

# ONE Minute Brief

21 September 2018

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## Economic and political news

The South African Reserve Bank (SARB) left its benchmark interest rate unchanged at 6.5%, as widely expected. Meanwhile, the central bank warned that currency weakness continues to pose a risk to inflation expectations. Separately, the African National Congress (ANC) has urged the central bank to help boost economic growth and help the poor.

Former President, Jacob Zuma, has been granted the right to intervene in the state-capture case in the High Court in Pretoria.

President, Cyril Ramaphosa will today unveil the details of the stimulus package to boost economic recovery and will provide details of the mining charter adopted by the cabinet.

A South African parliamentary panel will seek an extension to a 28 September deadline to present its findings on possible constitutional amendments to ease expropriation of land without compensation.

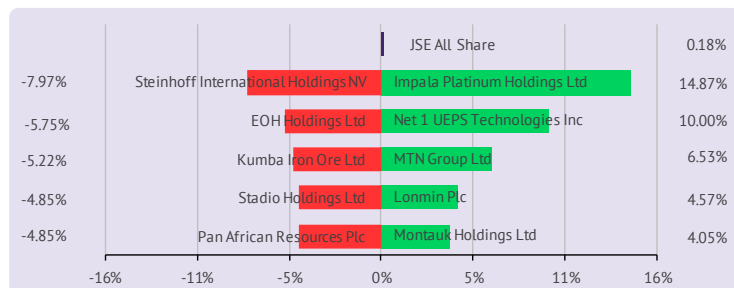
Senior Democratic Alliance MP, Gavin Davis has announced that he would be stepping down as a representative of the party in October, to take up a position as CEO at Resolve Communications.

Former Public Enterprises Minister, Lynne Brown's application to cross-examine former Deputy Finance Minister, Mcebisi Jonas at the Zondo commission of inquiry has been dismissed.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, after the SARB kept its key interest rates on hold and amid gains in platinum mining and financials sector stocks. The JSE All Share Index rose 0.2% to close at 56,546.80.



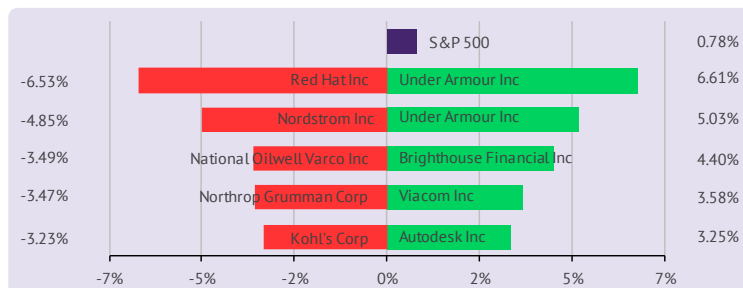
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56546.80	▲	101.23	0.18	-0.06	-3.62	2.15	-4.97
JSE Top 40	50397.19	▲	125.18	0.25	-0.09	-3.94	2.24	-4.07
FTSE 100	7367.32	▲	36.20	0.49	0.87	-0.88	-4.08	-4.17
DAX 30	12326.48	▲	107.46	0.88	1.67	-0.30	-3.45	-4.58
CAC 40	5451.59	▲	57.85	1.07	1.85	0.83	-1.90	2.62
S&P 500	2930.75	▲	22.80	0.78	0.89	1.01	3.03	9.62
Nasdaq Composite	8028.23	▲	78.20	0.98	0.23	-1.00	5.71	16.29
DJIA	26656.98	▲	251.22	0.95	1.92	2.67	2.16	7.84
MSCI Emerging Markets	1036.93	▲	5.85	0.57	0.82	-1.80	-2.90	-10.49
MSCI Developed World	2195.68	▲	17.93	0.82	1.34	0.93	1.04	4.38

## US Market ▲

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

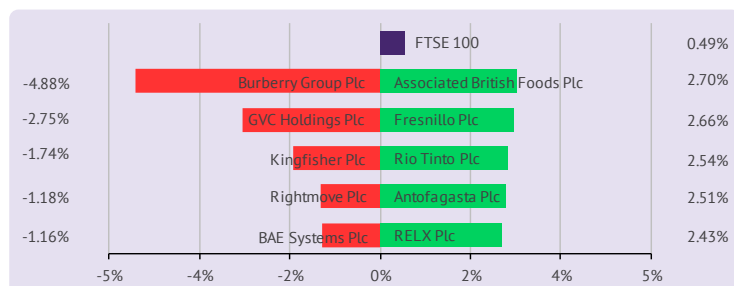
US markets closed higher yesterday, boosted by gains in technology sector stocks. Data revealed that the US initial jobless claims unexpectedly fell in the week ended 15 September 2018. The S&P 500 Index climbed 0.8% to close at 2,930.75.



## UK Market ▲

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

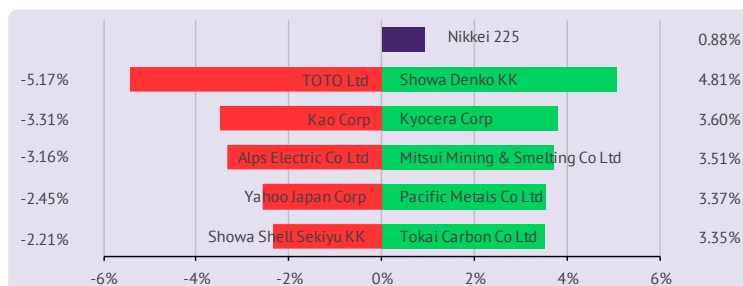
UK markets finished higher yesterday, supported by gains in mining and financials sector stocks. The FTSE 100 Index advanced 0.5% to close at 7,367.32.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 0.9% higher at 23,884.10.



## USD ZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R14.3183. Later today, traders will keep a close watch on the US Markit manufacturing and services PMI for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US leading index advanced less than market expectations in August. Further, existing home sales recorded a steady reading in August. Meanwhile, the nation's initial jobless claims registered an unexpected drop to a 49-year low level in the week ended 15 September 2018. Additionally, Philadelphia Fed manufacturing index climbed more than market forecast in September. Separately, the South African Rand rose against the US Dollar, after the SARB kept its benchmark repo rate unchanged.

## GBP ZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.3% against the South African Rand to trade at R19.0065. Ahead in the day, traders will keep an eye on the UK's public sector net borrowing for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that the UK's retail sales surprised with a rise on a monthly basis in August.

## EUR ZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.3% higher against the South African Rand at R16.8752. Going forward, market participants will keep a tab on the Markit manufacturing and services PMI across the Eurozone for further direction.

The Euro weakened against the South African Rand yesterday, after the Eurozone's consumer confidence index dropped more than market anticipations in September, marking its lowest level in more than a year.

## AUD ZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% firmer against the South African Rand at R10.4455.

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	14.3183	▲	-2.77	-4.32	-2.73	10.65	15.38
GBPZAR	19.0065	▲	-1.49	-2.88	-0.42	9.25	13.35
EURZAR	16.8752	▲	-1.88	-3.09	-1.26	9.80	13.28
AUDZAR	10.4455	▲	-2.01	-2.49	-1.36	7.15	7.81
EURUSD	1.1785	▲	0.89	1.31	1.51	-0.76	-1.90
GBPUSD	1.3274	▲	0.92	1.51	2.35	-1.25	-1.84
Brent (\$/barrel)	78.7	▲	-0.88	0.78	1.37	4.62	17.69
Gold (\$/oz)	1213.9	▲	0.22	0.87	0.42	-1.81	-7.84
Platinum (\$/oz)	837.8	▲	1.50	4.46	5.98	-6.94	-10.70
Copper (\$/MT)*	6075.0	▼	-0.35	2.09	1.79	-4.96	-15.71

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,213.90/oz.

Yesterday, gold prices rose 0.2% to close at \$1206.6/oz, as the US Dollar weakened, amid easing fears over US-China trade tensions.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged slightly higher to trade at \$78.73/bl.

Yesterday, Brent crude oil dropped 0.8% to settle at \$78.70/bl, after US President, Donald Trump urged the Organisation of the Petroleum Exporting Countries to lower crude prices.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$837.80/oz.

Yesterday, platinum prices climbed 1.5% to close at \$834.20/oz.

## Major South African corporate news

### British American Tobacco Plc

The company announced that its Chief Executive Officer Nicandro Durante has decided to step down from his role, with effect from 1 April 2019.

### Pick n Pay Stores Limited

In its 1H18 trading statement, the company announced that it expects HEPS to be between 97.14c and 102.69c, a 75.0% to 85.0% increase compared to the same period of the previous year. Further, the company expects EPS to be in the range of 96.64c to 102.01c, an increase of between 80.0% and 90.0%, compared to the corresponding period of the preceding year.

### Nampak Limited

In its trading update for the 11-month period ended 31 August 2018, the company stated that cash transfer improved to ZAR3.10bn from the rest of Africa, including Angola. Long-term funding package of ZAR12.80bn has been secured. Further, the company announced investments of ZAR300.00mn in Angola and Nigeria.

## Major global economic news

### US

In the US, seasonally adjusted initial jobless claims unexpectedly eased to 201.00K in the week ended 15 September 2018. Initial jobless claims had registered a level of 204.00K in the previous week.

In September, the Philadelphia Fed manufacturing index advanced more-than-anticipated to 22.90 in the US. The index had registered a level of 11.90 in the previous month.

In the US, leading indicator rose 0.4% on a monthly basis in August, less than market expectations. Leading indicator had risen by a revised 0.7% in the prior month.

In August, existing home sales remained steady at a level of 5.34mn in the US.

### Asia

In Japan, the national consumer price index advanced 1.3% on an annual basis in August, more-than-expected and compared to a rise of 0.9% in the prior month.

In Japan, the flash manufacturing PMI registered a rise to 52.90 in September. In the prior month, manufacturing PMI had recorded a reading of 52.50.

### Eurozone

In the Eurozone, the preliminary consumer confidence index fell more-than-expected to a level of -2.90 in September, compared to a reading of -1.90 in the prior month.

### UK

In the UK, retail sales registered an unexpected rise of 0.3% on a monthly basis in August, compared to a revised advance of 0.9% in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Aug)	✓✓✓	0.90%*	0.80%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Aug)	✓✓✓	1.30%*	0.90%	Monthly
Japan	02:30	Nomura/ JMMMA Manufacturing PMI (Sep) (P)	✓✓✓	52.90*	52.50	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Jul)	✓✓✓	0.10%	-0.80%	Monthly
Japan	07:30	Nationwide Department Store Sales (YoY) (Aug)	✓	-	-6.10%	Monthly
Japan	07:30	Tokyo Department Store Sales (YoY) (Aug)	✓	-	-4.50%	Monthly
Germany	09:30	Markit Services PMI (Sep) (P)	✓✓✓	55.00	55.00	Monthly
Germany	09:30	Markit Manufacturing PMI (Sep) (P)	✓✓✓	55.70	55.90	Monthly
Eurozone	10:00	Markit Services PMI (Sep) (P)	✓✓✓	54.40	54.40	Monthly
Eurozone	10:00	Markit Composite PMI (Sep) (P)	✓✓✓	54.50	54.50	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Sep) (P)	✓✓✓	54.50	54.60	Monthly
UK	10:30	Total Government Receipts (Aug)	✓✓	-	GBP62903.00mn	Monthly
UK	10:30	Total Outlays (Aug)	✓✓	-	GBP58187.00mn	Monthly
UK	10:30	Public Sector Net Cash Requirement (Aug)	✓✓	-	-GBP19.20bn	Monthly
UK	10:30	PSNB ex Interventions (Aug)	✓	GBP3.40bn	-GBP2.00bn	Monthly
UK	10:30	Public Sector Net Borrowing (Aug)	✓✓	GBP3.00bn	-GBP2.90bn	Monthly
UK	14:00	BoE Quarterly Bulletin	✓	-	-	As scheduled
US	15:45	Markit Composite PMI (Sep) (P)	✓✓✓	-	54.70	Monthly
US	15:45	Markit Manufacturing PMI (Sep) (P)	✓✓✓	55.00	54.70	Monthly
US	15:45	Markit Services PMI (Sep) (P)	✓✓✓	55.00	54.80	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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