

ONE Minute Brief

14 September 2018

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), mining production unexpectedly dropped 5.2% on a yearly basis in July, compared to a revised rise of 3.7% in June. Annual gold production plunged 15.0% in July, compared to a revised drop of 17.3% in June. Platinum production fell 6.2% on an annual basis in July, compared to a revised rise of 29.3% in the prior month.

Moody's warned that SA's economic recovery will be slow and less than the Treasury's estimate of 1.5% for 2018, due to weak investor confidence and slow policy reforms. Further, the ratings agency stated that there is little chance of downgrade later this year, however a commitment to fiscal consolidation at the October budget would be key to maintaining the positive rating.

Deputy Chief Justice, Raymond Zondo, has rejected an application by Gupta brothers to cross-examine witnesses at the state capture commission of inquiry, unless they testify.

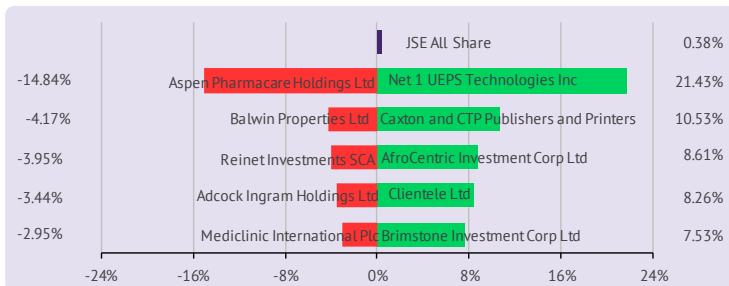
African National Congress (ANC) MP, Vincent Smith, has decided to step down as Chairperson of the three parliamentary committees, over bribery claims.

The Democratic Alliance stated that it would lay corruption charges against ANC top officials including ANC MP, Vincent Smith.

South Africa Market ▲

South African markets closed higher

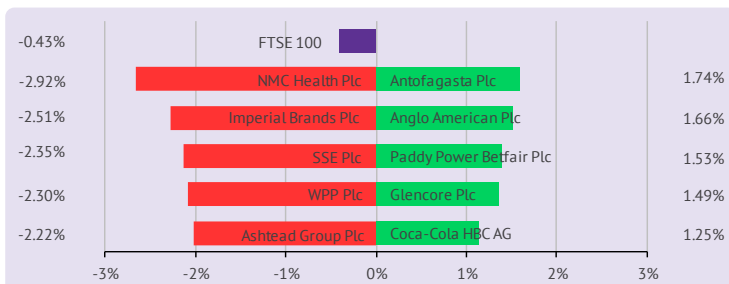
South African markets closed in the green yesterday, amid gains in platinum mining, retail and industrial sector stocks. The JSE All Share Index rose 0.4% to close at 56,166.86.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, as the British Pound strengthened and led by losses in retail sector stocks. The FTSE 100 Index declined 0.4% to close at 7,281.57.



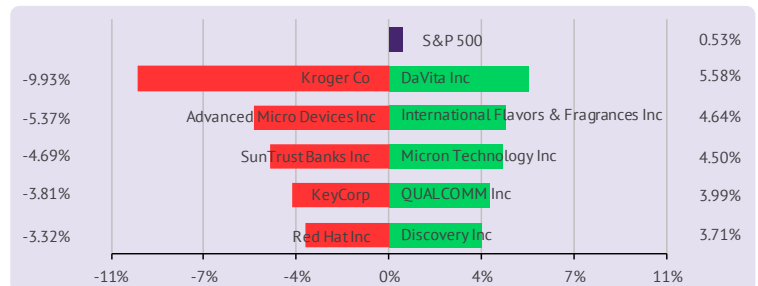
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56166.86	▲	214.81	0.38	-1.58	-4.26	2.15	-5.61
JSE Top 40	49991.17	▲	176.43	0.35	-1.66	-4.71	2.24	-4.84
FTSE 100	7281.57	▼	-31.79	-0.43	0.05	-2.03	-4.08	-5.28
DAX 30	12055.55	▲	23.25	0.19	0.80	-2.50	-3.45	-6.67
CAC 40	5328.12	▼	-4.01	-0.08	1.45	-1.46	-1.90	0.29
S&P 500	2904.18	▲	15.26	0.53	1.13	0.09	3.03	8.62
Nasdaq Composite	8013.71	▲	59.48	0.75	1.41	-1.18	5.71	16.08
DJIA	26145.99	▲	147.07	0.57	0.89	0.70	2.16	5.77
MSCI Emerging Markets	1017.64	▲	13.08	1.30	-0.52	-3.63	-2.90	-12.15
MSCI Developed World	2162.68	▲	9.98	0.46	1.17	-0.59	1.04	2.82

US Market ▲

The S&P 500 futures are trading in the green

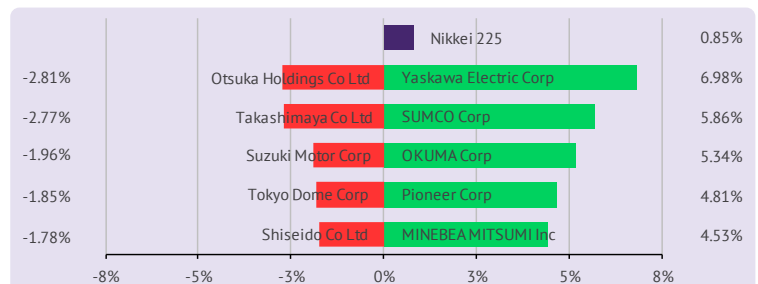
US markets closed higher yesterday, boosted by gains in technology sector stocks and as US-China trade tensions eased. Data showed that the US annual consumer price index (CPI) rose less-than-anticipated in August. The S&P 500 Index climbed 0.5% to close at 2,904.18.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that Japan's monthly industrial production dropped in July. The Nikkei 225 Index is trading 0.9% higher at 23,014.26.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R14.7819. Later today, traders will keep a close watch on the US advance retail sales, the Michigan consumer sentiment index, business inventories, industrial and manufacturing production for further cues.

The US Dollar fell against the South African Rand yesterday, after the US CPI advanced at a slower-than-expected pace on an annual basis in August. Additionally, monthly budget deficit widened more than market forecast in August. Meanwhile, initial jobless claims unexpectedly eased to a 49-year low level in the week ended 8 September 2018. Further, yearly average weekly earnings recorded an advance in August. Separately, in SA, mining production registered an unexpected decline on a yearly basis in July. Additionally, annual gold production dropped in July. Moreover, platinum production fell in the same month.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R19.3908. Ahead in the day, traders will keep an eye on the Bank of England Governor, Mark Carney's speech for further indication.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R17.2831. Going forward, market participants will keep a tab on the Eurozone's trade balance for further direction.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's CPI climbed on an annual basis in August.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R10.6318. Meanwhile, in China, Australia's largest trading partner, annual industrial production advanced in line with market expectations in August. Additionally, retail sales jumped more than market anticipations on a yearly basis 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	14.7819	▲	-1.23	-3.05	0.56	10.65	19.29
GBPZAR	19.3908	▲	-0.76	-1.64	1.72	9.25	15.79
EURZAR	17.2831	▲	-0.68	-1.89	1.35	9.80	16.26
AUDZAR	10.6318	▲	-0.97	-1.93	0.56	7.15	9.90
EURUSD	1.1692	▲	0.55	1.19	0.76	-0.76	-2.62
GBPUSD	1.3118	▲	0.48	1.46	1.14	-1.25	-3.00
Brent (\$/barrel)	78.3	▲	-1.96	1.76	0.70	4.62	16.91
Gold (\$/oz)	1210.5	▲	-0.22	0.64	0.10	-1.81	-8.13
Platinum (\$/oz)	808.5	▲	0.43	2.93	2.06	-6.94	-14.01
Copper (\$/MT)*	6013.5	▲	0.54	1.67	0.76	-4.96	-16.56

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.6% to trade at \$1,210.50/oz.

Yesterday, gold prices fell 0.2% to close at \$1202.8/oz, amid hopes for a new round of US-China trade talks.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.2% to trade at \$78.30/bl, amid news that US has asked Organization of the Petroleum Exporting Countries (OPEC) members and Russia to prevent a rise in global oil prices.

Yesterday, Brent crude oil dropped 2.0% to settle at \$78.18/bl, amid concerns that emerging market crises and trade disputes could lower demand for the commodity. Additionally, the International Energy Agency reported that daily crude-oil output in the OPEC climbed by 420,000bbls a day to average 32.63mn a day in August.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.6% to trade at \$808.50/oz.

Yesterday, platinum prices climbed 0.4% to close at \$803.3/oz.

Major South African corporate news

Aspen Pharmacare Holdings Limited

In its FY18 results, the company announced that its revenues advanced 3.0% to ZAR42.60bn, compared to the same period of the preceding year. Its diluted EPS stood at 1,316.60c, compared to 1,123.40c recorded in the corresponding period of the previous year. The company has declared a total dividend of 287.00c per share compared to 248.00c per share posted in the comparable period of the prior year.

Impala Platinum Holdings Limited

In its FY18 results, the company announced that its revenues decreased to ZAR35.85bn, compared to ZAR36.84bn posted in the corresponding period of the previous year. Its diluted loss per share rose to 1,486.00c, compared to 1,145.00c recorded in the same period of the prior year. For FY19, the company expects platinum production to be between 1.50mn and 1.60mn oz.

Major global economic news

US

In the US, the CPI rose 2.7% on an annual basis in August, less-than-expected compared to a rise of 2.9% in the previous month.

In the US, seasonally adjusted initial jobless claims unexpectedly dropped to 204.00K in the week ended 08 September 2018. In the previous week, initial jobless claims had registered a revised level of 205.00K.

In the US, budget deficit widened more-than-expected to USD214.10bn in August, compared to a deficit of USD76.86bn in the previous month.

In the US, average weekly earnings rose 0.5% on an annual basis in August, compared to an advance of 0.1% in the previous month.

Asia

In China, industrial production registered a rise of 6.1% on an annual basis in August, compared to an advance of 6.0% in the previous month.

In China, retail sales rose 9.0% on a yearly basis in August, more than market expectations. Retail sales had advanced 8.8% in the prior month.

In Japan, final industrial production registered a drop of 0.2% on a monthly basis in July. Industrial production had recorded a drop of 1.8% in the previous month. The preliminary figures had also recorded a fall of 0.1%.

Eurozone

The European Central Bank (ECB) in its latest monetary policy meeting, kept the key interest rates unchanged at 0% and stated that monthly bond purchasing scheme will be lowered to EUR15bn per month from October until December. Meanwhile, the ECB cut its growth forecasts for the euro-area. The bank now expects growth of 2.0% in 2018 and 1.8% in 2019, slightly lower than its previous forecast of 2.1% and 1.9%. Separately, the ECB President, Mario Draghi warned that trade dispute could impact global economy.

In Germany, the final CPI advanced 2.0% on a yearly basis in August, in line with market expectations and compared to a similar rise in the prior month. The preliminary figures had also indicated an advance of 2.0%.

UK

The Bank of England (BoE) in its latest monetary policy meeting, voted unanimously to keep the benchmark interest rates unchanged at 0.75%, as widely expected. Further, the members raised their growth outlook for the third quarter to 0.5% from 0.4%, but warned that uncertainty on Brexit could influence household and business spending in the future. Meanwhile, the central bank reiterated that further rate hikes would be gradual and to a limited extent.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
China	04:00	Industrial Production (YoY) (Aug)	✓✓	6.10%*	6.00%	Monthly
China	04:00	Retail Sales (YoY) (Aug)	✓✓✓	9.00%*	8.80%	Monthly
China	04:00	Retail Sales YTD (YoY) (Aug)	✓	9.30%*	9.30%	Monthly
China	04:00	Industrial Production YTD (YoY) (Aug)	✓✓	6.50%*	6.60%	Monthly
China	04:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Aug)	✓	5.30%*	5.50%	Monthly
Japan	06:30	Industrial Production (MoM) (Jul) (F)	✓✓✓	-0.20%*	-0.10%**	Monthly
Japan	06:30	Industrial Production (YoY) (Jul) (F)	✓✓✓	2.20%*	2.30%**	Monthly
Eurozone	10:00	ECB's Nowotny speaks on panel in Vienna	✓	-	-	As scheduled
Eurozone	11:00	Trade Balance n.s.a. (Jul)	✓✓	-	EUR22.50bn	Monthly
Eurozone	11:00	Trade Balance s.a. (Jul)	✓✓✓	EUR16.20bn	EUR16.70bn	Monthly
UK	12:00	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
Eurozone	13:00	ECB's Rasmussen speaks in press conference	✓	-	-	As scheduled
US	14:30	Retail Sales Ex Auto & Gas (Aug)	✓✓✓	0.50%	0.60%	Monthly
US	14:30	Export Price Index (MoM) (Aug)	✓	0.00%	-0.50%	Monthly
US	14:30	Advance Retail Sales (MoM) (Aug)	✓✓✓	0.40%	0.50%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (Aug)	✓✓✓	0.50%	0.60%	Monthly
US	14:30	Retail Sales "Control Group" (MoM) (Aug)	✓✓	0.40%	0.50%	Monthly
US	15:00	Fed Evans Speaks in Fort Wayne, Indiana	✓	-	-	As scheduled
US	15:15	Industrial Production (MoM) (Aug)	✓✓✓	0.30%	0.10%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Aug)	✓✓✓	0.30%	0.30%	Monthly
US	16:00	Business Inventories (Jul)	✓	0.60%	0.10%	Monthly
US	16:00	Fed's Rosengren Speaks at Brookings Conference	✓	-	-	As scheduled
US	16:00	Reuters/Michigan Consumer Sentiment Index (Sep) (P)	✓✓✓	96.60	96.20	Monthly

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