

ONE Minute Brief

20 September 2018

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), the consumer price index (CPI) recorded a less-than-expected rise of 4.9% on an annual basis in August, compared to an advance of 5.1% in July.

The Johannesburg Stock Exchange (JSE) has proposed an increase in the minimum capital amount required for a primary listing from ZAR500mm and is also considering stricter rules on secondary listings.

The cabinet has approved the third version of the Mining Charter.

Western Cape economic opportunities MEC, Alan Winde has been nominated as the Democratic Alliance's candidate to be the next premier of Western Cape.

SA's mainly white union Solidarity and Sasol stated that they would begin negotiations overseen by a labour tribunal in an attempt to end the strike by the union over a share scheme offered exclusively to black staff.

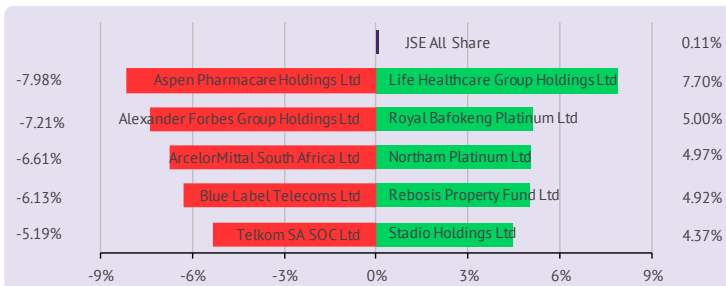
Key indices

| | Last close | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------|------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 56445.57 | ▲ | 64.27 | 0.11 | -0.24 | -3.79 | 2.15 | -5.14 |
| JSE Top 40 | 50272.01 | ▲ | 52.24 | 0.10 | -0.33 | -4.18 | 2.24 | -4.30 |
| FTSE 100 | 7331.12 | ▲ | 30.89 | 0.42 | 0.37 | -1.36 | -4.08 | -4.64 |
| DAX 30 | 12219.02 | ▲ | 61.35 | 0.50 | 0.78 | -1.17 | -3.45 | -5.41 |
| CAC 40 | 5393.74 | ▲ | 29.95 | 0.56 | 0.77 | -0.24 | -1.90 | 1.53 |
| S&P 500 | 2907.95 | ▲ | 3.64 | 0.13 | 0.10 | 0.22 | 3.03 | 8.76 |
| Nasdaq Composite | 7950.04 | ▼ | -6.07 | -0.08 | -0.75 | -1.97 | 5.71 | 15.16 |
| DJIA | 26405.76 | ▲ | 158.80 | 0.61 | 0.96 | 1.70 | 2.16 | 6.82 |
| MSCI Emerging Markets | 1031.07 | ▲ | 11.33 | 1.11 | 0.25 | -2.36 | -2.90 | -11.00 |
| MSCI Developed World | 2177.74 | ▲ | 5.47 | 0.25 | 0.51 | 0.10 | 1.04 | 3.53 |

South Africa Market ▲

South African markets closed higher

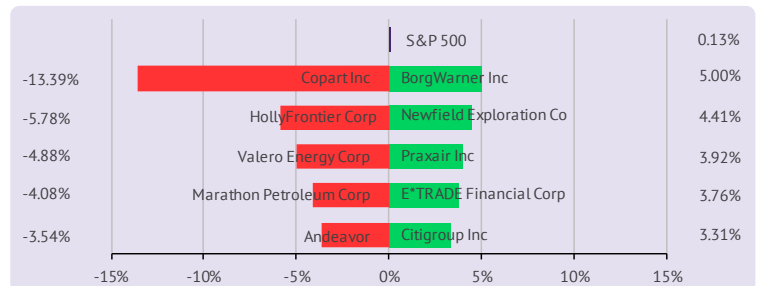
South African markets closed in the green yesterday, boosted by gains in banking, retail and platinum mining sector stocks. Data showed that SA's annual CPI rose less-than-expected in August. The JSE All Share Index rose 0.1% to close at 56,445.57.



US Market ▲

The S&P 500 futures are trading in the green

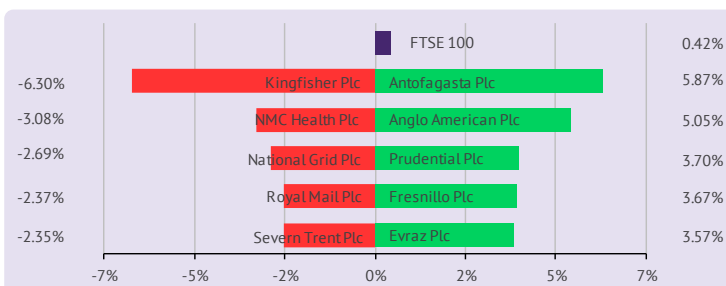
US markets closed mostly higher yesterday, as rise in the US treasury yields boosted gains in banking sector stocks. Data indicated that the US current account deficit narrowed more-than-expected in 2Q18. The S&P 500 Index climbed 0.1% to close at 2,907.95.



UK Market ▲

The FTSE 100 futures are trading in negative territory

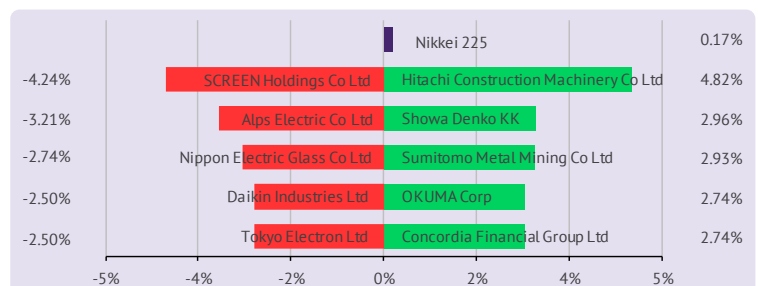
UK markets finished higher yesterday, as the US-China trade tensions eased and amid gains in mining and banking sector stocks. The FTSE 100 Index advanced 0.4% to close at 7,331.12.



Asian Market ▲

Trading mostly mixed

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.2% higher at 23,713.04.



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 R14.6773. Later today, traders will keep a close watch on the US initial jobless claims, Philadelphia Fed business outlook, leading index and existing home sales for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US building permits registered an unexpected decline on a monthly basis in August. In contrast, the nation's current account balance narrowed more than market forecast in the second quarter of 2018. Additionally, MBA mortgage applications recorded a rise in the week ended 14 September 2018, recording its second increase in 2 months. Moreover, monthly housing starts climbed more-than-anticipated in August. Separately, in SA, CPI advanced less than market expectations on an annual basis in August.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.3% firmer against the South African Rand at R19.3015. Ahead in the day, traders will keep an eye on the UK's retail sales for further cues.

The British Pound declined against the South African Rand yesterday. On the data front, UK's annual CPI climbed more than market forecast to a six-month high level in August. Further, the producer price index (PPI) advanced in line with market anticipation on a yearly basis in the same month. Additionally, the house price index recorded a more-than-expected rise on an annual basis in July.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro marginally fell against the South African Rand to trade at R17.1451. Going forward, market participants will keep a tab on the Eurozone's consumer confidence index for further indication.

The Euro weakened against the South African Rand yesterday. On the macro front, the Eurozone's current account surplus narrowed in July. Meanwhile, the region's construction output advanced on a monthly basis in July.

AUD ZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R10.6494.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's Westpac leading index jumped on a monthly basis in August.

Key currencies & commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-------------------|---------|---|-----------|-----------|-----------|-------------------|-----------|
| USDZAR | 14.6773 | ▼ | -1.42 | -1.60 | 0.04 | 10.65 | 18.67 |
| GBPZAR | 19.3015 | ▲ | -1.76 | -1.41 | 1.09 | 9.25 | 15.06 |
| EURZAR | 17.1451 | ▼ | -1.36 | -1.23 | 0.64 | 9.80 | 15.45 |
| AUDZAR | 10.6494 | ▲ | -1.11 | -0.48 | 0.67 | 7.15 | 10.02 |
| EURUSD | 1.1680 | ▲ | 0.05 | 0.41 | 0.61 | -0.76 | -2.77 |
| GBPUSD | 1.3150 | ▲ | -0.03 | 0.58 | 1.42 | -1.25 | -2.73 |
| Brent (\$/barrel) | 79.7 | ▲ | 0.47 | 1.68 | 2.27 | 4.62 | 18.74 |
| Gold (\$/oz) | 1210.1 | ▲ | 0.45 | 0.64 | 0.19 | -1.81 | -8.05 |
| Platinum (\$/oz) | 824.8 | ▲ | 0.86 | 2.92 | 4.42 | -6.94 | -12.02 |
| Copper (\$/MT)* | 6096.5 | ▲ | 0.54 | 2.45 | 2.15 | -4.96 | -15.41 |

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,210.10/oz.

Yesterday, gold prices rose 0.5% to close at \$1203.9/oz, as the US Dollar weakened, amid rising fears over impact of US-China trade war on the US economy.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.4% to trade at \$79.70/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$79.40/bl, after the US Energy Information Administration reported that crude oil inventories fell by 2.1mn bls in the week ended 14 September 2018, recording a drop for a consecutive fifth week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$824.80/oz.

Yesterday, platinum prices climbed 0.9% to close at \$821.90/oz.

Major South African corporate news

Astral Foods Limited

In its FY18 trading update, the company revealed that it expects HEPS to be at least 3,513.00c, 85.0% higher compared to the same period of the preceding year. Further, the company expects EPS to be at least 3,506.00c, an 80.0% increase compared to the corresponding period of the previous year.

Pan African Resources Plc

In its FY18 results, the company stated that its revenues decreased to ZAR1.87bn, compared to ZAR2.16bn posted in the corresponding period of the previous year. Its diluted EPS fell to 11.16c, compared to 44.78c recorded in the same period of the prior year. For FY19, the company expects to continue to improve its safety performance and environmental, social and governance compliance across operations. Further, it expects to deliver its gold production guidance of approximately 170,000.00oz.

Life Healthcare Group Holdings Limited

The company announced that its wholly owned subsidiary, Life Healthcare International Proprietary Limited, has accepted an offer from the global investment firm, Kohlberg Kravis Roberts & Co. LP to acquire its 49.7% stake in Max Healthcare Institute Limited.

Remgro Limited

In its FY18 results, the company announced that its revenues rose to ZAR31.12bn, compared to ZAR27.60bn posted in the same period of the preceding year. Its diluted EPS stood at 1,481.10c, compared to 1,436.80c recorded in the corresponding period of the previous year. The company has declared a final dividend of 328.00c per share, compared to 301.00c per share posted in the same period of the prior year.

Major global economic news

US

In the US, current account deficit narrowed more-than-anticipated to USD101.50bn in 2Q18, following a revised deficit of USD121.70bn in the prior quarter.

In the US, the MBA mortgage applications registered a rise of 1.6% in the week ended 14 September 2018 on a weekly basis. MBA mortgage applications had registered a drop of 1.8% in the previous week.

In the US, housing starts recorded a more-than-expected rise of 9.2% to an annual rate of 1282.00K on monthly basis in August. In the previous month, housing starts had recorded a revised reading of 1174.00K.

In the US, building permits unexpectedly eased by 5.7% to an annual rate of 1229.00K on monthly basis in August. In the prior month, building permits had recorded a revised reading of 1303.00K.

UK

In the UK, the CPI advanced 2.7% on an annual basis in August, more than market expectations. In the prior month, the CPI had advanced 2.5%.

In the UK, the non-seasonally adjusted output PPI recorded a rise of 2.9% on a yearly basis in August, meeting market expectations. In the prior month, the output PPI had recorded a rise of 3.1%.

In the UK, the house price index rose 3.1% on a yearly basis in July, more than market forecast. In the previous month, the index had recorded a revised rise of 3.2%.

Eurozone

In the Eurozone, seasonally adjusted current account surplus narrowed to EUR21.30bn in July, compared to a revised surplus of EUR23.80bn in the previous month.

In the Eurozone, seasonally adjusted construction output registered a rise of 0.3% on a monthly basis in July. In the prior month, construction output had advanced by a revised 0.7%.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus | Previous | Frequency |
|--------------|-------|---|-----------|-----------|--------------|--------------|
| UK | 10:30 | Retail Sales (MoM) (Aug) | ✓✓✓ | - | 0.70% | Monthly |
| UK | 10:30 | Retail Sales (YoY) (Aug) | ✓✓✓ | - | 3.50% | Monthly |
| UK | 10:30 | Retail Sales ex-Fuel (MoM) (Aug) | ✓✓✓ | -0.20% | 0.90% | Monthly |
| UK | 10:30 | Retail Sales ex-Fuel (YoY) (Aug) | ✓✓✓ | 2.40% | 3.70% | Monthly |
| Canada | 14:30 | ADP Publishes August Payrolls Report | ✓ | - | - | As scheduled |
| US | 14:30 | Continuing Jobless Claims (08-Sep) | ✓✓✓ | 1705.00K | 1696.00K | Weekly |
| US | 14:30 | Initial Jobless Claims (15-Sep) | ✓✓✓ | 210.00K | 204.00K | Weekly |
| US | 14:30 | Philadelphia Fed Manufacturing Survey (Sep) | ✓✓ | 18.00 | 11.90 | Monthly |
| Eurozone | 16:00 | Consumer Confidence (Sep) (P) | ✓✓✓ | -2.00 | -1.90 | Monthly |
| US | 16:00 | Leading Indicator (MoM) (Aug) | ✓✓✓ | 0.50% | 0.60% | Monthly |
| US | 16:00 | Existing Home Sales (MoM) (Aug) | ✓✓✓ | 0.40% | -0.70% | Monthly |
| US | 16:00 | Existing Home Sales (Aug) | ✓✓✓ | 5.36mn | 5.34mn | Monthly |
| US | 18:00 | Household Change in Net Worth (Q2) | ✓ | - | USD1028.00bn | Quarterly |
| South Africa | - | SARB Interest Rate Decision | ✓✓ | - | 6.50% | As scheduled |
| South Africa | - | SARB Interest Rate Decision | ✓✓ | 6.50% | 6.50% | As scheduled |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

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

An Authorised Financial
Services Provider
FSP no. 731

GTC is nationally represented in Johannesburg, Cape Town and Durban.

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services