

ONE Minute Brief

25 September 2018

GTC
consult • partner • manage

Economic and political news

On Friday, President, Cyril Ramaphosa announced a ZAR50bn stimulus programme to boost economic growth and create jobs. Further, he stated that the government would also launch a ZAR400bn “medium-term” infrastructure fund.

On Friday, the National Union of Mineworkers (NUM) signed a three-year wage deal with AngloGold Ashanti representing an effective pay raise of over 12.0% for entry-level underground workers in the first year.

South Africa (SA) has eased some of the more controversial provisions in the final version of its Mining Charter, in an effort to provide policy certainty and ease investor concerns.

President, Cyril Ramaphosa has appointed an advisory panel which will support the inter-ministerial committee (IMC) on a broad range of policy matters associated with land reform.

The Passenger Rail Agency of South Africa (Prasa) has indefinitely suspended all Metrorail train services in Kwazulu-Natal after commuters vandalised the train station in uMlazi, Durban.

Key indices

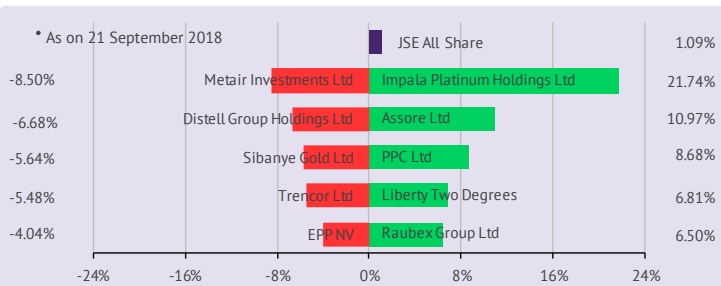
	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share*	57164.25	▲	617.45	1.09	0.00	-2.56	2.15	-3.93
JSE Top 40*	50987.15	▲	589.96	1.17	0.00	-2.81	2.24	-2.94
FTSE 100	7458.41	▼	-31.82	-0.42	-0.42	0.35	-4.08	-2.98
DAX 30	12350.82	▼	-80.06	-0.64	-0.64	-0.11	-3.45	-4.39
CAC 40	5476.17	▼	-18.00	-0.33	-0.33	1.28	-1.90	3.08
S&P 500	2919.37	▼	-10.30	-0.35	-0.35	0.62	3.03	9.19
Nasdaq Composite	7993.25	▲	6.29	0.08	0.08	-1.43	5.71	15.79
DJIA	26562.05	▼	-181.45	-0.68	-0.68	2.30	2.16	7.46
MSCI Emerging Markets	1042.35	▼	-9.09	-0.86	-0.86	-1.29	-2.90	-10.02
MSCI Developed World	2193.01	▼	-7.00	-0.32	-0.32	0.80	1.04	4.26

* Values as on 21 September 2018

South Africa Market ▲

South African markets closed higher

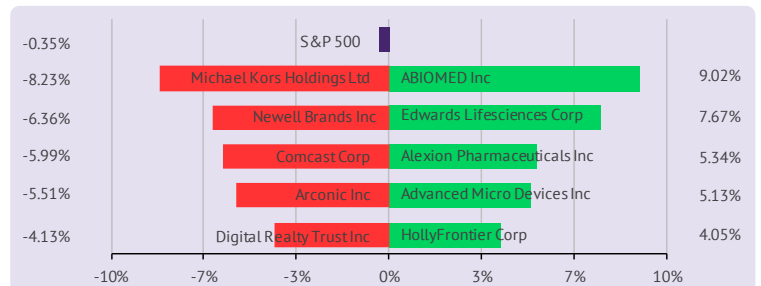
South African markets closed in the green on Friday, boosted by gains in banking, retail and financial sector stocks. The JSE All Share Index rose 1.1% to close at 57,164.25.



US Market ▼

The S&P 500 futures are trading in the red

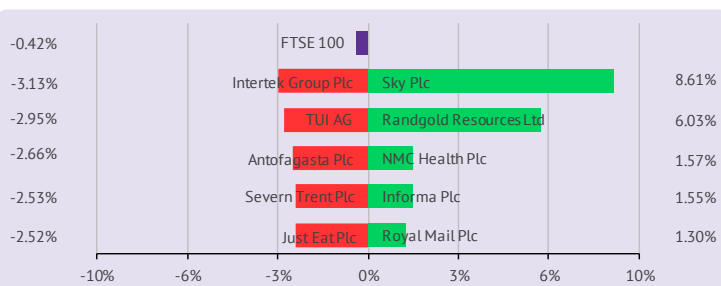
US markets closed mostly lower yesterday, amid cancellation of US-China trade talks and on reports that Deputy Attorney General, Rod Rosenstein was considering resigning. The S&P 500 Index dropped 0.4% to close at 2,919.37.



UK Market ▼

The FTSE 100 futures are trading in negative territory

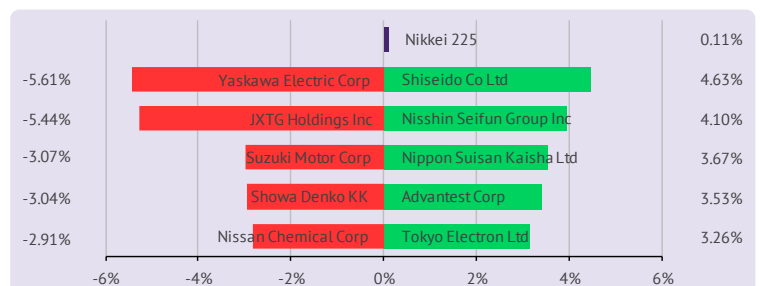
UK markets finished lower yesterday, led by fears over ongoing trade tensions between the US and China. The FTSE 100 Index declined 0.4% to close at 7,458.41.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.1% higher at 23,895.43.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading slightly weaker against the South African Rand at R14.3705. Later today, traders will keep a close watch on the US house price index, 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 Chicago Fed activity index recorded an unchanged reading in August. Meanwhile, the Dallas Fed manufacturing activity index registered an unexpected decline in September.

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 R18.8305. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, on hopes for UK-EU Brexit deal.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.8714. 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, after the European Central Bank Chief, Mario Draghi stated that he expects "vigorous" pickup in Eurozone's inflation. On the data front, Germany's Ifo business climate index dropped less than market forecast in September. Additionally, the Ifo business expectations recorded a fall in September. Moreover, the Ifo current assessment index registered a decline in the same month.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R10.4070. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index eased in the week ended 23 September 2018.

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	14.3705	▼	0.39	0.39	-2.12	10.65	16.11
GBPZAR	18.8305	▼	0.81	0.81	-0.91	9.25	12.80
EURZAR	16.8714	▼	0.39	0.39	-0.88	9.80	13.70
AUDZAR	10.4070	▼	-0.16	-0.16	-1.29	7.15	7.88
EURUSD	1.1739	▼	-0.01	-0.01	1.26	-0.76	-2.14
GBPUSD	1.3104	▼	0.37	0.37	1.23	-1.25	-2.91
Brent (\$/barrel)	81.4	▲	3.29	3.29	4.83	4.62	21.71
Gold (\$/oz)	1202.8	▲	0.25	0.25	-0.17	-1.81	-8.38
Platinum (\$/oz)	828.7	▼	-0.04	-0.04	5.36	-6.94	-11.23
Copper (\$/MT)*	6355.0	▼	-0.38	-0.38	6.48	-4.96	-11.82

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,202.80/oz.

Yesterday, gold prices rose 0.3% to close at \$1199.6/oz, ahead of the US Federal Reserve's meeting on future rate hikes.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil marginally gained to trade at \$81.42/bl, amid rising concerns over US sanctions against Iran.

Yesterday, Brent crude oil advanced 3.3% to settle at \$81.39/bl, after the Organisation of the Petroleum Exporting Countries and other oil producers declined to announce an immediate increase in production despite calls by the US President, Donald Trump for action to raise global supply.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$828.70/oz.

Yesterday, platinum prices marginally declined to close at \$832.7/oz.

Major South African corporate news

ArcelorMittal South Africa Limited

The company announced that Mr Avinash Desmond Maharaj has been appointed as Chief Financial Officer and Executive Director of the Board with effect from 1 October 2018.

Trencor Limited

In its 1H18 trading statement, the company announced that it expects headline loss per share to be between 723.00c and 740.00c. Further, the company expects EPS to be in the range of 2,450.00c to 2,500.00c.

Clicks Group Limited

The company announced that David Kneale would be retiring from the role of Chief Executive Officer and Executive Director, with effect from 1 January 2019. Consequently, he would be succeeded by Vikesh Ramsunder, the Chief Operating Officer of the company.

Major global economic news

Eurozone

In Germany, the Ifo business climate index recorded a drop to 103.70 in September, less than market expectations. The index had recorded a revised level of 103.90 in the prior month.

In September, the Ifo business expectations index recorded a drop to 101.00 in Germany. In the previous month, the index had registered a revised reading of 101.30.

In Germany, the Ifo current assessment index eased to 106.40 in September. In the previous month, the index had registered a revised reading of 106.50.

Asia

The minutes of the Bank of Japan's (BoJ) September monetary policy meeting showed that the economy continues to expand at a moderate pace and policymakers expect Japan's economy to grow above potential in fiscal 2018. Additionally, the central bank expects annual inflation to rise gradually towards its 2.0% target. However, members warned that sentiments could worsen if US-China trade friction intensifies.

In Australia, the ANZ Roy Morgan weekly consumer confidence index recorded a drop to a level of 117.2 in the week ended 23 September 2018, compared to a reading of 118 in the prior week.

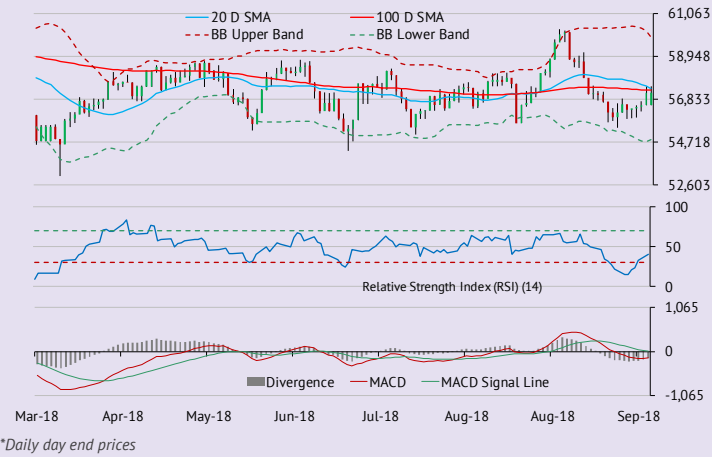
US

In the US, the Chicago Fed national activity index remained steady at 0.18 in August.

In the US, the Dallas Fed manufacturing business index unexpectedly eased to a level of 28.10 in September. The index had registered a level of 30.90 in the prior month.

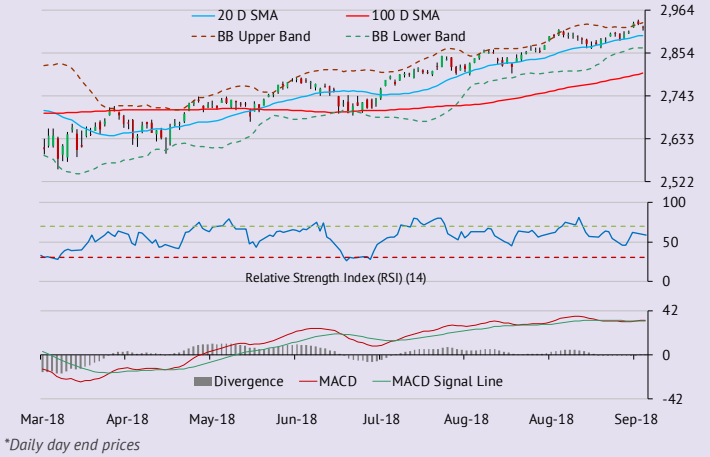
Technical snapshot

JSE All Share



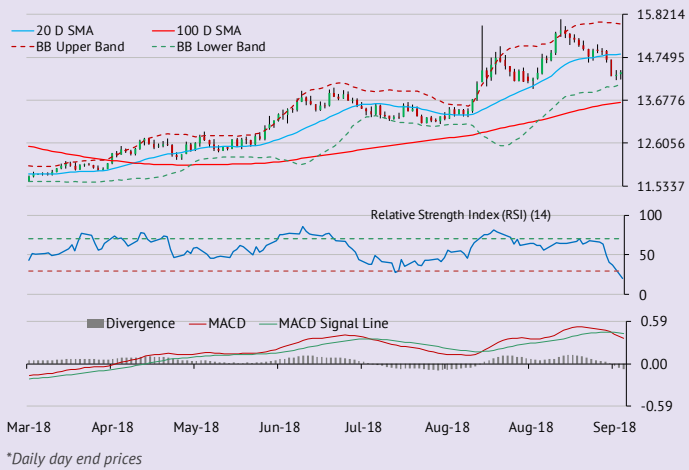
The JSE All Share index is expected to find support at 56,205.39, and a fall through could take it to the next support level of 55,246.54. The index is expected to find its first resistance at 57,807.44, and a rise through could take it to the next resistance level of 58,450.64.

S&P 500



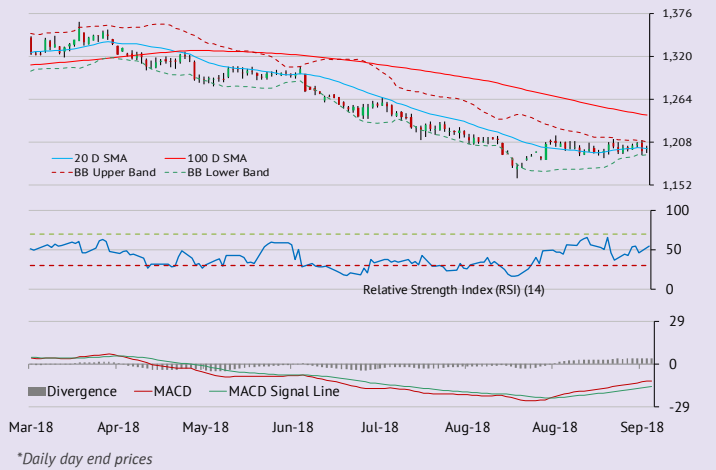
The S&P 500 index is expected to find support at 2,892.90, and a fall through could take it to the next support level of 2,866.42. The index is expected to find its first resistance at 2,943.38, and a rise through could take it to the next resistance level of 2,967.38.

USD ZAR



The pair is expected to find support at 14.0461, and a fall through could take it to the next support level of 13.7150. The pair is expected to find its first resistance at 14.8462, and a rise through could take it to the next resistance level of 15.3152.

XAU USD



Gold is expected to find support at \$1,190.67/oz, and a fall through could take it to the next support level of \$1,181.73/oz. The precious metal is expected to find its first resistance at \$1,209.67/oz, and a rise through could take it to the next resistance level of \$1,219.73/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Corporate Service Price (YoY) (Aug)	✓	1.30%*	1.10%	Monthly
Japan	01:50	BoJ Minutes of Policy Meeting	✓✓	-	-	As scheduled
Japan	07:00	Coincident Index (Jul) (F)	✓	-	116.30**	Monthly
Japan	07:00	Leading Economic Index (Jul) (F)	✓✓✓	-	103.50**	Monthly
Japan	07:00	Supermarket Sales (YoY) (Aug)	✓	-	1.50%	Monthly
Japan	07:30	BoJ Kuroda speaks in Osaka	✓✓✓	-	-	As scheduled
South Africa	09:00	Leading Indicator (Jul)	✓	-	107.10	Monthly
Eurozone	10:10	ECB's Praet Speaks at FT Event in London	✓	-	-	As scheduled
UK	10:40	BoE's Vlieghe speaks in London	✓	-	-	As scheduled
Eurozone	12:45	ECB's Praet Speaks at OMFIF in London	✓	-	-	As scheduled
Eurozone	14:30	ECB's Praet Speaks at InTouch Capital's Event in London	✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (21-Sep)	✓	-	5.40%	Weekly
US	14:55	Redbook Index s.a. (MoM) (21-Sep)	✓	-	0.30%	Weekly
US	15:00	S&P/Case-Shiller Home Price Index (Jul)	✓	-	213.07	Monthly
US	15:00	Housing Price Index (MoM) (Jul)	✓	0.20%	0.20%	Monthly
US	15:00	S&P/Case-Shiller Composite-20 (YoY) (Jul)	✓✓	6.20%	6.31%	Monthly
US	15:00	S&P/Case-Shiller 20 City s.a. (MoM) (Jul)	✓✓✓	0.10%	0.11%	Monthly
US	16:00	Richmond Fed Manufacturing Index (Sep)	✓	21.00	24.00	Monthly
US	16:00	Consumer Confidence (Sep)	✓✓✓	132.00	133.40	Monthly
Eurozone	16:40	ECB's Coeure Chairs Session at 3rd ECB Annual Research Confere	✓	-	-	As scheduled
Eurozone	18:00	ECB Coeure Speaks in Frankfurt	✓✓	-	-	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