

ONE Minute Brief

11 June 2019

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Economic and political news

Ratings agency Moody's has lowered South Africa's (SA) economic growth forecast for 2019 to 1.0% from 1.3%, citing that first-quarter GDP contraction was "credit negative" for government revenue and policy options.

Democratic Alliance leader, Mmusi Maimane, stated that the Public Protector's report into allegations against President, Cyril Ramaphosa, over a ZAR500,000 donation to his 2017 election campaign for the leadership of the African National Congress (ANC) should be released in full within 48 hours.

GroundWork and the Vukani Environmental Justice Movement in Action have filed a case against the South African government over high air pollution levels in the northeastern province of Mpumalanga and stated that the government has violated the constitutional right to a healthy environment.

Former Intelligence and Home Affairs Minister, Siyabonga Cwele and former Justice and Energy Minister, Jeff Radebe, have resigned as ANC MPs.

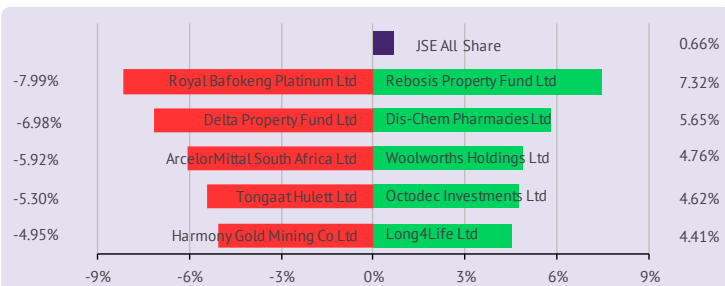
The Kingdom of eSwatini has called for bids to build 40 megawatts of solar power capacity to reduce dependence on power firm Eskom.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and retail sector stocks. The JSE All Share Index rose 0.7% to close at 58,481.05.

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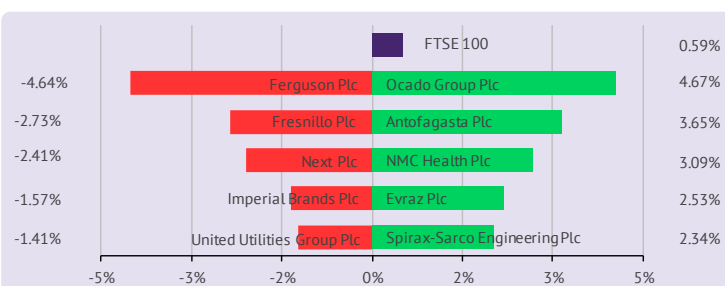


UK Market ▲

UK markets closed higher

UK markets finished higher yesterday, on trade relief, after the US President, Donald Trump, cancelled plans to impose tariffs on Mexico. Data revealed that UK's monthly gross domestic product (GDP) fell more -than-anticipated in April. The FTSE 100 Index advanced 0.6% to close at 7,375.54. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

	As at 10 June 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	58481.05	▲	381.21	0.66	0.66	5.09	-4.92	10.89
JSE Top 40 (ZAR)	52357.04	▲	380.15	0.73	0.73	5.59	-5.14	12.05
FTSE 100 (GBP)	7375.54	▲	43.60	0.59	0.59	2.99	-3.46	9.62
DAX 30 (EUR)*	12045.38	▲	92.24	0.77	NA	2.72	-5.00	14.08
CAC 40 (EUR)	5382.50	▲	18.45	0.34	0.34	3.36	-6.78	13.78
S&P 500 (USD)	2886.73	▲	13.39	0.47	0.47	4.89	-6.58	15.15
Nasdaq Composite (USD)	7823.17	▲	81.07	1.05	1.05	4.96	-7.93	17.90
DJIA (USD)	26062.68	▲	78.74	0.30	0.30	5.03	-6.69	11.73
MSCI Emerging Markets (USD)	1022.03	▲	14.65	1.45	1.45	2.41	-7.53	5.81
MSCI Developed World (USD)	2135.51	▲	8.62	0.41	0.41	4.36	-6.08	13.35

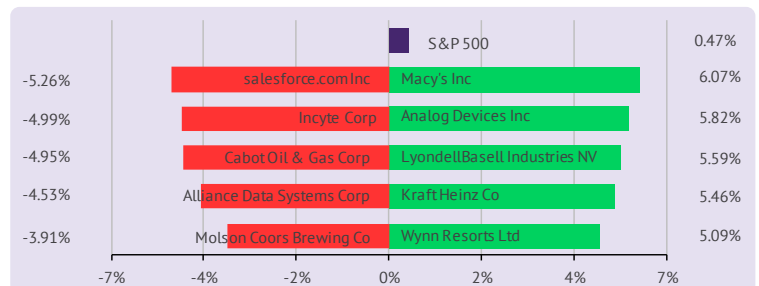
* Values as on 7 June 2019

US Market ▲

US markets closed higher

US markets closed higher yesterday, as the trade tensions eased, after the US reached an agreement with Mexico on tariffs. Data showed that the US JOLTS job openings unexpectedly eased in April. The S&P 500 Index climbed 0.5% to close at 2,886.73. Today, the S&P 500 futures are trading in the green.

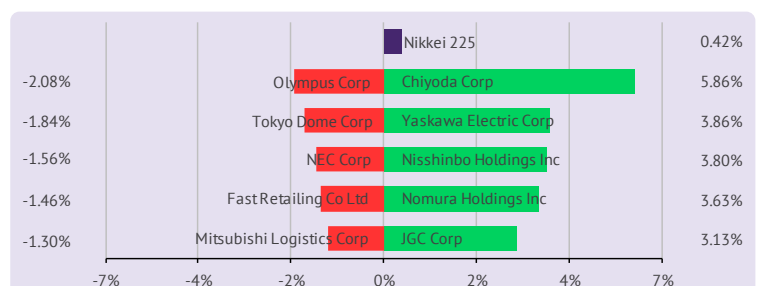
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Asian Market ▲

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.4% higher at 21,222.29.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R14.7968. Later today, traders will keep a close watch on the US producer price index and the NFIB small optimism index for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US JOLTS job openings registered an unexpected decline in April.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R18.7640. Ahead in the day, traders will keep an eye on UK's ILO unemployment rate and average weekly earnings for further cues.

The British declined against the South African Rand yesterday, after UK's GDP dropped more than market forecast for a second consecutive month on a monthly basis in April. Additionally, monthly construction output unexpectedly fell in April. Moreover, industrial production recorded a more-than-anticipated drop for the first time this year on a monthly basis in April. Also, monthly manufacturing production fell more than market forecast in the same month, marking its biggest drop since June 2002. Meanwhile, the nation's trade deficit narrowed more than market expectations in April.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R16.7414. Going forward, market participants will keep a tab on the Eurozone's Sentix investor confidence index for further indication.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R10.2955. Earlier in the session, Australia's NAB business confidence index recorded a rise in May. On the other hand, the nation's NAB business conditions index eased in the same month.

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	14.7968	▲	-0.84	-0.84	1.68	1.97	3.34
GBPZAR	18.7640	▲	-1.27	-1.27	2.09	-1.16	2.65
EURZAR	16.7414	▲	-1.04	-1.04	2.94	1.58	1.89
AUDZAR	10.2955	▲	-1.49	-1.49	2.09	0.29	1.95
EURUSD	1.1314	▲	-0.19	-0.19	1.28	-0.41	-1.35
GBPUSD	1.2681	▲	-0.41	-0.41	0.44	-3.09	-0.54
Brent (\$/barrel)	62.5	▲	-1.58	-1.58	0.48	-13.97	15.78
Gold (\$/oz)	1332.6	▲	-1.23	-1.23	1.45	1.56	3.39
Platinum (\$/oz)	805.9	▲	-0.11	-0.11	1.39	-10.93	1.17
Copper (\$/MT)*	5860.3	▲	1.43	1.43	0.93	-9.66	-1.49

*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 \$1,332.60/oz.

Yesterday, gold prices fell 1.2% to close at \$1,324.70/oz, after the US President, Donald Trump backed from his decision to impose trade tariffs on Mexico.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.3% to trade at \$62.49/bl.

Yesterday, Brent crude oil dropped 1.6% to settle at \$62.29/bl, amid concerns over slowing global economic growth and uncertainty over Russia's decision on whether to extend production curbs beyond their expiration this month.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$805.90/oz.

Yesterday, platinum prices declined 0.1% to close at \$805.20/oz.

Major South African corporate news

Sibanye Gold Limited

The company announced that scheme implementing the acquisition of Lonmin Plc has become effective in accordance with its terms. Accordingly, the entire issued and to be issued ordinary share capital of Lonmin is now owned by the company.

Major global economic news

UK

In the UK, GDP fell 0.4% on a monthly basis in April, more-than-expected and compared to a drop of 0.1% in the previous month.

In the UK, construction output unexpectedly eased 0.4% on a monthly basis in April. Construction output had recorded a drop of 1.9% in the prior month.

In the UK, total trade deficit narrowed more-than-anticipated to GBP2.74bn in April, following a revised deficit of GBP6.15bn in the previous month.

In the UK, manufacturing production declined 3.9% on a monthly basis in April. In the previous month, manufacturing production had advanced 0.9%.

In April, industrial production fell 2.7% on a monthly basis in the UK, more than market forecast and compared to an advance of 0.7% in the previous month.

US

In the US, the JOLTs job openings unexpectedly dropped to a level of 7449.00K in April. The JOLTs job openings had registered a revised reading of 7474.00K in the prior month.

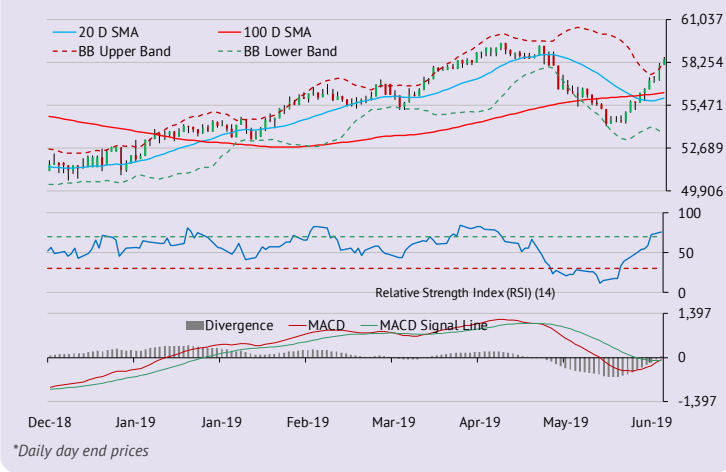
Asia

In Australia, the NAB business confidence index recorded a rise to 7.00 in May. The index had recorded a flat reading in the prior month.

In Australia, the NAB business conditions index fell to a level of 1.00 in May, compared to a level of 3.00 in the prior month.

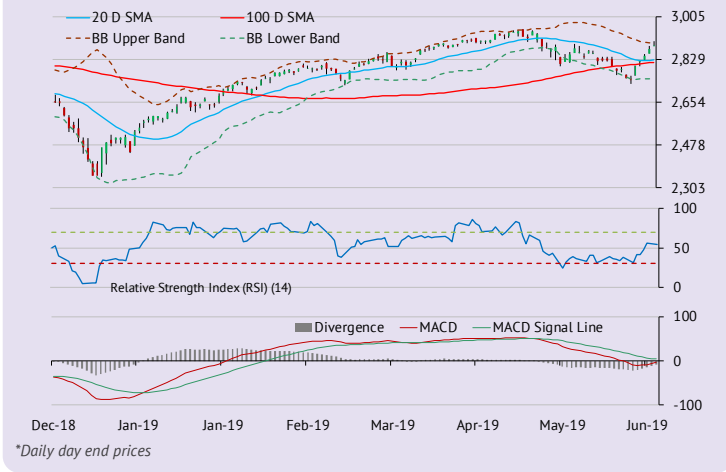
Technical snapshot

JSE All Share



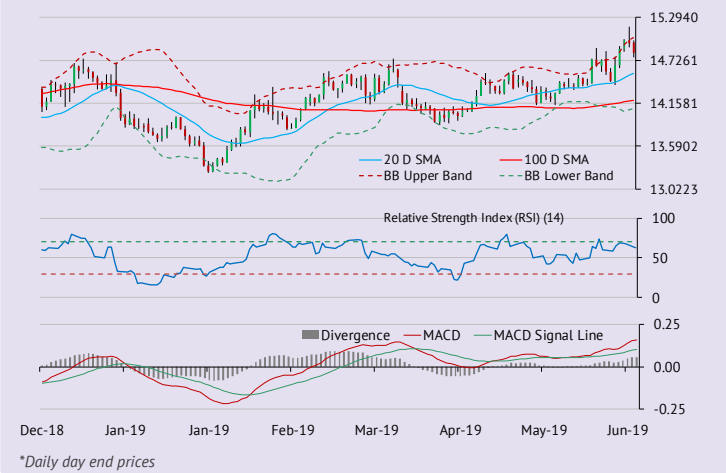
The JSE All Share index is expected to find support at 56,594.54, and a fall through could take it to the next support level of 54,708.03. The index is expected to find its first resistance at 59,496.78, and a rise through could take it to the next resistance level of 60,512.51.

S&P 500



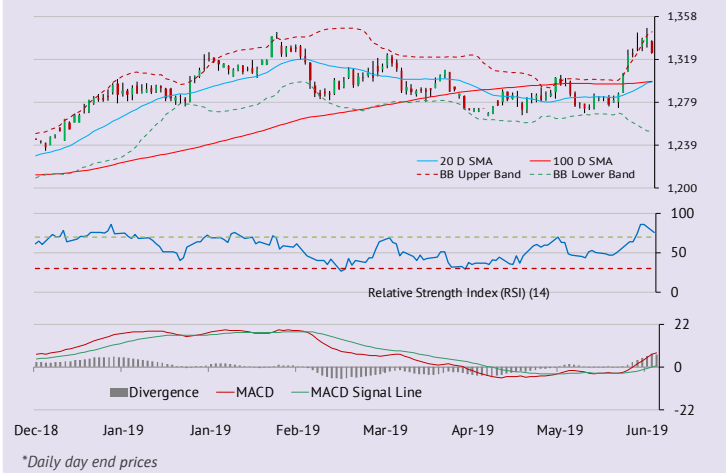
The S&P 500 index is expected to find support at 2,797.99, and a fall through could take it to the next support level of 2,709.25. The index is expected to find its first resistance at 2,940.12, and a rise through could take it to the next resistance level of 2,993.51.

USD ZAR



The pair is expected to find support at 14.4280, and a fall through could take it to the next support level of 14.0307. The pair is expected to find its first resistance at 15.1976, and a rise through could take it to the next resistance level of 15.5699.

XAU USD



Gold is expected to find support at \$1,314.43/oz, and a fall through could take it to the next support level of \$1,304.17/oz. The precious metal is expected to find its first resistance at \$1,341.33/oz, and a rise through could take it to the next resistance level of \$1,357.97/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Money Supply M3 (YoY) (May)	✓	2.30%*	2.20%	Monthly
Japan	01:50	Money Supply M2+CD (YoY) (May)	✓	2.70%*	2.50%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (May) (P)	✓✓✓	-	-33.40%	Monthly
Eurozone	08:00	ECB's Nowotny Speaks at Transparency International Event	✓	-	-	As scheduled
Japan	08:00	Machine Tool Orders (YoY) (May P)	✓✓	-	-33.4%	Monthly
France	08:30	Bank of France Business Sentiment (May)	✓✓✓	100.00	99.00	Monthly
UK	10:30	Claimant Count Change (May)	✓✓✓	-	24.70 K	Monthly
UK	10:30	Claimant Count Rate s.a. (May)	✓✓	-	3.00%	Monthly
UK	10:30	Average Earnings Excluding Bonus (3Mo/Yr) (Apr)	✓	3.20%	3.30%	Monthly
UK	10:30	Average Earnings Including Bonus (3Mo/Yr) (Apr)	✓✓	3.00%	3.20%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Apr)	✓✓✓	3.80%	3.80%	Monthly
Eurozone	10:30	Sentix Investor Confidence (Jun)	✓✓✓	2.50	5.30	Monthly
UK	10:30	Employment Change (3M/3M) (Apr)	✓✓✓	4.00K	99.00K	Monthly
UK	11:00	BoE's Saunders, Broadbent speak in Parliament.	✓	-	-	As scheduled
UK	11:00	Bank of England's Tenreiro Speaks at Conference in Lisbon	✓	-	-	As scheduled
US	12:00	NFIB Small Business Optimism (May)	✓	102.00	103.50	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Apr)	✓✓	0.40%	0.80%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Apr)	✓✓	1.30%	1.20%	Monthly
US	14:30	Producer Price Index (May)	✓	-	118.10	Monthly
US	14:30	Producer Price Index (MoM) (May)	✓✓✓	0.10%	0.20%	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (May)	✓✓	0.20%	0.10%	Monthly
US	14:30	Producer Price Index (YoY) (May)	✓✓✓	2.00%	2.20%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (May)	✓✓	2.30%	2.40%	Monthly
US	14:55	Redbook Index (YoY) (07-Jun)	✓	-	5.80%	Weekly
US	14:55	Redbook Index s.a. (MoM) (07-Jun)	✓	-	1.40%	Weekly

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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