

ONE Minute Brief

31 January 2019

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Economic and political news

In South Africa (SA), growth in private sector credit demand slowed to 5.10% on a yearly basis in December, compared to a rise of 5.56% in the prior month. Annual M3 money supply rose 5.59% in December, compared to an advance of 5.69% in November.

SA's Public Investment Corporation (PIC) stated that new corruption allegations have been made against its acting Chief Executive, Matshapo More and two of its board members. However, Deputy Finance Minister and Chairman of the firm, Mondli Gungubele denied the corruption allegations.

SA's largest labour union group, the Congress of South African Trade Unions (Cosatu) stated that it is planning to stage a nationwide strike on 13 February over large-scale layoffs at state-owned firms and at private companies.

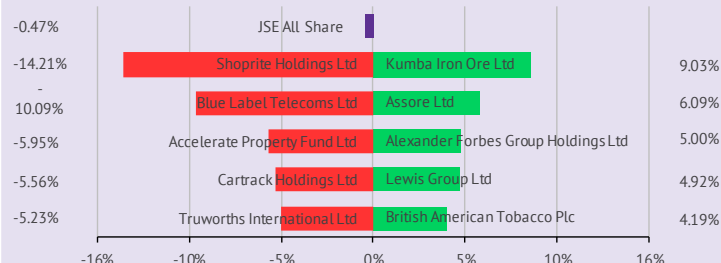
According to a regional branch of the National Union of Mineworkers, Eskom workers will strike during election week in SA to protest the possible sale of shares and planned job cuts at the firm.

The Minerals Council SA warned that SA's gold industry will be destroyed if Eskom receives approval for 15.0% tariff hike over the next three years.

South Africa Market ▼

South African markets closed lower

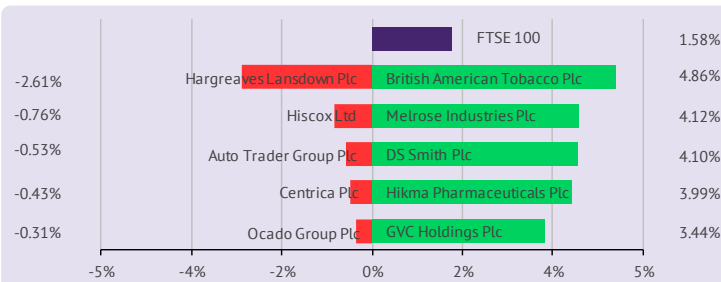
South African markets closed in the red yesterday, weighed down by losses in retail sector stocks. Data revealed that SA's annual private sector credit demand growth slowed in December. The JSE All Share Index fell 0.5% to close at 54,131.67.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, as the Pound weakened, after the British lawmakers voted to reject a no-deal Brexit. Data indicated that UK's net consumer credit rose less-than-expected in December. The FTSE 100 Index advanced 1.6% to close at 6,941.63.



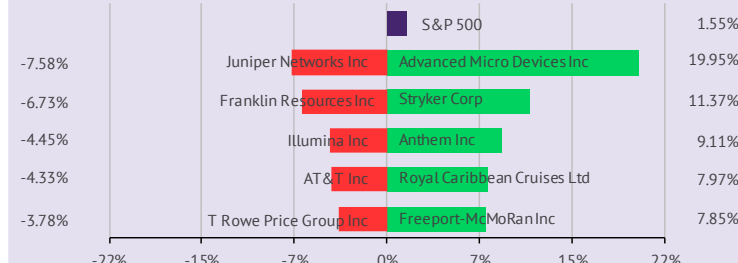
Key indices

	As at 30 Jan 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54131.67	▼ -256.03	-0.47	0.15	2.64	4.09	2.64
JSE Top 40 (ZAR)	47972.18	▼ -228.82	-0.47	0.17	2.67	4.63	2.67
FTSE 100 (GBP)	6941.63	▲ 107.70	1.58	1.94	3.17	-3.61	3.17
DAX 30 (EUR)	11181.66	▼ -37.17	-0.33	-0.89	5.90	-6.20	5.90
CAC 40 (EUR)	4974.76	▲ 46.58	0.95	0.99	5.16	-5.46	5.16
S&P 500 (USD)	2681.05	▲ 41.05	1.55	0.61	6.95	-9.18	6.95
Nasdaq Composite (USD)	7183.08	▲ 154.79	2.20	0.25	8.26	-9.48	8.26
DJIA (USD)	25014.86	▲ 434.90	1.77	1.12	7.23	-8.66	7.23
MSCI Emerging Markets (USD)	1036.63	▲ 6.88	0.67	0.42	7.32	-2.89	7.32
MSCI Developed World (USD)	2010.96	▲ 21.36	1.07	0.45	6.74	-7.71	6.74

US Market ▲

The S&P 500 futures are trading in the green

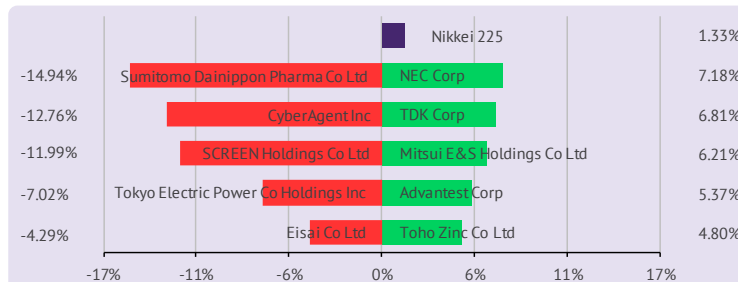
US markets closed higher yesterday, after the Federal Reserve (Fed) indicated that it will remain "patient" on future interest rate hikes and amid strong corporate earnings reports. The S&P 500 Index climbed 1.6% to close at 2,681.05.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data revealed that Japan's monthly industrial production fell less-than-expected in December. The Nikkei 225 Index is trading 1.3% higher at 20,829.68.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally advanced against the South African Rand to trade at R13.3335. Later today, traders will keep a close watch on the US personal income, personal spending, initial jobless claims and the Chicago purchasing managers' index for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US MBA mortgage applications recorded a fall in the week ended 25 January 2019. Additionally, monthly pending home sales unexpectedly eased for a third consecutive month in December. On the other hand, the nation's private sector employment climbed more than market forecast in January. Separately, in SA, private sector credit demand growth slowed on a yearly basis in December. Additionally, annual M3 money supply registered an advance in December.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound gained 0.2% against the South African Rand to trade at R17.5101. Ahead in the day, traders will keep an eye on UK's Nationwide house price index for further cues. Data revealed that UK's GfK consumer confidence index recorded an unchanged reading in January, recording its lowest level since July 2013.

The British Pound declined against the South African Rand yesterday, as Brexit outlook still remains unclear. On the macro front, UK's net consumer credit recorded a less-than-anticipated rise in December. On the flipside, the nation's mortgage approvals eased less than market forecast in December.

EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R15.3364. Going forward, market participants will keep a tab on the Eurozone's GDP and unemployment rate along with Germany's retail sales and unemployment rate for further direction.

The Euro weakened against the South African Rand yesterday. Data indicated that the Eurozone's business climate indicator declined more than market anticipations in January. Additionally, the economic confidence index recorded a more-than-expected drop in January, hitting its lowest level since November 2016. Meanwhile, the region's consumer confidence index rose in line with market expectations in the same month. Separately, Germany's consumer price index (CPI) advanced less than market forecast on an annual basis in January. Meanwhile, the nation's the GfK consumer confidence index registered an unexpected advance in February.

AUD ZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.3% against the South African Rand to trade at R9.6898. Earlier in the session, Australia's private sector credit recorded a less-than-anticipated advance on a monthly basis in December. Meanwhile, in China, Australia's largest trading partner, the manufacturing PMI registered an unexpected rise in January.

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	13.3335	▲	-1.99	-2.12	-7.09	3.44	-7.09
GBPZAR	17.5101	▲	-1.62	-2.72	-4.58	3.58	-4.58
EURZAR	15.3364	▲	-1.56	-1.49	-7.02	4.83	-7.02
AUDZAR	9.6898	▲	-0.73	-1.22	-4.56	-0.16	-4.56
EURUSD	1.1502	▲	0.41	0.65	0.11	1.33	0.11
GBPUSD	1.3132	▲	0.38	-0.61	2.84	0.04	2.84
Brent (\$/barrel)	62.2	▲	0.54	0.02	14.59	-9.52	14.59
Gold (\$/oz)	1323.9	▲	0.08	0.91	2.23	5.01	2.23
Platinum (\$/oz)	819.3	▲	0.05	0.33	2.55	-0.49	2.55
Copper (\$/MT)*	6120.3	▲	1.45	1.37	2.88	-4.46	2.88

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.1% higher to trade at \$1,323.90/oz.

Yesterday, gold prices rose 0.1% to close at \$1,309.90/oz, following the Fed's interest rate decision.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.9% to trade at \$62.23/bl, amid signs of tightening crude oil supply in the US.

Yesterday, Brent crude oil advanced 0.5% to settle at \$61.65/bl, as political turmoil in Venezuela raised the possibility of tighter global supplies. Additionally, the Energy Information Administration reported that domestic crude supplies rose less-than-expected by 900,000 bls in the week ended 25 January 2019.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$819.30/oz.

Yesterday, platinum prices climbed 0.1% to close at \$816.20/oz.

Major South African corporate news

Lewis Group Limited

In its 3Q18 and nine months ended trading update, the company announced that merchandise sales were enhanced by the acquisition of United Furniture Outlets and increased by 22.8% for the quarter, resulting in a 24.6% growth for the nine months ended 31 December 2018. Comparable store sales advanced by 6.0% for the quarter. Further, total revenue, comprising of merchandise sales and other revenues, increased by 13.2% in 3Q18 and 12.0% for the nine months. In the third quarter, higher credit sales resulted in an increase in debtor costs by 2.7%, whereas debtor costs for the nine-month period was reduced by 10.3%.

Spur Corporation Limited

In its 2H18 sales update, the company announced that franchised restaurant sales increased by 6.5% to ZAR3.90bn. Locally, 25 outlets were opened, and 6 outlets were closed during the period, while 14 restaurants were opened internationally. In SA, franchised restaurant sales increased by 5.7% and sales from international restaurants rose by 12.7% in Rand terms and by 12.1% on a constant exchange rate basis.

Major global economic news

US

The Fed, in its latest monetary policy meeting, kept its benchmark interest rate unchanged at 2.50%. The central bank signalled that it would remain “patient” on future interest rate hikes. Further, the Fed revealed that it expects the economy to expand and enhance jobs growth. However, the central bank expressed concerns over growing uncertainty about the outlook.

In the US, the MBA mortgage applications dropped 3.0% on a weekly basis in the week ended 25 January 2019. The MBA mortgage applications had recorded a drop of 2.7% in the previous week.

In the US, private sector employment advanced more-than-anticipated by 213.00K in January. Private sector employment had registered a revised level of 263.00K in the prior month.

In the US, pending home sales registered an unexpected drop of 2.2% on a monthly basis in December. In the previous month, pending home sales had fallen by a revised 0.9%.

Eurozone

In the Eurozone, the business climate index registered a more-than-anticipated drop to 0.69 in January. The index had registered a revised level of 0.86 in the prior month.

In the Eurozone, the economic sentiment index fell to 106.20 in January, more-than-expected and compared to a revised level of 107.40 in the previous month.

In the Eurozone, the final consumer confidence index advanced to -7.90 in January, meeting market forecast and compared to a revised reading of -8.30 in the prior month. The preliminary figures had also recorded a rise to -7.90.

In Germany, the preliminary CPI recorded a less-than-expected rise of 1.4% on an annual basis in January. The CPI had registered a rise of 1.7% in the prior month.

In Germany, the GfK consumer confidence index unexpectedly climbed to 10.80 in February. In the prior month, the index had recorded a revised reading of 10.50.

Asia

In Japan, preliminary industrial production slid 0.1% on a monthly basis in December, more than market forecast and compared to a drop of 1.0% in the previous month.

In Australia, private sector credit rose 0.2% on a monthly basis in December, less than market expectations. In the previous month, private sector credit had climbed 0.3%.

In China, the manufacturing PMI unexpectedly climbed to 49.50 in January. In the previous month, the manufacturing PMI had recorded a reading of 49.40.

UK

In the UK, net consumer credit climbed GBP0.70bn in December, less than market expectations. In the previous month, net consumer credit had recorded a rise of GBP0.90bn.

In the UK, mortgage approvals dropped less than market forecast to 63.80K in December, compared to a level of 63.95K in the prior month.

In the UK, the GfK consumer confidence remained unchanged at a level of -14.00 in January.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Industrial Production (MoM) (Dec) (P)	✓✓✓	-0.10%*	-1.00%	Monthly
Japan	01:50	Industrial Production (YoY) (Dec) (P)	✓✓✓	-1.90%*	1.50%	Monthly
UK	02:01	GfK Consumer Confidence (Jan)	✓✓✓	-14.00*	-14.00	Monthly
China	03:00	NBS Manufacturing PMI (Jan)	✓✓	49.50*	49.40	Monthly
Japan	03:30	BoJ Deputy Governor Amamiya makes a speech	✓	-	-	As scheduled
Japan	06:00	Vehicle Production (YoY) (Dec)	✓	4.60%*	6.30%	Monthly
Japan	07:00	Housing Starts (YoY) (Dec)	✓	2.00%	-0.60%	Monthly
Japan	07:00	Annualised Housing Starts (Dec)	✓✓	0.95mn units	0.96mn units	Monthly
Germany	09:00	Retail Sales (MoM) (Dec)	✓✓✓	-0.60%	1.40%	Monthly
Germany	09:00	Retail Sales (YoY) (Dec)	✓✓✓	1.50%	1.10%	Monthly
UK	09:00	Nationwide House Prices n.s.a. (YoY) (Jan)	✓✓	0.00%	0.50%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Jan)	✓✓✓	0.20%	-0.70%	Monthly
France	09:45	Consumer Price Index (MoM) (Jan) (P)	✓✓✓	-0.60%	0.00%	Monthly
Eurozone	10:00	ECB's Coeure Speaks in Cape Town	✓	-	-	As scheduled
Germany	10:55	Unemployment Rate s.a. (Jan)	✓✓✓	5.00%	5.00%	Monthly
Germany	10:55	Unemployment Change (Jan)	✓✓✓	-10.00K	-14.00K	Monthly
South Africa	11:30	Producer Price Index (YoY) (Dec)	✓✓	5.90%	6.80%	Monthly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q4) (P)	✓✓✓	0.20%	0.20%	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q4) (P)	✓✓	1.20%	1.60%	Quarterly
Eurozone	12:00	Unemployment Rate (Dec)	✓✓✓	7.90%	7.90%	Monthly
Eurozone	12:15	ECB's Mersch Speaks in Luxembourg	✓	-	-	As scheduled
South Africa	14:00	Trade Balance (Dec)	✓✓	ZAR9.10bn	ZAR3.50bn	Monthly
US	14:30	Challenger Job Cuts (YoY) (Jan)	✓	-	35.30%	Monthly
US	15:30	Employment Cost Index (QoQ) (Q4)	✓✓	0.80%	0.80%	Quarterly
US	15:30	Initial Jobless Claims (26-Jan)	✓✓✓	215.00K	199.00K	Weekly
US	16:45	Chicago PMI (Jan)	✓✓✓	61.50	65.40	Monthly
US	17:00	New Home Sales (MoM) (Nov)	✓✓✓	4.80%	-8.90%	Monthly
Eurozone	18:00	ECB's Weidmann Speaks in Mannheim, Germany	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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