

ONE Minute Brief

15 August 2018

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Economic and political news

In South Africa (SA), mining production unexpectedly advanced 2.8% on a yearly basis in June, compared to a revised drop of 1.8% in May. Annual gold production plunged 19.2% in June, compared to a revised fall of 14.1% in the prior month. Platinum production surged 28.2% on an annual basis in June, compared to a revised rise of 10.1% in May.

President, Cyril Ramaphosa, has appointed Dr. Silas Ramaite as the country's acting Chief Prosecutor.

Justice Minister, Michael Masutha, announced that the Special Investigating Unit will probe allegations that state attorneys defrauded the government of billions of rands by deliberately losing cases.

Two senior African National Congress (ANC) officials stated that, President, Cyril Ramaphosa, has proposed setting up a sovereign wealth fund to help boost economic growth and the party supports his plan.

The Congress of SA Trade Unions (Cosatu) has warned the ANC against the retrenchment of a reported 30,000 public servants in a cost cutting exercise for the next three years.

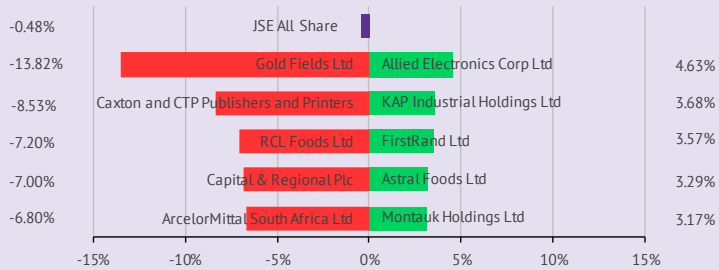
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57608.94	▼ -276.32	-0.48	-0.16	0.31	-0.31	-3.19
JSE Top 40	51551.75	▼ -269.64	-0.52	-0.05	0.46	-0.39	-1.87
FTSE 100	7611.64	▼ -30.81	-0.40	-0.72	-1.77	1.46	-0.99
DAX 30	12358.87	▲ 0.13	0.00	-0.53	-3.49	4.06	-4.33
CAC 40	5403.41	▼ -8.91	-0.16	-0.21	-1.96	3.53	1.71
S&P 500	2839.96	▲ 18.03	0.64	0.24	0.84	3.60	6.22
Nasdaq Composite	7870.90	▲ 51.19	0.65	0.41	2.60	2.15	14.01
DJIA	25299.92	▲ 112.22	0.45	-0.05	-0.45	4.71	2.35
MSCI Emerging Markets	1042.56	▼ -0.74	-0.07	-1.87	-4.13	1.68	-10.00
MSCI Developed World	2137.36	▲ 9.89	0.46	-0.12	-0.73	3.05	1.61

South Africa Market ▼

South African markets closed lower

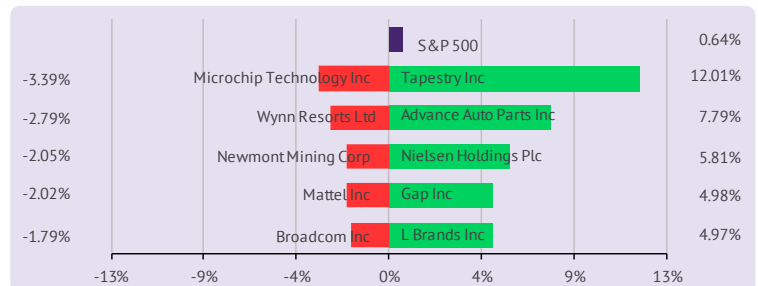
South African markets closed in the red yesterday, weighed down by losses in mining and industrial sector stocks. Data indicated that SA's annual gold production declined in June. The JSE All Share Index fell 0.5% to close at 57,608.94.



US Market ▲

The S&P 500 futures are trading in the red

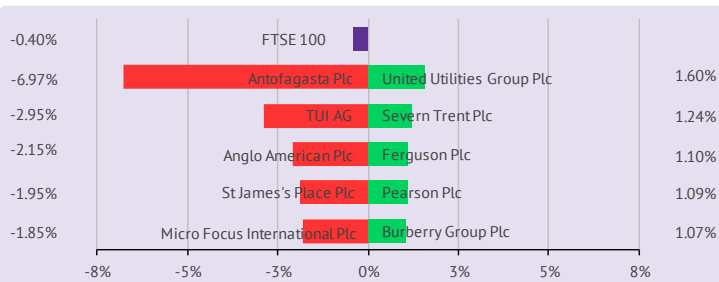
US markets closed higher yesterday, as worries in Turkey subsided. Data showed that the US NFIB small business optimism index surprisingly rose in July. The S&P 500 Index climbed 0.6% to close at 2,839.96.



UK Market ▼

The FTSE 100 futures are trading in negative territory

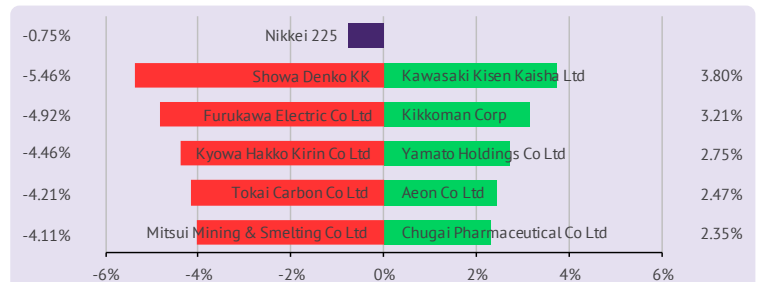
UK markets finished lower yesterday, led by losses in mining sector stocks. Data revealed that UK's unemployment rate unexpectedly fell in Q18. The FTSE 100 Index declined 0.4% to close at 7,611.64.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.8% lower at 22,188.11.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 1.3% against the South African Rand to trade at R14.4355. Later today, traders will keep a close watch on the US MBA mortgage applications, advance retail sales, business inventories, the NAHB housing market index, industrial and manufacturing production for further cues.

The US Dollar fell against the South African Rand yesterday. On the macroeconomic front, the US NFIB small business optimism index unexpectedly advanced in July, recording the second highest level in history. Separately, in SA, mining production surprisingly climbed on a yearly basis in June. Additionally, platinum production advanced on an annual basis in June. Meanwhile, annual gold production recorded a fall in the same month.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 1.1% higher against the South African Rand at R18.3199. Ahead in the day, traders will keep an eye on UK's consumer price index (CPI), producer price and house price index for further direction.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's claimant count rate recorded a steady reading in July. Meanwhile, the ILO unemployment rate recorded an unexpected drop in the April-June 2018 period, marking its lowest rate since February 1975. Further, average weekly earnings advanced less than market forecast in the April-June 2018 period.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro rose 1.1% against the South African Rand to trade at R16.3440. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, the Eurozone's industrial production registered a more-than-expected decline on a monthly basis in June. Meanwhile, gross domestic product (GDP) climbed more than market forecast on a quarterly basis in the second quarter of 2018. Additionally, the ZEW economic sentiment index recorded a rise in August. Separately, Germany's quarterly GDP advanced more than market anticipations in 2Q18. Additionally, CPI jumped in line with market forecast on an annual basis in July. Moreover, the ZEW survey current situation index surprised with a rise in August. Further, the ZEW survey expectations index advanced in the same month.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.8% against the South African Rand to trade at R10.4009. Earlier in the session, Australia's Westpac consumer confidence index dropped 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	14.4355	▲	-1.19	1.10	7.33	-3.28	15.06
GBPZAR	18.3199	▲	-1.58	0.87	4.03	-3.90	8.39
EURZAR	16.3440	▲	-1.77	0.51	4.14	-3.22	8.80
AUDZAR	10.4009	▲	-1.65	0.37	4.64	-3.03	6.73
EURUSD	1.1322	▼	-0.58	-0.60	-2.97	0.06	-5.51
GBPUSD	1.2696	▼	-0.38	-0.27	-3.06	-0.63	-5.85
Brent (\$/barrel)	72.3	▼	-0.21	-0.48	-2.36	-6.34	8.36
Gold (\$/oz)	1195.1	▲	0.14	-1.49	-2.51	-2.46	-8.88
Platinum (\$/oz)	792.4	▼	0.28	-3.36	-5.21	-0.77	-14.18
Copper (\$/MT)*	6009.0	▼	-1.87	-2.46	-4.30	-5.22	-16.62

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,195.10/oz.

Yesterday, gold prices rose 0.1% to close at \$1,193.00/oz, after Turkey's central bank promised to save the country's currency from crisis.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.3% to trade at \$72.27/bl, after the American Petroleum Institute reported that crude oil inventories advanced by 3.66mn bls to 410.8mn bls in the week ended 10 August 2018.

Yesterday, Brent crude oil dropped 0.2% to settle at \$72.46/bl, amid fears of decline in demand for crude oil.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 1.2% to trade at \$792.40/oz.

Yesterday, platinum prices climbed 0.3% to close at \$801.70/oz.

Major South African corporate news

Curro Holdings Limited

In its 1H18 results, the company announced that its revenues increased to ZAR1.24bn, compared to ZAR1.05bn posted in the corresponding period of the previous year. Its diluted EPS rose 24.0% from the same period of the prior year to 33.50c. The company has not declared an interim dividend for the period.

Gold Fields Limited

The company announced the restructuring of South Deep and indicated that it proposes to temporarily suspend mining activities at 87 Level and redeploy these mining crews into the 4W corridor and decrease growth capital expenditure for the next 18 months to reduce the cash burn. Further, the company in its 1H18 trading statement, indicated that it expects HEPS to be unchanged at USD0.08 per share, compared to the corresponding period of the preceding year. The loss per share is expected to be USD0.45 per share compared with the same period of the prior year.

KAP Industrial Holdings Limited

In its audited FY18 results, the company announced that its revenues increased to ZAR22.99mn, compared to ZAR19.78mn posted in the corresponding period of the previous year. Its diluted EPS rose 7.0% to 58.00c, compared to the same period of the prior year. The company declared an interim dividend of 23.00c per share compared with 21.00c per share recorded in the same period of the preceding year. For FY19, the company expects to optimise its expanded operations and grow its market share in all areas of operation.

Major global economic news

Eurozone

In the Eurozone, seasonally adjusted flash GDP advanced 0.4% on a quarterly basis in 2Q18, more than market expectations and compared to an advance of 0.30% in the previous quarter.

In June, seasonally adjusted industrial production eased 0.7% on a monthly basis in the Eurozone, more than market expectations. In the prior month, industrial production had risen by a revised 1.4%.

In the Eurozone, the ZEW economic sentiment index rose to a level of -11.10 in August. In the prior month, the economic sentiment index had registered a level of -18.70.

In Germany, seasonally adjusted preliminary GDP rose 0.5% on a quarterly basis in 2Q18, more than market expectations. In the prior quarter, GDP had risen 0.3%.

In July, the final CPI registered a rise of 2.0% on an annual basis, in line with market expectations. The CPI had climbed 2.1% in the prior month. The preliminary figures had also recorded a rise of 2.0%.

In Germany, the ZEW survey current situation index unexpectedly rose to a level of 72.60 in August. In the prior month, the current situation index had registered a level of 72.40.

In Germany, the ZEW survey economic sentiment index recorded a rise to -13.70 in August, compared to a level of -24.70 in the prior month.

UK

In the UK, claimant count rate remained steady at 2.50% in July.

In the UK, ILO unemployment rate unexpectedly fell to a level of 4.0% in the April-June 2018 period. In the March-May 2018 period, the ILO unemployment rate had recorded a reading of 4.2%.

In the UK, average earnings including bonus rose 2.4% on an annual basis in the April-June 2018 period, less-than-expected and compared to a rise of 2.5% in the March-May 2018 period.

US

In the US, the small business optimism index registered an unexpected rise to 107.90 in July. The index had registered a level of 107.20 in the previous month.

Asia

In Australia, the Westpac consumer confidence index fell 2.3% to a level of 103.60 on a monthly basis in August. In the previous month, the index had registered a level of 106.10.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
UK	10:30	Retail Price Index (Jul)	✓	282.10	281.50	Monthly
UK	10:30	Consumer Price Index (MoM) (Jul)	✓✓✓	0.00%	0.00%	Monthly
UK	10:30	Consumer Price Index (YoY) (Jul)	✓✓✓	2.50%	2.40%	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (MoM) (Jul)	✓	0.10%	0.20%	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (YoY) (Jul)	✓	10.30%	10.20%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (MoM) (Jul)	✓	0.20%	0.10%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (YoY) (Jul)	✓✓	3.00%	3.10%	Monthly
UK	10:30	Retail Price Index (MoM) (Jul)	✓✓✓	0.20%	0.30%	Monthly
UK	10:30	Retail Price Index (YoY) (Jul)	✓✓	3.40%	3.40%	Monthly
UK	10:30	Retail Price Index Ex Mort Int.Payments (YoY) (Jul)	✓✓	3.40%	3.40%	Monthly
US	13:00	MBA Mortgage Applications (10-Aug)	✓	-	-3.00%	Weekly
South Africa	13:00	Retail Sales (MoM) (Jun)	✓✓	-	1.10%	Monthly
South Africa	13:00	Retail Sales (YoY) (Jun)	✓✓	2.20%	1.90%	Monthly
US	14:30	Unit Labour Costs (Q2) (P)	✓	0.00%	2.90%	Quarterly
US	14:30	Advance Retail Sales (MoM) (Jul)	✓✓✓	0.10%	0.50%	Monthly
US	14:30	NY Empire State Manufacturing Index (Aug)	✓✓	20.00	22.60	Monthly
US	14:30	Retail Sales Ex Auto & Gas (Jul)	✓✓✓	0.40%	0.30%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (Jul)	✓✓✓	0.30%	0.40%	Monthly
US	14:30	Retail Sales "Control Group" (MoM) (Jul)	✓✓	0.40%	0.00%	Monthly
US	15:15	Capacity Utilisation (Jul)	✓	78.20%	78.00%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Jul)	✓✓✓	0.30%	0.80%	Monthly
US	15:15	Industrial Production (MoM) (Jul)	✓✓✓	0.30%	0.60%	Monthly
US	16:00	Business Inventories (Jun)	✓	0.10%	0.40%	Monthly
US	16:00	NAHB Housing Market Index (Aug)	✓	67.00	68.00	Monthly
US	22:00	Net Long-Term TIC Flows (Jun)	✓✓	-	USD45.60bn	Monthly
US	22:00	Total Net TIC Flows (Jun)	✓	-	USD69.90bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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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

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