

ONE Minute Brief

3 September 2019

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Economic and political news

In South Africa (SA), the Absa Purchasing Managers' Index (PMI) dropped to 45.70 in August, compared to a reading of 52.10 in the prior month.

Mineral Resources and Energy Minister, Gwede Mantashe, stated that petrol price will rise by 11c to ZAR16.03 per litre for both 93 and 95, while diesel price will increase by 26c to ZAR14.59 per litre, with effect from 4 September 2019.

Labour relations registrar advocate, Lehlohonolo Molefe, announced that he has decided to halt the deregistration of the Association of Mineworkers and Construction Union (AMCU), following a number of written representations from the union's leadership.

The Chairman of the South African Broadcasting Corporation (SABC) board, Bongumusa Makhathini, in his testimony at the state capture inquiry, stated that the public broadcaster is finding it difficult to implement its turnaround strategy without financial backing.

Former National Prosecuting Authority (NPA) Director, Mxolisi Nxasana, in his testimony at the state capture inquiry, stated that NPA was "undermined" by political and external interference.

Key indices

	As at 02 Sept 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54785.18	▼ -474.39	-0.86	-0.86	-0.86	-2.69	3.88
JSE Top 40 (ZAR)	48889.37	▼ -430.86	-0.87	-0.87	-0.87	-2.91	4.63
FTSE 100 (GBP)	7281.94	▲ 74.76	1.04	1.04	1.04	-5.00	8.23
DAX 30 (EUR)	11953.78	▲ 14.50	0.12	0.12	0.12	-2.05	13.21
CAC 40 (EUR)	5493.04	▲ 12.56	0.23	0.23	0.23	-0.70	16.11
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)	983.76	▼ -0.57	-0.06	-0.06	-0.06	-5.08	1.85
MSCI Developed World (USD)	2136.58	▼ -1.94	-0.09	-0.09	-0.09	-2.24	13.41

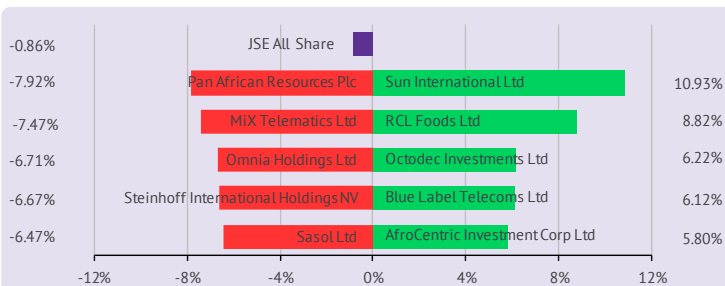
* Values as on 30 August 2019

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in resources and financial sector stocks. Data showed that SA's manufacturing PMI fell in August. The JSE All Share Index fell 0.9% to close at 54,785.18.

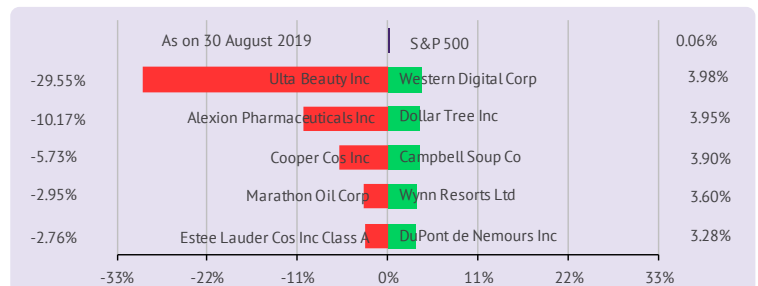
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US Market

US markets were closed yesterday

US markets were closed yesterday on account of a public holiday. Today, the S&P 500 futures are trading weaker.

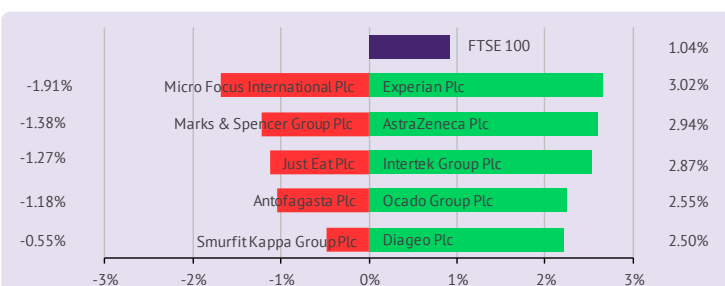


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as the British pound weakened, after British Prime Minister announced plans for a general election on 14 October, if he loses no-deal Brexit vote in Parliament. The FTSE 100 Index advanced 1.0% to close at 7,281.94. Today, the FTSE 100 futures are trading in positive territory.

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Asian Market ▼

Trading mostly weaker

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.1% higher at 20,641.93.



USD ZAR ▼

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R15.2717. Later today, traders will keep a close watch on the US Markit manufacturing PMI, the ISM manufacturing index and construction spending data for further direction.

The US Dollar rose against the South African Rand yesterday. Separately, in SA, the manufacturing PMI contracted in August.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R18.3762. Ahead in the day, traders will keep an eye on UK's Markit construction PMI for further cues. Data indicated that UK's annual BRC retail sales across all sectors declined in August.

The British Pound declined against the South African Rand yesterday, after British Prime Minister, Boris Johnson, stated that he would not delay the country's exit from the European Union and is planning to call a snap general election. On the data front, UK's Markit manufacturing PMI unexpectedly declined to a seven-year low level in August.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R16.6995. Going forward, market participants will keep a tab on Eurozone's producer price index for further indication.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's Markit manufacturing PMI climbed in line with market forecast in August. Separately, Germany's Markit manufacturing PMI advanced less than market anticipations in August.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R10.2250. Earlier in the session, Australia's retail sales unexpectedly fell on a monthly basis in July. Meanwhile, the nation's current account balance recorded its first surplus in 44 years in 2Q19. Additionally, the ANZ Roy Morgan weekly consumer confidence index climbed in the week ended 1 September 2019.

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	15.2717	▼	0.37	0.37	0.37	5.94	6.31
GBPZAR	18.3762	▲	-0.36	-0.36	-0.36	5.87	0.44
EURZAR	16.6995	▲	0.28	0.28	0.28	5.04	1.66
AUDZAR	10.2250	▲	0.16	0.16	0.16	4.16	1.19
EURUSD	1.0935	▼	-0.11	-0.11	-0.11	-0.85	-4.33
GBPUSD	1.2034	▼	-0.74	-0.74	-0.74	-0.02	-5.39
Brent (\$/barrel)	58.7	▲	-1.00	-1.00	-1.00	-8.92	9.03
Gold (\$/oz)**	1532.7	▲	-0.49	0.00	0.00	6.79	18.86
Platinum (\$/oz)**	935.2	▲	1.27	0.00	0.00	6.01	17.06
Copper (\$/MT)*	5593.5	▼	-1.10	-1.10	-1.10	-4.18	-5.98

*As of previous close, #As on 06:00 SAST ** 1D% change as on 30 August 2019

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,532.70/oz.

Trading in gold was closed yesterday on account of a public holiday in the US.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged marginally higher to trade at \$58.68/bl.

Yesterday, Brent crude oil dropped 1.0% to settle at \$58.66/bl, amid concerns over global economic growth and crude oil demand, following new import tariffs imposed by the US and China.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.4% to trade at \$935.20/oz.

Trading in platinum was closed yesterday on account of a public holiday in the US.

Major South African corporate news

Ascendis Health Limited

The company announced that Mark Sardi has been appointed as Chief Executive Officer and an Executive Director, with effect from 14 October 2019.

Brimstone Investment Corp Limited

In its 1H19 results, the company announced that revenues rose 51.8% to ZAR2.08bn from ZAR1.37bn reported in the same period of the preceding year. Its diluted loss per share stood at 64.40c, compared to 117.70c recorded in the previous year.

Bidvest Group Limited

In its FY19 results, the company announced that revenues rose to ZAR77.15bn from ZAR76.96bn posted in the previous year. Its diluted EPS decreased 1.4% to 1,116.40c from 1,132.40c reported in the prior year. The company declared a final dividend of 318.00c per share.

Old Mutual Limited

In its 1H19 results, the company announced that revenues increased to ZAR100.22bn from ZAR67.87bn posted in the corresponding period of the previous year. Its diluted EPS fell 54.1% to 125.10c from 272.80c reported in the prior year. The company declared an interim dividend of 45.00c per share.

RCL Foods Limited

In its FY19 results, the company announced that revenues advanced 5.5% to ZAR25.89bn from ZA24.53bn reported in the preceding year. Its diluted loss per share stood at 12.50c, compared to an EPS of 104.10c recorded in the corresponding period of the previous year. The company declared a final gross cash dividend of 10.00c per share.

Sun International Limited

In its 1H19 results, the company announced that income increased to ZAR5.60bn from ZAR5.47bn posted in the corresponding period of the previous year. Its diluted EPS fell 0.8% to 132.00c from 109.00c reported in the prior year.

Major global economic news

Asia

The Reserve Bank of Australia, in its latest monetary policy meeting, kept its benchmark interest rate unchanged at 1.0%. However, the central bank warned that weakening global economic growth and escalating trade tensions might bring further rate cuts.

In Australia, the ANZ Roy Morgan weekly consumer confidence index advanced to a level of 114.40 in the week ended 01 September 2019, following a reading of 114.10 in the prior week.

In Australia, seasonally adjusted current account surplus stood at AUD5.90bn in 2Q19, compared to a revised deficit of AUD1.10bn in the previous quarter.

In Australia, seasonally adjusted retail sales unexpectedly dropped 0.1% on a monthly basis in July. In the prior month, retail sales had registered a rise of 0.4%.

UK

In the UK, the Markit manufacturing PMI unexpectedly dropped to a level of 47.40 in August. In the previous month, the Markit manufacturing PMI had recorded a level of 48.00.

In the UK, the BRC retail sales across all sectors dropped 0.5% on a yearly basis in August. In the prior month, retail sales across all sectors had climbed 0.1%.

Eurozone

In the Eurozone, the final Markit manufacturing PMI rose to 47.00 in August, in line with market forecast and compared to a level of 46.50 in the prior month. The preliminary figures had also recorded a rise to 47.00.

In Germany, the final Markit manufacturing PMI rose to a level of 43.50 in August, less than market expectations. In the prior month, the Markit manufacturing PMI had recorded a level of 43.20. The preliminary figures had indicated a rise to 43.60.

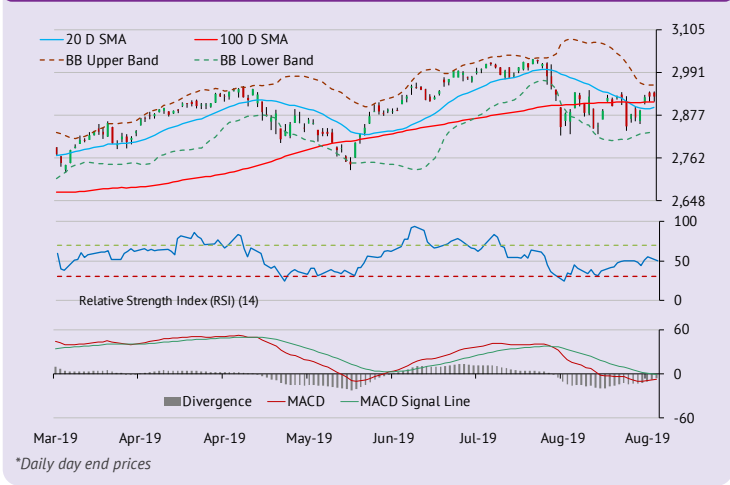
Technical snapshot

JSE All Share



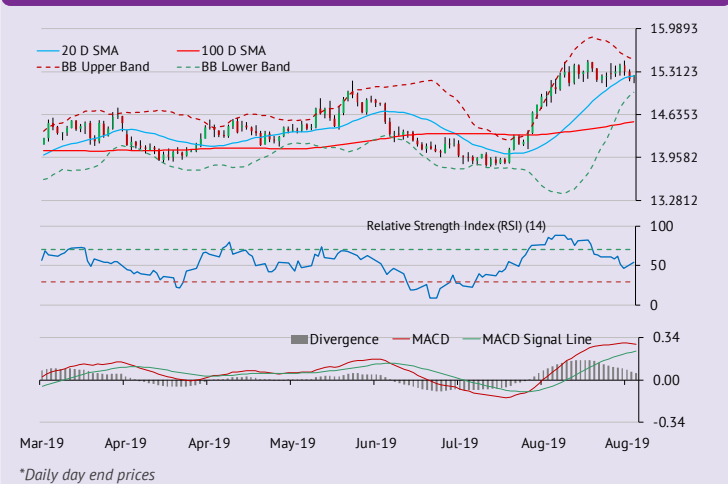
The JSE All Share index is expected to find support at 53,758.41, and a fall through could take it to the next support level of 52,731.65. The index is expected to find its first resistance at 55,582.69, and a rise through could take it to the next resistance level of 56,380.21.

S&P 500



The S&P 500 index is expected to find support at 2,872.86, and a fall through could take it to the next support level of 2,819.27. The index is expected to find its first resistance at 2,960.24, and a rise through could take it to the next resistance level of 2,994.03.

USD ZAR



The pair is expected to find support at 15.0931, and a fall through could take it to the next support level of 14.9348. The pair is expected to find its first resistance at 15.4472, and a rise through could take it to the next resistance level of 15.6430.

XAU USD



Gold is expected to find support at \$1,510.40/oz, and a fall through could take it to the next support level of \$1,497.80/oz. The precious metal is expected to find its first resistance at \$1,544.50/oz, and a rise through could take it to the next resistance level of \$1,566.00/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Aug)	✓✓✓	-0.50%*	0.10%	Monthly
Japan	01:50	Monetary Base (YoY) (Aug)	✓	2.80%*	3.70%	Monthly
Japan	01:50	Monetary Base (Aug)	✓✓✓	JPY515.90tn*	JPY518.10tn	Monthly
Eurozone	09:00	ECB's Nominated President Lagarde speech	✓✓✓	-	-	As scheduled
UK	10:30	Markit Construction PMI (Aug)	✓✓✓	46.60	45.30	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Jul)	✓✓✓	0.20%	-0.60%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Jul)	✓✓✓	0.20%	0.70%	Monthly
South Africa	11:30	Gross Domestic Product (QoQ) (Q2)	✓✓	2.50%	-3.20%	Quarterly
South Africa	11:30	Gross Domestic Product (YoY) (Q2)	✓	0.70%	0.00%	Quarterly
US	15:45	Markit Manufacturing PMI (Aug) (F)	✓✓✓	50.00	49.90**	Monthly
US	16:00	ISM New Export Orders (Aug)	✓	-	48.10	Monthly
US	16:00	ISM Imports (Aug)	✓	-	47.00	Monthly
US	16:00	ISM Backlog Orders (Aug)	✓	-	43.10	Monthly
US	16:00	ISM Inventories (Aug)	✓	-	49.50	Monthly
US	16:00	ISM Production (Aug)	✓	-	50.80	Monthly
US	16:00	ISM Employment (Aug)	✓	-	51.70	Monthly
US	16:00	Construction Spending (MoM) (Jul)	✓✓	0.30%	-1.30%	Monthly
US	16:00	ISM New Orders (Aug)	✓	50.50	50.80	Monthly
US	16:00	ISM Prices Paid (Aug)	✓✓	46.80	45.10	Monthly
US	16:00	ISM Manufacturing PMI (Sep)	✓✓✓	51.20	51.20	Monthly
US	23:00	Fed's Rosengren Speaks in Easton, Massachusetts	✓	-	-	As scheduled
US	-	USD Revisions: Construction Spending	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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