

ONE Minute Brief

6 September 2019

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Economic and political news

In South Africa (SA), current account deficit widened to 4.0% of GDP in 2Q19, compared to a deficit of 2.9% in the previous quarter. Electricity consumption fell 1.9% on a yearly basis in July, compared to a drop of 1.5% in the prior month. Annual electricity production slid 0.6% in July, compared to a rise of 0.1% in June.

In an address to the nation, President, Cyril Ramaphosa, unveiled a list of measures to address cases of violence against women.

SA has temporarily closed its diplomatic missions in Nigeria on safety concerns. Meanwhile, Nigeria pledged to work with SA and highlighted that it does not seek an escalation of the ongoing situation.

Public Enterprises Minister, Pravin Gordhan, stated that the South African government will consult Eskom's debt holders on any reorganisation for the utility.

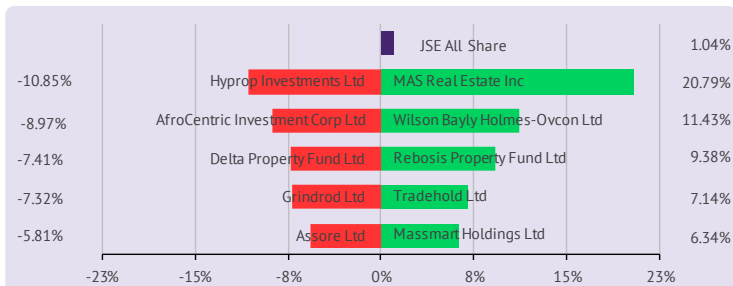
The Financial Intelligence Centre (FIC) has confirmed that the information provided to Public Protector, Busisiwe Mkhwebane, in relation to President Ramaphosa's ANC presidential campaign was obtained and disseminated lawfully.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and financial sector stocks. Data indicated that SA's current account deficit widened more-than-anticipated in 2Q19. The JSE All Share Index rose 1.0% to close at 55,476.36.

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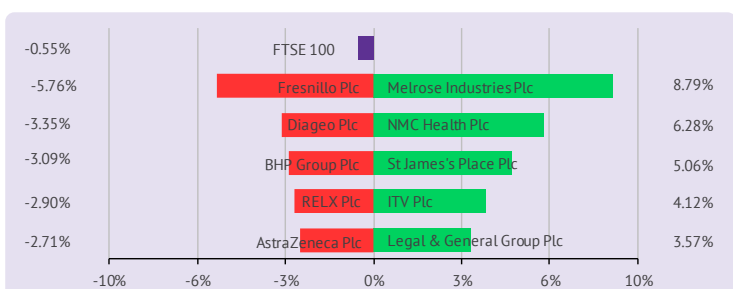


UK Market ▼

UK markets closed weaker

UK markets finished lower yesterday, amid strength in the British Pound, after UK lawmakers voted to block 'no-deal' Brexit. The FTSE 100 Index declined 0.6% to close at 7,271.17. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

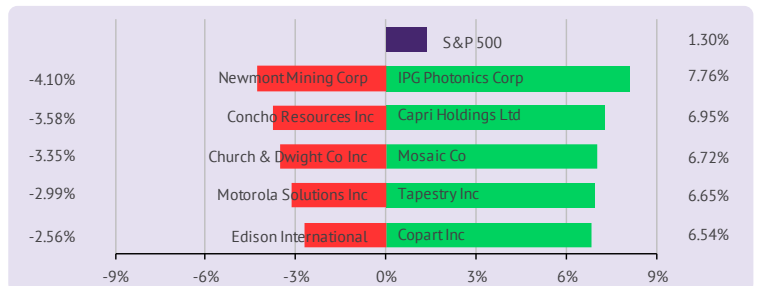
	As at 05 Sep 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55476.36	▲ 569.19	1.04	0.39	0.39	-2.69	5.19
JSE Top 40 (ZAR)	49576.77	▲ 545.76	1.11	0.52	0.52	-2.91	6.10
FTSE 100 (GBP)	7271.17	▼ -40.09	-0.55	0.89	0.89	-5.00	8.07
DAX 30 (EUR)	12126.78	▲ 101.74	0.85	1.57	1.57	-2.05	14.85
CAC 40 (EUR)	5593.37	▲ 61.30	1.11	2.06	2.06	-0.70	18.24
S&P 500 (USD)	2976.00	▲ 38.22	1.30	1.69	1.69	-1.81	18.71
Nasdaq Composite (USD)	8116.83	▲ 139.95	1.75	1.93	1.93	-2.60	22.33
DJIA (USD)	26728.15	▲ 372.68	1.41	1.23	1.23	-1.72	14.58
MSCI Emerging Markets (USD)	1003.01	▲ 12.40	1.25	1.90	1.90	-5.08	3.84
MSCI Developed World (USD)	2174.27	▲ 24.47	1.14	1.67	1.67	-2.24	15.41

US Market ▲

US markets closed in the green

US markets closed higher yesterday, as the US and China decided to meet next month and resume trade talks. Data revealed that the US Markit services PMI dropped more-than-expected in August. The S&P 500 Index climbed 1.3% to close at 2,976.00. Today, the S&P 500 futures are trading in the green.

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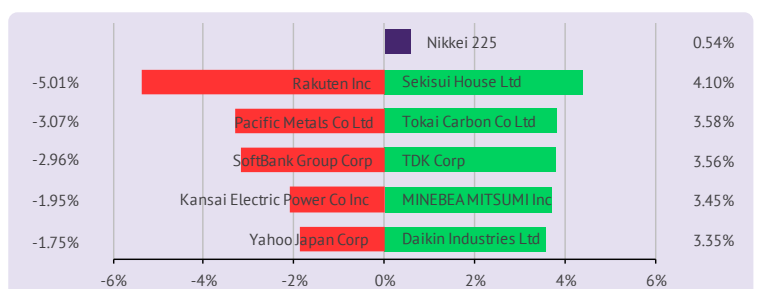


Asian Market ▲

Trading higher

Asian markets are trading firmer this morning, on renewed hopes over US-China trade deal. The Nikkei 225 Index is trading 0.5% higher at 21,200.52.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R14.8747. Later today, traders will keep a close watch on the US non-farm payrolls, unemployment rate and average hourly earnings for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US ADP employment rose more than market expectations in August. Additionally, factory orders jumped for a second consecutive month in July. Moreover, the ISM non-manufacturing index improved in August. On the other hand, the nation's Markit services PMI fell more than market anticipations in August. Moreover, durable goods orders advanced less than market forecast in July. Further, initial jobless claims unexpectedly climbed in the week ended 31 August 2019. Separately, the South African rand declined against the dollar, after current account deficit widened more than market forecast in 2Q19. Additionally, both annual electricity production and electricity consumption dropped in July.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R18.3358. Ahead in the day, traders will keep an eye on UK's Halifax house prices for further cues.

The British Pound advanced against the South African Rand yesterday, after British lawmakers voted to block Prime Minister Boris Johnson's no-deal Brexit next month and resisted the government's push for a snap general election.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R16.4162. Going forward, market participants will keep a tab on Eurozone's GDP and Germany's industrial production for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany Markit construction PMI declined in August, marking its lowest level since June 2014. Additionally, factory orders dropped more than market forecast on a monthly basis in July.

AUD ZAR ▼

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.1482. Earlier in the session, Australia's AiG performance of construction index rose in August.

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	14.8747	▲	0.56	-2.06	-2.06	5.94	3.74
GBPZAR	18.3358	▲	1.20	-0.63	-0.63	5.87	0.17
EURZAR	16.4162	▲	0.55	-1.57	-1.57	5.04	-0.21
AUDZAR	10.1482	▼	0.81	-0.83	-0.83	4.16	0.19
EURUSD	1.1036	▲	0.00	0.48	0.48	-0.85	-3.77
GBPUSD	1.2327	▼	0.66	1.46	1.46	-0.02	-3.29
Brent (\$/barrel)	61.1	▲	0.41	2.87	2.87	-8.92	13.29
Gold (\$/oz)	1522.9	▲	-2.25	-0.26	-0.26	6.79	18.55
Platinum (\$/oz)	946.3	▼	-2.08	3.43	3.43	6.01	21.08
Copper (\$/MT)*	5825.0	▲	1.76	2.99	2.99	-4.18	-2.08

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,522.90/oz.

Yesterday, gold prices fell 2.3% to close at \$1,519.00/oz, amid renewed hopes over US-China trade deal, after both the countries agreed to resume trade talks next month.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$61.10/bl.

Yesterday, Brent crude oil advanced 0.4% to settle at \$60.95/bl, after the Energy Information Administration reported that the US crude supplies declined by 4.8mn bls in the week ended 30 August 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 1.8% lower to trade at \$946.30/oz.

Yesterday, platinum prices declined 2.1% to close at \$963.70/oz.

Major South African corporate news

Capitec Bank Holdings Limited

In its 1H19 trading statement, the company announced that it expects HEPS to be between ZAR25.11 and ZAR25.75, compared to ZAR21.28 recorded in the same period of the previous year. Further, the company anticipates EPS to be between ZAR25.04 and ZAR25.68, compared to ZAR21.22 posted in the corresponding period of the preceding year.

FirstRand Limited

In its FY19 results, the company announced that net interest income before impairment rose to ZAR60.46bn from ZAR49.10bn reported in the corresponding period of the previous year. Its diluted EPS rose to 538.60c from 473.30c reported in the same period of the prior year. Further, the company declared a gross dividend of 291.00c per share.

Hyprop Investments Limited

In its FY19 results, the company announced that revenues advanced 3.3% to ZAR3.22bn from ZAR3.11bn reported in the same period of the preceding year. Its diluted EPS stood at 64.50c, compared to 1,015.00c recorded in the corresponding period of the previous year. The company declared a final dividend of 359.30c per share.

Impala Platinum Holdings Limited

In its FY19 results, the company announced that revenues increased to ZAR48.63bn from ZAR35.85bn posted in the corresponding period of the previous year. Its diluted EPS stood at 203.00c compared to a loss per share of 1,486.00c reported in the same period of the prior year.

Sanlam Limited

In its 1H19 results, the company announced net income advanced 84.2% to ZAR81.10bn from ZAR44.03bn reported in the same period of the preceding year. Its diluted EPS stood at 164.50c, compared to 244.90c recorded in the corresponding period of the previous year.

Major global economic news

US

In the US, the final Markit services PMI dropped to 50.70 in August, more than market forecast and compared to a reading of 53.00 in the prior month. The preliminary figures had indicated a drop to 50.90.

In the US, the ADP private sector employment advanced by 195.00K in August, more than market expectations and compared to a revised increase of 142.00K in the previous month.

In the US, factory orders rose 1.4% on a monthly basis in July, more than market anticipations and compared to a revised rise of 0.5% in the previous month.

In the US, final durable goods orders rose 2.0% on a monthly basis in July, less than market expectations. In the prior month, durable goods orders had recorded a revised advance of 1.8%. The preliminary figures had recorded a rise of 2.1%.

In the US, seasonally adjusted initial jobless claims unexpectedly rose to a level of 217.00K in the week ended 31 August 2019, compared to a revised level of 216.00K in the previous week.

In August, the ISM non-manufacturing index climbed to 56.40 in the US, more than market expectations. In the prior month, the index had recorded a level of 53.70.

Asia

In Australia, the AiG performance of construction index climbed to 44.60 in August. The index had recorded a level of 39.10 in the prior month.

In Japan, household spending advanced 0.8% on an annual basis in July, in line with market forecast and compared to a rise of 2.7% in the previous month.

Eurozone

In Germany, the Markit construction PMI dropped to a level of 46.30 in August, compared to a reading of 49.50 in the previous month.

In Germany, seasonally adjusted factory orders fell 2.7% on a monthly basis in July, more than market expectations and compared to a revised rise of 2.7% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Household Spending (YoY) (Jul)	✓✓	0.80%*	2.70%	Monthly
Japan	07:00	Leading Economic Index (Jul) (P)	✓✓✓	93.20	93.30	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Aug)	✓	-	USD49.36bn	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Aug)	✓	USD44.30bn	USD43.90bn	Monthly
Germany	08:00	Industrial Production n.s.a. and w.d.a. (YoY) (Jul)	✓✓✓	-3.90%	-5.20%	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Jul)	✓✓✓	0.40%	-1.50%	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (Aug)	✓	3.40%	4.10%	Monthly
UK	09:30	Halifax House Prices (MoM) (Aug)	✓	0.20%	-0.20%	Monthly
Eurozone	11:00	Employment Change (QoQ) (Q2) (F)	✓✓✓	-	0.20%**	Quarterly
Eurozone	11:00	Employment Change (YoY) (Q2) (F)	✓✓	-	1.10%**	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q2) (F)	✓✓✓	0.20%	0.20%**	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q2) (F)	✓✓	1.10%	1.10%**	Quarterly
Eurozone	11:00	Household Consumption (QoQ) (Q2)	✓	0.20%	0.50%	Quarterly
Eurozone	11:00	Gross Fixed Capital (QoQ) (Q2)	✓	0.20%	1.10%	Quarterly
Eurozone	11:00	Government Expenditure (QoQ) (Q2)	✓	0.30%	0.10%	Quarterly
US	14:30	Change in Household Employment (Aug)	✓	-	283.00K	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Aug)	✓✓	0.30%	0.30%	Monthly
US	14:30	Average Weekly Hours All Employees (Aug)	✓	34.40	34.30	Monthly
US	14:30	Underemployment Rate (Aug)	✓✓	-	7.00%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Aug)	✓✓	3.00%	3.20%	Monthly
US	14:30	Unemployment Rate (Aug)	✓✓✓	3.70%	3.70%	Monthly
US	14:30	Change in Manufacturing Payrolls (Aug)	✓	5.00K	16.00K	Monthly
US	14:30	Change in Non-farm Payrolls (Aug)	✓✓✓	160.00K	164.00K	Monthly
US	14:30	Change in Private Payrolls (Aug)	✓✓	150.00K	148.00K	Monthly
US	18:30	Fed's Chair Powell speech	✓✓	-	-	As scheduled
UK	-	UK court hearing on forcing no-deal Brexit	✓✓	-	-	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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