

ONE Minute Brief

15 August 2019

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Economic and political news

In South Africa (SA), retail sales rose 2.4% on an annual basis in June, compared to a revised advance of 2.3% in the previous month.

Public Protector, Busisiwe Mkhwebane, has filed the full record of documents used in her investigation against President, Cyril Ramaphosa, over his African National Congress (ANC) election campaign.

The Public Investment Corporation (PIC) commission of inquiry has concluded its public hearings into alleged impropriety at the state asset manager and will provide its final report to President, Cyril Ramaphosa on 31 October 2019.

News reports indicate that former LNG Canada Chief Executive Officer (CEO), Andy Calitz and Eskom's former head of group capital, Dan Marokane, have applied for Eskom's CEO position.

According to JSE data compiled by Bloomberg, non-residents have sold a net ZAR14.4bn of the South African government debt in August.

Democratic Alliance (DA) stated that former President, Jacob Zuma has no new grounds to appeal a high court ruling and hence he must reimburse ZAR16 million paid by taxpayers in his legal battle against corruption charges relating to the arms deal.

Key indices

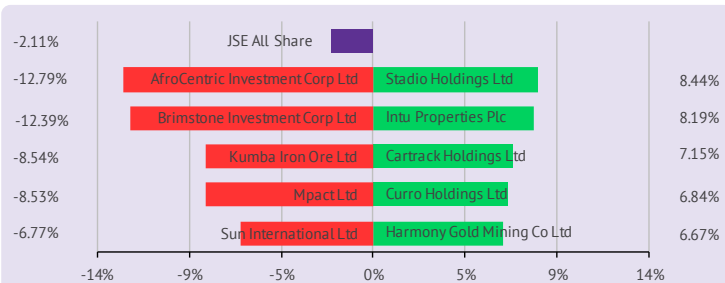
	As at 14 Aug 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54029.43	▼	-1162.54	-2.11	-2.71	-4.85	-2.44	2.45
JSE Top 40 (ZAR)	48277.82	▼	-1170.62	-2.37	-2.70	-4.96	-2.68	3.32
FTSE 100 (GBP)	7147.88	▼	-103.02	-1.42	-1.46	-5.79	2.17	6.24
DAX 30 (EUR)	11492.66	▼	-257.47	-2.19	-1.72	-5.71	-1.69	8.84
CAC 40 (EUR)	5251.30	▼	-111.77	-2.08	-1.44	-4.85	-0.36	11.00
S&P 500 (USD)	2840.60	▼	-85.72	-2.93	-2.67	-4.69	1.31	13.31
Nasdaq Composite (USD)	7773.94	▼	-242.42	-3.02	-2.33	-4.91	2.11	17.16
DJIA (USD)	25479.42	▼	-800.49	-3.05	-3.07	-5.15	0.99	9.23
MSCI Emerging Markets (USD)	964.43	▼	-4.44	-0.46	-1.71	-7.00	-1.69	-0.16
MSCI Developed World (USD)	2086.26	▼	-48.28	-2.26	-2.30	-4.63	0.42	10.74

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in industrial and banking sector stocks. Data indicated that SA's annual retail sales rose more-than-expected in June. The JSE All Share Index fell 2.1% to close at 54,029.43.

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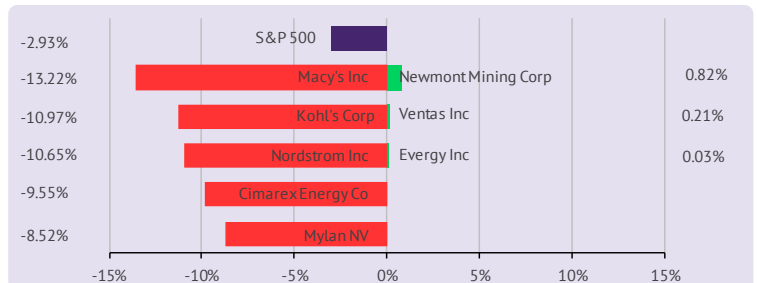


US Market ▼

US markets closed in the red

US markets closed lower yesterday, as plunge in US treasury yields fuelled concerns over the state of the US economy. Data revealed that the US MBA mortgage applications jumped in the week ended 9 August 2019. The S&P 500 Index dropped 2.9% to close at 2,840.60. Today, the S&P 500 futures are trading in the green.

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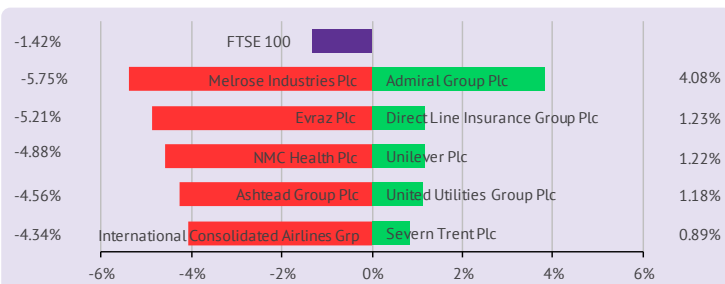


UK Market ▼

UK markets closed weaker

UK markets finished lower yesterday, as drop in 10-year US and UK government bonds yields, stoked fears of a possible recession. Data showed that UK's annual consumer price index (CPI) rose-more-than-expected in July. The FTSE 100 Index declined 1.4% to close at 7,147.88. Today, the FTSE 100 futures are trading in positive territory.

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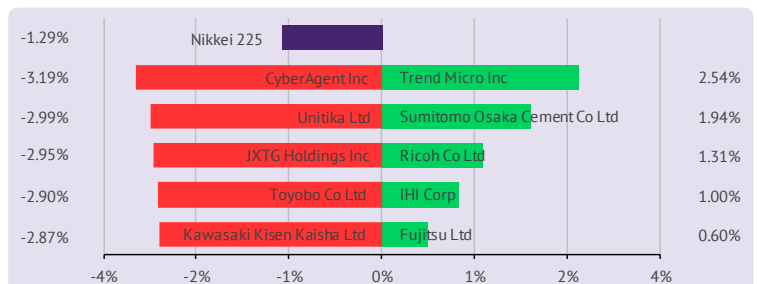


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly weaker this morning, on fears of recession. The Nikkei 225 Index is trading 1.3% lower at 20,389.17.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% lower against the South African Rand at R15.3768. Later today, traders will keep a close watch on the US advance retail sales, initial jobless claims, the Empire State manufacturing index, business inventories, the NAHB housing market index, industrial and manufacturing production for further indication.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US MBA mortgage applications climbed in the week ended 9 August 2019. Separately, in SA, retail sales climbed more than market forecast on an annual basis in June.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.3% against the South African Rand to trade at R18.5365. Ahead in the day, traders will keep an eye on UK's retail sales data for further direction.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's consumer price inflation climbed more than market forecast on a yearly basis in July. Additionally, annual producer price index (PPI) advanced more-than-expected July. Moreover, the retail price index climbed on an annual basis in July, in line with market expectations. Meanwhile, the nation's house price index rose less than market forecast on an annual basis in June.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R17.1421. Amid no major economic news across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's gross domestic product (GDP) advanced in line with market forecast on a quarterly basis in the second quarter of 2019. On the other hand, the region's monthly industrial production declined more-than-anticipated in June, marking its biggest fall since February 2016. Separately, Germany's quarterly economic growth contracted in 2Q19.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R10.4266. Earlier in the session, Australia's consumer inflation expectations rose in August. Further, unemployment rate remained unchanged in July.

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	15.3768	▲	1.86	1.08	7.49	1.82	7.46
GBPZAR	18.5365	▲	1.85	1.33	6.57	-2.45	1.46
EURZAR	17.1421	▲	1.57	0.52	8.11	-0.87	4.34
AUDZAR	10.4266	▼	1.10	0.49	5.97	-0.69	2.78
EURUSD	1.1147	▲	-0.29	-0.54	0.57	-2.61	-2.86
GBPUSD	1.2055	▼	0.00	0.22	-0.81	-4.23	-5.44
Brent (\$/barrel)	59.1	▼	-2.97	1.62	-8.56	0.48	10.56
Gold (\$/oz)	1531.3	▲	0.91	1.29	6.30	0.88	18.31
Platinum (\$/oz)	848.4	▲	-1.36	-1.83	-3.52	5.19	6.55
Copper (\$/MT)*	5739.0	▼	-1.13	0.12	-2.77	-1.33	-3.53

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.0% higher to trade at \$1,531.30/oz.

Yesterday, gold prices rose 0.9% to close at \$1,515.90/oz, amid rising global recession fears.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.7% lower to trade at \$59.05/bL.

Yesterday, Brent crude oil dropped 3.0% to settle at \$59.48/bL, after the US Energy Information Administration reported that crude oil inventories rose by 1.6mn bls for a second consecutive week in the week ended 9 August 2019.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices slightly rose to trade at \$848.40/oz.

Yesterday, platinum prices declined 1.4% to close at \$848.00/oz.

Major South African corporate news

Astral Foods Limited

The company announced that Mr. Chris Schutte, Chief Executive Officer of the company will be undergoing cardiovascular surgery on the 19th of August 2019, following which he would be taking leave of office to recuperate. Meanwhile, Daan Ferreira, Astral's Chief Financial Officer, would be the central contact person during Chris' absence.

Curro Holdings Limited

In its 1H19 results, the company announced that revenues rose to ZAR1.48bn from ZAR1.24bn posted in the corresponding period of the previous year. Its diluted EPS increased 64.0% to 56.80c from 34.70c in the prior year.

Emira Property Fund Limited

In its FY19 results, the company announced that revenues decreased to ZAR1.69bn from ZAR1.77bn posted in the corresponding period of the previous year. Its diluted EPS rose to 175.46c from 166.23c in the prior year.

Exxaro Resources Limited

In its 1H19 trading statement, the company announced that it expects HEPS to be between 1,650.00c and 1,796.00c, which is a rise of between 35.0% and 47.0% from the same period of the previous year. The company anticipates attributable EPS to be between 2,498.00c and 2,650.00c, which is an increase of between 97.0% and 109.0% from the preceding year.

Metair Investments Limited

In its 1H19 results, the company announced that revenues increased to ZAR5.34bn from ZAR4.48bn posted in the corresponding period of the previous year. Its diluted EPS rose 22.1% to 160.00c from 131.00c in the prior year.

Major global economic news

UK

In the UK, the CPI rose 2.1% on an annual basis in July, more than market expectations and compared to an advance of 2.0% in the previous month.

In the UK, non-seasonally adjusted output PPI advanced 1.8% on a yearly basis in July, more than market forecast. In the prior month, output PPI had registered a rise of 1.6%.

In the UK, the house price index rose 0.9% on an annual basis in June, less than market expectations. In the prior month, the index had registered a revised similar rise.

In the UK, the retail price index climbed 2.8% on an annual basis in July, in line with market expectations and compared to an advance of 2.9% in the prior month.

Asia

In Australia, consumer inflation expectations climbed to 3.5% in August, compared to 3.2% in the prior month.

In Australia, seasonally adjusted unemployment rate remained steady at 5.2% in July.

Eurozone

In the Eurozone, seasonally adjusted second estimate of GDP rose 0.2% on a quarterly basis in 2Q19, in line with market expectations. GDP had registered a rise of 0.4% in the previous quarter. The preliminary figures had also recorded a rise of 0.2%.

In the Eurozone, seasonally adjusted industrial production dropped 1.6% on a monthly basis in June, more than market expectations and compared to a revised rise of 0.8% in the previous month.

In Germany, seasonally adjusted preliminary GDP dropped 0.1% on a quarterly basis in 2Q19, compared to an advance of 0.4% in the prior quarter.

US

In the US, the MBA mortgage applications surged 21.7% on a weekly basis in the week ended 9 August 2019. The MBA mortgage applications had climbed 5.3% in the previous week.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Japan	6:30	Capacity Utilisation (MoM) (Jun)	✓	-2.60%*	1.70%	Monthly
 Japan	6:30	Industrial Production (YoY) (Jun) (F)	✓✓✓	-3.80%*	-4.10%**	Monthly
 UK	10:30	Retail Sales (YoY) (Jul)	✓✓✓	2.50%	3.80%	Monthly
 UK	10:30	Retail Sales ex-Fuel (MoM) (Jul)	✓✓✓	-0.20%	0.90%	Monthly
 UK	10:30	Retail Sales ex-Fuel (YoY) (Jul)	✓✓✓	2.30%	3.60%	Monthly
 UK	10:30	Retail Sales (MoM) (Jul)	✓✓✓	-0.20%	1.00%	Monthly
 US	14:30	Advance Retail Sales (MoM) (Jul)	✓✓✓	0.20%	0.40%	Monthly
 US	14:30	Non-Farm Productivity (Q2) (P)	✓	1.40%	3.40%	Quarterly
 US	14:30	Unit Labour Costs (Q2) (P)	✓	1.80%	-1.60%	Quarterly
 US	14:30	NY Empire State Manufacturing Index (Aug)	✓✓	2.00	4.30	Monthly
 US	14:30	Retail Sales "Control Group" (MoM) (Jul)	✓✓	0.40%	0.70%	Monthly
 US	14:30	Continuing Jobless Claims (03-Aug)	✓✓✓	1685.00K	1684.00K	Weekly
 US	14:30	Initial Jobless Claims (10-Aug)	✓✓✓	212.00K	209.00K	Weekly
 US	14:30	Philadelphia Fed Manufacturing Survey (Aug)	✓✓	9.30	21.80	Monthly
 US	14:30	Retail Sales Ex Auto & Gas (Jul)	✓✓✓	0.50%	0.70%	Monthly
 US	14:30	Retail Sales ex Autos (MoM) (Jul)	✓✓✓	0.30%	0.40%	Monthly
 US	15:15	Manufacturing (SIC) Production (MoM) (Jul)	✓✓✓	-0.30%	0.40%	Monthly
 US	15:15	Capacity Utilisation (Jul)	✓	77.80%	77.90%	Monthly
 US	15:15	Industrial Production (MoM) (Jul)	✓✓✓	0.10%	0.00%	Monthly
 US	16:00	Business Inventories (Jun)	✓	0.10%	0.30%	Monthly
 US	16:00	NAHB Housing Market Index (Aug)	✓	65.00	65.00	Monthly

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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