

ONE
Minute Brief

13 September 2018

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Economic and political news

In South Africa (SA), the business confidence index fell more-than-expected to 90.50 in August, marking its lowest level in nearly a year and compared to a level of 94.70 in the prior month. Meanwhile, retail sales advanced 1.3% on an annual basis in July, compared to a revised rise of 1.8% in June.

The African National Congress (ANC) Members of Parliament have voted unanimously to grant former President, Jacob Zuma pension benefits as well as medical aid package, in spite of a pushback from opposition parties.

SA's Special Investigating Unit (SIU) would investigate whether a bribe of more than ZAR35mn was paid for a state contract with German software firm, SAP.

Parliament announced that Finance Minister, Nhlanhla Nene, would present this year's mini budget on 24 October.

The Department of Home Affairs' Deputy Director General of immigration services, has denied any knowledge of corruption relating to the issuing of the Gupta family's visas to stay in SA.

South Africa Market ▼

South African markets closed lower

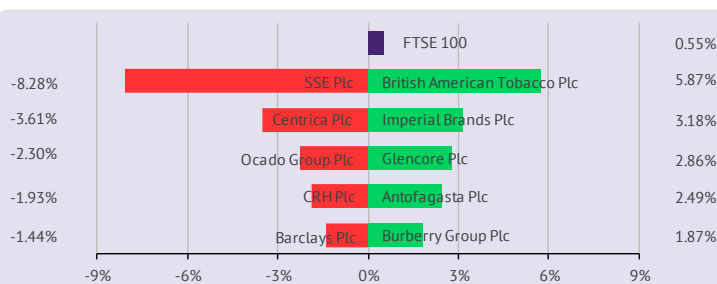
South African markets closed in the red yesterday, weighed down by losses in banking, retail and financial sector stocks. Data showed that SA's business confidence index fell more-than-anticipated in August. The JSE All Share Index fell 0.4% to close at 55,952.05.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, boosted by gains in energy and tobacco stocks. The FTSE 100 Index advanced 0.6% to close at 7,313.36.



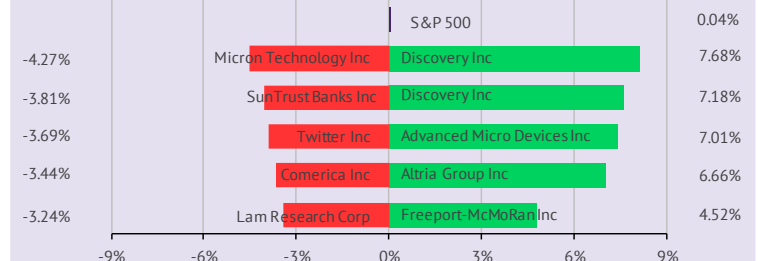
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55952.05	▼	-221.96	-0.40	-1.96	-4.63	2.15	-5.97
JSE Top 40	49814.74	▼	-227.35	-0.45	-2.00	-5.05	2.24	-5.17
FTSE 100	7313.36	▲	39.82	0.55	0.49	-1.60	-4.08	-4.87
DAX 30	12032.30	▲	62.03	0.52	0.61	-2.68	-3.45	-6.85
CAC 40	5332.13	▲	48.34	0.91	1.52	-1.38	-1.90	0.37
S&P 500	2888.92	▲	1.03	0.04	0.60	-0.43	3.03	8.05
Nasdaq Composite	7954.23	▼	-18.24	-0.23	0.65	-1.92	5.71	15.22
DJIA	25998.92	▲	27.86	0.11	0.32	0.13	2.16	5.18
MSCI Emerging Markets	1004.56	▲	1.23	0.12	-1.80	-4.87	-2.90	-13.28
MSCI Developed World	2152.70	▲	5.03	0.23	0.71	-1.05	1.04	2.34

US Market ▲

The S&P 500 futures are trading in the red

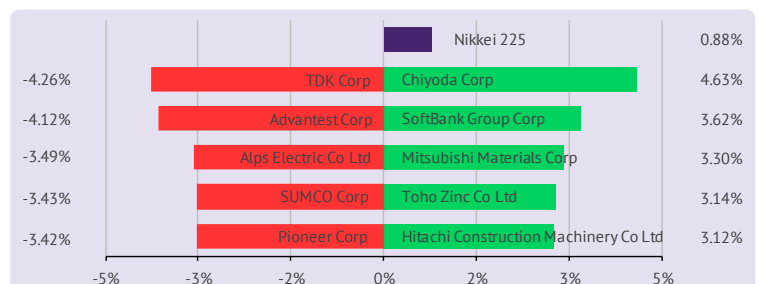
US markets closed mostly higher yesterday, amid possibility of renewed trade talks between the US and China. Data revealed that the US annual producer price index (PPI) rose less-than-expected in August. The S&P 500 Index marginally advanced to close at 2,888.92.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, on hopes that the US would restart trade negotiations with China. The Nikkei 225 Index is trading 0.9% higher at 22,803.96.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar dropped 0.1% against the South African Rand to trade at R14.9456. Later today, traders will keep a close watch on the US consumer price index (CPI), initial jobless claims, monthly budget statement and average weekly earnings for further direction.

The US Dollar fell against the South African Rand yesterday, following reports that the US and China would resume trade talks. On the data front, the US PPI advanced at a slower-than-expected pace on an annual basis in August. Further, the MBA mortgage applications recorded a drop to its lowest level in 18 years in the week ended 7 September 2018. Separately, in SA, retail sales registered an advance on a monthly basis in July. Meanwhile, the business confidence index dropped more than market forecast to its lowest level in almost a year in August.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R19.5063. Ahead in the day, traders will keep an eye on the Bank of England's (BoE) interest rate decision for further direction. On the data front, UK's RICS house price balance dropped in August.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro slightly rose against the South African Rand to trade at R17.3943. Going forward, market participants will keep a tab on the European Central Bank (ECB) rate decision along with Germany's CPI for further indication.

The Euro weakened against the South African Rand yesterday, after Eurozone's industrial production registered a more-than-expected decline for a consecutive second month on a monthly basis in July.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R10.7464. Earlier in the session, Australia's consumer inflation expectations recorded an unchanged reading in September. Additionally, unemployment rate remained steady 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	14.9456	▼	-0.69	-1.85	1.82	10.65	20.77
GBPZAR	19.5063	▼	-0.58	-0.89	2.50	9.25	16.67
EURZAR	17.3943	▲	-0.50	-1.21	2.05	9.80	17.06
AUDZAR	10.7464	▲	0.03	-0.98	1.54	7.15	10.98
EURUSD	1.1638	▲	0.17	0.63	0.21	-0.76	-3.16
GBPUSD	1.3051	▲	0.09	0.97	0.66	-1.25	-3.46
Brent (\$/barrel)	79.3	▼	0.86	3.79	2.70	4.62	19.25
Gold (\$/oz)	1211.0	▲	0.73	0.87	0.32	-1.81	-7.93
Platinum (\$/oz)	803.3	▲	1.34	2.50	1.63	-6.94	-14.38
Copper (\$/MT)*	5981.3	▲	2.35	1.12	0.22	-4.96	-17.01

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,211.00/oz.

Yesterday, gold prices rose 0.7% to close at \$1205.5/oz, as the US Dollar weakened on hopes of renewed trade talks between the US and China.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.5% to trade at \$79.31/bL.

Yesterday, Brent crude oil advanced 0.9% to settle at \$79.74/bL, after the US Energy Information Administration reported that crude oil inventories fell by 5.3mn bls in the week ended 7 September 2018. Meanwhile, the Organization of the Petroleum Exporting Countries (OPEC) stated that August crude production by the cartel rose 278,000 bls a day to average 32.56mn bls a day. Further, the OPEC slightly lowered its forecast for growth in world oil demand this year to 1.62mn bls a day.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.4% to trade at \$803.30/oz.

Yesterday, platinum prices climbed 1.3% to close at \$799.90/oz.

Major South African corporate news

Clover Industries Limited

In its FY18 results, the company announced that its revenues decreased to ZAR8.31bn, compared to ZAR10.06bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 19.70c compared to a diluted EPS of 82.30c recorded in the same period of the prior year. The company has declared a total dividend of 75.24c per share, an increase of 210.8% compared to the same period of the preceding year.

Hudaco Industries Limited

The company announced that it has acquired the fixed assets, trading inventory, customer and supplier lists, trading contracts and the workforce of Secequip Proprietary Limited for a total consideration of ZAR31.00mn.

Oceana Group Limited

In its FY18 trading statement, the company indicated that it expects HEPS to be between 634.90c and 713.30c, an increase of between 62.0% and 82.0% compared to the same period of the prior year. Further, the company expects EPS to be in the range of 642.10c to 722.30c, a 60.0% to 80.0% rise compared to the corresponding period of the previous year.

Raubex Group Limited

In its 1H18 trading update, the company announced that it expects HEPS to be between 26.20c and 39.30c. Further, the company expects EPS to be in the range of 26.80c to 40.20c, an increase of 70.0% to 80.0% compared to the same period of the previous year.

Major global economic news

US

According to the Federal Reserve's (Fed) Beige Book report, the overall US economy expanded at a "moderate" pace in August, except for three districts, which exhibited comparatively weaker growth. Moreover, it revealed that Trump administration's tariff policies led to a slowdown in businesses and a tight job market created labour shortages across the country. However, the Fed remains optimistic about the near-term outlook for businesses.

In the US, the PPI rose 2.8% on an annual basis in August, less than market expectations. The PPI had registered a rise of 3.3% in the prior month.

In the US, mortgage applications registered a drop of 1.8% on a weekly basis in the week ended 7 September 2018. In the previous week, mortgage applications had fallen 0.1%.

Eurozone

In the Eurozone, seasonally adjusted industrial production registered a drop of 0.8% on a monthly basis in July, more than market expectations. Industrial production had registered a revised similar fall in the prior month.

Asia

In Australia, consumer inflation expectations remained unchanged at a level of 4.0% in September.

In August, seasonally adjusted unemployment rate remained steady at a rate of 5.3% in Australia, in line with market expectations.

UK

In the UK, the RICS house price index fell to a level of 2.0% in August, meeting market expectations. In the previous month, house price balance had registered a rate of 4.0%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	1:01	RICS Housing Price Balance (Aug)	✓✓✓	2.00%*	4.00%	Monthly
Japan	1:50	Machinery Orders (MoM) (Jul)	✓	11.00%*	-8.80%	Monthly
Japan	1:50	Machinery Orders (YoY) (Jul)	✓✓	13.90%*	0.30%	Monthly
Germany	8:00	Consumer Price Index (MoM) (Aug) (F)	✓✓✓	0.10%	0.10%**	Monthly
Germany	8:00	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	2.00%	2.00%**	Monthly
South Africa	11:30	Gold Production (YoY) (Jul)	✓	-	-19.20%	Monthly
South Africa	11:30	Mining Production (YoY) (Jul)	✓✓	3.00%	2.80%	Monthly
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.75%	0.75%	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
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
US	14:30	Consumer Price Index Core s.a. (Aug)	✓	-	257.93	Monthly
US	14:30	Consumer Price Index (MoM) (Aug)	✓✓✓	0.30%	0.20%	Monthly
US	14:30	Consumer Price Index (YoY) (Aug)	✓✓✓	2.80%	2.90%	Monthly
Eurozone	14:30	ECB President Draghi Holds Press Conference in Frankfurt	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (01-Sep)	✓✓✓	1710.00K	1707.00K	Weekly
US	14:30	Initial Jobless Claims (08-Sep)	✓✓✓	210.00K	203.00K	Weekly
US	14:30	Consumer Price Index Core s.a.	✓	258.41	257.93	Monthly
US	14:30	Consumer Price Index n.s.a. (Aug)	✓	252.34	252.01	Monthly
Eurozone	15:30	ECB Publishes Macroeconomic Projections	✓	-	-	As scheduled
US	16:00	Fed's Quarles speech	✓✓	-	-	As scheduled
US	19:15	Fed's Bostic Gives Speech on Economy and Monetary Policy	✓	-	-	As scheduled
US	20:00	Monthly Budget Statement (Aug)	✓✓✓	-USD185.00bn	-USD76.90bn	Monthly
Eurozone	-	EcoFin Meeting	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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