

ONE Minute Brief

3 October 2018

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Economic and political news

The National Union of Mineworkers (NUM) has signed a three-year wage deal with platinum producer, Northam Platinum which includes wage hikes of more than double the inflation rate for its members.

South African energy regulator, NERSA has given Eskom the approval to recover ZAR32.69bn of costs incurred over the past three years through higher tariffs over a four-year period from 2019 to 2023.

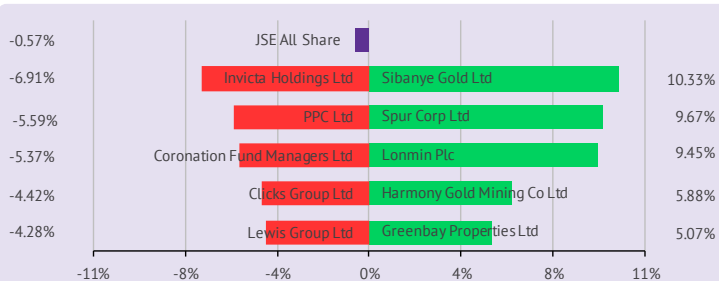
Retired Judge, Robert Nugent, has submitted his interim report to President, Cyril Ramaphosa on the commission into governance and administrative problems at SARS.

Deputy Governor, Daniel Mminele, stated that South Africa's central bank will only intervene to protect the currency if "excess volatility or abrupt and disorderly adjustments" threaten the orderly functioning of the market.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in banking, retail and financial sector stocks. The JSE All Share Index fell 0.6% to close at 55,472.57.



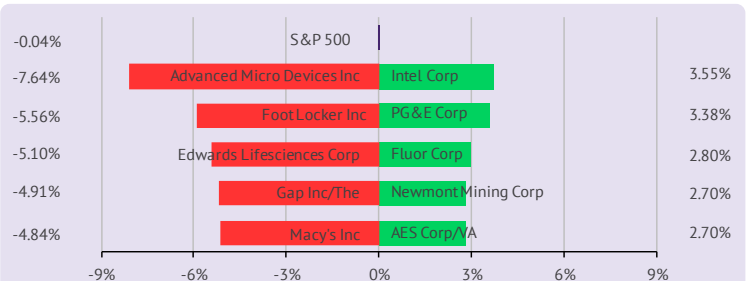
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55472.57	▼ -317.18	-0.57	-0.42	-0.42	-5.05	-6.78
JSE Top 40	49263.49	▼ -323.90	-0.65	-0.52	-0.52	-5.61	-6.22
FTSE 100	7474.55	▼ -21.12	-0.28	-0.47	-0.47	1.05	-2.77
DAX 30	12287.58	▼ -51.45	-0.42	0.33	0.33	-0.95	-4.88
CAC 40	5467.89	▼ -38.93	-0.71	-0.47	-0.47	1.60	2.92
S&P 500	2923.43	▼ -1.16	-0.04	0.32	0.32	0.43	9.34
Nasdaq Composite	7999.55	▼ -37.76	-0.47	-0.58	-0.58	-0.78	15.88
DJIA	26773.94	▲ 122.73	0.46	1.19	1.19	1.90	8.31
MSCI Emerging Markets	1033.30	▼ -13.10	-1.25	-1.39	-1.39	-0.76	-10.80
MSCI Developed World	2183.62	▼ -4.56	-0.21	-0.02	-0.02	0.39	3.81

US Market ▼

The S&P 500 futures are trading in the green

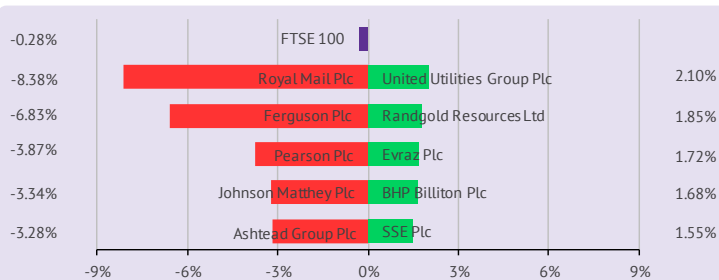
US markets closed mostly lower yesterday, weighed down by losses in banking and retail sector stocks. The S&P 500 Index marginally dropped to close at 2,923.43.



UK Market ▼

The FTSE 100 futures are trading in negative territory

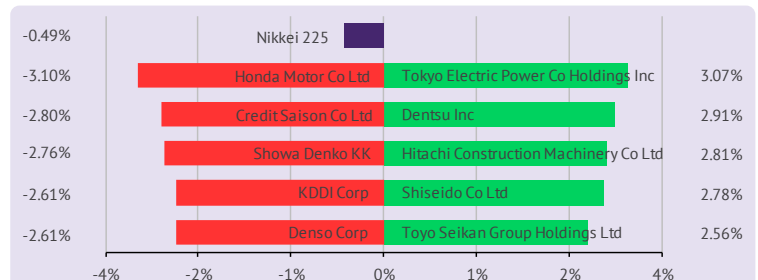
UK markets finished lower yesterday, amid losses in financial sector stocks. Data showed that UK's Markit construction PMI unexpectedly fell in September. The FTSE 100 Index fell 0.3% to close at 7,474.55.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data showed that Japan's services PMI dropped in September. The Nikkei 225 Index is trading 0.5% lower at 24,150.69.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R14.3736. Later today, traders will keep a close watch on the US Markit services PMI, ADP employment change and the MBA mortgage applications for further indication.

The US Dollar rose against the South African Rand yesterday.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound gained 0.2% against the South African Rand to trade at R18.6738. Ahead in the day, traders will keep an eye on the UK's Markit services PMI for further cues. Data indicated that the UK's BRC shop price index recorded a rise on a yearly basis in September.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's Nationwide house price index advanced more than market forecast on a monthly basis in September. Meanwhile, the Markit construction PMI unexpectedly declined to its lowest level in six months in September.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.4% against the South African Rand to trade at R16.6404. Going forward, market participants will keep a tab on the Markit services PMI across the Eurozone and Eurozone's retail sales for further direction.

The Euro strengthened against the South African Rand yesterday. On the macroeconomic front, the Eurozone's producer price index (PPI) rose more than market expectations on an annual basis in August.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R10.3125. Earlier in the session, Australia's AiG performance of service index climbed in September. Meanwhile, the nation's monthly building approvals registered an unexpected decline in August.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.3736	▲	0.94	1.53	1.53	-3.73	15.95
GBPZAR	18.6738	▲	0.45	1.11	1.11	-3.17	11.44
EURZAR	16.6404	▲	0.66	1.02	1.02	-3.68	11.62
AUDZAR	10.3125	▼	0.46	1.00	1.00	-3.25	6.80
EURUSD	1.1576	▲	-0.26	-0.48	-0.48	0.02	-3.81
GBPUSD	1.2992	▲	-0.48	-0.40	-0.40	0.55	-3.95
Brent (\$/barrel)	84.8	▲	-0.21	2.50	2.50	6.56	26.81
Gold (\$/oz)	1211.1	▲	1.29	0.91	0.91	-0.84	-8.16
Platinum (\$/oz)	830.1	-	0.74	1.39	1.39	4.01	-11.14
Copper (\$/MT)*	6288.0	▲	0.47	0.39	0.39	4.95	-12.75

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.7% to trade at \$1,211.10/oz.

Yesterday, gold prices rose 1.3% to close at \$1202.4/oz, as risk appetite improved among investors.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose slightly to trade at \$84.83/bl. Meanwhile, the American Petroleum Institute reported that crude oil inventories advanced by 907,000bbls in the week ended 28 September 2018.

Yesterday, Brent crude oil dropped 0.2% to settle at \$84.80/bl, amid fears that global supplies will drop due to Washington's sanctions on Iran.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$830.10/oz.

Yesterday, platinum prices climbed 0.7% to close at \$833.5/oz.

Major South African corporate news

Group Five Limited

In its FY18 results, the company announced that its revenues decreased to ZAR7.35bn, compared to ZAR9.96bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 13.91c, compared to 8.89c recorded in the same period of the prior year. The company has not declared a final dividend for the period.

Hyprop Investments Limited

The company announced that Chief Executive Officer, Pieter Prinsloo has resigned with effect from 31 January 2019 and would be succeeded by Morne Wilken from 27 December 2018.

Major global economic news

UK

In the UK, the construction PMI registered an unexpected drop to 52.10 in September. The construction PMI had registered a level of 52.90 in the previous month.

In September, the seasonally adjusted Nationwide house price index recorded a more-than-expected-rise of 0.3% on a monthly basis in the UK. House prices had registered a drop of 0.5% in the prior month.

In the UK, the BRC shop price index advanced 0.2% on an annual basis in September. The index had risen 0.1% in the previous month.

Asia

In Australia, the AiG performance of services index registered a rise to 52.50 in September. The index had registered a reading of 52.20 in the previous month.

In Australia, seasonally adjusted building approvals unexpectedly fell 9.4% on a monthly basis in August, compared to a revised fall of 4.6% in the previous month.

In Japan, the Nikkei Japan services PMI recorded a drop to 50.20 in September. In the previous month, the services PMI had registered a level of 51.50.

Eurozone

In the Eurozone, the PPI recorded a rise of 4.2% on a yearly basis in August, more than market expectations. In the prior month, the PPI had recorded a revised rise of 4.3%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nikkei Japan Services PMI (Sep)	✓✓	50.20*	51.50	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Sep)	✓✓✓	50.70*	52.00	Monthly
Germany	09:55	Markit Services PMI (Sep) (F)	✓✓✓	56.50	56.50**	Monthly
Eurozone	10:00	Markit Composite PMI (Sep) (F)	✓✓✓	54.20	54.20**	Monthly
Eurozone	10:00	Markit Services PMI (Sep) (F)	✓✓✓	54.70	54.70**	Monthly
UK	10:30	Markit Services PMI (Sep)	✓✓✓	54.00	54.30	Monthly
UK	10:30	Official Reserves (Changes) (Sep)	✓✓	-	USD437.00mn	Monthly
Eurozone	11:00	Retail Sales (Aug)	✓✓	-	105.50	Monthly
Eurozone	11:00	Retail Sales (MoM) (Aug)	✓✓✓	0.20%	-0.20%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Aug)	✓✓✓	1.70%	1.10%	Monthly
US	12:30	Fed's Evans Speaks in London	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (28-Sep)	✓	-	2.90%	Weekly
US	14:05	Fed's Barkin Speaks at Economic Conference in West Virginia	✓	-	-	As scheduled
US	14:15	ADP Employment Change (Sep)	✓✓✓	184.00K	163.00K	Monthly
US	15:45	Markit Composite PMI (Sep) (F)	✓✓✓	-	53.40**	Monthly
US	15:45	Markit Services PMI (Sep) (F)	✓✓✓	53.00	52.90**	Monthly
US	16:00	ISM Non-Manufacturing PMI (Sep)	✓✓✓	58.00	58.50	Monthly
US	20:15	Fed's Mester Speaks at Community Banking Conference	✓	-	-	As scheduled
US	20:15	Fed's Brainard Speaks in Chicago About Payment System	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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