

# ONE Minute Brief

23 January 2019

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## Economic and political news

In South Africa (SA), the leading indicator dropped to 105.50 in November, compared to a level of 105.80 in the prior month.

The World Bank has projected that SA's economic growth will accelerate to 1.3% in 2019 and 1.7% in 2020, from 0.9% estimated in 2018.

The Public Investment Corporation's (PIC) board has suspended Fidelis Madavo, the head of listed investments, and Victor Seanie, an assistant portfolio manager, following an investigation into a transaction with local technology firm, Ayo Technology Solutions.

The Association of Mineworkers and Construction Union has threatened to extend its one-day strike at Sibanye-Stillwater's platinum mine if the firm fails to return to the negotiating table.

Public Enterprises Minister, Pravin Gordhan, stated that the South African government is not considering any proposal from Saudi Arabia on taking a stake in state arms company, Denel.

Deputy Chief Justice, Raymond Zondo has appointed Peter Pedlar as acting secretary of the state capture commission of inquiry, until 28 February.

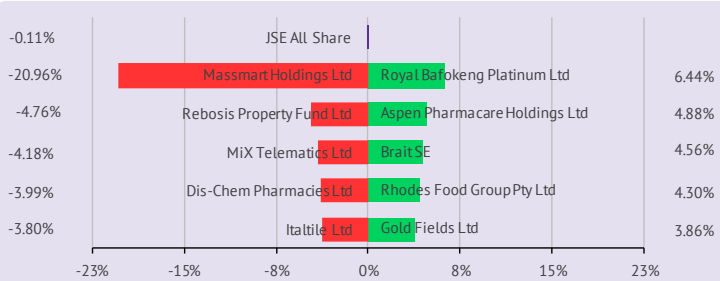
## Key indices

	As at 22 Jan 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54078.37	▼ -60.68	-0.11	0.65	2.54	4.09	2.54
JSE Top 40 (ZAR)	47952.19	▼ -85.63	-0.18	0.77	2.62	4.63	2.62
FTSE 100 (GBP)	6901.39	▼ -69.20	-0.99	-0.96	2.58	-3.61	2.58
DAX 30 (EUR)	11090.11	▼ -46.09	-0.41	-1.03	5.03	-6.20	5.03
CAC 40 (EUR)	4847.53	▼ -20.25	-0.42	-0.58	2.47	-5.46	2.47
S&P 500 (USD)	2632.90	▼ -37.81	-1.42	-1.42	5.03	-9.18	5.03
Nasdaq Composite (USD)	7020.36	▼ -136.87	-1.91	-1.91	5.80	-9.48	5.80
DJIA (USD)	24404.48	▼ -301.87	-1.22	-1.22	4.62	-8.66	4.62
MSCI Emerging Markets (USD)	1010.63	▼ -7.82	-0.77	-0.72	4.63	-2.89	4.63
MSCI Developed World (USD)	1978.83	▼ -21.94	-1.10	-1.10	5.04	-7.71	5.04

## South Africa Market ▼

### South African markets closed lower

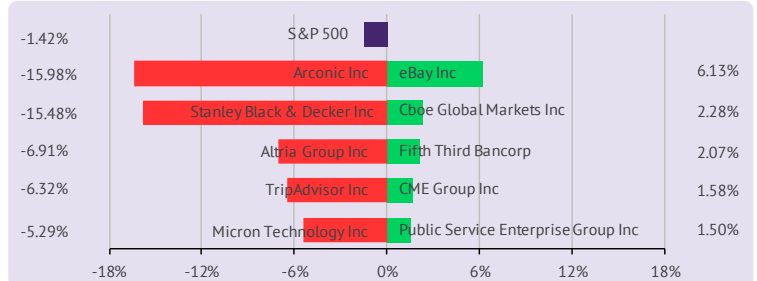
South African markets closed in the red yesterday, weighed down by losses in retail sector stocks. Data showed that SA's leading indicator eased in November. The JSE All Share Index fell 0.1% to close at 54,078.37.



## US Market ▼

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

US markets closed lower yesterday, on global growth concerns and disappointing corporate forecasts. Data indicated that the US monthly existing home sales fell more-than-expected in December. The S&P 500 Index dropped 1.4% to close at 2,632.90.



## UK Market ▼

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

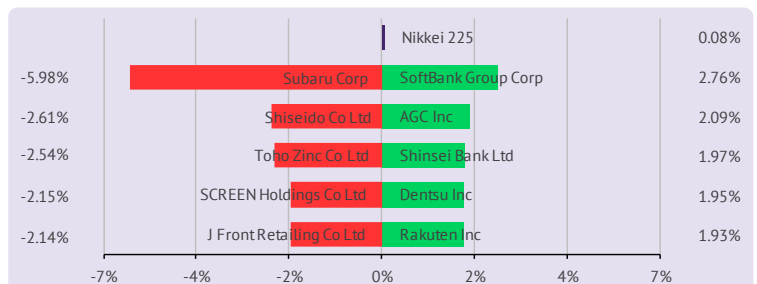
UK markets finished lower yesterday, amid renewed global growth fears and led by losses in banking and resource sector stocks. The FTSE 100 Index declined 1.0% to close at 6,901.39.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.1% higher at 20,638.55.



## USD ZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R13.9468. Later today, traders will keep a close watch on the US mortgage applications, the Richmond Fed manufacturing index and the house price index for further indication.

The US Dollar rose against the South African Rand yesterday, after the International Monetary Fund slashed its global growth forecasts. On the macro front, the US existing home sales declined to a three-year low level in December. Separately, in SA, the leading indicator registered a decline in November.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R18.0643. Ahead in the day, traders will keep an eye on UK's CBI total trends orders for further direction.

The British Pound advanced against the South African Rand yesterday, after UK's average weekly earnings rose more than market forecast on an annual basis in the September-November 2018 period, notching its highest level since July 2008. Moreover, public sector net borrowing deficit narrowed in December. Meanwhile, the nation's ILO unemployment rate registered an unexpected drop in the September-November 2018 period, which was the lowest since December 1974 to February 1975 period. Further, claimant count rate recorded an unchanged reading in December.

## EUR ZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R15.8484. Going forward, market participants will keep a tab on the Eurozone's consumer confidence index for further cues.

The Euro strengthened against the South African Rand yesterday. Data indicated that the Eurozone's ZEW survey economic sentiment index recorded a rise in January. Separately, Germany's ZEW survey current situation index fell more than market forecast in January, hitting its lowest level since January 2015. On the other hand, the nation's ZEW survey expectations index registered an unexpected advance in January, recording its highest level since September 2018.

## AUD ZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated marginally against the South African Rand to trade at R9.9519. Earlier in the session, Australia's Westpac leading index recorded a drop on a monthly basis in December.

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	13.9468	▼	1.05	0.90	-2.60	3.44	-2.60
GBPZAR	18.0643	▼	1.54	1.55	-1.21	3.58	-1.21
EURZAR	15.8484	▼	1.00	0.88	-3.54	4.83	-3.54
AUDZAR	9.9519	▼	0.54	0.30	-1.68	-0.16	-1.68
EURUSD	1.1363	▲	-0.04	-0.03	-0.93	1.33	-0.93
GBPUSD	1.2952	▼	0.48	0.64	1.57	0.04	1.57
Brent (\$/barrel)	61.6	▲	-1.98	-1.91	14.31	-9.52	14.31
Gold (\$/oz)	1283.6	▲	0.06	0.06	0.16	5.01	0.16
Platinum (\$/oz)	786.5	-	-1.42	-1.42	-1.18	-0.49	-1.18
Copper (\$/MT)*	5904.3	▼	-0.79	-2.08	-0.75	-4.46	-0.75

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices marginally gained to trade at \$1,283.60/oz.

Yesterday, gold prices rose 0.1% to close at \$1,283.40/oz, amid mounting US-China trade tensions, following reports that the US has cancelled a meeting with Chinese officials.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.1% to trade at \$61.56/bl.

Yesterday, Brent crude oil dropped 2.0% to settle at \$61.50/bl, as a warning from the International Monetary Fund and China's dismal economic data raised concerns over global economic growth and energy demand. Further, the Energy Information Administration reported that crude oil production from seven major US shale players is forecasted to climb by 62,000bbls to 8.179mn bls a day in February.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$786.50/oz.

Yesterday, platinum prices declined 1.4% to close at \$791.20/oz.

## Major South African corporate news

### BHP Group Plc

In its 2H18 operational review, the company announced that FY19 production guidance remains unchanged for petroleum, iron ore, metallurgical coal and energy coal. Total copper production guidance rose between 1,645.00kt and 1,740.00kt and reflects the retention of Cerro Colorado. Full year unit costs for all major assets are expected to be in line with guidance, predominantly reflecting stronger anticipated volumes in the second half of the year. Further, the group reported that all major projects under development are tracking to plan.

### Shoprite Holdings Limited

In its operational update, the company stated that total turnover rose by 0.03% to approximately ZAR72.90bn in the 6 months to December 2018. The number of customer visits increased by 1.7% and product volumes by 0.2%. Further, the company's core business, Supermarkets RSA, achieved a sales growth of 2.6% for the period. The Group's expansion remains on track with 50 new supermarkets opened in the period, and plans were finalised to open another 37 before June 2019.

### Clicks Group Limited

In its trading update for the 20 weeks to 13 January 2019, the company revealed that retail health and beauty sales, including Clicks and the franchise brands of The Body Shop, GNC and Claire, increased by 8.6%, driven by competitive pricing and value promotions in the deteriorating consumer spending environment. Total retail sales increased by 7.8% and by 4.5% in comparable stores, with selling price inflation of 1.1%.

### Massmart Holdings Limited

In its FY18 trading statement for the 52-week period ended 30 December 2018, the company announced that total and comparable sales growth for the first three weeks of 2019 were 4.6% and 3.1% respectively. Additionally, it expects HEPS to be in the range of 389.20c to 450.40c, representing a decrease between 26.5% and 36.5%, compared to the corresponding period of the preceding year. Further, the company expects EPS to be between 381.20c and 443.00c, which is 28.4% to 38.4% lower compared to the same period of the previous year.

## Major global economic news

### UK

In the UK, claimant count rate remained steady at a rate of 2.8% in December.

In the UK, average earnings including bonus rose 3.4% on a yearly basis in the September-November 2018 period, more than market expectations. In the August-October 2018 period, average earnings including bonus had recorded a rise of 3.3%.

In the UK, the ILO unemployment rate unexpectedly fell to 4.0% in the September-November 2018 period, compared to a rate of 4.1% in the August-October 2018 period.

In the UK, public-sector net borrowing deficit narrowed to GBP2.10bn in December, compared to a revised deficit of GBP6.30bn in the previous month.

### Asia

The Bank of Japan kept its key interest rate steady at -0.1%.

In Japan, merchandise (total) trade deficit narrowed less-than-expected to JPY55.30bn in December, compared to a deficit of JPY737.70bn in the prior month.

In Japan, the all industry activity index dropped 0.3% on a monthly basis in November, compared to a revised rise of 2.1% in the prior month.

In Australia, the Westpac leading index fell 0.21% on a monthly basis in December. In the prior month, the index had recorded a drop of 0.09%.

### Eurozone

In the Eurozone, the ZEW economic sentiment index advanced to -20.90 in January, compared to a level of -21.00 in the prior month.

In Germany, the ZEW current situation index eased more than market expectations to 27.60 in January. In the prior month, the index had recorded a level of 45.30.

In Germany, the ZEW economic sentiment index unexpectedly advanced to a level of -15.00 in January, compared to a reading of -17.50 in the previous month.

### US

In the US, existing home sales dropped 6.4% to a level of 4.99mn on monthly basis in December, more than market expectations. Existing home sales had recorded a revised reading of 5.33mn in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Dec)	✓✓✓	-JPY183.60bn*	-JPY492.20bn	Monthly
Japan	01:50	Exports (YoY) (Dec)	✓✓	-3.80%*	0.10%	Monthly
Japan	01:50	Imports (YoY) (Dec)	✓✓	1.90%*	12.50%	Monthly
Japan	01:50	Merchandise Trade Balance Total (Dec)	✓✓✓	-JPY55.30bn*	-JPY737.30bn	Monthly
Japan	04:00	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	04:00	BoJ outlook report (Q4)	✓✓	-	-	As scheduled
Japan	05:00	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled
Japan	06:30	All Industry Activity Index (MoM) (Nov)	✓✓✓	-0.30%*	1.90%	Monthly
Japan	07:30	Nationwide Department Store Sales (YoY) (Dec)	✓	-	-0.60%	Monthly
Japan	07:30	Tokyo Department Store Sales (YoY) (Dec)	✓	-	0.20%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Dec) (F)	✓✓✓	-	-18.30%**	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Dec)	✓✓	-0.20%	0.20%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Dec)	✓✓	4.50%	5.20%	Monthly
UK	11:30	BoE's Broadbent Speaks in London	✓	-	-	As scheduled
UK	13:00	CBI Business Optimism (1/)	✓	-25.00	-16.00	Quarterly
UK	13:00	CBI Industrial Trends Survey - Orders (Jan)	✓	5.00	8.00	Monthly
UK	13:00	CBI Trends Selling Prices (Jan)	✓✓	12.00	14.00	Monthly
US	14:00	MBA Mortgage Applications (18-Jan)	✓	-	13.50%	Weekly
US	15:55	Redbook Index (YoY) (18-Jan)	✓	-	6.70%	Weekly
US	15:55	Redbook Index s.a. (MoM) (18-Jan)	✓	-	-1.70%	Weekly
US	16:00	Housing Price Index (MoM) (Nov)	✓	0.30%	0.30%	Monthly
Eurozone	17:00	Consumer Confidence (Jan) (P)	✓✓✓	-6.50	-6.20	Monthly
US	17:00	Richmond Fed Manufacturing Index (Jan)	✓	-2.00	-8.00	Monthly
Switzerland	-	World Economic Forum - Davos	✓✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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