

ONE
Minute Brief

26 June 2019

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Economic and political news

In South Africa (SA), the leading indicator advanced to 105.50 in April, compared to a revised reading of 104.80 in the previous month.

The South African Reserve Bank (SARB) stated that the country's monetary policy stance remains broadly accommodative and warned that persistent higher inflation will weaken the economy in the long run.

Public Enterprises Minister, Pravin Gordhan, stated that Eskom's unbundling is on track and that there was no deviation from that plan.

Former President, Jacob Zuma, has agreed to attend the Zondo commission of inquiry into state capture from 15 to 19 July.

Former Chief Financial Officer (CFO) of the Public Investment Corporation (PIC), Matshepo More, in her testimony, revealed that she did not follow the necessary protocols in Iqbal Survé's Ayo Technology Solutions deal in December 2017. Separately, the PIC indicated that it will take disciplinary action against 11 staff members involved in the controversial ZAR4bn Ayo deal.

Health Minister, Zweli Mkhize, stated that the National Health Insurance (NHI) bill will be presented soon in the parliament.

Key indices

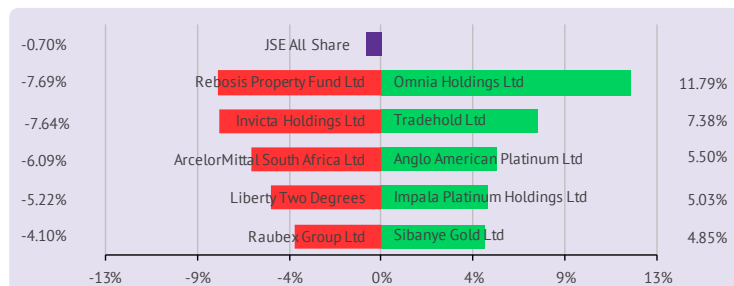
	As at 25 June 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58343.23	▼ -412.78	-0.70	-1.01	4.84	-4.92	10.63
JSE Top 40 (ZAR)	52279.51	▼ -481.45	-0.91	-1.18	5.43	-5.14	11.88
FTSE 100 (GBP)	7422.43	▲ 5.74	0.08	0.20	3.64	-3.46	10.32
DAX 30 (EUR)	12228.44	▼ -46.13	-0.38	-0.90	4.28	-5.00	15.81
CAC 40 (EUR)	5514.57	▼ -7.14	-0.13	-0.25	5.89	-6.78	16.57
S&P 500 (USD)	2917.38	▼ -27.97	-0.95	-1.12	6.01	-6.58	16.38
Nasdaq Composite (USD)	7884.72	▼ -120.98	-1.51	-1.83	5.79	-7.93	18.83
DJIA (USD)	26548.22	▼ -179.32	-0.67	-0.64	6.98	-6.69	13.81
MSCI Emerging Markets (USD)	1045.30	▼ -7.75	-0.74	-0.75	4.74	-7.53	8.22
MSCI Developed World (USD)	2163.73	▼ -14.44	-0.66	-0.66	5.74	-6.08	14.85

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in industrial, retail and banking sector stocks. Data revealed that SA's leading indicator rose more-than-anticipated in April. The JSE All Share Index fell 0.7% to close at 58,343.23.

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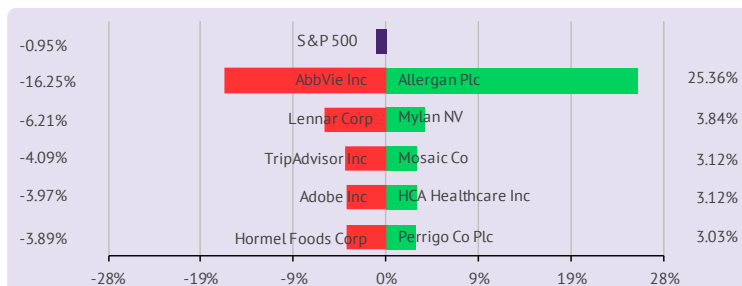


US Market ▼

US markets closed mostly weaker

US markets closed lower yesterday, after the US Federal Reserve (Fed) Chairman, Jerome Powell, stated that the central bank will reassess whether an interest-rate cut will be required. The S&P 500 Index dropped 1.0% to close at 2,917.38. Today, the S&P 500 futures are trading in the green.

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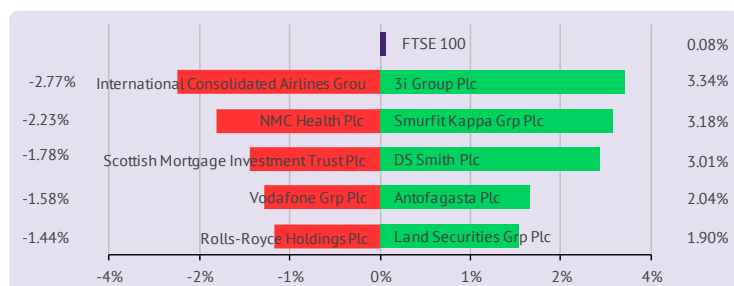


UK Market ▲

UK markets closed firmer

UK markets finished higher yesterday, boosted by gains in mining and energy sector stocks. The FTSE 100 Index advanced 0.1% to close at 7,422.43. Today, the FTSE 100 futures are trading in negative territory.

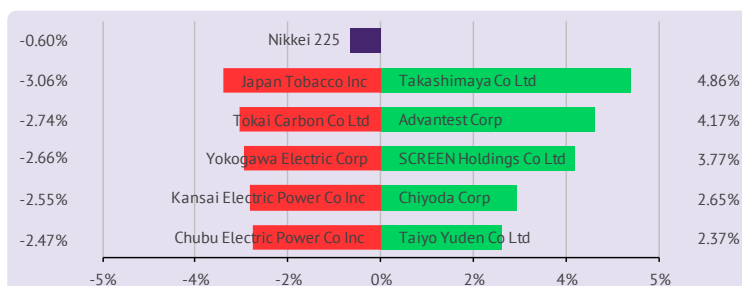
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Asian Market ▼

Trading mostly in the red

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.6% lower at 21,066.20.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar slightly declined against the South African Rand to trade at R14.3476. Later today, traders will keep a close watch on the US advance goods trade balance, durable goods orders and the MBA mortgage applications for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US consumer confidence index declined more than market forecast to its lowest level since September 2017 in June. Further, the Richmond Fed manufacturing index fell less than market expectations in June. On the other hand, the nation's house price index registered a more-than-anticipated advance on a monthly basis in April. Additionally, new home sales recorded an unexpected drop for a second consecutive month on a monthly basis in May. Separately, in SA, the leading indicator jumped more than market forecast in April.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R18.1978. Ahead in the day, traders will keep an eye on UK's BBA loans for house purchases for further indication.

The British Pound declined against the South African Rand yesterday, amid rising fears over no-deal Brexit, following former British Foreign Secretary, Boris Johnson's comments that he would push for an on-time Brexit on 31 October 2019 either with or without a deal.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R16.2941. Going forward, market participants will keep a tab on Germany's GfK consumer confidence index for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R9.9932.

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	14.3476	▲	-0.09	0.13	-1.56	1.97	0.04
GBPZAR	18.1978	▲	-0.52	-0.27	-1.14	-1.16	-0.61
EURZAR	16.2941	▲	-0.42	0.08	0.14	1.58	-0.88
AUDZAR	9.9932	▼	-0.10	0.64	-1.17	0.29	-1.30
EURUSD	1.1357	▼	-0.28	-0.02	1.77	-0.41	-0.87
GBPUSD	1.2684	▼	-0.42	-0.38	0.48	-3.09	-0.51
Brent (\$/barrel)	65.9	▲	0.29	-0.23	4.94	-13.97	20.91
Gold (\$/oz)	1407.8	▼	0.04	1.34	8.36	1.56	10.43
Platinum (\$/oz)	805.3	▼	-0.23	-0.15	1.96	-10.93	1.75
Copper (\$/MT)*	6025.5	▲	1.42	1.14	3.78	-9.66	1.29

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped 0.5% to trade at \$1,407.80/oz.

Yesterday, gold prices marginally rose to close at \$1,414.90/oz, amid weakness in the US Dollar and led by rising US-Iran trade tensions.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.3% higher to trade at \$65.90/bl.

Yesterday, Brent crude oil advanced 0.3% to settle at \$65.05/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined 7.5mn bls in the week ended 21 June 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.6% lower to trade at \$805.30/oz.

Yesterday, platinum prices declined 0.2% to close at \$809.80/oz.

Major South African corporate news

Anglo American Platinum Limited

In its 1H19 trading statement, the company announced that it expects its EPS to increase by at least 1,496.00c from 831.00c posted in the corresponding period of the preceding year. Further, it also expects its HEPS to increase by at least 1,025.00c compared with the previous year.

Omnia Holdings Limited

In its FY19 results, the company announced that revenues advanced 7.0% to ZAR18.63bn from the preceding year. Its diluted loss per share stood at 609.00c, compared to a profit of 927.00c recorded in the previous year.

Major global economic news

US

The Fed Chairman, Jerome Powell, in his speech, stated that the central bank will reassess whether current economic uncertainties call for lower rates and will take a wait-and-see approach to determine its next move on interest rates. Powell reiterated that the central bank will "act as appropriate" to sustain the US economic expansion. He added that baseline outlook for the economy remains favourable, despite rising crosscurrents in the global economy. However, he warned that the economy is facing growing uncertainties about trade and worries about the global economy.

In the US, the CB consumer confidence index dropped more-than-expected to 121.50 in June, compared to a revised reading of 131.30 in the previous month.

In April, the housing price index climbed 0.4% on a monthly basis in the US, more than market expectations. In the previous month, the index had advanced 0.1%.

In the US, the Richmond Fed manufacturing index dropped less-than-anticipated to 3.00 in June, compared to a level of 5.00 in the previous month.

In May, new home sales unexpectedly fell by 7.8% to a level of 626.00K on monthly basis in the US. New home sales had registered a revised level of 679.00K in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
US	00:30	Fed's Bullard Gives Welcoming Remarks at Lecture in St. Louis	✓	-	-	As scheduled
Germany	08:00	Gfk Consumer Confidence Survey (Jul)	✓✓✓	10.00	10.10	Monthly
France	08:45	Consumer Confidence (Jun)	✓✓✓	100.00	99.00	Monthly
Eurozone	09:00	Non-Monetary Policy ECB Meeting	✓	-	-	As scheduled
Switzerland	10:00	ZEW Survey - Expectations (Jun)	✓✓	-	-14.30	Monthly
Italy	10:00	Deficit to GDP (YTD) (Q1)	✓	-	2.10%	Quarterly
UK	10:30	BBA Mortgage Approvals (May)	✓✓	41.00K	42.99K	Monthly
UK	11:15	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
Eurozone	12:00	ECB's Mersch speech	✓✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (21-Jun)	✓	-	-3.40%	Weekly
US	14:30	Durable Goods Orders ex Transportation (May) (P)	✓✓	0.10%	0.00%	Monthly
US	14:30	Cap Goods Orders Nondef Ex Air (May) (P)	✓	0.10%	-1.00%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (May) (P)	✓	0.10%	0.00%	Monthly
US	14:30	Wholesale Inventories (MoM) (May) (P)	✓✓✓	0.50%	0.80%	Monthly
US	14:30	Durable Goods Orders (May) (P)	✓✓✓	-0.20%	-2.10%	Monthly
US	17:30	Fed's Daly Speaks to the Forecasters Club of New York	✓	-	-	As scheduled
US	-	OPEC Meeting	✓✓	-	-	As scheduled
UK	-	Inflation Report Hearings	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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