UK Market ▲

The FTSE 100 futures are trading in positive territory

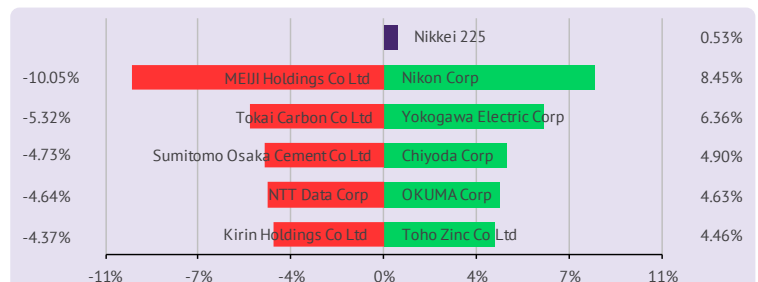
UK markets finished higher yesterday, boosted by gains in mining and energy sector stocks, amid rising commodity prices. The FTSE 100 Index advanced 0.7% to close at 7,718.48.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that Japan recorded a less-than-expected trade surplus in June. The Nikkei 225 Index is trading 0.5% higher at 22,782.93.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R13.3205. Later today, traders will keep a close watch on the US MBA mortgage applications for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US consumer credit data recorded a less-than-expected advance in June. Meanwhile, JOLTS job openings surprised with a rise for a third consecutive month in June. Separately, in SA, manufacturing production jumped less than market forecast on an annual basis in June. Further, net gold and forex reserves recorded a drop in July. Additionally, gross gold and forex reserves declined in the same month.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally retreated against the South African Rand to trade at R17.2508. Amid lack of 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 yesterday. On the macro front, the UK's Halifax house price index recorded a more-than-anticipated rise on a monthly basis in July.

EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R15.4798. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. Data indicated that Germany's trade surplus widened more than market forecast in June. Additionally, current account surplus widened more-than-expected in June. Meanwhile, industrial production declined more than market anticipations on a monthly basis in June.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R9.8960. Earlier in the session, Australia's home loans unexpectedly declined on a monthly basis in June. Meanwhile, in China, Australia's largest trading partner, trade surplus narrowed more than market expectations in July.

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	13.3205	▼	-0.81	0.07	0.44	-3.28	7.67
GBPZAR	17.2508	▼	-0.83	-0.37	-0.96	-3.90	3.19
EURZAR	15.4798	▲	-0.41	0.36	-0.34	-3.22	4.12
AUDZAR	9.8960	▲	-0.33	0.33	0.40	-3.03	2.40
EURUSD	1.1619	▲	0.39	0.27	-0.79	0.06	-3.38
GBPUSD	1.2950	▲	-0.04	-0.48	-1.41	-0.63	-4.25
Brent (\$/barrel)	74.6	▼	1.22	1.97	0.59	-6.34	11.63
Gold (\$/oz)	1221.1	▲	0.08	-0.38	-1.15	-2.46	-7.61
Platinum (\$/oz)	833.1	▲	0.62	-0.66	-1.70	-0.77	-11.00
Copper (\$/MT)*	6142.8	▲	0.64	-0.57	-2.17	-5.22	-14.77

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.0% higher to trade at \$1,221.10/oz.

Yesterday, gold prices rose 0.1% to close at \$1,209.60/oz, as weakness in the US Dollar increased demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell slightly to trade at \$74.64/bl. Meanwhile, the American Petroleum Institute reported that crude oil inventories declined by 6.0mn bls in the week ended 3 August 2018.

Yesterday, Brent crude oil advanced 1.2% to settle at \$74.65/bl, after the US re-imposed sanctions against Iran. The US Energy Information Administration (EIA) lowered its 2019 forecast on the US crude-oil production to 11.7mn bls per day from 11.8mn bls per day issued in July. Further, the EIA expects 2018 output at 10.70mn bls per day, down from 10.79mn bls projected last month.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.2% to trade at \$833.10/oz.

Yesterday, platinum prices climbed 0.6% to close at \$831.40/oz.

Major South African corporate news

Clover Industries Limited

In its FY18 trading update, the company announced that it expects HEPS to be 207.1% to 227.1% higher than the comparative period of the previous year, resulting in HEPS to be in the range of 196.26c and 209.04c. Further, the EPS is expected to be 135.0% to 155.0% higher than the same period of the prior year, resulting in an expected EPS of between 195.40c and 212.03c.

Nedbank Group Limited

In its 1H18 results, the company announced that its interest and similar income increased to ZAR37.72bn, compared to ZAR37.36bn posted in the corresponding period of the previous year. Its diluted EPS rose to 1,353.00c, compared to 1,073.00c recorded in the same period of the prior year. For 2H18, the company expects to launch more exciting innovations for clients. Further, for FY18, its guidance for growth in diluted HEPS remains unchanged, being in line with its medium-to-long-term target of greater than or equal to GDP plus CPI plus 5.0%.

Major global economic news

Asia

The Reserve Bank of Australia Governor, Philip Lowe, stated that he expects the economy to record good growth, the unemployment rate to come down gradually and inflation to reach the 2.5% target midpoint in 2020. Further, he reiterated that the board does not see a strong case for a near-term policy change.

In Australia, seasonally adjusted home loan approvals registered an unexpected drop of 1.1% on a monthly basis in June. Home loan approvals had recorded a revised rise of 1.0% in the previous month.

Japan recorded a less-than-expected trade surplus of JPY820.50bn in June, compared to a deficit of JPY303.80bn in the prior month.

In Japan, non-seasonally adjusted current account surplus narrowed more-than-expected to JPY1175.60bn in June, following a surplus of JPY1938.30bn in the previous month.

Eurozone

In Germany, seasonally adjusted trade surplus widened more-than-expected to EUR21.80bn in June. Germany had registered a surplus of EUR19.70bn in the previous month.

In Germany, non-seasonally adjusted current account surplus expanded more than market forecast to EUR26.20bn in June, compared to a surplus of EUR12.60bn in the prior month.

In Germany, seasonally adjusted industrial production dropped 0.9% on a monthly basis in June, more than market expectations. In the previous month, industrial production had climbed 2.6%.

US

In the US, JOLTs job openings unexpectedly rose to a level of 6662.00K in June. In the previous month, JOLTs job openings had registered a revised level of 6659.00K.

In the US, consumer credit advanced less-than-anticipated to USD10.21bn in June. In the previous month, consumer credit had registered a revised rise of USD24.26bn.

UK

In the UK, the Halifax house price index climbed 1.4% on a monthly basis in July, more than market expectations. The index had recorded a revised rise of 0.9% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Bank Lending including Trusts (YoY) (Jul)	✓	2.00%*	2.20%	Monthly
Japan	01:50	Bank Lending ex-Trust (YoY) (Jul)	✓	2.00%*	2.10%	Monthly
Japan	01:50	BoJ Summary of Opinions (JUL)	✓	-	-	As scheduled
Japan	01:50	Current Account n.s.a. (Jun)	✓	JPY1175.60bn*	JPY1938.30bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Jun)	✓✓✓	JPY820.50bn*	-JPY303.80bn	Monthly
Japan	01:50	Adjusted Current Account Total (Jun)	✓	JPY1762.40bn*	JPY1850.00bn	Monthly
Japan	06:30	Bankruptcies (YoY) (Jul)	✓✓	-1.68%*	-2.26%	Monthly
Japan	07:00	Eco Watchers Survey: Current (Jul)	✓✓	48.00	48.10	Monthly
Japan	07:00	Eco Watchers Survey: Outlook (Jul)	✓✓	49.90	50.00	Monthly
Spain	09:00	Industrial Output n.s.a. (YoY) (Jun)	✓✓	-	1.60%	Monthly
Spain	09:00	Industrial Output s.a. (YoY) (Jun)	✓✓	1.90%	1.60%	Monthly
Portugal	12:00	Unemployment Rate (Q2)	✓	-	7.90%	Quarterly
South Africa	12:30	SACCI Business Confidence Index (Jul)	✓	-	93.70	Monthly
US	13:00	MBA Mortgage Applications (03-Aug)	✓	-	-2.60%	Weekly
Canada	14:30	Building Permits (MoM) (Jun)	✓	-0.10%	4.70%	Monthly
US	14:45	Fed's Barkin Speaks in Roanoke, Virginia	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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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

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