

ONE Minute Brief

12 September 2019

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Economic and political news

In South Africa (SA), the BER business confidence index (BCI) dropped to 21.00 in 3Q19 from 28.00 in the previous quarter. Moreover, the SACCI BCI declined to 89.10 in August, compared to 92.00 in July.

South African Reserve Bank (SARB) Governor, Lesetja Kganyago, has warned that slowdown in global growth poses risks to the central bank's growth forecasts for SA.

President, Cyril Ramaphosa, has appointed Supreme Court of Appeal (SCA) justices, Stevan Majiedt and Zukisa Tshiqi, as judges of the Constitutional Court, with effect from 1 October 2019.

Union federation, Cosatu, stated that Eskom should not be privatised and warned that a mass strike would result if any of Eskom workers are removed during the turnaround.

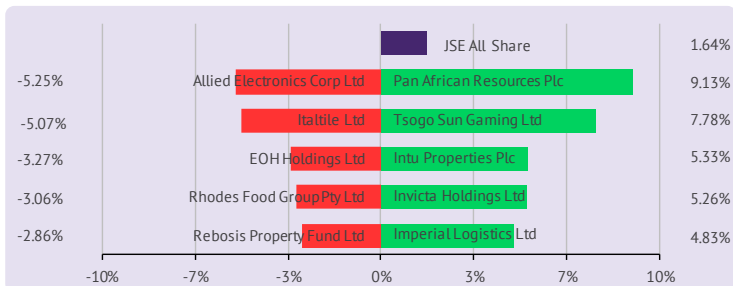
Deputy President, David Mabuza, stated that the South African government will soon make announcements regarding the redistribution of more than two million hectares of state-owned land for agricultural purposes.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by gains in industrial and resource sector stocks. Data indicated that SA's SACCI BCI weakened in August. The JSE All Share Index rose 1.6% to close at 56,243.78.

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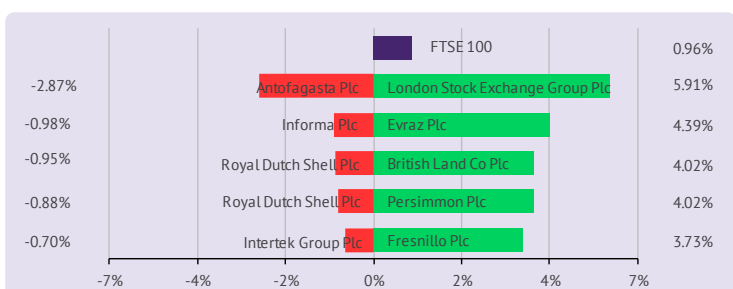


UK Market ▲

UK markets closed firmer

UK markets finished higher yesterday, amid expectations of monetary stimulus by the world's major central banks. The FTSE 100 Index advanced 1.0% to close at 7,338.03. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

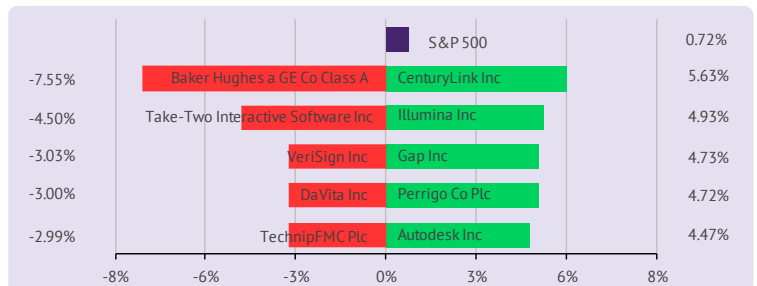
	As at 11 Sep 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	56243.78	▲	907.97	1.64	1.17	1.78	-2.69	6.65
JSE Top 40 (ZAR)	50359.15	▲	874.59	1.77	1.38	2.11	-2.91	7.77
FTSE 100 (GBP)	7338.03	▲	70.08	0.96	0.76	1.82	-5.00	9.06
DAX 30 (EUR)	12359.07	▲	90.36	0.74	1.37	3.52	-2.05	17.05
CAC 40 (EUR)	5618.06	▲	24.85	0.44	0.25	2.51	-0.70	18.76
S&P 500 (USD)	3000.93	▲	21.54	0.72	0.75	2.54	-1.81	19.71
Nasdaq Composite (USD)	8169.68	▲	85.52	1.06	0.82	2.60	-2.60	23.12
DJIA (USD)	27137.04	▲	227.61	0.85	1.27	2.78	-1.72	16.33
MSCI Emerging Markets (USD)	1017.04	▲	8.92	0.88	0.90	3.32	-5.08	5.29
MSCI Developed World (USD)	2194.42	▲	15.00	0.69	0.71	2.61	-2.24	16.48

US Market ▲

US markets closed in the green

US markets closed stronger yesterday, boosted by gains in technology sector stocks. Data showed that the US annual producer price index (PPI) unexpectedly rose in August. The S&P 500 Index climbed 0.7% to close at 3,000.93. Today, the S&P 500 futures are trading in the green.

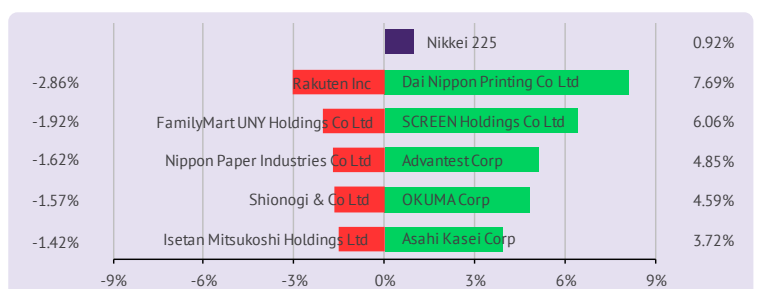
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly firmer this morning. The Nikkei 225 Index is trading 0.9% higher at 21,795.52.



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 R14.6485. Later today, traders will keep a close watch on the US consumer price index (CPI), average weekly earnings, initial jobless claims and monthly budget statement for further indication.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US PPI climbed more than market forecast on a yearly basis in August. Additionally, the MBA mortgage applications rebounded in the week ended 06 September 2019. Separately, in SA, the SACCI BCI declined to a 34-year low level in August. Also, the BER BCI dropped in 3Q19, marking its lowest level in 20 years.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.2% against the South African Rand to trade at R18.0637. Amid no major economic news in the UK today, market sentiment will be determined by global macroeconomic news. Data revealed that UK's RICS house price balance increased in August.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R16.1319. Going forward, market participants will keep a tab on the European Central Bank's interest rate decision, Eurozone's industrial production and Germany's CPI for further direction.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R10.0813. Earlier in the session, Australia's consumer inflation expectations dropped in September.

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	14.6485	▲	0.23	-0.87	-3.41	5.94	2.30
GBPZAR	18.0637	▲	0.06	-0.47	-1.97	5.87	-1.18
EURZAR	16.1319	▲	-0.07	-1.03	-3.14	5.04	-1.80
AUDZAR	10.0813	▼	0.28	-0.64	-1.48	4.16	-0.47
EURUSD	1.1012	▲	-0.30	-0.17	0.25	-0.85	-3.99
GBPUSD	1.2331	▲	-0.19	0.35	1.40	-0.02	-3.36
Brent (\$/barrel)	61.2	▲	-2.52	-1.19	2.63	-8.92	13.03
Gold (\$/oz)	1501.3	▲	0.26	-0.82	-1.73	6.79	16.80
Platinum (\$/oz)	947.7	▲	0.38	-1.91	0.91	6.01	18.13
Copper (\$/MT)*	5738.8	▼	-1.00	-1.21	1.47	-4.18	-3.53

*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 \$1,501.30/oz.

Yesterday, gold prices rose 0.3% to close at \$1,496.60/oz, amid hopes of monetary policy easing by major central banks.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.7% to trade at \$61.22/bl.

Yesterday, Brent crude oil dropped 2.5% to settle at \$60.81/bl, amid reports that the US President, Donald Trump, is planning to ease sanctions on Iran raising the possibility of the return of Iranian oil to the global market. Meanwhile, the Energy Information Administration reported that the US crude supplies fell by 6.9mn bls in the week ended 6 September 2019.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.8% higher to trade at \$947.70/oz.

Yesterday, platinum prices climbed 0.4% to close at \$940.20/oz.

Major South African corporate news

Aspen Pharmacare Holdings Limited

In its FY19 results, the company announced that revenues advanced 1.5% to ZAR38.87bn from ZAR38.31bn posted in the preceding year. Its diluted EPS stood at 595.00c, compared to 1,231.30c recorded in the previous year. The company declared dividend of 315.00c per share.

Pan African Resources Plc

In its FY19 trading statement, the company announced that it expects HEPS to be between 1.12c and 1.27c, compared to 1.46c recorded in the preceding year. Further, it expects EPS to be between 1.93c and 2.02c, compared to 0.86c posted in the previous year.

Growthpoint Properties Limited

In its FY19 results, the company announced that revenues increased to ZAR11.55bn from ZAR10.93bn posted in the previous year. Its diluted EPS fell 6.3% to 213.68c from 228.00c reported in the prior year.

Major global economic news

US

In the US, the PPI advanced 1.8% on a yearly basis in August, more than market expectations and compared to a rise of 1.7% in the prior month.

In the US, the MBA mortgage applications rose 2.0% on a weekly basis in the week ended 6 September 2019. In the prior week, the MBA mortgage applications had registered a drop of 3.1%.

Asia

In Australia, consumer inflation expectations fell to 3.1% in September, compared to 3.5% in the prior month.

In Japan, machinery orders dropped 6.6% on a monthly basis in July, less than market expectations. In the prior month, machinery orders had advanced 13.9%.

UK

In the UK, the RICS house price balance rose to 4.0% in August, compared to 9.0% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	RICS Housing Price Balance (Aug)	✓✓✓	-4.00%*	-9.00%	Monthly
Japan	01:50	Machinery Orders (MoM) (Jul)	✓	-6.60%*	13.90%	Monthly
Japan	01:50	Machinery Orders (YoY) (Jul)	✓✓	0.30%*	12.50%	Monthly
Japan	04:00	Tokyo Average Office Vacancies (Aug)	✓	1.71%*	1.71%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Jul)	✓✓	0.10%*	-0.10%	Monthly
Germany	08:00	Consumer Price Index (MoM) (Aug) (F)	✓✓✓	-0.20%	-0.20%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	1.40%	1.40%**	Monthly
France	08:45	Consumer Price Index (EU norm) (YoY) (Aug) (F)	✓✓✓	1.20%	1.20%**	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (Jul)	✓✓✓	0.10%	-1.60%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Jul)	✓✓✓	-1.30%	-2.60%	Monthly
Eurozone	11:00	Industrial Production (Jul)	✓	-	103.80	Monthly
South Africa	11:30	Gold Production (YoY) (Jul)	✓	-	-16.00%	Monthly
South Africa	11:30	Mining Production (YoY) (Jul)	✓✓	-1.00%	-4.20%	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
US	14:30	Consumer Price Index Core s.a. (Aug)	✓	-	263.57	Monthly
US	14:30	Consumer Price Index n.s.a. (MoM) (Aug)	✓	-	0.17%	Monthly
US	14:30	Consumer Price Index (MoM) (Aug)	✓✓✓	0.10%	0.30%	Monthly
Eurozone	14:30	ECB's Draghi Speaks in Frankfurt After Policy Decision	✓	-	-	As scheduled
Eurozone	14:30	ECB Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
US	14:30	Consumer Price Index n.s.a. (Aug)	✓	256.59	256.57	Monthly
US	14:30	Continuing Jobless Claims (31-Aug)	✓✓✓	1690.00K	1662.00K	Weekly
US	14:30	Initial Jobless Claims (07-Sep)	✓✓✓	215.00K	217.00K	Weekly
US	14:30	Consumer Price Index (YoY) (Aug)	✓✓✓	1.80%	1.80%	Monthly
US	14:30	Consumer Price Index (YoY) (Aug)	✓✓✓	1.80%	1.80%	Monthly
US	18:00	USDA WASDE Report	✓	-	-	As scheduled
US	20:00	Monthly Budget Statement (Aug)	✓✓✓	-	-\$119.70bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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