

ONE Minute Brief

28 August 2019

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Economic and political news

Yesterday, Finance Minister, Tito Mboweni, released an economic policy document for South Africa (SA) to boost growth and create jobs. The document outlines the structural reforms that could reverse the downward trend in the country's growth potential and competitiveness.

The National Treasury, in its policy paper, suggested that Eskom could generate revenues of ZAR450bn if it sells its coal-fired power stations through auctions, as part of a restructuring of the state-owned power utility.

Portfolio committee on health chairperson, Sibongiseni Dhlomo, has dismissed reports that the public consultation process on the National Health Insurance (NHI) Bill has been suspended.

Members of the justice committee have accepted a proposal to refer the matter of the procedure for the removal of the Public Protector to the National Assembly Speaker, Thandi Modise, who is expected to refer the matter to the rules committee.

Eskom announced that it has produced 190 MW at Medupi's unit 1 and synchronized it to the national grid.

Key indices

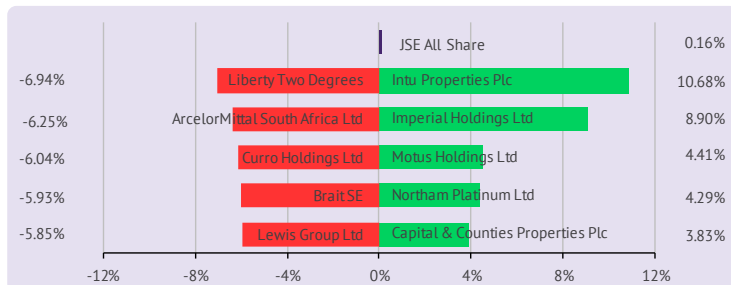
	As at 27 Aug 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53895.75	▲	83.86	0.16	-0.19	-5.09	-2.44	2.20
JSE Top 40 (ZAR)	48147.85	▲	104.91	0.22	-0.21	-5.22	-2.68	3.04
FTSE 100 (GBP)	7089.58	▼	-5.40	-0.08	-0.08	-6.55	2.17	5.37
DAX 30 (EUR)	11730.02	▲	71.98	0.62	1.02	-3.77	-1.69	11.09
CAC 40 (EUR)	5387.09	▲	36.07	0.67	1.13	-2.39	-0.36	13.88
S&P 500 (USD)	2869.16	▼	-9.22	-0.32	0.77	-3.73	1.31	14.45
Nasdaq Composite (USD)	7826.95	▼	-26.79	-0.34	0.97	-4.26	2.11	17.96
DJIA (USD)	25777.90	▼	-120.93	-0.47	0.58	-4.04	0.99	10.50
MSCI Emerging Markets (USD)	964.59	▲	3.78	0.39	-0.93	-6.98	-1.69	-0.14
MSCI Developed World (USD)	2104.85	▼	-0.37	-0.02	0.49	-3.78	0.42	11.73

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial, resources and platinum mining sector stocks. The JSE All Share Index rose 0.2% to close at 53,895.75.

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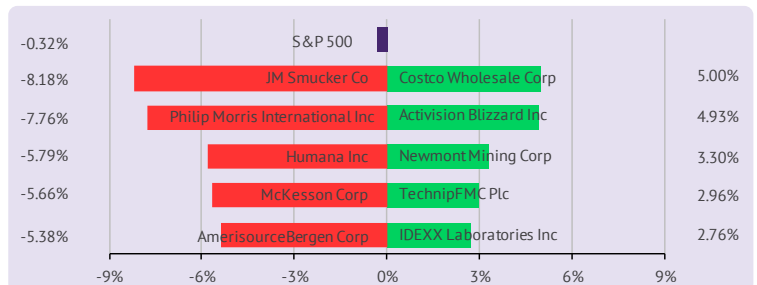


US Market ▼

US markets closed weaker

US markets closed in the red yesterday, led by losses in financial sector stocks. Data indicated that the US consumer confidence index dropped in August. The S&P 500 Index dropped 0.3% to close at 2,869.16. Today, the S&P 500 futures are trading in the green.

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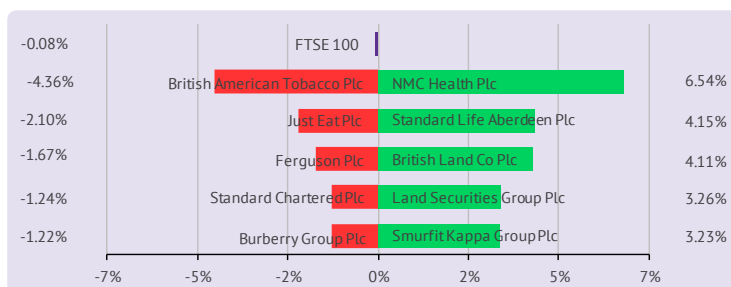


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, as banking sector stocks fell, amid fears of a no-deal Brexit. Data showed that UK's BBA loans for house purchase rose more-than-expected in July. The FTSE 100 Index declined 0.1% to close at 7,089.58. Today, the FTSE 100 futures are trading in positive territory.

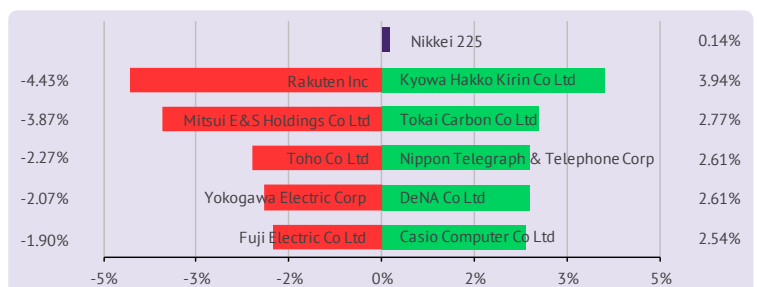
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Asian Market ▲

Trading mostly firmer

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.1% higher at 20,485.36.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R15.3234. Later today, traders will keep a close watch on the US MBA mortgage applications for further indication.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US consumer confidence index fell less than expected in August. Meanwhile, the nation's house price index advanced in line with market forecast on a monthly basis in June. Additionally, the Richmond Fed manufacturing index rebounded in August.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R18.8064. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news. Data revealed that UK's BRC shop price index declined on a yearly basis in August.

The British Pound advanced against the South African Rand yesterday, amid efforts by opposition political parties to avoid a 'no deal' Brexit. Data indicated that UK's BBA loans for house purchase jumped more than market forecast in July, notching its highest level since early 2017.

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EUR ZAR ▼

EUR trading stronger against ZAR

At 06:00 SAST, the Euro marginally rose against the South African Rand to trade at R16.9879. Going forward, market participants will keep a tab on Germany's GfK consumer confidence index for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's economy contracted as initially estimated in the second quarter of 2019.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.3258.

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	15.3234	▼	0.14	0.40	6.74	1.82	6.72
GBPZAR	18.8064	▲	0.76	0.44	7.90	-2.45	2.73
EURZAR	16.9879	▼	0.03	-0.05	6.90	-0.87	3.17
AUDZAR	10.3258	▲	-0.21	0.36	5.29	-0.69	2.12
EURUSD	1.1086	▼	-0.11	-0.48	0.13	-2.61	-3.29
GBPUSD	1.2273	▼	0.60	0.20	1.08	-4.23	-3.64
Brent (\$/barrel)	59.9	▲	1.38	0.29	-8.52	0.48	10.61
Gold (\$/oz)	1545.5	▲	0.96	0.94	8.06	0.88	20.27
Platinum (\$/oz)	871.7	▲	1.21	1.51	-1.22	5.19	9.08
Copper (\$/MT)*	5661.8	▲	0.87	0.87	-4.07	-1.33	-4.83

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.3% to trade at \$1,545.50/oz.

Yesterday, gold prices rose 1.0% to close at \$1,541.00/oz, amid growing uncertainty over the trade tensions between the US and China.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$59.91/bl, after the American Petroleum Institute reported that crude oil inventories declined by 11.1mn bls in the week ended 23 August 2019.

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Yesterday, Brent crude oil advanced 1.4% to settle at \$59.51/bl, following significant output cuts by the Organization of the Petroleum Exporting Countries.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.4% to trade at \$871.70/oz.

Yesterday, platinum prices climbed 1.2% to close at \$868.20/oz.

Major South African corporate news

Aveng Limited

In its FY19 trading statement, the company announced that it expects headline loss per share to be between 9.30c and 10.00c, compared to loss of 290.10c recorded in the preceding year. Further, the company anticipates loss per share to be between 10.20c and 10.80c, compared to a loss of 653.90c per share in the prior year. These values have been impacted by an increase in the weighted average number of shares during the period.

Sibanye Gold Limited

In its 1H19 trading statement, the company announced that it expects to report loss per share of 11.00c, compared to an EPS of 3.00c recorded in the same period of the previous year. Further, the company anticipates to record headline loss per share of 54.00c, compared to HEPS of 4.00c in the preceding year.

Brimstone Investment Corp Limited

In its 1H19 trading statement, the company announced that it expects basic loss per share to be between 58.50c and 70.20c, compared to a loss of 117.70c in the same period of the previous year. Further, the company anticipates basic headline loss per share to be between 58.30c and 70.00c, compared to headline loss of 118.60c per share recorded in the prior year.

Major global economic news

US

In the US, the consumer confidence index fell to 135.10 in August. In the previous month, the index had registered a revised reading of 135.80.

In the US, the housing price index advanced 0.2% on a monthly basis in June, at par with market expectations. The housing price index had registered a revised similar rise in the previous month.

In the US, the Richmond Fed manufacturing index rose to 1.00 in August, compared to a reading of -12.00 in the previous month.

UK

In the UK, the BBA mortgage approvals climbed to 43.34K in July, more than market expectations and compared to a revised level of 42.78K in the previous month.

In the UK, the BRC shop price index fell 0.4% on an annual basis in August. In the previous month, the index had recorded a drop of 0.1%.

Eurozone

In Germany, seasonally adjusted final gross domestic product (GDP) slid 0.1% on a quarterly basis in 2Q19, meeting market expectations. In the prior quarter, GDP had recorded a rise of 0.4%. The preliminary figures had also recorded a drop of 0.1%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Aug)	✓✓✓	-0.40%*	-0.10%	Monthly
UK	01:01	BRC Shop Price Index (MoM) (Aug)	✓	0.30%*	-0.20%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Aug)	✓✓✓	0.10%	0.30%	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Sep)	✓✓✓	9.60	9.70	Monthly
Germany	08:00	Import Price Index (Jul)	✓	-	101.30	Monthly
Germany	08:00	Import Price Index s.a. (MoM) (Jul)	✓✓	-0.10%	-1.40%	Monthly
Germany	08:00	Import Price Index n.s.a. (YoY) (Jul)	✓✓	-2.00%	-0.20%	Monthly
Eurozone	10:00	M3 Money Supply (YoY) (Jul)	✓	4.70%	4.50%	Monthly
Italy	10:00	Manufacturing Confidence (Aug)	✓✓✓	99.70	100.10	Monthly
Italy	10:00	Consumer Confidence (Aug)	✓✓✓	112.20	113.40	Monthly
Eurozone	10:00	Private Loans (YoY) (Jul)	✓	-	3.30%	Monthly
Italy	10:00	Consumer Confidence (Aug)	✓✓✓	112.20	113.40	Monthly
Eurozone	10:00	M3 Money Supply (3m) (Jul)	✓	4.70%	4.70%	Monthly
Eurozone	10:00	M3 Money Supply (3m) (Jul)	✓	4.70%	4.70%	Monthly
US	13:00	MBA Mortgage Applications (23-Aug)	✓	-	-0.90%	Weekly
US	18:20	Fed's Barkin speech	✓✓	-	-	As scheduled
US	23:30	Fed's Daly speech	✓✓	-	-	As scheduled
UK	-	Nationwide House Prices n.s.a. (YoY) (Aug)	✓✓	0.70%	0.30%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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