

# ONE Minute Brief

29 August 2019

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## Economic and political news

During a briefing to the Standing Committee on Appropriations about a special bill that would see Eskom receive an additional ZAR59bn over the next two years, Treasury Director General Dondo Mogajane outlined conditions for Eskom's additional funding. These include funding to be strictly used to meet Eskom's financial obligations, closure or sale of Eskom Finance, which has a loan book of about ZAR10bn, and submission to Treasury of a board-approved annual schedule of redemptions and interest payments. He also warned that Eskom might require more financial support from the government by the end of March if it fails to meet its funding plan.

SABC's group CEO, Madoda Mxakwe, told Parliament's select committee on public enterprises and communication that the firm needed a capital injection and a time frame of 18 to 24 months for its turnaround plan to start working. Its CFO indicated that SABC was currently struggling to honour payments to service providers.

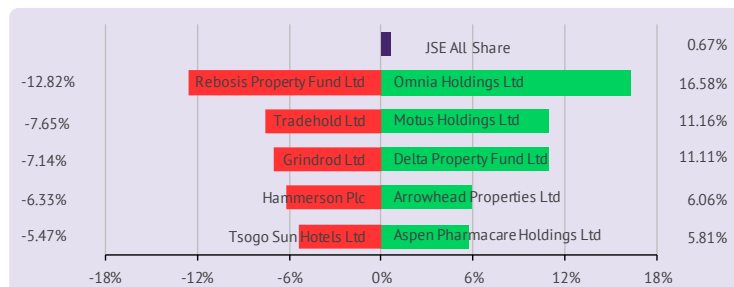
The Automobile Association (AA) announced that it expects diesel price to increase by around 25c per litre and 95 unleaded petrol price by 10c per litre, with effect from September. However, it expects 93 unleaded petrol price to decrease by 3c per litre.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in mining sector stocks. The JSE All Share Index rose 0.7% to close at 54,255.62.

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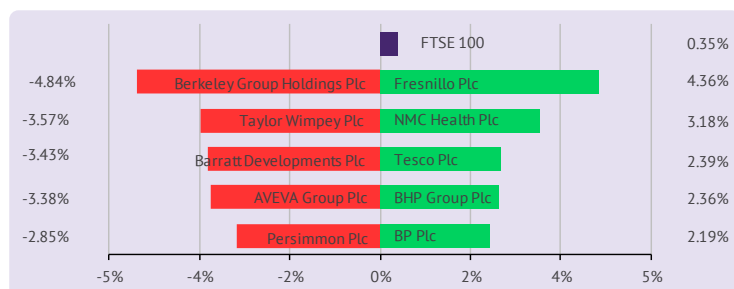


## UK Market ▲

### UK markets closed higher

UK markets finished firmer yesterday, as the British Pound strengthened, amid ongoing Brexit concerns. The FTSE 100 Index advanced 0.4% to close at 7,114.71. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

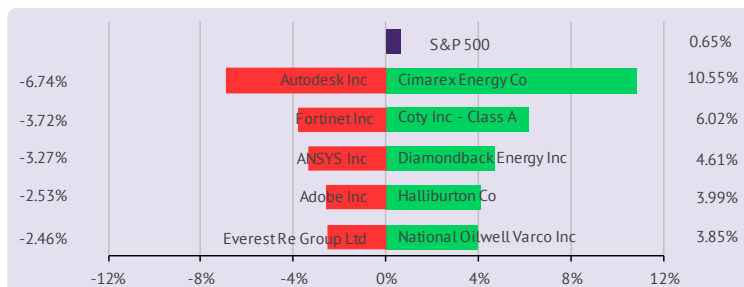
	As at 28 Aug 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54255.62	▲ 359.87	0.67	0.48	-4.45	-2.44	2.88
JSE Top 40 (ZAR)	48429.35	▲ 281.50	0.58	0.38	-4.66	-2.68	3.64
FTSE 100 (GBP)	7114.71	▲ 25.13	0.35	0.28	-6.22	2.17	5.75
DAX 30 (EUR)	11701.02	▼ -29.00	-0.25	0.77	-4.00	-1.69	10.82
CAC 40 (EUR)	5368.80	▼ -18.29	-0.34	0.79	-2.72	-0.36	13.49
S&P 500 (USD)	2887.94	▲ 18.78	0.65	1.43	-3.10	1.31	15.20
Nasdaq Composite (USD)	7856.88	▲ 29.94	0.38	1.36	-3.90	2.11	18.41
DJIA (USD)	26036.10	▲ 258.20	1.00	1.59	-3.08	0.99	11.61
MSCI Emerging Markets (USD)	965.35	▲ 0.75	0.08	-0.85	-6.91	-1.69	-0.06
MSCI Developed World (USD)	2111.92	▲ 7.07	0.34	0.83	-3.46	0.42	12.10

## US Market ▲

### US markets closed in the green

US markets closed higher yesterday, supported by gains in financial and energy sector stocks. Data revealed that the US MBA mortgage applications fell in the week ended 23 ended 2019. The S&P 500 Index climbed 0.7% to close at 2,887.94. Today, the S&P 500 futures are trading weaker.

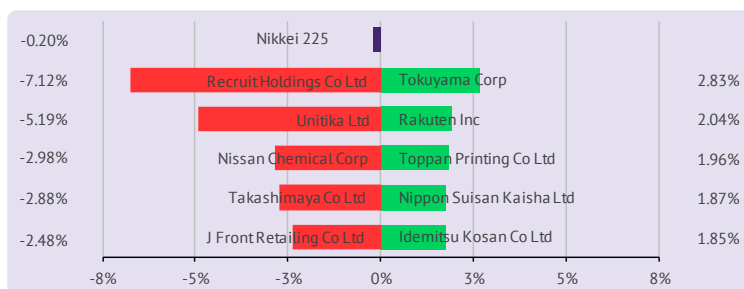
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## Asian Market ▼

### Trading weaker

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.2% lower at 20,438.45.



## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R15.4142. Later today, traders will keep a close watch on the US gross domestic product, advance goods trade balance, initial jobless claims and pending home sales for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US MBA mortgage applications declined in the week ended 23 August 2019.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R18.8090. Amid no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic factors.

The British Pound declined against the South African Rand yesterday, after British Prime Minister, Boris Johnson, announced plans to suspend Parliament in September, fuelling fears of a no-deal Brexit.

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## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R17.0858. Going forward, market participants will keep a tab on Eurozone's economic and consumer confidence index, business climate indicator alongwith Germany's consumer price index and unemployment rate for further direction.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's M3 money supply climbed more than market forecast in July. Meanwhile, Germany's GfK consumer confidence index remained unchanged in September.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R10.3712.

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	15.4142	▼	0.67	1.07	7.46	1.82	7.43
GBPZAR	18.8090	▲	-0.02	0.42	7.88	-2.45	2.71
EURZAR	17.0858	▼	0.57	0.51	7.51	-0.87	3.76
AUDZAR	10.3712	▲	0.38	0.74	5.69	-0.69	2.51
EURUSD	1.1084	▲	-0.11	-0.59	0.02	-2.61	-3.39
GBPUSD	1.2203	▼	-0.63	-0.44	0.44	-4.23	-4.25
Brent (\$/barrel)	60.1	▼	1.65	1.94	-7.01	0.48	12.43
Gold (\$/oz)	1551.9	▲	0.12	1.06	8.18	0.88	20.41
Platinum (\$/oz)	908.0	▼	4.69	6.27	3.41	5.19	14.20
Copper (\$/MT)*	5673.0	▲	0.20	1.07	-3.88	-1.33	-4.64

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,551.90/oz.

Yesterday, gold prices rose 0.1% to close at \$1,542.80/oz, amid rising fears of a possible recession in the US and trade uncertainty.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged lower 0.6% to trade at \$60.14/bl.

Yesterday, Brent crude oil advanced 1.7% to settle at \$60.49/bl, after the Energy Information Administration reported that the US crude supplies fell by 10.0mn bls in the week ended 23 August 2019.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$908.00/oz.

Yesterday, platinum prices declined 4.7% to close at \$908.90/oz.

## Major South African corporate news

### Murray & Roberts Holdings Limited

In its FY19 results, the company announced that revenues declined to ZAR20.17bn from ZAR21.85bn posted in the corresponding period of the previous year. Its diluted EPS fell 21.6% to 105.00c from 134.00c reported in the prior year. Further, the company declared a final dividend of 55.00c per share.

## Major global economic news

### Eurozone

In the Eurozone, the M3 money supply climbed 5.2% on an annual basis in July, more than market expectations and compared to 4.5% in the previous month.

In Germany, the GfK consumer confidence index remained unchanged at a level of 9.70 in September.

### US

In the US, the MBA mortgage applications fell 6.2% on a weekly basis in the week ended 23 August 2019, compared to a drop of 0.9% in the prior week.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Japan	07:00	Consumer Confidence Index (Aug)	✓✓	37.50	37.80	Monthly
France	08:45	Gross Domestic Product (QoQ) (Q2) (F)	✓✓✓	-	0.30%**	Quarterly
Germany	09:55	Unemployment Rate s.a. (Aug)	✓✓✓	5.00%	5.00%	Monthly
Germany	09:55	Unemployment Change (Aug)	✓✓✓	4.00K	1.00K	Monthly
Eurozone	11:00	Business Climate Indicator (Aug)	✓✓	-0.15	-0.12	Monthly
Eurozone	11:00	Consumer Confidence (Aug) (F)	✓✓✓	-7.10	-7.10**	Monthly
Eurozone	11:00	Economic Sentiment Indicator (Aug)	✓	102.30	102.70	Monthly
Eurozone	11:00	Industrial Confidence (Aug)	✓	-7.50	-7.40	Monthly
South Africa	11:30	Producer Price Index (MoM) (Jul)	✓✓	0.10%	0.40%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Jul)	✓✓	5.30%	5.80%	Monthly
Germany	14:00	Consumer Price Index (MoM) (Aug) (P)	✓✓✓	-0.10%	0.50%	Monthly
Germany	14:00	Consumer Price Index (YoY) (Aug) (P)	✓✓✓	1.50%	1.70%	Monthly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q2) (S)	✓✓✓	2.40%	2.40%**	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q2) (S)	✓✓✓	2.00%	2.10%**	Quarterly
US	14:30	Personal Consumption (QoQ) (Q2) (S)	✓✓✓	4.30%	4.30%**	Quarterly
US	14:30	Wholesale Inventories (MoM) (Jul) (P)	✓✓✓	0.20%	0.00%	Monthly
US	14:30	Continuing Jobless Claims (17-Aug)	✓✓✓	1687.00K	1674.00K	Weekly
US	14:30	Initial Jobless Claims (24-Aug)	✓✓✓	214.00K	209.00K	Weekly
US	16:00	Pending Home Sales (Jul)	✓	-	108.30	Monthly
US	16:00	Pending Home Sales (MoM) (Jul)	✓✓	0.00%	2.80%	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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