

ONE
Minute Brief

24 May 2019

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Economic and political news

The South African Reserve Bank (SARB) kept its benchmark interest rate unchanged at 6.75%, as widely expected. Further, the central bank slashed South Africa's (SA) growth outlook for 2019 to 1.0% from 1.3% forecasted in March. The forecast for 2020 and 2021 was kept unchanged at 1.8% and 2.0%, respectively. Separately, the central bank has appointed Christopher Loewald as the sixth member of the monetary policy committee (MPC).

SA's labour-union group, Cosatu, has urged that state companies should be managed by various ministries and wants the Department of Public Enterprises to be scrapped.

The Democratic Alliance (DA) has requested National Assembly speaker Thandi Modise to initiate removal proceedings against Public Protector, Busisiwe Mkhwebane.

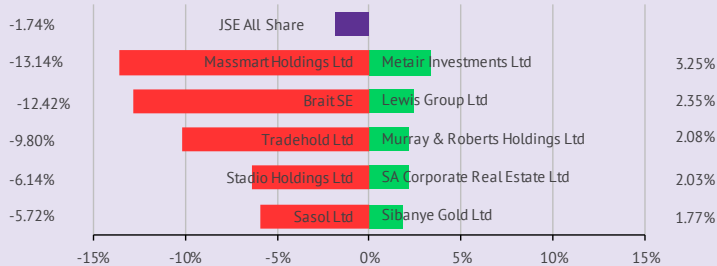
The National Prosecuting Authority argued that there is no single evidence to support the claim that the prosecution of former President Jacob Zuma was politically motivated.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid ongoing global trade tensions and led by sharp losses in banking and financial sector stocks. The JSE All Share Index fell 1.7% to close at 54,271.24.

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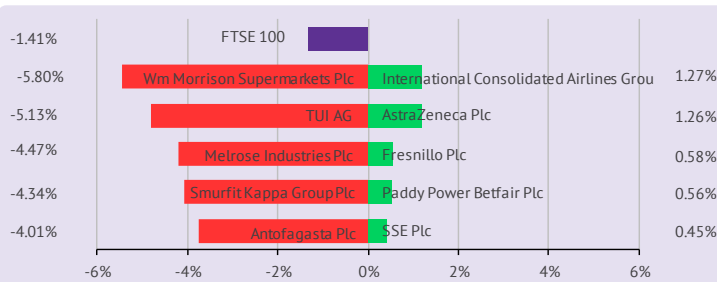


UK Market ▼

UK markets closed lower

UK markets finished lower yesterday, amid ongoing Brexit turmoil and US-China trade dispute. The FTSE 100 Index declined 1.4% to close at 7,231.04. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

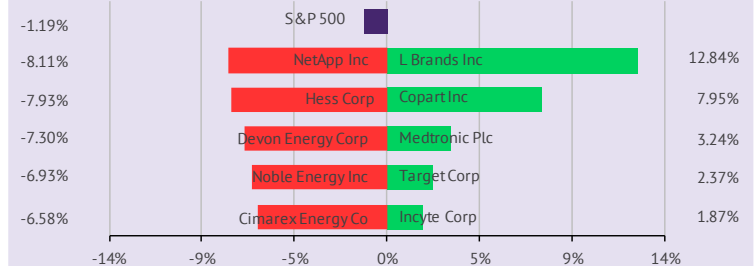
	As at 23 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54271.24	▼ -959.81	-1.74	-3.40	-7.27	3.66	2.91
JSE Top 40 (ZAR)	48290.13	▼ -903.77	-1.84	-3.58	-7.62	3.98	3.35
FTSE 100 (GBP)	7231.04	▼ -103.15	-1.41	-1.60	-2.52	1.91	7.47
DAX 30 (EUR)	11952.41	▼ -216.33	-1.78	-2.34	-3.17	7.10	13.20
CAC 40 (EUR)	5281.37	▼ -97.61	-1.81	-2.88	-5.46	4.41	11.64
S&P 500 (USD)	2822.24	▼ -34.03	-1.19	-1.30	-4.20	3.93	12.58
Nasdaq Composite (USD)	7628.28	▼ -122.56	-1.58	-2.41	-5.77	4.74	14.97
DJIA (USD)	25490.47	▼ -286.14	-1.11	-1.06	-4.15	2.56	9.27
MSCI Emerging Markets (USD)	984.81	▼ -13.19	-1.32	-1.16	-8.75	1.99	1.95
MSCI Developed World (USD)	2087.46	▼ -24.33	-1.15	-1.37	-4.19	3.37	10.80

US Market ▼

US markets closed lower

US markets closed lower yesterday, as US-China trade tensions fuelled concerns about slowdown in the US economy. Data revealed that the US Markit manufacturing PMI unexpectedly fell in May. The S&P 500 Index dropped 1.2% to close at 2,822.24. Today, the S&P 500 futures are trading higher.

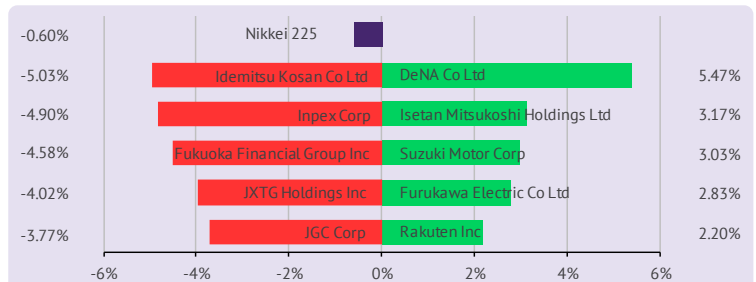
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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that Japan's annual National consumer price index (CPI) rose as expected in April. The Nikkei 225 Index is trading 0.6% lower at 21,024.69.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R14.4937. Later today, traders will keep a close watch on the US durable goods orders for further direction.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US Markit manufacturing PMI unexpectedly declined to a nine-and-a-half year low in May. Additionally, the services PMI registered an unexpected fall in the same month. Further, new home sales eased more than market forecast on a monthly basis in April. Meanwhile, initial jobless claims surprisingly dropped in the week ended 18 May 2019. Separately, the South African rand fell against the dollar, after the central bank kept its key rates unchanged and downgraded its growth forecast for this year.

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GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R18.3495. Ahead in the day, traders will keep an eye on the UK's retail sales for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R16.2044. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the data front, the Eurozone's Markit manufacturing PMI registered an unexpected decline in May. Additionally, the services PMI unexpectedly eased in May. Separately, Germany's gross domestic product (GDP) climbed in line with market expectations in the first quarter of 2019. Meanwhile, the nation's Markit manufacturing PMI recorded an unexpected drop in May. Moreover, the services PMI slid more than market forecast in the same month. Additionally, the Ifo business climate index declined more than market anticipations in May. Further, the Ifo current assessment index unexpectedly fell in May, while, the Ifo business expectations index recorded an unchanged reading in the same month.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.2% against the South African Rand to trade at R9.9774.

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	14.4937	▼	0.73	0.38	1.30	-1.40	0.96
GBPZAR	18.3495	▼	0.67	-0.09	-1.64	-1.36	0.05
EURZAR	16.2044	▼	1.01	0.60	0.99	-1.44	-1.60
AUDZAR	9.9774	▲	1.02	0.94	-0.82	-2.06	-1.25
EURUSD	1.1181	=	0.28	0.21	-0.30	-0.03	-2.49
GBPUSD	1.2659	▼	-0.06	-0.53	-2.88	-0.02	-0.76
Brent (\$/barrel)	68.6	▲	-4.55	-6.16	-5.97	6.63	25.95
Gold (\$/oz)	1288.8	▲	0.88	0.76	-0.02	-0.56	0.32
Platinum (\$/oz)	801.7	▲	-0.72	-2.54	-10.34	5.04	0.45
Copper (\$/MT)*	5901.0	▲	0.12	-2.19	-8.18	-0.92	-0.81

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,288.80/oz.

Yesterday, gold prices rose 0.9% to close at \$1,285.40/oz, amid weakness in the US Dollar and global equities, led by rising US-China trade tensions.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 1.3% to trade at \$68.62/bL.

Yesterday, Brent crude oil dropped 4.6% to settle at \$67.76/bL, as escalating US-China trade war tensions raised concerns over a slowdown in energy demand.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$801.70/oz.

Yesterday, platinum prices declined 0.7% to close at \$799.50/oz.

Major South African corporate news

Brait SE

In its FY19 trading statement, the company revealed that the company expects its net asset value per share to be between ZAR40.75 and ZAR42.75

Foschini Group Limited

In its FY19 results, the company indicated that revenues rose to ZAR37.13bn from ZAR31.46bn posted in the corresponding period of the previous year. Its diluted EPS increased 6.7% from the same period of the prior year to 131.30c. The company declared a gross final dividend of 450.00c per share.

Hosken Consolidated Investments Limited

In its FY19 results, the company revealed that its revenue advanced 5.0% from the same period of the preceding year to ZAR15.33bn. Its diluted EPS stood at 821.49c, compared with 1,056.23c recorded in the corresponding period of the previous year. The company declared a final ordinary dividend of 210.00c per share.

Hospitality Property Fund Limited

In its FY19 results, the company reported that its revenue declined 4.5% from the same period of the preceding year to ZAR827.79mn. Its diluted loss per share stood at 33.74c, compared with EPS of 22.97c recorded in the corresponding period of the previous year.

Massmart Holdings Limited

The company announced that Mitchell Slape has been appointed as Chief Executive Officer (CEO) and Executive Director of the company. Separately, the company in its trading statement for the first 20 weeks of FY19, revealed that group sales rose 6.1% to ZAR33.50bn. The company expects its 1H19 HEPS to be 50.0% lower compared with the same period of the prior year.

Tsogo Sun Holdings Limited

In its FY19 results, the company indicated that its net gaming revenue rose to ZAR9.82bn from ZAR8.12bn posted in the corresponding period of the previous year. Its diluted EPS decreased 26.0% from the same period of the prior year to 147.60c. The company declared a final gross dividend of 56.00c per share.

Major global economic news

Eurozone

The European Central Bank, in its April monetary policy minutes, showed declining confidence in growth recovery and indicated that the Eurozone's economic growth would be weaker than expected. Meanwhile, the officials called for more support for the economy, but argued that more analysis was needed to see if the rapid loss of economic momentum is persistent or temporary.

In the Eurozone, the flash Markit manufacturing PMI unexpectedly eased to 47.70 in May. In the previous month, the Markit manufacturing PMI had registered a level of 47.90.

In May, the preliminary services PMI unexpectedly dropped to a level of 52.50 in the Eurozone, compared to a level of 52.80 in the prior month.

In Germany, seasonally adjusted final GDP advanced 0.4% on a quarterly basis in 1Q19, meeting market expectations. In the previous quarter, GDP had registered an unchanged reading. The preliminary figures had also indicated a rise of 0.4%.

In May, the flash Markit manufacturing PMI unexpectedly fell to 44.30 in Germany. The Markit Manufacturing PMI had registered a reading of 44.40 in the prior month.

In Germany, the preliminary Markit services PMI fell more-than-expected to a level of 55.00 in May, compared to a level of 55.70 in the previous month.

In May, the Ifo business climate index dropped more-than-anticipated to a level of 97.90 in Germany. The index had recorded a level of 99.20 in the prior month.

In May, the Ifo business expectations index in Germany remained unchanged at 95.30.

In Germany, the Ifo current assessment index unexpectedly fell to 100.60 in May. In the prior month, the Ifo current assessment index had registered a revised level of 103.40.

US

In the US, seasonally adjusted initial jobless claims unexpectedly dropped to 211.00K in the week ended 18 May 2019. In the prior week, initial jobless claims had registered a level of 212.00K.

In the US, new home sales fell more-than-anticipated by 6.9% to a level of 673.00K in April. New home sales had registered a revised reading of 723.00K in the prior month.

In the US, the preliminary Markit manufacturing PMI recorded an unexpected drop to a level of 50.60 in May, compared to a reading of 52.60 in the previous month.

In May, the flash Markit services PMI recorded an unexpected drop to 50.90 in the US. The Markit services PMI had registered a reading of 53.00 in the previous month.

Asia

In Japan, the national CPI registered a rise of 0.9% on a yearly basis in April, meeting market expectations. In the prior month, the national CPI had recorded a rise of 0.5%.

In Japan, the final machine tool orders fell 33.4% on an annual basis in April. Machine tool orders had fallen 28.5% in the prior month. The preliminary figures had also recorded a drop of 33.4%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	01:30	National Consumer Price Index (YoY) (Apr)	✓✓✓	0.90%*	0.50%	Monthly
 Japan	01:30	National CPI Ex-Fresh Food (YoY) (Apr)	✓✓✓	0.90%*	0.80%	Monthly
 Japan	01:30	National CPI Ex Food, Energy (YoY) (Apr)	✓✓	0.60%*	0.40%	Monthly
 Japan	07:30	All Industry Activity Index (MoM) (Mar)	✓✓✓	-0.20%	-0.20%	Monthly
 Germany	08:00	Import Price Index s.a. (MoM) (Apr)	✓✓	0.50%	0.00%	Monthly
 Germany	08:00	Import Price Index n.s.a. (YoY) (Apr)	✓✓	1.60%	1.70%	Monthly
 Spain	09:00	Producer Price Index (MoM) (Apr)	✓	-	-0.20%	Monthly
 Spain	09:00	Producer Price Index (YoY) (Apr)	✓	-	2.40%	Monthly
 UK	10:30	Retail Sales ex-Fuel (MoM) (Apr)	✓✓✓	-0.50%	1.20%	Monthly
 UK	10:30	Retail Sales (MoM) (Apr)	✓✓✓	-0.30%	1.10%	Monthly
 UK	10:30	Retail Sales (YoY) (Apr)	✓✓✓	4.50%	6.70%	Monthly
 UK	10:30	Retail Sales ex-Fuel (YoY) (Apr)	✓✓✓	4.20%	6.20%	Monthly
 Eurozone	10:30	ECB's Nowotny Gives Briefing with IMF Delegation in Vienna	✓✓	-	-	As scheduled
 UK	12:00	CBI Distributive Trades Survey - Realised (May)	✓✓	6.00%	13.00%	Monthly
 US	14:30	Durable Goods Orders (Apr) (P)	✓✓✓	-2.00%	2.60%	Monthly
 US	14:30	Cap Goods Orders Nondef Ex Air (Apr) (P)	✓	-0.30%	1.40%	Monthly
 US	14:30	Cap Goods Ship Nondef Ex Air (Apr) (P)	✓	-0.10%	0.00%	Monthly
 US	14:30	Durable Goods Orders ex Transportation (Apr) (P)	✓✓	0.10%	0.30%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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