

# ONE Minute Brief

5 June 2019

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## Economic and political news

In South Africa (SA), annualised gross domestic product (GDP) dropped 3.2% on a quarterly basis in 1Q19, compared to a rise of 1.4% in the previous month.

African National Congress (ANC) Secretary General, Ace Magashule, stated that the party's executives have agreed to expand the mandate of the South African Reserve Bank to focus on employment and growth as well as inflation.

The Department of Energy announced that petrol prices rose by 9c per litre and both grades of diesel increased by 33c per litre, with effect from Tuesday midnight.

Mineral Resources and Energy Minister, Gwede Mantashe, stated that the country is considering all options from coal to renewables to nuclear power as part of its future energy mix. However, he favoured coal-fired power over other resources.

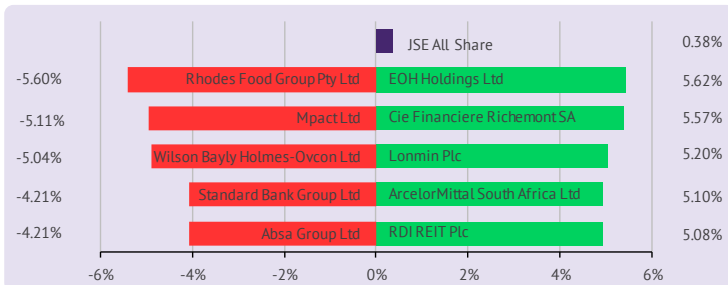
The Special Investigating Unit (SIU) stated that a probe into the awarding of various contracts at the South African Broadcasting Corporation will continue, despite a recent court ruling that found that one of the deals in question was above board.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, amid gains in gold mining and resources sector stocks. Data showed that SA's economy contracted at the fastest pace in a decade in 1Q19. The JSE All Share Index rose 0.4% to close at 56,500.38.

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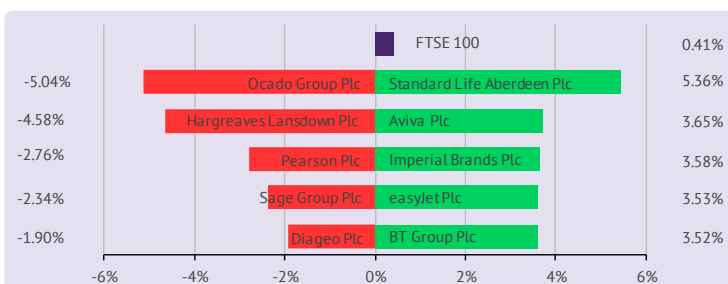


## UK Market ▲

### UK markets closed higher

UK markets finished higher yesterday, as US-China trade tensions eased and helped by gains in banking and mining sector stocks. Data indicated that UK's Markit construction PMI unexpected fell in May. The FTSE 100 Index advanced 0.4% to close at 7,214.29. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

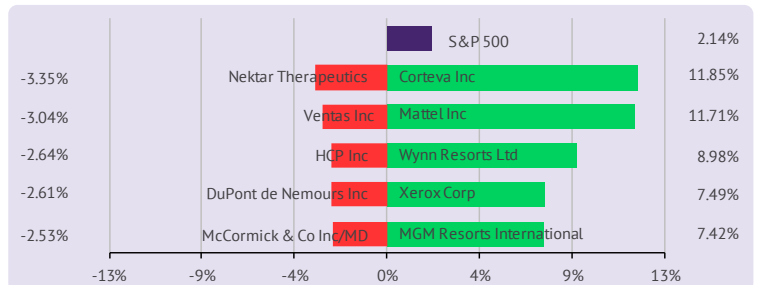
	As at 4 June 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	56500.38	▲	214.07	0.38	1.53	1.53	-4.92	7.14
JSE Top 40 (ZAR)	50452.38	▲	238.92	0.48	1.74	1.74	-5.14	7.97
FTSE 100 (GBP)	7214.29	▲	29.49	0.41	0.73	0.73	-3.46	7.23
DAX 30 (EUR)	11971.17	▲	178.36	1.51	2.08	2.08	-5.00	13.37
CAC 40 (EUR)	5268.26	▲	26.80	0.51	1.16	1.16	-6.78	11.36
S&P 500 (USD)	2803.27	▲	58.82	2.14	1.86	1.86	-6.58	11.82
Nasdaq Composite (USD)	7527.12	▲	194.10	2.65	0.99	0.99	-7.93	13.44
DJIA (USD)	25332.18	▲	512.40	2.06	2.08	2.08	-6.69	8.59
MSCI Emerging Markets (USD)	1005.43	▼	-2.91	-0.29	0.74	0.74	-7.53	4.09
MSCI Developed World (USD)	2077.66	▲	32.60	1.59	1.54	1.54	-6.08	10.28

## US Market ▲

### US markets closed higher

US markets closed higher yesterday, after the US Federal Reserve (Fed) Chairman, Jerome Powell, hinted at a potential rate cut. Data revealed that the US factory orders fell more-than-expected in April. The S&P 500 Index climbed 2.1% to close at 2,803.27. Today, the S&P 500 futures are trading in the green.

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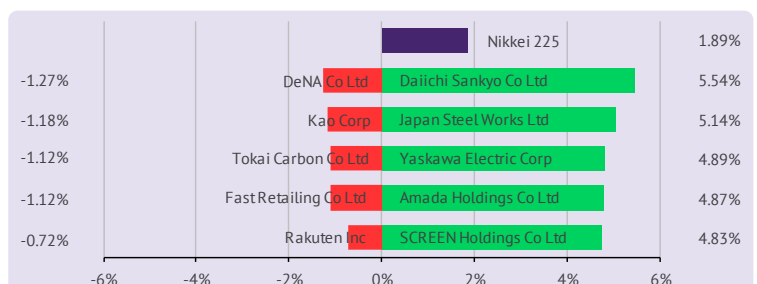


## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. Data showed that Japan's Nikkei services PMI fell in May. The Nikkei 225 Index is trading 1.9% higher at 20,793.35.

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## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar retreated 0.2% against the South African Rand to trade at R14.6308. Later today, traders will keep a close watch on the US Fed's Beige Book release, the Markit services PMI, the MBA mortgage applications and the ADP employment change for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US factory orders dropped in April. Additionally, durable goods orders declined on a monthly basis in April. Separately, the South African Rand dropped against the US Dollar, after the South African economy contracted in the first quarter of 2019, marking its worst decline in a decade.

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## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R18.5903. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further cues.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's Markit construction PMI registered an unexpected decline in May, recording its sharpest decline since March 2018.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R16.4774. Going forward, market participants will keep a tab on Eurozone's producer price index and retail sales along with the Markit services PMI across the euro area for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's unemployment rate unexpectedly dropped in April, hitting its lowest rate since August 2008. Meanwhile, the region's consumer price index (CPI) recorded a less-than-anticipated advance on a yearly basis in May.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R10.2436. Earlier in the session, Australia's economy grew at its slowest pace since the 2009 September quarter in the first quarter of 2019. Additionally, the CBA services PMI declined in May. Meanwhile, the nation's AiG performance of service index registered a rise in May. Meanwhile, in China, Australia's largest trading partner, the Caixin services PMI dropped more than market forecast 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	14.6308	▲	1.46	0.56	0.56	1.97	2.20
GBPZAR	18.5903	▲	1.73	1.07	1.07	-1.16	1.62
EURZAR	16.4774	▲	1.57	1.28	1.28	1.58	0.24
AUDZAR	10.2436	▲	1.65	1.40	1.40	0.29	1.26
EURUSD	1.1262	▼	0.10	0.74	0.74	-0.41	-1.87
GBPUSD	1.2706	▼	0.27	0.55	0.55	-3.09	-0.44
Brent (\$/barrel)	61.7	▼	1.13	-0.03	-0.03	-13.97	15.19
Gold (\$/oz)	1331.2	▲	0.05	1.35	1.35	1.56	3.29
Platinum (\$/oz)	822.0	▲	-0.22	3.14	3.14	-10.93	2.91
Copper (\$/MT)*	5854.3	▲	0.66	0.83	0.83	-9.66	-1.59

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,331.20/oz.

Yesterday, gold prices rose 0.1% to close at \$1,323.40/oz, amid speculations of an interest rate cut by the US Fed.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.5% lower to trade at \$61.69/bl, after the American Petroleum Institute reported that the US crude supplies climbed by 3.5mn bls to 478.0 mn bls in the week ended 31 May 2019.

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Yesterday, Brent crude oil advanced 1.1% to settle at \$61.97/bl, amid broad gains in global stocks.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.4% to trade at \$822.00/oz.

Yesterday, platinum prices declined 0.2% to close at \$819.10/oz.

## Major South African corporate news

### Consolidated Infrastructure Group Limited

In its 1H19 results, the company indicated that revenues fell to ZAR1.19bn from ZAR1.30bn posted in the corresponding period of the previous year. Its diluted loss per share stood at ZAR4.56, down from ZAR6.13 recorded in the same period of the prior year.

### Intu Properties Plc

The company announced the appointment of Robert Allen as Chief Financial Officer (CFO), with effect from 10 June 2019. Further, acting Interim CFO, Barbara Gibbes, would resume her duties as Director of Finance with effect from the same date.

### RCL Foods Limited

In its FY19 trading statement, the company announced that it expects its HEPS and EPS to be lower by at least 20.0%, compared to HEPS of 96.80c and an EPS of 106.60c in the preceding year, citing decline in sugar and chicken business.

## Major global economic news

### Asia

In Australia, seasonally adjusted GDP climbed 0.4% on a quarterly basis in 1Q19, less-than-anticipated and compared to an advance of 0.2% in the prior quarter.

In Australia, the CBA services PMI dropped to a level of 51.50 in May, compared to a reading of 52.30 in the previous month.

In May, the AiG performance of services index climbed to 52.50 in Australia. In the previous month, the index had recorded a reading of 46.50.

In Japan, the Nikkei Japan services PMI dropped to 51.70 in May. The Nikkei Japan services PMI had registered a level of 51.80 in the prior month.

In China, the Caixin services PMI index fell more-than-expected to a level of 52.70 in May, compared to a reading of 54.50 in the previous month.

### Eurozone

In the Eurozone, the final CPI climbed 1.2% on an annual basis in May, less than market expectations. In the previous month, the CPI had recorded a rise of 1.7%.

In April, unemployment rate unexpectedly fell to 7.6% in the Eurozone, compared to 7.7% in the prior month.

### US

The US Fed Chairman, Jerome Powell, in his speech, signalled that the central bank will cut its key interest rates if necessary. Additionally, he pledged that the bank will take appropriate actions to sustain the US economic expansion. However, Powell expressed concerns over the impact of trade and tariff tensions on the US economy.

In the US, factory orders dropped 0.8% on a monthly basis in April, compared to a revised rise of 1.30% in the prior month.

In the US, final durable goods orders slid 2.1% on a monthly basis in April. In the prior month, durable goods orders had advanced by a revised 1.7%. The preliminary figures had also indicated a fall of 2.1%.

### UK

In the UK, the Markit construction PMI unexpectedly dropped to 48.60 in May, compared to a level of 50.50 in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nikkei Japan Services PMI (May)	✓✓	51.70*	51.80	Monthly
Japan	02:30	Nikkei Japan Composite PMI (May)	✓✓✓	50.70*	50.80	Monthly
China	03:45	HSBC China Composite PMI (May)	✓✓✓	51.50*	52.70	Monthly
China	03:45	Caixin/Markit Services PMI (May)	✓✓✓	52.70*	54.50	Monthly
Spain	09:00	Industrial Output s.a. (YoY) (Apr)	✓✓	-0.20%	-3.10%	Monthly
Germany	09:55	Markit Services PMI (May) (F)	✓✓✓	55.00	55.00**	Monthly
Eurozone	10:00	Markit Services PMI (May) (F)	✓✓✓	52.50	52.50**	Monthly
UK	10:00	BoE's Dave Ramsden Speaks in London	✓	-	-	As scheduled
UK	10:30	Markit Services PMI (May)	✓✓✓	51.00	50.40	Monthly
UK	10:30	Official Reserves (Changes) (May)	✓✓	-	USD1517.00mn	Monthly
Eurozone	11:00	Retail Sales (MoM) (Apr)	✓✓✓	-0.50%	0.00%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Apr)	✓✓✓	1.50%	1.90%	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Apr)	✓✓✓	0.20%	-0.10%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Apr)	✓✓✓	3.10%	2.90%	Monthly
South Africa	11:30	SACCI Business Confidence Index (May)	✓	94.00	93.70	Monthly
US	13:00	MBA Mortgage Applications (31-May)	✓	-	-3.30%	Weekly
US	14:15	ADP Employment Change (May)	✓✓✓	185.00K	275.00K	Monthly
Canada	14:30	Labour Productivity (QoQ) (Q1)	✓	0.40%	-0.40%	Quarterly
US	15:45	Markit Composite PMI (May) (F)	✓✓✓	-	50.90**	Monthly
US	15:45	Fed's Clarida Gives Welcoming Remarks at Fed Conference	✓	-	-	As scheduled
US	15:45	Markit Services PMI (May) (F)	✓✓✓	50.90	50.90**	Monthly
US	16:00	ISM Non-Manufacturing PMI (May)	✓✓✓	55.40	55.50	Monthly
US	16:00	Fed's Bowman Testifies at Senate Banking Panel Nomination	✓	-	-	As scheduled
US	17:00	Fed's Bostic Speaks on Housing Panel in Atlanta	✓	-	-	As scheduled
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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