

# ONE Minute Brief

21 February 2019

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## Economic and political news

In South Africa (SA), the consumer price inflation slowed to 4.0% on a yearly basis in January, compared to a level of 4.5% in the prior month.

SA's Finance Minister, Tito Mboweni, in his 2019 budget speech, stated that budget deficit is expected to widen to 4.5% of gross domestic product (GDP) in the 2019/20 fiscal year from 4.2% in 2018/19, citing weak economic growth and falling tax revenue. Separately, in its budget review, the National Treasury revised down its growth forecast for 2019 from 1.7% to 1.5%, even as it maintained its 2018 estimate at 0.7% and stated that growth would reach 2.1% by 2021.

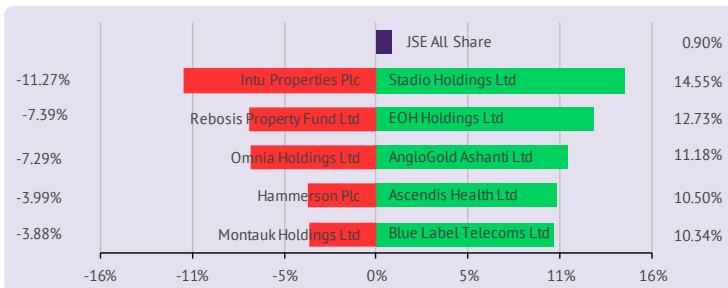
Finance Minister, Tito Mboweni, announced that SA will inject ZAR69bn over the next three years into Eskom. He also indicated that the state would not take on ZAR100bn of Eskom's debt, as requested by the firm.

Moody's Senior Credit Officer and Lead Sovereign Analyst, Lucie VillaIn, in a statement following the 2019 budget speech, stated that the nation's budget highlights the government's limited fiscal flexibility amid a challenging economic environment and that trends point to wider deficits for longer.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in gold and platinum mining sector stocks. Data revealed that SA's annual consumer price inflation slowed in January. The JSE All Share Index rose 0.9% to close at 55,691.58.



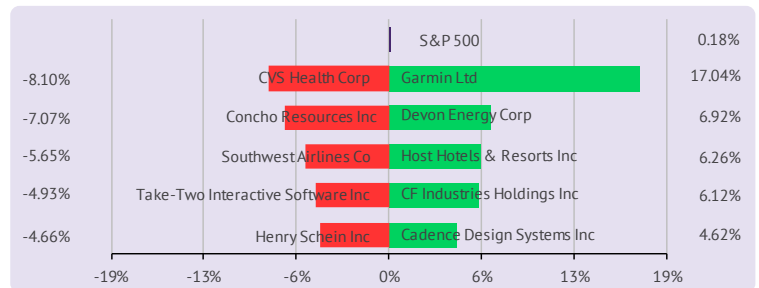
## Key indices

	As at 20 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55691.58	▲ 496.96	0.90	1.95	2.83	2.69	5.60
JSE Top 40 (ZAR)	49405.41	▲ 448.88	0.92	1.98	3.02	2.63	5.73
FTSE 100 (GBP)	7228.62	▲ 49.45	0.69	-0.11	3.73	3.58	7.44
DAX 30 (EUR)	11401.97	▲ 92.76	0.82	0.90	2.05	5.82	7.98
CAC 40 (EUR)	5195.95	▲ 35.43	0.69	0.83	4.07	5.54	9.83
S&P 500 (USD)	2784.70	▲ 4.94	0.18	0.33	2.98	7.87	11.08
Nasdaq Composite (USD)	7489.07	▲ 2.30	0.03	0.22	2.85	9.74	12.87
DJIA (USD)	25954.44	▲ 63.12	0.24	0.28	3.82	7.17	11.26
MSCI Emerging Markets (USD)	1049.32	▲ 12.35	1.19	1.81	-0.06	8.70	8.63
MSCI Developed World (USD)	2083.64	▲ 7.73	0.37	0.83	2.72	7.67	10.60

## US Market ▲

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

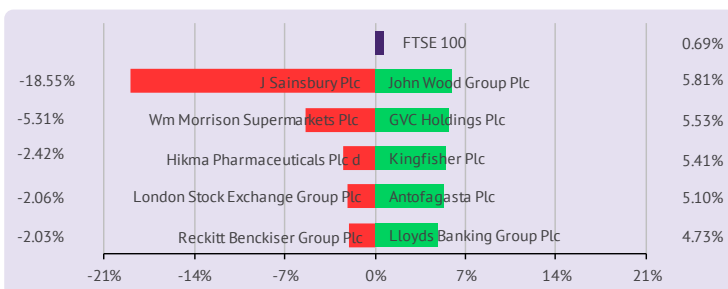
US markets closed higher yesterday, following the FOMC meeting minutes. Data revealed that the US MBA mortgage applications rebounded in the week ended 15 February 2019. The S&P 500 Index climbed 0.2% to close at 2,784.70.



## UK Market ▲

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

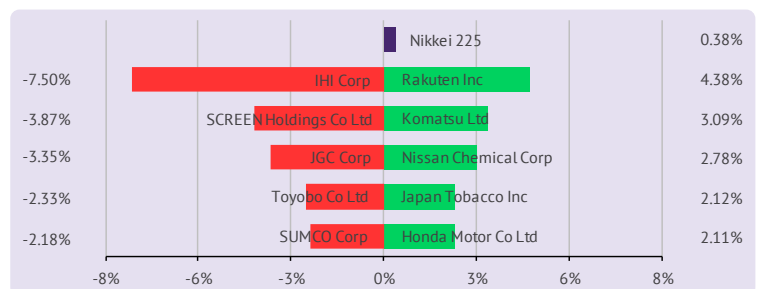
UK markets finished higher yesterday, amid rise in shares of Lloyds, after the bank raised its dividend and announced a share buyback. The FTSE 100 Index advanced 0.7% to close at 7,228.62.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading higher this morning. Data showed that Japan's Nikkei manufacturing PMI dropped in February. The Nikkei 225 Index is trading 0.4% higher at 21,512.54.



## USD ZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R14.0077. Later today, traders will keep a close watch on the US Philadelphia Fed business outlook, initial jobless claims, durable goods orders, leading index and existing home sales along with the Markit manufacturing and services PMI for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications recorded an advance in the week ended 15 February 2019. Separately, in SA, the consumer price inflation slowed on an annual basis in January, marking its lowest level in 10-months.

## GBP ZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading slightly weaker against the South African Rand at R18.2798. Ahead in the day, traders will keep an eye on UK's public sector net borrowing for further direction.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's CBI total trend orders rebounded in February.

## EUR ZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R15.8967. Going forward, market participants will keep a tab on the Markit manufacturing and services PMI across the Eurozone, Germany's consumer price index for further indication.

The Euro weakened against the South African Rand yesterday. On the data front, the Eurozone's consumer confidence index advanced more than market forecast in February. Separately, Germany's producer price index (PPI) rose less than expected on an annual basis in January, hitting its lowest level in eight months.

## AUD ZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R10.0391. Earlier in the session, Australia's CBA manufacturing PMI registered a decline in February. Additionally, the CBA service PMI fell in the same month. Meanwhile, the nation's unemployment rate recorded an unchanged reading 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	14.0077	▼	-0.23	-0.49	5.72	-7.61	-2.33
GBPZAR	18.2798	▼	-0.31	0.79	5.25	-5.16	-0.18
EURZAR	15.8967	▲	-0.27	-0.06	4.71	-7.83	-3.49
AUDZAR	10.0391	▲	-0.26	-0.01	4.14	-4.79	-0.85
EURUSD	1.1349	▲	-0.03	0.37	-0.96	-0.17	-1.12
GBPUSD	1.3049	▼	-0.09	1.25	-0.45	2.78	2.32
Brent (\$/barrel)	67.2	▲	0.95	1.25	10.26	13.09	24.68
Gold (\$/oz)	1342.9	▼	0.24	1.91	1.79	3.00	4.84
Platinum (\$/oz)	828.4	▼	1.61	3.38	1.15	3.62	4.81
Copper (\$/MT)*	6428.0	▲	1.32	3.79	4.50	3.40	8.05

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices are trading marginally lower at \$1,342.90/oz.

Yesterday, gold prices rose 0.2% to close at \$1,343.30/oz, on hopes of US-China trade deal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$67.23/bl.

Yesterday, Brent crude oil advanced 1.0% to settle at \$67.08/bl, amid signs of tighter global crude oil supplies. Meanwhile, the American Petroleum Institute reported that the US crude supplies rose by 1.3mn bls in the week ended 15 February 2019.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.7% lower to trade at \$828.40/oz.

Yesterday, platinum prices declined 1.6% to close at \$834.20/oz.

## Major South African corporate news

### Aquarius Platinum Limited

The platinum company announced that David Dix from its Board of Directors has passed away.

### Sibanye Gold Limited

In its amended FY18 trading statement, the company indicated that it expects headline loss per share to be 1.00c compared to the corresponding period of the preceding year. Further, the company expects loss per share to be 110.00c compared to the same period of the previous year.

### Intu Properties Plc

In its 1H19 results, the company announced that net revenues jumped 56.2% to ZAR1.37bn compared to the same period of the preceding year. Its diluted EPS stood at 7.15c up from 6.33c recorded in the corresponding period of the previous year.

### Tiger Brands Limited

In its trading update for the four months ended 31 January 2019, the company stated that revenues from continuing operations advanced by 1.0% compared to the corresponding period of the previous year. Further, satisfying volume performances were recorded in Wheat, Maize, Groceries, Snacks & Treats, Beverages, Baby and in particular, Home & Personal Care. The firm also added that the trading environment is expected to remain challenging for the remainder of the financial year, with ongoing pressure on consumer spending.

## Major global economic news

### Asia

In Australia, the CBA manufacturing PMI fell to a level of 53.10 in February, compared to a reading of 53.90 in the prior month.

In Australia, the seasonally adjusted unemployment rate remained unchanged at a rate of 5.0% in January, at par with market expectations.

In Australia, the CBA service PMI dropped to a level of 49.30 in February, compared to a reading of 51.00 in the previous month.

In Japan, the flash manufacturing PMI fell to a level of 48.50 in February. The manufacturing PMI had registered a reading of 50.30 in the prior month.

### Eurozone

In the Eurozone, the flash consumer confidence index rose to a level of -7.40 in February, more than market expectations. The index had registered a reading of -7.90 in the previous month.

In Germany, the PPI rose 2.6% on an annual basis in January. In the prior month, the PPI had advanced 2.7%.

### US

The FOMC minutes revealed why the Federal Reserve (Fed) decided to remain patient with monetary policy and how they would deal with its balance sheet. The minutes also showed extensive discussion of market conditions. Further, the officials expressed uncertainty over whether they would raise interest rates again in 2019. Meanwhile, members stated that holding the federal funds rate in a target range of 2.25% to 2.5% would pose few risks at this point.

In the US, the MBA mortgage applications climbed 3.6% on a weekly basis in the week ended 15 February 2019. In the prior week, the MBA mortgage applications had registered a revised drop of 6.9%.

### UK

In the UK, the balance of firms reporting total order book above normal unexpectedly rose to 6.00 in February. The balance of firms reporting total order book above normal had recorded a reading of -1.00 in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Feb) (P)	✓✓✓	48.50*	50.30	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Dec)	✓✓✓	-0.20%	-0.30%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Jan) (F)	✓✓✓	-	-18.80%**	Monthly
Germany	09:00	Consumer Price Index (MoM) (Jan) (F)	✓✓✓	-0.80%	-0.80%**	Monthly
Germany	09:00	Consumer Price Index (YoY) (Jan) (F)	✓✓✓	1.40%	1.40%**	Monthly
Eurozone	10:00	ECB's Praet Speaks in Luxembourg	✓	-	-	As scheduled
Germany	10:30	Markit Manufacturing PMI (Feb) (P)	✓✓✓	49.80	49.70	Monthly
Germany	10:30	Markit Services PMI (Feb) (P)	✓✓✓	52.90	53.00	Monthly
Eurozone	11:00	Publication of the financial statements of the ECB for 2018	✓	-	-	As scheduled
Eurozone	11:00	Markit Manufacturing PMI (Feb) (P)	✓✓✓	50.30	50.50	Monthly
Eurozone	11:00	Markit Services PMI (Feb) (P)	✓✓✓	51.30	51.20	Monthly
UK	11:30	Public Sector Net Borrowing (Jan)	✓✓	-GBP11.10bn	GBP2.10bn	Monthly
UK	14:00	BoE's Haldane speech	✓✓	-	-	As scheduled
Eurozone	14:30	ECB Accounts of the Governing Council's January Meeting	✓	-	-	As scheduled
US	14:50	Fed's Bostic Speaks on Economy and Monetary Policy	✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (09-Feb)	✓✓✓	1743.00K	1773.00K	Weekly
US	15:30	Initial Jobless Claims (16-Feb)	✓✓✓	228.00K	239.00K	Weekly
US	15:30	Durable Goods Orders (Dec) (P)	✓✓✓	1.70%	0.70%	Monthly
US	15:30	Philadelphia Fed Manufacturing Survey (Feb)	✓✓	14.00	17.00	Monthly
US	16:45	Markit Services PMI (Feb) (P)	✓✓✓	54.30	54.20	Monthly
US	16:45	Markit Manufacturing PMI (Feb) (P)	✓✓✓	54.80	54.90	Monthly
US	17:00	Existing Home Sales (MoM) (Jan)	✓✓✓	0.20%	-6.40%	Monthly
US	17:00	Existing Home Sales (Jan)	✓✓✓	5.00mn	4.99mn	Monthly
US	17:00	Leading Indicator (MoM) (Jan)	✓✓✓	0.10%	-0.10%	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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