

ONE Minute Brief

28 January 2019

GTC
consult • partner • manage

Economic and political news

Reserve Bank Governor, Lesetja Kganyago, stated that South Africa's (SA) investment-grade credit rating by Moody's Investors Service is not at risk.

President, Cyril Ramaphosa and Indian Prime Minister, Narendra Modi have signed a three-year cooperation agreement between the two countries.

Labour Minister, Mildred Oliphant has appointed 13 members to the national minimum wage commission.

Transport Minister, Blade Nzimande, confirmed that Passenger Rail Agency of SA (Prasa) is set to have a permanent Chief Executive Officer by April.

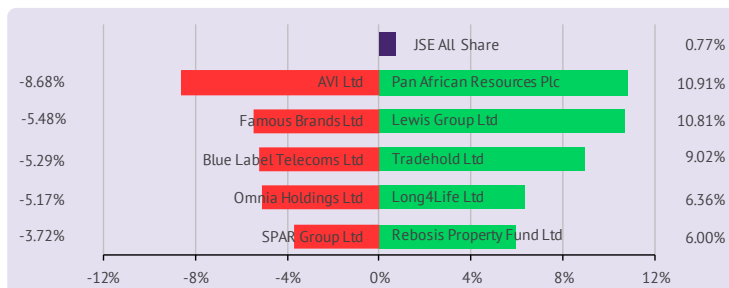
The South African Institute of Professional Accountants (Saipa) will investigate two accountants implicated in wrongdoing in evidence presented to the Zondo commission of inquiry into state capture.

The South African National Editors Forum (Sanef) stated that the Zondo Commission will investigate the "journalist list", after a former Bosasa executive, Angelo Agrizzi, claimed that some journalists had been paid by the company for information.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in banking, gold mining and retail sector stocks. The JSE All Share Index rose 0.8% to close at 54,050.23.



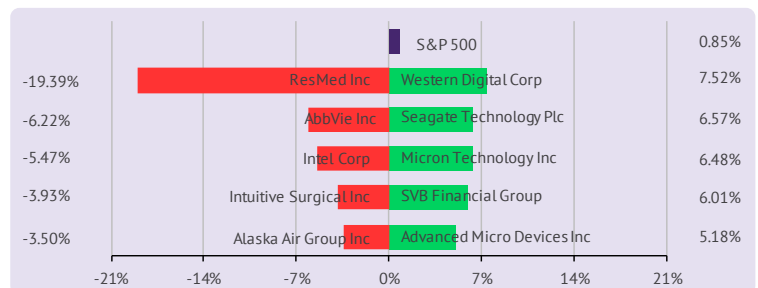
Key indices

	As at 25 Jan 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54050.23	▲	411.14	0.77	NA	2.49	4.09	2.49
JSE Top 40 (ZAR)	47892.41	▲	419.06	0.88	NA	2.49	4.63	2.49
FTSE 100(GBP)	6809.22	▼	-9.73	-0.14	NA	1.21	-3.61	1.21
DAX 30 (EUR)	11281.79	▲	151.61	1.36	NA	6.85	-6.20	6.85
CAC 40 (EUR)	4925.82	▲	53.86	1.11	NA	4.12	-5.46	4.12
S&P 500 (USD)	2664.76	▲	22.43	0.85	NA	6.30	-9.18	6.30
Nasdaq Composite (USD)	7164.86	▲	91.40	1.29	NA	7.98	-9.48	7.98
DJIA (USD)	24737.20	▲	183.96	0.75	NA	6.04	-8.66	6.04
MSCI Emerging Markets (USD)	1032.34	▲	12.91	1.27	NA	6.88	-2.89	6.88
MSCI Developed World (USD)	2001.86	▲	18.63	0.94	NA	6.26	-7.71	6.26

US Market ▲

The S&P 500 futures are trading in the red

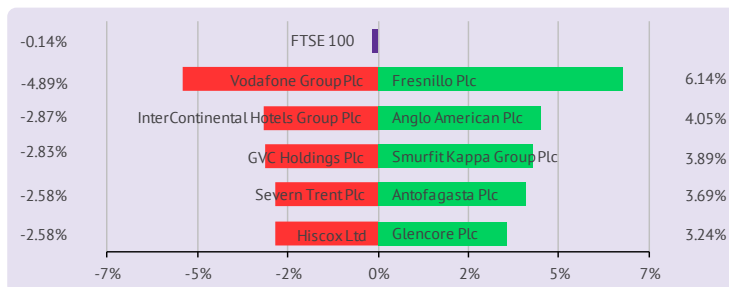
US markets closed higher on Friday, amid strong earnings reports and after an end to the US government shutdown. The S&P 500 Index climbed 0.9% to close at 2,664.76.



UK Market ▼

The FTSE 100 futures are trading in negative territory

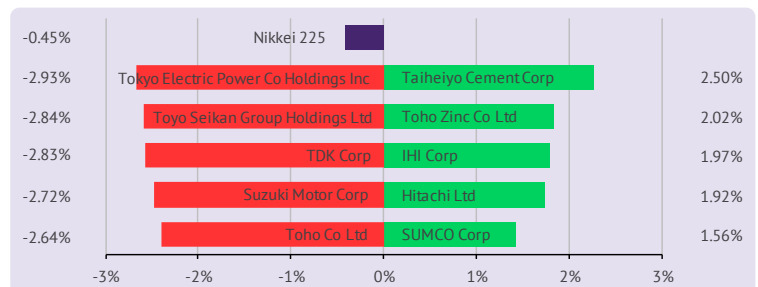
UK markets finished lower on Friday, amid strength in the British Pound and led by losses in shares of Vodafone. The FTSE 100 Index declined 0.1% to close at 6,809.22.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.5% lower at 20,680.46.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R13.5932. Later today, traders will keep a close watch on the US Chicago Fed National activity index and the Dallas Fed manufacturing activity index for further direction.

The US Dollar fell against the South African Rand on Friday, ahead of the Federal Reserve monetary policy meeting, scheduled this week.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R17.9482. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand on Friday, on growing optimism that Britain will avoid a no-deal Brexit. Data indicated that UK's BBA loans for house purchases eased less than market expectations in December.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R15.5233. Amid no major economic news across the Eurozone, market sentiment will be influenced by global macroeconomic news.

The Euro strengthened against the South African Rand on Friday. On the macro front, Germany's Ifo business climate index fell more than market forecast in January, marking its lowest reading since March 2016. Additionally, the Ifo expectations index registered a more-than-expected decline in January. Meanwhile, the nation's Ifo current assessment index dropped less than market anticipation in the same month.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R9.7883.

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

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.5932	▼	-0.75	NA	-5.07	3.44	-5.07
GBPZAR	17.9482	▼	0.22	NA	-1.92	3.58	-1.92
EURZAR	15.5233	▼	0.15	NA	-5.61	4.83	-5.61
AUDZAR	9.7883	▲	0.47	NA	-3.38	-0.16	-3.38
EURUSD	1.1420	▲	0.90	NA	-0.53	1.33	-0.53
GBPUSD	1.3202	▲	0.99	NA	3.47	0.04	3.47
Brent (\$/barrel)	61.4	▼	0.90	NA	14.57	-9.52	14.57
Gold (\$/oz)	1308.1	▲	1.43	NA	1.31	5.01	1.31
Platinum (\$/oz)	813.5	=	1.81	NA	2.21	-0.49	2.21
Copper (\$/MT)*	6037.5	▲	2.43	NA	1.49	-4.46	1.49

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.8% to trade at \$1,308.10/oz.

On Friday, gold prices rose 1.4% to close at \$1,298.10/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 edged 0.4% lower to trade at \$61.38/bl.

On Friday, Brent crude oil advanced 0.9% to settle at \$61.64/bl, amid uncertainty over supplies related to political turmoil in Venezuela. Meanwhile, Baker Hughes reported that US oil rig count rose by 10 to 862 last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$813.50/oz.

On Friday, platinum prices climbed 1.7% to close at \$818.30/oz.

Major South African corporate news

In its 2H18 trading statement, the company revealed that its revenue advanced by 0.2% from the same period of the preceding year. The trading environment remained difficult with continued pressure on consumer spending, resulting in weakness in sales volume which was aggravated by competitor discounting in some categories. Further, the company expects HEPS to be between 303.00c and 306.00c, which is 6.0% to 7.0% lower compared to the same period of the previous year. The company expects EPS to be in the range of 302.00c to 305.00c, which is 6.5% to 7.5% lower compared to the corresponding period of the previous year.

Pan African Resources Plc

In its 2H18 operational update, the company announced that gold production from its continuing mining operations increased by 54.2% to 81,014.00oz, with robust operational performances from Barberton Mines' underground operations and from the company's tailings retreatment plants. The improved production performance, curtailment of large-scale underground mining operations at Evander Mines and the contribution of incremental low-cost ounces from Elikhulu have resulted in a marked reduction in the company's all-in sustaining cost of production.

Major global economic news

Eurozone

In Germany, the Ifo business climate index registered a more-than-anticipated drop to 99.10 in January. In the prior month, the index had recorded a level of 101.00.














In Germany, the Ifo business expectations index fell to a level of 94.20 in January, more than market expectations. The index had registered a level of 97.30 in the prior month.

In Germany, the Ifo current assessment index fell to a level of 104.30 in January, less than market anticipations. In the prior month, the index had recorded a reading of 104.70.

UK

In the UK, the BBA mortgage approvals dropped less-than-expected to 38.78K in December. In the prior month, the BBA mortgage approvals had registered a revised reading of 39.21K.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	01:50	Corporate Service Price (YoY) (Dec)	✓	1.10%*	1.20%	Monthly
 Japan	01:50	BoJ Monetary Policy Meeting Minutes	✓✓✓	-	-	As scheduled
 China	03:30	Industrial Profits (YoY) (Dec)	✓✓	-1.90%*	-1.80%	Monthly
 Eurozone	10:45	ECB's Nowotny, Austria's Loeger at Fintech Seminar in Vienna	✓	-	-	As scheduled
 Eurozone	11:00	M3 Money Supply (YoY) (Dec)	✓	3.80%	3.70%	Monthly
 US	15:30	Chicago Fed National Activity Index (Dec)	✓✓✓	-	0.22	Monthly
 Eurozone	16:00	ECB's Draghi Speaks at European Parliament Hearing in Brussels	✓	-	-	As scheduled
 US	17:30	Dallas Fed Manufacturing Business Index (Jan)	✓✓✓	-2.10	-5.10	Monthly
 Germany	-	Import Price Index (Dec)	✓	-	103.70	Monthly
 Germany	-	Import Price Index s.a. (MoM) (Dec)	✓✓	-0.80%	-1.00%	Monthly
 Germany	-	Import Price Index n.s.a. (YoY) (Dec)	✓✓	2.10%	3.10%	Monthly
 UK	-	Nationwide House Prices n.s.a. (YoY) (Jan)	✓✓	0.00%	0.50%	Monthly
 UK	-	Nationwide House Prices s.a. (MoM) (Jan)	✓✓✓	0.20%	-0.70%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Ascendis Health Ltd	575	-3.36	38.22	38.22
Net 1 UEPS Technologies Inc	6350	-2.31	26.37	26.37
Grindrod Ltd	750	2.74	21.95	21.95
Accelerate Property Fund Ltd	400	0.00	21.21	21.21
Stadio Holdings Ltd	402	0.00	15.19	15.19
Raubex Group Ltd	1951	3.83	14.76	14.76
Pan African Resources Plc	183	12.96	14.38	14.38
Libstar Holdings Ltd	796	-1.49	13.71	13.71
Reunert Ltd	7640	1.87	13.43	13.43
Aspen Pharmacare Holdings Ltd	15199	8.58	12.74	12.74
Barloworld Ltd	12603	1.87	12.54	12.54
Investec Ltd	8880	2.69	12.41	12.41
Anglo American Platinum Ltd	60197	4.00	11.90	11.90
Investec Plc	8872	2.57	11.37	11.37
Absa Group Ltd	18000	3.10	11.23	11.23
Stenprop Ltd	1961	-1.06	11.00	11.00
Octodec Investments Ltd	1900	4.74	10.98	10.98
Northam Platinum Ltd	4800	6.48	10.96	10.96
Investec Property Fund Ltd	1515	4.12	10.18	10.18
Curro Holdings Ltd	2800	7.69	9.76	9.76
Hospitality Property Fund Ltd	959	1.48	9.60	9.60
Royal Bafokeng Platinum Ltd	2900	3.53	9.52	9.52
Tradehold Ltd	1100	-3.51	9.45	9.45
AECI Ltd	9137	4.24	9.41	9.41
Distell Group Holdings Ltd	11740	0.27	9.31	9.31
Mondi Plc	33216	3.91	9.24	9.24
Standard Bank Group Ltd	19494	5.79	9.02	9.02
Mondi Ltd	33699	4.70	8.86	8.86
Wilson Bayly Holmes-Ovcon Ltd	14390	-1.26	8.83	8.83
Clover Industries Ltd	1976	0.10	8.63	8.63
RCL Foods Ltd	1519	0.60	8.50	8.50
Super Group Ltd	3664	5.17	7.96	7.96
Growthpoint Properties Ltd	2514	2.24	7.90	7.90
FirstRand Ltd	7061	3.44	7.70	7.70
Assore Ltd	31219	3.76	7.65	7.65
Steinhoff International Holdings NV	185	-3.14	7.56	7.56
Hyprop Investments Ltd	8760	-0.40	7.48	7.48
Remgro Ltd	20900	1.46	7.32	7.32
SA Corporate Real Estate Ltd	360	2.27	7.14	7.14
ArcelorMittal South Africa Ltd	363	-2.94	7.08	7.08
JSE All Share Index	54050	0.59	2.49	2.49

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