

ONE Minute Brief

8 March 2019

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Economic and political news

In South Africa (SA), gross gold & forex reserves slightly increased to USD50.84bn in February, compared to a level of USD50.83bn in the previous month. Net gold & forex reserves unexpectedly rose to USD43.66bn in February, compared to a reading of USD43.59bn in the January. Current account deficit narrowed to 2.2% of GDP in 4Q18, compared to a revised deficit of 3.7% in the prior quarter. Annual electricity consumption advanced 0.1% in January, compared to a revised similar rise in the prior month. Electricity production fell 2.1% on an annual basis in January, compared to a revised fall of 1.6% in December.

The National Energy Regulator of SA (Nersa) has granted Eskom electricity tariff increases of 9.41% for the 2019/20 financial year, 8.10% for 2020/21 and 5.22% for 2021/22. Further, Nersa allowed Eskom to recover ZAR3.869bn from its customers for electricity supplied in the 2017/18 financial year.

President, Cyril Ramaphosa, stated that the African National Congress has taken a decision to nationalise the central bank and it will be implemented.

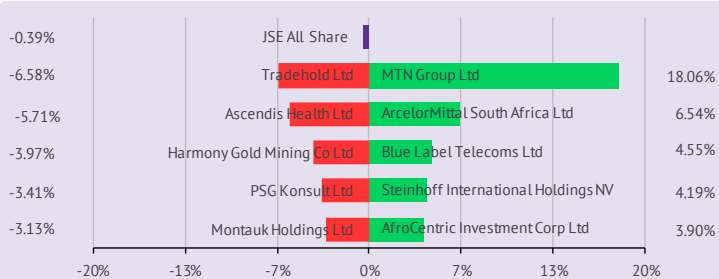
Johannesburg Mayor, Herman Mashaba, criticised Nersa's decision to increase electricity prices.

South Africa Market

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking, gold mining and financial sector stocks. Data indicated that SA's current account deficit narrowed in 4Q18. The JSE All Share Index fell 0.4% to close at 55,857.89.

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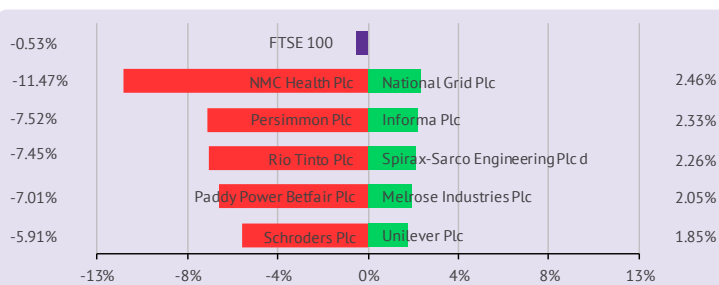


UK Market

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid dismal earnings report and led by losses in financial sector stocks. Data revealed that UK's monthly Halifax house prices rebounded in February. The FTSE 100 Index declined 0.5% to close at 7,157.55.

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Key indices

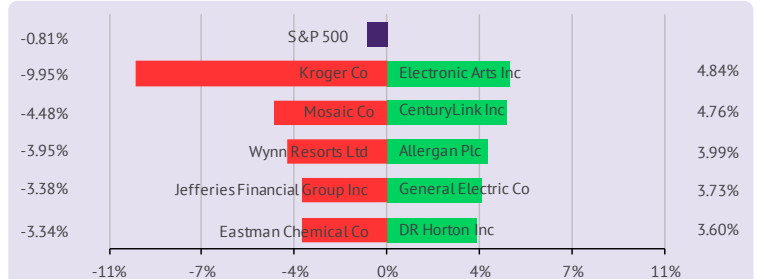
| | As at 07 March 2019 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|---------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR) | 55857.89 | ▼ -215.97 | -0.39 | -0.61 | -0.26 | 3.41 | 5.92 |
| JSE Top 40 (ZAR) | 49665.55 | ▼ -209.49 | -0.42 | -0.35 | 0.00 | 3.57 | 6.29 |
| FTSE 100 (GBP) | 7157.55 | ▼ -38.45 | -0.53 | 0.72 | 1.17 | 1.52 | 6.38 |
| DAX 30 (EUR) | 11517.80 | ▼ -69.83 | -0.60 | -0.72 | 0.02 | 3.07 | 9.08 |
| CAC 40 (EUR) | 5267.92 | ▼ -20.89 | -0.39 | 0.05 | 0.52 | 4.96 | 11.36 |
| S&P 500 (USD) | 2748.93 | ▼ -22.52 | -0.81 | -1.95 | -1.28 | 2.97 | 9.66 |
| Nasdaq Composite (USD) | 7421.46 | ▼ -84.46 | -1.13 | -2.29 | -1.47 | 3.44 | 11.85 |
| DJIA (USD) | 25473.23 | ▼ -200.23 | -0.78 | -2.13 | -1.71 | 3.67 | 9.20 |
| MSCI Emerging Markets (USD) | 1043.56 | ▼ -12.12 | -1.15 | -0.76 | -0.70 | 0.10 | 8.04 |
| MSCI Developed World (USD) | 2061.41 | ▼ -17.28 | -0.83 | -1.67 | -1.17 | 2.83 | 9.42 |

US Market

The S&P 500 futures are trading in the red

US markets closed lower yesterday, amid rising worries over global economic growth and led by losses in financial and consumer discretionary sector stocks. Data showed that the US consumer credit rose more-than-expected in January. The S&P 500 Index dropped 0.8% to close at 2,748.93.

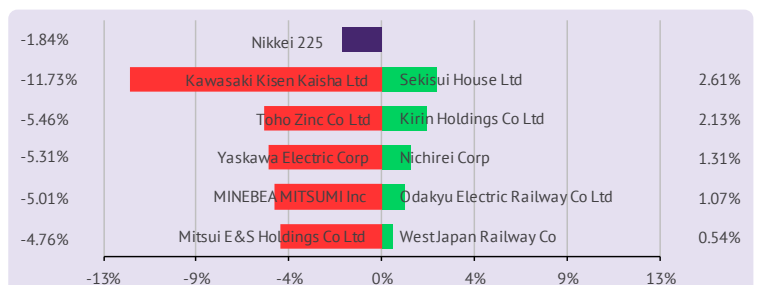
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Asian Market

Trading lower

Asian markets are trading lower this morning. Data revealed that Japan's quarterly gross domestic product (GDP) advanced more-than-anticipated in 4Q18. The Nikkei 225 Index is trading 1.8% lower at 21,060.46.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R14.5176. Later today, traders will keep a close watch on the US unemployment rate, non-farm payrolls, housing starts, building permits and average hourly earnings for further direction.

The US Dollar rose against the South African Rand yesterday. On the data front, the US initial jobless claims dropped more than market expectations in the week ended 2 March 2019. Additionally, consumer credit registered a more-than-expected rise in January. Separately, in SA, gross gold & forex reserves climbed in February. Additionally, net gold & forex reserves surprised with an advance in the same month. Moreover, current account deficit narrowed in 4Q18. Further, electricity consumption jumped on a yearly basis in January. Meanwhile, the nation's annual electricity production declined in the same month.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R19.0088. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's Halifax house prices registered a more-than-anticipated advance on a monthly basis in February.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R16.2545. Going forward, market participants will keep a tab on Germany's factory orders for further indication.

The Euro strengthened against the South African Rand yesterday. Data indicated that the Eurozone's GDP climbed in line with market forecast on a quarterly basis in the fourth quarter of 2018.

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 R10.1797. Elsewhere, in China, Australia's largest trading partner, trade surplus narrowed more than anticipated 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 | 14.5176 | ▲ | 1.65 | 1.93 | 2.97 | 6.27 | 1.09 |
| GBPZAR | 19.0088 | ▲ | 1.02 | 1.01 | 1.62 | 7.50 | 3.60 |
| EURZAR | 16.2545 | ▲ | 0.63 | 0.38 | 1.36 | 5.58 | -1.36 |
| AUDZAR | 10.1797 | ▲ | 1.41 | 1.03 | 1.83 | 3.66 | 0.51 |
| EURUSD | 1.1196 | ▲ | -1.01 | -1.51 | -1.57 | -0.67 | -2.39 |
| GBPUSD | 1.3094 | ▲ | -0.65 | -0.89 | -1.34 | 1.17 | 2.60 |
| Brent (\$/barrel) | 65.8 | ▼ | 0.47 | 1.89 | -0.02 | 8.99 | 23.23 |
| Gold (\$/oz) | 1287.6 | ▲ | -0.12 | -1.01 | -2.28 | -0.27 | 0.37 |
| Platinum (\$/oz) | 815.6 | ▼ | -1.33 | -5.40 | -6.64 | 6.12 | 2.66 |
| Copper (\$/MT)* | 6460.0 | ▼ | -0.61 | -1.00 | -1.46 | 6.57 | 8.59 |

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.1% to trade at \$1,287.60/oz.

Yesterday, gold prices fell 0.1% to close at \$1,286.10/oz, as strength in the US Dollar dented demand for the safe haven asset.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.7% to trade at \$65.84/bl, as fears of global economic slowdown, fuelled concerns over crude oil demand.

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Yesterday, Brent crude oil advanced 0.5% to settle at \$66.30/bl, after the Organization of the Petroleum Exporting Countries reduced crude output by 60,000bbls a day to 30.80mn bls a day in February, marking its lowest output level since March 2015.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$815.60/oz.

Yesterday, platinum prices declined 1.3% to close at \$817.10/oz.

Major South African corporate news

MTN Group Limited

In its FY18 results, the company announced that revenues advanced to ZAR134.56bn, from ZAR132.87bn posted in the same period of the preceding year. Its diluted EPS stood at 478.00c, up from 241.00c recorded in the corresponding period of the previous year. The company has declared a final dividend of 325.00c per share.

Standard Bank Group Limited

In its FY18 results, the company indicated that its total income marginally fell to ZAR127.05bn, compared to ZAR127.09bn posted in the corresponding period of the previous year. However, its diluted EPS increased to 1,705.30c, compared to 1,617.50c recorded in the same period of the prior year. The company has declared a total dividend of 970.00c per share.

Sanlam Limited

In its FY18 results, the company announced that its net income stood at ZAR77.72bn, compared to ZAR113.98bn posted in the corresponding period of the previous year. Its diluted EPS rose to 559.70c, compared to 538.80c recorded in the same period of the prior year. The company has declared a total dividend of 312.00c per share.

Major global economic news

Eurozone

The European Central Bank (ECB) left its benchmark interest rate unchanged at 0.0%, as widely expected and stated that it would not raise interest rates before 2020. Further, the central bank announced a new round of long-term loans for Eurozone banks to boost lending in the economy. However, the ECB sharply cut its growth forecasts for the euro area to 1.1% from 1.7% for 2019. The outlook for next year was cut to 1.6% from 1.7%.

In the Eurozone, seasonally adjusted second estimate of GDP rose 0.2% on a quarterly basis in 4Q18, in line with market expectations. The GDP had registered a similar rise in the prior quarter. The preliminary figures had also indicated a rise of 0.2%.

Asia

In Japan, final GDP registered a more-than-anticipated rise of 0.5% on a quarterly basis in 4Q18, compared to a drop of 0.6% in the prior quarter. The preliminary figures had indicated an advance of 0.3%.

In Japan, non-seasonally adjusted current account surplus unexpectedly widened to JPY600.40bn in January, compared to a surplus of JPY452.80bn in the previous month.

Japan posted a trade deficit (BOP basis) of JPY964.80bn in January, compared to a surplus of JPY216.20bn in the previous month.

US

In the US, seasonally adjusted initial jobless claims fell more-than-expected to 223.00K in the week ended 02 March 2019, compared to a revised level of 226.00K in the prior week.

In the US, consumer credit advanced by USD17.05bn in January, more than market expectations. In the previous month, consumer credit had advanced by a revised USD15.36bn.

UK

In the UK, the Halifax house price index rose 5.9% on a monthly basis in February, more than market expectations. In the prior month, the index had recorded a revised drop of 3.0%.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous/ **Previous est. | Frequency |
|----------|-------|---|-----------|-----------------------|------------------------------|--------------|
| Japan | 1:30 | Household Spending (YoY) (Jan) | ✓✓ | 2.00%* | 0.10% | Monthly |
| Japan | 1:50 | Adjusted Current Account Total (Jan) | ✓ | JPY1833.00bn* | JPY1633.40bn | Monthly |
| Japan | 1:50 | Current Account n.s.a. (Jan) | ✓ | JPY600.40bn* | JPY452.80bn | Monthly |
| Japan | 1:50 | Gross Domestic Product (QoQ) (Q4) (F) | ✓✓ | 0.50%* | 0.30%** | Quarterly |
| Japan | 1:50 | Gross Domestic Product Annualised (Q4) (F) | ✓✓✓ | 1.90%* | 1.40%** | Quarterly |
| Japan | 1:50 | Nominal Gross Domestic Product (QoQ) (Q4) (F) | ✓✓ | 0.40%* | 0.30%** | Quarterly |
| Japan | 1:50 | Trade Balance - BOP Basis (Jan) | ✓✓✓ | -JPY964.80bn* | JPY216.20bn | Monthly |
| China | 5:16 | Trade Balance (Feb) | ✓✓ | USD4.12bn* | USD39.16bn | Monthly |
| Germany | 9:00 | Factory Orders n.s.a. (YoY) (Jan) | ✓✓✓ | -3.20% | -7.00% | Monthly |
| Germany | 9:00 | Factory Orders s.a. (MoM) (Jan) | ✓✓ | 0.50% | -1.60% | Monthly |
| Eurozone | 10:00 | ECB's Nowotny Speaks at Conference in Prague | ✓ | - | - | As scheduled |
| US | 15:30 | Change in Household Employment (Feb) | ✓ | - | 0.00K | Monthly |
| US | 15:30 | Average Hourly Earnings All Employees (MoM) (Feb) | ✓✓ | 0.30% | 0.10% | Monthly |
| US | 15:30 | Average Weekly Hours All Employees (Feb) | ✓ | 34.50 | 34.50 | Monthly |
| US | 15:30 | Underemployment Rate (Feb) | ✓✓ | - | 8.10% | Monthly |
| US | 15:30 | Average Hourly Earnings All Employees (YoY) (Feb) | ✓✓ | 3.30% | 3.20% | Monthly |
| US | 15:30 | Unemployment Rate (Feb) | ✓✓✓ | 3.90% | 4.00% | Monthly |
| US | 15:30 | Change in Non-farm Payrolls (Feb) | ✓✓✓ | 180.00K | 304.00K | Monthly |
| US | 15:30 | Building Permits (Jan) | ✓✓✓ | 1287.00K | 1326.00K | Monthly |
| US | 15:30 | Building Permits (MoM) (Jan) | ✓✓✓ | -2.90% | 0.30% | Monthly |
| US | 15:30 | Change in Manufacturing Payrolls (Feb) | ✓ | 12.00K | 13.00K | Monthly |
| US | 15:30 | Change in Private Payrolls (Feb) | ✓✓ | 170.00K | 296.00K | Monthly |
| US | 15:30 | Housing Starts (Jan) | ✓✓✓ | 1195.00K | 1078.00K | Monthly |
| US | 15:30 | Housing Starts (MoM) (Jan) | ✓✓✓ | 10.90% | -11.20% | Monthly |
| US | 17:00 | Wholesale Inventories (MoM) (Jan) (F) | ✓✓✓ | - | 0.80%** | Monthly |
| Eurozone | 18:30 | ECB's Mersch speech | ✓✓ | - | - | As scheduled |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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