

ONE  
Minute Brief

31 May 2019

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## Economic and political news

In South Africa (SA), the producer price index (PPI) climbed 6.5% on an annual basis in April, compared to a rise of 6.2% in the prior month.

The high court in Johannesburg has ruled in favour of former Finance Minister Trevor Manuel and ordered the Economic Freedom Fighters (EFF) to pay ZAR500,000 for defamatory and false statements made about him by the party.

The Democratic Alliance has elected its new caucus leadership team for parliament, with John Steenhuisen retaining his position as the chief whip. Jacques Julius has been appointed his new deputy.

Anglo American Platinum stated that an illegal strike by the workers of General Industrial Workers Union of SA (GIWUSA) that led to the dismissal of 643 employees at the Mototolo mine "has been resolved" and that all dismissed employees would be reinstated.

The Public Investment Corporation (PIC) has taken legal action against Ayo Technology Solutions in order to recover its investment in the company.

## Key indices

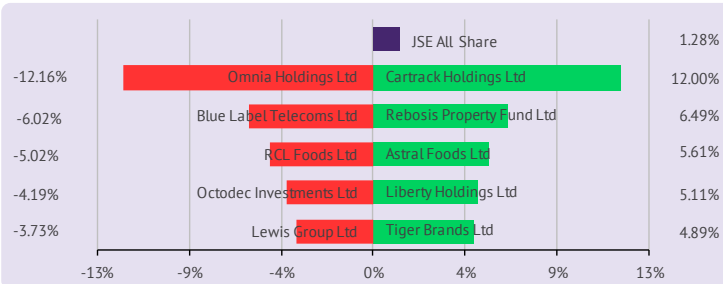
	As at 30 May 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55700.59	▲	703.25	1.28	2.35	-4.83	3.66	5.62
JSE Top 40 (ZAR)	49666.85	▲	663.79	1.35	2.56	-4.99	3.98	6.29
FTSE 100 (GBP)	7218.16	▲	32.86	0.46	-0.82	-2.70	1.91	7.28
DAX 30 (EUR)	11902.08	▲	64.27	0.54	-0.91	-3.58	7.10	12.72
CAC 40 (EUR)	5248.91	▲	26.79	0.51	-1.27	-6.04	4.41	10.95
S&P 500 (USD)	2788.86	▲	5.84	0.21	-1.32	-5.33	3.93	11.25
Nasdaq Composite (USD)	7567.72	▲	20.41	0.27	-0.91	-6.52	4.74	14.05
DJIA (USD)	25169.88	▲	43.47	0.17	-1.63	-5.35	2.56	7.90
MSCI Emerging Markets (USD)	994.93	▲	9.49	0.96	0.84	-7.81	1.99	3.00
MSCI Developed World (USD)	2066.48	▲	1.68	0.08	-1.36	-5.15	3.37	9.69

## South Africa Market ▲

## South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, gold mining and financial sector stocks. Data revealed that SA's annual PPI rose more-than-anticipated in April. The JSE All Share Index rose 1.3% to close at 55,700.59.

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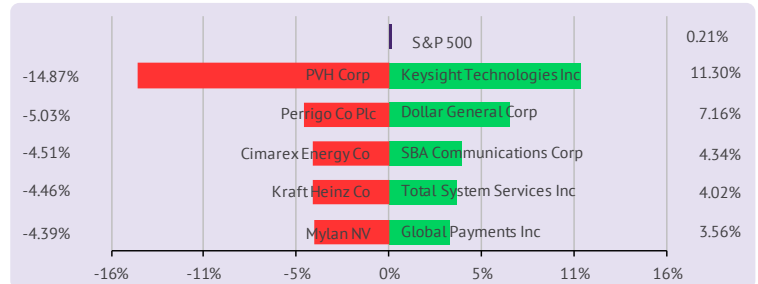


## US Market ▲

## US markets closed higher

US markets closed higher yesterday, after President, Donald Trump, stated that trade talks with China are doing well, boosting hopes for a trade deal. Data indicated that the US quarterly gross domestic product (GDP) rose in line with market expectations in 1Q19. The S&P 500 Index climbed 0.2% to close at 2,788.86. Today, the S&P 500 futures are trading weaker.

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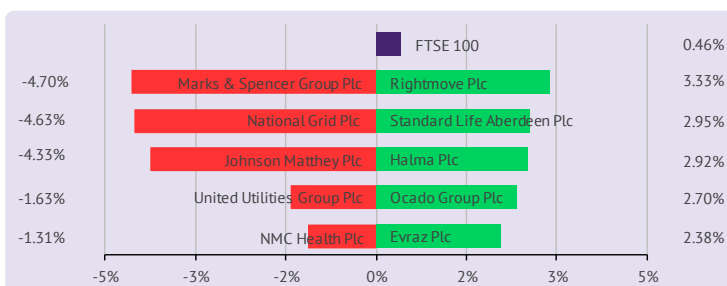


## UK Market ▲

## UK markets closed higher

UK markets finished higher yesterday, supported by gains in energy sector stocks. The FTSE 100 Index advanced 0.5% to close at 7,218.16. Today, the FTSE 100 futures are trading in negative territory.

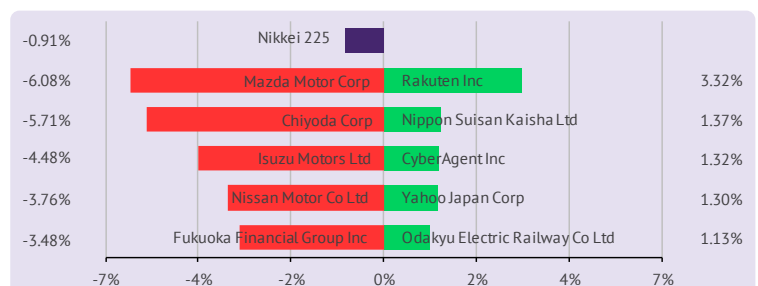
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## Asian Market ◀▶

## Trading mixed

Asian markets are trading mixed this morning. Data showed that Japan's jobless rate fell as expected in April. The Nikkei 225 Index is trading 0.9% lower at 20,751.56.



## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.5% against the South African Rand to trade at R14.8096. Later today, traders will keep a close watch on the US Chicago Purchasing Managers' Index (PMI), personal income, personal spending and the Michigan consumer sentiment index for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US economy grew less than initially estimated in 1Q19. Further, advance goods trade deficit widened in April. Additionally, initial jobless claims climbed more than market forecast in the week ended 25 May 2019. Moreover, pending home sales unexpectedly declined on a monthly basis in April. Separately, in SA, the PPI jumped more-than-anticipated on an annual basis in April.

## GBP ZAR ▼

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound rose 0.6% against the South African Rand to trade at R18.6791. Ahead in the day, traders will keep an eye on the UK's net consumer credit, mortgage approvals and the Nationwide house price index for further direction. Data indicated that the UK's GfK consumer confidence index advanced in May, notching its highest level since September 2018.

The British Pound advanced against the South African Rand yesterday.

## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.5% firmer against the South African Rand at R16.4829. Going forward, market participants will keep a tab on Germany's consumer price index (CPI) and retail sales data for further cues.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▼

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.6% against the South African Rand to trade at R10.2392. Earlier in the session, Australia's private sector credit recorded a less-than-anticipated rise on a monthly basis in April. Meanwhile, in China, Australia's largest trading partner, the manufacturing PMI dropped more than market expectations in May.

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	14.8096	▼	0.54	2.22	3.03	-1.40	2.68
GBPZAR	18.6791	▼	0.36	1.31	-0.38	-1.36	1.34
EURZAR	16.4829	▼	0.52	1.49	2.24	-1.44	-0.38
AUDZAR	10.2392	▼	0.41	1.95	0.97	-2.06	0.54
EURUSD	1.1129	=	-0.02	-0.66	-0.77	-0.03	-2.95
GBPUSD	1.2610	▼	-0.14	-0.83	-3.25	-0.02	-1.14
Brent (\$/barrel)	66.0	▼	-3.71	-2.65	-7.20	6.63	24.29
Gold (\$/oz)	1296.0	▲	0.48	0.27	0.11	-0.56	0.45
Platinum (\$/oz)	791.5	▼	0.30	-1.10	-10.95	5.04	-0.23
Copper (\$/MT)*	5822.0	▼	-0.55	-1.85	-9.41	-0.92	-2.13

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.7% to trade at \$1,296.00/oz, amid expectations of an interest rate cut by the US Federal Reserve.

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Yesterday, gold prices rose 0.5% to close at \$1,287.10/oz, amid ongoing US-China tensions and concerns over global economic growth.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 1.3% lower to trade at \$66.00/bl, amid trade conflicts and record levels of US crude output.

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Yesterday, Brent crude oil dropped 3.7% to settle at \$66.87/bl, after the US Energy Information Administration reported that crude oil inventories fell less-than-expected by 0.3mn bls in the week ended 24 May 2019.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$791.50/oz.

Yesterday, platinum prices climbed 0.3% to close at \$794.10/oz.

## Major South African corporate news

### Life Healthcare Group Holdings Limited

In its FY19 results, the company announced that revenues rose to ZAR12.40bn from ZAR11.32bn posted in the corresponding period of the previous year. Its diluted EPS decreased 55.1% to 24.40c from the same period of the prior year.

### Nampak Limited

In its 1H19 results, the company announced that revenues declined 4.4% to ZAR8.45bn compared to the same period of the preceding year. Its diluted EPS stood at 126.60c, down from 129.00c recorded in the corresponding period of the previous year.

## Major global economic news

### Asia

In Japan, unemployment rate registered a drop to 2.4% in April, meeting market expectations and compared to 2.5% in the previous month.

In Japan, flash industrial production climbed 0.6% on a monthly basis in April, more than market expectations. Industrial production had recorded a drop of 0.6% in the prior month.

In Japan, Tokyo the CPI recorded a less-than-expected rise of 1.1% on a yearly basis in May, compared to a rise of 1.4% in the previous month.

In China, the NBS manufacturing PMI registered a more-than-anticipated drop to 49.40 in May. In the previous month, the NBS manufacturing PMI had recorded a level of 50.10.

In Australia, private sector credit rose 3.7% on an annual basis in April, less than market expectations. In the previous month, the private sector credit had risen 3.9%.

### UK

In the UK, the GfK consumer confidence registered a rise to -10.00 in May, compared to a reading of -13.00 in the previous month.

### US

In the US, second estimate of annualised GDP climbed 3.1% on a quarterly basis in 1Q19, in line with market expectations. In the prior quarter, the annualised GDP had risen 2.2%. The preliminary figures had indicated an advance of 3.2%.

In the US, seasonally adjusted initial jobless claims rose more-than-expected to a level of 215.00K in the week ended 25 May 2019, compared to a revised level of 212.00K in the previous week.

In the US, advance goods trade deficit widened to USD72.10bn in April, following a revised deficit of USD71.30bn in the prior month.

In April, pending home sales recorded an unexpected drop of 1.5% on a monthly basis in the US. In the prior month, pending home sales had advanced by a revised 3.9%.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	GfK Consumer Confidence (May)	✓✓✓	-10.00*	-13.00	Monthly
Japan	01:30	Unemployment Rate (Apr)	✓✓	2.40%*	2.50%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (May)	✓✓✓	1.10%*	1.40%	Monthly
Japan	01:50	Industrial Production (MoM) (Apr) (P)	✓✓✓	0.60%*	-0.60%	Monthly
Japan	01:50	Industrial Production (YoY) (Apr) (P)	✓✓✓	-1.10%*	-4.30%	Monthly
Japan	01:50	Large Retailer's Sales (Apr)	✓✓	-1.80%*	0.60%	Monthly
Japan	01:50	Retail Trade s.a. (MoM) (Apr)	✓✓✓	0.00%*	0.20%	Monthly
Japan	01:50	Retail Trade (YoY) (Apr)	✓✓✓	0.50%*	1.00%	Monthly
China	03:00	NBS Manufacturing PMI (May)	✓✓	49.40*	50.10	Monthly
Japan	07:00	Consumer Confidence Index (May)	✓✓	40.70	40.40	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (May)	✓✓✓	0.00%	0.40%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Apr)	✓	7.00%	6.95%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Apr)	✓	6.20%	6.10%	Monthly
Germany	08:00	Retail Sales (MoM) (Apr)	✓✓✓	0.10%	-0.20%	Monthly
Germany	08:00	Retail Sales (YoY) (Apr)	✓✓✓	1.40%	-2.10%	Monthly
UK	10:30	Net Consumer Credit (Apr)	✓✓	GBP1.00bn	GBP0.50bn	Monthly
UK	10:30	Mortgage Approvals (Apr)	✓✓✓	63.70K	62.30K	Monthly
Germany	14:00	Consumer Price Index (MoM) (May) (P)	✓✓✓	0.30%	1.00%	Monthly
Germany	14:00	Consumer Price Index (YoY) (May) (P)	✓✓✓	1.60%	2.00%	Monthly
South Africa	14:00	Trade Balance (Apr)	✓✓	ZAR1.30bn	ZAR5.00bn	Monthly
US	14:30	Personal Consumption Expenditure Core (MoM) (Apr)	✓✓✓	-	0.00%	Monthly
US	14:30	Personal Consumption Expenditure Core (YoY) (Apr)	✓✓✓	-	1.60%	Monthly
US	14:30	Personal Income (MoM) (Apr)	✓✓	0.30%	0.10%	Monthly
US	14:30	Personal Spending (Apr)	✓✓	0.20%	0.90%	Monthly
US	15:45	Chicago PMI (May)	✓✓✓	54.00	52.60	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (May) (F)	✓✓✓	101.50	102.40**	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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