

ONE Minute Brief

4 September 2019

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Economic and political news

In South Africa (SA), annualised gross domestic product (GDP) expanded 3.1% on a quarterly basis in 2Q19, compared to a revised drop of 3.1% in the prior quarter.

The Democratic Alliance (DA) has suggested draft rules to parliament for the removal of a Public Protector.

President Ramaphosa stated that attacks on people from other African countries would not be tolerated.

The ANC confirmed that Zandile Gumede has been officially removed as eThekweni Mayor.

The South African Broadcasting Corporation's (SABC) Chief Executive Officer, Madoda Mxakwe, in his testimony at the state capture inquiry, stated that the SABC was "technically insolvent" and was subjected to a systematic collapse of governance and financial processes for many years.

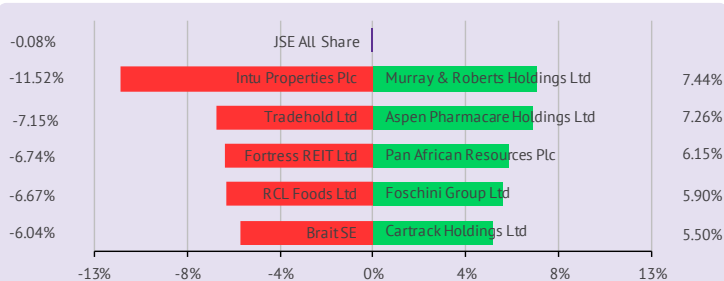
Former Free State economic development MEC, Mxolisi Dukwana, in his testimony at the state capture inquiry, stated that African National Congress (ANC) Secretary-General and former Free State Premier, Ace Magashule, misused his power and laundered public money.

South Africa Market

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in resources sector stocks. Data revealed that SA's economy grew more than expected in the second quarter. The JSE All Share Index fell 0.1% to close at 54,742.07.

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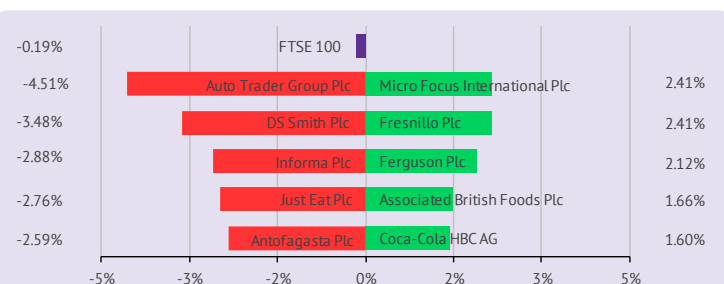


UK Market

UK markets closed in the red

UK markets finished lower yesterday, amid growing fears of a chaotic no-deal Brexit. Data indicated that UK's Markit construction PMI unexpectedly fell in August. The FTSE 100 Index declined 0.2% to close at 7,268.19. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

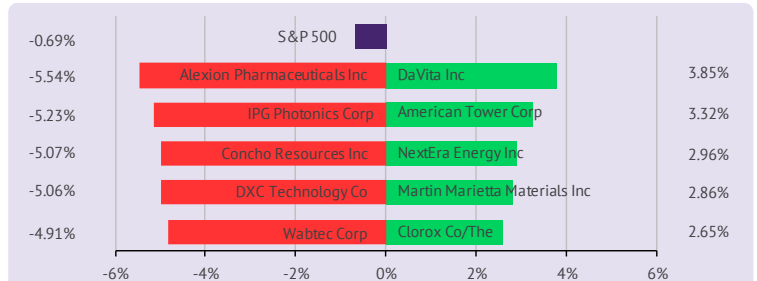
	As at 03 Sept 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54742.07	▼ -43.11	-0.08	-0.94	-0.94	-2.69	3.80
JSE Top 40 (ZAR)	48872.85	▼ -16.52	-0.03	-0.91	-0.91	-2.91	4.59
FTSE 100 (GBP)	7268.19	▼ -13.75	-0.19	0.85	0.85	-5.00	8.03
DAX 30 (EUR)	11910.86	▼ -42.92	-0.36	-0.24	-0.24	-2.05	12.80
CAC 40 (EUR)	5466.07	▼ -26.97	-0.49	-0.26	-0.26	-0.70	15.54
S&P 500 (USD)	2906.27	▼ -20.19	-0.69	-0.69	-0.69	-1.81	15.93
Nasdaq Composite (USD)	7874.16	▼ -88.72	-1.11	-1.11	-1.11	-2.60	18.67
DJIA (USD)	26118.02	▼ -285.26	-1.08	-1.08	-1.08	-1.72	11.96
MSCI Emerging Markets (USD)	973.27	▼ -10.49	-1.07	-1.12	-1.12	-5.08	0.76
MSCI Developed World (USD)	2126.93	▼ -9.66	-0.45	-0.54	-0.54	-2.24	12.90

US Market

US markets closed weaker

US markets closed lower yesterday, after US and China imposed new tariffs on each other and amid decline in the US manufacturing activity. The S&P 500 Index dropped 0.7% to close at 2,906.27. Today, the S&P 500 futures are trading in the green.

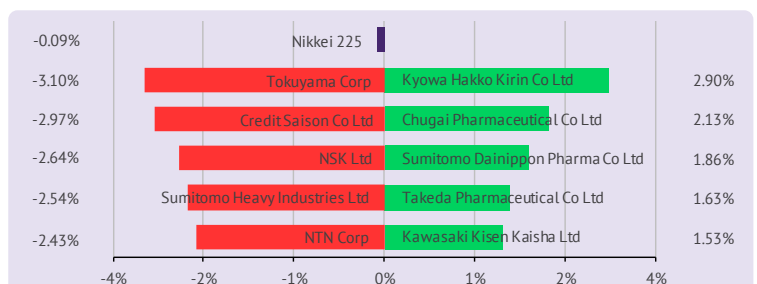
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Asian Market

Trading mostly higher

Asian markets are trading mostly firmer this morning. The Nikkei 225 Index is trading 0.1% lower at 20,607.60.



USD ZAR

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R15.0749. Later today, traders will keep a close watch on the US trade balance and the MBA mortgage applications for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US ISM manufacturing index unexpectedly declined in August, recording its first drop since 2016. Further, construction spending rose less than market forecast on a monthly basis in July. On the flipside, the nation's Markit manufacturing PMI fell less than market anticipations in August. Separately, the South African rand rose against the dollar, following better-than-expected South African GDP data.

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GBP ZAR

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R18.2527. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's Markit construction PMI unexpectedly dropped in August.

EUR ZAR

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.5455. Going forward, market participants will keep a tab on Eurozone's retail sales along with the Markit services PMI across the Eurozone for further direction.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's producer price index (PPI) climbed in line with market forecast on an annual basis in July.











AUD ZAR

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R10.2229. Earlier in the session, Australia's GDP climbed on a quarterly basis in 2Q19. On the other hand, the nation's AiG performance of service index rose in August. Moreover, the CBA services PMI fell in August. Meanwhile, in China, Australia's largest trading partner, the Caixin services PMI jumped 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	15.0749		-1.01	-0.65	-0.65	5.94	5.23
GBPZAR	18.2527		-0.87	-1.23	-1.23	5.87	-0.44
EURZAR	16.5455		-0.98	-0.71	-0.71	5.04	0.66
AUDZAR	10.2229		-0.38	-0.22	-0.22	4.16	0.81
EURUSD	1.0976		0.04	-0.07	-0.07	-0.85	-4.30
GBPUSD	1.2108		0.12	-0.62	-0.62	-0.02	-5.28
Brent (\$/barrel)	58.4		-0.68	-1.67	-1.67	-8.92	8.29
Gold (\$/oz)	1552.2		1.75	1.75	1.75	6.79	20.94
Platinum (\$/oz)	964.6		2.57	2.57	2.57	6.01	20.07
Copper (\$/MT)*	5584.5		-0.16	-1.26	-1.26	-4.18	-6.13

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

Gold

Trading in the green

At 06:00 SAST, gold prices gained 0.2% to trade at \$1,552.20/oz.

Yesterday, gold prices rose 1.8% to close at \$1,549.60/oz, as weak manufacturing activity in the US raised fears of economic slowdown.

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Brent Crude Oil

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$58.35/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$58.26/bl, after China imposed a 5% tariff on all imports of US crude oil.

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Platinum

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.9% higher to trade at \$964.60/oz.

Yesterday, platinum prices climbed 2.6% to close at \$955.60/oz.

Major South African corporate news

Aspen Pharmacare Holdings Limited

In its FY19 trading statement, the company announced that it expects its EPS to be between 566.40c and 615.70c, which is 54.0% to 50.0% lower than the preceding year. Further, the company anticipates HEPS to be between 1,203.70c and 1,259.00c, which is 13.0% to 9.0% lower than the prior year.

SA Corporate Real Estate Limited

In its 1H19 results, the company announced that revenues fell to ZAR1.13bn from ZAR1.17bn posted in the corresponding period of the previous year. Its diluted EPS increased 54.6% to 13.85c from 30.52c reported in the same period of the prior year.

Cashbuild Limited

In its FY19 results, the company announced that revenues increased to ZAR10.82bn from ZAR10.21bn posted in the corresponding period of the previous year. Its diluted EPS rose 2.0% to 1,880.60c from 1,851.60 reported in the same period of the prior year. The company declared a final dividend of 420.00c per share.

Major global economic news

Asia

In Australia, seasonally adjusted GDP advanced 0.5% on a quarterly basis in 2Q19, in line with market expectations and compared to a revised advance of 0.5% in the prior quarter.

In Australia, the AiG performance of service index rose to 51.40 in August, compared to a reading of 43.90 in the previous month.

In Australia, the CBA services PMI dropped to a level of 49.10 in August, compared to a level of 49.20 in the previous month.

In China, the Caixin services PMI advanced to 52.10 in August, more than market forecast and compared to a reading of 51.60 in the previous month.

In Japan, the Nikkei Japan services PMI rose to 53.30 in August. In the previous month, the Nikkei Japan services PMI had recorded a level of 51.80.

Eurozone

In the Eurozone, the PPI rose 0.2% on a yearly basis in July, meeting market expectations. The PPI had recorded a rise of 0.7% in the previous month.

US

In the US, the final Markit manufacturing PMI dropped to 50.30 in August, less than market expectations and compared to a level of 50.40 in the previous month. The preliminary figures had recorded a fall to 49.90.

In the US, the ISM manufacturing index unexpectedly declined to a level of 49.10 in September. In the prior month, the ISM manufacturing index had recorded a reading of 51.20.

In the US, construction spending climbed 0.1% on a monthly basis in July, less than market forecast and compared to a revised fall of 0.7% in the previous month.

UK

In the UK, the Markit construction PMI unexpectedly dropped to a level of 45.00 in August, compared to a reading of 45.30 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nikkei Japan Services PMI (Aug)	✓✓	53.30*	51.80	Monthly
Japan	03:30	BoJ Goshi Kataoka speaks in Hakodate	✓	-	-	As scheduled
China	03:45	HSBC China Composite PMI (Aug)	✓✓✓	51.60*	50.90	Monthly
China	03:45	Caixin/Markit Services PMI (Aug)	✓✓✓	52.10*	51.60	Monthly
Germany	09:55	Markit Services PMI (Aug) (F)	✓✓✓	54.40	54.40**	Monthly
Eurozone	10:00	Markit Services PMI (Aug) (F)	✓✓✓	53.40	53.40**	Monthly
Eurozone	10:00	Markit Composite PMI (Aug) (F)	✓✓✓	51.80	51.80**	Monthly
UK	10:30	Official Reserves (Changes) (Aug)	✓✓	-	USD1749,00mn	Monthly
Eurozone	10:30	ECB President candidate Lagarde appears before the Committee on Eco-	✓✓✓	-	-	As scheduled
UK	10:30	Markit Services PMI (Aug)	✓✓✓	51.00	51.40	Monthly
Greece	11:00	Gross Domestic Product n.s.a. (YoY) (Q2) (F)	✓	-	1.60%**	Quarterly
Eurozone	11:00	Retail Sales (MoM) (Jul)	✓✓✓	-0.60%	1.10%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Jul)	✓✓✓	2.00%	2.60%	Monthly
US	13:00	MBA Mortgage Applications (30-Aug)	✓	-	-6.20%	Weekly
Eurozone	13:00	ECB's Lane Speaks in London	✓	-	-	As scheduled
US	14:30	Trade Balance (Jul)	✓✓✓	USD53.50bn	-USD55.20bn	Monthly
US	14:55	Redbook Index (YoY) (30-Aug)	✓	-	5.70%	Weekly
US	14:55	Redbook Index s.a. (MoM) (30-Aug)	✓	-	-1.40%	Weekly
US	15:25	Fed's Williams Speaks in New York	✓	-	-	As scheduled
Eurozone	18:00	Voting on the appointment of the President of the ECB	✓✓✓	-	-	As scheduled
US	18:30	Fed's Bowman, Bullard Address 'Fed Listens' Event in St. Louis	✓	-	-	As scheduled
US	19:00	Fed's Kashkari Speaks in Townhall Event in Minneapolis	✓	-	-	As scheduled
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled
US	21:15	Fed's Evans Speaks at Event on North American Trade	✓	-	-	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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