

ONE Minute Brief

2 September 2019

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), trade balance recorded a deficit of ZAR2.88bn in July, compared to a revised surplus of ZAR5.50bn in the previous month. M3 money supply growth dropped to 8.28% in July from 8.99% in June. However, growth in private sector credit demand advanced to 7.19% on a yearly basis in July, compared to a revised rise of 6.88% in the prior month.

News report indicate that the South African Broadcasting Corporation (SABC) Chief Executive Officer, Madoda Mxakwe, Chief Operating Officer, Craig van Rooyen, and Chief Financial Officer, Yolande van Biljon, have threatened to quit, citing constant meddling and interference from members of the board.

Eskom announced that it has appointed chief economist and head of portfolio management and foreign exchange trading, Mandla Maleka, as its new interim group Treasurer.

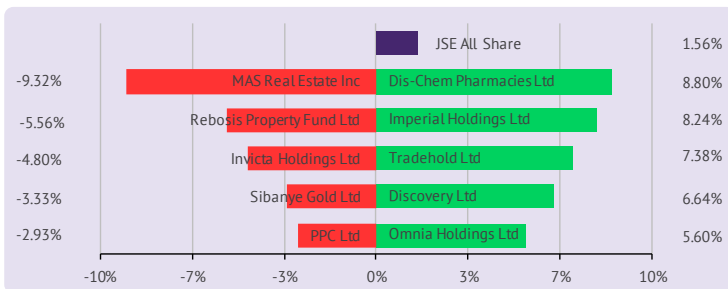
State arms manufacturer, Denel, stated that it has received a ZAR1.8bn government bailout and that the government would consider its request for a further ZAR1bn cash injection in the 2020/21 budgetary process.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in banking and platinum mining sector stocks. The JSE All Share Index rose 1.6% to close at 55,259.57.

To Read More Click [Here](#)

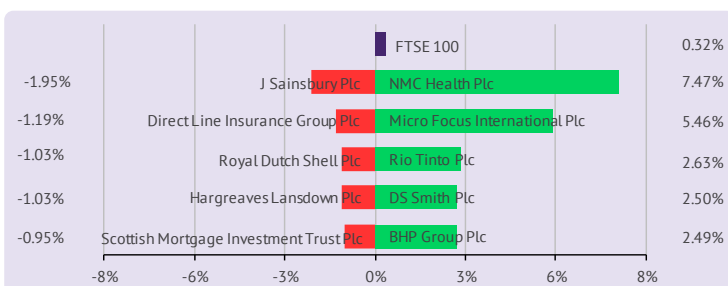


UK Market ▲

UK markets closed in the green

UK markets finished higher on Friday, supported by gains in mining sector stocks and amid hopes of US-China trade deal. Data revealed that UK's mortgage approvals unexpectedly rose in July. The FTSE 100 Index advanced 0.3% to close at 7,207.18. Today, the FTSE 100 futures are trading in negative territory.

To Read More Click [Here](#)



Key indices

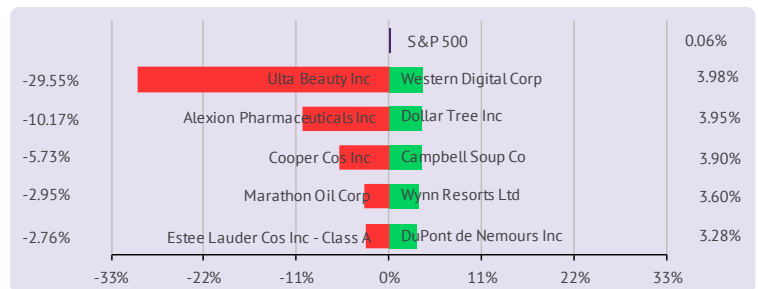
	As at 30 Aug 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	55259.57	▲	848.10	1.56	NA	NA	-2.69	4.78
JSE Top 40 (ZAR)	49320.23	▲	758.87	1.56	NA	NA	-2.91	5.55
FTSE 100(GBP)	7207.18	▲	22.86	0.32	NA	NA	-5.00	7.12
DAX 30 (EUR)	11939.28	▲	100.40	0.85	NA	NA	-2.05	13.07
CAC 40 (EUR)	5480.48	▲	30.51	0.56	NA	NA	-0.70	15.85
S&P 500 (USD)	2926.46	▲	1.88	0.06	NA	NA	-1.81	16.74
Nasdaq Composite (USD)	7962.88	▼	-10.51	-0.13	NA	NA	-2.60	20.01
DJIA (USD)	26403.28	▲	41.03	0.16	NA	NA	-1.72	13.19
MSCI Emerging Markets (USD)	984.33	▲	14.26	1.47	NA	NA	-5.08	1.91
MSCI Developed World (USD)	2138.52	▲	5.44	0.26	NA	NA	-2.24	13.51

US Market ▲

US markets closed mostly firmer

US markets closed mostly higher on Friday, on optimism over US-China trade talks and amid stronger-than-expected US consumer spending data. The S&P 500 Index climbed 0.1% to close at 2,926.46. Today, the S&P 500 futures are trading weaker.

To Read More Click [Here](#)

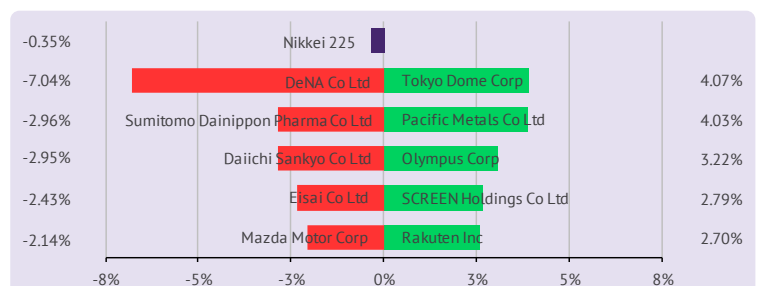


Asian Market ▲▶

Trading mixed

Asian markets are trading mixed this morning. Data showed that Japan's Nikkei manufacturing PMI dropped in August. The Nikkei 225 Index is trading 0.4% lower at 20,631.75.

To Read More Click [Here](#)



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R15.2200. With no major economic news in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand on Friday. On the macro front, the US personal income rose less-than-anticipated in July. Additionally, the Michigan consumer sentiment index declined to its lowest level since October 2016 in August. Meanwhile, the nation's personal spending surpassed market expectations in July. Moreover, the Chicago Purchasing Managers' Index (PMI) climbed more than market expectations in August. Separately, in SA, trade balance posted a deficit for the first time in three months in July. Further, growth in private sector credit demand advanced less than market forecast in July. Additionally, M3 money supply growth dropped in July.

GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R18.5075. Ahead in the day, traders will keep an eye on UK's Markit manufacturing PMI for further indication.

The British Pound declined against the South African Rand on Friday. On the data front, UK's net consumer credit advanced less-than-anticipated in July. Moreover, the Nationwide house price index rose less than market forecast on an annual basis in August. On the other hand, the nation's mortgage approvals unexpectedly climbed to a two-year high level in July.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.3% firmer against the South African Rand at R16.7308. Going forward, market participants will keep a tab on the Markit manufacturing PMI across the Eurozone for further direction.

The Euro weakened against the South African Rand on Friday. Data indicated that Eurozone's consumer price index (CPI) climbed at par with market forecast on an annual basis in August. Further, unemployment rate remained unchanged in July. Separately, Germany's retail sales declined at its fastest pace this year in July.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.2408. Earlier in the session, Australia's AIG performance of manufacturing index climbed in August. Meanwhile, the CBA manufacturing PMI fell in August. Separately, in China, Australia's largest trading partner, the Caixin manufacturing PMI unexpectedly advanced in August.

The Australian Dollar fell against the South African Rand on Friday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	15.2200	▼	-0.76	NA	NA	5.94	5.92
GBPZAR	18.5075	▼	-0.99	NA	NA	5.87	0.80
EURZAR	16.7308	▼	-1.44	NA	NA	5.04	1.38
AUDZAR	10.2408	▼	-0.84	NA	NA	4.16	1.03
EURUSD	1.0992	▲	-0.68	NA	NA	-0.85	-4.23
GBPUSD	1.2161	▲	-0.21	NA	NA	-0.02	-4.69
Brent (\$/barrel)	59.0	▼	-3.00	NA	NA	-8.92	10.13
Gold (\$/oz)	1534.4	▲	-0.49	NA	NA	6.79	18.86
Platinum (\$/oz)	940.7	▲	1.27	NA	NA	6.01	17.06
Copper (\$/MT)*	5655.8	▼	-0.95	NA	NA	-4.18	-4.93

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,534.40/oz, the United States and China launched fresh tariffs on each other's exports.

To Read More Click [Here](#)

On Friday, gold prices fell 0.5% to close at \$1,523.00/oz, amid reports that the US and China would resume trade negotiations.

To Read More Click [Here](#)

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.4% to trade at \$59.01/bl, amid new round of tariffs in the US-China trade war.

To Read More Click [Here](#)

On Friday, Brent crude oil dropped 3.0% to settle at \$59.25/bl, after Russian Energy Minister, Alexander Novak, stated that Russia's oil output cuts in August will be slightly lower than agreed earlier under the deal between OPEC and non-OPEC producers. Meanwhile, Baker Hughes reported that US oil rig count fell by 12 to 742 last week.

To Read More Click [Here](#)

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.0% higher to trade at \$940.70/oz.

On Friday, platinum prices climbed 1.3% to close at \$931.70/oz.

Major South African corporate news

African Rainbow Minerals Limited

In its FY19 results, the company announced that revenues advanced 5.3% to ZAR9.60bn from ZAR9.11bn reported in the preceding year. Its diluted EPS stood at 1,815.00c, down from 2,419.00c recorded in the corresponding period of the previous year.

Discovery Limited

In its FY19 trading update, the company announced that it expects HEPS to be between 764.00c and 809.00c, which is 10.0% to 15.0% lower than the previous year. It also expects its EPS to be between 963.00c and 1,007.00c, which is 10.0% to 15.0% higher than the prior year.

Major global economic news

US

In the US, personal income rose 0.1% on a monthly basis in July, less than market expectations. In the prior month, personal income had recorded a revised advance of 0.5%.

In the US, personal spending advanced 0.6% on a monthly basis in July, more than market anticipations. Personal spending had recorded a rise of 0.3% in the previous month.

In the US, the Chicago Purchasing Managers' Index climbed to 50.40 in August, more-than-expected and compared to a reading of 44.40 in the prior month.

In the US, the final Michigan consumer sentiment index dropped to 89.80 in August. In the prior month, the index had recorded a level of 98.40. The preliminary figures had indicated a drop to 92.10.

UK

In the UK, net consumer credit grew by GBP0.90bn in July, less than market expectations. Net consumer credit had recorded a revised rise of GBP1.10bn in the prior month.

In the UK, number of mortgage approvals for house purchases unexpectedly rose to a level of 67.30K in July, compared to a revised reading of 66.50K in the prior month.

In August, non-seasonally adjusted Nationwide house prices advanced 0.6% on a yearly basis in the UK, less than market expectations. In the previous month, Nationwide house prices had recorded a rise of 0.3%.

Asia

In China, the Caixin manufacturing PMI unexpectedly climbed to a level of 50.40 in August. In the prior month, the Caixin manufacturing PMI had recorded a reading of 49.90.

In Japan, the Nikkei manufacturing PMI fell to a level of 49.30 in August, compared to a reading of 49.50 in the previous month.

In Australia, the AiG performance of manufacturing index rose to 53.10 in August. In the prior month, the index recorded a level of 51.30.

In Australia, the final CBA manufacturing PMI declined to a level of 50.90 in August, compared to a reading of 51.60 in the previous month.

Eurozone

In the Eurozone, the preliminary CPI rose 1.0% on an annual basis in August, in line with market forecast and compared to a similar rise in the previous month.

In July, unemployment rate remained unchanged at 7.5% in the Eurozone, meeting market expectations.

In Germany, retail sales dropped 2.2% on a monthly basis in July, more than market anticipations and compared to a revised advance of 3.0% in the previous month.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Impala Platinum Holdings Ltd	8645	14.04	NA	135.69
Harmony Gold Mining Co Ltd	5556	5.85	NA	120.48
Sibanye Gold Ltd	2087	2.96	NA	108.28
AngloGold Ashanti Ltd	34614	2.88	NA	91.36
Gold Fields Ltd	9086	1.67	NA	84.82
Northam Platinum Ltd	7865	32.99	NA	81.81
Anglo American Platinum Ltd	93074	13.70	NA	77.20
Pan African Resources PLC	265	1.92	NA	65.63
Kumba Iron Ore Ltd	39298	1.90	NA	55.36
Royal Bafokeng Platinum Ltd	3695	21.19	NA	48.54
Allied Electronics Corp Ltd	2381	-1.29	NA	34.72
Cartrack Holdings Ltd	1890	-0.53	NA	33.01
Transaction Capital Ltd	2215	-0.36	NA	32.02
Pioneer Foods Group Ltd	10550	0.62	NA	31.09
Telkom SA SOC Ltd	7961	-1.97	NA	29.02
Investec Australia Property Fund	1520	-0.65	NA	27.94
Clover Industries Ltd	2275	-2.57	NA	26.58
Cie Financiere Richemont SA	11836	-0.20	NA	26.39
DataTec Ltd	3337	-0.71	NA	25.72
Bid Corp Ltd	32500	8.64	NA	23.94
NEPI Rockcastle PLC	13449	1.89	NA	23.27
Naspers Ltd	345380	1.02	NA	23.15
Distell Group Holdings Ltd	13000	-0.76	NA	22.64
Sirius Real Estate Ltd	1308	1.40	NA	22.26
MTN Group Ltd	10259	4.09	NA	21.93
Fortress REIT Ltd	2111	-1.40	NA	20.51
Tradehold Ltd	1150	0.88	NA	19.93
African Rainbow Minerals Ltd	16571	6.31	NA	19.15
British American Tobacco PLC	53526	-3.44	NA	18.06
Metair Investments Ltd	2200	1.10	NA	17.83
Reinet Investments SCA	25342	1.39	NA	17.53
BHP Group PLC	32727	3.71	NA	15.83
Lighthouse Capital Ltd	785	1.0	NA	15.46
Resilient REIT Ltd	6295	-0.55	NA	15.30
AECI Ltd	9099	1.68	NA	15.21
Stenprop Ltd	1950	1.04	NA	13.79
Alexander Forbes Group Holdings Ltd	523	-2.97	NA	13.53
Equites Property Fund Ltd	2117	2.82	NA	13.21
Afrimat Ltd	3050	0.00	NA	11.23
Investec Property Fund Ltd	1447	-1.16	NA	10.54
JSE All Share Index	55260	2.34	NA	4.78

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Capital Spending Ex Software (YoY) (Q2)	✓	-1.70%*	6.90%	Quarterly
Japan	01:50	Capital Spending (Q2)	✓✓✓	1.90%*	6.10%	Quarterly
China	03:45	Caixin/Markit Manufacturing PMI (Aug)	✓✓✓	50.40*	49.90	Monthly
Japan	07:00	Vehicle Sales (YoY) (Aug)	✓	-	6.70%	Monthly
Switzerland	08:30	Real Retail Sales (YoY) (Jul)	✓✓	-	0.70%	Monthly
Spain	09:15	Markit Manufacturing PMI (Aug)	✓	-	48.20	Monthly
Switzerland	09:30	SVME - PMI (Aug)	✓✓	45.70	44.70	Monthly
Italy	09:45	Markit Manufacturing PMI (Aug)	✓✓✓	-	48.50	Monthly
France	09:50	Markit Manufacturing PMI (Aug) (F)	✓✓✓	-	51.00**	Monthly
Germany	09:55	Markit Manufacturing PMI (Aug) (F)	✓✓✓	43.60	43.60**	Monthly
Greece	10:00	Manufacturing PMI (Aug)	✓	-	54.60	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Aug) (F)	✓✓✓	47.00	47.00**	Monthly
UK	10:30	Markit Manufacturing PMI (Aug)	✓✓✓	48.80	48.00	Monthly
South Africa	11:00	Naamsa Vehicle Sales (YoY) (Aug)	✓	-	-3.70%	Monthly
South Africa	11:00	PMI Manufacturing (Aug)	✓✓	51.50	52.10	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

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

An Authorised Financial
Services Provider
FSP no. 731

GTC is nationally represented in Johannesburg, Cape Town and Durban.

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services