

ONE Minute Brief

28 September 2018

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Economic and political news

In South Africa (SA), the producer price index (PPI) rose 6.3% on an annual basis in August, recording its fastest increase since December 2016 and compared to an advance of 6.1% in July.

Resources Minister, Gwede Mantashe stated that SA's new mining charter would require holders of mining rights to have a black ownership level of at least 30.0% within five years.

The National Union of Mineworkers (NUM) and Association of Mineworkers and Construction Union (AMCU) at Sibanye Gold Limited's mines have been given permission to strike over pay after a deadlock in gold wage talks.

The Transnet board has issued a notice of termination to CEO, Siyabonga Gama and has ordered him to personally pay back ZAR151mn in alleged overpayments to Gupta-linked advisory firm, Regiments Capital.

Finance Minister, Nhlanhla Nene, stated that SA's shifting budget priorities will provide roughly half of the ZAR50bn in stimulus spending it plans to make by the end of its fiscal year in March.

The African Development Bank has granted a loan of ZAR2.9bn to Eskom to upgrade and expand its transmission network.

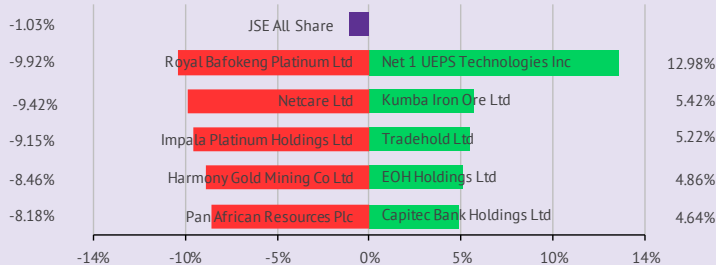
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55988.57	▼	-581.58	-1.03	-2.06	-4.57	2.15	-5.91
JSE Top 40	49800.78	▼	-561.08	-1.11	-2.33	-5.08	2.24	-5.20
FTSE 100	7545.44	▲	33.95	0.45	0.74	1.52	-4.08	-1.85
DAX 30	12435.59	▲	49.70	0.40	0.04	0.58	-3.45	-3.73
CAC 40	5540.41	▲	27.68	0.50	0.84	2.47	-1.90	4.29
S&P 500	2914.00	▲	8.03	0.28	-0.53	0.43	3.03	8.99
Nasdaq Composite	8041.97	▲	51.60	0.65	0.69	-0.83	5.71	16.49
DJIA	26439.93	▲	54.65	0.21	-1.14	1.83	2.16	6.96
MSCI Emerging Markets	1051.30	▲	5.28	0.50	-0.01	-0.44	-2.90	-9.25
MSCI Developed World	2188.71	▼	-0.60	-0.03	-0.51	0.61	1.04	4.05

South Africa Market ▼

South African markets closed lower

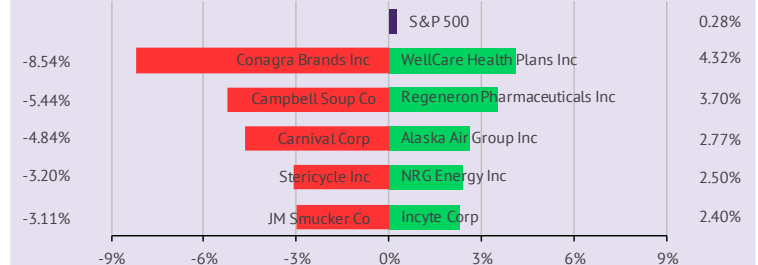
South African markets closed lower yesterday, amid strength in the South African Rand and led by losses in gold mining and industrial stocks. Data showed that SA's annual PPI rose more-than-expected in August. The JSE All Share Index fell 1.0% to close at 55,988.57.



US Market ▲

The S&P 500 futures are trading in the green

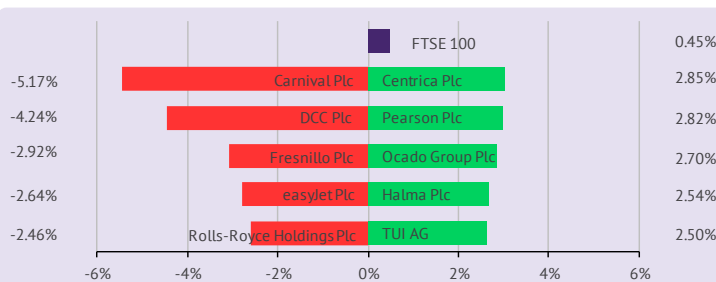
US markets closed higher yesterday, boosted by gains in technology sector stocks. Data indicated that, the US quarterly gross domestic product (GDP) rose as expected in 2Q18. The S&P 500 Index climbed 0.3% to close at 2,914.00.



UK Market ▲

The FTSE 100 futures are trading in negative territory

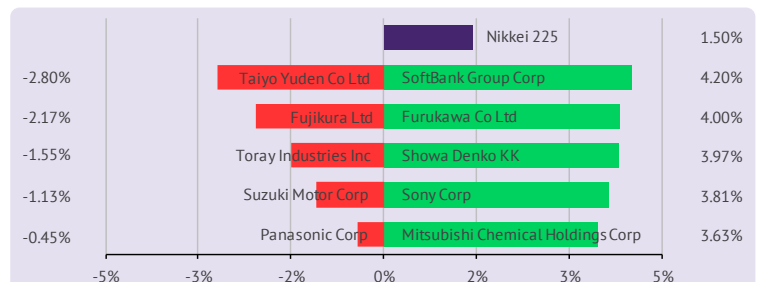
UK markets finished higher yesterday, supported by weakness in the British Pound. The FTSE 100 Index advanced 0.5% to close at 7,545.44.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data showed that Japan's jobless rate unexpectedly eased in August. The Nikkei 225 Index is trading 1.5% higher at 24,153.55.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R14.1029. Later today, traders will keep a close watch on the US Chicago purchasing managers' index, personal income, personal spending and the Michigan consumer sentiment index for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US advance goods trade deficit unexpectedly widened in August. Additionally, initial jobless claims registered a more-than-expected advance in the week ended 22 September 2018. Moreover, pending home sales dropped more than market anticipations on a monthly basis in August. Meanwhile, the nation's economy grew at its quickest pace in nearly four years on a quarterly basis in 2Q18, in line with market expectations. Further, durable goods orders climbed more than market forecast in August. Separately, in SA, the PPI climbed more than market anticipations on an annual basis in August, marking its fastest growth since December 2016.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.2% against the South African Rand to trade at R18.4445. Ahead in the day, traders will keep an eye on the UK's GDP and current account balance for further cues. Data indicated that the UK's GfK consumer confidence index declined more than market expectations in September.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R16.4258. Going forward, market participants will keep a tab on the Eurozone's consumer price index (CPI) and Germany's unemployment rate for further direction.

The Euro weakened against the South African Rand yesterday, amid renewed concerns over Italy's budget proposal. On the macro front, the Eurozone's economic confidence index fell more than market forecast to a 15-month low level in September. Additionally, the consumer confidence index declined in line with market expectations in the same month. Meanwhile, the region's business climate indicator recorded an unchanged reading in September. Separately, Germany's CPI advanced more than market expectations on an annual basis in September. Moreover, the GfK consumer confidence index unexpectedly climbed in October.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar slightly dropped against the South African Rand to trade at R10.1780. Earlier in the session, Australia's monthly private sector credit advanced more than market forecast in August.

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	14.1029	▼	-0.08	-1.37	-3.84	10.65	14.07
GBPZAR	18.4445	▼	-0.76	-1.26	-2.94	9.25	10.48
EURZAR	16.4258	▼	-0.92	-2.26	-3.50	9.80	10.70
AUDZAR	10.1780	▼	-0.76	-2.48	-3.59	7.15	5.37
EURUSD	1.1648	▲	-0.83	-0.92	0.34	-0.76	-3.03
GBPUSD	1.3079	=	-0.67	0.05	0.92	-1.25	-3.21
Brent (\$/barrel)	81.7	▲	0.47	3.71	5.26	4.62	22.21
Gold (\$/oz)	1188.5	▲	-1.01	-1.20	-1.61	-1.81	-9.70
Platinum (\$/oz)	809.4	▼	-1.85	-2.33	2.95	-6.94	-13.26
Copper (\$/MT)*	6182.0	▼	-1.40	-3.10	3.59	-4.96	-14.22

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,188.50/oz.

Yesterday, gold prices fell 1.0% to close at \$1182.3/oz, as strength in the US Dollar dented demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil marginally gained to trade at \$81.73/bl, amid concerns over the potential impact on supply from looming US sanctions on Iran's crude exports.

Yesterday, Brent crude oil advanced 0.5% to settle at \$81.72/bl, dismissed the prospect of releasing emergency crude reserves.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$809.40/oz.

Yesterday, platinum prices declined 1.7% to close at \$814.7/oz.

Major South African corporate news

Adcorp Holdings Limited

In its 1H18 trading statement, the company announced that it expects HEPS to be between 85.00c and 93.00c. Further, the company expects EPS to be in the range of 82.00c and 100.00c. In its operational update, the company indicated that it expects 1H18 total EBITDA to be between ZAR200.00mn and ZAR220.00mn.

Major global economic news

US

In the US, final annualised GDP advanced 4.2% on a quarterly basis in 2Q18, meeting market forecast and compared to a revised advance of 2.2% in the previous quarter. The preliminary figures had also recorded an advance of 4.2%.

In the US, advance goods trade deficit unexpectedly widened to USD75.80bn in August. The US had reported a deficit of USD72.20bn in the prior month.

In the US, flash durable goods orders climbed 4.5% on a monthly basis in August, more than market anticipations. In the previous month, durable goods orders had fallen 1.7%.

In the US, seasonally adjusted initial jobless claims climbed to 214.00K in the week ended 22 September 2018, more than market expectations and compared to a revised level of 202.00K in the prior week.

In the US, pending home sales dropped 1.8% on a monthly basis in August, more than market expectations. In the previous month, pending home sales had recorded a revised drop of 0.8%.

Asia

In Japan, unemployment rate unexpectedly dropped to 2.4% in August. Unemployment rate had recorded a reading of 2.5% in the prior month.

In August, retail trade rose 0.9% on a monthly basis in Japan, more-than-expected and compared to an advance of 0.1% in the prior month.

In Japan, flash industrial production rebounded 0.7% on a monthly basis in August, less than market expectations. Industrial production had dropped 0.1% in the previous month.

In Australia, private sector credit recorded a more-than-expected rise of 0.5% on a monthly basis in August, compared to an advance of 0.4% in the prior month.

Eurozone

In the Eurozone, the business climate indicator remained unchanged at a level of 1.21 in September.

In the Eurozone, the economic sentiment indicator eased more-than-expected to 110.90 in September, compared to a level of 111.60 in the previous month.

In the Eurozone, the final consumer confidence index registered a drop to -2.90 in September, meeting market expectations. In the prior month, the index had recorded a level of -1.90. The preliminary figures had also indicated a drop to -2.90.

In Germany, the flash CPI advanced more-than-expected to 2.3% on a yearly basis in September, compared to an advance of 2.0% in the previous month.

In Germany, the GfK consumer confidence index registered an unexpected rise to a level of 10.60 in October, compared to a reading of 10.50 in the prior month.

UK

In the UK, the consumer confidence index recorded a more-than-anticipated drop to -9.00 in September. In the previous month, the index had recorded a level of -7.00.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	GfK Consumer Confidence (Sep)	✓✓✓	-9.00*	-7.00	Monthly
Japan	01:30	Job-To-Applicant Ratio (Aug)	✓	1.63*	1.63	Monthly
Japan	01:30	Unemployment Rate (Aug)	✓✓	2.40%*	2.50%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (Sep)	✓✓✓	1.30%*	1.20%	Monthly
Japan	01:50	Industrial Production (YoY) (Aug) (P)	✓✓✓	0.60%*	2.20%	Monthly
Japan	01:50	Retail Trade s.a. (MoM) (Aug)	✓✓✓	0.90%*	0.10%	Monthly
Japan	01:50	Industrial Production (MoM) (Aug) (P)	✓✓✓	0.70%*	-0.10%	Monthly
Japan	01:50	Large Retailer's Sales (Aug)	✓✓	-0.10%*	-1.60%	Monthly
Japan	01:50	Retail Trade (YoY) (Aug)	✓✓✓	2.70%*	1.50%	Monthly
Japan	07:00	Annualised Housing Starts (Aug)	✓✓	0.95mn units	0.96mn units	Monthly
Japan	07:00	Housing Starts (YoY) (Aug)	✓	0.40%	-0.70%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Aug)	✓	5.50%	5.41%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Aug)	✓	5.90%	6.00%	Monthly
Germany	09:55	Unemployment Rate s.a. (Sep)	✓✓✓	5.20%	5.20%	Monthly
Germany	09:55	Unemployment Change (Sep)	✓✓✓	-9.00 K	-8.00 K	Monthly
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q2) (F)	✓✓✓	0.40%	0.10%**	Quarterly
UK	10:30	Current Account (Q2)	✓✓	-GBP19.40bn	-GBP17.70bn	Quarterly
UK	10:30	Gross Domestic Product s.a. (YoY) (Q2) (F)	✓✓✓	1.30%	1.30%**	Quarterly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Sep) (P)	✓✓✓	1.10%	1.00%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	2.10%	2.00%**	Monthly
South Africa	14:00	Trade Balance (Aug)	✓✓	-	-ZAR4.70bn	Monthly
US	14:30	Personal Income (MoM) (Aug)	✓✓	0.40%	0.30%	Monthly
US	14:30	Personal Spending (Aug)	✓✓	0.30%	0.40%	Monthly
US	15:45	Chicago PMI (Sep)	✓✓✓	62.00	63.60	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Sep) (F)	✓✓✓	100.50	100.80**	Monthly
US	22:45	Fed's Williams Speaks in New York at Money Markets Conference	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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