

ONE Minute Brief

1 October 2019

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Economic and political news

In South Africa (SA), trade balance recorded a surplus of ZAR6.84bn in August, compared to a revised deficit of ZAR3.72bn in the previous month. Expansion in M3 money supply slowed to 7.45% on a yearly basis in August, compared to a rise of 8.28% in the previous month. Growth in private sector credit demand slowed to 6.86% on an annual basis in August, compared to a rise of 7.19% in July.

In his first weekly letter to the country known as "From the Desk of the President", President, Cyril Ramaphosa, pledged that government will finalise an economic growth strategy in the next few weeks.

The Equality Court has dismissed Public Enterprises Minister, Pravin Gordhan's appeal to exclude the South African Revenue Services (SARS) "rogue unit" report from the hate speech case against Economic Freedom Fighters' leader, Julius Malema.

Auditor-General, Kimi Makwetu, has questioned the South African Broadcasting Corporation's (SABC) going concern status and criticised it for not taking appropriate action to prevent irregular expenditure.

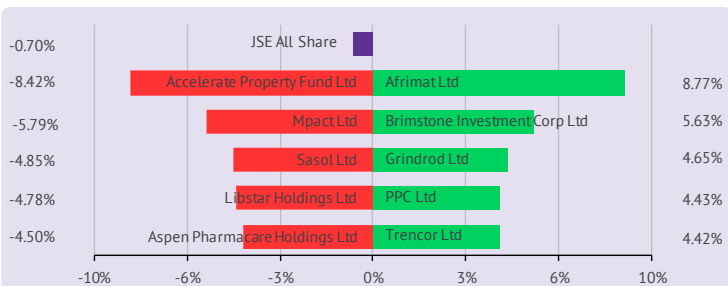
Organisation Undoing Tax Abuse stated that former South African Airways chair, Dudu Myeni's lawyer, Lugisani Daniel Mantsha, has sent a notice of his withdrawal from the delinquent director case against Myeni.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and gold mining sector stocks. Data revealed that SA's annual private sector demand growth slowed in August. The JSE All Share Index fell 0.7% to close at 54,824.97.

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UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, as energy sector stocks dropped, amid worries over oil demand. Data showed that UK's GDP fell in 2Q19. The FTSE 100 Index declined 0.2% to close at 7,408.21. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

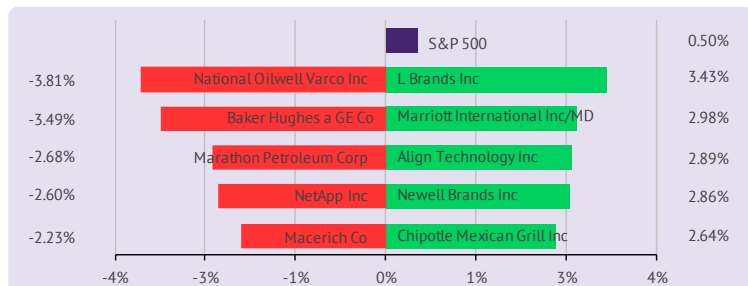
	As at 30 Sep 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54824.97	▼ -384.06	-0.70	-0.70	NA	-0.79	3.96
JSE Top 40 (ZAR)	48813.59	▼ -353.93	-0.72	-0.72	NA	-1.03	4.47
FTSE 100 (GBP)	7408.21	▼ -18.00	-0.24	-0.24	NA	2.79	10.11
DAX 30 (EUR)	12428.08	▲ 47.14	0.38	0.38	NA	4.09	17.70
CAC 40 (EUR)	5677.79	▲ 37.21	0.66	0.66	NA	3.60	20.02
S&P 500 (USD)	2976.74	▲ 14.95	0.50	0.50	NA	1.72	18.74
Nasdaq Composite (USD)	7999.34	▲ 59.71	0.75	0.75	NA	0.46	20.56
DJIA (USD)	26916.83	▲ 96.58	0.36	0.36	NA	1.95	15.39
MSCI Emerging Markets (USD)	1001.00	▼ -0.50	-0.05	-0.05	NA	1.69	3.63
MSCI Developed World (USD)	2180.02	▲ 4.48	0.21	0.21	NA	1.94	15.72

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid optimism over US-China trade negotiations and supported by gains in technology sector stocks. The S&P 500 Index climbed 0.5% to close at 2,976.74. Today, the S&P 500 futures are trading in the green.

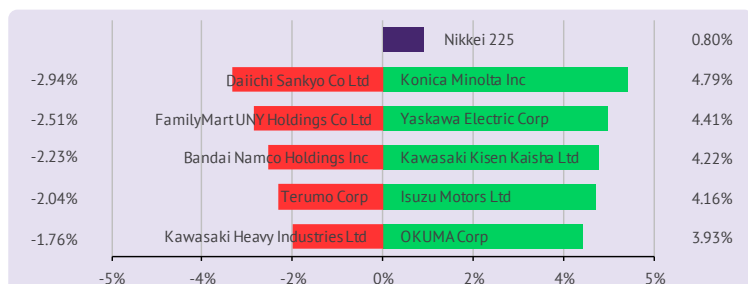
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Asian Market ▲

Trading higher

Asian markets are trading firmer this morning. The Nikkei 225 Index is trading 0.8% higher at 21,929.68.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R15.1474. Later today, traders will keep a close watch on the US Markit manufacturing PMI, the ISM manufacturing PMI and construction spending data for further direction.

The US Dollar rose against the South African Rand yesterday, as escalation in the US-China trade war boosted demand for the safe haven currency. On the macro front, the US Chicago Purchasing Managers' Index (PMI) declined more than market anticipations in September. Additionally, the Dallas Fed manufacturing index fell in September. Separately, in SA, private sector credit demand growth slowed on a yearly basis in August. Additionally, annual M3 money supply increased less than market forecast in August. On the other hand, the nation's trade balance swung to a trade surplus in August, notching its highest level in 8 months.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R18.6086. Ahead in the day, traders will keep an eye on the UK's Markit manufacturing PMI and Nationwide house price index for further cues.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's gross domestic product (GDP) fell on a quarterly basis in the second quarter of 2019. Additionally, consumer credit grew at its slowest pacesince 2014 in August. Moreover, mortgage approvals dropped to a 5-month low level in August. Further, current account deficit narrowed less than market expectations in 2Q19.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R16.4942. Going forward, market participants will keep a tab on Eurozone's consumer price index (CPI) along with the Markit manufacturing PMIs across the Eurozone for further indication.

The Euro weakened against the South African Rand yesterday, on the back of global growth concerns. Data indicated that Eurozone's unemployment rate dropped to a 11-year low level in August. Separately, Germany's consumer price inflation slowed for a second consecutive month on an annual basis in September, reaching its lowest level in 19 months. Further, retail sales increased less than market anticipations on a monthly basis in August. Meanwhile, unemployment rate remained steady in September.

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AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly lower against the South African Rand at R10.2116. Earlier in the session, Australia's AiG performance of manufacturing index climbed in September. Meanwhile, the nation's monthly building approvals unexpectedly decreased in August.

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	15.1474	▼	0.06	0.06	NA	-0.39	5.50
GBPZAR	18.6086	▲	0.11	0.11	NA	0.78	1.59
EURZAR	16.4942	▲	-0.33	-0.33	NA	-1.13	0.23
AUDZAR	10.2116	▲	-0.17	-0.17	NA	-0.10	0.93
EURUSD	1.0889	▼	-0.37	-0.37	NA	-0.76	-4.95
GBPUSD	1.2285	▼	-0.02	-0.02	NA	1.09	-3.65
Brent (\$/barrel)	59.7	▲	-4.30	-4.30	NA	0.00	10.13
Gold (\$/oz)	1471.0	▲	-2.23	-2.23	NA	-3.76	14.39
Platinum (\$/oz)	879.5	▼	-5.11	-5.11	NA	-5.18	10.99
Copper (\$/MT)*	5695.3	▼	-0.71	-0.71	NA	0.70	-4.27

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.4% to trade at \$1,471.00/oz.

Yesterday, gold prices fell 2.2% to close at \$1,465.70/oz, amid strength in the US Dollar and rise in US equities.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.8% to trade at \$59.71/bl, as the Organisation of the Petroleum Exporting Countries' production fell by 750,000 bpd to 28.9mn bpd in September, marking its lowest level in eight years.

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Yesterday, Brent crude oil dropped 4.3% to settle at \$59.25/bl, amid reports that Saudi Aramco has restored its oil production capacity to pre-attack levels.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.4% to trade at \$879.50/oz.

Yesterday, platinum prices declined 5.1% to close at \$883.40/oz.

Major South African corporate news

Trencor Limited

In its 1H19 results, the company announced that revenues rose to ZAR270.00mn from ZAR208.00mn posted in the corresponding period of the previous year. Its diluted EPS rose to 3.00c, from 2.48c in the same period last year.

Major global economic news

UK

In the UK, final GDP fell 0.2% on a quarterly basis in 2Q19. In the previous quarter, GDP had recorded a revised rise of 0.6%. The preliminary figures had recorded a drop of 0.2%.

In August, net consumer credit decreased to GBP0.90bn in the UK, compared to a revised reading of GBP1.01bn in the prior month.

In the UK, mortgage approvals dropped to 65.55K in August, more than market expectations and compared to a revised level of 67.01K in the prior month.

In the UK, current account deficit narrowed to GBP25.20bn in 2Q19, less than market forecast and compared to a revised deficit of GBP33.08bn in the previous quarter.

Eurozone

In the Eurozone, unemployment rate fell to 7.4% in August. In the previous month, unemployment rate stood at 7.5%.

In Germany, preliminary consumer price inflation slowed to 1.2% on a yearly basis in September, compared to a level of 1.4% in the prior month.

In Germany, retail sales rose 0.5% on a monthly basis in August, less than market forecast and compared to a revised fall of 0.8% in the previous month.

In Germany, seasonally adjusted unemployment rate remained unchanged at 5.0% in September.

Asia

The Reserve Bank of Australia, in its latest monetary policy decision, cut its interest rate by 25 basis points to 0.75%, as widely expected.

In Australia, the AiG performance of manufacturing index rose to a level of 54.70 in September, compared to a reading of 53.10 in the previous month.

In Australia, seasonally adjusted building approvals unexpectedly dropped 1.1% on a monthly basis in August. In the previous month, building approvals had recorded a drop of 9.7%.

In Japan, unemployment rate remained steady at 2.2% in August.

In Japan, the final manufacturing PMI eased to 48.90 in September, in line with market expectations. The manufacturing PMI had recorded a reading of 49.30 in the previous month. The preliminary figures had also indicated a fall to 48.90.

US

In the US, the Chicago Fed PMI fell to a level of 47.10 in September, more than market forecast. In the prior month, the index had recorded a reading of 50.40.

In September, the Dallas Fed manufacturing business index fell to a level of 1.50 in the US, compared to a level of 2.70 in the prior month.

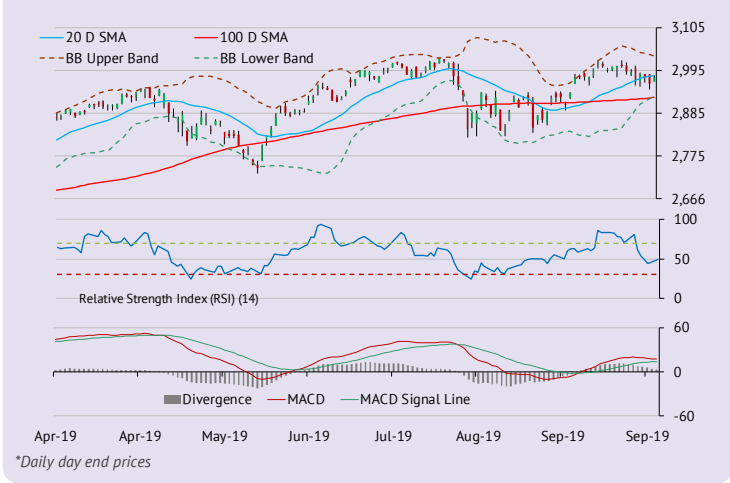
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 54,153.79, and a fall through could take it to the next support level of 53,482.60. The index is expected to find its first resistance at 55,965.45, and a rise through could take it to the next resistance level of 57,105.92.

S&P 500



The S&P 500 index is expected to find support at 2,945.52, and a fall through could take it to the next support level of 2,914.30. The index is expected to find its first resistance at 3,007.97, and a rise through could take it to the next resistance level of 3,039.20.

USD ZAR



The pair is expected to find support at 14.9127, and a fall through could take it to the next support level of 14.6890. The pair is expected to find its first resistance at 15.2909, and a rise through could take it to the next resistance level of 15.4454.

XAU USD



Gold is expected to find support at \$1,440.93/oz, and a fall through could take it to the next support level of \$1,416.17/oz. The precious metal is expected to find its first resistance at \$1,513.03/oz, and a rise through could take it to the next resistance level of \$1,560.37/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Job-To-Applicant Ratio (Aug)	✓	1.59*	1.59	Monthly
Japan	01:30	Unemployment Rate (Aug)	✓✓	2.20%*	2.20%	Monthly
Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Sep) (F)	✓✓✓	48.90*	48.90**	Monthly
Eurozone	03:00	ECB's Lane Speaks in LA	✓	-	-	As scheduled
Japan	07:00	Vehicle Sales (YoY) (Sep)	✓	-	4.00%	Monthly
UK	08:00	Nationwide House Prices n.s.a. (YoY) (Sep)	✓✓	0.50%	0.60%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Sep)	✓✓✓	0.10%	0.00%	Monthly
Germany	09:55	Markit Manufacturing PMI (Sep) (F)	✓✓✓	41.40	41.40**	Monthly
Greece	10:00	Manufacturing PMI (Sep)	✓	-	54.90	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Sep) (F)	✓✓✓	45.60	45.60**	Monthly
UK	10:30	Markit Manufacturing PMI (Sep)	✓✓✓	47.00	47.40	Monthly
South Africa	11:00	PMI Manufacturing (Sep)	✓✓	-	45.70	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Sep) (P)	✓✓✓	1.00%	0.90%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Sep) (P)	✓✓✓	1.00%	1.00%	Monthly
US	14:50	Fed's Clarida speech	✓✓	-	-	As scheduled
US	15:15	Fed's Bullard speech	✓✓	-	-	As scheduled
US	15:30	Fed's Bowman speech	✓✓	-	-	As scheduled
US	15:45	Markit Manufacturing PMI (Sep) (F)	✓✓✓	-	51.00**	Monthly
US	16:00	ISM Inventories (Sep)	✓	-	49.90	Monthly
US	16:00	ISM Employment (Sep)	✓	-	47.40	Monthly
US	16:00	ISM Prices Paid (Sep)	✓✓	-	46.00	Monthly
US	16:00	ISM Manufacturing PMI (Oct)	✓✓✓	50.00	49.10	Monthly
US	16:00	Construction Spending (MoM) (Aug)	✓✓	0.40%	0.10%	Monthly
Eurozone	19:30	Bundesbank President Weidmann Speaks in Vienna	✓	-	-	As scheduled
South Africa	-	Naamsa Vehicle Sales (YoY) (Sep)	✓	-	-5.10%	Monthly
US	-	Total Vehicle Sales (Sep)	✓	17.00mn	16.97mn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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