

# ONE Minute Brief

14 August 2019

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## Economic and political news

South Africa's (SA) Association of Mineworkers and Construction Union (AMCU) has rejected initial wage offers from Impala Platinum Holdings and Sibanye-Stillwater, citing that these were significantly lower than their demand. Additionally, AMCU President, Joseph Mathunjwa, accused Sibanye-Stillwater of trying to provoke a strike.

Yesterday, SARB Governor, Lesetja Kganyago, sued ANC Nelson Mandela Bay Councillor, Andile Lungisa, for defamation and demanded ZAR500,000 in damages for his offensive comments on Twitter.

A lifestyle audit of five former directors of the Public Investment Corporation (PIC) conducted by PwC, showed no evidence any wrongdoing or criminal conduct and has not provided any substantiation of allegations contained in a series of anonymous e-mails. The directors include former CEO Dan Matjila, suspended CFO Matshepo More, former PIC chair and former Deputy Finance Minister Mondli Gungubele, as well as former non executive directors Sibusisiwe Zulu and Dudu Hlatshwayo.

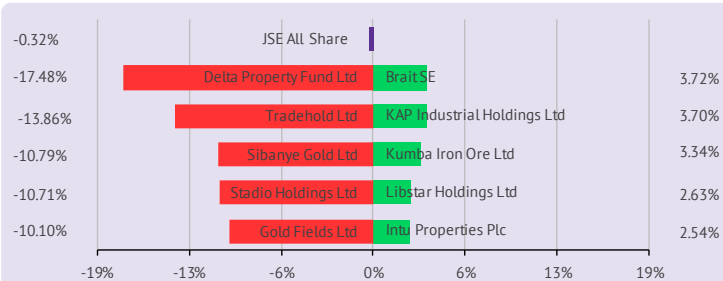
Former Phumelela municipal manager, Moses Moremi, in her testimony at the state capture inquiry into the Estina Dairy Project, revealed that the Free State Department of Agriculture entered into an agreement that not only leased a large portion of land, but the entire area of Vrede (including suburbs) to the Gupta linked Estina dairy project for 99 years.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in platinum mining and resources sector stocks. The JSE All Share Index fell 0.3% to close at 55,191.97.

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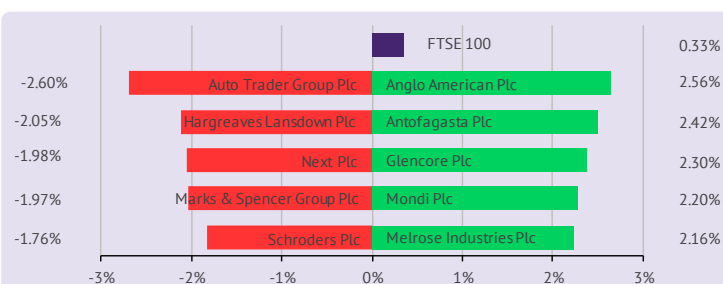


## UK Market ▲

### UK markets closed higher

UK markets finished firmer yesterday, amid renewed hopes for US-China trade deal, after the US delayed its planned tariffs on certain Chinese imports. Data indicated that UK's ILO unemployment rate unexpectedly rose in the April-June 2019 period. The FTSE 100 Index advanced 0.3% to close at 7,250.90. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

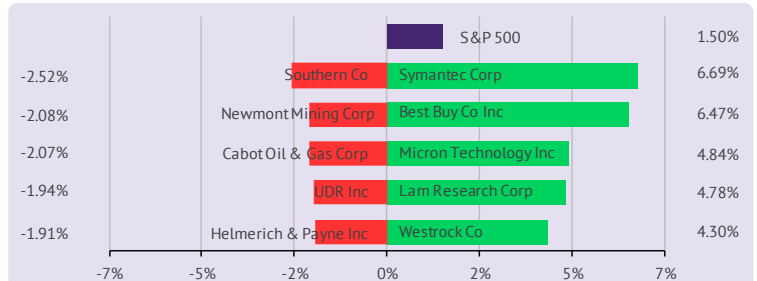
	As at 13 Aug 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55191.97	▼ -179.56	-0.32	-0.62	-2.80	-2.44	4.66
JSE Top 40 (ZAR)	49448.44	▼ -64.50	-0.13	-0.34	-2.66	-2.68	5.83
FTSE 100 (GBP)	7250.90	▲ 24.18	0.33	-0.04	-4.43	2.17	7.77
DAX 30 (EUR)	11750.13	▲ 70.45	0.60	0.48	-3.60	-1.69	11.28
CAC 40 (EUR)	5363.07	▲ 52.76	0.99	0.66	-2.82	-0.36	13.37
S&P 500 (USD)	2926.32	▲ 43.23	1.50	0.26	-1.81	1.31	16.73
Nasdaq Composite (USD)	8016.36	▲ 152.95	1.95	0.72	-1.95	2.11	20.81
DJIA (USD)	26279.91	▲ 382.20	1.48	-0.03	-2.18	0.99	12.66
MSCI Emerging Markets (USD)	968.87	▼ -5.61	-0.58	-1.26	-6.57	-1.69	0.30
MSCI Developed World (USD)	2134.54	▲ 16.89	0.80	-0.04	-2.42	0.42	13.30

## US Market ▲

### US markets closed in the green

US markets closed higher yesterday, after the US decided to delay tariffs on some Chinese goods. Data revealed that the US annual consumer price index (CPI) rose more-than-expected in July. The S&P 500 Index climbed 1.5% to close at 2,926.32. Today, the S&P 500 futures are trading weaker.

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## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, amid news that US delayed tariffs on key Chinese goods. The Nikkei 225 Index is trading 0.8% higher at 20,623.52.

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## USD ZAR ▼

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading slightly higher against the South African Rand at R15.1420. Later today, traders will keep a close watch on the US MBA mortgage applications for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US CPI climbed more than market expectations on a yearly basis in July. Additionally, the NFIB small optimism index advanced more-than-anticipated in July. Moreover, annual average hourly earnings rose in July.

## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally climbed against the South African Rand to trade at R18.2548. Ahead in the day, traders will keep an eye on UK's CPI, producer price index and house price index for further cues.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's ILO unemployment rate unexpectedly rose in the April-June 2019 period. On the other hand, the nation's average weekly earnings jumped at par with market forecast in the April-June 2019 period, notching its highest level in 11 years.

## EUR ZAR ▼

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R16.9158. Going forward, market participants will keep a tab on Eurozone's gross domestic product (GDP) and industrial production along with Germany's GDP for further indication.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's ZEW economic sentiment index recorded a decline in August. Separately, Germany's CPI advanced in line with market forecast on an annual basis in July. Meanwhile, the nation's ZEW current situation index fell more than market anticipations in August. Moreover, the ZEW economic sentiment index recorded a more-than-expected drop in the same month, marking its lowest level since December 2011.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally weaker against the South African Rand at R10.2899. Earlier in the session, Australia's Westpac consumer confidence index recorded a rise on a monthly basis in August. Meanwhile, in China, Australia's largest trading partner, retail sales advanced less than market forecast on a yearly basis in July. Additionally, annual industrial production increased less-than-expected in July.

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	15.1420	▼	-1.09	-0.77	5.52	1.82	5.50
GBPZAR	18.2548	▼	-1.21	-0.51	4.63	-2.45	-0.38
EURZAR	16.9158	▼	-1.49	-1.03	6.45	-0.87	2.73
AUDZAR	10.2899	▲	-0.40	-0.60	4.81	-0.69	1.66
EURUSD	1.1172	▲	-0.38	-0.26	0.86	-2.61	-2.58
GBPUSD	1.2057	▼	-0.13	0.22	-0.81	-4.23	-5.44
Brent (\$/barrel)	60.7	▼	4.66	4.73	-5.76	0.48	13.94
Gold (\$/oz)	1512.8	▲	-0.21	0.37	5.34	0.88	17.24
Platinum (\$/oz)	854.4	▼	-0.46	-0.47	-2.18	5.19	8.02
Copper (\$/MT)*	5804.5	▲	1.55	1.26	-1.66	-1.33	-2.43

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,512.80/oz.

Yesterday, gold prices fell 0.2% to close at \$1,502.20/oz, after the US decided to delay tariffs on some Chinese goods and resume further talks in order to resolve the trade conflict between the two countries.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 1.0% lower to trade at \$60.66/bl, after the American Petroleum Institute reported that the US crude supplies rose by 3.7mn bls in the week ended 9 August 2019.

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Yesterday, Brent crude oil advanced 1.7% to settle at \$61.30/bl, amid progress in US-China trade talks.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.6% lower to trade at \$854.40/oz.

Yesterday, platinum prices declined 0.5% to close at \$859.70/oz.

## Major South African corporate news

### KAP Industrial Holdings Limited

In its FY19 trading statement, the company announced that it expects EPS to be between 36.40c and 40.10c, compared to EPS of 57.70c recorded in the previous year. Further, the company anticipates HEPS to be between 41.30c and 44.90c, compared to 59.80c recorded in the preceding year.

## Major global economic news

### Asia

In Japan, machinery orders unexpectedly climbed 13.9% on a monthly basis in June. In the prior month, machinery orders had registered a drop of 7.8%.

In Australia, the Westpac consumer confidence index advanced 3.6% to a level of 100.00 in August. In the prior month, the index had registered a reading of 96.50.

In China, retail sales recorded a rise of 7.6% on a yearly basis in July, less than market expectations. In the prior month, retail sales had risen 9.8%.

In July, industrial production rose 4.8% on an annual basis in China, less-than-anticipated and compared to a rise of 6.3% in the previous month.

### Eurozone

In the Eurozone, the ZEW economic sentiment index dropped to -43.60 in August, compared to a reading of -20.30 in the previous month.

In Germany, the ZEW current situation index dropped more-than-anticipated to -13.50 in August. The index had recorded a level of -1.10 in the previous month.

In Germany, the ZEW economic sentiment index plunged to -44.10 in August, more-than-expected and compared to a reading of -24.50 in the previous month.

In July, the final CPI rose 1.7% on a yearly basis in Germany, meeting market expectations. In the previous month, the CPI had risen 1.6%. The preliminary figures had also indicated an advance of 1.7%.

### US

In the US, the NFIB small business optimism index climbed to 104.70 in July, more than market expectations and compared to a level of 103.30 in the prior month.

In the US, the CPI rose 1.8% on an annual basis in July, more than market forecast. In the prior month, the CPI had climbed 1.6%.

### UK

In the UK, average earnings including bonus rose 3.7% on a yearly basis in the April-June 2019 period, in line with market expectations. Average earnings including bonus had registered a revised rise of 3.5% in the March-May 2019 period.

In the UK, the ILO unemployment rate unexpectedly advanced to 3.9% in the April-June 2019 period, compared to 3.8% in the March-May 2019 period.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Machinery Orders (MoM) (Jun)	✓	13.90%*	-7.80%	Monthly
Japan	01:50	Machinery Orders (YoY) (Jun)	✓✓	12.50%*	-3.70%	Monthly
China	04:00	Industrial Production YTD (YoY) (Jul)	✓✓	5.80%*	6.00%	Monthly
China	04:00	Retail Sales YTD (YoY) (Jul)	✓	8.30%*	8.40%	Monthly
China	04:00	Industrial Production (YoY) (Jul)	✓✓	4.80%*	6.30%	Monthly
China	04:00	Retail Sales (YoY) (Jul)	✓✓✓	7.60%*	9.80%	Monthly
Germany	08:00	Gross Domestic Product n.s.a. (YoY) (Q2) (P)	✓✓	-0.30%	0.60%	Quarterly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q2) (P)	✓✓✓	-0.10%	0.40%	Quarterly
Germany	08:00	Gross Domestic Product w.d.a. (YoY) (Q2) (P)	✓✓	0.10%	0.70%	Quarterly
UK	10:30	Retail Price Index (Jul)	✓	289.60	289.60	Monthly
UK	10:30	Consumer Price Index (MoM) (Jul)	✓✓✓	-0.10%	0.00%	Monthly
UK	10:30	Consumer Price Index (YoY) (Jul)	✓✓✓	1.90%	2.00%	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (MoM) (Jul)	✓	0.60%	-1.40%	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (YoY) (Jul)	✓	0.30%	-0.30%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (MoM) (Jul)	✓	0.10%	-0.10%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (YoY) (Jul)	✓✓	1.70%	1.60%	Monthly
UK	10:30	Retail Price Index (MoM) (Jul)	✓✓✓	0.00%	0.10%	Monthly
UK	10:30	Retail Price Index (YoY) (Jul)	✓✓	2.80%	2.90%	Monthly
Eurozone	11:00	Employment Change (YoY) (Q2) (P)	✓✓	-	1.30%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q2) (S)	✓✓✓	0.20%	0.20%**	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q2) (S)	✓✓	1.10%	1.10%**	Quarterly
Eurozone	11:00	Industrial Production s.a. (MoM) (Jun)	✓✓✓	-1.50%	0.90%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Jun)	✓✓✓	-1.50%	-0.50%	Monthly
US	13:00	MBA Mortgage Applications (09-Aug)	✓	-	5.30%	Weekly
South Africa	13:00	Retail Sales (YoY) (Jun)	✓✓	2.00%	2.20%	Monthly
South Africa	13:00	Retail Sales (MoM) (Jun)	✓✓	-0.30%	0.10%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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