

# ONE Minute Brief

18 January 2019

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## Economic and political news

The South African Reserve Bank (SARB) kept its benchmark interest rate unchanged at 6.75%, citing an improved inflation outlook and downgraded its projection for rate hike this year. Meanwhile, the central bank stated that it now expects GDP growth of 0.7% in 2018, 1.7% in 2019 and 2.0% in 2020.

Yesterday, Deputy Chief Justice, Raymond Zondo, adjourned hearings of the commission of inquiry into state capture, citing security concerns.

Democratic Alliance (DA) leader, Mmusi Maimane, urged President, Cyril Ramaphosa, to cancel all Bosasa contracts immediately.

The African Union called on Democratic Republic of Congo to delay the release of the final results of its disputed presidential election.

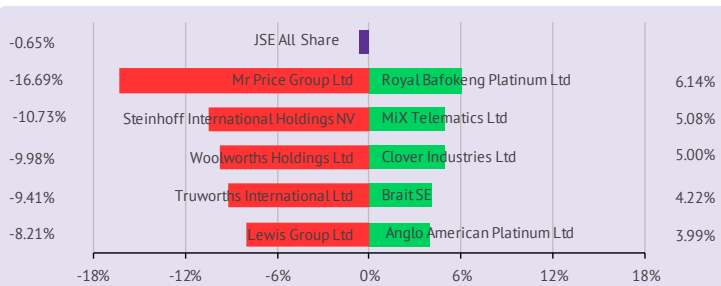
## Key indices

	As at 17 Jan 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53436.21	▼ -350.53	-0.65	-0.40	1.33	4.09	1.33
JSE Top 40 (ZAR)	47298.40	▼ -366.80	-0.77	-0.41	1.22	4.63	1.22
FTSE 100 (GBP)	6834.92	▼ -27.76	-0.40	-1.20	1.59	-3.61	1.59
DAX 30 (EUR)	10918.62	▼ -12.62	-0.12	0.29	3.41	-6.20	3.41
CAC 40 (EUR)	4794.37	▼ -16.37	-0.34	0.27	1.35	-5.46	1.35
S&P 500 (USD)	2635.96	▲ 19.86	0.76	1.53	5.15	-9.18	5.15
Nasdaq Composite (USD)	7084.46	▲ 49.77	0.71	1.62	6.77	-9.48	6.77
DJIA (USD)	24370.10	▲ 162.94	0.67	1.56	4.47	-8.66	4.47
MSCI Emerging Markets (USD)	1008.99	▼ -0.40	-0.04	0.79	4.46	-2.89	4.46
MSCI Developed World (USD)	1975.61	▲ 9.11	0.46	0.94	4.87	-7.71	4.87

## South Africa Market ▼

### South African markets closed lower

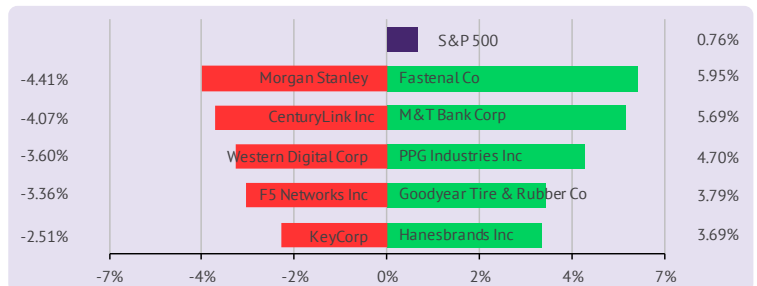
South African markets closed in the red yesterday, weighed down by losses in retail and banking sector stocks. The JSE All Share Index fell 0.7% to close at 53,436.21.



## US Market ▲

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

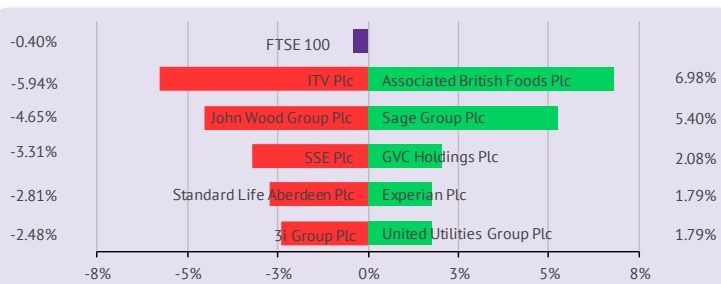
US markets closed higher yesterday, amid reports that the US is considering easing tariffs levied on Chinese goods. Data showed that the US initial jobless claims unexpectedly fell in the week ended 12 January 2019. The S&P 500 Index climbed 0.8% to close at 2,635.96.



## UK Market ▼

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

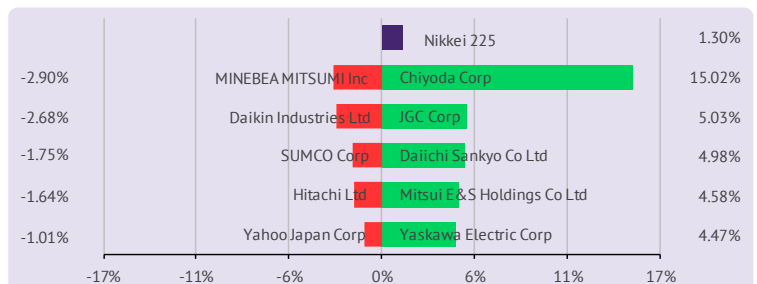
UK markets finished lower yesterday, amid continuous uncertainty over Brexit and led by losses in energy and banking sector stocks. The FTSE 100 Index declined 0.4% to close at 6,834.92.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. Data revealed that Japan's annual national consumer price index (CPI) rose as expected in December. The Nikkei 225 Index is trading 1.3% higher at 20,668.19.



## USD ZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R13.7336. Later today, traders will keep a close watch on the US Michigan consumer sentiment index, industrial and manufacturing production for further direction.

The US Dollar rose against the South African Rand yesterday, amid upbeat economic data. Data showed that the US initial jobless claims unexpectedly declined to a 5-week low level in the week ended 12 January 2019. Additionally, the Philadelphia Fed business index climbed more than market forecast in January. Meanwhile, the South African rand declined against the dollar, after the central bank stated that fewer rate hikes are needed.

## GBP ZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound slightly gained against the South African Rand to trade at R17.8273. Ahead in the day, traders will keep an eye on UK's retail sales data for further indication.

The British Pound advanced against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.6523. Going forward, market participants will keep a tab on the Eurozone's current account balance for further cues.

The Euro strengthened against the South African Rand yesterday. On the macro front, the Eurozone's CPI climbed in line with market expectations on a yearly basis in December. Meanwhile, the region's monthly construction output recorded a decline in November.

## AUD ZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R9.8771.

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	13.7336	▲	0.22	-0.86	-4.36	3.44	-4.36
GBPZAR	17.8273	▲	1.05	0.29	-2.73	3.58	-2.73
EURZAR	15.6523	▲	0.19	-1.56	-5.04	4.83	-5.04
AUDZAR	9.8771	▲	0.58	-1.16	-2.50	-0.16	-2.50
EURUSD	1.1396	▲	-0.03	-0.70	-0.68	1.33	-0.68
GBPUSD	1.2976	▼	0.78	1.11	1.82	0.04	1.82
Brent (\$/barrel)	61.7	▲	-0.23	1.16	13.72	-9.52	13.72
Gold (\$/oz)	1291.7	▼	-0.12	0.22	0.86	5.01	0.86
Platinum (\$/oz)	807.8	-	0.55	-0.64	1.50	-0.49	1.50
Copper (\$/MT)*	5964.8	▲	0.45	0.76	0.26	-4.46	0.26

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices slightly dropped to trade at \$1,291.70/oz.

Yesterday, gold prices fell 0.1% to close at \$1,292.30/oz, amid strength in the greenback.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.9% higher to trade at \$61.71/bl, after the Organisation of the Petroleum Exporting Countries oil output fell by 751,000bls per day to 31.6mn bls per day in December.

Yesterday, Brent crude oil dropped 0.2% to settle at \$61.18/bl, amid worries over rising US crude production and weakening global demand.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$807.80/oz.

Yesterday, platinum prices climbed 0.5% to close at \$812.30/oz.

## Major South African corporate news

### Mr Price Group Limited

In its trading update, the company stated that its retail sales and other income (RSOI) for the period ended 29 December 2018 increased 5.8%, compared to the corresponding period of the prior year. Trading space increased 1.4% on a weighted average basis and 3.1% on a closing basis. Further, the gross margin percentage improved slightly in all divisions.

### Woolworths Holdings Limited

In its 2H18 trading statement, the company announced that it expects HEPS to be between 196.00c and 206.30c. Further, the company expects EPS to be in the range of 192.60c to 202.40c. Separately, it reported that total sales rose 1.9%, compared to the same period of the previous year. In South Africa, Woolworths Fashion, Beauty and Home sales fell by 2.0%. Also, the company's Financial Services debtors book reflected positive year-on-year growth of 4.8% as at the end of December 2018. The group's interim results for the 26-week period ended 23 December 2018 are scheduled to be released on the SENS on or about 21 February 2019.

## Major global economic news

### US

In the US, seasonally adjusted initial jobless claims unexpectedly dropped to a level of 213.00K in the week ended 12 January 2019, compared to a level of 216.00K in the previous week.

In January, the Philadelphia Fed manufacturing index recorded a more-than-expected rise to 17.00 in the US, compared to a revised reading of 9.10 in the previous month.

### Eurozone

In the Eurozone, the final CPI recorded a rise of 1.6% on an annual basis in December, at par with market expectations. In the previous month, the CPI had climbed 1.9%. The preliminary figures had also recorded a rise of 1.6%.

In the Eurozone, seasonally adjusted construction output registered a drop of 0.1% on a monthly basis in November. In the prior month, construction output had recorded a drop of 1.6%.

### Asia

In Japan, the national CPI advanced 0.3% on an annual basis in December, in line with market expectations. The national CPI had climbed 0.8% in the previous month.

In Japan, final industrial production dropped 1.0% on a monthly basis in November. In the previous month, industrial production had recorded a rise of 2.9%. The preliminary figures had recorded a drop of 1.1%.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Dec)	✓✓✓	0.30%*	0.80%	Monthly
Japan	06:30	Industrial Production (MoM) (Nov) (F)	✓✓✓	-1.00%*	-1.10%**	Monthly
Japan	06:30	Industrial Production (YoY) (Nov) (F)	✓✓✓	1.50%*	1.40%**	Monthly
Eurozone	11:00	Current Account n.s.a. (Nov)	✓	-	EUR26.60bn	Monthly
Eurozone	11:00	Current Account s.a (Nov)	✓✓✓	-	EUR23.00bn	Monthly
UK	11:30	Retail Sales (MoM) (Dec)	✓✓✓	-0.80%	1.40%	Monthly
UK	11:30	Retail Sales (YoY) (Dec)	✓✓✓	3.60%	3.60%	Monthly
US	16:05	Fed's Williams Speaks on Economic Outlook and Monetary Policy	✓	-	-	As scheduled
US	16:15	Manufacturing (SIC) Production (MoM) (Dec)	✓✓✓	0.30%	0.00%	Monthly
US	16:15	Industrial Production (MoM) (Dec)	✓✓✓	0.20%	0.60%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Jan) (P)	✓✓✓	96.90	98.30	Monthly
US	18:00	Fed's Harker Speaks Symposium on Prosperity	✓	-	-	As scheduled
Eurozone	-	ECB Survey of Professional Forecasters	✓✓	-	-	As scheduled
Eurozone	-	G20 Meeting	✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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