

ONE Minute Brief

3 July 2019

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Economic and political news

Yesterday, the African National Congress (ANC) elected Chairpersons to head key portfolio committees, including Bongani Bongo as Chairperson of the home affairs portfolio, despite objections over his candidacy.

Joe Maswanganyi, the newly elected Chairperson of Parliament's standing committee on finance, has stated that he will ensure conclusion regarding probes into Steinhoff and VBS.

Eskom confirmed that it has received outstanding payment of R139mn from Zimbabwe.

Economic Freedom Fighters' (EFF) leader, Julius Malema, the party's national spokesperson, Mbuyiseni Ndlozi and the party have filed papers in the Supreme Court of Appeal to have the Pretoria High Court judgment set aside the order that directed the party to pay former Finance Minister, Trevor Manuel, ZAR0.5mn in damages for defaming him.

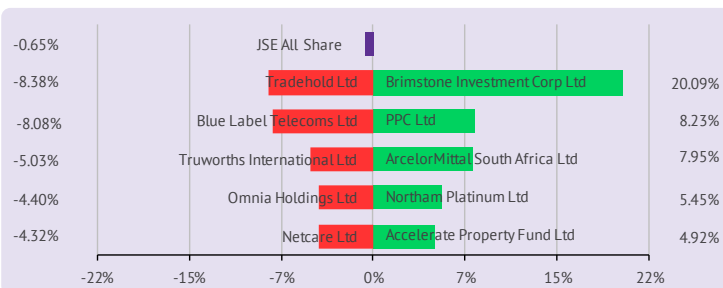
EFF leader, Julius Malema, stated that his party will no longer vote with the Democratic Alliance or the ANC in municipalities in the nation. The party has also criticised President, Cyril Ramaphosa, over his failure to act with regards to the Public Protector's remedial action over Minister of Public Enterprises, Pravin Gordhan.

South Africa Market ▼

South African markets closed weaker

South African markets closed in the red yesterday, weighed down by losses in retail and banking sector stocks. The JSE All Share Index fell 0.7% to close at 58,092.48.

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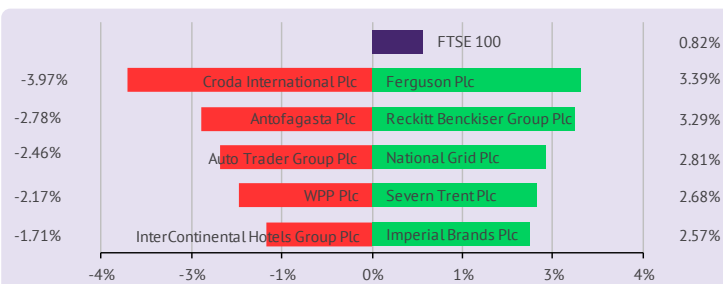


UK Market ▲

UK markets closed higher

UK markets finished firmer yesterday, as the British Pound declined, after UK's Markit construction activity unexpectedly fell to 10-year low in June. The FTSE 100 Index advanced 0.8% to close at 7,559.19. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

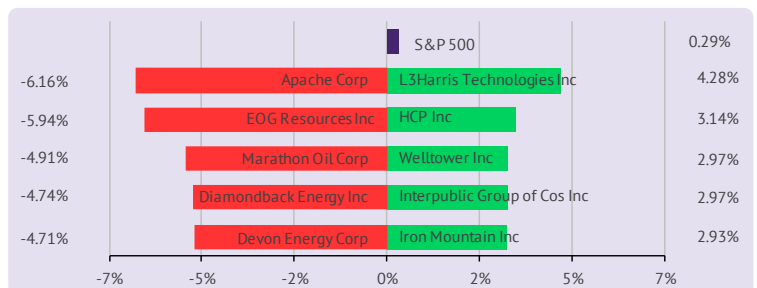
	As at 2 July 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58092.48	▼ -380.04	-0.65	-0.19	-0.19	4.59	10.16
JSE Top 40 (ZAR)	52093.35	▼ -371.40	-0.71	-0.20	-0.20	5.27	11.49
FTSE 100 (GBP)	7559.19	▲ 61.69	0.82	1.80	1.80	3.69	12.35
DAX 30 (EUR)	12526.72	▲ 5.34	0.04	1.03	1.03	5.73	18.64
CAC 40 (EUR)	5576.82	▲ 8.91	0.16	0.68	0.68	6.36	17.89
S&P 500 (USD)	2973.01	▲ 8.68	0.29	1.06	1.06	6.89	18.60
Nasdaq Composite (USD)	8109.09	▲ 17.93	0.22	1.28	1.28	7.42	22.21
DJIA (USD)	26786.68	▲ 69.25	0.26	0.70	0.70	7.19	14.83
MSCI Emerging Markets (USD)	1063.64	▼ -0.44	-0.04	0.83	0.83	5.70	10.12
MSCI Developed World (USD)	2198.55	▲ 6.31	0.29	0.93	0.93	6.46	16.70

US Market ▲

US markets closed firmer

US markets closed higher yesterday, boosted by gains in technology sector stocks. The S&P 500 Index climbed 0.3% to close at 2,973.01. Today, the S&P 500 futures are trading in the red.

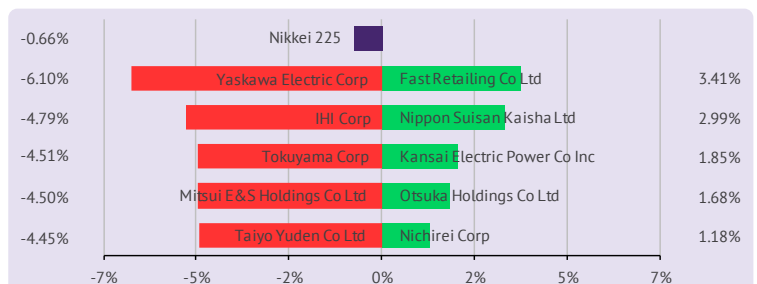
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Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data revealed that Japan's Markit services Purchasing Managers' Index (PMI) advanced in June. The Nikkei 225 Index is trading 0.7% lower at 21,609.81.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R14.1129. Later today, traders will keep a close watch on the US Markit services PMI, the MBA mortgage applications, ADP employment change data, trade balance, initial jobless claims, factory orders, durable goods orders,

The US Dollar fell against the South African Rand yesterday.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R17.7684. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further direction. Data indicated that UK's BRC shop price index fell on an annual basis in June.

The British Pound declined against the South African Rand yesterday, amid ongoing Brexit concerns and after UK's Markit construction PMI unexpectedly declined to a 10-year low level in June. Further, the Nationwide house price index rose less than market forecast on a monthly basis in June.

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EUR ZAR ▼

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R15.9285. Going forward, market participants will keep a tab on the Markit services PMI across the Eurozone for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's producer price inflation slowed for a third consecutive month on a yearly basis in May. Separately, Germany's monthly retail sales recorded an unexpected drop in May.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.2% against the South African Rand to trade at R9.8760. Earlier in the session, Australia's CBA services PMI registered a decline in June. Additionally, the AiG performance of services index eased in June. Meanwhile, the nation's building approvals surprised with a rise on a monthly basis in May. Moreover, trade surplus widened more than market forecast in May. Meanwhile, in China, Australia's largest trading partner, the Caixin services PMI dropped more than market expectations to a 4-month low level in June.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.1129	▼	-0.28	0.07	0.07	-3.38	-1.74
GBPZAR	17.7684	▼	-0.64	-0.73	-0.73	-2.92	-3.11
EURZAR	15.9285	▼	-0.29	-0.71	-0.71	-1.65	-3.34
AUDZAR	9.8760	▼	0.14	-0.27	-0.27	-2.20	-2.60
EURUSD	1.1287	▲	-0.01	-0.77	-0.77	1.83	-1.59
GBPUSD	1.2590	▼	-0.38	-0.81	-0.81	0.53	-1.26
Brent (\$/barrel)	62.6	▲	-4.09	-3.61	-3.61	4.44	15.99
Gold (\$/oz)	1427.8	▲	1.35	-0.40	-0.40	8.26	9.89
Platinum (\$/oz)	830.1	▲	-0.47	-0.99	-0.99	5.20	3.93
Copper (\$/MT)*	5868.5	▼	-1.17	-1.90	-1.90	3.03	-1.35

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.4% higher to trade at \$1,427.80/oz.

Yesterday, gold prices rose 1.4% to close at \$1,408.00/oz, as investors preferred to seek shelter in the safe haven asset as worries over global economic growth resurfaced.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$62.62/bl, after the American Petroleum Institute reported that crude oil inventories declined by 5.0mn bls in the week ended 28 June 2019.

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Yesterday, Brent crude oil dropped 4.1% to settle at \$62.40/bl, amid worries over weak crude oil demand and concerns over the health of global economy.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$830.10/oz.

Yesterday, platinum prices declined 0.5% to close at \$827.20/oz.

Major South African corporate news

Investec Limited

The company announced that Stephen Koseff and Bernard Kantor will step down as Executive Directors, with effect from 8 August 2019.

Major global economic news

Asia

In Japan, the Nikkei services PMI rose to a level of 51.90 in June. In the previous month, the Nikkei Japan services PMI had registered a level of 51.70.

In Australia, seasonally adjusted building approvals unexpectedly advanced 0.7% on a monthly basis in May, compared to a drop of 4.7% in the previous month.

In Australia, the CBA services PMI dropped to a level of 52.60 in June, compared to a reading of 53.30 in the previous month.

In Australia, seasonally adjusted trade surplus widened more-than-expected to AUD5745.00mn in May, compared to a revised surplus of AUD4820.00mn in the prior month.

In Australia, the AiG performance of services index recorded a drop to 52.20 in June. In the previous month, the index had registered a level of 52.50.

In China, the Markit services PMI fell more-than-anticipated to a level of 52.00 in June, compared to a reading of 52.70 in the prior month.

Eurozone

In the Eurozone, the producer price index registered a less-than-expected rise of 1.6% on a yearly basis in May, compared to a rise of 2.6% in the prior month.

In Germany, retail sales unexpectedly dropped 0.6% on a monthly basis in May, compared to a fall of 2.0% in the previous month.

UK

The Bank of England, Governor, Mark Carney, expressed concerns over rising fears over no-deal Brexit and uncertainties on trade deal between the US and China. He stated that the global economy has shifted from a robust, broad-based expansion to a widespread slowdown in last year, amid ongoing global economic concerns.

In the UK, the BRC shop price index eased 0.1% on an annual basis, in June. In the prior month, the index had risen 0.8%.

In the UK, seasonally adjusted Nationwide house prices registered a rise of 0.1% on a monthly basis in June, lower than market expectations. In the prior month, Nationwide house prices had dropped 0.2%.

In June, the Markit construction PMI unexpectedly eased to 43.10 in the UK. In the prior month, the Markit construction PMI had recorded a level of 48.60.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Jun)	✓✓✓	-0.10%*	0.80%	Monthly
Japan	02:30	Nikkei Japan Services PMI (Jun)	✓✓	51.90*	51.70	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Jun)	✓✓✓	50.80*	50.70	Monthly
Japan	03:30	BoJ Funo speaks in Hiroshima	✓	-	-	As scheduled
China	03:45	HSBC China Composite PMI (Jun)	✓✓✓	50.60*	51.50	Monthly
China	03:45	Caixin/Markit Services PMI (Jun)	✓✓✓	52.00*	52.70	Monthly
Germany	09:55	Markit Services PMI (Jun) (F)	✓✓✓	55.60	55.60**	Monthly
Eurozone	10:00	Markit Composite PMI (Jun) (F)	✓✓✓	52.10	52.10**	Monthly
Eurozone	10:00	Markit Services PMI (Jun) (F)	✓✓✓	53.40	53.40**	Monthly
Eurozone	10:00	ECB's Nowotny Press Conference on Financial Stability	✓	-	-	As scheduled
UK	10:30	Official Reserves (Changes) (Jun)	✓✓	-	USD2309.00mn	Monthly
UK	10:30	Markit Services PMI (Jun)	✓✓✓	51.10	51.00	Monthly
South Africa	11:30	SACCI Business Confidence Index (Jun)	✓	-	93.00	Monthly
UK	12:00	Bank of England's Cunliffe Speaks at Conference in Lisbon	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (28-Jun)	✓	-	1.30%	Weekly
UK	14:15	BoE's Broadbent speaks in London	✓	-	-	As scheduled
US	14:15	ADP Employment Change (Jun)	✓✓✓	140.00K	27.00K	Monthly
US	14:30	Continuing Jobless Claims (22-Jun)	✓✓✓	1675.00K	1688.00K	Weekly
US	14:30	Initial Jobless Claims (29-Jun)	✓✓✓	223.00K	227.00K	Weekly
US	14:30	Trade Balance (May)	✓✓✓	-USD54.00bn	-USD50.80bn	Monthly
US	15:45	Markit Services PMI (Jun) (F)	✓✓✓	50.70	50.70**	Monthly
US	16:00	Durable Goods Orders (May) (F)	✓✓✓	-1.30%	-1.30%**	Monthly
US	16:00	Factory Orders (MoM) (May)	✓✓✓	-0.60%	-0.80%	Monthly
US	16:00	ISM Non-Manufacturing PMI (Jun)	✓✓✓	56.00	56.90	Monthly
Eurozone	16:30	ECB's Villeroy speaks in Paris	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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