

ONE Minute Brief

2 May 2019

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), private sector credit demand increased 6.1% on an annual basis in March, compared to a rise of 6.0% in the previous month. M3 money supply climbed 7.0% on a yearly basis in March, compared to a rise of 5.3% in the previous month. Additionally, trade surplus widened to ZAR5.00bn in March, compared to a revised surplus of ZAR3.87bn in February.

The National Treasury stated that SA's budget deficit for the most recent fiscal year may be wider than the government forecasts.

Sibanye-Stillwater announced that it has successfully rescued about 1,800 workers who were trapped underground at its Thembelani shaft in northern South Africa.

Yesterday, Transnet announced that it will not extend the contract of acting Chief Executive Officer (CEO), Tau Morwe and that he would be replaced by acting CFO, Mohammed Mahomedy.

Mineral Resources Minister, Gwede Mantashe, has called for urgent action to resolve problems of miners affected by state capture, particularly at Optimum and Koorfontein coal mines.

Key indices

	As at 01 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)*	58528.40	▼ -134.28	-0.23	-0.62	NA	3.66	10.98
JSE Top 40 (ZAR)*	52274.03	▼ -111.65	-0.21	-0.57	NA	3.98	11.87
FTSE 100 (GBP)	7385.26	▼ -32.96	-0.44	-0.58	-0.44	1.91	9.77
DAX 30 (EUR)*	12344.08	▲ 16.06	0.13	0.23	NA	7.10	16.91
CAC 40 (EUR)*	5586.41	▲ 5.43	0.10	0.31	NA	4.41	18.09
S&P 500 (USD)	2923.73	▼ -22.10	-0.75	-0.55	-0.75	3.93	16.63
Nasdaq Composite (USD)	8049.64	▼ -45.75	-0.57	-1.19	-0.57	4.74	21.32
DJIA (USD)	26430.14	▼ -162.77	-0.61	-0.43	-0.61	2.56	13.30
MSCI Emerging Markets (USD)	1080.48	▲ 1.25	0.12	0.22	0.12	1.99	11.86
MSCI Developed World (USD)	2170.03	▼ -8.64	-0.40	-0.17	-0.40	3.37	15.19

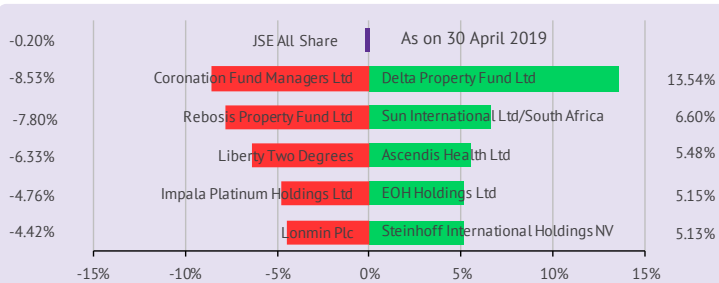
*Values as on 30 April 2019

South Africa Market ▼

South African markets closed lower

South African markets closed in the red on Tuesday, led by losses in platinum mining and industrial sector stocks. The JSE All Share Index fell 0.2% to close at 58,528.40.

To Read More Click [Here](#)

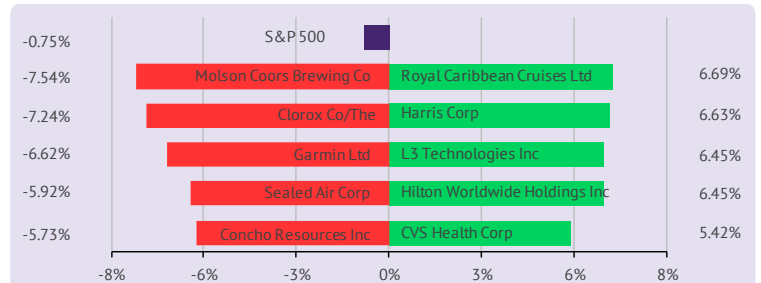


US Market ▼

US markets closed in the red

US markets closed lower yesterday, as comments from the US Federal Reserve (Fed) Chairman, Jerome Powell, dampened rate-cut hopes. The S&P 500 Index dropped 0.8% to close at 2,923.73. Today, the S&P 500 futures are trading in the green.

To Read More Click [Here](#)

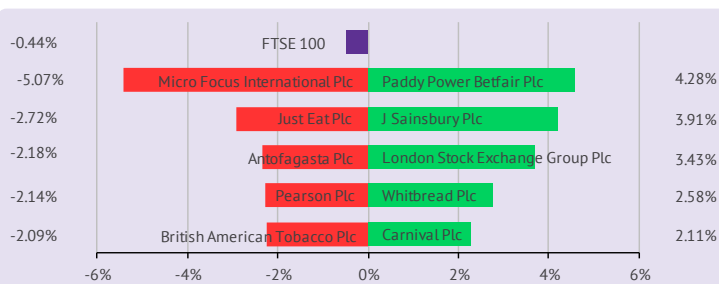


UK Market ▼

UK markets closed weaker

UK markets finished lower yesterday, amid strength in the British pound and led by losses in oil producers. The FTSE 100 Index declined 0.4% to close at 7,385.26. Today, the FTSE 100 futures are trading in negative territory.

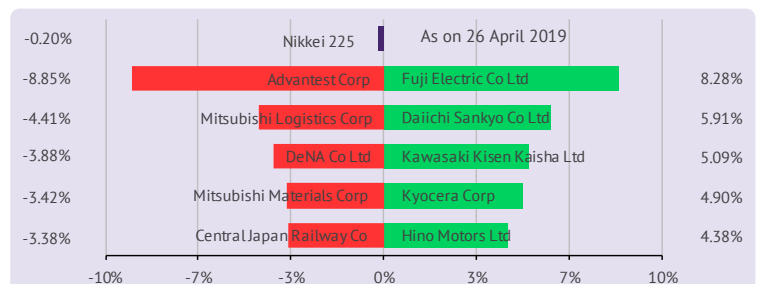
To Read More Click [Here](#)



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Markets in Japan are closed today on account of a public holiday.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.2% against the South African Rand to trade at R14.4239. Later today, traders will keep a close watch on the US initial jobless claims, durable goods orders and factory orders for further direction.

The US Dollar rose against the South African Rand yesterday, after the Fed Chair, Jerome Powell slashed rate-cut expectations and kept interest rates unchanged. On the data front, the US Markit manufacturing PMI unexpectedly climbed in April. The ADP private sector employment rose in April, higher than market expectations. Meanwhile, the ISM manufacturing index dipped in April, hitting its lowest level since October of 2016. Construction spending unexpectedly fell on a monthly basis in March. Additionally, the MBA mortgage applications fell on a weekly basis in the week ended 26 April 2019.

To Read More Click [Here](#)

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.2% against the South African Rand to trade at R18.8362. Later today, traders will keep an eye on the Markit construction PMI, the Bank of England's (BoE) interest rate decision followed by the BoE Governor, Mark Carney's speech.

The British Pound advanced against the South African Rand yesterday, amid hopes of progress in Brexit talks. Data showed that the Nationwide house prices rose on an annual basis in April. Net consumer credit recorded a rise in April. Meanwhile, the Markit manufacturing PMI dropped in line with market expectations in April. The mortgage approvals declined in March, marking its lowest level since December 2017.

To Read More Click [Here](#)

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R16.1633. Going forward, market participants will keep a tab on the Markit manufacturing PMI across the euro area and Germany's retail sales data.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar marginally dropped against the South African Rand to trade at R10.1347.

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	14.4239	▲	1.10	0.45	1.10	-1.40	0.76
GBPZAR	18.8362	▲	1.22	1.52	1.22	-1.36	2.97
EURZAR	16.1633	▲	0.94	0.91	0.94	-1.44	-1.65
AUDZAR	10.1347	▲	0.59	0.13	0.59	-2.06	0.16
EURUSD	1.1206	▼	-0.17	0.40	-0.17	-0.03	-2.36
GBPUSD	1.3056	▼	0.14	1.04	0.14	-0.02	2.32
Brent (\$/barrel)	72.0	▼	0.17	0.04	0.17	6.63	34.16
Gold (\$/oz)	1276.0	▼	-0.12	-0.36	-0.12	-0.56	0.23
Platinum (\$/oz)	867.7	▼	-1.60	-2.90	-1.60	5.04	10.24
Copper (\$/MT)*	6225.3	▼	-3.14	-2.71	-3.14	-0.92	4.64

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.6% lower to trade at \$1,276.00/oz.

Yesterday, gold prices fell 0.1% to close at \$1,284.20/oz, as strength in the US Dollar lowered demand for the safe haven asset.

To Read More Click [Here](#)

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$72.00/bl after EIA reported that US crude inventories jumped by 9.9mn to 470.6mn barrels last week, hitting its highest level since September 2017.

To Read More Click [Here](#)

Yesterday, Brent crude oil advanced 0.2% to settle at \$72.18/bl, amid talks on an extension to OPEC-led supply cuts.

To Read More Click [Here](#)

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 1.1% lower to trade at \$867.70/oz.

Yesterday, platinum prices declined 1.6% to close at \$877.40/oz.

Major South African corporate news

Astral Foods Limited

In its 1H19 trading update, the company stated that it expects EPS to be between 881.00c and 979.00c, representing a drop between 50.0% to 55.0% compared with the corresponding period of the previous year. Further, HEPS is likely to be between 882.00c and 980.00c.

Massmart Holdings Limited

The company announced that Mohammed Abdool-Samad has been appointed as Chief Financial officer (CFO) and Executive Director, with effect from 1 August 2019.

Coronation Fund Managers Limited

In its 1H19 trading statement, the company indicated that it expects HEPS and EPS to be between 156.40c and 178.70c, which is 20.0% to 30.0% lower compared with the corresponding period of the preceding year.

Major global economic news

US

In the US, MBA mortgage applications fell 4.3% on a weekly basis for the week ended 26 April 2019, compared to a drop of 7.3% in the previous month.

The US Markit manufacturing PMI unexpectedly climbed to 52.60 in April, compared to a reading of 52.40 in the previous month.

The ISM manufacturing index dipped to a level of 52.80 in April, compared to a reading of 55.30 in the preceding month.

Construction spending unexpectedly fell 0.9% on a monthly basis in March, compared to a rise of 1.0% in February.

The US ADP private sector employment rose by 275.00K in April, higher than market expectations and compared to a revised increase of 151.00K in the previous month.

The US Fed, in its latest policy meeting left its interest rate unchanged at 2.25% to 2.50%, for the third consecutive meeting. The Fed stated that the labour market remained robust, however, pointed to slower first quarter growth in household spending and business fixed investment.

In post-monetary policy meeting press conference, Fed Chairman Jerome Powell stated that the Fed sees "transitory factors" contributing to recent low inflation readings. Nevertheless, the Fed reiterated that it would remain patient to future adjustments to interest rates due to global economic and financial developments and muted inflation.

Consumer confidence index in the US jumped to 129.20 in April, compared to a revised level of 124.20 in March.

Eurozone

In the Eurozone, the seasonally adjusted flash GDP climbed 0.4% on a quarterly basis in 1Q 2019, surpassing market expectations and compared to a growth of 0.2% in the previous quarter.

Eurozone's unemployment rate unexpectedly dropped to 7.7% in March, compared to a rate of 7.8% in the prior month.

Germany's consumer price inflation advanced more than expected to 2.0% on an annual basis in April, compared to a rate of 1.3% in March.

UK

In the UK, the Nationwide house prices rose 0.9% on an annual basis in April, compared to a gain of 0.7% in the prior month.

Net consumer credit in the UK recorded a rise of GBP0.55bn in April, compared to a revised gain of GBP1.23bn in March.

UK's Markit manufacturing PMI dropped to 53.10 in April, in line with market expectations. In the previous month, the PMI had recorded a reading of 55.10.

Britain's mortgage approvals declined to a level of 62.34K in March, more than market forecast and compared to a revised level of 65.34K in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Germany	08:00	Retail Sales (MoM) (Mar)	✓✓✓	-0.50%	0.90%	Monthly
Germany	08:00	Retail Sales (YoY) (Mar)	✓✓✓	2.90%	4.70%	Monthly
Switzerland	09:30	SVME - PMI (Apr)	✓✓	51.00	50.30	Monthly
France	09:50	Markit Manufacturing PMI (Apr) (F)	✓✓✓	49.60	49.60**	Monthly
Germany	09:55	Markit Manufacturing PMI (Apr) (F)	✓✓✓	44.50	44.50**	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Apr) (F)	✓✓✓	47.80	47.80**	Monthly
UK	10:30	Markit Construction PMI (Apr)	✓✓✓	50.30	49.70	Monthly
South Africa	11:00	PMI Manufacturing (Apr)	✓✓	45.80	45.00	Monthly
UK	13:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.75%	0.75%	As scheduled
South Africa	13:00	Electricity Consumption (YoY) (Mar)	✓	-	-1.00%	Monthly
South Africa	13:00	Electricity Production (YoY) (Mar)	✓	-	-1.90%	Monthly
UK	13:00	BoE Minutes	✓✓✓	-	-	As scheduled
UK	13:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00 bn	GBP435.00 bn	As scheduled
US	13:30	Challenger Job Cuts (YoY) (Apr)	✓	-	0.40%	Monthly
US	13:30	Challenger Job Cuts (Apr)	✓	-	60.59 K	Monthly
UK	13:30	BoE's Carney speaks at press conference in London	✓✓✓	-	-	As scheduled
US	14:30	Non-Farm Productivity (Q1) (P)	✓	2.30%	1.90%	Quarterly
US	14:30	Continuing Jobless Claims (20-Apr)	✓✓✓	1660.00 K	1655.00 K	Weekly
US	14:30	Initial Jobless Claims (27-Apr)	✓✓✓	215.00 K	230.00 K	Weekly
US	14:30	Unit Labour Costs (Q1) (P)	✓	1.50%	2.00%	Quarterly
US	16:00	Cap Goods Orders Nondef Ex Air (Mar) (F)	✓	-	1.30%**	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Mar) (F)	✓	-	-0.20%**	Monthly
US	16:00	Factory Orders (Mar)	✓	-	497474.00 mn	Monthly
US	16:00	Unfilled Orders/Shipments (Mar)	✓	-	6.54	Monthly
US	16:00	Durable Goods Orders (Mar) (F)	✓✓✓	-	2.70%**	Monthly
US	16:00	Durable Goods Orders ex Transportation (Mar) (F)	✓✓	-	0.40%**	Monthly
US	16:00	Factory Orders (MoM) (Mar)	✓✓✓	1.50%	-0.50%	Monthly
US	16:30	EIA Natural Gas Storage Change (26-Apr)	✓✓✓	-	92.00 Bcf	Weekly
Eurozone	19:30	ECB's Praet speech	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

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

An Authorised Financial
Services Provider
FSP no. 731

GTC is nationally represented in Johannesburg, Cape Town and Durban.

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services