

ONE
Minute Brief

7 August 2019

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Economic and political news

Ratings agency, Moody's Investors Service stated that Eskom urgently requires a turnaround plan as its capital structure is unsustainable. Additionally, the ratings agency stated that the government's planned capital transfers of ZAR105bn over the next two years will only help stabilise the company's debt burden and a longer term solution would need to be developed.

The African National Congress (ANC) has claimed that the leaked emails which showed that Ramaphosa knew who some of the donors to his 2017 presidential campaign were, was an attempt to undermine public confidence in him.

The African Development Bank (AfDB) has provided a USD4.8mn grant to support the African Union (AU) for implementation of the African Continental Free Trade Area (AfCFTA).

The Zimbabwean government announced that it has initiated weekly payments of ZAR13mn to settle Eskom's debt, in order to receive 400MW of power supply.

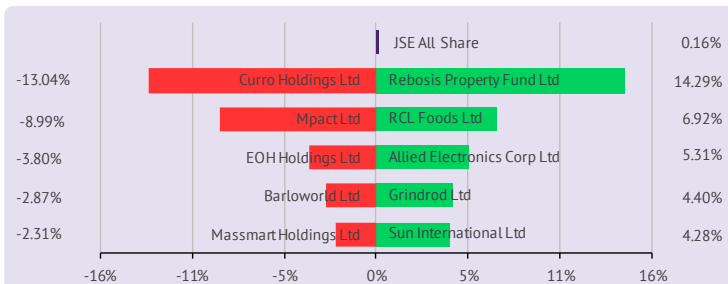
Key indices

	As at 06 Aug 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55062.01	▲	86.63	0.16	-2.15	-3.03	-2.44	4.41
JSE Top 40 (ZAR)	49113.36	▲	47.22	0.10	-2.42	-3.32	-2.68	5.11
FTSE 100 (GBP)	7171.69	▼	-52.16	-0.72	-3.18	-5.47	2.17	6.59
DAX 30 (EUR)	11567.96	▼	-90.55	-0.78	-2.56	-5.10	-1.69	9.56
CAC 40 (EUR)	5234.65	▼	-6.90	-0.13	-2.32	-5.15	-0.36	10.65
S&P 500 (USD)	2881.77	▲	37.03	1.30	-1.71	-3.31	1.31	14.96
Nasdaq Composite (USD)	7833.27	▲	107.23	1.39	-2.13	-4.19	2.11	18.05
DJIA (USD)	26029.52	▲	311.78	1.21	-1.72	-3.11	0.99	11.58
MSCI Emerging Markets (USD)	972.67	▼	-0.33	-0.03	-3.10	-6.20	-1.69	0.70
MSCI Developed World (USD)	2109.20	▲	11.88	0.57	-1.90	-3.58	0.42	11.96

South Africa Market ▲

South African markets closed higher

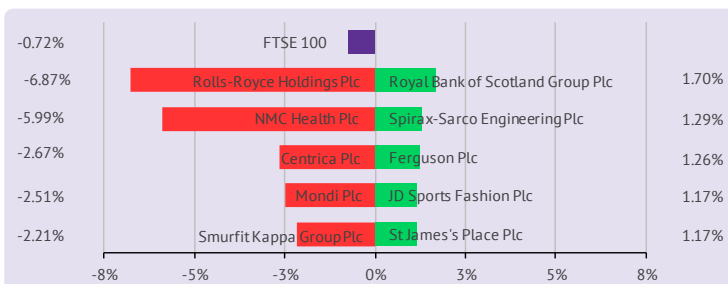
South African markets closed in the green yesterday, boosted by gains in platinum mining and retail sector stocks. The JSE All Share Index rose 0.2% to close at 55,062.01.

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UK Market ▼

UK markets closed weaker

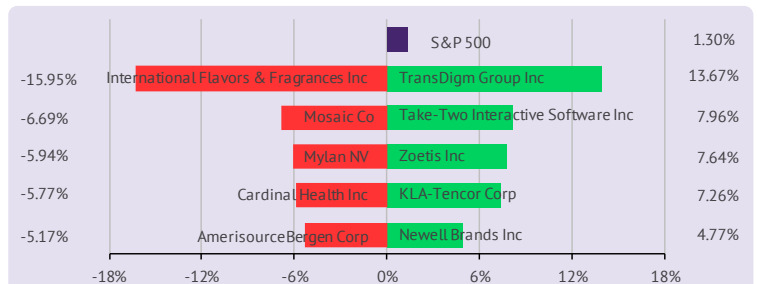
UK markets finished lower for the sixth consecutive session yesterday, amid ongoing trade tensions between the US and China. The FTSE 100 Index declined 0.7% to close at 7,171.69. Today, the FTSE 100 futures are trading in negative territory.

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US Market ▲

US markets closed in the green

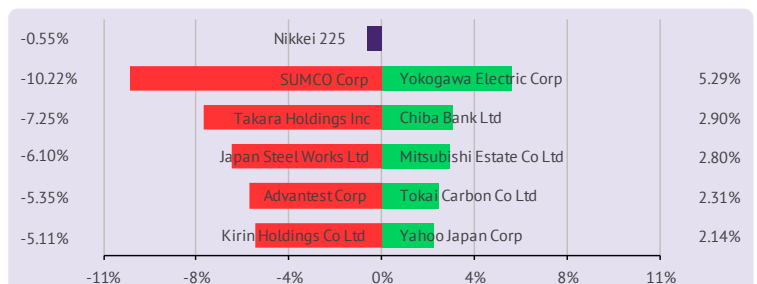
US markets closed higher yesterday, as China stepped in to stabilise the Yuan. Data revealed that the US JOLTS job openings dropped in June. The S&P 500 Index climbed 1.3% to close at 2,881.77. Today, the S&P 500 futures are trading weaker.

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Asian Market ▼

Trading lower

Asian markets are trading weaker this morning, amid mounting US-China trade concerns. The Nikkei 225 Index is trading 0.6% lower at 20,472.11.

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USD ZAR ▼

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R14.9702. Later today, traders will keep a close watch on the US consumer credit data and the MBA mortgage applications for further cues.

The US Dollar rose against the South African Rand yesterday. On the data front, the US JOLTS job openings declined in June. Separately, the South African Rand fell against the US Dollar, after Moody's stated that Eskom needs a long-term strategic turnaround plan.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R18.2048. Ahead in the day, traders will keep an eye on UK's Halifax house price index and the RICS house price balance for further cues.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.4% higher against the South African Rand at R16.7872. Going forward, market participants will keep a tab on Germany's industrial production for further direction.

The Euro strengthened against the South African Rand yesterday. On the macro front, Germany's factory orders climbed more than market forecast on a monthly basis in June. Meanwhile, the nation's Markit construction PMI dropped in July.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.6% lower against the South African Rand at R10.0274. Earlier in the session, Australia's AiG performance of construction index eased in July. Further, home loan approvals advanced less than market anticipations on a monthly basis in June.

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	14.9702	▼	0.10	0.97	4.09	1.82	4.06
GBPZAR	18.2048	▼	0.28	1.00	4.13	-2.45	-0.85
EURZAR	16.7872	▼	0.08	1.78	5.27	-0.87	1.59
AUDZAR	10.0274	▲	0.14	0.35	2.79	-0.69	-0.30
EURUSD	1.1212	▲	-0.04	0.82	1.11	-2.61	-2.34
GBPUSD	1.2158	▼	0.23	0.07	0.10	-4.23	-4.57
Brent (\$/barrel)	58.9	▼	-1.45	-4.77	-9.39	0.48	9.55
Gold (\$/oz)	1497.6	▲	0.53	1.85	3.25	0.88	14.91
Platinum (\$/oz)	858.6	▲	-0.55	0.02	-2.92	5.19	7.20
Copper (\$/MT)*	5656.3	▼	-0.07	-0.83	-4.17	-1.33	-4.92

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 1.7% to trade at \$1,497.60/oz.

Yesterday, gold prices rose 0.5% to close at \$1,472.40/oz, amid escalating trade tensions between the US and China.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$58.91/bl.

Yesterday, Brent crude oil dropped 1.5% to settle at \$58.94/bl, as persistent trade tensions stoked worries about lower global demand for energy. Separately, the American Petroleum Institute reported that crude oil inventories declined by 3.4mn bls in the week ended 2 August 2019.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.6% to trade at \$858.60/oz.

Yesterday, platinum prices declined 0.6% to close at \$853.20/oz.

Major South African corporate news

Curro Holdings Limited

In its 1H19 trading statement, the company announced that it expects HEPS to be between 49.00c and 51.00c, which is 41.0% to 47.0% higher from the corresponding period of the prior year. Further, the company anticipates its EPS to be between 56.00c and 58.00c, which is 61.0% to 67.0% higher from the previous year.

Royal Bafokeng Platinum Limited

In its 1H19 results, the company announced that its revenues jumped 90.6% to ZAR3.16bn from ZAR1.66bn recorded in the same period of the preceding year. Its diluted loss per share stood at 70.80c, compared to 12.40c recorded in the previous year.

Nedbank Group Limited

In its 1H19 results, the company announced that its net interest income advanced to ZAR14.82bn from ZAR14.01bn posted in the corresponding period of the previous year. Its diluted EPS rose 3.1% to ZAR13.95 from ZAR13.53 in the prior year. The company declared an interim dividend of ZAR7.20 per share.

Major global economic news

Eurozone

In Germany, seasonally adjusted factory orders climbed more-than-expected by 2.5% on a monthly basis in June, compared to a revised drop of 2.0% in the previous month.

In Germany, the Markit construction PMI fell to a level of 49.50 in July, compared to a reading of 50.00 in the previous month.

Asia

In Australia, seasonally adjusted home loan approvals rose 0.4% on a monthly basis in June, less than market expectations. Home loan approvals had registered a revised drop of 0.4% in the prior month.

In Australia, the AiG performance of construction index dropped to 39.10 in July, compared to a reading of 43.00 in the prior month.

US

In the US, the JOLTs job openings fell to a level of 7348.00K in June, compared to a revised reading of 7384.00K in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Japan Foreign Reserves (Jul)	✓	USD1316.50bn*	USD1322.30bn	Monthly
US	06:00	Fed's Evans Holds Media Breakfast in Chicago	✓	-	-	As scheduled
Switzerland	08:00	UBS Real Estate Bubble Index (Q2)	✓✓	-	0.83	Quarterly
Germany	08:00	Industrial Production (Jul)	✓	-	103.70	Monthly
Germany	08:00	Industrial Production n.s.a. and w.d.a. (YoY) (Jun)	✓✓✓	-3.10%	-3.70%	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Jul)	✓	USD43.75bn	USD43.94bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Jul)	✓	USD49.70bn	USD49.80bn	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Jun)	✓✓✓	-0.50%	0.30%	Monthly
France	08:45	Current Account (Jun)	✓✓	-	EUR0.30bn	Monthly
France	08:45	Trade Balance (Jun)	✓✓✓	-EUR4.12bn	-EUR3.28bn	Monthly
Switzerland	09:00	Foreign Currency Reserves (Jul)	✓✓✓	-	CHF759.10bn	Monthly
Eurozone	09:30	ECB's Cœuré speech	✓✓	-	-	As scheduled
UK	09:30	Halifax House Prices (3m/YoY) (Jul)	✓	4.40%	5.70%	Monthly
UK	09:30	Halifax House Prices (MoM) (Jul)	✓	0.30%	-0.30%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Jul)	✓	93.00	93.30	Monthly
Portugal	12:00	Unemployment Rate (Q2)	✓	-	6.80%	Quarterly
US	13:00	MBA Mortgage Applications (02-Aug)	✓	-	-1.40%	Weekly
US	21:00	Consumer Credit Change (Jun)	✓✓	USD16.10bn	USD17.09bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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