

ONE Minute Brief

15 February 2019

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Economic and political news

In South Africa (SA), mining production slid 4.8% on a yearly basis in December, more-than-expected and compared to a revised drop of 5.8% in November. Annual gold production plunged 31.0% in December, compared to a revised drop of 13.5% in November. However, platinum production climbed 6.1% on an annual basis in December, compared to a revised rise of 1.1% in the previous month.

President, Cyril Ramaphosa, stated that his plan to split Eskom into three entities would reduce risks to the economy.

Sibanye-Stillwater is planning to cut nearly 6,000 jobs in a potential restructuring of the company's gold mining operations.

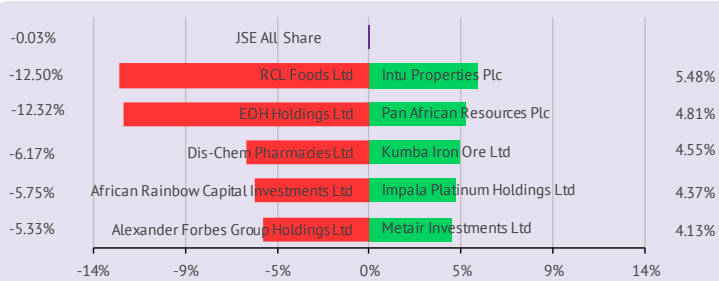
Yesterday, Eskom implemented power cuts for the fifth consecutive day, amid continuous coal shortages and breakdowns at some of its plants.

President Cyril Ramaphosa's lawyer argued in the Constitutional Court that the constitution confers powers on the President to appoint or dismiss cabinet ministers and that the President is not legally obliged to explain his cabinet reshuffle decisions.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid ongoing global tensions and led by losses in banking and retail sector stocks. Data indicated that SA's annual mining production fell more-than-expected in December. The JSE All Share Index slightly fell to close at 54,527.11.



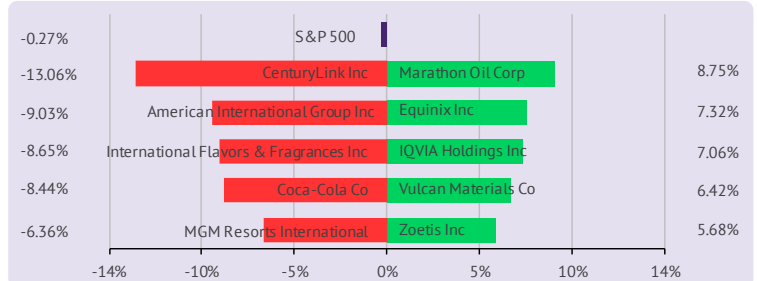
Key indices

	As at 14 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54527.11	▼ -16.11	-0.03	2.41	0.68	2.69	3.39
JSE Top 40 (ZAR)	48349.82	▼ -38.68	-0.08	2.87	0.82	2.63	3.47
FTSE 100 (GBP)	7197.01	▲ 6.17	0.09	1.78	3.27	3.58	6.97
DAX 30 (EUR)	11089.79	▼ -77.43	-0.69	1.68	-0.75	5.82	5.03
CAC 40 (EUR)	5062.52	▼ -11.75	-0.23	2.03	1.40	5.54	7.01
S&P 500 (USD)	2745.73	▼ -7.30	-0.27	1.40	1.54	7.87	9.53
Nasdaq Composite (USD)	7426.96	▲ 6.58	0.09	1.76	1.99	9.74	11.93
DJIA (USD)	25439.39	▼ -103.88	-0.41	1.33	1.76	7.17	9.05
MSCI Emerging Markets (USD)	1039.20	▼ -2.65	-0.25	0.31	-1.02	8.70	7.58
MSCI Developed World (USD)	2047.56	▼ -5.20	-0.25	1.34	0.94	7.67	8.69

US Market ▼

The S&P 500 futures are trading in the red

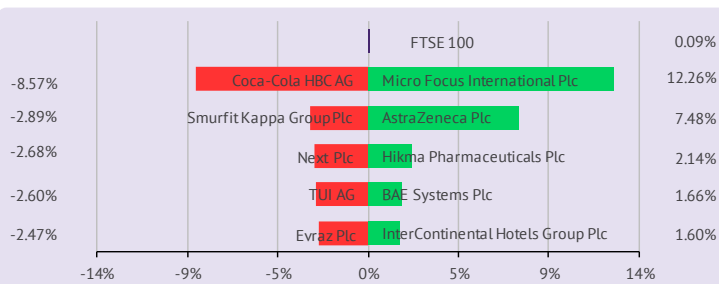
US markets closed mostly lower yesterday, following disappointing US retail sales data. Data showed that the US advance retail sales unexpectedly fell in January. The S&P 500 Index dropped 0.3% to close at 2,745.73.



UK Market ▲

The FTSE 100 futures are trading in positive territory

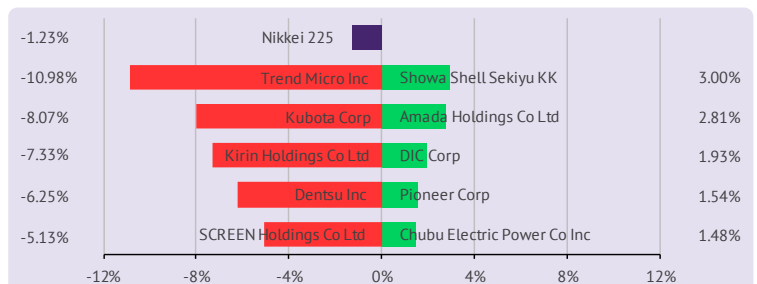
UK markets finished higher yesterday, amid upbeat earnings report from AstraZeneca and Micro Focus. The FTSE 100 Index advanced 0.1% to close at 7,197.01.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid fears of slowdown in the US economy. The Nikkei 225 Index is trading 1.2% lower at 20,878.65.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally gained against the South African Rand to trade at R14.1366. Later today, traders will keep a close watch on the US Empire manufacturing PMI, the Michigan consumer sentiment index, manufacturing and industrial production for further cues.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US producer price index (PPI) advanced less than market forecast on an annual basis in January, recording its smallest gain since July 2017. Additionally, advance retail sales unexpectedly fell to a nine-year low level in December. Moreover, initial jobless claims recorded an unexpected rise in the week ended 9 February 2019. Further, business inventories registered an unexpected decline in November. Separately, in SA, mining production dropped more than market forecast on a yearly basis in December. Additionally, annual gold production declined to a six-year low level in December. In contrast, the nation's platinum production recorded a rise on an annual basis in the same month.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally dropped against the South African Rand to trade at R18.0895. Ahead in the day, traders will keep an eye on UK's retail sales for further direction.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro slightly dropped against the South African Rand to trade at R15.9553. Going forward, market participants will keep a tab on the Eurozone's trade balance for further indication.

The Euro strengthened against the South African Rand yesterday. On the macro front, the Eurozone's gross domestic product (GDP) climbed on a quarterly basis in 4Q18. Separately, Germany's quarterly GDP recorded a steady reading in the fourth quarter of 2018.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R10.0253. Meanwhile, in China, Australia's largest trading partner, the consumer price index (CPI) rose less than market anticipations on an annual basis in January. Additionally, the producer price inflation slowed for a seventh consecutive month to its weakest pace since September 2016 on a yearly basis in January.

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	14.1366	▲	0.47	3.71	6.61	-7.61	-1.51
GBPZAR	18.0895	▼	0.14	2.58	4.11	-5.16	-1.26
EURZAR	15.9553	▼	0.76	3.44	5.21	-7.83	-3.02
AUDZAR	10.0253	▼	0.72	3.95	4.18	-4.79	-0.80
EURUSD	1.1286	▼	0.30	-0.25	-1.34	-0.17	-1.50
GBPUSD	1.2796	▼	-0.33	-1.09	-2.33	2.78	0.38
Brent (\$/barrel)	64.9	▲	1.51	3.98	6.13	13.09	20.02
Gold (\$/oz)	1315.4	▲	-0.08	-0.30	-0.75	3.00	2.22
Platinum (\$/oz)	786.0	▼	-0.33	-1.66	-4.30	3.62	-0.84
Copper (\$/MT)*	6137.3	▲	0.22	-0.86	-0.23	3.40	3.16

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,315.40/oz.

Yesterday, gold prices fell 0.1% to close at \$1,309.80/oz, as the US Dollar strengthened and as US-China trade worries eased.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$64.88/bl, supported by the US sanctions against Venezuela and Iran and amid supply cuts led by the Organisation of the Petroleum Exporting Countries.

Yesterday, Brent crude oil advanced 1.5% to settle at \$64.57/bl, amid expectations that the US will extend its deadline for implementing additional tariffs on Chinese goods.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.4% lower to trade at \$786.00/oz.

Yesterday, platinum prices declined 0.3% to close at \$789.20/oz.

Major South African corporate news

Assore Limited

In its 1H19 trading statement, the company announced that it expects HEPS and EPS to be in the range of 26.85c to 29.08c, which is 14.0% to 23.0% and 13.0% to 22.0% higher, respectively, compared to the same period of the previous year.

Clientele Limited

In its 1H19 trading statement, the company indicated that it expects HEPS and EPS to be between 55.70c and 58.90c, representing a decrease of 25.0% to 29.0%, compared to the same period of the previous year.

Barloworld Limited

In its 1Q19 operational trading update, the company stated that its joint venture in the Katanga province of the Democratic Republic of Congo has continued to generate strong profits, in line with its performance in the latter half of FY18. The automotive division's operating results are slightly behind last year, amid difficult trading conditions across the automotive industry. Moreover, the company's logistics division produced a solid result for the period.

RCL Foods Limited

In its 1H19 trading statement, the company stated that it expects HEPS to decrease between 23.5% and 28.9% to be in the range of 53.00c to 57.00c, compared to the corresponding period of the preceding year. Further, the company expects EPS to be between 65.00c and 69.00c, which is 10.0% to 15.3% lower compared to the same period of the previous year.

City Lodge Hotels Limited

In its 1H19 results, the company indicated that its revenues advanced 3.0% to ZAR807.41mn, compared to the same period of the previous year. Its diluted EPS stood at 378.20c compared with 429.70c recorded in the corresponding period of the preceding year. The company has declared an interim dividend of 229.00c per share, which is 9.0% lower compared to the same period of the prior year.

Sibanye Gold Limited

In its FY18 trading statement, the company indicated that it expects HEPS to be 65.00c compared to headline loss per share of 12.00c reported in the same period of the previous year. Further, the company expects loss per share to be 44.00c compared to loss per share of 229.00c recorded in the corresponding period of the preceding year.

Major global economic news

US

In the US, the PPI rose 2.0% on an annual basis in January, less-than-expected and compared to an advance of 2.5% in the previous month.

In the US, advance retail sales recorded an unexpected drop of 1.2% on a monthly basis in December. Advance retail sales had risen by a revised 0.1% in the prior month.

In the US, seasonally adjusted initial jobless claims unexpectedly advanced to 239.00K in the week ended 9 February 2019, compared to a revised reading of 235.00K in the prior week.

In the US, business inventories unexpectedly fell 0.1% on a monthly basis in November, compared to an advance of 0.6% in the prior month.

Asia

In Japan, final industrial production registered a drop of 0.1% on a monthly basis in December. Industrial production had eased 1.0% in the previous month. The preliminary figures had also indicated a drop of 0.1%.

In China, the CPI advanced 1.7% on an annual basis in January, less than market forecast compared to a rise of 1.9% in the prior month.

In China, the PPI registered a rise of 0.1% on a yearly basis in January, less than market expectations. In the previous month, the PPI had registered a rise of 0.9%.

Eurozone

In the Eurozone, seasonally adjusted final GDP registered a rise of 0.2% on a quarterly basis in 4Q18, compared to a similar rise in the prior quarter. The preliminary figures had also indicated an advance of 0.2%.

In Germany, seasonally adjusted flash GDP remained flat on a quarterly basis in 4Q18. In the previous quarter, GDP had dropped 0.2%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
China	03:30	Producer Price Index (YoY) (Jan)	✓✓✓	0.10%*	0.90%	Monthly
China	03:30	Consumer Price Index (YoY) (Jan)	✓✓✓	1.70%*	1.90%	Monthly
Japan	06:30	Capacity Utilisation (MoM) (Dec)	✓	-1.90%*	1.00%	Monthly
Japan	06:30	Industrial Production (MoM) (Dec) (F)	✓✓✓	-0.10%*	-0.10%**	Monthly
Japan	06:30	Industrial Production (YoY) (Dec) (F)	✓✓✓	-1.90%*	-1.90%**	Monthly
Eurozone	09:00	EU 27 New Car Registrations (YoY) (Jan)	✓	-	-8.40%	Monthly
UK	11:30	Retail Sales (MoM) (Jan)	✓✓✓	0.20%	-0.90%	Monthly
UK	11:30	Retail Sales (YoY) (Jan)	✓✓✓	3.40%	3.00%	Monthly
UK	11:30	Retail Sales ex-Fuel (MoM) (Jan)	✓✓✓	0.20%	-1.30%	Monthly
UK	11:30	Retail Sales ex-Fuel (YoY) (Jan)	✓✓✓	3.20%	2.60%	Monthly
Eurozone	12:00	Trade Balance n.s.a. (Dec)	✓✓	-	EUR19.00bn	Monthly
Eurozone	12:00	Trade Balance s.a. (Dec)	✓✓✓	EUR15.70bn	EUR15.10bn	Monthly
Eurozone	15:00	ECB's Coeure Speaks in New York	✓	-	-	As scheduled
US	15:30	Export Price Index (YoY) (Jan)	✓	-	1.10%	Monthly
US	15:30	Export Price Index (MoM) (Jan)	✓	-0.10%	-0.60%	Monthly
US	15:30	Import Price Index (YoY) (Jan)	✓	-1.60%	-0.60%	Monthly
US	15:30	NY Empire State Manufacturing Index (Feb)	✓✓	7.00	3.90	Monthly
US	15:30	Import Price Index (MoM) (Jan)	✓	-0.20%	-1.00%	Monthly
US	16:15	Industrial Production (MoM) (Jan)	✓✓✓	0.10%	0.30%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Jan)	✓✓✓	0.00%	1.10%	Monthly
US	16:15	Capacity Utilisation (Jan)	✓	78.70%	78.70%	Monthly
US	16:55	Fed's Bostic to Speak on Workforce Development in Alabama	✓	-	-	As scheduled
US	17:00	Reuters/Michigan Consumer Sentiment Index (Feb) (P)	✓✓✓	93.50	91.20	Monthly
Eurozone	17:45	ECB's Angeloni Speaks in Brunico-Bruneck, Italy	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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