

# ONE Minute Brief

3 April 2019

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## Economic and political news

Ratings agency, Moody's kept South Africa's (SA) sovereign credit rating at investment grade 'Baa3', the lowest level of investment grade, with a stable outlook. Further, the agency indicated that it expects the country's government finances and debt profile to deteriorate further and economic growth to recover slowly over the next two years. Additionally, Moody's stated that it expects SA's debt burden to reach 65.0% of gross domestic product by fiscal 2023.

The National Education, Health and Allied Workers' Union (Nehawu) ended its strike at the South African Revenue Service (SARS) after accepting an 8.0% wage increase in 2019 and a CPI plus 2.0% rise for 2020-21.

Andile Ramaphosa, son of President, Cyril Ramaphosa, has cut ties with Jianbao Chen, Chair of Chinese company, Huarong Energy Africa, implicated in state capture allegations.

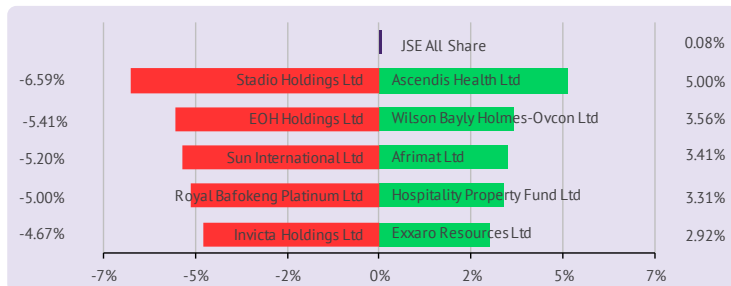
The SA Reserve Bank has imposed administrative sanctions on three foreign-exchange dealers, namely Tower Bureau de Change, Sikhona Forex and Travelex Africa Foreign Exchange, citing weaknesses in their control measures to detect financial crimes.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, supported by gains in platinum mining and resource sector stocks. The JSE All Share Index rose 0.1% to close at 57,158.00.

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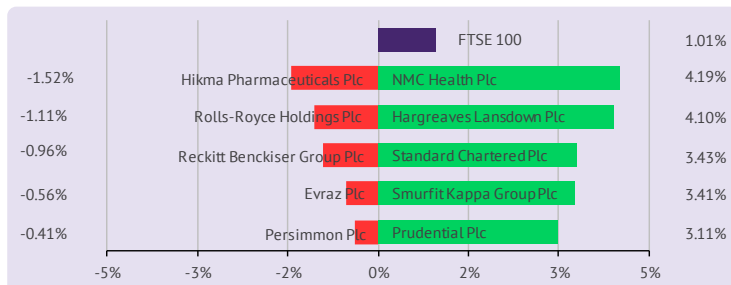


## UK Market ▲

### The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, as weakness in the British Pound boosted export sector stocks. Data showed that UK's Markit construction PMI climbed in March. The FTSE 100 Index advanced 1.0% to close at 7,391.12.

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## Key indices

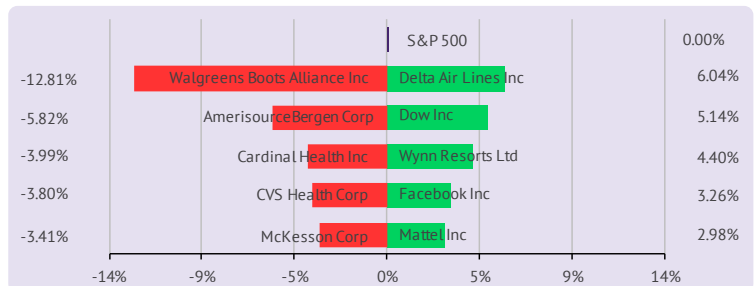
	As at 02 April 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57158.00	▲	48.36	0.08	1.23	1.23	0.82	8.38
JSE Top 40 (ZAR)	50952.08	▲	72.44	0.14	1.35	1.35	1.22	9.04
FTSE 100 (GBP)	7391.12	▲	73.74	1.01	1.54	1.54	2.89	9.85
DAX 30 (EUR)	11754.79	▲	72.80	0.62	1.98	1.98	0.09	11.33
CAC 40 (EUR)	5423.47	▲	17.94	0.33	1.36	1.36	2.10	14.64
S&P 500 (USD)	2867.24	▲	0.05	0.00	1.16	1.16	1.79	14.38
Nasdaq Composite (USD)	7848.69	▲	19.78	0.25	1.54	1.54	2.61	18.29
DJIA (USD)	26179.13	▼	-79.29	-0.30	0.97	0.97	0.05	12.22
MSCI Emerging Markets (USD)	1071.14	▲	1.05	0.10	1.23	1.23	0.68	10.89
MSCI Developed World (USD)	2131.71	▼	-0.08	0.00	1.14	1.14	1.05	13.15

## US Market ◀▶

### The S&P 500 futures are trading in the green

US markets closed mixed yesterday, as a rally spurred by strong US and Chinese economic data was offset by losses in shares of Walgreens Boots Alliance. Data revealed that the US durable goods orders fell less-than-anticipated in February. The S&P 500 Index marginally rose to close at 2,867.24.

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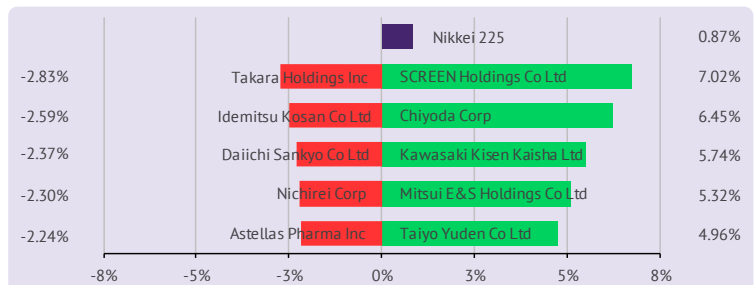


## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, amid reports that the US and China are closer to finalise a trade deal. Data indicated that Japan's Nikkei services PMI declined in March. The Nikkei 225 Index is trading 0.9% higher at 21,692.96.

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## 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 R14.1780. Later today, traders will keep a close watch on the US MBA mortgage applications, ADP employment change data and the Markit services PMI for further cues.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US durable goods orders declined less than market forecast in February, recording its first drop in three months.

## 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 R18.6290. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further indication. Data revealed that UK's BRC shop price index advanced on a yearly basis in March, notching its highest level since March 2013.

The British Pound advanced against the South African Rand yesterday, after UK Prime Minister, Theresa May, stated that she would seek an extension to the Brexit deadline, easing worries of a no-deal Brexit. Data indicated that UK's Markit construction PMI registered an advance in March.

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## EUR ZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro marginally declined against the South African Rand to trade at R15.9100. Going forward, market participants will keep a tab on the Eurozone's retail sales and the Markit services PMI across the Eurozone for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, the Eurozone's producer price index (PPI) rose at a slower-than-expected pace on an annual basis in February.

## AUD ZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R10.0644. Earlier in the session, Australia's CBA services PMI registered a decline in March. Meanwhile, the nations' AiG performance of service index climbed in March. Additionally, retail sales jumped more than market expectations on a monthly basis in February. Moreover, trade surplus widened in February. Elsewhere, in China, Australia's largest trading partner, the Caixin services PMI rose more-than-expected in March.

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	14.1780	▼	0.32	-2.05	-2.05	2.96	-0.99
GBPZAR	18.6290	▼	0.61	-1.23	-1.23	1.15	1.86
EURZAR	15.9100	▼	0.26	-2.17	-2.17	1.59	-3.28
AUDZAR	10.0644	▲	-0.25	-2.40	-2.40	3.00	-0.78
EURUSD	1.1222	▲	-0.08	-0.12	-0.12	-1.35	-2.29
GBPUSD	1.3138	▲	0.19	0.71	0.71	-1.72	2.93
Brent (\$/barrel)	69.7	▲	0.52	2.65	2.65	1.92	28.94
Gold (\$/oz)	1296.8	▲	0.12	-0.23	-0.23	-1.76	0.68
Platinum (\$/oz)	854.6	▲	-0.22	-0.08	-0.08	-3.01	6.57
Copper (\$/MT)*	6413.5	▼	-0.80	-1.13	-1.13	-1.05	7.81

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 0.5% to trade at \$1,296.80/oz.

Yesterday, gold prices rose 0.1% to close at \$1,290.00/oz.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$69.73/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$69.37/bl, amid signs of tightening crude oil supplies and easing concerns over global economic growth. Meanwhile, the American Petroleum Institute reported that the US crude oil inventories rose by 3.0mn bls in the week ended 29 March 2019.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.8% higher to trade at \$854.60/oz.

Yesterday, platinum prices declined 0.2% to close at \$848.20/oz.

## Major South African corporate news

### Old Mutual Limited

The company announced that it has completed the sale of its Latin American businesses to Lily Bermuda Capital Limited, a wholly owned subsidiary of Singapore based, CMIG International Holding Private Limited, on 1 April 2019.

## Major global economic news

### Asia

In China, the Caixin services PMI rose more-than-expected to a level of 54.40 in March. The Caixin services PMI index had recorded a reading of 51.10 in the previous month.

In Japan, the Nikkei Japan services PMI dropped to 52.00 in March, compared to a reading of 52.30 in the prior month.

In Australia, the CBA services PMI fell to a level of 49.30 in March, compared to a reading of 49.80 in the prior month.

In Australia, the AiG performance of services index rose to a level of 44.80 in March. The AiG performance of services index had recorded a reading of 44.50 in the prior month.

In Australia, seasonally adjusted retail sales registered a rise of 0.8% on a monthly basis in February, more than market expectations. In the previous month, retail sales had recorded a rise of 0.1%.

In Australia, seasonally adjusted trade surplus widened to AUD4801.00mn in February, compared to a revised surplus of AUD4351.00mn in the prior month.

### UK

In the UK, the Markit construction PMI registered a rise to 49.70 in March. The Markit construction PMI had registered a level of 49.50 in the previous month.

In the UK, the BRC shop price index advanced 0.9% on an annual basis in March. In the previous month, the index had recorded a rise of 0.7%.

### US

In the US, preliminary durable goods orders registered a less-than-expected drop of 1.6% on a monthly basis in February. In the prior month, durable goods orders had recorded a revised rise of 0.1%.

### Eurozone

In the Eurozone, the PPI rose 3.0% on a yearly basis in February, less-than-expected and compared to a revised advance of 2.9% in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Mar)	✓✓✓	0.90%*	0.70%	Monthly
Japan	02:30	Nikkei Japan Services PMI (Mar)	✓✓	52.00*	52.30	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Mar)	✓✓✓	50.40*	50.70	Monthly
China	03:45	HSBC China Composite PMI (Mar)	✓✓✓	52.90*	50.70	Monthly
China	03:45	Caixin/Markit Services PMI (Mar)	✓✓✓	54.40*	51.10	Monthly
Spain	09:15	Markit Services PMI (Mar)	✓✓✓	55.00	54.50	Monthly
Italy	09:45	Markit Services PMI (Mar)	✓✓✓	50.80	50.40	Monthly
France	09:50	Markit Services PMI (Mar) (F)	✓✓✓	48.70	48.70**	Monthly
Germany	09:55	Markit Services PMI (Mar) (F)	✓✓✓	54.90	54.90**	Monthly
Eurozone	10:00	Markit Services PMI (Mar) (F)	✓✓✓	52.70	52.70**	Monthly
Eurozone	10:00	Markit Composite PMI (Mar) (F)	✓✓✓	51.30	51.30**	Monthly
UK	10:30	Official Reserves (Changes) (Mar)	✓✓	-	USD73.00mn	Monthly
UK	10:30	Markit Services PMI (Mar)	✓✓✓	50.90	51.30	Monthly
Eurozone	11:00	Retail Sales (MoM) (Feb)	✓✓✓	0.30%	1.30%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Feb)	✓✓✓	2.30%	2.20%	Monthly
US	13:00	MBA Mortgage Applications (29-Mar)	✓	-	8.90%	Weekly
US	14:15	ADP Employment Change (Mar)	✓✓✓	175.00K	183.00K	Monthly
US	14:30	Fed's Bostic Speaks at American Banker Association Summit	✓	-	-	As scheduled
US	15:45	Markit Composite PMI (Mar) (F)	✓✓✓	-	54.30**	Monthly
US	15:45	Markit Services PMI (Mar) (F)	✓✓✓	54.80	54.80**	Monthly
US	16:00	Factory Orders (Feb)	✓✓✓	-	500479.00mn	Monthly
US	16:00	ISM Non-Manufacturing PMI (Mar)	✓✓✓	58.00	59.70	Monthly
US	23:00	Fed's Kashkari Speaks in North Dakota	✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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