

ONE Minute Brief

26 September 2018

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), the leading index dropped to 105.40 in July, compared to a revised level of 106.30 in the previous month.

Inward investment into South African bonds and equities plunged to ZAR16.6bn in 2Q18, compared to ZAR89.4bn in the previous quarter.

Fitch Ratings stated that President, Cyril Ramaphosa's stimulus plan to turnaround the economy is unlikely to deliver a significant boost to the country's economic growth.

Home Affairs Minister, Malusi Gigaba, stated that SA will ease some immigration restrictions, including agreeing visa waiver agreements with more countries, in an effort to boost investment and tourism.

The South African Social Security Agency (Sassa) has accepted an increase in the monthly fees that the SA Post Office (Sapo) will charge for administering social grant payments to more than five million beneficiaries from 1 October.

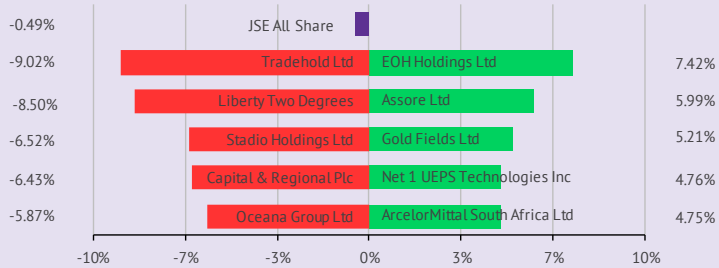
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56882.75	▼ -281.50	-0.49	-0.49	-3.04	2.15	-4.41
JSE Top 40	50659.46	▼ -327.69	-0.64	-0.64	-3.44	2.24	-3.57
FTSE 100	7507.56	▲ 49.15	0.66	0.23	1.01	-4.08	-2.34
DAX 30	12374.66	▲ 23.84	0.19	-0.45	0.09	-3.45	-4.20
CAC 40	5479.10	▲ 2.93	0.05	-0.27	1.34	-1.90	3.13
S&P 500	2915.56	▼ -3.81	-0.13	-0.48	0.48	3.03	9.05
Nasdaq Composite	8007.47	▲ 14.22	0.18	0.26	-1.26	5.71	15.99
DJIA	26492.21	▼ -69.84	-0.26	-0.94	2.03	2.16	7.17
MSCI Emerging Markets	1041.78	▼ -0.56	-0.05	-0.92	-1.34	-2.90	-10.07
MSCI Developed World	2194.20	▲ 1.19	0.05	-0.26	0.86	1.04	4.31

South Africa Market ▼

South African markets closed lower

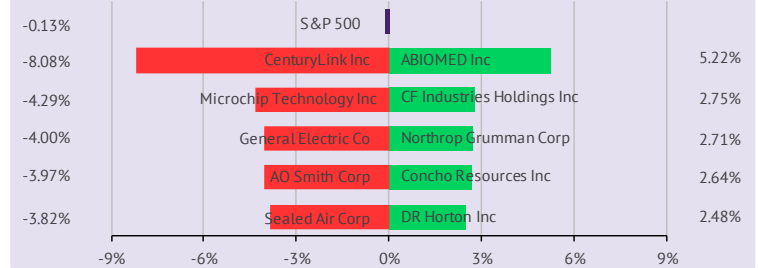
South African markets closed in the red yesterday, weighed down by losses in banking, platinum mining and financial sector stocks. Data showed that SA's leading indicator declined in July. The JSE All Share Index fell 0.5% to close at 56,882.75.



US Market ▼

The S&P 500 futures are trading in the green

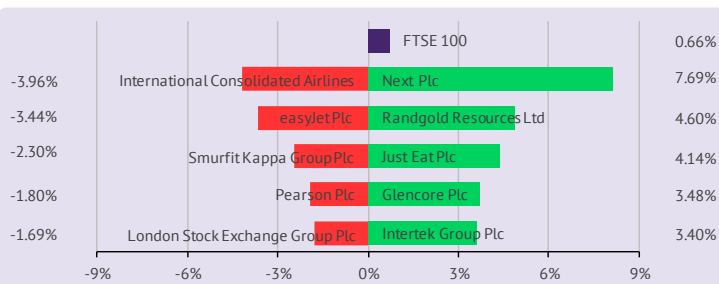
US markets closed mostly lower yesterday, after President, Donald Trump stated that US "will no longer tolerate abuse" on trade. The S&P 500 Index dropped 0.1% to close at 2,915.56.



UK Market ▲

The FTSE 100 futures are trading in positive territory

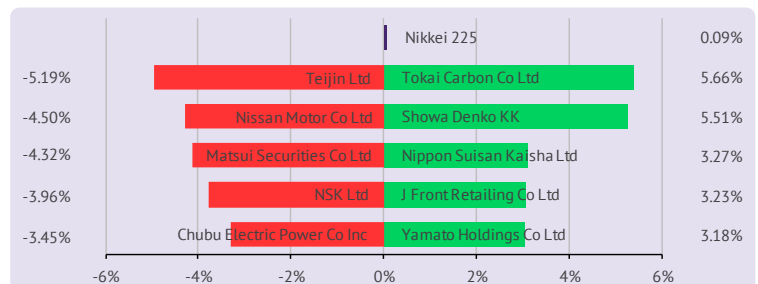
UK markets finished higher yesterday, on the back of higher crude oil prices. The FTSE 100 Index advanced 0.7% to close at 7,507.56.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.1% higher at 23,961.72.



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 R14.3358. Later today, traders will keep a close watch on the FOMC interest rate decision along with the US MBA mortgage applications and new home sales for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US house price index recorded a less-than-expected rise on a monthly basis in July. In contrast, the consumer confidence index unexpectedly advanced in September, notching its highest level since September 2000. Additionally, the Richmond Fed manufacturing index surprised with a rise in September, marking its highest level on record. Separately, in SA, leading indicator recorded a fall in July.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.2% against the South African Rand to trade at R18.8944. Ahead in the day, traders will keep an eye on UK's BBA loans for house purchases for further direction.

The British Pound advanced against the South African Rand yesterday, after Bank of England (BoE) policymaker, Gertjan Vlieghe recommended one or two rate hikes per year provided UK productivity growth and wages improve.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R16.8663. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday.

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 R10.4269.

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	14.3358	▼	-0.16	0.23	-2.28	10.65	15.92
GBPZAR	18.8944	▼	0.34	1.15	-0.57	9.25	13.18
EURZAR	16.8663	▼	0.00	0.40	-0.88	9.80	13.70
AUDZAR	10.4269	▲	-0.18	-0.34	-1.47	7.15	7.69
EURUSD	1.1765	▼	0.16	0.15	1.42	-0.76	-1.98
GBPUSD	1.3181	▼	0.49	0.86	1.73	-1.25	-2.43
Brent (\$/barrel)	81.8	▼	0.59	3.90	5.45	4.62	22.43
Gold (\$/oz)	1205.9	▲	0.01	0.26	-0.16	-1.81	-8.37
Platinum (\$/oz)	825.6	▲	-0.77	-0.81	4.55	-6.94	-11.91
Copper (\$/MT)*	6314.8	▼	-0.63	-1.01	5.81	-4.96	-12.38

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,205.90/oz.

Yesterday, gold prices marginally rose to close at \$1199.7/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$81.81/bl, after the American Petroleum Institute reported that crude oil inventories surprisingly rose by 2.9mn bls in the week ended 21 September 2018.

Yesterday, Brent crude oil advanced 0.6% to settle at \$81.87/bl, continuing its previous session gains, amid looming US sanctions against Iran and after OPEC and other oil producers decided to maintain their current production targets.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$825.60/oz.

Yesterday, platinum prices declined 0.8% to close at \$826.2/oz.

Major South African corporate news

Allied Electronics Corporation Limited

In its 1H18 trading update, the company announced that it expects HEPS to be in the range of 81.00c to 84.00c, an 102.0% to 110.0% increase compared to the same period of the previous year. Further, the company expects EPS to be between 76.00c and 79.00c, 230.0% to 243.0% higher compared to the corresponding period of the preceding year.

Ascendis Health Limited

In its FY18 results, the company revealed that its revenues advanced 21.0% to ZAR7.74bn, compared to the same period of the preceding year. Its diluted EPS stood at 101.90c, compared to 82.40c recorded in the corresponding period of the previous year. The company has not declared a final dividend for the period.

British American Tobacco Plc

The company announced that Chief Operating Officer, Jack Bowles will succeed Nicandro Durante as Chief Executive Officer following the latter's retirement on 1 April 2019.

Major global economic news

US

In the US, the consumer confidence index registered an unexpected rise to a level of 138.40 in September. The index had recorded a revised level of 134.70 in the prior month.

In the US, the housing price index climbed 0.2% on a monthly basis in July, less than market expectations. In the prior month, the index had climbed by a revised 0.3%.

In September, the Richmond Fed manufacturing index unexpectedly climbed to 29.00 in the US. In the prior month, the index had recorded a reading of 24.00.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Japan	08:00	Machine Tool Orders (YoY) (Aug) (F)	✓✓✓	-	5.30%**	Monthly
France	08:45	Consumer Confidence (Sep)	✓✓✓	97.00	97.00	Monthly
Eurozone	09:00	Non-monetary policy's ECB meeting	✓	-	-	As scheduled
Switzerland	10:00	ZEW Survey - Expectations (Sep)	✓✓	-	-14.30	Monthly
UK	10:30	BBA Mortgage Approvals (Aug)	✓✓	39.56K	39.58K	Monthly
US	13:00	MBA Mortgage Applications (21-Sep)	✓	-	1.60%	Weekly
Switzerland	15:00	SNB Quarterly Bulletin	✓✓	-	-	As scheduled
US	16:00	New Home Sales (Aug)	✓✓✓	630.00K	627.00K	Monthly
US	16:00	New Home Sales (MoM) (Aug)	✓✓✓	0.50%	-1.70%	Monthly
US	20:00	Fed Interest Rate Decision	✓✓✓	2.25%	2.00%	As scheduled
US	20:00	Fed's Powell Speech	✓✓✓	-	-	As scheduled
US	20:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
US	20:30	Fed's Powell Holds Press Conference Following FOMC Decision	✓✓✓	-	-	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