

# ONE Minute Brief

17 January 2019

**GTC**  
consult • partner • manage

## Economic and political news

In South Africa (SA), retail sales rose 3.1% on an annual basis in November, compared to a revised advance of 2.1% in the prior month.

Former Bosasa Chief Operating Officer (COO), Angelo Agrizzi, during his testimony at the Zondo commission, revealed that the company spent between ZAR4mn and ZAR6mn monthly on bribing officials, in order to secure tenders at mining companies and state institutions.

Parliament's labour portfolio committee has agreed to fix a technical glitch affecting the new National Minimum Wage Act by way of an amendment bill.

Ahead of his trip to promote SA as an investment destination at the World Economic Forum (WEF), President, Cyril Ramaphosa, assured investors that the African National Congress has no plans to interfere with the independence of the Reserve Bank.

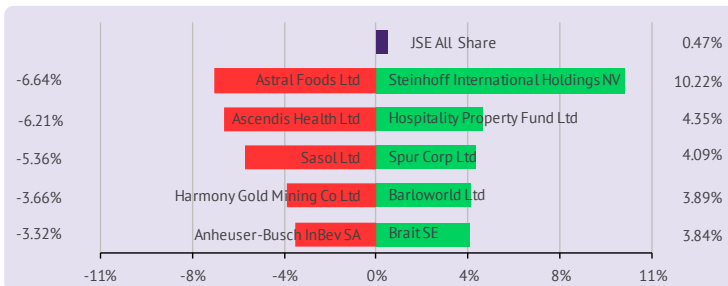
Energy Minister, Jeff Radebe, stated that SA is aiming to finalise a long-term plan for the country's energy mix next month, after which it will launch another round of renewable energy deals.

The South African government wants Eskom to present a credible turnaround strategy before the 20 February budget presentation.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and retail sector stocks. Data revealed that SA's annual retail sales rose more-than-anticipated in November. The JSE All Share Index rose 0.5% to close at 53,786.74.



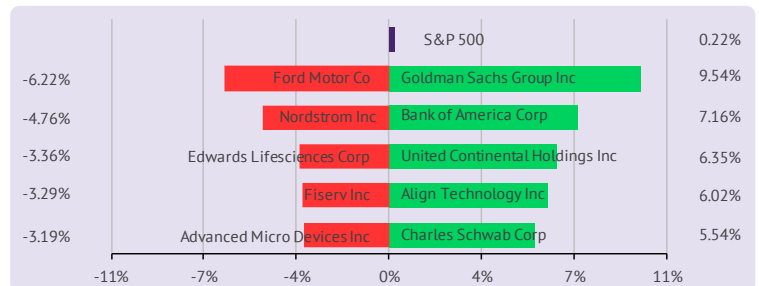
## Key indices

	As at 16 Jan 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53786.74	▲ 253.20	0.47	0.25	1.99	4.09	1.99
JSE Top 40 (ZAR)	47665.20	▲ 282.74	0.60	0.37	2.01	4.63	2.01
FTSE 100 (GBP)	6862.68	▼ -32.34	-0.47	-0.80	2.00	-3.61	2.00
DAX 30 (EUR)	10931.24	▲ 39.45	0.36	0.40	3.53	-6.20	3.53
CAC 40 (EUR)	4810.74	▲ 24.57	0.51	0.61	1.69	-5.46	1.69
S&P 500 (USD)	2616.10	▲ 5.80	0.22	0.76	4.36	-9.18	4.36
Nasdaq Composite (USD)	7034.69	▲ 10.86	0.15	0.91	6.02	-9.48	6.02
DJIA (USD)	24207.16	▲ 141.57	0.59	0.88	3.77	-8.66	3.77
MSCI Emerging Markets (USD)	1009.39	▲ 4.28	0.43	0.83	4.50	-2.89	4.50
MSCI Developed World (USD)	1966.50	▲ 2.89	0.15	0.48	4.38	-7.71	4.38

## US Market ▲

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

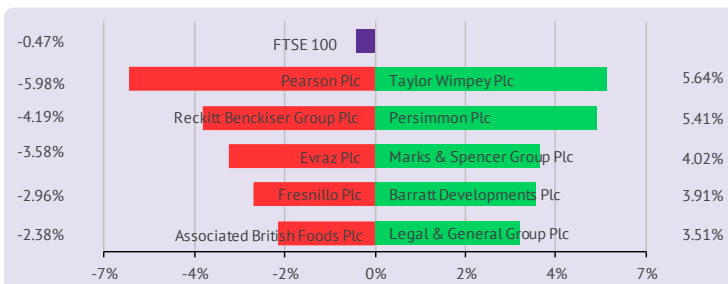
US markets closed higher yesterday, amid upbeat quarterly earnings results from major banks. Data indicated that the US NAHB housing market index unexpectedly advanced in January. The S&P 500 Index climbed 0.2% to close at 2,616.10.



## UK Market ▼

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

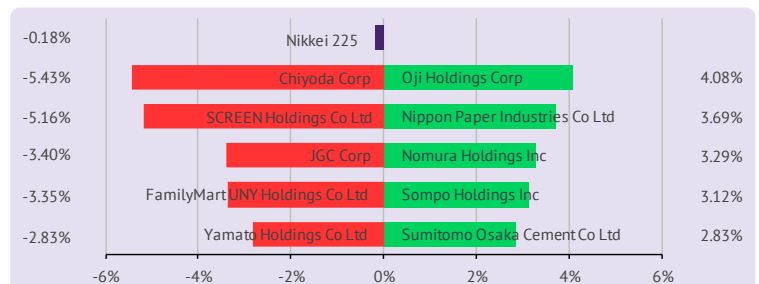
UK markets finished lower yesterday, after the British lawmakers rejected Prime Minister, Theresa May's Brexit deal. The FTSE 100 Index declined 0.5% to close at 6,862.68.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.2% lower at 20,405.34.



## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar slightly gained against the South African Rand to trade at R13.6941. Later today, traders will keep a close watch on the US initial jobless claims, housing starts, building permits and the Philadelphia Fed business outlook for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US NAHB housing market index registered an unexpected rise in January. Additionally, the MBA mortgage applications climbed in the week ended 11 January 2019, recording its strongest reading since February 2018. Separately, in SA, retail sales jumped more than market forecast on an annual basis in November.

## GBP ZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally fell against the South African Rand to trade at R17.6266. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news. Data revealed that UK's RICS house price balance fell more than market expectations in December.

The British Pound declined against the South African Rand yesterday. On the data front, UK's consumer price index (CPI) fell on a yearly basis in December, recording its lowest level in nearly two years. Meanwhile, the nation's annual PPI rose less than market expectations in December. Additionally, the house price index advanced less than market anticipations on a yearly basis in November.

## EUR ZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro slightly declined against the South African Rand to trade at R15.5930. Going forward, market participants will keep a tab on the Eurozone's CPI and construction output for further indication.

The Euro weakened against the South African Rand yesterday, amid worries over the Eurozone's growth outlook. On the macro front, Germany's CPI fell to its lowest level in eight months on an annual basis in December.

## AUD ZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar marginally retreated against the South African Rand to trade at R9.8121. Earlier in the session, Australia's consumer inflation expectations recorded a drop in January. Additionally, monthly home loans dropped less-than-expected in November.

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	13.6941	▲	-0.33	-1.07	-4.56	3.44	-4.56
GBPZAR	17.6266	▼	-0.20	-0.76	-3.75	3.58	-3.75
EURZAR	15.5930	▼	-0.52	-1.75	-5.22	4.83	-5.22
AUDZAR	9.8121	▼	-0.81	-1.73	-3.06	-0.16	-3.06
EURUSD	1.1386	▼	-0.18	-0.67	-0.65	1.33	-0.65
GBPUSD	1.2873	▼	0.19	0.32	1.03	0.04	1.03
Brent (\$/barrel)	61.0	▼	1.12	1.39	13.98	-9.52	13.98
Gold (\$/oz)	1292.2	▼	0.42	0.33	0.98	5.01	0.98
Platinum (\$/oz)	803.4	-	0.98	-1.18	0.94	-0.49	0.94
Copper (\$/MT)*	5938.3	▲	0.89	0.31	-0.18	-4.46	-0.18

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices fell 0.1% to trade at \$1,292.20/oz.

Yesterday, gold prices rose 0.4% to close at \$1,293.80/oz, amid geopolitical tensions in the US and UK.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.5% lower to trade at \$61.02/bl, as the US crude production grew more than expected.

Yesterday, Brent crude oil advanced 1.1% to settle at \$61.32/bl, amid OPEC supply cuts and after the US Energy Information Administration reported that crude oil inventories fell by 2.7mn bls in the week ended 11 January 2018.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$803.40/oz.

Yesterday, platinum prices climbed 1.0% to close at \$807.90/oz.

## Major South African corporate news

### Howden Africa Holdings Limited

The company announced that Howden Group South Africa Limited (HGSAL) has acquired an interest in the securities of the company pursuant to the General Offer, such that the total interest in the securities held by HGSAL increased to 82.4% of the total issued share capital of the company.

## Major global economic news

### UK

The Bank of England (BoE) Governor, Mark Carney, warned that financial markets are likely to remain volatile against the backdrop of Parliament's rejection of the British Prime Minister, Theresa May's Brexit plans. Further, Mark Carney stated that the central bank is in discussions with the UK Treasury about the powers it needs to smooth any financial disruptions if the country leaves the European Union without a deal.

In the UK, the consumer price inflation slowed to 2.1% on a yearly basis in December, meeting market expectations. In the previous month, the CPI had advanced 2.3%.

In the UK, the non-seasonally adjusted output PPI recorded a less-than-anticipated rise of 2.5% on a yearly basis in December. In the previous month, the output PPI had registered a revised rise of 3.0%.

In the UK, the house price index recorded a rise of 2.8% on an annual basis in November, less than market expectations. In the previous month, the index had advanced 2.7%.

In the UK, the RICS house price balance dropped more-than-anticipated to -19.00% in December. In the previous month, the RICS house price balance had recorded a reading of -11.0%.

### Asia

In Australia, consumer inflation expectations eased to 3.5% in January. In the prior month, consumer inflation expectations had registered a level of 4.0%.

In Australia, seasonally adjusted home loan approvals dropped 0.9% on a monthly basis in November, less than market expectations. Home loan approvals had climbed 2.2% in the previous month.

### US

The Federal Reserve's Beige Book survey showed that the economy activity in most US districts reported modest to moderate growth in December and early January. Further, the report indicated that labour markets tightened across the country and wages grew moderately. Also, the report signaled that optimism is fading among US businesses due to government shutdown, trade conflicts, higher borrowing costs and a volatile stock market. Looking ahead, the Beige Book indicated that outlook generally remained positive, but less optimistic.

In the US, the NAHB housing market index unexpectedly rose to 58.00 in January, compared to a level of 56.00 in the prior month.

In the US, the MBA mortgage applications advanced 13.5% on a weekly basis in the week ended 11 January 2019. Mortgage applications had climbed 23.5% in the previous week.

### Eurozone

In Germany, the final CPI eased 1.7% on a yearly basis in December, meeting market expectations and compared to a rise of 2.3% in the previous month. The preliminary figures had also recorded a drop of 1.7%.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
US	01:30	Fed's Kashkari Speaks on Panel About Financial Crisis	✓	-	-	As scheduled
UK	02:01	RICS Housing Price Balance (Dec)	✓✓✓	-19.00%*	-11.00%	Monthly
Japan	05:20	BoJ Kuroda and Amamiya make a speech at G20 Synposium	✓✓✓	-	-	As scheduled
Germany	09:00	Wholesale Price Index (MoM) (Dec)	✓	-	0.20%	Monthly
Germany	09:00	Wholesale Price Index (YoY) (Dec)	✓	-	3.50%	Monthly
Italy	11:00	Trade Balance EU (Nov)	✓✓✓	-	EUR0.74bn	Monthly
Italy	11:00	Trade Balance (Nov)	✓✓✓	-	EUR3784.00mn	Monthly
UK	11:30	Bank of England Credit Conditions & Bank Liabilities Surveys	✓✓✓	-	-	As scheduled
Eurozone	12:00	Construction Output s.a. (MoM) (Nov)	✓✓✓	-	-1.60%	Monthly
Eurozone	12:00	Construction Output w.d.a. (YoY) (Nov)	✓	-	1.80%	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Dec) (F)	✓✓✓	1.00%	1.00%**	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Dec)	✓✓✓	0.00%	-0.20%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Dec) (F)	✓✓✓	1.60%	1.90%**	Monthly
Eurozone	13:00	ECB's Lautenschlaeger Speaks in Dublin	✓	-	-	As scheduled
US	15:30	Initial Jobless Claims (12-Jan)	✓✓✓	220.00K	216.00K	Weekly
US	15:30	Housing Starts (MoM) (Dec)	✓✓✓	-0.50%	3.20%	Monthly
US	15:30	Building Permits (MoM) (Dec)	✓✓✓	-2.90%	5.00%	Monthly
US	15:30	Philadelphia Fed Manufacturing Survey (Jan)	✓✓	9.50	9.40	Monthly
US	15:30	Continuing Jobless Claims (05-Jan)	✓✓✓	1734.00K	1722.00K	Weekly
US	15:30	Building Permits (Dec)	✓✓✓	1289.00K	1328.00K	Monthly
US	15:30	Housing Starts (Dec)	✓✓✓	1250.00K	1256.00K	Monthly
US	17:45	Fed's Quarles Speaks at Insurance Industry Forum	✓	-	-	As scheduled
South Africa	-	SARB Interest Rate Decision	✓✓	6.75%	6.75%	As scheduled

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