

ONE Minute Brief

26 June 2018

GTC
consult • partner • manage

Economic and political news

Public Enterprises Minister, Pravin Gordhan and the Treasury have appealed to heads of major banks for funding and solutions to restructure state-owned enterprises (SOEs).

Eskom Chairman, Jabu Mabuza, stated that it may have been “tactically wrong” to start wage negotiations with unions at 0%. Meanwhile, former Deputy Finance Minister, Mcebisi Jonas, stated that Eskom should be broken up into smaller entities.

President, Cyril Ramaphosa, stated that the ANC can no longer count on South Africans to vote for the party just because it led the country to liberation.

The Democratic Alliance stated that strict action must be taken against municipal officials and politicians responsible for illegally depositing money with the VBS Mutual Bank.

The South African Bureau of Standards (SABS) board members made oral representations to Trade and Industry Minister, Rob Davies, requesting him not to suspend them.

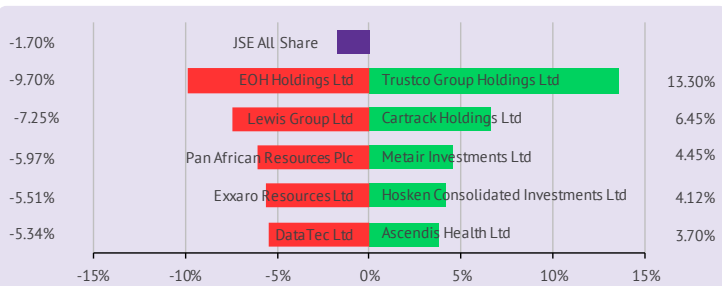
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55889.26	▼ -967.40	-1.70	-1.70	-0.48	-3.60	-6.08
JSE Top 40	49707.70	▼ -915.40	-1.81	-1.81	-0.15	-3.18	-5.38
FTSE 100	7509.84	▼ -172.43	-2.24	-2.24	-2.19	2.25	-2.31
DAX 30	12270.33	▼ -309.39	-2.46	-2.46	-2.65	-0.06	-5.01
CAC 40	5283.86	▼ -103.52	-1.92	-1.92	-2.12	-2.21	-0.54
S&P 500	2717.07	▼ -37.81	-1.37	-1.37	0.44	2.16	1.63
Nasdaq Composite	7532.01	▼ -160.81	-2.09	-2.09	1.21	5.32	9.11
DJIA	24252.80	▼ -328.09	-1.33	-1.33	-0.67	1.05	-1.89
MSCI Emerging Markets	1071.06	▼ -16.94	-1.56	-1.56	-4.43	-3.75	-7.54
MSCI Developed World	2085.59	▼ -29.31	-1.39	-1.39	-0.35	0.31	-0.85

South Africa Market ▼

South African markets closed lower

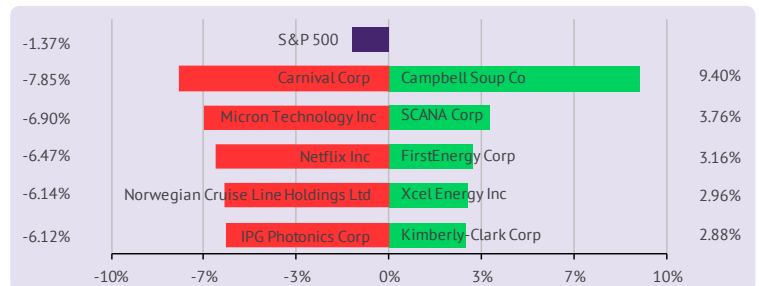
South African markets closed in the red yesterday, amid rising global trade war fears and led by losses in resources and industrial sector stocks. The JSE All Share Index fell 1.7% to close at 55,889.26.



US Market ▼

The S&P 500 futures are trading in the green

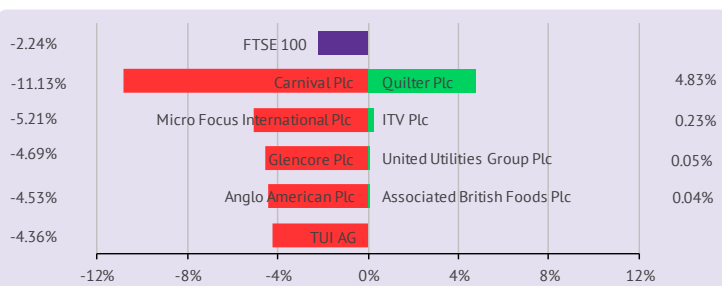
US markets closed lower yesterday, weighed down by losses in technology sector stocks, amid US-China trade turmoil. Data showed that the Chicago Fed national activity index fell in May. The S&P 500 Index dropped 1.4% to close at 2,717.07.



UK Market ▼

The FTSE 100 futures are trading in positive territory

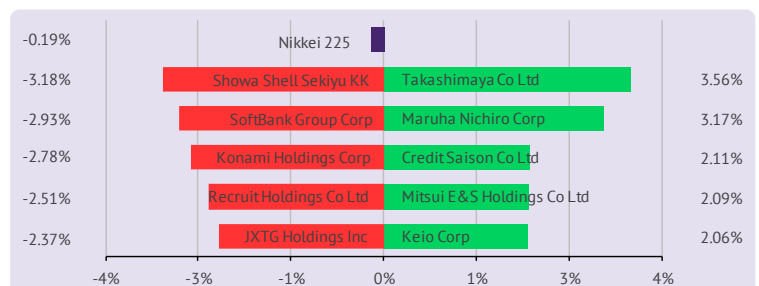
UK markets finished lower yesterday, amid escalating trade war tensions between the US and China. The FTSE 100 Index declined 2.2% to close at 7,509.84.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 0.2% lower at 22,296.05.



ONE Minute Brief

26 June 2018

GTC
consult • partner • manage

USD ZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R13.5557. Later today, traders will keep a close watch on the US consumer confidence index and the Richmond Fed manufacturing index for further indication.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US Dallas Fed manufacturing index surprisingly climbed in June. Additionally, new home sales rebounded more than market expectations on a monthly basis in May, notching its highest level since November 2017. On the contrary, the Chicago Fed Nat activity index dropped in May.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R18.0072. Later today, traders will keep an eye on the UK's BBA loans for house purchase for further direction.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R15.8750. 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. On the data front, Germany's Ifo business climate index eased in line with market anticipations in June, marking its lowest reading since May 2017. Additionally, the Ifo current assessment index registered a more-than-expected decline in the same month. Whereas, the Ifo expectations index recorded an unchanged reading in June.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly higher against the South African Rand at R10.0463. Earlier in the session, Australia's ANZ Roy Morgan consumer confidence index recorded a drop in the week ended 24 June 2018.

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	13.5557	▲	0.79	0.79	6.65	1.91	9.37
GBPZAR	18.0072	▲	0.94	0.94	6.55	-1.58	7.62
EURZAR	15.8750	▲	1.22	1.22	6.74	-1.31	6.71
AUDZAR	10.0463	▲	0.41	0.41	4.51	2.42	3.93
EURUSD	1.1711	▲	0.45	0.45	0.09	-3.19	-2.51
GBPUUSD	1.3283	▲	0.15	0.15	-0.13	-3.38	-1.72
Brent (\$/barrel)	74.9	▲	-1.09	-1.09	-3.65	3.84	11.75
Gold (\$/oz)	1266.1	▲	-0.14	-0.14	-2.65	-1.45	-3.34
Platinum (\$/oz)	865.2	▼	-0.52	-0.52	-4.54	0.63	-7.00
Copper (\$/MT)*	6748.5	▼	-0.63	-0.63	-1.41	1.10	-6.36

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices are trading marginally higher at \$1,266.10/oz.

Yesterday, gold prices fell 0.1% to close at \$1,265.60/oz, as investors turned to the US Treasuries rather than bullion for safe haven investment.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.2% to trade at \$74.91/bl, amid uncertainty over Libyan oil exports.

Yesterday, Brent crude oil dropped 1.1% to settle at \$74.73/bl, amid uncertainty over an agreement by the Organisation of the Petroleum Exporting Countries to raise crude production.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.4% to trade at \$865.20/oz.

Yesterday, platinum prices declined 0.5% to close at \$868.80/oz.



ONE Minute Brief

26 June 2018



Major South African corporate news

Ascendis Health Limited

In its strategic business review, the company's management has declared that it has undertaken divestment in Ascendis Sports Nutrition along with Ascendis Direct and a supply chain at Isando manufacturing facility. Separately, the company announced that it has appointed Marnus Sonnekus as interim Chief Operating Officer of South Africa with effect from 1 July 2018.

Kumba Iron Ore Limited

In its 1H18 trading statement, the company stated that it expects HEPS and EPS to be at least ZAR921.00mn and ZAR917.00mn lower, representing a decline of at least 20.0%, compared to the corresponding period of the previous year.

Major global economic news

US

In the US, the Dallas Fed manufacturing business index unexpectedly advanced to a level of 36.50 in June. In the previous month, the index had registered a level of 26.80.

In May, new home sales registered a rise of 6.7% to a level of 689.00K on monthly basis in the US, higher than market expectations. In the previous month, new home sales had recorded a revised reading of 646.00K.

In the US, the Chicago Fed national activity index fell more-than-expected to a level of -0.15 in May. The index had recorded a revised reading of 0.42 in the previous month.

Eurozone

In Germany, the Ifo business climate index registered a drop to 101.80 in June, at par with market expectations. In the previous month, the index had recorded a level of 102.20.

In June, the Ifo business expectations index remained unchanged at 98.60 in Germany.

In Germany, the Ifo current assessment index fell more-than-expected to a level of 105.10 in June. The index had registered a reading of 106.00 in the prior month.

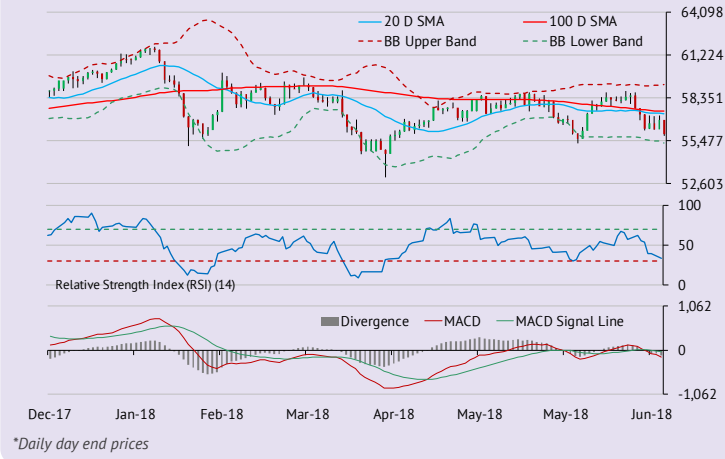
ONE Minute Brief



26 June 2018

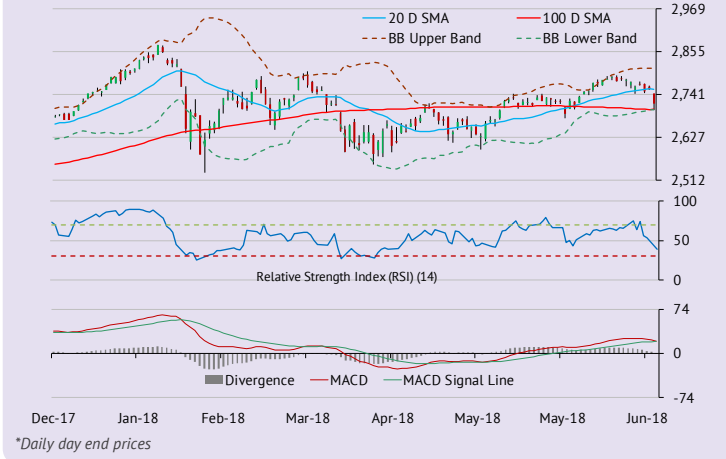
Technical snapshot

JSE All Share



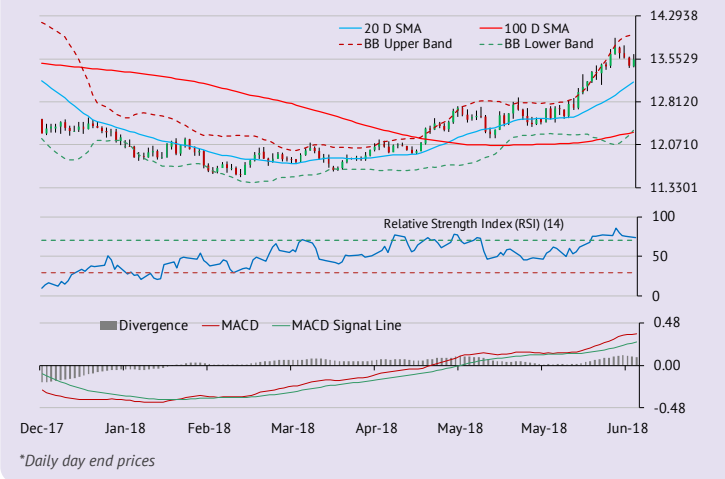
The JSE All Share index is expected to find support at 55,385.51, and a fall through could take it to the next support level of 54,881.75. The index is expected to find its first resistance at 56,814.93, and a rise through could take it to the next resistance level of 57,740.59.

S&P 500



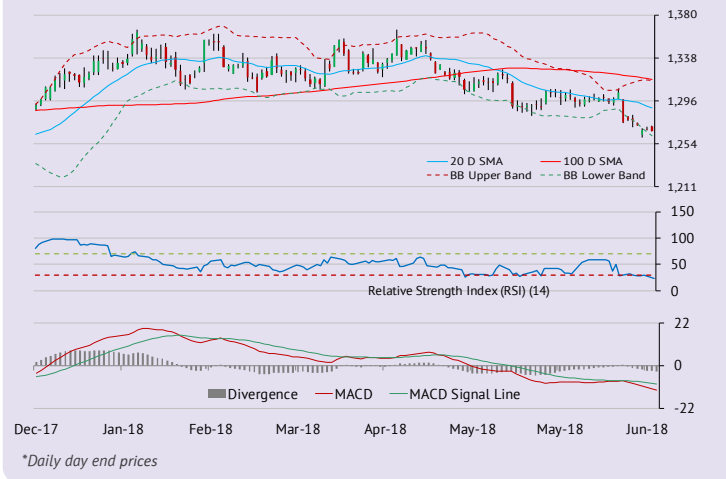
The S&P 500 index is expected to find support at 2,685.54, and a fall through could take it to the next support level of 2,654.01. The index is expected to find its first resistance at 2,761.73, and a rise through could take it to the next resistance level of 2,806.39.

USD ZAR



The pair is expected to find support at 13,324.9, and a fall through could take it to the next support level of 13,106.6. The pair is expected to find its first resistance at 13,838.4, and a rise through could take it to the next resistance level of 14,133.6.

XAU USD



Gold is expected to find support at \$1,256.67/oz, and a fall through could take it to the next support level of \$1,247.43/oz. The precious metal is expected to find its first resistance at \$1,278.47/oz, and a rise through could take it to the next resistance level of \$1,291.03/oz.

ONE Minute Brief

26 June 2018



GTC
consult • partner • manage

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (May)	✓	1.00%*	1.00%	Monthly
Eurozone	03:20	ECB's Coeure Speaks in Singapore	✓	-	-	As scheduled
South Africa	09:00	Leading Indicator (Apr)	✓	-	107.40	Monthly
UK	10:30	BBA Mortgage Approvals (May)	✓✓	-	40.56K	Monthly
UK	11:00	Haskel, Fried Speak at BOE Appointment Hearings in London	✓	-	-	As scheduled
UK	11:30	BoE's McCafferty Speaks in London	✓	-	-	As scheduled
UK	12:00	CBI Distributive Trades Survey - Realised (Jun)	✓✓	11.00%	11.00%	Monthly
Eurozone	14:00	ECB Vice President De Guindos Speaks in Frankfurt	✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (22-Jun)	✓	-	4.70%	Weekly
US	14:55	Redbook Index s.a. (MoM) (22-Jun)	✓	-	0.00%	Weekly
US	15:00	S&P/Case-Shiller Home Price Index (Apr)	✓	-	208.62	Monthly
US	15:00	S&P/Case-Shiller 20 City s.a. (MoM) (Apr)	✓✓✓	0.40%	0.53%	Monthly
US	15:00	S&P/Case-Shiller Composite-20 (YoY) (Apr)	✓✓	6.80%	6.79%	Monthly
US	16:00	Richmond Fed Manufacturing Index (Jun)	✓	15.00	16.00	Monthly
US	16:00	Consumer Confidence (Jun)	✓✓✓	128.00	128.00	Monthly
US	19:00	Fed's Bostic Speaks in Birmingham, Alabama	✓	-	-	As scheduled
US	19:45	FOMC Member Kaplan Speech	✓✓	-	-	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 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