

ONE Minute Brief

17 April 2019

GTC
consult • partner • manage

Economic and political news

Ratings agency, Moody's warned South Africa (SA) that mounting government debt would continue to pressure the country's investment grade status and could reach 65% of GDP by fiscal 2023. Additionally, the agency stated that the country's economic growth will remain slow and fiscal strength will continue to deteriorate.

Deputy Chief Justice, Raymond Zondo, has dismissed former SA Revenue Service (Sars) Commissioner, Tom Moyane's request to cross-examine Public Enterprises Minister, Pravin Gordhan.

South Africa Reserve Bank Governor, Lesetja Kganyago, stated that state-owned enterprises (SOEs) in SA that have had billions of rand looted through state capture should not be bailed out by the central bank.

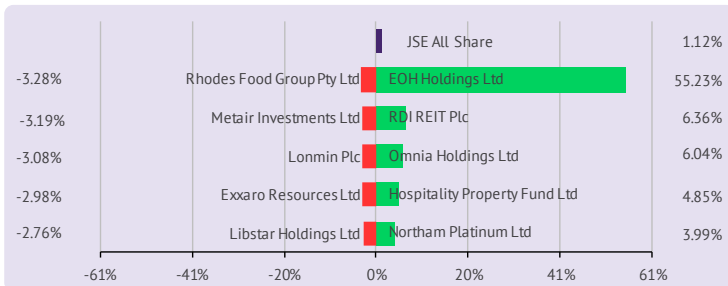
Yesterday, the South African government launched the fourth industrial revolution (4IR) affiliate center in Pretoria with World Economic Forum (WEF) to speed up development in the digital space.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in gold mining, retail and industrial sector stocks. The JSE All Share Index rose 1.1% to close at 58,902.64.

To Read More Click [Here](#)

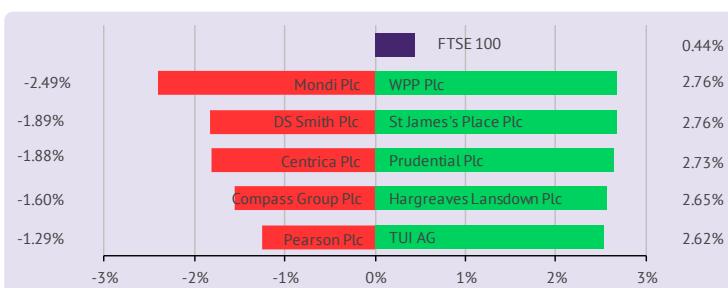


UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, supported by gains in financial and mining sector stocks. Data revealed that UK's ILO unemployment rate remained steady at a 44-year low rate in the three months to February. The FTSE 100 Index advanced 0.4% to close at 7,469.92.

To Read More Click [Here](#)



Key indices

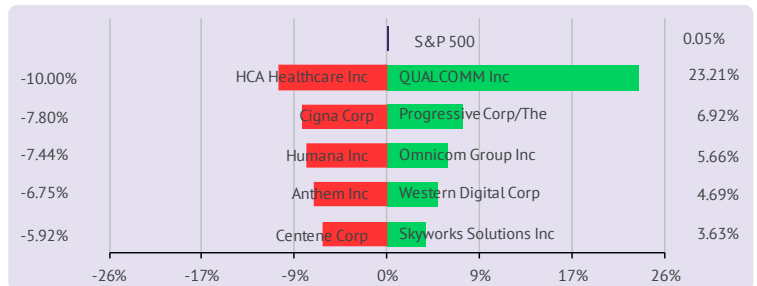
	As at 16 April 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58902.64	▲ 653.29	1.12	0.85	4.32	0.82	11.69
JSE Top 40 (ZAR)	52590.28	▲ 629.60	1.21	0.86	4.61	1.22	12.55
FTSE 100 (GBP)	7469.92	▲ 33.05	0.44	0.44	2.62	2.89	11.03
DAX 30 (EUR)	12101.32	▲ 81.04	0.67	0.84	4.99	0.09	14.61
CAC 40 (EUR)	5528.67	▲ 19.94	0.36	0.47	3.33	2.10	16.87
S&P 500 (USD)	2907.06	▲ 1.48	0.05	-0.01	2.56	1.79	15.96
Nasdaq Composite (USD)	8000.23	▲ 24.21	0.30	0.20	3.50	2.61	20.57
DJIA (USD)	26452.66	▲ 67.89	0.26	0.15	2.02	0.05	13.40
MSCI Emerging Markets (USD)	1093.55	▲ 7.33	0.67	0.41	3.35	0.68	13.21
MSCI Developed World (USD)	2163.08	▲ 1.94	0.09	0.17	2.63	1.05	14.82

US Market ▲

The S&P 500 futures are trading in the green

US markets closed higher yesterday, amid robust corporate earnings in the US and helped by gains in financial sector stocks. The S&P 500 Index climbed 0.1% to close at 2,907.06.

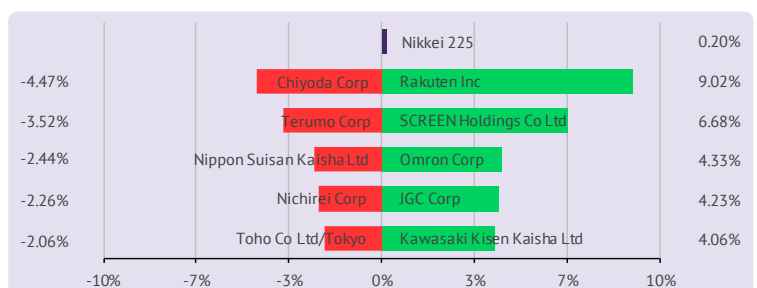
To Read More Click [Here](#)



Asian Market ▲▶

Trading mixed

Asian markets are trading mixed this morning. Data showed that Japan's trade surplus widened more than expected in March. The Nikkei 225 Index is trading 0.2% higher at 22,266.61.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R14.0044. Later today, traders will keep a close watch on the US Federal Reserve Beige Book, the MBA mortgage applications and trade balance data for further indication.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US NAHB housing market index climbed in line with market expectations in April. On the flipside, the nation's industrial production registered an unexpected decline on a monthly basis in March. While, manufacturing production recorded a steady reading in March.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R18.2905. Ahead in the day, traders will keep an eye on UK's consumer price index (CPI), producer price index and the house price index for further cues.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's claimant count rate recorded an advance in March. Additionally, average weekly earnings rose more than market forecast in February. Meanwhile, the nation's ILO unemployment rate recorded an unchanged reading in February, recording its lowest level since 1975.

EUR ZAR ▼

EUR trading marginally lower against ZAR

At 06:00 SAST, the Euro fell slightly against the South African Rand to trade at R15.8293. Going forward, market participants will keep a tab on the Eurozone's consumer price index, current account and trade balance for further direction.

The Euro weakened against the South African Rand yesterday. On the data front, the Eurozone's ZEW survey economic sentiment index recorded a rise in April. Moreover, construction output jumped on a monthly basis in February. Separately, Germany's ZEW survey current situation index fell more than market anticipations in April. Meanwhile, the nation's ZEW survey expectations index climbed more than market expectations in April.

AUD ZAR ▼

AUD trading a tad lower against ZAR

At 06:00 SAST, the Australian Dollar declined marginally against the South African Rand to trade at R10.0677. Earlier in the session, Australia's Westpac leading index rose on a monthly basis in March. Meanwhile, in China, Australia's largest trading partner, gross domestic product (GDP) climbed on a quarterly basis in the first quarter of 2019. Further, the nation's annual industrial production climbed on a yearly basis in March. Additionally, retail sales climbed on a yearly basis in March.

The Australian Dollar dropped against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.0044	▼	-0.09	0.48	-3.23	2.96	-2.18
GBPZAR	18.2905	▼	-0.49	0.35	-3.10	1.15	-0.06
EURZAR	15.8293	▼	-0.29	0.26	-2.70	1.59	-3.80
AUDZAR	10.0677	▼	-0.08	0.46	-2.17	3.00	-0.54
EURUSD	1.1304	▲	-0.20	-0.16	0.56	-1.35	-1.62
GBPUSD	1.3057	▲	-0.40	-0.20	0.10	-1.72	2.31
Brent (\$/barrel)	72.0	▲	0.76	0.24	6.13	1.92	33.31
Gold (\$/oz)	1279.0	▲	-1.10	-1.39	-1.58	-1.76	-0.68
Platinum (\$/oz)	880.2	-	-1.12	-1.46	3.69	-3.01	10.59
Copper (\$/MT)*	6469.0	▲	0.26	0.09	-0.27	-1.05	8.74

*As of previous close, #As on 06:00 SAST

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,279.00/oz.

Yesterday, gold prices fell 1.1% to close at \$1,272.60/oz, as upbeat economic data from major economies and rise in US equities weakened demand for safe-haven assets.

To Read More Click [Here](#)

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.3% to trade at \$71.96/bl.

Yesterday, Brent crude oil advanced 0.8% to settle at \$71.72/bl, as tensions in Libya and declining exports in Venezuela and Iran raised concerns over tightening global supply. Additionally, the American Petroleum Institute reported that the US crude supplies unexpectedly fell by 3.1mn bls in the week ended 12 April 2019.

To Read More Click [Here](#)

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell marginally to trade at \$880.20/oz.

Yesterday, platinum prices declined 1.1% to trade at \$880.20/oz.

Major South African corporate news

EOH Holdings Limited

In its 1H19 results, the company announced that its revenues rose to ZAR8.43bn from ZAR8.35bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 2,073.00c compared to a profit of 310.00c recorded in the same period of the prior year.

Zeder Investments Limited

In its FY19 results, the company stated that its revenues declined to ZAR7.64bn from ZAR8.49bn posted in the same period of the previous year. Its diluted EPS stood at 3.80c compared to 14.00c recorded in the corresponding period of the prior year. The company has declared a gross final dividend of 11.00c per share.

Major global economic news

Asia

Japan's merchandise (total) trade surplus widened more than expected to JPY528.50bn in March, compared to a revised surplus of JPY334.90 billion in the previous month.

Japan's industrial production fell 1.1% on a yearly basis in February, compared to a drop of 1.0% in the previous month.

In Australia, the Westpac leading index rose 0.2% on a monthly basis in March. In the previous month, the index had recorded a flat reading.

China's industrial production jumped 8.5% on an annual basis in March, compared to 5.3% in the prior month.

In March, retail sales rose 8.7% on a yearly basis in China, higher than market expectations. Retail sales had recorded a rise of 8.2% in the prior month.

In China, gross domestic product (GDP) registered a rise of 1.40% on a quarterly basis in 1Q 2019, in line with market expectations. In the prior quarter, GDP had recorded a rise of 1.50%.

Eurozone

In the Eurozone, the ZEW economic sentiment index climbed to 4.50 in April. In the previous month, the index had registered a level of -2.50.

In the Eurozone, seasonally adjusted construction output advanced 3.0% on a monthly basis in February. Construction output had recorded a revised drop of 0.8% in the previous month.

In Germany, the ZEW current situation index fell more-than-expected to 5.50 in April. The index had registered a reading of 11.10 in the previous month.

In Germany, the ZEW economic sentiment index rose more-than-anticipated to a level of 3.10 in April. In the previous month, the index had recorded a reading of -3.60.

UK

In the UK, claimant count rate registered a rise to 3.0% in March. In the prior month, claimant count rate had registered a reading of 2.9%.

In the UK, average earnings including bonus climbed 3.5% on a yearly basis in the December-February 2019 period, at par with market forecast. In the November-January 2019 period, the average earnings including bonus had registered a revised similar rise.

In the UK, the ILO unemployment rate remained unchanged at 3.9% in the December-February 2019 period, in line with market expectations.

US

In the US, the NAHB housing market index rose to a level of 63.00 in April, meeting market forecast and compared to a reading of 62.00 in the prior month.

In the US, industrial production unexpectedly dropped 0.1% on a monthly basis in March. In the prior month, industrial production had recorded a rise of 0.1%.

In the US, manufacturing production remained steady on a monthly basis in March, compared to a revised drop of 0.3% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Mar)	✓✓✓	-JPY177.80 bn*	JPY116.10 bn	Monthly
China	04:00	Gross Domestic Product (QoQ) (Q1)	✓✓✓	1.40%*	1.50%	Quarterly
China	04:00	Gross Domestic Product (YoY) (Q1)	✓✓✓	6.40%*	6.40%	Quarterly
China	04:00	Industrial Production YTD (YoY) (Mar)	✓✓	6.50%*	5.30%	Monthly
China	04:00	Retail Sales (YoY) (Mar)	✓✓✓	8.70%*	8.20%	Monthly
China	04:00	Industrial Production (YoY) (Mar)	✓✓	8.50%*	5.30%	Monthly
Japan	06:30	Industrial Production (YoY) (Feb) (F)	✓✓✓	-	-1.00%**	Monthly
Japan	06:30	Capacity Utilization (Feb)	✓	-	99.40	Monthly
Eurozone	10:00	Current Account s.a (Feb)	✓✓✓	-	EUR36.80 bn	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Mar)	✓✓	4.50%	4.10%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Mar)	✓✓	0.90%	0.80%	Monthly
UK	10:30	Retail Price Index (Mar)	✓	285.70	285.00	Monthly
UK	10:30	Consumer Price Index (YoY) (Mar)	✓✓✓	2.00%	1.90%	Monthly
UK	10:30	Retail Price Index (YoY) (Mar)	✓✓	2.60%	2.50%	Monthly
UK	10:30	PPI Core Output n.s.a. (YoY) (Mar)	✓✓	2.30%	2.20%	Monthly
Eurozone	11:00	Trade Balance n.s.a. (Feb)	✓✓	-	EUR1.50 bn	Monthly
Eurozone	11:00	Trade Balance s.a. (Feb)	✓✓✓	-	EUR17.00 bn	Monthly
Italy	11:00	Trade Balance (Feb)	✓✓✓	-	EUR322.00 mn	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Mar)	✓✓✓	1.00%	0.30%	Monthly
US	13:00	MBA Mortgage Applications (12-Apr)	✓	-	-5.60%	Weekly
South Africa	13:00	Retail Sales (MoM) (Feb)	✓✓	0.30%	1.50%	Monthly
South Africa	13:00	Retail Sales (YoY) (Feb)	✓✓	0.60%	1.20%	Monthly
Canada	14:30	Consumer Price Index (YoY) (Mar)	✓✓✓	1.90%	1.50%	Monthly
Canada	14:30	International Merchandise Trade (Feb)	✓✓✓	-CAD3.25 bn	-CAD4.25 bn	Monthly
US	14:30	Trade Balance (Feb)	✓✓✓	-USD53.40 bn	-USD51.10 bn	Monthly
UK	15:00	BoE's Carney, BoF's Villeroy de Galhau Speak in Paris	✓✓	-	-	As scheduled
US	16:30	EIA Crude Oil Stocks Change (Barrels) (12-Apr)	✓✓✓	-	7.03 mn barrels	Weekly
US	18:45	Fed's Bullard Speaks at Hyman Minsky Conference	✓	-	-	As scheduled
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled
US	23:30	New York Fed's Logan Speaks at Money Marketeers of New York	✓	-	-	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