

# ONE Minute Brief

28 February 2019

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## Economic and political news

The Development Bank of Southern Africa will invest around USD200m into the Embedded Generation Investment Program to start the development of new power generating capacity to the national grid and reduce carbon emissions.

The National Treasury has initiated a forensic investigation into the Competition Commission's procurement practices.

The Competition Tribunal has fined the South African Broadcasting Corporation (SABC) with ZAR32mn, after being found to have colluded on advertising rates.

Former Finance Minister, Trevor Manuel and former SANDF Chief General, Sipiwe Nyanda are scheduled to testify today, before the Zondo Commission of inquiry into state capture.

## Key indices

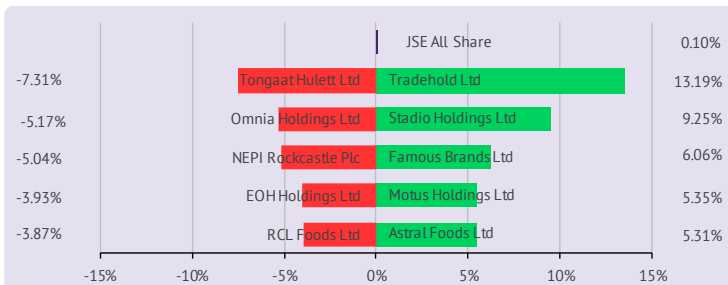
	As at 27 Feb 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56297.95	▲	55.15	0.10	0.54	3.95	2.69	6.75
JSE Top 40 (ZAR)	49955.05	▼	-10.84	-0.02	0.44	4.17	2.63	6.91
FTSE 100 (GBP)	7107.20	▼	-43.92	-0.61	-0.99	1.99	3.58	5.63
DAX 30 (EUR)	11487.33	▼	-53.46	-0.46	0.26	2.81	5.82	8.79
CAC 40 (EUR)	5225.35	▼	-13.37	-0.26	0.18	4.66	5.54	10.46
S&P 500 (USD)	2792.38	▼	-1.52	-0.05	-0.01	3.26	7.87	11.39
Nasdaq Composite (USD)	7554.51	▲	5.21	0.07	0.36	3.75	9.74	13.85
DJIA (USD)	25985.16	▼	-72.82	-0.28	-0.18	3.94	7.17	11.39
MSCI Emerging Markets (USD)	1061.26	▼	-3.68	-0.35	0.25	1.08	8.70	9.87
MSCI Developed World (USD)	2092.12	▲	0.42	0.02	0.25	3.14	7.67	11.05

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining and resources sector stocks. The JSE All Share Index rose 0.1% to close at 56,297.95.

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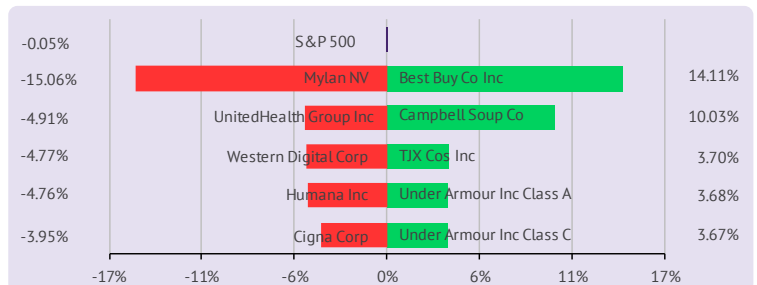


## US Market ▼

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

US markets closed mostly lower yesterday, amid ongoing uncertainties over US-China trade negotiations. Data revealed that, the US advance goods trade deficit widened more-than-expected in December. The S&P 500 Index dropped 0.1% to close at 2,792.38.

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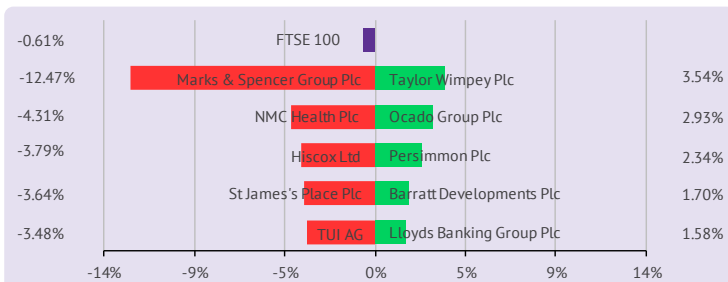


## UK Market ▼

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

UK markets finished lower yesterday, amid ongoing geopolitical tensions and as the British Pound strengthened, on hopes of a delay in Brexit deadline. The FTSE 100 Index declined 0.6% to close at 7,107.20.

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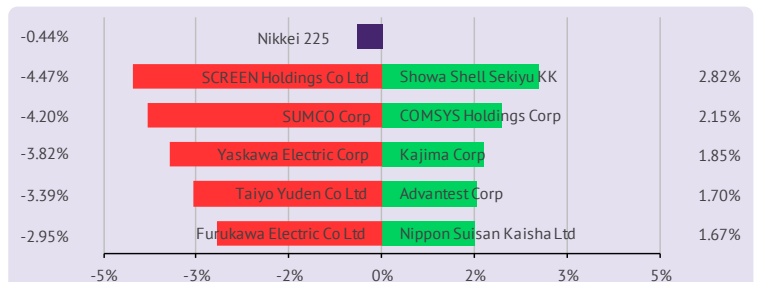


## Asian Market ▼

### Trading mostly lower

Asian markets are trading lower this morning, amid renewed concerns over US-China trade tensions. Data indicated that Japan's monthly industrial production fell more-than-anticipated in January. The Nikkei 225 Index is trading 0.4% lower at 21,461.14.

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## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R13.9431. Later today, traders will keep a close watch on the US gross domestic product, the Chicago Purchasing Manager's Index (PMI) and initial jobless claims for further indication.

The US Dollar rose against the South African Rand yesterday, following cautious comments from US Trade Representative, Robert Lighthizer. On the macro front, the US pending home sales climbed more than market forecast on a monthly basis in January. Additionally, the MBA mortgage applications advanced in the week ended 22 February 2019. Moreover, durable goods orders recorded a rise in December. Meanwhile, the nation's advanced goods trade deficit widened more than market expectations in December. Further, factory orders registered a less-than-anticipated advance in December.

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## GBP ZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading slightly weaker against the South African Rand at R18.5440. Looking ahead, investors would keep a close watch on UK's Nationwide house prices for further cues. Data indicated that UK's GfK consumer confidence index recorded an unexpected rise in February.

The British Pound advanced against the South African Rand yesterday, after the European officials signalled that they would consider delaying the 29 March Brexit deadline, if a trade deal is not reached.

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## EUR ZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R15.8642. Going forward, market participants will keep a tab on Germany's consumer price index for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, the Eurozone's consumer confidence index rose in line with market expectations for a second consecutive month in February. Meanwhile, the region's economic confidence index dropped for an eighth consecutive month in February. Further, the business climate indicator recorded an unchanged reading in February.

## AUD ZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R9.9659. Earlier in the session, Australia's private sector credit rose less than market anticipations on a monthly basis in January. Meanwhile, in China, Australia's largest trading partner, the manufacturing PMI dropped more than market forecast for a third consecutive month to its lowest level in two years in February.

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	13.9431	▲	0.74	-0.46	5.14	-7.61	-2.86
GBPZAR	18.5440	▼	1.13	1.51	6.74	-5.16	1.23
EURZAR	15.8642	▲	0.57	-0.16	4.45	-7.83	-3.72
AUDZAR	9.9659	▲	0.03	-0.31	3.20	-4.79	-1.74
EURUSD	1.1378	▲	-0.17	0.31	-0.68	-0.17	-0.85
GBPUSD	1.3300	▼	0.43	1.96	1.53	2.78	4.35
Brent (\$/barrel)	66.2	▼	1.81	-1.09	9.12	13.09	23.40
Gold (\$/oz)	1320.3	▼	-0.55	-0.60	0.11	3.00	3.11
Platinum (\$/oz)	869.0	▼	1.10	2.84	5.48	3.62	9.30
Copper (\$/MT)*	6546.0	▲	0.38	0.41	6.42	3.40	10.04

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,320.30/oz.

Yesterday, gold prices fell 0.6% to close at \$1,321.20/oz, as the US Dollar climbed, after comments from the US Trade Representative, Robert Lighthizer, fuelled concerns over developments in US-China trade talks.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$66.19/bl, after US crude oil production jumped by more than 2mn bls per day to 12.1mn bls per day over the previous year.

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Yesterday, Brent crude oil advanced 1.8% to settle at \$66.39/bl, after the Energy Information Administration revealed that the US crude supplies unexpectedly dropped by 8.6mn bls in the week ended 22 February 2019, registering its first decline in six weeks and after Saudi Arabia confirmed its pledge to reduce oil production.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$869.00/oz.

Yesterday, platinum prices climbed 1.1% to close at \$869.90/oz.

## Major South African corporate news

### Capital & Counties Properties Plc

In its FY18 results, the company announced that its revenues declined to GBP83.50mn, compared to GBP87.70mn posted in the same period of the preceding year. Loss after tax widened to GBP123.60m from GBP63.10mn. The board has proposed a final dividend of 1.00p per share.

### NEPI Rockcastle Plc

In its FY18 results, the company announced that its gross rental income increased to EUR349.91mn, compared to EUR233.81mn posted in the corresponding period of the previous year. Its diluted EPS stood at EUR38.40 compared to a loss of EUR132.71 per share recorded in the same period of the prior year.

## Major global economic news

### US

In the US, advance goods trade deficit widened more-than-expected to USD79.50bn in December, following a deficit of USD70.50bn in the previous month.

In the US, pending home sales recorded a rise of 4.6% on a monthly basis in January, higher than market expectations. In the prior month, pending home sales had registered a revised drop of 2.3%.

In the US, the MBA mortgage applications recorded a rise of 5.3% on a weekly basis in the week ended 22 February 2019. The MBA Mortgage applications had recorded a rise of 3.6% in the previous week.

In the US, final durable goods orders advanced 1.2% on a monthly basis in December. Durable goods orders had advanced by a revised 1.0% in the previous month. The preliminary figures had also recorded a rise of 1.2%.

In the US, factory orders recorded a less-than-expected rise of 0.1% on a monthly basis in December. In the previous month, factory orders had recorded a revised drop of 0.5%.

### Asia

In Japan, preliminary industrial production fell 3.7% on a monthly basis in January, more than market forecast and compared to a fall of 0.1% in the prior month.

In Australia, private sector credit rose 0.2% on a monthly basis in January, less than market expectations. In the previous month, private sector credit had registered a similar rise.

In China, the NBS manufacturing PMI fell more-than-expected to a level of 49.20 in February. The NBS manufacturing PMI had recorded a level of 49.50 in the previous month.

### Eurozone

In the Eurozone, the business climate indicator remained unchanged at 0.69 in February.

In the Eurozone, the final consumer confidence index advanced to -7.40 in February, as expected and compared to a reading of -7.90 in the prior month. The preliminary figures had also indicated an advance to -7.40.

In the Eurozone, the economic sentiment indicator fell to a level of 106.10 in February, less-than-anticipated and compared to a revised level of 106.30 in the previous month.

### UK

In the UK, the GfK consumer confidence unexpectedly advanced to a level of -13.00 in February, compared to a level of -14.00 in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Industrial Production (MoM) (Jan) (P)	✓✓✓	-3.70%*	-0.10%	Monthly
Japan	01:50	Industrial Production (YoY) (Jan) (P)	✓✓✓	0.00%*	-1.90%	Monthly
Japan	01:50	Retail Trade (YoY) (Jan)	✓✓✓	0.60%*	1.30%	Monthly
Japan	01:50	Retail Trade s.a. (MoM) (Jan)	✓✓✓	-2.30%*	0.90%	Monthly
UK	02:01	GfK Consumer Confidence (Feb)	✓✓✓	-13.00*	-14.00	Monthly
China	03:00	NBS Manufacturing PMI (Feb)	✓✓	49.20*	49.50	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Jan)	✓	5.70%	5.59%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Jan)	✓	5.60%	5.10%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Feb)	✓✓✓	0.00%	0.30%	Monthly
France	09:45	Consumer Price Index (MoM) (Feb) (P)	✓✓✓	0.40%	-0.40%	Monthly
France	09:45	Gross Domestic Product (QoQ) (Q4) (S)	✓✓✓	0.30%	0.30%**	Quarterly
France	09:45	Producer Price Index (Jan)	✓	-	103.20	Monthly
South Africa	11:30	Producer Price Index (MoM) (Jan)	✓✓	0.10%	-0.90%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Jan)	✓✓	5.00%	5.20%	Monthly
South Africa	14:00	Trade Balance (Jan)	✓✓	-ZAR14.50bn	ZAR17.20bn	Monthly
US	15:00	Fed's Clarida Remarks at Economic Policy Conference	✓	-	-	As scheduled
Germany	15:00	Consumer Price Index (YoY) (Feb) (P)	✓✓✓	1.50%	1.40%	Monthly
US	15:15	Fed's Chair Powell speech	✓✓✓	-	-	As scheduled
US	15:30	Personal Consumption Expenditure Core (QoQ) (Q4) (P)	✓✓✓	1.60%	1.60%	Quarterly
US	15:30	BEA Releasing Initial 4Q Gross Domestic Product (Combining Initial/	✓✓✓	-	-	As scheduled
US	15:30	Personal Consumption (QoQ) (Q4) (P)	✓✓✓	3.00%	3.50%	Quarterly
US	15:30	Initial Jobless Claims (23-Feb)	✓✓✓	220.00K	216.00K	Weekly
US	16:45	Chicago PMI (Feb)	✓✓✓	57.50	56.70	Monthly
US	18:00	Kansas City Fed Manufacturing Activity (Feb)	✓✓✓	6.00	5.00	Monthly
US	20:00	Fed's Kaplan to Speak in Q&A in San Antonio	✓	-	-	As scheduled
US	-	Second Day of Trump-Kim Summit in Hanoi, Vietnam	✓✓✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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