

ONE
Minute Brief

4 June 2019

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Economic and political news

In South Africa (SA), the manufacturing PMI unexpectedly dropped to 45.40 in May, compared to a level of 47.20 in the prior month. Additionally, Naamsa indicated that vehicle sales declined 5.7% to 40,506 units on a yearly basis in May.

The International Monetary Fund has urged SA to speed up the implementation of structural reforms to boost the country's economic growth.

The Gauteng High Court in Johannesburg has reserved judgment on Democratic Alliance's (DA) appeal against Independent Electoral Commission's (IEC) finding that the party had breached electoral code when it fired De Lille.

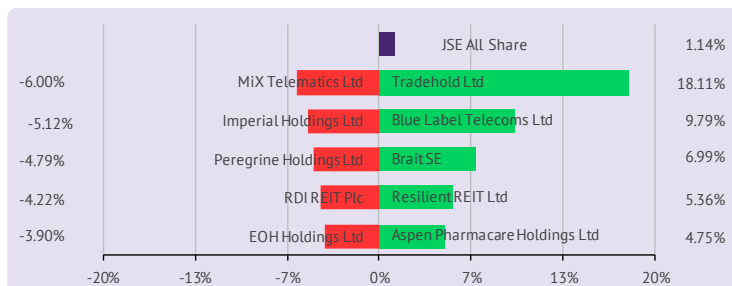
Public Protector, Busisiwe Mkhwebane, has issued a section 7(9) notice to Public Enterprises Minister, Pravin Gordan, in relation to her investigation into his meetings with the Gupta family and his involvement in the rogue unit at the SA Revenue Service (Sars).

According to a news report, AfriForum has pledged to use legal funds received from Economic Freedom Fighters leader, Julius Malema and his party to stop the expropriation of land without compensation.

South Africa Market ▲

South African markets closed higher

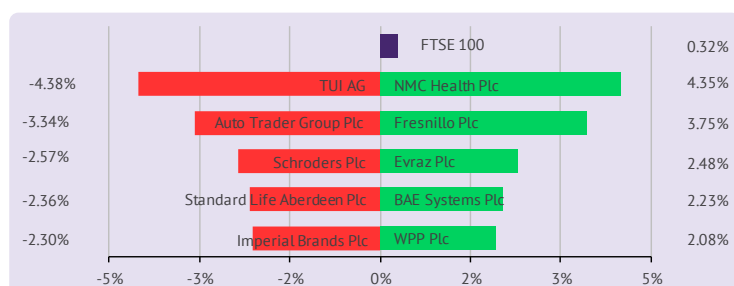
South African markets closed in the green yesterday, boosted by gains in gold mining, banking and industrial sector stocks. Data showed that SA's Markit manufacturing PMI unexpectedly fell in May. The JSE All Share Index rose 1.1% to close at 56,286.31.

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UK Market ▲

UK markets closed higher

UK markets finished higher yesterday, amid exchange of trade threats between the US and China. Data revealed that UK's Markit manufacturing PMI fell more-than-expected in May. The FTSE 100 Index advanced 0.3% to close at 7,184.80. Today, the FTSE 100 futures are trading in negative territory.

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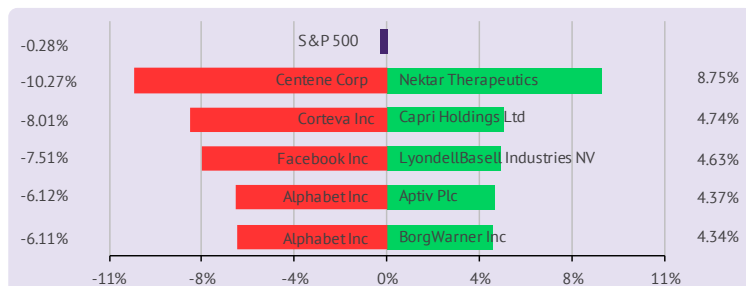
Key indices

	As at 3 June 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56286.31	▲	635.90	1.14	1.14	-4.92	6.73
JSE Top 40 (ZAR)	50213.46	▲	625.99	1.26	1.26	-5.14	7.46
FTSE 100 (GBP)	7184.80	▲	23.09	0.32	0.32	-3.46	6.79
DAX 30 (EUR)	11792.81	▲	65.97	0.56	0.56	-5.00	11.69
CAC 40 (EUR)	5241.46	▲	33.83	0.65	0.65	-6.78	10.80
S&P 500 (USD)	2744.45	▼	-7.61	-0.28	-0.28	-6.58	9.48
Nasdaq Composite (USD)	7333.02	▼	-120.13	-1.61	-1.61	-7.93	10.52
DJIA (USD)	24819.78	▲	4.74	0.02	0.02	-6.69	6.40
MSCI Emerging Markets (USD)	1008.34	▲	10.34	1.04	1.04	-7.53	4.39
MSCI Developed World (USD)	2045.06	▼	-1.18	-0.06	-0.06	-6.08	8.55

US Market ▼

US markets closed lower

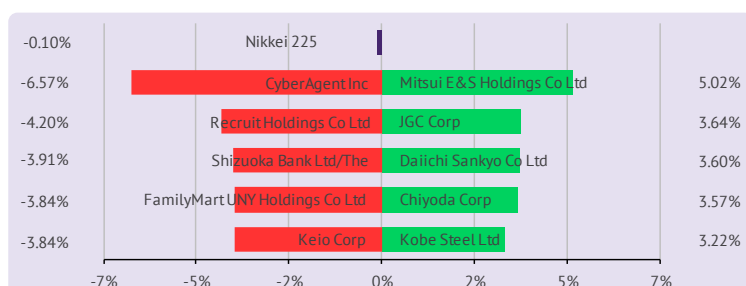
US markets closed mostly lower yesterday, as technology stocks dropped, amid reports that the US government is planning to target big companies with antitrust and business practice probes. Data indicated that the US Markit manufacturing PMI fell more-than-expected in May. The S&P 500 Index dropped 0.3% to close at 2,744.45. Today, the S&P 500 futures are trading in the green.

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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, amid continuing global trade tensions. The Nikkei 225 Index is trading 0.1% lower at 20,391.10.

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USD ZAR ▼

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R14.4590. Later today, traders will keep a close watch on the US Federal Reserve Chairman, Jerome Powell's speech along with the US factory orders and durable goods orders for further direction.

The US Dollar fell against the South African Rand yesterday, after the US ISM manufacturing index unexpectedly dropped in May, recording its lowest level since October 2016. Additionally, the Markit manufacturing PMI declined more than market forecast in May, marking its lowest level since September 2009. Meanwhile, construction spending remained flat on a monthly basis in March. Separately, in SA, the Markit manufacturing PMI registered an unexpected decline in May. Moreover, the Naamsa vehicle sales fell for the fourth time in five months on an annual basis in May.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R18.3138. Ahead in the day, traders will keep an eye on UK's Markit construction PMI for further cues. Data revealed that the UK's BRC like-for-like sales recorded an unexpected fall on a yearly basis in May.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's Markit manufacturing PMI declined more than market forecast in May.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.2% against the South African Rand to trade at R16.2715. Going forward, market participants will keep a tab on the Eurozone's consumer price index and unemployment rate for further indication.

The Euro weakened against the South African Rand yesterday. On the macro front, Eurozone's Markit manufacturing PMI dropped in line with market expectations in May. Separately, Germany's Markit manufacturing PMI fell meeting market forecast in May.

AUD ZAR ▼

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar rose marginally against the South African Rand to trade at R10.0845. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index eased in the week ended 2 June 2019. Additionally, retail sales unexpectedly declined on a monthly basis in April. Meanwhile, the nation's current account deficit narrowed in 1Q19.

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	14.4590	▼	-0.88	-0.88	-0.88	1.97	0.73
GBPZAR	18.3138	▼	-0.65	-0.65	-0.65	-1.16	-0.11
EURZAR	16.2715	▼	-0.29	-0.29	-0.29	1.58	-1.30
AUDZAR	10.0845	▼	-0.24	-0.24	-0.24	0.29	-0.38
EURUSD	1.1254	▼	0.64	0.64	0.64	-0.41	-1.97
GBPUSD	1.2665	▼	0.28	0.28	0.28	-3.09	-0.71
Brent (\$/barrel)	61.1	▼	-1.15	-1.15	-1.15	-13.97	13.90
Gold (\$/oz)	1327.3	▲	1.29	1.29	1.29	1.56	3.23
Platinum (\$/oz)	819.3	▼	3.36	3.36	3.36	-10.93	3.14
Copper (\$/MT)*	5816.0	▲	0.17	0.17	0.17	-9.66	-2.24

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.3% to trade at \$1,327.30/oz.

Yesterday, gold prices rose 1.3% to close at \$1,322.70/oz, as rising trade and tariff tensions between the US and its trade partners raised fears about slowdown in the global economy.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.4% to trade at \$61.05/bl.

Yesterday, Brent crude oil dropped 1.2% to settle at \$61.28/bl, amid rising concerns over demand for the commodity.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.2% to trade at \$819.30/oz.

Yesterday, platinum prices climbed 3.4% to close at \$820.90/oz.

Major South African corporate news

Aspen Pharmacare Holdings Limited

The company announced that it has completed the divestment of its Nutritionals Business to the Lactalis Group for a gross consideration of EUR740.00mn. Further, the company notified that it received proof of payment of the gross consideration from the Lactalis Group and anticipates all the funds to be in its bank accounts within the next few days. The estimated net cash inflows from the transaction, after payment of transaction related taxes, the buy-out of minority shareholders and the payment of transaction costs, would be approximately EUR635.00mn and the financial effects remain in line with the company's expectations.

Delta Property Fund Limited

In its FY19 results, the company announced that group revenues fell to ZAR1.55bn from ZAR1.56bn posted in the previous year. Its diluted EPS fell 64.5% to 39.80c, compared to the same period of the prior year. The company declared a final dividend of 15.99c per share.

Major global economic news

Asia

The Reserve Bank of Australia (RBA), in its latest policy meeting cuts its benchmark interest rate to 1.25% from 1.50%, for the first time since August 2016.

In Australia, the ANZ Roy Morgan weekly consumer confidence index dropped to a level of 116.90 in the week ended 2 June 2019, compared to a reading of 118.60 in the previous month.

In Australia, seasonally adjusted current account deficit narrowed to AUD2.90bn in 1Q19, meeting market forecast and compared to a revised deficit of AUD6.30bn in the prior quarter.

In Australia, seasonally adjusted retail sales unexpectedly dropped 0.1% on a monthly basis in April, compared to an advance of 0.3% in the previous month.

Eurozone

In the Eurozone, the final Markit manufacturing PMI recorded a drop to 47.70 in May, meeting market forecast and compared to a reading of 47.90 in the prior month. The preliminary figures had also indicated a drop to 47.70.

In Germany, the final Markit manufacturing PMI recorded a drop to 44.30 in May, meeting market expectations. In the prior month, manufacturing PMI had recorded a reading of 44.40. The preliminary figures had also indicated a drop to 44.30.

US

In the US, the final Markit manufacturing PMI recorded a more-than-anticipated drop to 50.50 in May. In the previous month, the Markit manufacturing PMI had recorded a level of 52.60. The preliminary figures had indicated a fall to 50.60.

In the US, the ISM manufacturing activity index registered an unexpected drop to 52.10 in May. In the prior month, the ISM manufacturing activity index had recorded a level of 52.80.

In the US, construction spending remained flat on a monthly basis in April. In the previous month, construction spending had recorded a revised rise of 0.1%.

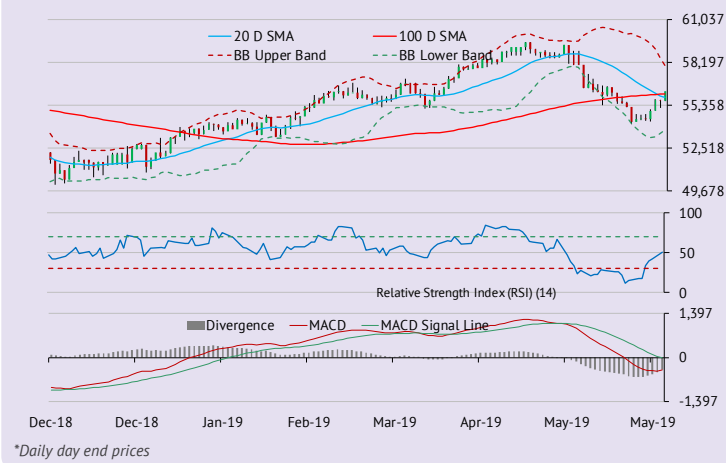
UK

In the UK, the Markit manufacturing PMI registered a more-than-expected drop to 49.40 in May. The manufacturing PMI had registered a reading of 53.10 in the prior month.

In the UK, retail sales across all sectors unexpectedly fell 3.0% on an annual basis in May. In the previous month, retail sales across all sectors had risen 3.7%.

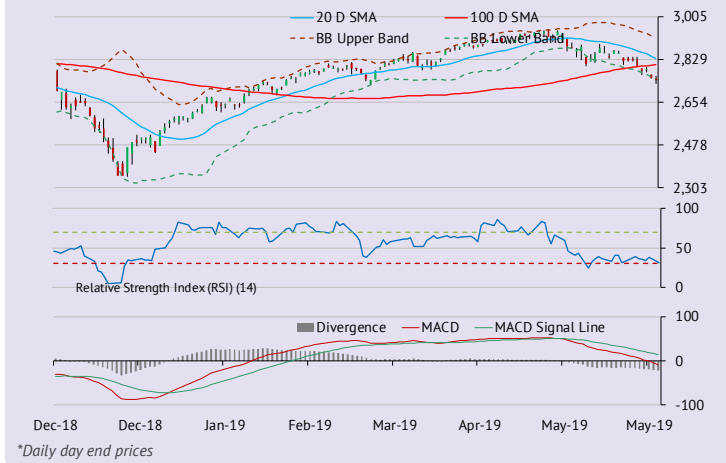
Technical snapshot

JSE All Share



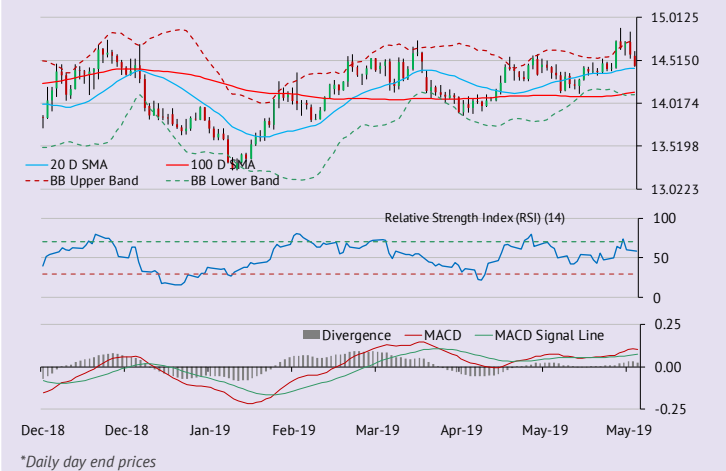
The JSE All Share index is expected to find support at 54,937.78, and a fall through could take it to the next support level of 53,589.26. The index is expected to find its first resistance at 56,960.57, and a rise through could take it to the next resistance level of 57,634.84.

S&P 500



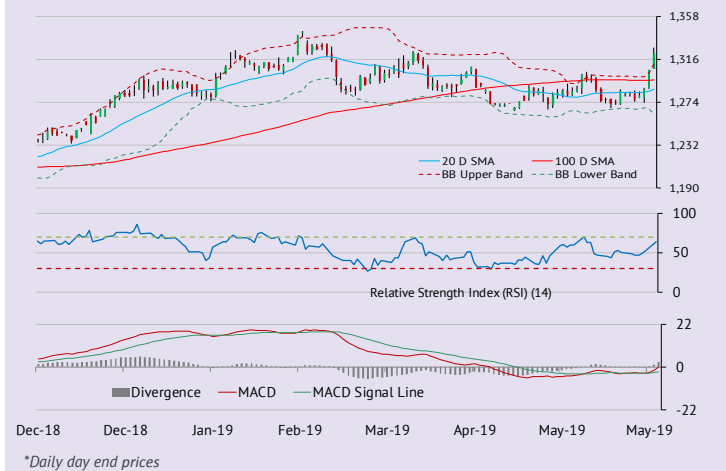
The S&P 500 index is expected to find support at 2,702.00, and a fall through could take it to the next support level of 2,659.56. The index is expected to find its first resistance at 2,813.70, and a rise through could take it to the next resistance level of 2,882.96.

USD ZAR



The pair is expected to find support at 14.2823, and a fall through could take it to the next support level of 14.1131. The pair is expected to find its first resistance at 14.7571, and a rise through could take it to the next resistance level of 15.0627.

XAU USD



Gold is expected to find support at \$1,288.47/oz, and a fall through could take it to the next support level of \$1,254.23/oz. The precious metal is expected to find its first resistance at \$1,342.37/oz, and a rise through could take it to the next resistance level of \$1,362.03/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (May)	✓✓✓	-3.00%*	3.70%	Monthly
Japan	01:50	Monetary Base (YoY) (May)	✓	3.60%*	3.10%	Monthly
Japan	01:50	Monetary Base (May)	✓✓✓	JPY511.80 tn*	JPY514.60 tn	Monthly
France	08:45	Budget Balance (Apr)	✓	-	-EUR40.70 bn	Monthly
Spain	09:00	Unemployment Change (May)	✓✓✓	-74.50 K	-91.50 K	Monthly
Italy	10:00	Unemployment Rate (Apr)	✓	10.30%	10.20%	Monthly
UK	10:30	Markit Construction PMI (May)	✓✓✓	50.60	50.50	Monthly
Eurozone	11:00	Unemployment Rate (Apr)	✓✓✓	7.70%	7.70%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (May) (P)	✓✓✓	0.90%	1.30%	Monthly
Greece	11:00	Gross Domestic Product n.s.a. (YoY) (Q1) (F)	✓	-	1.60%**	Quarterly
Eurozone	11:00	Consumer Price Index (YoY) (May) (F)	✓✓✓	1.30%	1.70%**	Monthly
South Africa	11:30	Gross Domestic Product (QoQ) (Q1)	✓✓	-1.60%	1.40%	Quarterly
South Africa	11:30	Gross Domestic Product (YoY) (Q1)	✓	0.60%	1.10%	Quarterly
US	14:30	Fed's Williams Speaks at Conference on Reforming Bank Culture	✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (01-Jun)	✓	-	5.70%	Weekly
US	14:55	Redbook Index s.a. (MoM) (01-Jun)	✓	-	1.30%	Weekly
US	15:55	Powell Gives Welcoming Remarks at Fed Framework Conference	✓✓✓	-	-	As scheduled
US	16:00	Cap Goods Orders Nondef Ex Air (Apr) (F)	✓	-	-0.90%**	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Apr) (F)	✓	-	0.00%**	Monthly
US	16:00	Unfilled Orders/Shipments (Apr)	✓	-	6.56	Monthly
US	16:00	Inventories / Shipment Ratio (Apr)	✓	-	1.36	Monthly
US	16:00	Durable Goods Orders (Apr) (F)	✓✓✓	-	-2.10%**	Monthly
US	16:00	Durable Goods Orders ex Transportation (Apr) (F)	✓✓	-	0.00%**	Monthly
US	16:00	Factory Orders (MoM) (Apr)	✓✓✓	-1.00%	1.90%	Monthly
US	21:45	Fed's Brainard Moderates Panel at Chicago Fed Conference	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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