

ONE Minute Brief

2 July 2019

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Economic and political news

In South Africa (SA), the manufacturing Purchasing Managers' Index (PMI) climbed to 46.20 in June, compared to a level of 45.40 in the previous month. Vehicle sales fell by 1.6% to 45,938 in June, compared to 46,663 in the last year.

The SA Revenue Service (SARS) Commissioner, Edward Kieswetter, stated that SARS could miss its revenue target of ZAR1.422tn for 2019/2020 for the sixth consecutive year.

South Africa Airways' (SAA) former Human Capital Manager, Mathulwane Mpshe, told the state capture inquiry that former Chair, Dudu Myeni and former non-executive Director, Yakhe Kwinana, instructed her to make senior appointments without following normal processes at the airline.

The Financial and Fiscal Commission (FFC) suggested that a Memorandum of Understanding be signed between Eskom and municipalities to improve revenue collection.

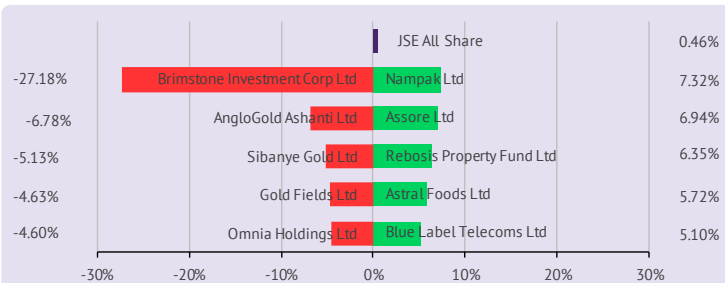
President, Cyril Ramaphosa has asked the chair of the National Council of Provinces, Amos Masondo, to keep him informed about how parliament intends to proceed on his decision to remove Nomgcobo Jiba and Lawrence Mrwebi from their senior positions at the National Prosecuting Authority (NPA).

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial and financial sector stocks. Data indicated that SA's manufacturing activity rose more-than-expected in June. The JSE All Share Index rose 0.5% to close at 58,472.52.

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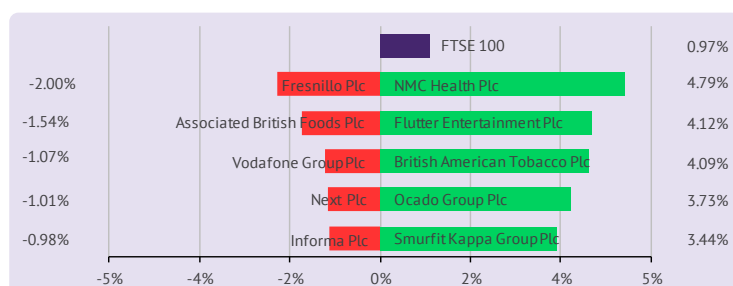


UK Market ▲

UK markets closed higher

UK markets finished firmer yesterday, amid easing trade tensions between the US and China. Data showed that UK's Markit manufacturing PMI unexpectedly fell in June. The FTSE 100 Index advanced 1.0% to close at 7,497.50. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

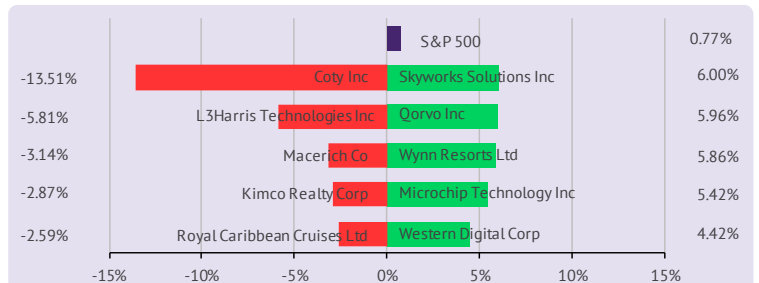
	As at 1 July 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58472.52	▲ 268.68	0.46	0.46	0.46	4.59	10.88
JSE Top 40 (ZAR)	52464.75	▲ 265.81	0.51	0.51	0.51	5.27	12.28
FTSE 100 (GBP)	7497.50	▲ 71.87	0.97	0.97	0.97	3.69	11.44
DAX 30 (EUR)	12521.38	▲ 122.58	0.99	0.99	0.99	5.73	18.59
CAC 40 (EUR)	5567.91	▲ 28.94	0.52	0.52	0.52	6.36	17.70
S&P 500 (USD)	2964.33	▲ 22.57	0.77	0.77	0.77	6.89	18.25
Nasdaq Composite (USD)	8091.16	▲ 84.92	1.06	1.06	1.06	7.42	21.94
DJIA (USD)	26717.43	▲ 117.47	0.44	0.44	0.44	7.19	14.53
MSCI Emerging Markets (USD)	1064.09	▲ 9.23	0.88	0.88	0.88	5.70	10.16
MSCI Developed World (USD)	2192.24	▲ 13.89	0.64	0.64	0.64	6.46	16.37

US Market ▲

US markets closed firmer

US markets closed in positive territory yesterday, after the US and China agreed to resume trade talks and hold off imposing additional tariffs on their products. Data revealed that the US Markit manufacturing PMI rose more-than-anticipated in June. The S&P 500 Index climbed 0.8% to close at 2,964.33. Today, the S&P 500 futures are trading in the green.

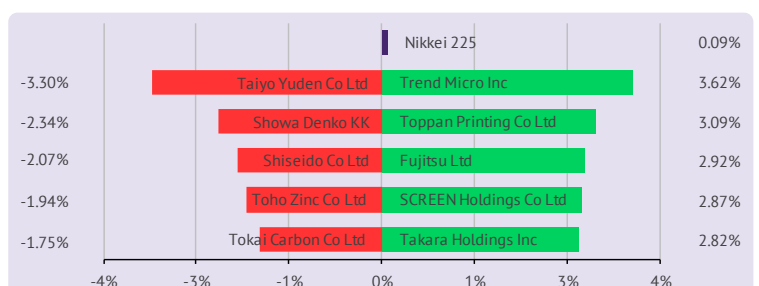
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Asian Market ▼

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.1% higher at 21,748.81.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R14.1408. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The US Dollar rose against the South African Rand yesterday, following positive developments in the US-China trade talks. On the data front, the US Markit manufacturing PMI surprised with a rise in June. Meanwhile, the nation's ISM manufacturing index rose at its slowest pace since October 2016 in June. Further, construction spending registered an unexpected decline on a monthly basis in May, marking its first drop in 6 months. Separately, in SA, the Markit manufacturing PMI jumped more than market forecast in June. On the other hand, the nation's Naamsa vehicle sales declined on a yearly basis in June.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound slightly climbed against the South African Rand to trade at R17.8706. Ahead in the day, traders will keep an eye on UK's Nationwide house price index, the Markit construction PMI and the BRC shop price index for further indication.

The British Pound declined against the South African Rand yesterday, after UK's Markit manufacturing PMI recorded an unexpected decline to a six-year low level in June. Additionally, net consumer credit growth rose at its slowest pace in five years on an annual basis in May. Moreover, mortgage approvals dropped more than market forecast in May.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R15.9506. Going forward, market participants will keep a tab on Eurozone's producer price index and Germany's retail sales data for further direction.

The Euro weakened against the South African Rand yesterday, after Eurozone's Markit manufacturing PMI unexpectedly declined for a fifth consecutive month in June, marking its lowest level in 3 months. Meanwhile, the nation's unemployment rate registered an unexpected fall to its lowest rate July 2008 in May. Separately, Germany's unemployment rate recorded a steady reading in June. Further, the Markit manufacturing PMI climbed in June, notching its highest level in 4 months.

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AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R9.8653. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index recorded a rise in the week ended 30 June 2019.

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	14.1408	▼	0.35	0.35	0.35	-3.38	-1.47
GBPZAR	17.8706	▼	-0.09	-0.09	-0.09	-2.92	-2.49
EURZAR	15.9506	▲	-0.42	-0.42	-0.42	-1.65	-3.06
AUDZAR	9.8653	▼	-0.41	-0.41	-0.41	-2.20	-2.73
EURUSD	1.1280	▼	-0.76	-0.76	-0.76	1.83	-1.58
GBPUSD	1.2638	▼	-0.43	-0.43	-0.43	0.53	-0.89
Brent (\$/barrel)	64.9	▼	0.49	0.49	0.49	4.44	20.93
Gold (\$/oz)	1391.4	▲	-1.73	-1.73	-1.73	8.26	8.43
Platinum (\$/oz)	830.9	▼	-0.53	-0.53	-0.53	5.20	4.42
Copper (\$/MT)*	5937.8	▼	-0.74	-0.74	-0.74	3.03	-0.19

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.2% to trade at \$1,391.40/oz.

Yesterday, gold prices fell 1.7% to close at \$1,389.30/oz, as investors moved away from safe haven assets following progress in trade talks between the US and China.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.2% to trade at \$64.90/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$65.06/bl, after the Organisation of the Petroleum Exporting Countries agreed to extend oil supply cuts until March 2020, in a bid to boost crude oil prices.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$830.90/oz.

Yesterday, platinum prices declined 0.5% to close at \$831.10/oz.

Major South African corporate news

Brait SE

The company announced that it seeks shareholders' approval for a new equity ownership plan for its Corporate Advisors, Brait Advisory Services UK Limited and Brait South Africa Proprietary Limited. The five-year structure plan involves the creation of a new class of share and share appreciation rights by Brait Mauritius Limited which BUK and BSAL will allocate in full to their investment teams.

Major global economic news

Eurozone

The final Markit manufacturing PMI in the Eurozone unexpectedly fell to 47.60 in June, compared to a level of 47.70 in the previous month. The preliminary figures had recorded a rise to 47.80.

In the Eurozone, unemployment rate unexpectedly dropped to 7.5% in May. In the previous month, the unemployment rate had recorded a reading of 7.6%.

In Germany, the final Markit manufacturing PMI rose to a level of 45.00 in June, compared to a reading of 44.30 in the previous month. The preliminary figures had recorded an advance to 45.40.

In Germany, seasonally adjusted unemployment rate remained unchanged at 5.0% in June, in line with market expectations.

UK

In the UK, net consumer credit registered a rise of GBP0.80bn in May, less than market expectations. In the previous month, net consumer credit had registered a revised rise of GBP1.00bn.

In the UK, number of mortgage approvals for house purchases fell more-than-expected to a level of 65.40K in May. Number of mortgage approvals for house purchases had recorded a revised reading of 66.00K in the previous month.

In June, the Markit manufacturing PMI unexpectedly eased to a level of 48.00 in the UK, compared to a level of 49.40 in the prior month.

US

In the US, the final Markit manufacturing PMI unexpectedly advanced to 50.60 in June. In the previous month, the Markit manufacturing PMI had recorded a level of 50.50. The preliminary figures had indicated a fall to 50.10.

In the US, the ISM manufacturing activity index dropped less-than-expected to 51.70 in June, compared to a reading of 52.10 in the prior month.

In the US, construction spending recorded an unexpected drop of 0.8% on a monthly basis in May. In the previous month, construction spending had advanced by a revised 0.4%.

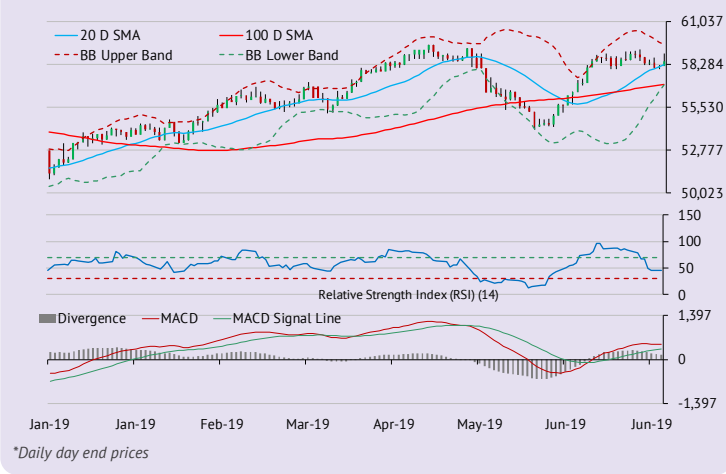
Asia

The Reserve Bank of Australia, in its latest monetary policy meeting, cut its key interest rate to 1.00% from 1.25%, in order to boost the economy and support employment growth.

In Australia, the ANZ Roy Morgan weekly consumer confidence index jumped to a level of 118.90 in the week ended 30 June 2019, compared to a reading of 114.30 in the prior week.

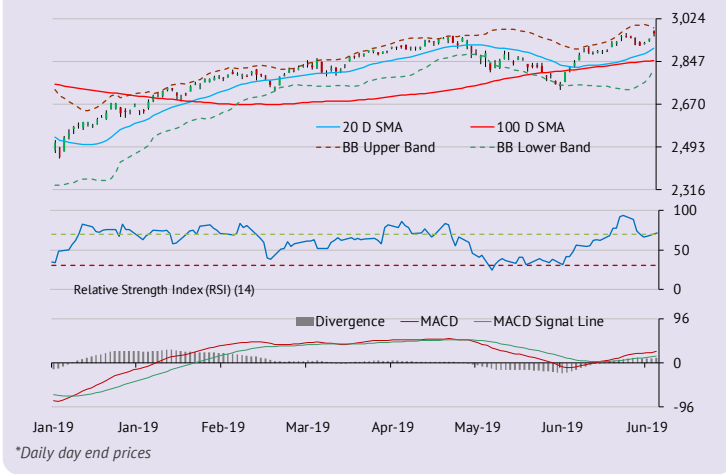
Technical snapshot

JSE All Share



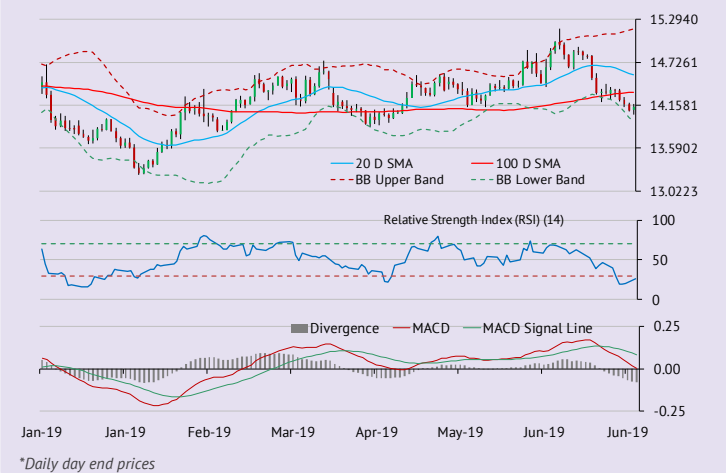
The JSE All Share index is expected to find support at 57,985.51, and a fall through could take it to the next support level of 57,498.49. The index is expected to find its first resistance at 58,973.53, and a rise through could take it to the next resistance level of 59,474.53.

S&P 500



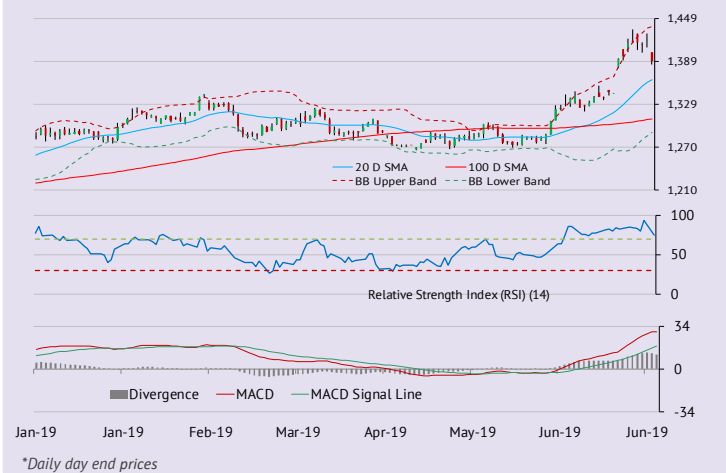
The S&P 500 index is expected to find support at 2,925.57, and a fall through could take it to the next support level of 2,886.81. The index is expected to find its first resistance at 2,990.51, and a rise through could take it to the next resistance level of 3,016.69.

USD ZAR



The pair is expected to find support at 13.9893, and a fall through could take it to the next support level of 13.8429. The pair is expected to find its first resistance at 14.3289, and a rise through could take it to the next resistance level of 14.5221.

XAU USD



Gold is expected to find support at \$1,371.57/oz, and a fall through could take it to the next support level of \$1,353.83/oz. The precious metal is expected to find its first resistance at \$1,420.17/oz, and a rise through could take it to the next resistance level of \$1,451.03/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	1:50	Monetary Base (YoY) (Jun)	✓	4.00%*	3.60%	Monthly
Japan	1:50	Monetary Base (Jun)	✓✓✓	JPY523.20tn*	JPY511.80tn	Monthly
Germany	8:00	Retail Sales (MoM) (May)	✓✓✓	0.50%	-2.00%	Monthly
UK	8:00	Nationwide House Prices n.s.a. (YoY) (Jun)	✓✓	0.50%	0.60%	Monthly
UK	8:00	Nationwide House Prices s.a. (MoM) (Jun)	✓✓✓	0.20%	-0.20%	Monthly
Germany	8:00	Retail Sales (YoY) (May)	✓✓✓	2.70%	4.00%	Monthly
Eurozone	10:30	ECB's Knot, Vasiliauskas speak at event in Vilnius.	✓	-	-	As scheduled
UK	10:30	Markit Construction PMI (Jun)	✓✓✓	49.20	48.60	Monthly
Eurozone	11:00	Producer Price Index (MoM) (May)	✓✓✓	0.10%	-0.30%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (May)	✓✓✓	1.70%	2.60%	Monthly
US	12:35	Fed's Williams Speaks on Global Economic and Policy Outlook	✓	-	-	As scheduled
UK	16:05	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	17:00	Fed's Mester to Speak on Economy in London	✓	-	-	As scheduled
US	-	Total Vehicle Sales (Jun)	✓	-	17.30mn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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