

# ONE Minute Brief

25 July 2019

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## Economic and political news

In South Africa (SA), the consumer price inflation remained steady at 4.5% on a yearly basis in June.

The National Union of Metalworkers of SA (Numsa) has hinted that it could embark on a strike action in the automobile sector to fulfil its demands for a 20% wage increase across the board and morning, afternoon and night allowances of 10%, 20% and 30%, respectively.

During his testimony at the state capture inquiry, Free State government official, Takisi Masiteng, stated that he was not in the country when the contract with Estina for the Vrede dairy farm project was signed in his name.

Transport Minister, Fikile Mbalula, announced the appointment of Alec Moemi as the new Director-General for the Department of Transport, with effect from 1 August. Separately, Mbalula stated that the Passenger Rail Agency of South Africa (Prasa) had put systems in place to ensure minimum disruption to the Metrorail service after the United National Transport Union (Untu) was granted permission to go on strike on Friday.

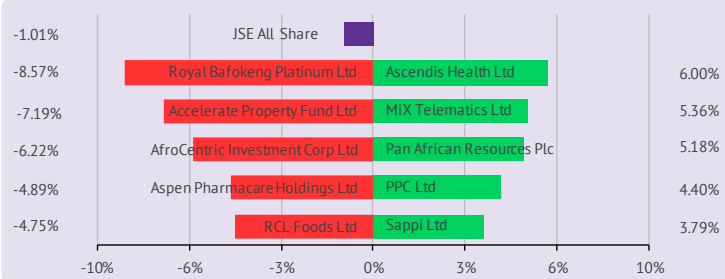
According to a news report, Public Protector, Busisiwe Mkhwebane, is investigating the recruitment and selection of the South African Revenue Service (SARS) Commissioner, Edward Kieswetter.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in mining and banking sector stocks. Data revealed that SA's annual consumer price index (CPI) remained unchanged in June. The JSE All Share Index fell 1.0% to close at 57,718.10.

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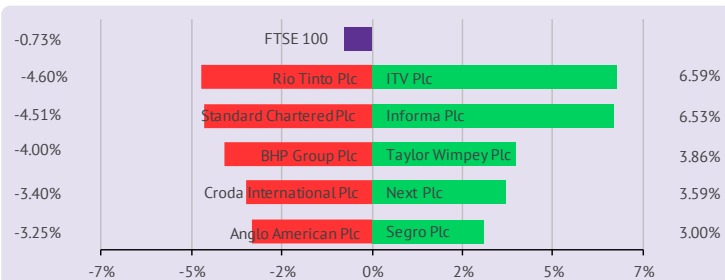


## UK Market ▼

### UK markets closed weaker

UK markets finished lower yesterday, led by sharp losses in mining sector stocks. Data showed that UK's BBA loans for house purchase advanced less-than-anticipated in June. The FTSE 100 Index declined 0.7% to close at 7,501.46. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

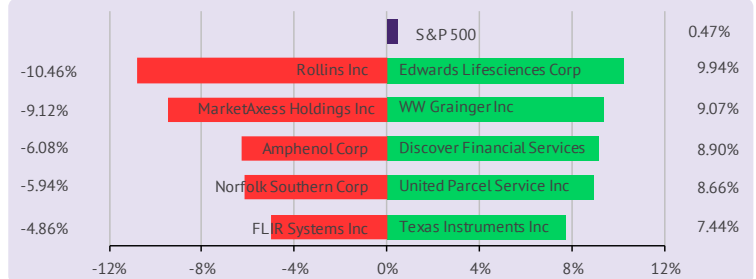
	As at 24 July 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57718.10	▼ -591.49	-1.01	-0.91	-0.83	4.59	9.45
JSE Top 40 (ZAR)	51626.64	▼ -582.99	-1.12	-0.92	-1.10	5.27	10.49
FTSE 100 (GBP)	7501.46	▼ -55.40	-0.73	-0.10	1.02	3.69	11.49
DAX 30 (EUR)	12522.89	▲ 32.15	0.26	2.14	1.00	5.73	18.60
CAC 40 (EUR)	5605.87	▼ -12.29	-0.22	0.96	1.21	6.36	18.50
S&P 500 (USD)	3019.56	▲ 14.09	0.47	1.44	2.64	6.89	20.45
Nasdaq Composite (USD)	8321.50	▲ 70.10	0.85	2.15	3.94	7.42	25.41
DJIA (USD)	27269.97	▼ -79.22	-0.29	0.43	2.52	7.19	16.90
MSCI Emerging Markets (USD)	1055.34	▼ -0.14	-0.01	-0.20	0.05	5.70	9.26
MSCI Developed World (USD)	2217.75	▲ 8.16	0.37	1.05	1.81	6.46	17.72

## US Market ▲

### US markets closed mostly higher

US markets closed mostly firmer yesterday, supported by gains in chipmaker stocks, following positive comments from Texas Instruments over global chip demand. Data indicated that the US Market manufacturing unexpectedly fell in July. The S&P 500 Index climbed 0.5% to close at 3,019.56. Today, the S&P 500 futures are trading in the green.

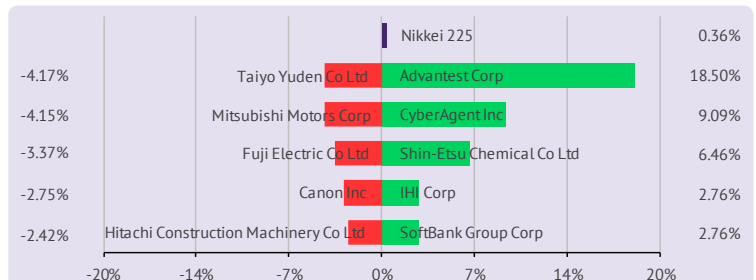
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## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.4% higher at 21,787.70.



## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally advanced against the South African Rand to trade at R13.8846. Later today, traders will keep a close watch on the US advance goods trade balance, durable goods orders and initial jobless claims for further indication.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Markit manufacturing registered an unexpected drop in July, marking its lowest level since September 2009. Additionally, the MBA mortgage applications declined in the week ended 19 July 2019. On the other hand, the nation's Markit services PMI climbed more than market forecast in July. Moreover, new home sales recorded a rise on a monthly basis in June. Separately, in SA, the CPI remained unchanged on an annual basis in June.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R17.3161. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. On the data front, UK's BBA loans for house purchase recorded a less-than-expected rise in June.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R15.4608. Going forward, market participants will keep a tab on the European Central Bank's (ECB) interest rate decision along with Germany's Ifo indices for further direction.

The Euro weakened against the South African Rand yesterday, amid dismal economic releases in the Euro area and ahead of the ECB's monetary policy meeting. Data indicated that Eurozone's Markit manufacturing unexpectedly declined in July, marking its lowest level in 7 years. Additionally, the Markit services PMI dropped in line with market expectations in the same month. Separately, Germany's Markit manufacturing unexpectedly eased in July, reaching its lowest level since July 2012. Meanwhile, the regions' Markit services PMI fell less than market anticipations in July.

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## 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 R9.6768.

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	13.8846	▼	-0.37	-0.41	-1.47	-3.38	-3.26
GBPZAR	17.3161	▲	-0.02	-0.60	-3.11	-2.92	-5.43
EURZAR	15.4608	▲	-0.46	-1.10	-3.49	-1.65	-6.05
AUDZAR	9.6768	▲	-0.78	-1.35	-2.06	-2.20	-4.35
EURUSD	1.1135	▼	-0.11	-0.72	-2.05	1.83	-2.85
GBPUSD	1.2473	▼	0.35	-0.14	-1.67	0.53	-2.12
Brent (\$/barrel)	63.3	▲	-1.02	1.14	-2.41	4.44	17.43
Gold (\$/oz)	1435.4	▲	0.13	-0.22	0.70	8.26	11.11
Platinum (\$/oz)	875.2	-	2.27	3.46	4.75	5.20	9.96
Copper (\$/MT)*	5978.8	▲	0.55	-1.26	-0.05	3.03	0.50

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,435.40/oz.

Yesterday, gold prices rose 0.1% to close at \$1,423.60/oz, amid expectations of monetary policy easing by major central banks to boost the global economy.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.2% to trade at \$63.31/bl.

Yesterday, Brent crude oil dropped 1.0% to settle at \$63.18/bl, amid ongoing Middle East tensions. Meanwhile, the US Energy Information Administration reported that crude oil inventories dropped by 10.8mn bls in the week ended 19 July 2019.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$875.20/oz.

Yesterday, platinum prices climbed 2.3% to close at \$ 875.20/oz.

## Major South African corporate news

### AECI Limited

In its 1H19 results, the company announced that revenues advanced 14.0% to ZAR11.97bn compared to the same period of the preceding year. Its diluted EPS stood at 367.00c, compared to 458.00c recorded in the corresponding period of the previous year. The company declared an interim dividend of 156.00c per share.

### AVI Limited

In its FY19 trading statement, the company announced that revenues rose 1.2% compared to the previous year. The company expects its EPS to be between 482.00c and 493.00c, which is 4.0% to 6.0% lower from the prior year. Further, the company anticipates its HEPS to be between 511.00c and 521.00c, which is 4.0% to 6.0% lower from the previous year.

### Metair Investments Limited

The company announced that it expects its 1H19 EPS and HEPS to be between 156.00c and 162.00c, compared to 132.00c recorded in the same period of the previous year.

### Mpact Limited

In its 1H19 trading statement, the company announced that it expects its revenues to increase by 4.0%. Further, the company expects its EPS to be between 38.00c and 43.00c and its HEPS to be between 37.00c and 42.00c.

## Major global economic news

### US

In the US, the flash Markit manufacturing PMI unexpectedly eased to 50.00 in July. In the prior month, the Markit manufacturing PMI had registered a reading of 50.60.

In the US, the preliminary Markit services PMI rose more-than-expected to a level of 52.20 in July. In the prior month, the Markit services PMI had recorded a level of 51.50.

In the US, the MBA mortgage applications registered a drop of 1.9% on a weekly basis in the week ended 19 July 2019. In the previous week, the MBA mortgage applications had registered a drop of 1.1%.

In the US, new home sales advanced 7.0% to a level of 646.00K on monthly basis in June, compared to a revised level of 604.0 K in the previous month.

### Eurozone

In the Eurozone, the flash Markit manufacturing PMI unexpectedly dropped to a level of 46.40 in July. The Markit manufacturing PMI had recorded a level of 47.60 in the previous month.

In the Eurozone, the flash Markit services PMI eased to 53.30 in July, meeting market expectations and compared to a level of 53.60 in the previous month.

In Germany, the flash Markit manufacturing PMI unexpectedly fell to 43.10 in July, compared to a reading of 45.00 in the previous month.

In Germany, the flash Markit services PMI dropped to 55.40 in July, less than market expectations and compared to a reading of 55.80 in the prior month.

### Asia

The Reserve Bank of Australia (RBA), Governor, Philip Lowe, stated that the central bank was prepared to provide additional policy stimulus, by easing monetary policy further, if needed. Additionally, he stated that that the economy would observe a prolonged period of low rates. Further, Philip Lowe indicated that the board is strongly committed to bring inflation back to the target between 2% and 3%.

### UK

In the UK, the BBA mortgage approvals advanced to 42.65K in June, less than market expectations. The BBA mortgage approvals had recorded a revised reading of 42.41K in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Foreign Buying Japan Bonds (19-Jul)	✓	JPY133.20bn*	JPY844.30bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (19-Jul)	✓	-JPY110.00bn*	-JPY93.10bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (19-Jul)	✓	JPY1027.80bn*	JPY949.60bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (19-Jul)	✓	-JPY76.80bn*	-JPY18.60bn	Weekly
Japan	01:50	Corporate Service Price (YoY) (Jun)	✓	0.70%*	0.90%	Monthly
Germany	10:00	Ifo - Business Climate (Jul)	✓✓✓	97.20	97.40	Monthly
Germany	10:00	Ifo - Current Assessment (Jul)	✓✓	100.40	100.80	Monthly
Germany	10:00	Ifo - Expectations (Jul)	✓✓	94.00	94.20	Monthly
South Africa	11:30	Producer Price Index (YoY) (Jun)	✓✓	5.80%	6.40%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Jun)	✓✓	0.40%	0.50%	Monthly
UK	12:00	CBI Distributive Trades Survey - Realised (Jul)	✓✓	0.00%	-42.00%	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
US	14:30	Durable Goods Orders ex Transportation (Jun) (P)	✓✓	0.20%	0.40%	Monthly
Eurozone	14:30	ECB Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (13-Jul)	✓✓✓	1688.00K	1686.00K	Weekly
US	14:30	Initial Jobless Claims (20-Jul)	✓✓✓	218.00K	216.00K	Weekly
US	14:30	Cap Goods Orders Nondef Ex Air (Jun) (P)	✓	0.20%	0.50%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Jun) (P)	✓	-0.20%	0.60%	Monthly
US	14:30	Wholesale Inventories (MoM) (Jun) (P)	✓✓✓	0.50%	0.40%	Monthly
US	14:30	Durable Goods Orders (Jun) (P)	✓✓✓	0.70%	-1.30%	Monthly
Eurozone	14:30	ECB's Draghi Speaks in Frankfurt After Policy Decision	✓✓✓	-	-	As scheduled
US	16:30	EIA Natural Gas Storage Change (19-Jul)	✓✓✓	-	62.00Bcf	Weekly
US	17:00	Kansas City Fed Manufacturing Activity (Jul)	✓✓✓	3.00	0.00	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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