

ONE Minute Brief

7 January 2019

GTC
consult • partner • manage

Economic and political news

President, Cyril Ramaphosa is set to hold a meeting with former President, Jacob Zuma about his public comments that contradict African National Policy (ANC) policy.

Fitch has forecast that the South Africa's (SA) construction industry will emerge from recession and grow 2.4% in 2019.

According to a news report, Eskom is planning to extend its strategy of reducing top executive positions to include lower ranking managers and cut costs.

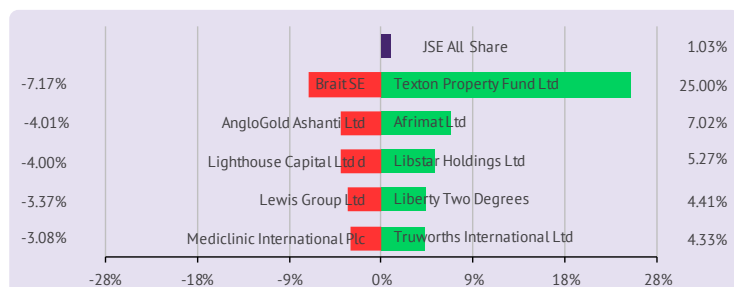
Energy regulator Nersa is preparing for public hearings on Eskom's application to increase electricity tariffs annually by 15% for the next three years.

Former government spokesperson and African National Congress (ANC) member, Mzwanele Manyi tweeted that he will be making an announcement that will change the political landscape of SA.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, amid easing US-China trade tensions and boosted by gains in industrial and retail sector stocks. The JSE All Share Index rose 1.0% to close at 52,202.95.



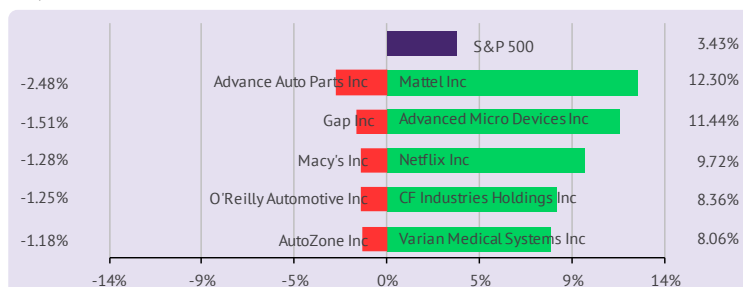
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	52202.95	▲	533.01	1.03	NA	-1.01	4.09	-1.01
JSE Top 40	46156.11	▲	533.60	1.17	NA	-1.22	4.63	-1.22
FTSE 100	6837.42	▲	144.76	2.16	NA	1.62	-3.61	1.62
DAX 30	10767.69	▲	351.03	3.37	NA	1.98	-6.20	1.98
CAC 40	4737.12	▲	125.63	2.72	NA	0.14	-5.46	0.14
S&P 500	2531.94	▲	84.05	3.43	NA	1.00	-9.18	1.00
Nasdaq Composite	6738.86	▲	275.35	4.26	NA	1.56	-9.48	1.56
DJIA	23433.16	▲	746.94	3.29	NA	0.45	-8.66	0.45
MSCI Emerging Markets	964.97	▲	15.39	1.62	NA	-0.10	-2.89	-0.10
MSCI Developed World	1904.18	▲	51.00	2.75	NA	1.07	-7.71	1.07

US Market ▲

The S&P 500 futures are trading in the green

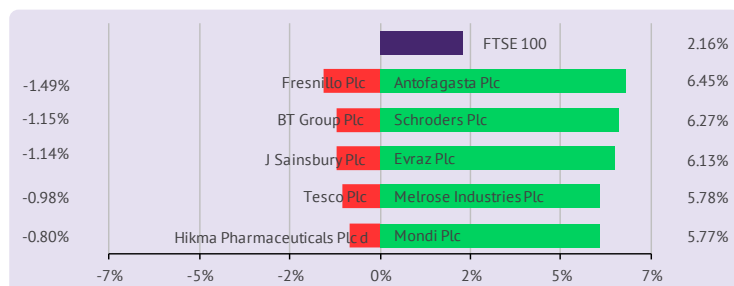
US markets closed higher on Friday, amid upbeat US jobs data and following dovish comments from the US Federal Reserve (Fed) Chairman, Jerome Powell. The S&P 500 Index climbed 3.4% to close at 2,531.94.



UK Market ▲

The FTSE 100 futures are trading in positive territory

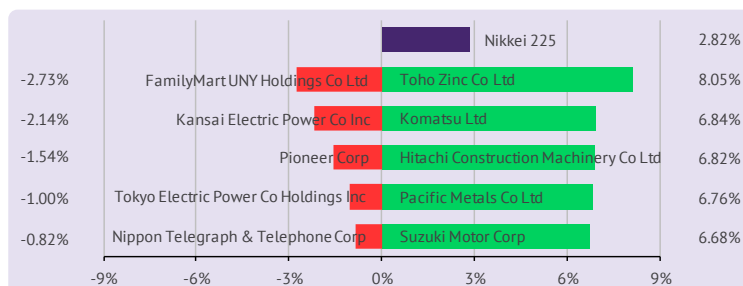
UK markets finished higher on Friday, amid optimism over US-China trade talks and supported by gains in mining and energy sector stocks. The FTSE 100 Index advanced 2.2% to close at 6,837.42.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data showed that Japan's Nikkei services PMI dropped in December. The Nikkei 225 Index is trading 2.8% higher at 20,113.77.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar dropped 0.2% against the South African Rand to trade at R13.9347, after the US Fed Chairman, Jerome Powell stated that the Fed would put its policy tightening on pause in 2019. Later today, traders will keep a close watch on the US factory orders and durable goods orders along with the ISM services PMI for further indication.

The US Dollar fell against the South African Rand on Friday. Data indicated that the US unemployment rate unexpectedly advanced in December, recording its highest level since August 2018. Additionally, the Markit services PMI recorded a drop in December. Meanwhile, average hourly earnings registered a rise on an annual basis in December. Moreover, the nations' non-farm payrolls climbed more than market forecast in December, notching its highest level in 10 months.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R17.7655. 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 on Friday. On the data front, UK's Markit services PMI climbed more-than-expected in December. Additionally, mortgage approvals fell more than market forecast to a seven-month low level in November. Moreover, the Nationwide house price index unexpectedly declined on a monthly basis in December. Further, consumer credit growth fell to its slowest rate since March 2015 in November.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading marginally higher against the South African Rand at R15.9195. Going forward, market participants will keep a tab on the Eurozone's investor Sentix confidence index, retail sales data along with Germany's factory orders and retail sales data for further direction.

The Euro weakened against the South African Rand on Friday. On the macro front, Eurozone's Markit services PMI registered a more-than-anticipated decline in December. Meanwhile, the region's consumer price index (CPI) rose at a slower-than-expected pace on a yearly basis in December. Moreover, the annual producer price index (PPI) advanced less than market anticipations in November. Separately, Germany's Markit services PMI dropped more than market forecast in December. Meanwhile, the nation's unemployment rate recorded an unchanged reading in December.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R9.9426. Earlier in the session, Australia's AiG performance of manufacturing index declined in December.

The Australian Dollar fell against the South African Rand on Friday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.9347	▼	-2.33	NA	-2.66	3.44	-2.66
GBPZAR	17.7655	▼	-1.70	NA	-3.03	3.58	-3.03
EURZAR	15.9195	▲	-2.30	NA	-3.29	4.83	-3.29
AUDZAR	9.9426	▲	-0.81	NA	-1.85	-0.16	-1.85
EURUSD	1.1424	▲	0.01	NA	-0.63	1.33	-0.63
GBPUSD	1.2749	▲	0.75	NA	-0.24	0.04	-0.24
Brent (\$/barrel)	57.6	▲	1.98	NA	6.06	-9.52	6.06
Gold (\$/oz)	1290.6	▲	-0.70	NA	0.35	5.01	0.35
Platinum (\$/oz)	824.2	▲	3.46	NA	3.28	-0.49	3.28
Copper (\$/MT)*	5897.3	▲	3.21	NA	-0.87	-4.46	-0.87

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,290.60/oz, amid weakness in the US Dollar, following the US Fed Chairman, Jerome Powell's comments over policy tightening in 2019.

On Friday, gold prices fell 0.7% to close at \$1,285.80/oz, as US stock markets rallied, on the back of stronger-than-expected US jobs report.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.0% higher to trade at \$57.61/bl, on optimism over US-China trade talks.

On Friday, Brent crude oil advanced 2.0% to settle at \$57.06/bl, after proposed trade talks between the United States and China eased some fears about a global economic slowdown. Additionally, Baker Hughes reported that the number of active US rigs drilling for oil fell by 8 to 877 this week. Meanwhile, the Energy Information Administration reported that domestic crude supplies rose by 7,000bls to 441.4mn bls in the week ended 28 December 2018.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$824.20/oz.

On Friday, platinum prices climbed 3.5% to close at \$827.20/oz.

Major South African corporate news

NEPI Rockcastle Plc

The company announced that its wholly-owned subsidiary, Tuvalu sp.z.o.o., has agreed to purchase Serenada and Krokus shopping centres, both located in Krakow, Poland. The acquisition is subject to fulfilment of conditions precedent and conclusion of a final purchase agreement.

Major global economic news

Eurozone

In the Eurozone, the final services PMI fell more-than-expected to a level of 51.20 in December, compared to a reading of 53.40 in the previous month. The preliminary figures had indicated a fall to a level of 51.40.

In the Eurozone, the preliminary CPI recorded a rise of 1.6% on a yearly basis in December, less than market expectations and compared to a rise of 1.9% in the previous month.

In the Eurozone, the PPI climbed 4.0% on an annual basis in November, less than market expectations. The PPI had advanced 4.9% in the prior month.

In Germany, the final services PMI eased more-than-anticipated to a level of 51.80 in December. In the previous month, the services PMI had registered a level of 53.30. The preliminary figures had indicated a drop to 52.50.

In Germany, seasonally adjusted unemployment rate remained steady at 5.0% in December.

US

In the US, unemployment rate registered an unexpected rise to 3.9% in December. Unemployment rate had registered a reading of 3.7% in the previous month.

In the US, non-farm payrolls rose by 312.00K in December, more than market expectations. Non-farm payrolls had recorded a revised gain of 176.00K in the previous month.

In December, the final Markit services PMI eased to 54.40 in the US, more than market expectations and compared to a reading of 54.70 in the previous month. The preliminary figures had indicated a drop to 53.40.

In the US, average hourly earnings of all employees rose 0.4% on a monthly basis in December, more than market expectations. Average hourly earnings of all employees had climbed 0.2% in the previous month.

UK

In the UK, the services PMI registered a rise to 51.20 in December, more than market expectations. In the prior month, the services PMI had recorded a reading of 50.40.

In November, net consumer credit recorded a less-than-anticipated rise of GBP0.90bn in the UK, compared to a revised rise of GBP0.80bn in the previous month.

In the UK, number of mortgage approvals for house purchases dropped to 63.70K in November, more-than-expected and compared to a revised reading of 66.70K in the previous month.

In the UK, the seasonally adjusted Nationwide house price index registered an unexpected drop of 0.7% on a monthly basis in December. The index had registered a revised rise of 0.4% in the prior month.

Asia

In Australia, the AiG performance of manufacturing index recorded a drop to 49.50 in December. The index had recorded a level of 51.30 in the previous month.

In Japan, the Nikkei services PMI fell to a level of 51.00 in December. In the previous month, the Nikkei services PMI had registered a reading of 52.30.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Net 1 UEPS Technologies Inc	6500	3.17	29.35	29.35
Texton Property Fund Ltd	575	25.00	20.04	20.04
Libstar Holdings Ltd	779	8.19	11.29	11.29
Hospitality Property Fund Ltd	960	6.67	9.71	9.71
Ascendis Health Ltd	455	16.37	9.38	9.38
Harmony Gold Mining Co Ltd	2715	8.86	7.74	7.74
ArcelorMittal South Africa Ltd	365	7.35	7.67	7.67
Motus Holdings Ltd	9475	8.78	7.66	7.66
Wilson Bayly Holmes-Ovcon Ltd	14140	6.77	6.93	6.93
Grindrod Ltd	652	6.54	6.02	6.02
Stenprop Ltd	1929	5.35	5.99	5.99
Pick n Pay Stores Ltd	7177	5.54	5.90	5.90
Afrimat Ltd	2942	8.96	5.07	5.07
Octodec Investments Ltd	1798	5.02	5.02	5.02
Montauk Holdings Ltd	8400	-1.12	5.00	5.00
PPC Ltd	618	11.15	4.75	4.75
Vivo Energy Plc	2350	2.17	4.44	4.44
Spur Corp Ltd	2326	3.38	4.30	4.30
MiX Telematics Ltd	884	3.27	4.00	4.00
Sibanye Gold Ltd	1041	5.05	3.89	3.89
Emira Property Fund Ltd	1534	4.21	3.65	3.65
Omnia Holdings Ltd	8756	4.03	3.62	3.62
Astral Foods Ltd	16572	2.99	3.62	3.62
Hyprop Investments Ltd	8443	4.23	3.60	3.60
Hudaco Industries Ltd	14512	1.52	3.45	3.45
Lonmin Plc	867	7.57	3.34	3.34
Trencor Ltd	2950	5.36	3.33	3.33
Gold Fields Ltd	5097	3.60	3.30	3.30
Rhodes Food Group Pty Ltd	1850	4.23	3.29	3.29
Mpact Ltd	2170	1.73	3.28	3.28
African Rainbow Capital Investments Ltd	567	5.98	3.28	3.28
Pan African Resources Plc	165	4.43	3.13	3.13
Advtech Ltd	1543	3.91	2.87	2.87
Liberty Two Degrees	710	4.41	2.75	2.75
Cashbuild Ltd	30041	4.39	2.53	2.53
Reunert Ltd	7260	2.25	2.51	2.51
Tradehold Ltd	1030	3.00	2.49	2.49
MAS Real Estate Inc	2170	1.35	2.36	2.36
KAP Industrial Holdings Ltd	830	2.09	2.34	2.34
Famous Brands Ltd	10000	2.74	2.31	2.31
JSE All Share Index	52203	-0.46	-1.01	-1.01

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Loans & Discounts Corp (YoY) (Nov)	✓	3.66%*	3.30%	Monthly
Japan	01:50	Monetary Base (YoY) (Dec)	✓	4.80%*	6.10%	Monthly
Japan	01:50	Monetary Base (Dec)	✓✓✓	JPY504.20tn*	JPY501.60tn	Monthly
Japan	02:30	Nikkei Japan Services PMI (Dec)	✓✓	51.00*	52.30	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Dec)	✓✓✓	52.00*	52.40	Monthly
Japan	07:00	Vehicle Sales (YoY) (Dec)	✓	-	8.30%	Monthly
Germany	09:00	Short-Term Interest Rate (Nov)	✓	-	-0.32%	Monthly
Germany	09:00	Factory Orders n.s.a. (YoY) (Nov)	✓✓✓	-3.20%	-2.70%	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Nov)	✓✓	-0.20%	0.30%	Monthly
Switzerland	10:00	Foreign Currency Reserves (Dec)	✓✓✓	-	CHF748.80bn	Monthly
UK	11:00	New Car Registrations (YoY) (Dec)	✓	-	-3.00%	Monthly
South Africa	11:00	PMI Manufacturing (Dec)	✓✓	-	49.50	Monthly
Eurozone	11:30	Sentix Investor Confidence (Jan)	✓✓✓	-2.10	-0.30	Monthly
Eurozone	12:00	Retail Sales (MoM) (Nov)	✓✓✓	0.10%	0.30%	Monthly
Eurozone	12:00	Retail Sales (YoY) (Nov)	✓✓✓	0.30%	1.70%	Monthly
Eurozone	14:45	ECB's Guindos Speaks in Riga	✓	-	-	As scheduled
US	17:00	Cap Goods Orders Nondef Ex Air (Nov) (F)	✓	-	-0.60%**	Monthly
US	17:00	Cap Goods Ship Nondef Ex Air (Nov) (F)	✓	-	-0.10%**	Monthly
US	17:00	Durable Goods Orders (Nov) (F)	✓✓✓	-	0.80%**	Monthly
US	17:00	Durable Goods Orders ex Transportation (Nov) (F)	✓✓	-	-0.30%**	Monthly
US	17:00	Factory Orders (MoM) (Nov)	✓✓✓	0.30%	-2.10%	Monthly
US	17:00	ISM Non-Manufacturing PMI (Dec)	✓✓✓	59.50	60.70	Monthly
US	19:40	Fed's Bostic Speaks to Rotary Club of Atlanta	✓	-	-	As scheduled
US	-	Wholesale Inventories (MoM) (Nov) (P)	✓✓✓	0.50%	0.80%	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Dec)	✓	-	-4.60%	Monthly
Germany	-	Retail Sales (MoM) (Nov)	✓✓✓	0.40%	-0.30%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

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

An Authorised Financial
Services Provider
FSP no. 731

GTC is nationally represented in Johannesburg, Cape Town and Durban.

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services