

ONE Minute Brief

5 September 2019

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Economic and political news

In South Africa (SA), the IHS Markit's Purchasing Managers' Index (PMI) climbed to 49.70 in August, compared to 48.40 in the previous month.

South African ambassador to the Netherlands, Bruce Koloane, has resigned from his position, after being recalled from his posting, over his involvement in the landing of a Gupta family plane at the Waterkloof Air Force Base in 2013.

Eskom's Chief Operating Officer, Jan Oberholzer, has cautioned that the utility could be forced to close some of its plants if it fails to reduce emissions.

Justice Minister, Ronald Lamola, stated that the special tribunal for the Special Investigating Unit (SIU) will start operating after the Department of Justice & Correctional Services finalises the regulations governing its operations.

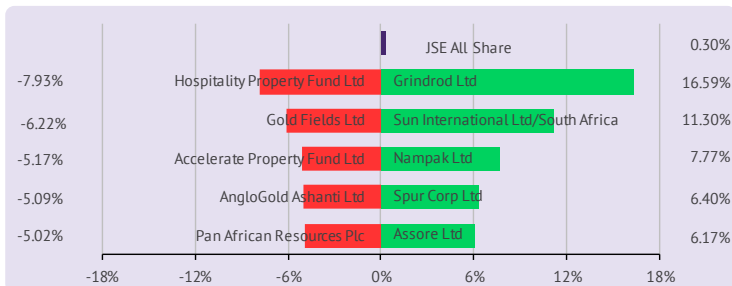
Business Unity SA (Busa) announced that it will set up a formal mechanism for engaging with the health department on its plans for universal health coverage.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial sector stocks. The JSE All Share Index rose 0.3% to close at 54,907.17.

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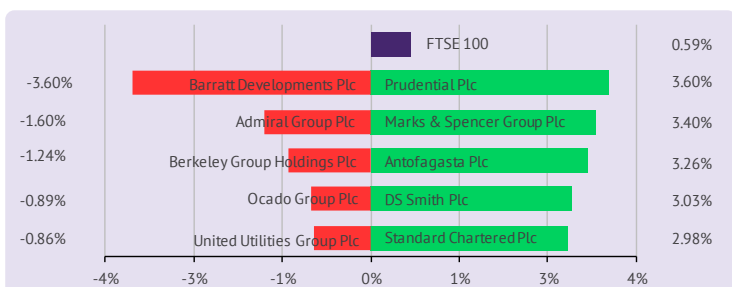


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, after British lawmakers seized control of the parliamentary agenda to try to block a no-deal Brexit. Data revealed that UK's Markit services PMI fell in August. The FTSE 100 Index advanced 0.6% to close at 7,311.26. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

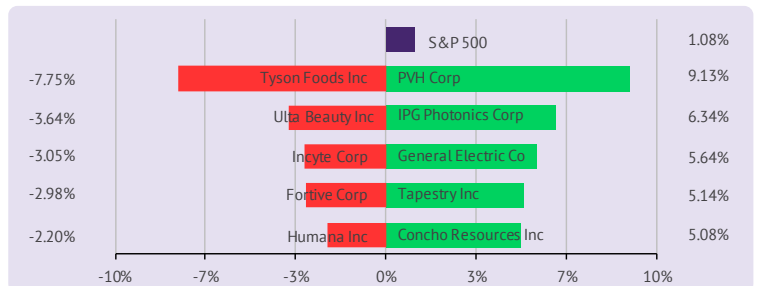
	As at 04 Sept 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	54907.17	▲	165.10	0.30	-0.64	-0.64	-2.69	4.12
JSE Top 40 (ZAR)	49031.01	▲	158.16	0.32	-0.59	-0.59	-2.91	4.93
FTSE 100 (GBP)	7311.26	▲	43.07	0.59	1.44	1.44	-5.00	8.67
DAX 30 (EUR)	12025.04	▲	114.18	0.96	0.72	0.72	-2.05	13.88
CAC 40 (EUR)	5532.07	▲	66.00	1.21	0.94	0.94	-0.70	16.94
S&P 500 (USD)	2937.78	▲	31.51	1.08	0.39	0.39	-1.81	17.19
Nasdaq Composite (USD)	7976.88	▲	102.72	1.30	0.18	0.18	-2.60	20.22
DJIA (USD)	26355.47	▲	237.45	0.91	-0.18	-0.18	-1.72	12.98
MSCI Emerging Markets (USD)	990.61	▲	17.33	1.78	0.64	0.64	-5.08	2.55
MSCI Developed World (USD)	2149.80	▲	22.87	1.08	0.53	0.53	-2.24	14.11

US Market ▲

US markets closed stronger yesterday

US markets closed firmer yesterday, on the back of upbeat Chinese economic data and as geopolitical tensions eased, after the withdrawal of the extradition bill by Hong Kong. The S&P 500 Index climbed 1.1% to close at 2,937.78. Today, the S&P 500 futures are trading in the green.

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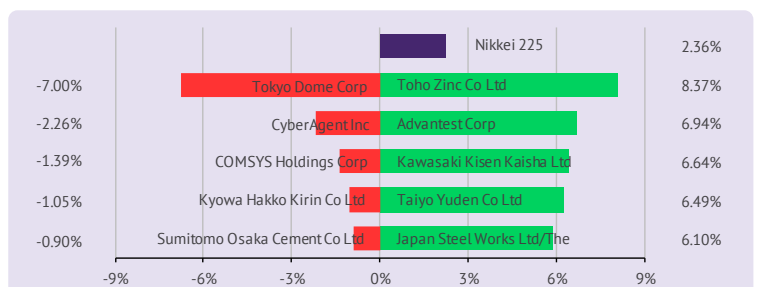


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, as geopolitical tensions in the UK and Hong Kong eased. The Nikkei 225 Index is trading 2.4% higher at 21,136.65.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell 0.3% against the South African Rand to trade at R14.7563. Later today, traders will keep a close watch on the US Markit services PMI, the ADP employment change, factory orders, durable goods orders, initial jobless claims and the ISM non-manufacturing index for further indication.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US trade deficit narrowed less than market forecast in July. Further, the MBA mortgage applications fell in the week ended 30 August 2019.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.4% weaker against the South African Rand at R18.0603. 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. On the data front, UK's Markit services PMI declined in August.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0.4% against the South African Rand to trade at R16.2722. Going forward, market participants will keep a tab on Germany Markit construction PMI and factory orders for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, Eurozone's Markit services PMI jumped more than market forecast in August. Meanwhile, the nation's retail sales dropped in line with market expectations on a monthly basis in July. Separately, Germany's Markit services PMI unexpectedly advanced in August.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally gained against the South African Rand to trade at R10.0630. Earlier in the session, Australia's trade surplus narrowed less than market anticipations in July.

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	14.7563	▲	-1.96	-2.60	-2.60	5.94	3.16
GBPZAR	18.0603	▲	-0.58	-1.80	-1.80	5.87	-1.02
EURZAR	16.2722	▲	-1.41	-2.10	-2.10	5.04	-0.75
AUDZAR	10.0630	▼	-1.42	-1.63	-1.63	4.16	-0.62
EURUSD	1.1027	▼	0.56	0.48	0.48	-0.85	-3.77
GBPUSD	1.2238	▼	1.42	0.80	0.80	-0.02	-3.93
Brent (\$/barrel)	60.7	▼	4.19	2.45	2.45	-8.92	12.83
Gold (\$/oz)	1553.9	▼	0.28	2.04	2.04	6.79	21.28
Platinum (\$/oz)	994.0	▲	2.99	5.63	5.63	6.01	23.66
Copper (\$/MT)*	5724.3	▲	2.50	1.21	1.21	-4.18	-3.78

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices are trading marginally lower at \$1,553.90/oz, amid rise in the US equities, following developments in Britain and Hong Kong.

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Yesterday, gold prices rose 0.3% to close at \$1,554.00/oz, led by decline in the 10-year US Treasury yields.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$60.66/bl, after the American Petroleum Institute reported that crude oil inventories rose by 401,000 bls in the week ended 30 August 2019.

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Yesterday, Brent crude oil climbed 4.2% to settle at \$60.70/bl, amid easing geopolitical trade tensions and strong economic data from China.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 1% to trade at \$994.00/oz.

Yesterday, platinum prices advanced 3.0% to close at \$984.20/oz.

Major South African corporate news

Discovery Limited

In its FY19 results, the company announced that net insurance premiums increased to ZAR37.44bn from ZAR32.33bn posted in the previous year. Its diluted EPS rose 14.0% to 1,001.10c from 875.60c reported in the prior year.

Trencor Limited

In its 1H19 trading statement, the company announced that it expects basic loss/earnings per share to be between loss per share of 15.00c and EPS of 10.00c, compared to EPS of 2,478.00c recorded in the same period of the previous year. Further, the company expects headline loss per share to be between 5.00c and 25.00c, compared to a loss per share of 724.00c during the same period last year.

Major global economic news

US

The Federal Reserve, in its latest Beige Book report, revealed that the US economy expanded at a modest pace from June through August. Further, the report indicated that majority of businesses remained optimistic about the near-term outlook, despite growing concerns regarding tariffs and trade policy uncertainty.

In the US, trade deficit narrowed to USD54.00bn in July, less than market expectations and compared to a revised deficit of USD55.50bn in the previous month.

In the US, the MBA mortgage applications dropped 3.1% 2019 on a weekly basis in the week ended 30 August. In the previous week, the MBA mortgage applications had fallen 6.2%.

Eurozone

In the Eurozone, the Markit final services PMI climbed to 53.50 in August, more than market expectations and compared to a level of 53.20 in the previous month. The preliminary figures had indicated an advance to 53.40.

In July, seasonally adjusted retail sales fell 0.6% on a monthly basis in the Eurozone, at par with market expectations. Retail sales had climbed by a revised 1.2% in the prior month.

In Germany, the final Markit services PMI unexpectedly rose to 54.80 in August, compared to a level of 54.50 in the prior month. The preliminary figures had indicated a drop to 54.40.

Asia

In Australia, seasonally adjusted trade surplus narrowed to AUD7268.00mn in July, less than market expectations and compared to a revised surplus of AUD7977.00mn in the previous month.

UK

In the UK, the Markit services PMI dropped to 50.60 in August, more than market anticipations and compared to a reading of 51.40 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Germany	08:00	Factory Orders n.s.a. (YoY) (Jul)	✓✓✓	-4.20%	-3.60%	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Jul)	✓✓	-1.40%	2.50%	Monthly
Eurozone	09:00	ECB's Guindos Speaks in Frankfurt	✓	-	-	As scheduled
UK	10:00	New Car Registrations (YoY) (Aug)	✓	-	-4.10%	Monthly
Greece	11:00	Unemployment Rate (Jun)	✓	-	17.20%	Monthly
South Africa	11:00	Current Account Balance (Q2)	✓	-ZAR145.00bn	-ZAR143.00bn	Quarterly
South Africa	11:00	Current Account to GDP (Q2)	✓✓	-3.00%	-2.90%	Quarterly
South Africa	13:00	Electricity Consumption (YoY) (Jul)	✓	-	-1.60%	Monthly
South Africa	13:00	Electricity Production (YoY) (Jul)	✓	-	0.10%	Monthly
US	13:30	Challenger Job Cuts (YoY) (Aug)	✓	-	43.20%	Monthly
US	13:30	Challenger Job Cuts (Aug)	✓	-	38.85K	Monthly
US	14:15	ADP Employment Change (Aug)	✓✓✓	148.00 K	156.00K	Monthly
US	14:30	Non-Farm Productivity (Q2) (F)	✓	2.20%	2.30%**	Quarterly
US	14:30	Continuing Jobless Claims (24-Aug)	✓✓✓	1688.00K	1698.00K	Weekly
US	14:30	Initial Jobless Claims (31-Aug)	✓✓✓	215.00K	215.00K	Weekly
US	14:30	Unit Labour Costs (Q2) (F)	✓	2.40%	2.40%**	Quarterly
US	15:45	Markit Composite PMI (Aug) (F)	✓✓✓	-	50.90**	Monthly
US	15:45	Markit Services PMI (Aug) (F)	✓✓✓	50.90	50.90**	Monthly
US	16:00	Factory Orders (Jul)	✓	-	493817.00mn	Monthly
US	16:00	ISM Non-Manufacturing PMI (Aug)	✓✓✓	54.00	53.70	Monthly
US	16:00	Durable Goods Orders (Jul) (F)	✓✓✓	2.10%	2.10%**	Monthly
US	16:00	Durable Goods Orders ex Transportation (Jul) (F)	✓✓	-0.40%	-0.40%**	Monthly
US	16:00	Factory Orders (MoM) (Jul)	✓✓✓	1.00%	0.60%	Monthly
Eurozone	16:30	BoE's Teneyro Speaks in Frankfurt	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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