

# ONE Minute Brief

12 July 2019

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## Economic and political news

In South Africa (SA), manufacturing production climbed 1.0% on a yearly basis in May, compared to a revised advance of 4.3% in the previous month. Annual platinum production rose 6.8%, compared to a rise of 1.7% in the prior month, while mining production slid 1.5% on an annual basis, compared to a revised drop of 1.2% in April. Gold production declined 24.4% on a yearly basis in the same month, compared to a revised drop of 19.1% in April.

The Public Investment Corporation (PIC) has proposed to convert its USD6.4bn debt holding in Eskom into equity as a rescue option to restructure the firm.

Finance Minister, Tito Mboweni, stated that he was planning to introduce a special appropriation bill on July 23 in order to provide Eskom with additional financial support for this year and next year. Further, Mboweni indicated that the government would also provide financial support from the contingency reserve to South African Airways (SAA), Denel and the South African Broadcasting Corporation (SABC).

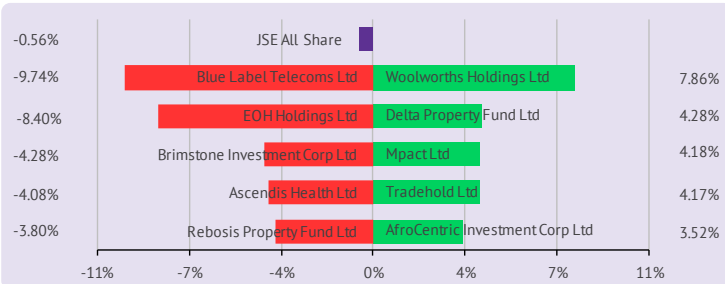
According to a news report, the National Union of Metalworkers of SA (Numsa) will ask its members in the automotive sector for a new mandate on a 4.5% wage rise offer from the Automobile Manufacturers Employers Organisation (AMEO) this week.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in gold mining and resources sector stocks. Data indicated that SA's annual mining production eased in May. The JSE All Share Index fell 0.6% to close at 57,273.14.

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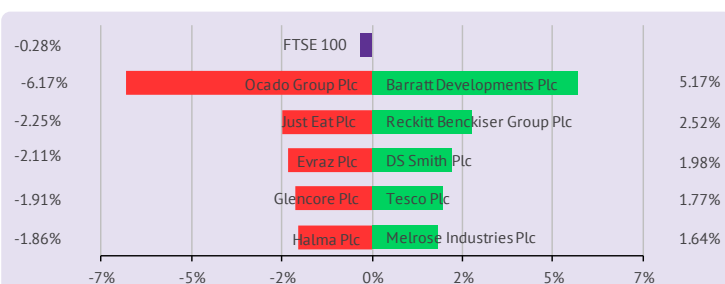


## UK Market ▼

### UK markets closed weaker

UK markets finished lower yesterday, led by losses in healthcare sector stocks, after the US government withdrew a proposal to lower drug prices. The FTSE 100 Index declined 0.3% to close at 7,509.82. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

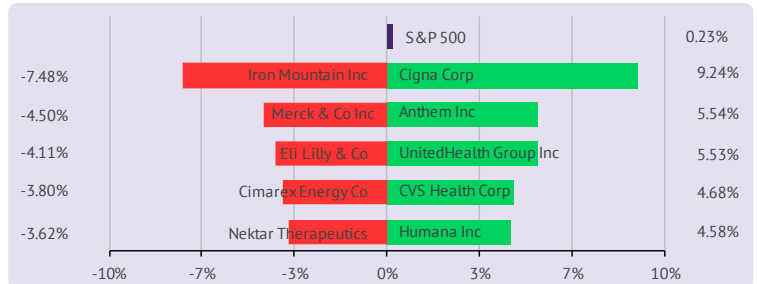
	As at 11 July 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57273.14	▼ -324.73	-0.56	-0.55	-1.60	4.59	8.60
JSE Top 40 (ZAR)	51188.17	▼ -303.78	-0.59	-0.68	-1.94	5.27	9.55
FTSE 100 (GBP)	7509.82	▼ -20.87	-0.28	-0.57	1.13	3.69	11.62
DAX 30 (EUR)	12332.12	▼ -41.29	-0.33	-1.88	-0.54	5.73	16.79
CAC 40 (EUR)	5551.95	▼ -15.64	-0.28	-0.75	0.23	6.36	17.36
S&P 500 (USD)	2999.91	▲ 6.84	0.23	0.32	1.98	6.89	19.67
Nasdaq Composite (USD)	8196.04	▼ -6.49	-0.08	0.42	2.37	7.42	23.52
DJIA (USD)	27088.08	▲ 227.88	0.85	0.62	1.84	7.19	16.12
MSCI Emerging Markets (USD)	1055.15	▲ 6.20	0.59	-0.45	0.03	5.70	9.24
MSCI Developed World (USD)	2205.35	▲ 4.21	0.19	-0.01	1.24	6.46	17.06

## US Market ▲

### US markets closed mostly firmer

US markets closed mostly higher yesterday, as President Donald Trump's decision to abandon a drug pricing proposal eased concerns of a severe disruption to the US pharmaceutical industry. Data revealed that the US annual consumer price index (CPI) edged up in June. The S&P 500 Index climbed 0.2% to close at 2,999.91. Today, the S&P 500 futures are trading in the green.

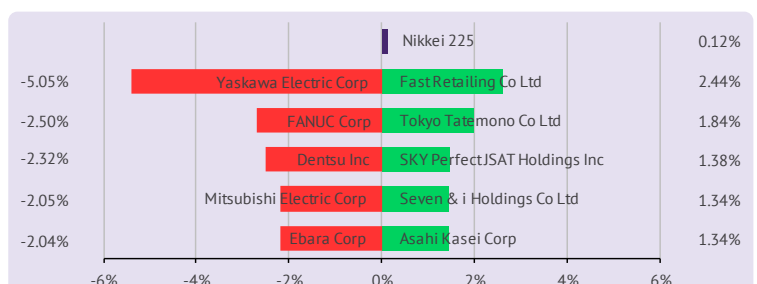
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## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. Data showed that Japan's monthly industrial production advanced in May. The Nikkei 225 Index is trading 0.1% higher at 21,669.15.



## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R13.9375. Later today, traders will keep a close watch on the US producer price index for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US CPI climbed on an annual basis in June. Additionally, yearly average hourly earnings recorded a rise in June. Moreover, monthly budget deficit narrowed in the same month. Further, initial jobless claims dropped more than market forecast to a 3-month low level in the week ended 6 July 2019. Separately, in SA, mining production dropped on a yearly basis in May. Additionally, annual gold production recorded a decline in the same month. Meanwhile, the nation's manufacturing and platinum production, both, jumped on a yearly basis in May.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R17.4795. 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.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R15.7089. Going forward, market participants will keep a tab on Eurozone's industrial production for further direction.

The Euro weakened against the South African Rand yesterday, after the European Central Bank (ECB) minutes showed that members were planning to ease monetary policy. On the macro front, Germany's CPI climbed in line with market expectations on a yearly basis in June.

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## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally climbed against the South African Rand to trade at R9.7445.

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	13.9375	▲	-0.11	-1.47	-0.84	-3.38	-2.63
GBPZAR	17.4795	▲	0.06	-1.51	-2.18	-2.92	-4.53
EURZAR	15.7089	▲	-0.07	-1.24	-1.88	-1.65	-4.48
AUDZAR	9.7445	▼	0.08	-1.52	-1.47	-2.20	-3.77
EURUSD	1.1272	▲	0.03	0.26	-1.05	1.83	-1.86
GBPUSD	1.2543	▲	0.15	0.00	-1.38	0.53	-1.83
Brent (\$/barrel)	67.0	▲	-0.73	3.57	2.75	4.44	23.64
Gold (\$/oz)	1409.2	▲	-0.41	0.47	-0.50	8.26	9.79
Platinum (\$/oz)	825.0	-	0.11	2.46	-1.26	5.20	3.66
Copper (\$/MT)*	5948.0	▲	0.33	0.98	-0.57	3.03	-0.02

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged higher 0.2% to trade at \$1,409.20/oz.

Yesterday, gold prices fell 0.4% to close at \$1,406.70/oz.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.6% higher to trade at \$66.95/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$66.52/bl, after the Organization of the Petroleum Exporting Countries lowered crude oil demand forecast for 2020.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$825.00/oz.

Yesterday, platinum prices climbed 0.1% to close at \$825.00/oz.

## Major South African corporate news

### Woolworths Holdings Limited

In its FY19 trading update, the company announced that its group total sales rose 5.9%, compared to the previous year. The company's beauty and home sales performance increased by 5.5%, compared to the preceding year. However, the company reported that retail trading conditions in Australia remain challenging.

## Major global economic news

### US

In the US, the CPI recorded a rise of 1.6% on an annual basis in June, in line with market expectations. In the prior month, the CPI had advanced 1.8%.

In the US, seasonally adjusted initial jobless claims fell more-than-expected to a level of 209.00K in the week ended 6 July 2019. Initial jobless claims had registered a revised reading of 222.00K in the previous week.

In the US, average hourly earnings rose 1.5% on an annual basis in June, compared to 1.3% in the previous month.

In the US, budget deficit narrowed to USD8.00bn in June, compared to a deficit of USD208.00bn in the prior month.

### UK

The Bank of England (BoE), in its semi-annual Financial Stability Report (FSR), warned that the increasing likelihood of a no-deal Brexit could cause severe disruption to the British economy. Additionally, the report highlighted a gloomy outlook for the UK economy, citing no-deal Brexit risks and trade tensions. However, the BoE indicated that UK's banks, dealers and insurers are prepared for 'a worst-case disorderly Brexit'.

### Eurozone

The ECB June policy meeting minutes indicated that it will consider injecting fresh stimulus into the euro-area through interest-rate cuts or the relaunch of a EUR2.6tn bond-buying program, citing geopolitical trade tensions. Also, the minutes highlighted ECB's concerns about the growth and inflation outlook.

In Germany, the final CPI advanced 1.6% on an annual basis in June, meeting market forecast compared to a rise of 1.4% in the previous month. The preliminary figures had also recorded a rise of 1.6%.

### Asia

In Japan, final industrial production recorded a rise of 2.0% on a monthly basis in May. Industrial production had registered a rise of 0.6% in the prior month. The preliminary figures had indicated an advance of 2.3%.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	06:30	Capacity Utilisation (MoM) (May)	✓	1.70%*	1.60%	Monthly
Japan	06:30	Industrial Production (MoM) (May) (F)	✓✓✓	2.00%*	2.30%**	Monthly
Japan	06:30	Industrial Production (YoY) (May) (F)	✓✓✓	-2.10%*	-1.80%**	Monthly
Germany	08:00	Wholesale Price Index (MoM) (Jun)	✓	-	0.30%	Monthly
Germany	08:00	Wholesale Price Index (YoY) (Jun)	✓	-	1.60%	Monthly
Spain	09:00	Consumer Price Index (MoM) (Jun) (F)	✓✓✓	-0.10%	-0.10%**	Monthly
Spain	09:00	Consumer Price Index (YoY) (Jun) (F)	✓✓✓	0.40%	0.40%**	Monthly
Spain	09:00	Harmonised Index of Consumer Prices (MoM) (Jun) (F)	✓✓✓	-0.10%	-0.10%**	Monthly
Spain	09:00	Harmonised Index of Consumer Prices (YoY) (Jun) (F)	✓✓✓	0.60%	0.60%**	Monthly
UK	10:30	BoE's Vlieghe speaks in London	✓	-	-	As scheduled
Eurozone	11:00	Industrial Production s.a. (MoM) (May)	✓✓✓	0.20%	-0.50%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (May)	✓✓✓	-1.50%	-0.40%	Monthly
Eurozone	11:00	Industrial Production (Jun)	✓	-	104.80	Monthly
Eurozone	11:00	ECB's Visco, Italy's Tria Speak in Milan	✓	-	-	As scheduled
US	14:30	Producer Price Index (Jun)	✓	-	118.20	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (Jun)	✓✓	0.20%	0.20%	Monthly
US	14:30	Producer Price Index (MoM) (Jun)	✓✓✓	0.00%	0.10%	Monthly
US	14:30	Producer Price Index (YoY) (Jun)	✓✓✓	1.60%	1.80%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (Jun)	✓✓	2.10%	2.30%	Monthly
Italy	15:00	Bank of Italy Releases the Quarterly Economic Bulletin	✓	-	-	As scheduled
US	16:00	Fed's Evans speech	✓	-	-	As scheduled

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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