

ONE Minute Brief

4 July 2019

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Economic and political news

In South Africa (SA), the SACCI business confidence index advanced to 93.3 in June, compared to a reading of 93.0 in the previous month.

National Treasury's acting Deputy Director General, Ian Stuart, stated that SA is looking for more options to resolve Eskom's debt problems, including swapping the utility's debt for government bonds or ring-fencing it in a special account.

Democratic Alliance leader, Mmusi Maimane, has asked President, Cyril Ramaphosa, to pay his own legal fees and not to use state resources, to fight against Public Protector, Busisiwe Mkhwebane's final Bosasa report.

The National Union of Mineworkers (NUM) has called for a special board meeting of the Construction Industry Retirement Benefit Fund to discuss the misappropriation of ZAR4.8mn.

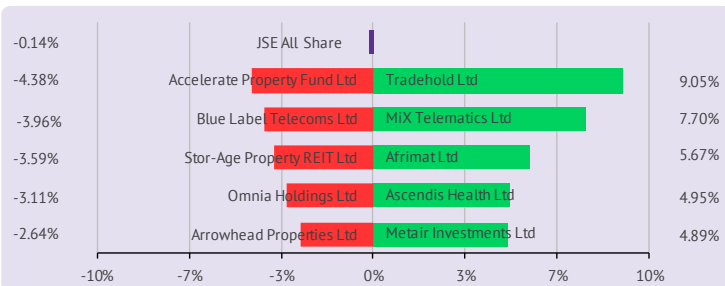
According to a report by the Centre for Environmental Rights, South African companies such as Glencore and Anglo American are polluting parts of Mpumalanga province, as they fail to comply with their water licenses.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and retail sector stocks. Data revealed that SA's SACCI business confidence index rose in June. The JSE All Share Index fell 0.1% to close at 58,012.18.

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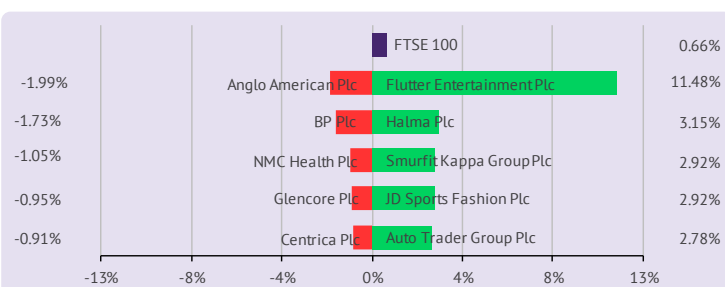


UK Market ▲

UK markets closed higher

UK markets finished higher yesterday, as the British Pound weakened, after the Bank of England (BoE) Governor, Mark Carney, hinted at interest rate cuts. Data showed that UK's Markit services PMI unexpectedly fell in June. The FTSE 100 Index advanced 0.7% to close at 7,609.32. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

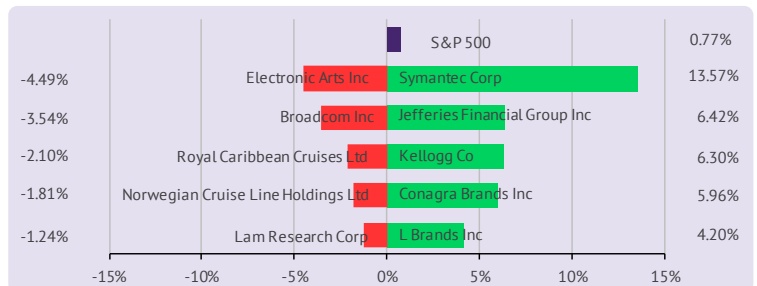
	As at 3 July 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58012.18	▼ -80.30	-0.14	-0.33	-0.33	4.59	10.00
JSE Top 40 (ZAR)	51960.56	▼ -132.79	-0.25	-0.46	-0.46	5.27	11.20
FTSE 100 (GBP)	7609.32	▲ 50.13	0.66	2.47	2.47	3.69	13.10
DAX 30 (EUR)	12616.24	▲ 89.52	0.71	1.75	1.75	5.73	19.48
CAC 40 (EUR)	5618.81	▲ 41.99	0.75	1.44	1.44	6.36	18.77
S&P 500 (USD)	2995.82	▲ 22.81	0.77	1.84	1.84	6.89	19.51
Nasdaq Composite (USD)	8170.23	▲ 61.14	0.75	2.05	2.05	7.42	23.13
DJIA (USD)	26966.00	▲ 179.32	0.67	1.38	1.38	7.19	15.60
MSCI Emerging Markets (USD)	1059.63	▼ -4.01	-0.38	0.45	0.45	5.70	9.70
MSCI Developed World (USD)	2213.35	▲ 14.80	0.67	1.61	1.61	6.46	17.49

US Market ▲

US markets closed higher

US markets closed higher yesterday, amid expectations of an interest rate cut by the US Federal Reserve (Fed) this month. Data indicated that the US Market services advanced in June. The S&P 500 Index climbed 0.8% to close at 2,995.82. Today, the S&P 500 futures are trading weaker.

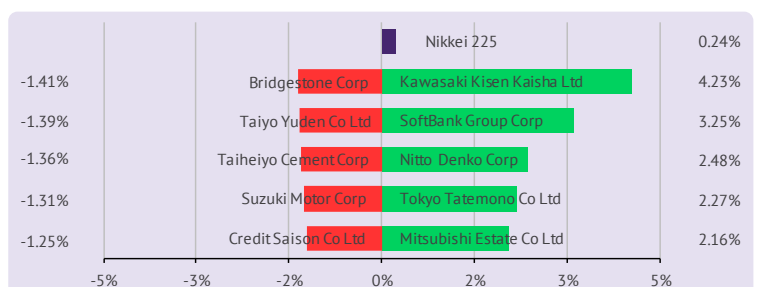
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.2% higher at 21,689.70.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R14.0753. Amid no major economic news in the US, market sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand yesterday. On the data front, the US ADP employment advanced less than market forecast in June. Additionally, trade deficit widened more-than-expected to a 5-month high level in May. Moreover, factory orders dropped more than market expectations for a second consecutive month in May. Further, durable goods orders registered a decline in line with market expectations in May. Also, the MBA mortgage applications fell in the week ended 28 June 2019. Meanwhile, the nation's Markit services PMI surprised with a rise in June. Additionally, initial jobless claims eased more than market anticipations in the week ended 29 June 2019. Separately, in SA, the business confidence index climbed in June.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R17.7064. 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, following comments from the BoE Governor, Mark Carney, on interest rate cuts in coming months. Data indicated that UK's Markit services PMI registered an unexpected decline in June.

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EUR ZAR ▼

EUR trading stronger against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R15.8788. Going forward, market participants will keep a tab on Eurozone's retail sales data and Germany's Markit construction PMI for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, Eurozone's Markit services PMI climbed more than market forecast in June. Separately, Germany's Markit services PMI advanced more than market expectations in June, notching its highest level in nine months.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R9.9001. Earlier in the session, Australia's retail sales recorded a less-than-expected rise on a monthly basis in May.

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	14.0753	▼	-0.29	-0.23	-0.23	-3.38	-2.03
GBPZAR	17.7064	▼	-0.46	-1.19	-1.19	-2.92	-3.56
EURZAR	15.8788	▼	-0.30	-1.00	-1.00	-1.65	-3.62
AUDZAR	9.9001	▼	0.20	-0.07	-0.07	-2.20	-2.41
EURUSD	1.1282	▲	-0.06	-0.84	-0.84	1.83	-1.65
GBPUSD	1.2580	▲	-0.15	-0.96	-0.96	0.53	-1.41
Brent (\$/barrel)	63.4	▼	2.28	-1.42	-1.42	4.44	18.62
Gold (\$/oz)	1421.9	▲	0.92	0.51	0.51	8.26	10.90
Platinum (\$/oz)	837.2	-	1.21	0.20	0.20	5.20	5.19
Copper (\$/MT)*	5908.8	▲	0.69	-1.22	-1.22	3.03	-0.68

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,421.90/oz, amid weakness in the US Dollar and rising expectations of an interest rate cut by the US Fed.

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Yesterday, gold prices rose 0.9% to close at \$1,420.90/oz, amid global growth concerns and expectations of loose global monetary policy.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.7% lower to trade at \$63.36/bl.

Yesterday, Brent crude oil climbed 2.3% to settle at \$63.82/bl, after the US Energy Information Administration reported that crude supplies declined by 1.1mn bls in the week ended 28 June 2019. Additionally, Baker Hughes reported that the number of active US oil rigs fell by 5 to 788 this week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$837.20/oz.

Yesterday, platinum prices advanced 1.2% to close at \$837.20/oz.

Major South African corporate news

EOH Holdings Limited

The company announced that ENSafrica has concluded the investigation commissioned by the firm into public sector contracts and has submitted a forensic report and its recommendations to the board of directors. The company will make the relevant findings and associated actions public on or about 16 July 2019, or as required.

Major global economic news

US

In the US, the final Markit services PMI registered an unexpected rise to 51.50 in June, compared to a level of 50.90 in the previous month. The preliminary figures had recorded a drop to 50.70.

In the US, the ADP private sector employment registered a rise of 102.00K in June, less than market expectations. The private sector employment had registered a revised increase of 41.00K in the prior month.

In the US, trade deficit widened more-than-anticipated to USD55.50bn in May, compared to a revised deficit of USD51.20bn in the previous month.

In the US, seasonally adjusted initial jobless claims eased to 221.00K in the week ended 29 June 2019, more than market expectations and compared to a revised level of 229.00K in the previous week.

In the US, factory orders dropped 0.7% on a monthly basis in May, more than market expectations and compared to a revised drop of 1.2% in the previous month.

In May, final durable goods orders registered a drop of 1.3% on a monthly basis in the US, at par with market expectations. In the prior month, durable goods orders had registered a revised drop of 2.8%. The preliminary figures had also indicated a drop of 1.3%.

In the US, the MBA mortgage applications recorded a drop of 0.1% on a weekly basis in the week ended 28 June 2019. The MBA mortgage applications had advanced 1.3% in the previous week.

UK

In the UK, the Markit services PMI unexpectedly fell to a level of 50.20 in June, compared to a reading of 51.00 in the prior month.

Eurozone

In the Eurozone, the final Markit services PMI advanced more-than-expected to 53.60 in June. The preliminary figures had recorded an advance to 53.40. In the previous month, the Markit services PMI had registered a level of 52.90.

In Germany, the final Markit services PMI registered a more-than-anticipated rise to 55.80 in June, compared to a reading of 55.40 in the prior month. The preliminary figures had recorded a rise to 55.60.

Asia

In Australia, seasonally adjusted retail sales rose 0.1% on a monthly basis in May, less than market expectations. Retail sales had recorded a drop of 0.1% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	1:50	Foreign Buying Japan Bonds (28-Jun)	✓	JPY453.50bn*	-JPY2012.40bn	Weekly
Japan	1:50	Foreign Buying Japan Stocks (28-Jun)	✓	JPY58.50bn*	-JPY313.40bn	Weekly
Japan	1:50	Japan Buying Foreign Bonds (28-Jun)	✓	JPY514.30bn*	JPY497.80bn	Weekly
Japan	1:50	Japan Buying Foreign Stocks (28-Jun)	✓	JPY115.60bn*	JPY253.30bn	Weekly
Eurozone	9:00	ECB Chief Economist Lane Speaks in Frankfurt	✓	-	-	As scheduled
UK	10:00	New Car Registrations (YoY) (Jun)	✓	-	-4.60%	Monthly
Eurozone	11:00	Retail Sales (MoM) (May)	✓✓✓	0.30%	-0.40%	Monthly
Eurozone	11:00	Retail Sales (YoY) (May)	✓✓✓	1.60%	1.50%	Monthly
Eurozone	11:10	ECB's de Guindos, Enria, Koenig Speak at Conference in Lisbon	✓	-	-	As scheduled
South Africa	13:00	Electricity Consumption (YoY) (May)	✓	-	1.60%	Monthly
South Africa	13:00	Electricity Production (YoY) (May)	✓	-	1.80%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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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

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