

# ONE Minute Brief

22 November 2018

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## Economic and political news

In South Africa (SA), the consumer price index (CPI) climbed to 5.1% on an annual basis in October, as expected and compared to a rise of 4.9% in the prior month.

Public Investment Corporation's (PIC), Chief Executive Officer, Dan Matjila, intends to step down from his position in April.

SA's Competition Tribunal has approved the proposed acquisition of platinum producer, Lonmin Plc by Sibanye-Stillwater but imposed a six-month freeze on job cuts.

Eskom warned that its debt could reach ZAR550bn in the next few years. Meanwhile, Chief Executive Phakamani Hadebe stated that the firm will finalise its new strategy in February.

Former Treasury Director-General, Lungisa Fuzile, in his testimony at the state capture inquiry, stated that his departure was due to Pravin Gordhan's axing as Finance Minister, as well as the high turnover of ministers.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, amid gains in retail and industrial sector stocks. Data showed that SA's annual CPI rose in line with market forecast in October. The JSE All Share Index rose 0.5% to close at 51,318.65.



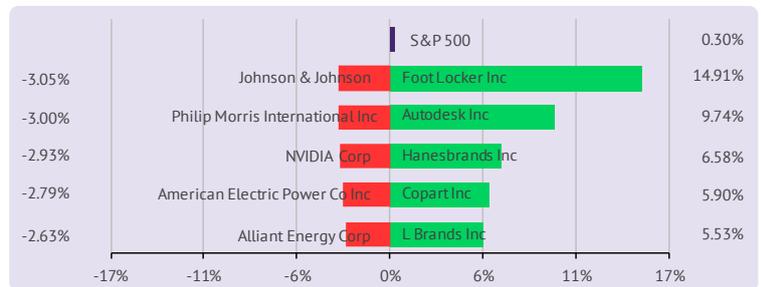
## Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	51318.65	▲	250.87	0.49	-1.49	-2.04	-5.96
JSE Top 40	45132.17	▲	288.59	0.64	-1.57	-2.19	-6.82
FTSE 100	7050.23	▲	102.31	1.47	0.52	-1.09	-5.09
DAX 30	11244.17	▲	177.76	1.61	-0.85	-1.78	-6.53
CAC 40	4975.50	▲	50.61	1.03	-0.99	-2.32	-7.28
S&P 500	2649.93	▲	8.04	0.30	-3.16	-2.28	-6.94
Nasdaq Composite	6972.25	▲	63.43	0.92	-3.80	-4.57	-9.20
DJIA	24464.69	▼	-0.95	0.00	-3.73	-2.59	-5.07
MSCI Emerging Markets	975.04	▲	2.46	0.25	-1.14	2.00	-8.78
MSCI Developed World	1984.73	▲	7.82	0.40	-2.31	-1.84	-7.42

## US Market ▲

### The S&P 500 futures are trading in the green

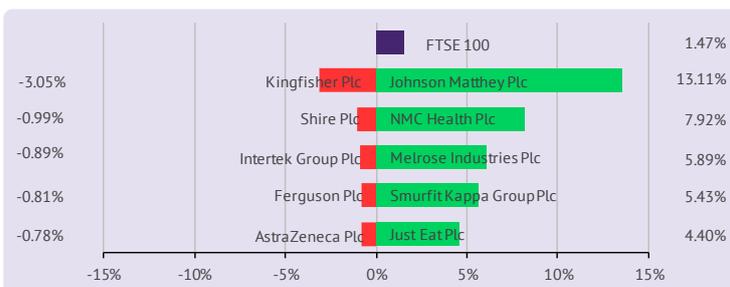
US markets closed mostly higher yesterday, boosted by gains in technology sector stocks. Data indicated that the US leading index rose as expected in October. The S&P 500 Index climbed 0.3% to close at 2,649.93.



## UK Market ▲

### The FTSE 100 futures are trading in positive territory

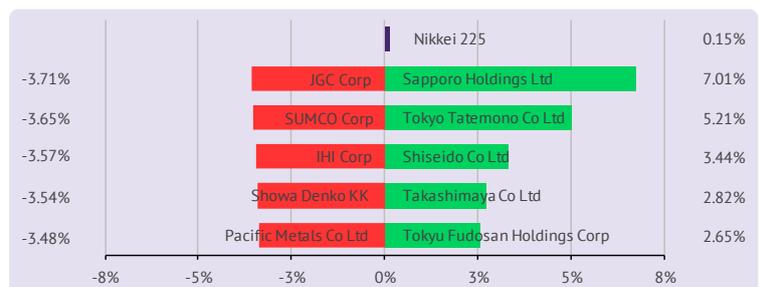
UK markets finished higher yesterday, supported by gains in energy and banking sector stocks. The FTSE 100 Index advanced 1.5% to close at 7,050.23.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan's annual national CPI advanced as anticipated in October. The Nikkei 225 Index is trading 0.2% higher at 21,539.65.



## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R13.9324. Amid no major economic news in the US, market sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand yesterday. On the macroeconomic front, the US MBA mortgage applications declined in the week ended 16 November 2018. Additionally, durable goods orders fell more than market anticipations in October. Moreover, initial jobless claims recorded an unexpected rise in the week ended 17 November 2018, recording its highest level since the end of June. Further, the Michigan consumer sentiment index recorded a more-than-anticipated drop to a three-months low level in November. In contrast, the nation's leading index climbed at par with market forecast in October. Additionally, existing home sales jumped more-than-expected for the first time in seven months on a monthly basis in October. Separately, in SA, CPI rose in line with market expectations on an annual basis in October.

## GBP ZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R17.8073. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's public sector net borrowing deficit widened more than market forecast in October.

## EUR ZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.3% against the South African Rand to trade at R15.8779. Going forward, market participants will keep a tab on the Eurozone's consumer confidence index for further indication.

The Euro weakened against the South African Rand yesterday.

## AUD ZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.2% against the South African Rand to trade at R10.1019.

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	13.9324	▲	-1.34	-0.63	-5.96	4.56	12.30
GBPZAR	17.8073	▲	-1.29	-0.94	-5.68	2.35	6.40
EURZAR	15.8779	▲	-1.19	-0.95	-5.31	1.89	6.60
AUDZAR	10.1019	▼	-0.49	-1.29	-3.18	2.26	4.69
EURUSD	1.1397	▲	0.12	-0.27	0.64	-2.52	-5.17
GBPUSD	1.2781	▲	-0.08	-0.44	0.09	-2.03	-5.44
Brent (\$/barrel)	63.3	▼	1.52	-4.91	-15.41	-9.30	-5.07
Gold (\$/oz)	1227.6	▼	0.56	0.41	1.07	1.97	-6.21
Platinum (\$/oz)	849.0	▼	0.43	0.47	0.90	2.97	-8.95
Copper (\$/MT)*	6269.0	▲	1.02	0.73	3.85	-3.62	-13.02

\*As of previous close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices slightly dropped to trade at \$1,227.60/oz.

Yesterday, gold prices rose 0.6% to close at \$1,228.00/oz, as weakness in the US Dollar increased demand for the precious yellow metal.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil fell 0.3% to trade at \$63.28/bl.

Yesterday, Brent crude oil advanced 1.5% to settle at \$63.48/bl, amid hopes that major oil producers will agree to cut output at a meeting early next month. Meanwhile, the Energy Information Administration reported that domestic crude supplies rose for a ninth straight week by 4.9mn bls in the week ended 16 November 2018.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$849.00/oz.

Yesterday, platinum prices climbed 0.4% to close at \$850.6/oz.

## Major South African corporate news

### Hospitality Property Fund Limited

In its 1H18 results, the company announced that its revenues increased to ZAR344.92mn, compared to ZAR313.90mn posted in the corresponding period of the previous year. Its diluted loss per share stood at 29.68c. The company has declared an interim dividend of 41.22c per share.

### Lewis Group Limited

In its 1H18 results, the company revealed that its revenue advanced to ZAR2.90bn, compared to ZAR2.66bn posted in the same period of the preceding year. Its diluted EPS stood at 179.00c, compared to 162.10c recorded in the corresponding period of the previous year. The company has declared an interim dividend of 105.00c per share, which is 5.0% higher compared to the same period of the prior year.

### Mr Price Group Limited

The company announced that Mark Stirton has been appointed as the Chief Financial Officer with effect from 1 January 2019.

### Peregrine Holdings Limited

In its 1H18 results, the company reported that its revenues declined 11.0% to ZAR797.03mn, compared to the same period of the preceding year. Its basic EPS stood at 93.10c, compared to 98.70c recorded in the corresponding period of the previous year. The company has declared an interim dividend of 85.00c per share.

### Sasol Limited

In its 1H18 trading statement, the company indicated that it expects HEPS to be between ZAR2.12 and ZAR5.12, which is 12.0% to 29.0% higher compared to the same period of the preceding year. Further, the company expects EPS to be in the range of ZAR9.03 to ZAR11.29, which is 80.0% to 100.0% higher compared to the corresponding period of the previous year.

## Major global economic news

### US

In the US, the MBA mortgage applications recorded a drop of 0.1% on a weekly basis in the week ended 16 November 2018. In the previous week, the MBA mortgage applications had fallen 3.2%.

In the US, preliminary durable goods orders registered a more-than-expected drop of 4.4% on a monthly basis in October, compared to a revised fall of 0.1% in the previous month.

In the US, seasonally adjusted initial jobless claims unexpectedly advanced to a level of 224.00K in the week ended 17 November 2018. Initial jobless claims had recorded a revised reading of 221.00K in the prior week.

In the US, the leading index registered a rise of 0.1% on a monthly basis in October, as expected and compared to a revised rise of 0.6% in the prior month.

In the US, existing home sales climbed more-than-anticipated by 1.4% to a level of 5.22mn on a monthly basis in October. Existing home sales had registered a reading of 5.15mn in the prior month.

In the US, the final Michigan consumer sentiment index registered a more-than-expected drop to 97.50 in November. The index had recorded a level of 98.60 in the previous month. The preliminary figures had recorded a fall to 98.30.

### Asia

In Japan, the national CPI recorded a rise of 1.4% on an annual basis in October, meeting market forecast and compared to an advance of 1.2% in the previous month.

### Eurozone

The Organisation for Economic Cooperation and Development (OECD), in its latest Economic Outlook report, warned that persistent trade tensions and higher interest rates are slowing the global economic growth. As a result, the OECD cut its global growth forecast for 2019 to 3.5% from 3.7% projected in May. Moreover, the global economy was forecast to expand 3.5% in 2020, while outlook for the current year remained unchanged at 3.7%. Further, the OECD warned that slowdown in Chinese growth would damage global growth significantly.

### UK

In the UK, public sector net borrowing deficit widened more-than-expected to GBP7.96bn in October, following a revised deficit of GBP1.98bn in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Oct)	✓✓✓	1.40%*	1.20%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Oct)	✓✓✓	1.00%*	1.00%	Monthly
Japan	01:30	National CPI Ex Food, Energy (YoY) (Oct)	✓✓	0.40%*	0.40%	Monthly
Japan	01:50	Foreign Buying Japan Bonds (16-Nov)	✓	-JPY16.10bn*	JPY413.40bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (16-Nov)	✓	-JPY179.20bn*	JPY362.00bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (16-Nov)	✓	-JPY145.20bn*	JPY1620.60bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (16-Nov)	✓	JPY245.30bn*	-JPY203.90bn	Weekly
Japan	08:00	Machine Tool Orders (YoY) (Oct) (F)	✓✓✓	-	-1.10%**	Monthly
France	09:45	Own-Company Production Outlook (Nov)	✓	-	10.00	Monthly
France	09:45	Production Outlook Indicator (Nov)	✓	-	7.00	Monthly
France	09:45	Business Climate (Nov)	✓	104.00	104.00	Monthly
Switzerland	10:15	Industrial Production (YoY) (Q3)	✓✓	6.20%	8.30%	Quarterly
Eurozone	11:15	ECB's Angeloni Speaks in Frankfurt	✓	-	-	As scheduled
Eurozone	14:30	ECB Publishes Account of Policy Meeting	✓✓✓	-	-	As scheduled
Canada	16:30	Financial System Review	✓	-	-	As scheduled
Canada	16:45	BoC Wilkins Speech	✓✓	-	-	As scheduled
Eurozone	17:00	Consumer Confidence (Nov) (P)	✓✓✓	-3.00	-2.70	Monthly
Eurozone	19:00	ECB Executive Board member Yves Mersch Speaks in Munich	✓	-	-	As scheduled
UK	22:55	MPC Member Saunders Speech	✓✓	-	-	As scheduled
Eurozone	-	ECB's Weidmann, Knot, Visco Speak in Florence	✓	-	-	As scheduled
UK	-	Inflation Report Hearings	✓✓✓	-	-	As scheduled
South Africa	-	SARB Interest Rate Decision	✓✓	6.75%	6.50%	As scheduled

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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