

ONE Minute Brief

5 February 2019

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Economic and political news

Eskom's Chief Financial Officer, Calib Cassim, stated that the firm expects to report a wider loss of ZAR20bn in the current financial year, compared to the previous forecast for a loss of ZAR15bn. Separately, Eskom Chief Executive Officer, Phakamani Hadebe, suggested that South Africa (SA) should consider increasing capitalisation of Eskom due to lower electricity tariffs.

South African civil-society organisation, Corruption Watch stated that it has launched an application in the High Court of Pretoria to have former Eskom board members declared delinquent.

The Magistrates Commission stated that it is investigating the allegations that Chief Magistrate, Desmond Nair, accepted the installation of Bosasa funded security systems worth ZAR200,000 at his home.

The Mineral Council stated that 84 miners were killed last year in mining-related accidents compared to 89 a year earlier.

Former Mozambican Finance Minister, Manuel Chang has submitted an urgent bail application last week, after being arrested in SA in connection with USD2bn in fraudulent loans.

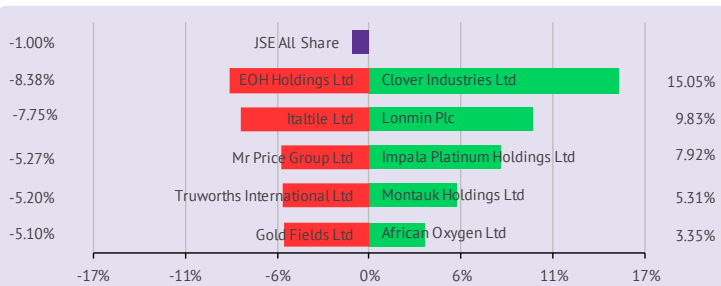
Key indices

	As at 04 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53391.83	▼ -538.31	-1.00	-1.00	-1.41	2.69	1.24
JSE Top 40 (ZAR)	47183.39	▼ -514.39	-1.08	-1.08	-1.61	2.63	0.98
FTSE 100 (GBP)	7034.13	▲ 13.91	0.20	0.20	0.94	3.58	4.55
DAX 30 (EUR)	11176.58	▼ -4.08	-0.04	-0.04	0.03	5.82	5.85
CAC 40 (EUR)	5000.19	▼ -19.07	-0.38	-0.38	0.15	5.54	5.70
S&P 500 (USD)	2724.87	▲ 18.34	0.68	0.68	0.77	7.87	8.70
Nasdaq Composite (USD)	7347.54	▲ 83.67	1.15	1.15	0.90	9.74	10.73
DJIA (USD)	25239.37	▲ 175.48	0.70	0.70	0.96	7.17	8.20
MSCI Emerging Markets (USD)	1048.05	▼ -2.15	-0.21	-0.21	-0.18	8.70	8.50
MSCI Developed World (USD)	2037.76	▲ 8.21	0.40	0.40	0.46	7.67	8.17

South Africa Market ▼

South African markets closed lower

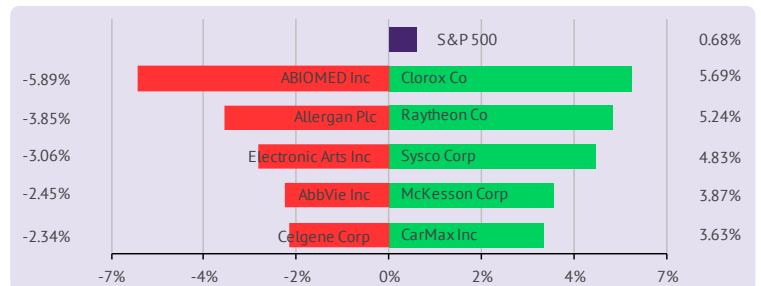
South African markets closed in the red yesterday, weighed down by losses in gold mining, retail and banking sector stocks. The JSE All Share Index fell 1.0% to close at 53,391.83.



US Market ▲

The S&P 500 futures are trading in the red

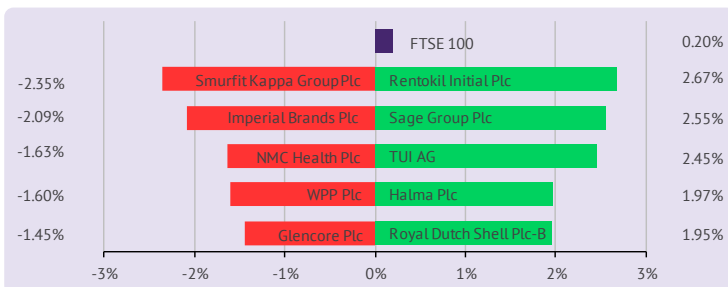
US markets closed higher yesterday, supported by gains in technology sector stocks and ahead of corporate earnings reports. Data showed that the US durable goods orders rose less-than-expected in November. The S&P 500 Index climbed 0.7% to close at 2,724.87.



UK Market ▲

The FTSE 100 futures are trading in positive territory

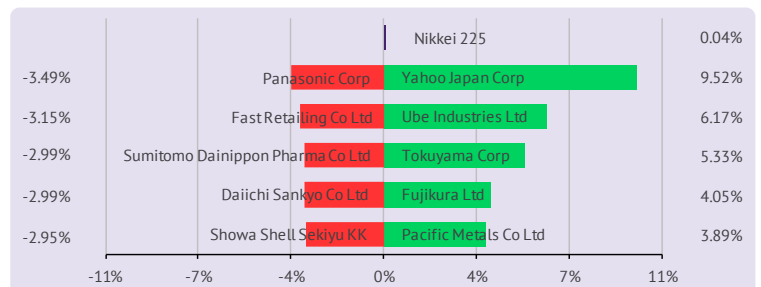
UK markets finished higher yesterday, boosted by gains in consumer staples and energy sector stocks. Data revealed that UK's construction PMI fell more-than-anticipated in January. The FTSE 100 Index advanced 0.2% to close at 7,034.13.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data indicated that Japan's Nikkei services PMI advanced in January. The Nikkei 225 Index is trading marginally higher at 20,892.28.



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 R13.3924. Later today, traders will keep a close watch on the US Markit services PMI for further cues.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US factory orders registered an unexpected decline in November. Further, durable goods orders advanced less than market anticipations in the same month.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R17.4625. Ahead in the day, traders will keep an eye on the UK's Markit services PMI for further direction. Data indicated that UK's BRC like-for-like sales recorded an unexpected rise on a yearly basis in January.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's construction PMI declined more than market expectations in January, marking its lowest level in 10 months.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.2% against the South African Rand to trade at R15.3136. Going forward, market participants will keep a tab on the Markit services PMI across the Eurozone along with the Eurozone's retail sales for further indication.

The Euro strengthened against the South African Rand yesterday. On the macro front, the Eurozone's producer price index (PPI) advanced at a slower-than-expected pace on an annual basis in December. Further, the Sentix investor confidence index unexpectedly dropped in February, hitting its lowest level since November 2014.

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 R9.7132. Earlier in the session, Australia's CBA services PMI recorded a drop in January. Additionally, the AiG performance of service index registered a decline in January. Further, retail sales unexpectedly dropped on a monthly basis in December. Meanwhile, the nation's ANZ Roy Morgan weekly consumer confidence index climbed in the week ended 3 February 2019. Moreover, trade surplus widened more than market expectations in December.

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	13.3924	▼	0.72	0.72	1.26	-7.61	-6.45
GBPZAR	17.4625	▼	0.39	0.39	0.68	-5.16	-4.51
EURZAR	15.3136	▼	0.55	0.55	1.19	-7.83	-6.73
AUDZAR	9.7132	▲	0.44	0.44	0.64	-4.79	-4.18
EURUSD	1.1434	▼	-0.16	-0.16	-0.09	-0.17	-0.25
GBPUSD	1.3038	▲	-0.32	-0.32	-0.55	2.78	2.22
Brent (\$/barrel)	62.8	▲	-0.38	-0.38	2.74	13.09	16.19
Gold (\$/oz)	1318.5	▲	-0.20	-0.20	-0.41	3.00	2.58
Platinum (\$/oz)	824.7	▲	-0.47	-0.47	-0.23	3.62	3.38
Copper (\$/MT)*	6150.5	▲	0.57	0.57	-0.01	3.40	3.39

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.3% to trade at \$1,318.50/oz.

Yesterday, gold prices fell 0.2% to close at \$1,314.30/oz, as strength in the US Dollar dented demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$62.78/bl, buoyed by expectations of tightening global supply and production cuts led by OPEC.

Yesterday, Brent crude oil dropped 0.4% to settle at \$62.51/bl, amid renewed concerns over a slowdown in global economy and energy demand.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$824.70/oz.

Yesterday, platinum prices declined 0.5% to close at \$822.80/oz.

Major South African corporate news

AngloGold Ashanti Limited

In its FY18 trading statement, the company indicated that it expects HEPS to be between 50.00c and 54.00c compared to a HEPS of 6.00c recorded in the corresponding period of the previous year. Moreover, the company expects EPS to be in the range of 29.00c to 33.00c compared to an EPS of 46.00c posted in the same period of the prior year.

MTN Group Limited

In its FY18 trading statement, the company announced that it expects HEPS and EPS to be 36.40c and 49.20c, respectively, representing a rise of 20.0% compared to the same period of the previous year.

Impala Platinum Holdings Limited

In its 2H18 trading statement, the company reported that it expects HEPS and EPS to be at least 292.00c. The company's refined platinum production for the period is expected to increase by 10.0% to 800.00koz, primarily due to a stock release of circa 44.00koz platinum and improved performance from Impala Rustenburg. Platinum sales volumes are expected to increase by 19.0% to 773.00koz compared to the same period of the previous year.

Major global economic news

Asia

The Reserve Bank of Australia, in its latest monetary policy meeting, kept its benchmark interest rate unchanged at 1.50%.

In Australia, the CBA services PMI fell to 51.0 in January, compared to a level of 52.7 in the previous month.

In Australia, the AiG performance of services index recorded a drop to 44.30 in January. The index had recorded a reading of 52.10 in the prior month.

In Australia, the ANZ Roy Morgan weekly consumer confidence index advanced to 118.1 in the week ended 3 February 2019, compared to a level of 116.5 in the prior week.

In Australia, seasonally adjusted trade surplus widened more-than-expected to AUD3681.00mn in December, compared to a revised surplus of AUD2256.00mn in the prior month.

In Australia, seasonally adjusted retail sales unexpectedly eased 0.4% on a monthly basis in December. Retail sales had recorded a revised rise of 0.5% in the previous month.

In Japan, the Nikkei services PMI rose to 51.60 in January. The Nikkei Japan services PMI had registered a level of 51.00 in the prior month.

UK

In the UK, the Markit construction PMI recorded a more-than-anticipated drop to 50.60 in January. The Markit construction PMI had registered a reading of 52.80 in the previous month.

In the UK, the BRC retail sales across all sectors unexpectedly rose 1.8% on a yearly basis in January. Retail sales across all sectors had recorded a drop of 0.7% in the previous month.

US

In the US, factory orders unexpectedly fell 0.6% on a monthly basis in November, compared to a drop of 2.1% in the prior month.

In the US, final durable goods orders registered a less-than-anticipated rise of 0.7% on a monthly basis in November. In the previous month, durable goods orders had fallen 4.3%. The preliminary figures had indicated an advance of 0.8%.

Eurozone

In the Eurozone, the PPI climbed 3.0% on a yearly basis in December, less than market expectations. The PPI had registered a rise of 4.0% in the prior month.

In the Eurozone, the Sentix investor confidence index unexpectedly fell to a level of -3.70 in February, compared to a level of -1.50 in the previous month.

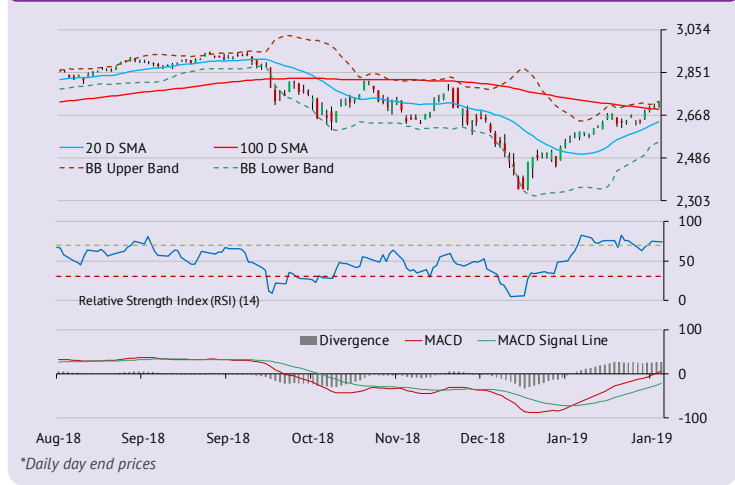
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 53,020.92, and a fall through could take it to the next support level of 52,650.00. The index is expected to find its first resistance at 54,133.66, and a rise through could take it to the next resistance level of 54,875.48.

S&P 500



The S&P 500 index is expected to find support at 2,662.28, and a fall through could take it to the next support level of 2,599.70. The index is expected to find its first resistance at 2,756.22, and a rise through could take it to the next resistance level of 2,787.58.

USD ZAR



The pair is expected to find support at 13.1971, and a fall through could take it to the next support level of 12.9731. The pair is expected to find its first resistance at 13.6843, and a rise through could take it to the next resistance level of 13.9475.

XAU USD



Gold is expected to find support at \$1,302.20/oz, and a fall through could take it to the next support level of \$1,290.10/oz. The precious metal is expected to find its first resistance at \$1,325.90/oz, and a rise through could take it to the next resistance level of \$1,337.50/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	02:01	BRC Sales Like-For-Like (YoY) (Jan)	✓✓✓	1.80%*	-0.70%	Monthly
Japan	02:30	Nikkei Japan Services PMI (Jan)	✓✓	51.60*	51.00	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Jan)	✓✓✓	50.90*	52.00	Monthly
US	02:30	Fed's Mester Discusses Economic Outlook and Monetary Policy	✓	-	-	As scheduled
Italy	10:45	Markit Services PMI (Jan)	✓✓✓	50.00	50.50	Monthly
France	10:50	Markit Services PMI (Jan) (F)	✓✓✓	47.50	47.50**	Monthly
Germany	10:55	Markit Services PMI (Jan) (F)	✓✓✓	53.10	53.10**	Monthly
Eurozone	11:00	Markit Services PMI (Jan) (F)	✓✓✓	50.80	50.80**	Monthly
UK	11:00	New Car Registrations (YoY) (Jan)	✓	-	-5.50%	Monthly
Eurozone	11:00	Markit Composite PMI (Jan) (F)	✓✓✓	50.70	50.70**	Monthly
UK	11:30	Official Reserves (Changes) (Jan)	✓✓	-	USD1387.00mn	Monthly
UK	11:30	Markit Services PMI (Jan)	✓✓✓	51.00	51.20	Monthly
Eurozone	12:00	Retail Sales (YoY) (Dec)	✓✓✓	0.50%	1.10%	Monthly
Eurozone	12:00	Retail Sales (MoM) (Dec)	✓✓✓	-1.60%	0.60%	Monthly
US	16:45	Markit Composite PMI (Jan) (F)	✓✓✓	-	54.50**	Monthly
US	16:45	Markit Services PMI (Jan) (F)	✓✓✓	54.20	54.20**	Monthly
US	17:00	ISM Non-Manufacturing PMI (Jan)	✓✓✓	57.00	57.60	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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