

ONE Minute Brief

15 May 2019

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Economic and political news

In South Africa (SA), unemployment rate climbed to 27.6% in 1Q19, compared to 27.1% in the previous quarter.

Energy Minister, Jeff Radebe, has removed Phumzile Tshelane, as Chief Executive Officer of the SA Nuclear Energy Corporation (Necsa), over serious charges.

The Democratic Alliance Federal Executive has dismissed rumours of replacing leader, Mmusi Maimane, and stated that he will remain in his position until 2021.

Energy Minister, Jeff Radebe, during his conference in Cape Town, stated that SA's Integrated Resource Plan (IRP), which will set out the country's future energy mix, would be "concluded imminently". Further, he stated that capacity extension under the Integrated Resource Plan (IRP) is expected to cost more than ZAR1tn in the period up to 2030.

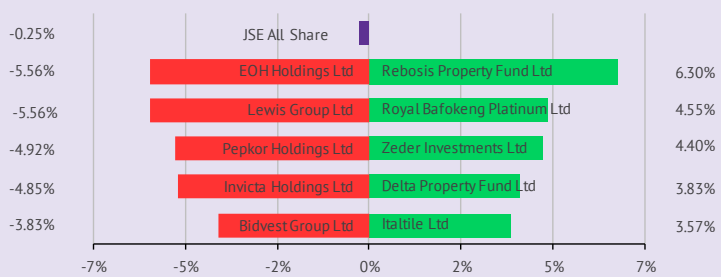
Ayo Technology Solutions' Chief Investment Officer, Abdul Malick Salie, in his testimony, stated that businessman Iqbal Survé was involved in the process of artificially inflating Ayo's valuation ahead of its listing on the JSE in 2017.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in property and retail sector stocks. Data showed that SA's unemployment rate rose more-than-expected in 1Q19. The JSE All Share Index fell 0.3% to close at 56,234.28.

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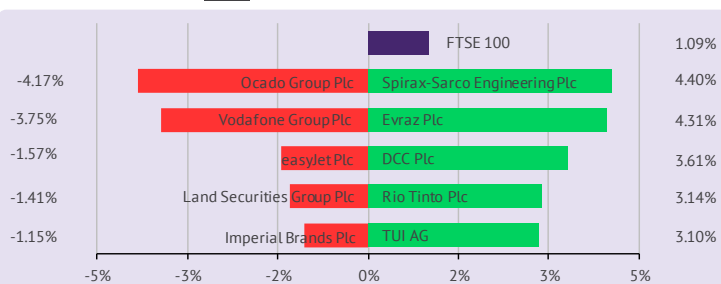


UK Market ▲

UK markets closed higher

UK markets finished higher yesterday, amid hopes of US-China trade deal and after UK's ILO unemployment rate unexpectedly fell to 45-year low rate in the January-March 2019 period. The FTSE 100 Index advanced 1.1% to close at 7,241.60. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

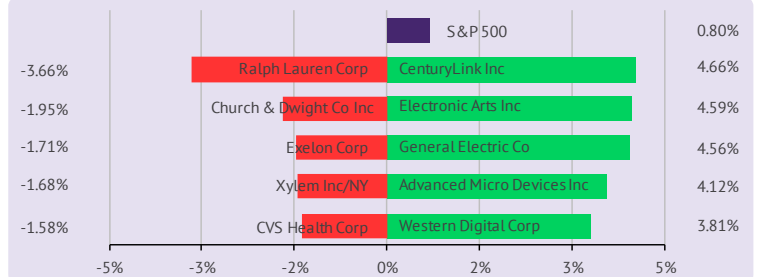
	As at 14 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56234.28	▼ -139.40	-0.25	-0.96	-3.92	3.66	6.63
JSE Top 40 (ZAR)	50078.01	▼ -103.39	-0.21	-0.90	-4.20	3.98	7.17
FTSE 100 (GBP)	7241.60	▲ 77.92	1.09	0.53	-2.38	1.91	7.63
DAX 30 (EUR)	11991.62	▲ 114.97	0.97	-0.57	-2.86	7.10	13.57
CAC 40 (EUR)	5341.35	▲ 78.78	1.50	0.26	-4.39	4.41	12.91
S&P 500 (USD)	2834.41	▲ 22.54	0.80	-1.63	-3.78	3.93	13.07
Nasdaq Composite (USD)	7734.49	▲ 87.47	1.14	-2.30	-4.46	4.74	16.57
DJIA (USD)	25532.05	▲ 207.06	0.82	-1.58	-3.99	2.56	9.45
MSCI Emerging Markets (USD)	1014.48	▼ -2.01	-0.20	-1.83	-6.00	1.99	5.03
MSCI Developed World (USD)	2098.76	▲ 12.30	0.59	-1.30	-3.67	3.37	11.40

US Market ▲

US markets closed higher

US markets closed higher yesterday, after the US President, Donald Trump, indicated that the US would soon strike a deal with China and amid gains in technology sector stocks. The S&P 500 Index climbed 0.8% to close at 2,834.41. Today, the S&P 500 futures are trading in the green.

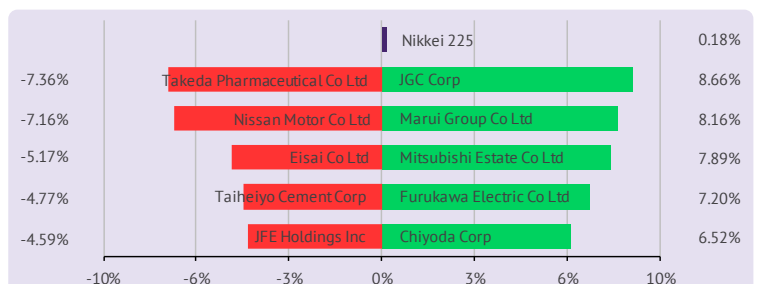
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Asian Market ▲

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.2% higher at 21,105.09.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R14.2339. Later today, traders will keep a close watch on the US MBA mortgage applications, the Empire State manufacturing index, advance retail sales data, the NAHB housing market index, business inventories, industrial and manufacturing production for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US NFIB small optimism index climbed more than market forecast in April. Separately, in SA, unemployment rate climbed to a 15-year high in the first quarter of 2019.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading slightly lower against the South African Rand at R18.3766. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's average weekly earnings advanced less-than-anticipated in the January-March 2019 period. On the other hand, the nation's ILO unemployment rate recorded an unexpected decline in the January-March 2019 period, recording its lowest rate since the final quarter of 1974.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally declined against the South African Rand to trade at R15.9540. Going forward, market participants will keep a tab on the Eurozone and Germany's gross domestic product for further direction.

The Euro weakened against the South African Rand yesterday, after Italian Deputy Prime Minister, Matteo Salvini, stated that the country is willing to break European Union budget rules if necessary to boost employment. Data indicated that the Eurozone's industrial production fell in line with market expectations for a second consecutive month on a monthly basis in March. Additionally, the ZEW survey economic sentiment index declined in May. Separately, Germany's consumer price index (CPI) rose at par with market forecast on an annual basis in April. Moreover, the ZEW survey current situation index climbed more than market anticipations in May. On the flipside, the nation's the ZEW survey expectations index registered an unexpected drop in the same month.

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AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R9.8645. Earlier in the session, Australia's Westpac consumer confidence index advanced in May. Meanwhile, in China, Australia's largest trading partner, industrial production recorded a less-than-expected rise on an annual basis in April. Additionally, annual retail sales growth slowed to its lowest level since May 2003 in April.

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	14.2339	▲	-0.61	0.59	-0.39	-1.40	-0.72
GBPZAR	18.3766	▲	-1.03	-0.17	-1.37	-1.36	0.32
EURZAR	15.9540	▲	-0.82	0.33	-0.50	-1.44	-3.04
AUDZAR	9.8645	▲	-0.61	-0.19	-1.87	-2.06	-2.30
EURUSD	1.1208	▼	-0.16	-0.26	-0.10	-0.03	-2.29
GBPUSD	1.2911	▼	-0.41	-0.72	-0.97	-0.02	1.18
Brent (\$/barrel)	71.0	▼	1.44	0.88	-1.14	6.63	32.42
Gold (\$/oz)	1296.3	-	-0.42	0.69	0.82	-0.56	1.17
Platinum (\$/oz)	858.9	▼	0.49	-0.75	-3.66	5.04	7.94
Copper (\$/MT)*	5997.0	▲	0.18	-1.82	-6.69	-0.92	0.81

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped marginally to trade at \$1,296.30/oz.

Yesterday, gold prices fell 0.4% to close at \$1,296.30/oz, amid optimism over trade talks between the US and China.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$71.04/bl, after the American Petroleum Institute reported that crude oil inventories advanced by 8.6mn bls in the week ended 10 May 2019.

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Yesterday, Brent crude oil advanced 1.4% to settle at \$71.24/bl, amid worries over crude oil supplies, following reports of attacks on major Saudi facilities.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$858.90/oz.

Yesterday, platinum prices climbed 0.5% to close at \$859.10/oz.

Major South African corporate news

Investec Property Fund Limited

In its FY19 results, the company stated that its revenues decreased to ZAR1.84bn from ZAR1.86bn posted in the corresponding period of the previous year. Its diluted EPS rose 12.4% to 193.94c, compared to an EPS of 172.62c in the prior year. The firm announced final dividend of 73.51c per share for the period.

Rebosis Property Fund Limited

In its 1H19 results, the company announced that its revenues fell to ZAR0.95bn from ZAR1.20bn posted in the corresponding period of the previous year. Its diluted EPS increased 5.0% to 132.75c, compared to an EPS of 126.43c in the prior year.

Kumba Iron Ore Limited

In its 1H19 trading update, the company reported that it expects a strong financial performance, primarily due to higher average iron ore export prices. Headline earnings and basic earnings for the period are expected to increase by at least ZAR4.76mn and ZAR4.708mn, respectively. The firm expects its EPS to rise by ZAR14.73 and its HEPS is likely to increase by ZAR14.90.

Major global economic news

Eurozone

In the Eurozone, seasonally adjusted industrial production registered a drop of 0.3% on a monthly basis in March, meeting market expectations. Industrial production had registered a revised drop of 0.1% in the previous month.

In the Eurozone, the ZEW economic sentiment index dropped to -1.60 in May. In the prior month, the index had recorded a reading of 4.50.

In Germany, the final CPI climbed 2.0% on a yearly basis in April, at par with market expectations. The CPI had recorded a rise of 1.3% in the previous month. The preliminary figures had also indicated a rise of 2.0%.

In Germany, the ZEW current situation index advanced more-than-expected to 8.20 in May. The index had registered a reading of 5.50 in the previous month.

In Germany, the ZEW economic sentiment index unexpectedly eased to a level of -2.10 in May. In the prior month, the index had registered a reading of 3.10.

UK

In the UK, the ILO unemployment rate unexpectedly fell to 3.8% in the January-March 2019 period. In the December-February 2019 period, the ILO unemployment rate had recorded a rate of 3.9%.

In the UK, average earnings including bonus recorded a rise of 3.2% on an annual basis in the January-March 2019 period, less than market expectations. In the December-February 2019 period, the average earnings including bonus had recorded a rise of 3.5%.

Asia

In Australia, the Westpac consumer confidence index recorded a rise of 0.6% to a level of 101.30 in May, compared to a level of 100.70 in the previous month.

In China, industrial production registered a rise of 5.4% on an annual basis in April, less than market expectations. Industrial production had risen 8.5% in the prior month.

In April, retail sales rose 7.2% on a yearly basis in China, less than market expectations. In the previous month, retail sales had climbed 8.7%.

US

In the US, the NFIB small business optimism index registered a rise to 103.50 in April, more than market expectations. The index had registered a level of 101.80 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
US	00:00	Fed's Daly Speaks at Northwestern University	✓	-	-	As scheduled
China	04:00	Industrial Production (YoY) (Apr)	✓✓	5.40%*	8.50%	Monthly
China	04:00	Retail Sales (YoY) (Apr)	✓✓✓	7.20%*	8.70%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Apr) (P)	✓✓✓	-	-28.50%	Monthly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q1) (P)	✓✓✓	0.40%	0.00%	Quarterly
Germany	08:00	Gross Domestic Product w.d.a. (YoY) (Q1) (P)	✓✓	0.70%	0.60%	Quarterly
Germany	08:00	Gross Domestic Product n.s.a. (YoY) (Q1) (P)	✓✓	0.70%	0.90%	Quarterly
France	08:45	Consumer Price Index (Apr)	✓	-	103.80	Monthly
US	13:00	MBA Mortgage Applications (10-May)	✓	-	2.70%	Weekly
South Africa	13:00	Retail Sales (MoM) (Mar)	✓✓	-0.20%	0.50%	Monthly
South Africa	13:00	Retail Sales (YoY) (Mar)	✓✓	0.60%	1.10%	Monthly
US	14:30	Advance Retail Sales (MoM) (Apr)	✓✓✓	0.20%	1.60%	Monthly
US	14:30	NY Empire State Manufacturing Index (May)	✓✓	8.00	10.10	Monthly
US	15:15	Industrial Production (MoM) (Apr)	✓✓✓	0.00%	-0.10%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Apr)	✓✓✓	0.00%	0.00%	Monthly
US	15:30	Fed's Quarles testifies Before Senate Banking Panel	✓	-	-	As scheduled
US	16:00	Business Inventories (Mar)	✓	0.00%	0.30%	Monthly
US	16:00	NAHB Housing Market Index (May)	✓	64.00	63.00	Monthly
Eurozone	16:15	ECB's Coeure Speaks in Paris	✓	-	-	As scheduled
US	18:00	Fed's Barkin Speaks to Economists in New York	✓	-	-	As scheduled
Eurozone	18:30	ECB's Praet Speaks in Brussels	✓	-	-	As scheduled
US	22:00	Net Long-Term TIC Flows (Mar)	✓✓	-	USD51.90bn	Monthly
US	22:00	Total Net TIC Flows (Mar)	✓	-	-USD21.60bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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