

ONE
Minute Brief

6 June 2019

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Economic and political news

In South Africa (SA), the SACCI business confidence index unexpectedly eased to 93.00 in May, compared to 93.70 in the previous month.

Sibanye-Stillwater stated that it will cut 3,450 jobs, lower than its previous forecast to reduce about 6,670 employees, citing the proposed restructuring of its gold mining operations.

The South African Reserve Bank (SARB) Governor, Leste Kganyago, stated that the South African economy does not fulfill the conditions required for quantitative easing (QE). Separately, the SARB Governor argued that the primary mandate of the central bank is price stability.

Former Human Settlements Minister, Nomaindia Mfeketo, has resigned as a member of parliament.

Trade and Industry Minister, Ebrahim Patel, stated that the establishment of an African free-trade zone will boost the country's economy and efforts to create jobs.

President Ramaphosa held talks with chief executives of key state companies, yesterday, including those of Eskom and South African Airways, to discuss the challenges they face.

Key indices

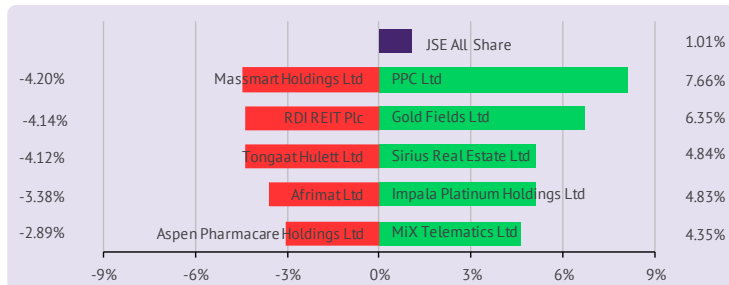
	As at 5 June 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57073.38	▲	573.00	1.01	2.56	2.56	-4.92	8.22
JSE Top 40 (ZAR)	50975.72	▲	523.34	1.04	2.80	2.80	-5.14	9.09
FTSE 100 (GBP)	7220.22	▲	5.93	0.08	0.82	0.82	-3.46	7.31
DAX 30 (EUR)	11980.81	▲	9.64	0.08	2.17	2.17	-5.00	13.47
CAC 40 (EUR)	5292.00	▲	23.74	0.45	1.62	1.62	-6.78	11.87
S&P 500 (USD)	2826.15	▲	22.88	0.82	2.69	2.69	-6.58	12.74
Nasdaq Composite (USD)	7575.48	▲	48.36	0.64	1.64	1.64	-7.93	14.17
DJIA (USD)	25539.57	▲	207.39	0.82	2.92	2.92	-6.69	9.48
MSCI Emerging Markets (USD)	1004.68	▼	-0.75	-0.07	0.67	0.67	-7.53	4.01
MSCI Developed World (USD)	2095.83	▲	18.17	0.87	2.42	2.42	-6.08	11.25

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in gold mining, resources and industrial sector stocks. Data revealed that SA's business confidence index unexpectedly fell in May. The JSE All Share Index rose 1.0% to close at 57,073.38.

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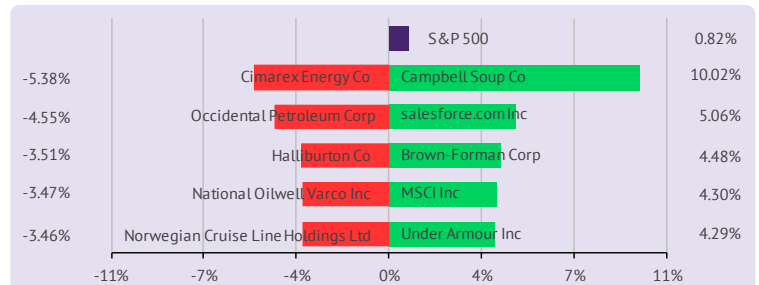


US Market ▲

US markets closed higher

US markets closed higher yesterday, amid rising hopes that the US Fed would cut interest rates. Data revealed that the US Markit services PMI dropped as expected in May. The S&P 500 Index climbed 0.8% to close at 2,826.15. Today, the S&P 500 futures are trading in the red.

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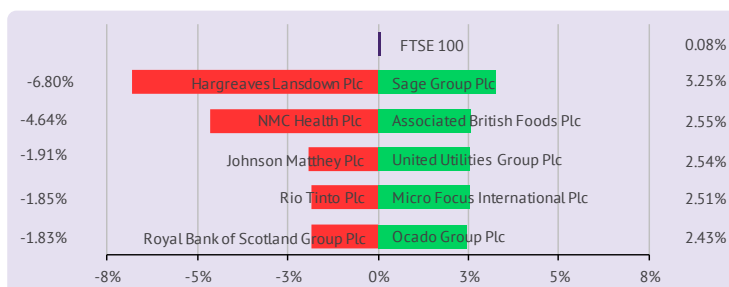


UK Market ▲

UK markets closed higher

UK markets finished higher yesterday, amid expectations of an interest rate cut by the US Federal Reserve (Fed). Data indicated that UK's Markit services PMI rose more-than-expected in May. The FTSE 100 Index advanced 0.1% to close at 7,220.22. Today, the FTSE 100 futures are trading in positive territory.

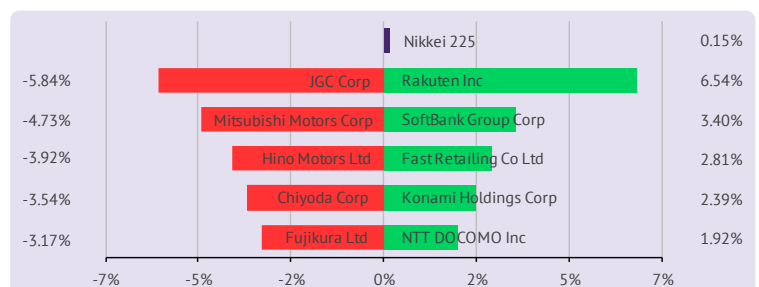
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.2% higher at 20,806.37.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R14.8608. Later today, traders will keep a close watch on the US trade balance and initial jobless claims for further cues.

The US Dollar rose against the South African Rand yesterday, on the back of Fed's optimistic Beige book report. Data revealed that the US Markit services PMI declined at par with market forecast in May. Moreover, the ADP employment rose less than market expectations in May, recording its smallest advance since March 2010. On the flipside, the nation's MBA mortgage applications climbed in the week ended 31 May 2019. Separately, South African Rand fell against the US Dollar, amid ongoing discussions between the ruling African National Congress (ANC) and government over the mandate of the central bank. On the data front, SA's SACCI business confidence index recorded an unexpected decline in May.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R18.8551. Ahead in the day, traders will keep an eye on Bank of England Governor, Mark Carney's speech for further direction.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's Markit services PMI jumped more than market anticipations in May, hitting its highest level in 3 months.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading slightly weaker against the South African Rand at R16.6895. Going forward, market participants will keep a tab on the European central bank's interest rate decision along with the Eurozone's gross domestic product, Germany's Markit construction PMI and factory orders for further indication.

The Euro strengthened against the South African Rand yesterday. Data showed that the Eurozone's Markit services PMI surprised with an advance in May. Additionally, retail sales dropped less than market anticipations on a monthly basis in April. Meanwhile, the region's producer price index (PPI) rose less than market forecast on a yearly basis in April. Separately, Germany's Markit services PMI registered a decline in May.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.3604. Earlier in the session, Australia's trade surplus unexpectedly narrowed in April.

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	14.8608	▲	1.47	2.04	2.04	1.97	3.70
GBPZAR	18.8551	▲	1.37	2.45	2.45	-1.16	3.01
EURZAR	16.6895	▲	1.18	2.47	2.47	1.58	1.43
AUDZAR	10.3604	▲	1.16	2.58	2.58	0.29	2.44
EURUSD	1.1230	▼	-0.28	0.47	0.47	-0.41	-2.15
GBPUSD	1.2687	=	-0.09	0.46	0.46	-3.09	-0.53
Brent (\$/barrel)	60.8	▲	-2.16	-2.19	-2.19	-13.97	12.70
Gold (\$/oz)	1335.5	▲	0.37	1.72	1.72	1.56	3.67
Platinum (\$/oz)	806.8	▲	-1.99	1.08	1.08	-10.93	0.87
Copper (\$/MT)*	5783.0	▼	-1.22	-0.40	-0.40	-9.66	-2.79

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.5% to trade at \$1,335.50/oz.

Yesterday, gold prices rose 0.4% to close at \$1,328.30/oz, amid speculation of an interest rate reduction by the US Fed.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.2% to trade at \$60.77/bl.

Yesterday, Brent crude oil dropped 2.2% to settle at \$60.63/bl, after the US Energy Information Administration reported that crude oil inventories rose by 6.8mn bls in the week ended 31 May 2019.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.5% higher to trade at \$806.80/oz.

Yesterday, platinum prices declined 2.0% to close at \$802.80/oz.

Major South African corporate news

Oceana Group Limited

The company announced that Elton Bosch has been appointed as a new Chief Financial Officer and Executive Director, with effect from 17 June 2019.

Sanlam Limited

In its operational update for four months ended 30 April 2019, the company announced that its new business volumes rose by 7.0% to ZAR72.00bn compared to the previous year while its diluted HEPS declined by 40.0%. Overall new business volumes at Sanlam Personal Finance (SPF) fell by 9.0%. Further, the company stated that it expects that its new business growth potential will remain under pressure during the remaining period of FY19.

Major global economic news

US

The Fed's Beige Book indicated that the US economy slightly improved expanding at "a modest pace overall" from April to mid-May. On the inflation front, the Beige Book reported that overall prices continued to increase at a modest pace in most districts. Further, the report showed that economic outlook for the coming months remained "solidly positive but modest, with little variation among reporting districts." However, the report highlighted concerns over trade conflict between the US and its trade partners.

In the US, the final Markit services PMI fell to a level of 50.90 in May, in line with market expectations. The preliminary figures had also indicated a drop to 50.90. In the prior month, Markit services PMI had registered a level of 53.00.

In the US, the ADP private sector employment registered a less-than-anticipated rise of 27.00K in May, following a revised level of 271.00K in the prior month.

In the US, the MBA mortgage applications advanced 1.5% on a weekly basis in the week ended 31 May 2019. In the previous week, the MBA mortgage applications had registered a drop of 3.30%.

UK

In the UK, the Markit services PMI climbed more-than-expected to 51.00 in May. In the prior month, the Markit services PMI had recorded a reading of 50.40.

Eurozone

In the Eurozone, the PPI climbed 2.60% on an annual basis in April, less-than-expected and compared to an advance of 2.9% in the previous month.

In the Eurozone, the final Markit services PMI unexpectedly advanced to a level of 52.90 in May, compared to a reading of 52.80 in the previous month.

In April, seasonally adjusted retail sales recorded a less-than-expected drop of 0.4% on a monthly basis in the Eurozone, compared to a flat reading in the prior month.

In Germany, the final Markit services PMI recorded a drop to 55.40 in May, compared to a level of 55.70 in the prior month. The preliminary figures had indicated a fall to 55.00.

Asia

In Australia, seasonally adjusted trade surplus narrowed to AUD4871.00mn in April, compared to a revised surplus of AUD4887.00mn in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Germany	8:00	Factory Orders n.s.a. (YoY) (Apr)	✓✓✓	-5.90%	-6.00%	Monthly
Germany	8:00	Factory Orders s.a. (MoM) (Apr)	✓✓	0.00%	0.60%	Monthly
Japan	10:25	BoJ Kuroda speaks in Tokyo at 2019 IIF Spring Membership Meeting	✓✓✓	-	-	As scheduled
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.40%	0.40%**	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q1) (F)	✓✓	1.20%	1.20%**	Quarterly
Eurozone	11:00	Household Consumption (QoQ) (Q1)	✓	0.60%	0.20%	Quarterly
Eurozone	11:00	Gross Fixed Capital (QoQ) (Q1)	✓	0.50%	0.60%	Quarterly
South Africa	11:00	Current Account Balance (Q1)	✓	-ZAR149.00bn	-ZAR110.00bn	Quarterly
South Africa	11:00	Current Account to GDP (Q1)	✓✓	-3.30%	-2.20%	Quarterly
UK	11:00	BoE Governor Mark Carney Speaks in Tokyo	✓✓✓	-	-	As scheduled
Eurozone	11:00	Employment Change (QoQ) (Q1) (F)	✓✓✓	-	0.30%**	Quarterly
Eurozone	11:00	Employment Change (YoY) (Q1) (F)	✓✓	-	1.30%**	Quarterly
South Africa	13:00	Electricity Consumption (YoY) (Apr)	✓	-	-2.80%	Monthly
South Africa	13:00	Electricity Production (YoY) (Apr)	✓	-	-2.90%	Monthly
US	13:30	Challenger Job Cuts (YoY) (May)	✓	-	10.90%	Monthly
US	13:30	Challenger Job Cuts (May)	✓	-	40.02K	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
Eurozone	14:30	ECB Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
US	14:30	Non-Farm Productivity (Q1) (F)	✓	3.50%	3.60%**	Quarterly
US	14:30	Initial Jobless Claims (01-Jun)	✓✓✓	215.00K	215.00K	Weekly
US	14:30	Trade Balance (Apr)	✓✓✓	-USD50.70bn	-USD50.00bn	Monthly
Eurozone	14:30	ECB's Draghi Speaks After Policy Decision in Vilnius	✓✓✓	-	-	As scheduled
US	14:40	Fed's Kaplan Speaks at Boston College	✓	-	-	As scheduled
US	16:30	EIA Natural Gas Storage Change (31-May)	✓✓✓	-	114.00Bcf	Weekly
US	18:00	Household Change in Net Worth (Q1)	✓	-	-USD3730.00bn	Quarterly
US	19:00	Fed's Williams Discusses International Economics	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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formerly Grant Thornton Capital

a GTC @Grant Thornton, The Wanderers Office Part,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2118

t +27 (0) 10 597 6800
f +27 (0) 10 597 6801
w www.gtc.co.za

GTC (Pty) Ltd.
reg. no. 1996/001488/07
Directors: G.K. Mockler, F.Dildar

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