

ONE Minute Brief

23 May 2019

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Economic and political news

In South Africa (SA), the consumer price inflation slowed to 4.4% on a yearly basis in April, compared to a level of 4.5% in the prior month.

South African lawmakers have officially elected Cyril Ramaphosa as President in the first sitting of parliament.

African National Congress (ANC) Deputy President, David Mabuza, has requested for the postponement of his swearing-in as a member of parliament.

The Public Investment Corporation's (PIC) former Chief Executive, Dan Matjila and two other senior executives have been implicated in allegations of an irregular payment of around ZAR100mn for the benefit of a select businessman.

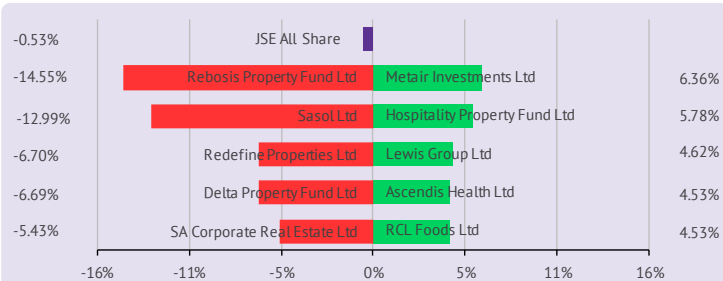
Yesterday, former Mayor, Parks Tau, resigned from the city council to take up his new position as member of the Gauteng Provincial Legislature (MPL). Further, Oscar Lubabalo Mabuyane was sworn in as the new Premier of the Eastern Cape and David Makhura was re-elected as Gauteng Premier. Meanwhile, Nomvula Mokonyane withdrew her name from ANC MP list.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, as shares in Sasol plunged and led by losses in resource sector stocks. Data showed that SA's annual inflation slowed in April. The JSE All Share Index fell 0.5% to close at 55,231.05.

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Key indices

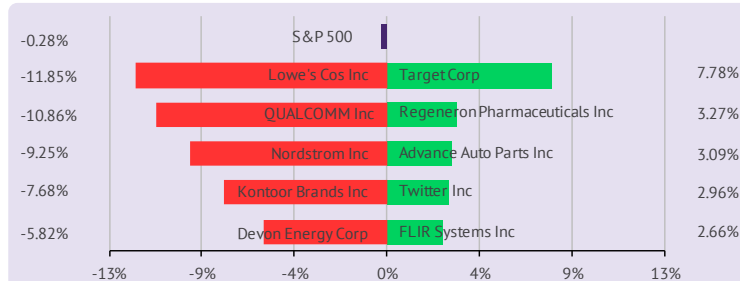
	As at 22 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55231.05	▼ -292.90	-0.53	-1.69	-5.63	3.66	4.73
JSE Top 40 (ZAR)	49193.90	▼ -292.39	-0.59	-1.77	-5.89	3.98	5.28
FTSE 100 (GBP)	7334.19	▲ 5.27	0.07	-0.20	-1.13	1.91	9.01
DAX 30 (EUR)	12168.74	▲ 25.27	0.21	-0.57	-1.42	7.10	15.25
CAC 40 (EUR)	5378.98	▼ -6.48	-0.12	-1.09	-3.71	4.41	13.70
S&P 500 (USD)	2856.27	▼ -8.09	-0.28	-0.11	-3.04	3.93	13.94
Nasdaq Composite (USD)	7750.84	▼ -34.88	-0.45	-0.84	-4.26	4.74	16.81
DJIA (USD)	25776.61	▼ -100.72	-0.39	0.05	-3.07	2.56	10.50
MSCI Emerging Markets (USD)	998.00	▼ -0.97	-0.10	0.16	-7.53	1.99	3.32
MSCI Developed World (USD)	2111.78	▼ -5.88	-0.28	-0.22	-3.07	3.37	12.09

US Market ▼

US markets closed lower

US markets closed lower yesterday, amid escalating US-China trade tensions. Data indicated that the US MBA mortgage applications rebounded in the week ended 17 May 2019. The S&P 500 Index dropped 0.3% to close at 2,856.27. Today, the S&P 500 futures are trading weaker.

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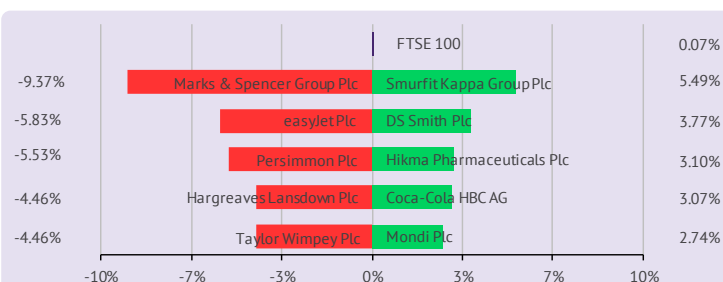


UK Market ▲

UK markets closed higher

UK markets finished higher yesterday, amid weakness in the British Pound. Data revealed that UK's annual consumer price index (CPI) advanced less-than-expected in April. The FTSE 100 Index advanced 0.1% to close at 7,334.19. Today, the FTSE 100 futures are trading in negative territory.

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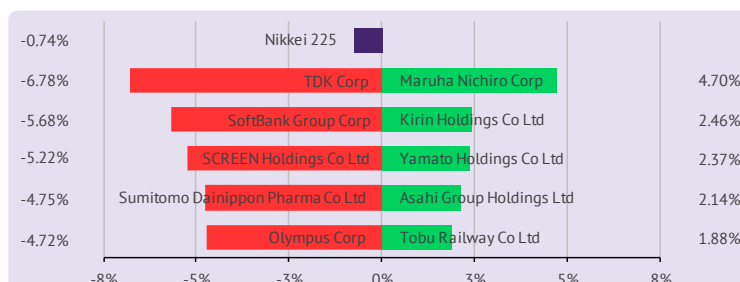


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid ongoing US-China trade dispute. Data showed that the Nikkei manufacturing PMI dropped in May. The Nikkei 225 Index is trading 0.7% lower at 21,126.72.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R14.3872. Later today, traders will keep a close watch on the US initial jobless claims, new home sales, the Markit manufacturing and services PMI for further indication.

The US Dollar fell against the South African Rand yesterday, following dovish comments from the Federal Reserve (Fed). On the data front, the US MBA mortgage applications registered an advance in the week ended 17 May 2019. Separately, in SA, the consumer price inflation slowed on an annual basis in April.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R18.1948. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, amid speculation that British Prime Minister, Theresa May's leadership was coming to an end, following her failure in the Brexit deal. Data indicated that UK's CPI rose less than market forecast on a yearly basis in April. Additionally, the annual producer price index (PPI) recorded a less-than-anticipated advance in the same month. On the other hand, the nation's house price index climbed. Moreover, public sector net borrowing recorded a deficit in April.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R16.0410. Going forward, market participants will keep a tab on the European Central Bank's April monetary policy minutes, the Markit manufacturing and services PMI across the Eurozone along with Germany's gross domestic product and the Ifo indices for further direction.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly weaker against the South African Rand at R9.8912. Earlier in the session, Australia's CBA manufacturing PMI recorded a rise in May. Additionally, the CBA services PMI jumped in the same month.

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	14.3872	▼	-0.10	-0.35	0.56	-1.40	0.23
GBPZAR	18.1948	▲	-0.45	-0.76	-2.30	-1.36	-0.62
EURZAR	16.0410	▼	-0.19	-0.41	-0.02	-1.44	-2.58
AUDZAR	9.8912	▲	-0.13	-0.08	-1.83	-2.06	-2.25
EURUSD	1.1150	=	-0.10	-0.07	-0.58	-0.03	-2.76
GBPUSD	1.2647	▲	-0.32	-0.46	-2.82	-0.02	-0.70
Brent (\$/barrel)	70.6	▼	-1.65	-1.69	-1.48	6.63	31.95
Gold (\$/oz)	1272.2	▼	0.08	-0.12	-0.89	-0.56	-0.55
Platinum (\$/oz)	799.0	▼	-1.24	-1.83	-9.69	5.04	1.18
Copper (\$/MT)*	5894.0	▼	-1.19	-2.30	-8.29	-0.92	-0.92

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.2% to trade at \$1,272.20/oz.

Yesterday, gold prices fell 0.9% to close at \$1,286.20/oz, amid weakness in the US equities.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged lower 0.6% to trade at \$70.58/bl, amid rising US crude inventories and weak demand from refineries.

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Yesterday, Brent crude oil dropped 1.7% to settle at \$70.99/bl, after the Energy Information Administration reported that the US crude supplies unexpectedly rose by 4.7mn bls in the week ended 17 May 2019, recording its second weekly rise.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.8% lower to trade at \$799.00/oz.

Yesterday, platinum prices declined 1.7% to close at \$833.60/oz.

Major South African corporate news

Lewis Group Limited

In its FY19 results, the company revealed that revenues advanced to ZAR6.14bn, from ZAR5.56bn recorded in the previous year. Its diluted EPS stood at 368.70c, down from 301.30c in the previous year. The company declared a final gross cash dividend of 129.00c per share.

Tiger Brands Limited

In its FY19 trading statement, the company indicated that due to the unbundling of the company's interest in Oceana Group Limited, with effect from 29 April 2019, the firm's EPS is expected to rise more than 20.0% compared to that of the preceding year.

Niveus Investments Limited

In its FY19 trading statement, the company indicated that it expects loss per share to be in between 38.80c and 54.30c, compared to an EPS of 154.60c in the prior year. Further, the company expects headline loss per share to be between 20.60c and 27.60c, compared to HEPS of 70.10c in the previous year.

Major global economic news

UK

In the UK, the CPI rose 2.1% on a yearly basis in April, less-than-anticipated and compared to an advance of 1.9% in the prior month.

In the UK, the non-seasonally adjusted output PPI recorded a less-than-expected rise of 2.1% on a yearly basis in April, compared to a revised rise of 2.2% in the prior month.

In the UK, the house price index advanced 1.4% on an annual basis in April. The index had advanced by a revised 1.0% in the prior month.

In the UK, public sector net borrowing posted a deficit of GBP5.00bn in April, compared to a revised surplus of GBP1.00bn in the previous month.

US

The Fed meeting minutes indicated that policymakers are in no rush for a near-term move in monetary policy as inflation is likely to remain subdued. Additionally, the minutes suggested that the Fed's patient approach to rate-change would be appropriate "for some time." Meanwhile, officials expressed concerns over the escalating trade tensions between the US and China and its impact on the global economic growth.

In the US, the MBA mortgage applications recorded a rise of 2.4% on a weekly basis in the week ended 17 May 2019. In the prior week, the MBA mortgage applications had recorded a drop of 0.6%.

Asia

In Australia, the preliminary CBA manufacturing PMI rose to 51.10 in May, compared to a level of 50.90 in the prior month.

In Australia, the preliminary CBA services PMI advanced to 52.30 in May, compared to a reading of 50.10 in the previous month.

In Japan, the preliminary manufacturing PMI fell to a level of 49.60 in May. The Manufacturing PMI had registered a level of 50.20 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (May) (P)	✓✓✓	49.60*	50.20	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Apr) (F)	✓✓✓	-	-33.40%**	Monthly
Germany	08:00	Gross Domestic Product n.s.a. (YoY) (Q1) (F)	✓✓	0.60%	0.60%**	Quarterly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.40%	0.40%**	Quarterly
France	09:15	Markit Manufacturing PMI (May) (P)	✓✓✓	50.00	50.00	Monthly
France	09:15	Markit Services PMI (May) (P)	✓✓✓	50.80	50.50	Monthly
Germany	09:30	Markit Manufacturing PMI (May) (P)	✓✓✓	44.80	44.40	Monthly
Germany	09:30	Markit Services PMI (May) (P)	✓✓✓	55.40	55.70	Monthly
Eurozone	10:00	Markit Services PMI (May) (P)	✓✓✓	53.00	52.80	Monthly
Germany	10:00	Ifo - Business Climate (May)	✓✓✓	99.10	99.20	Monthly
Germany	10:00	Ifo - Current Assessment (May)	✓✓	103.50	103.30	Monthly
Germany	10:00	Ifo - Expectations (May)	✓✓	95.00	95.20	Monthly
Eurozone	10:00	Markit Manufacturing PMI (May) (P)	✓✓✓	48.10	47.90	Monthly
Eurozone	10:40	ECB Vice President Guindos Speaks in Frankfurt	✓	-	-	As scheduled
Eurozone	13:30	ECB Releases Minutes of its April Monetary Policy Meeting	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (11-May)	✓✓✓	1667.00K	1660.00K	Weekly
US	14:30	Initial Jobless Claims (18-May)	✓✓✓	215.00K	212.00K	Weekly
US	15:45	Markit Manufacturing PMI (May) (P)	✓✓✓	52.60	52.60	Monthly
US	15:45	Markit Services PMI (May) (P)	✓✓✓	53.50	53.00	Monthly
US	16:00	New Home Sales (Apr)	✓✓✓	675.00K	692.00K	Monthly
US	16:00	New Home Sales (MoM) (Apr)	✓✓✓	-2.50%	4.50%	Monthly
US	17:00	Kansas City Fed Manufacturing Activity (May)	✓✓✓	6.00	5.00	Monthly
Eurozone	18:00	ECB's Nowotny Speaks at Vienna Stockmarket Event	✓	-	-	As scheduled
US	19:00	Fed's Kaplan, Daly, Bostic and Barkin Speak on Panel	✓	-	-	As scheduled
South Africa	-	SARB Interest Rate Decision	✓✓	6.75%	6.75%	As scheduled
Eurozone	-	European Parliamentary Elections (2019)	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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