

ONE Minute Brief

27 August 2019

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Economic and political news

Public Investment Corporation's (PIC) former executives, Ernest Nesane and Paul Magula, implicated in the VBS Mutual Bank collapse, have been declared delinquent by the High Court in Pretoria.

The South African Revenue Service (Sars) announced that it has decided to terminate its suspended senior executive, Hlengani Mathebula's employment contract.

Yesterday, former Bosasa Chief Executive Officer, Gavin Watson, who was supposed to testify at tax inquiry today, died in a car accident.

In his testimony at the state capture enquiry, Brent Adrian Simons, former Chief Director in the presidency, stated that former President, Jacob Zuma, lied during his testimony that he did not instruct then minister, Collins Chabane, to remove Government Communication and Information System (GCIS) head, Themba Maseko.

SARS Commissioner, Edward Kieswetter, stated that the agency is likely to sign a memorandum of understanding with the National Prosecuting Authority (NPA) for over 1,000 tax-related cases awaiting prosecution in order to remove corruption from the institution.

Key indices

	As at 26 Aug 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53811.89	▼ -183.93	-0.34	-0.34	-5.24	-2.44	2.04
JSE Top 40 (ZAR)	48042.94	▼ -205.01	-0.42	-0.42	-5.42	-2.68	2.82
FTSE 100 (GBP)*	7094.98	▼ -33.20	-0.47	NA	-6.48	2.17	5.45
DAX 30 (EUR)	11658.04	▲ 46.53	0.40	0.40	-4.36	-1.69	10.41
CAC 40 (EUR)	5351.02	▲ 24.15	0.45	0.45	-3.04	-0.36	13.11
S&P 500 (USD)	2878.38	▲ 31.27	1.10	1.10	-3.42	1.31	14.82
Nasdaq Composite (USD)	7853.74	▲ 101.97	1.32	1.32	-3.93	2.11	18.36
DJIA (USD)*	25898.83	▲ 269.93	1.05	1.05	-3.59	0.99	11.02
MSCI Emerging Markets (USD)	960.81	▼ -12.85	-1.32	-1.32	-7.35	-1.69	-0.53
MSCI Developed World (USD)	2105.22	▲ 10.58	0.51	0.51	-3.76	0.42	11.75

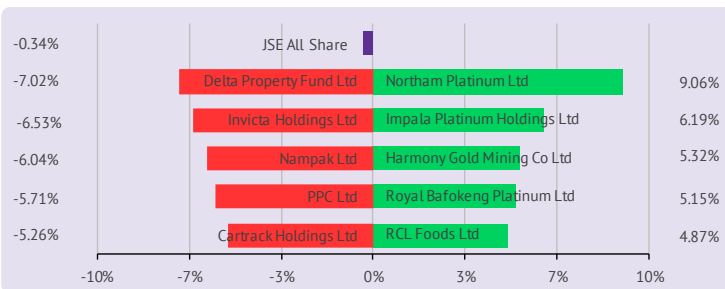
*Values as on 23 August 2019

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid uncertainty surrounding US-China trade deal and led by losses in financial and property sector stocks. The JSE All Share Index fell 0.3% to close at 53,811.89.

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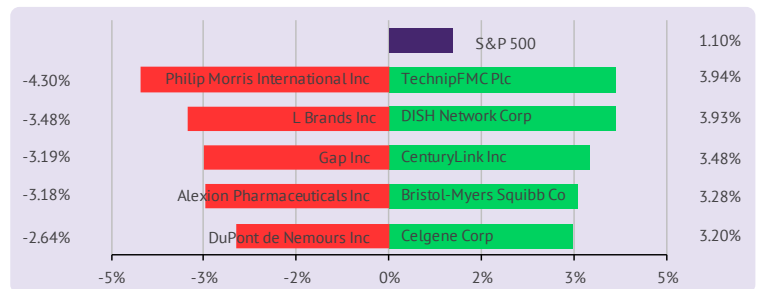


US Market ▲

US markets closed firmer

US markets closed higher yesterday, as US-China trade tensions receded, after the US President, Donald Trump, indicated that China is ready to renegotiate the trade deal. Data indicated that the US durable goods orders rose more-than-expected in July. The S&P 500 Index climbed 1.1% to close at 2,878.38. Today, the S&P 500 futures are trading in the green.

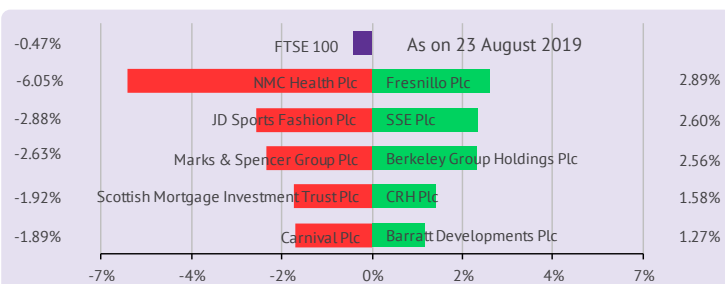
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UK Market

UK markets were closed yesterday

UK markets were closed yesterday on account of a public holiday. Today, the FTSE 100 futures are trading in negative territory.

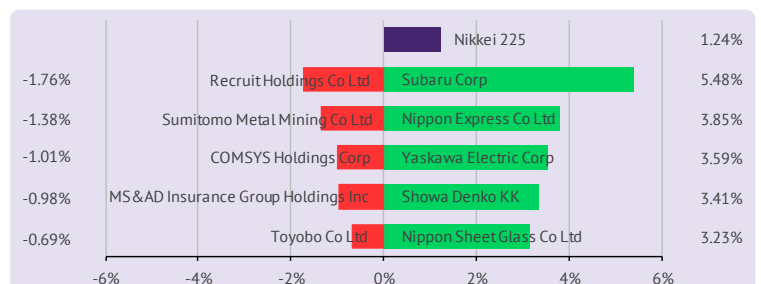


Asian Market ▲

Trading higher

Asian markets are trading firmer this morning, amid optimism over US-China trade deal. The Nikkei 225 Index is trading 1.2% higher at 20,513.08.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R15.2790. Later today, traders will keep a close watch on the house price index, the Richmond Fed manufacturing index and the consumer confidence index for further indication.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US durable goods orders climbed more than market forecast in July. Additionally, the Dallas Fed manufacturing index rose in August. On the other hand, the Chicago Fed National Activity Index dropped in July.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R18.6597. Ahead in the day, traders will keep an eye on UK's BBA loans for house purchase and the BRC shop price index for further cues.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R16.9620. Going forward, market participants will keep a tab on Germany's gross domestic product for further direction.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's Ifo survey business climate index declined more-than-anticipated for a fifth consecutive month in August, reaching its lowest level since November 2012. Additionally, the Ifo survey expectations index fell more than market forecast in August. Moreover, the Ifo survey current assessment index dropped more than market expectations in the same month.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand to trade at R10.3349. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index advanced in the week ended 25 August 2019.

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	15.2790	▲	0.26	0.26	6.59	1.82	6.57
GBPZAR	18.6597	▲	-0.32	-0.32	7.09	-2.45	1.96
EURZAR	16.9620	▲	-0.08	-0.08	6.88	-0.87	3.15
AUDZAR	10.3349	▲	0.57	0.57	5.51	-0.69	2.34
EURUSD	1.1102	-	-0.38	-0.38	0.23	-2.61	-3.18
GBPUSD	1.2213	▼	-0.40	-0.40	0.48	-4.23	-4.21
Brent (\$/barrel)	59.0	▲	-1.08	-1.08	-9.76	0.48	9.11
Gold (\$/oz)	1538.6	▲	-0.02	-0.02	7.03	0.88	19.12
Platinum (\$/oz)	860.5	▲	0.29	0.29	-2.40	5.19	7.78
Copper (\$/MT)*	5613.0	-	0.00	0.00	-4.90	-1.33	-5.65

*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 \$1,538.60/oz.

Yesterday, gold prices marginally fell to close at \$1,526.30/oz, as trade tensions between the US and China subsided, after both the countries agreed to renegotiate the trade deal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.5% to trade at \$59.00/bl, on hopes of US-China trade deal.

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Yesterday, Brent crude oil dropped 1.1% to settle at \$58.70/bl, after French President Emmanuel Macron stated preparations were underway for a meeting between Iranian President Hassan Rouhani and US President Donald Trump to find a solution to a nuclear standoff.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.3% to trade at \$860.50/oz.

Yesterday, platinum prices climbed 0.3% to close at \$857.80/oz.

Major South African corporate news

Clientele Limited

In its FY19 results, the company announced that net insurance premiums rose to ZAR2.14bn from ZAR2.08bn posted in the corresponding period of the previous year. Its diluted EPS declined 18.0% to 119.50c from 146.24c reported in the prior year. Additionally, the company has declared a dividend of 131.00c per share.

JSE Limited

The company announced that it has agreed to acquire 74.9% of Link Market Services South Africa Proprietary Limited (Link SA) for a cash consideration of ZAR224.50mn from Link Market Services Limited. The proposed transaction will result in the JSE holding 74.85% in Link SA with Link SA's Black Economic Empowerment (BEE) partner retaining its existing 25.15% in the company.

Super Group Limited

In its FY19 results, the company announced that revenues increased to ZAR37.86bn from ZAR35.66bn posted in the corresponding period of the previous year. Its diluted EPS rose 12.7% to 360.40c from 319.90c reported in the prior year.

Reunert Limited

The company announced the resignation of Executive Director, Mr. Mark Taylor, from the Board of Directors, with effect from 1 October 2019.

Major global economic news

US

In the US, preliminary durable goods orders rose 2.1% on a monthly basis in July, more than market expectations and compared to a revised gain of 1.9% in the previous month.

In the US, the Chicago Fed National Activity Index fell to -0.36 in July. In the previous month, the index had recorded a revised reading of 0.03.

In the US, the Dallas Fed manufacturing business index advanced to 2.70 in August, compared to a reading of -6.30 in the previous month.

Eurozone

In Germany, the Ifo business climate index dropped to 94.30 in August, more than market expectations and compared to a revised reading of 95.80 in the previous month.

In August, the Ifo business expectations index dropped to 91.30 in Germany, more than market forecasts. The index had registered a revised reading of 92.10 in the prior month.

In Germany, the Ifo current assessment index fell to 97.30 in August, more than market consensus. In the previous month, the index had recorded a revised level of 99.60.

Asia

In Australia, the ANZ Roy Morgan weekly consumer confidence index rose to a level of 114.10 in the week ended 25 August 2019, compared to a reading of 112.80 in the previous week.

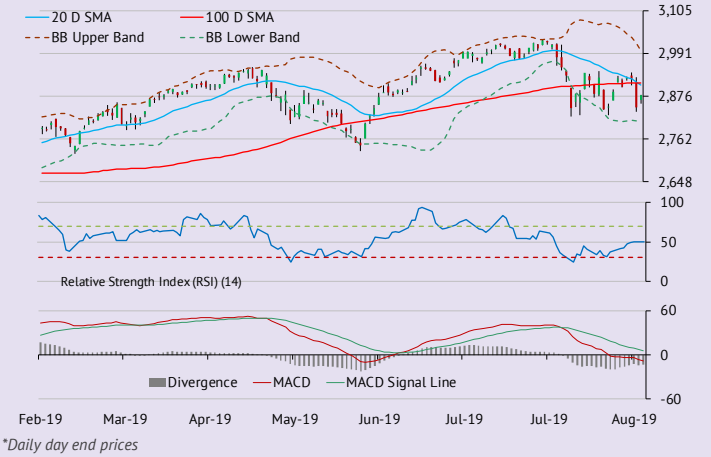
Technical snapshot

JSE All Share



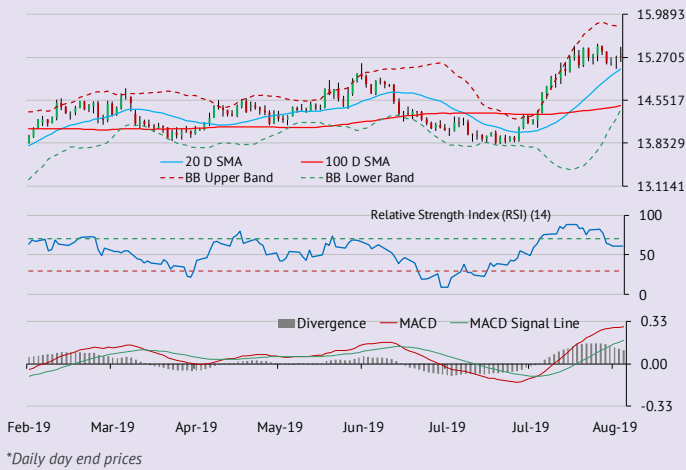
The JSE All Share index is expected to find support at 53,269.57, and a fall through could take it to the next support level of 52,727.25. The index is expected to find its first resistance at 54,533.04, and a rise through could take it to the next resistance level of 55,254.19.

S&P 500



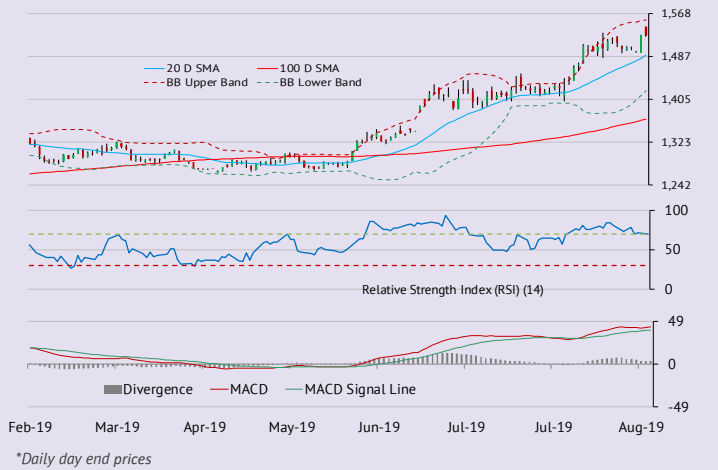
The S&P 500 index is expected to find support at 2,829.21, and a fall through could take it to the next support level of 2,780.03. The index is expected to find its first resistance at 2,933.32, and a rise through could take it to the next resistance level of 2,988.25.

USD ZAR



The pair is expected to find support at 15,085.7, and a fall through could take it to the next support level of 14,882.9. The pair is expected to find its first resistance at 15,482.4, and a rise through could take it to the next resistance level of 15,676.3.

XAU USD



Gold is expected to find support at \$1,498.77/oz, and a fall through could take it to the next support level of \$1,471.23/oz. The precious metal is expected to find its first resistance at \$1,548.57/oz, and a rise through could take it to the next resistance level of \$1,570.83/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Corporate Service Price (YoY) (Jul)	✓	0.50%*	0.70%	Monthly
China	03:30	Industrial Profits (YoY) (Jul)	✓✓	2.60%*	-3.10%	Monthly
Germany	08:00	Retail Sales (YoY) (Jul)	✓✓✓	-	-1.60%	Monthly
Germany	08:00	Gross Domestic Product n.s.a. (YoY) (Q2) (F)	✓✓	0.00%	0.00%**	Quarterly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q2) (F)	✓✓✓	-0.10%	-0.10%**	Quarterly
Germany	08:00	Gross Domestic Product w.d.a. (YoY) (Q2) (F)	✓✓	0.40%	0.40%**	Quarterly
Germany	08:00	Retail Sales (MoM) (Jul)	✓✓✓	-1.50%	3.50%	Monthly
Germany	08:00	Private Consumption (QoQ) (Q2)	✓	0.20%	1.20%	Quarterly
Germany	08:00	Capital Investment (QoQ) (Q2)	✓	0.10%	1.10%	Quarterly
Germany	08:00	Government Spending (QoQ) (Q2)	✓	0.40%	-0.30%	Quarterly
UK	10:30	BBA Mortgage Approvals (Jul)	✓✓	42.85 K	42.65 K	Monthly
UK	14:00	ECB's De Guindos, BOE's Tenreyro Speak on Monetary Policy	✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (23-Aug)	✓	-	4.90%	Weekly
US	14:55	Redbook Index s.a. (MoM) (23-Aug)	✓	-	-1.70%	Weekly
US	15:00	S&P/Case-Shiller Home Price Index (Jun)	✓	-	209.66	Monthly
US	15:00	House Price Index s.a. (Jun)	✓✓	-	275.00	Monthly
US	15:00	House Price Purchase Index (QoQ) (Q2)	✓✓	0.20%	1.10%	Quarterly
US	15:00	S&P/Case-Shiller Composite-20 (YoY) (Jun)	✓✓	2.30%	2.39%	Monthly
US	15:00	Housing Price Index (MoM) (Jun)	✓	0.20%	0.10%	Monthly
US	15:00	S&P/Case-Shiller 20 City s.a. (MoM) (Jun)	✓✓✓	0.10%	0.14%	Monthly
US	16:00	Consumer Confidence (Aug)	✓✓✓	129.30	135.70	Monthly
US	16:00	Richmond Fed Manufacturing Index (Aug)	✓	-4.00	-12.00	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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