

# ONE Minute Brief

9 May 2019

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## Economic and political news

In South Africa (SA), the business confidence index rose to 93.70 in April, compared to a reading of 91.80 in March.

SA President, Cyril Ramaphosa, stated that victory for the African National Congress (ANC) will increase investors' confidence and bring a much-needed boost to the South African economy.

As at 6.25 AM, the ANC had taken an early lead in the elections, garnering over 53% of the total votes cast (14% of all voting stations), with the Democratic Alliance (DA) at about 27% and the Economic Freedom Fighters (EFF) at about 7%.

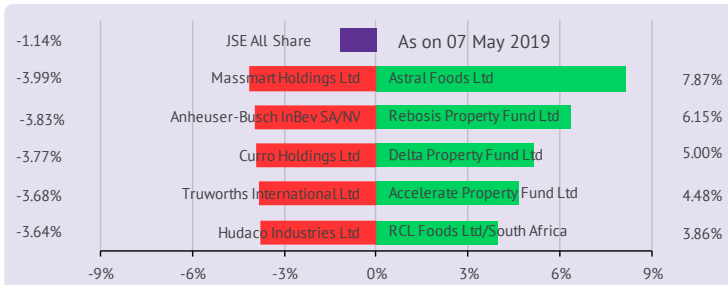
Former President Jacob Zuma's daughter, Thokozile Zuma, has urged black political parties to strive to work together better in the sixth democratic Parliament.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red on Tuesday, led by losses in retail, industrial and financial sector stocks. The JSE All Share Index fell 1.1% to close at 58,043.60.

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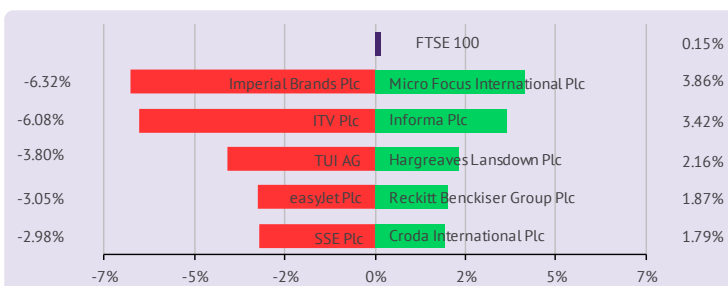


## UK Market ▲

### UK markets closed firmer

UK markets finished higher yesterday, amid hopes that US and China would resolve their trade conflict. The FTSE 100 Index advanced 0.2% to close at 7,271.00. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

	As at 08 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)*	58043.60	▼ -669.23	-1.14	-2.18	-0.83	3.66	10.06
JSE Top 40 (ZAR)*	51707.15	▼ -628.54	-1.20	-2.49	-1.08	3.98	10.66
FTSE 100 (GBP)	7271.00	▲ 10.53	0.15	-1.49	-1.98	1.91	8.07
DAX 30 (EUR)	12179.93	▲ 87.19	0.72	-1.88	-1.33	7.10	15.35
CAC 40 (EUR)	5417.59	▲ 21.84	0.40	-2.37	-3.02	4.41	14.52
S&P 500 (USD)	2879.42	▼ -4.63	-0.16	-2.25	-2.25	3.93	14.86
Nasdaq Composite (USD)	7943.32	▼ -20.44	-0.26	-2.70	-1.88	4.74	19.71
DJIA (USD)	25967.33	▲ 2.24	0.01	-2.03	-2.35	2.56	11.32
MSCI Emerging Markets (USD)	1050.94	▼ -6.12	-0.58	-2.94	-2.62	1.99	8.80
MSCI Developed World (USD)	2131.90	▼ -3.60	-0.17	-2.11	-2.15	3.37	13.16

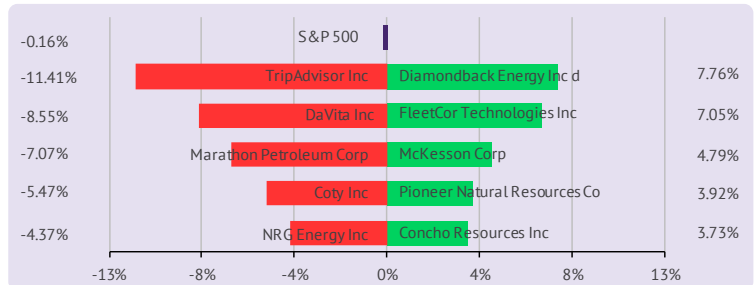
\* Values as on 07 May 2019

## US Market ▼

### US markets closed mostly weaker

US markets closed mostly lower yesterday, amid uncertainty over US-China trade talks. The S&P 500 Index dropped 0.2% to close at 2,879.42. Today, the S&P 500 futures are trading in the red.

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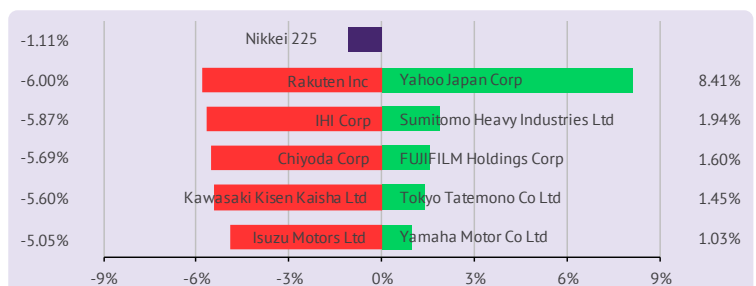


## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, after President, Donald Trump, claimed that China "broke the deal" in the ongoing trade negotiations. The Nikkei 225 Index is trading 1.1% lower at 21362.21.

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## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.1% against the South African Rand to trade at R14.3953. Later today, traders will keep a close watch on the US producer price index (PPI), trade balance and initial jobless claims for further direction.

The US Dollar fell against the South African Rand yesterday. Data showed that the US MBA mortgage applications rebounded from a six-week low in the week ended 03 May 2019. Meanwhile, the South African Rand strengthened against the dollar yesterday, after a large number of South Africans participated in yesterday's elections. Separately, in South Africa, the business confidence index increased in April, marking its highest level since January.

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## GBP ZAR ▼

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R18.7233. Amid no major economic releases in the UK today, investors would focus on global macroeconomic releases for further cues.

The British Pound declined against the South African Rand yesterday, amid persistent uncertainty over Brexit talks.

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## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R16.1081. Amid no major economic releases in the Eurozone today, investor sentiment would be determined by global macroeconomic events.

The Euro weakened against the South African Rand yesterday. On the macro front, Germany's industrial production rose for a second straight month and at its fastest pace in three months in March.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.0405. Meanwhile, in China, Australia's largest trading partner, consumer price index (CPI) rose in line with market expectations in April. Additionally, the nation's PPI climbed more than market consensus in the same month.

The Australian Dollar fell against the South African Rand yesterday. Separately, in China, trade surplus sharply narrowed in April.

## Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.3953	▼	-0.41	0.16	0.53	-1.40	0.19
GBPZAR	18.7233	▼	-0.93	-1.11	0.32	-1.36	2.04
EURZAR	16.1081	▼	-0.41	0.07	0.31	-1.44	-2.26
AUDZAR	10.0405	▲	-0.72	-0.30	-0.31	-2.06	-0.74
EURUSD	1.1190	▲	0.01	-0.05	-0.21	-0.03	-2.40
GBPUSD	1.3006	-	-0.53	-1.27	-0.20	-0.02	1.98
Brent (\$/barrel)	69.8	▼	0.70	-0.68	-2.35	6.63	30.80
Gold (\$/oz)	1281.8	▲	-0.33	0.01	-0.33	-0.56	0.01
Platinum (\$/oz)	863.1	▼	-1.03	-1.19	-3.06	5.04	8.61
Copper (\$/MT)*	6129.8	▼	-0.63	-1.60	-4.62	-0.92	3.04

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged marginally higher to trade at \$1,281.80/oz, amid rising concerns over US-China trade dispute.

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Yesterday, gold prices fell 0.3% to close at \$1,281.40/oz.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.8% lower to trade at \$69.82/bl, as mounting tensions between the world's two biggest economies spurred concerns over the global economic outlook.

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Yesterday, Brent crude oil advanced 0.7% to settle at \$70.37/bl, after the Energy Information Administration reported that US crude inventories fell more than expected by 4.0mn bls for the week ended 03 May 2019. Moreover, growing worries between US and Iran fuelled concerns of supply disruptions.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.2% to trade at \$863.10/oz.

Yesterday, platinum prices declined 1.0% to close at \$864.40/oz.

## Major South African corporate news

### DataTec Limited

In its FY19 trading statement, the company indicated that it expects HEPS to be \$0.70 compared to the same period of the previous year. Further, the company expects EPS to be \$5.50, which is 73.0% lower compared to the corresponding period of the preceding year.

## Major global economic news

### US

In the US, the MBA mortgage applications climbed 2.7% on a weekly basis in the week ended 03 May 2019, compared to a drop of 4.3% in the prior week.

In the US, JOLTs job openings climbed to 7488.00K in March, higher than market expectations. In the prior month, JOLTs job openings had recorded a revised reading of 7142.00K.

In March, consumer credit increased by USD10.28bn in the US, compared to a revised advance of USD15.45bn in the previous month.

### Asia

In Japan, the Nikkei services PMI eased to 51.80 in April, compared to a reading of 52.00 in the previous month.

The Bank of Japan, in its monetary policy meeting minutes, indicated that members saw no immediate need to expand an already massive stimulus programme and warned of heightening risks to Japan's recovery. Additionally, the officials cautioned that the central bank's prolonged ultra-loose monetary policy could impact regional banks' profits.

### Eurozone

In Germany, seasonally adjusted industrial production unexpectedly rose by 0.5% on a monthly basis in March, compared to a revised rise of 0.4% in the previous month.

The European Commission, in its latest report, slashed Euro-zone's 2019 growth forecast to 1.2% from 1.9% predicted earlier, amid uncertainty over trade conflicts and Brexit worries. Further, the estimate for 2020 was lowered to 1.5% from 1.6%. Additionally, the European Union lowered Germany's growth outlook for this year to 0.5% from 1.8%, citing weakness in the auto industry. However, the Commission stated that inflation is likely to stay at this year's levels and below the European Central Bank's target.

### UK

In the UK, the RICS house price balance stood at -23.00 in April, compared to a reading of -24.00 in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	RICS Housing Price Balance (Apr)	✓✓✓	-23.00%*	-23.00%	Monthly
China	03:30	Consumer Price Index (YoY) (Apr)	✓✓✓	2.50%*	2.30%	Monthly
China	03:30	Producer Price Index (YoY) (Apr)	✓✓✓	0.90%*	0.40%	Monthly
China	03:30	Consumer Price Index (MoM) (Apr)	✓✓✓	0.10%*	-0.40%	Monthly
Japan	04:00	Tokyo Average Office Vacancies (Apr)	✓	1.70%*	1.78%	Monthly
Japan	07:00	Consumer Confidence Index (Apr)	✓✓	40.30	40.50	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Apr)	✓	USD43.30 bn	USD43.27 bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Apr)	✓	USD49.80 bn	USD49.68 bn	Monthly
Eurozone	09:00	ECB's Hakkaraïnen Speaks in Basel	✓	-	-	As scheduled
Greece	11:00	Unemployment Rate (Feb)	✓	-	18.50%	Monthly
South Africa	11:30	Gold Production (YoY) (Mar)	✓	-	-20.60%	Monthly
South Africa	11:30	Mining Production (YoY) (Mar)	✓✓	-7.00%	-7.50%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Mar)	✓✓	-0.20%	0.60%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Mar)	✓✓	-0.60%	-1.80%	Monthly
US	14:30	Producer Price Index (Apr)	✓	-	117.90	Monthly
US	14:30	Producer Price Index (MoM) (Apr)	✓✓✓	0.20%	0.60%	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (Apr)	✓✓	0.20%	0.30%	Monthly
US	14:30	Producer Price Index (YoY) (Apr)	✓✓✓	2.30%	2.20%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (Apr)	✓✓	2.50%	2.40%	Monthly
Canada	14:30	New Housing Price Index (MoM) (Mar)	✓✓	0.00%	0.00%	Monthly
Canada	14:30	New Housing Price Index (YoY) (Mar)	✓	0.10%	0.10%	Monthly
Canada	14:30	International Merchandise Trade (Mar)	✓✓✓	-CAD2.40 bn	-CAD2.90 bn	Monthly
US	14:30	Continuing Jobless Claims (27-Apr)	✓✓✓	1670.00 K	1671.00 K	Weekly
US	14:30	Initial Jobless Claims (04-May)	✓✓✓	220.00 K	230.00 K	Weekly
US	14:30	Fed's Chair Powell speech	✓✓✓	-	-	As scheduled
US	14:30	Trade Balance (Mar)	✓✓✓	-USD50.10 bn	-USD49.40 bn	Monthly
US	15:45	Fed's Bostic speech	✓✓	-	-	As scheduled
US	16:00	Wholesale Inventories (MoM) (Mar) (F)	✓✓✓	0.00%	0.00%**	Monthly
US	16:30	EIA Natural Gas Storage Change (03-May)	✓✓✓	-	123.00 Bcf	Weekly
US	19:15	Fed's Evans speech	✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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