

ONE Minute Brief

14 March 2019

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Economic and political news

In South Africa (SA), the BER business confidence index unexpectedly dropped to a level of 28.00 in 1Q19, compared to a level of 31.00 in the previous quarter.

The South African Reserve Bank Deputy Governor, Kuben Naidoo, cautioned that SA's rising debt trajectory will make it difficult to buffer a significant global economic downturn and it would take at least a decade to bring the debt-to-GDP ratio down to the 30.0% to 40.0% range. Additionally, he warned that the recent electricity tariff hikes could increase the inflation rate up by 0.75%.

The National Union of Mineworkers (NUM) has threatened a week-long shutdown at Eskom in order to oppose the government's plans to split Eskom into generation, transmission and distribution units.

The Ad Hoc Committee confirmed that proposed legislative changes to the section 25 of the Constitution regarding expropriation of land without compensation would be finalised after the May national elections.

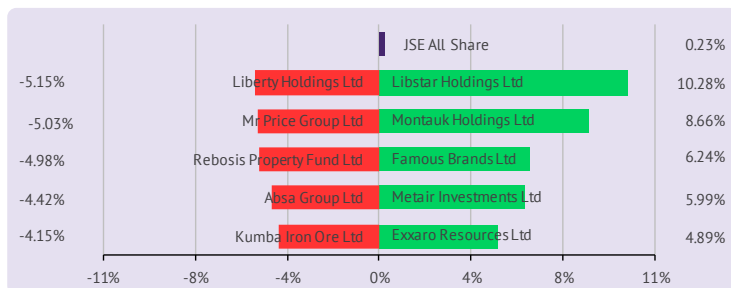
The National Assembly has approved the Division of Revenue Bill with 211 votes to six.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by gains in mining sector stocks. Data showed that SA's BER business confidence index unexpectedly fell in 1Q19. The JSE All Share Index rose 0.2% to close at 55,829.10.

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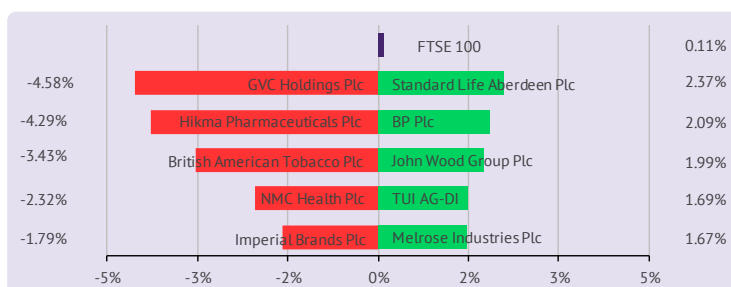


UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, boosted by gains in energy stocks and ahead of second parliamentary vote on Brexit. The FTSE 100 Index advanced 0.1% to close at 7,159.19.

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Key indices

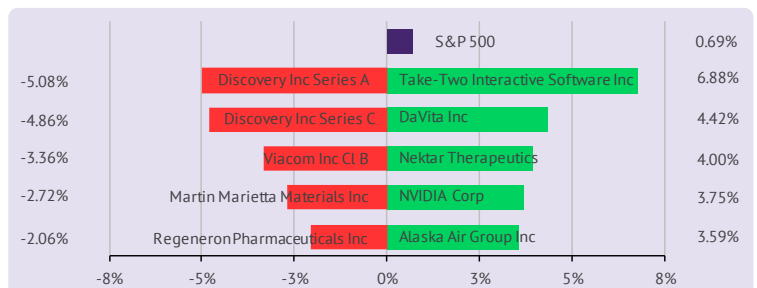
	As at 13 March 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55829.10	▲	129.30	0.23	0.61	-0.31	3.41	5.86
JSE Top 40 (ZAR)	49584.85	▲	116.42	0.24	0.71	-0.17	3.57	6.12
FTSE 100 (GBP)	7159.19	▲	8.04	0.11	0.77	1.19	1.52	6.41
DAX 30 (EUR)	11572.41	▲	48.24	0.42	1.00	0.49	3.07	9.60
CAC 40 (EUR)	5306.38	▲	36.13	0.69	1.44	1.26	4.96	12.17
S&P 500 (USD)	2810.92	▲	19.40	0.69	2.47	0.95	2.97	12.13
Nasdaq Composite (USD)	7643.41	▲	52.37	0.69	3.18	1.47	3.44	15.19
DJIA (USD)	25702.89	▲	148.23	0.58	0.99	-0.82	3.67	10.18
MSCI Emerging Markets (USD)	1050.46	▼	-1.06	-0.10	1.97	-0.05	0.10	8.75
MSCI Developed World (USD)	2095.67	▲	12.28	0.59	2.17	0.47	2.83	11.24

US Market ▲

The S&P 500 futures are trading in the red

US markets closed higher yesterday, amid gains in health care sector stocks. Data revealed that the US annual producer price index (PPI) advanced as expected in February. The S&P 500 Index climbed 0.7% to close at 2,810.92.

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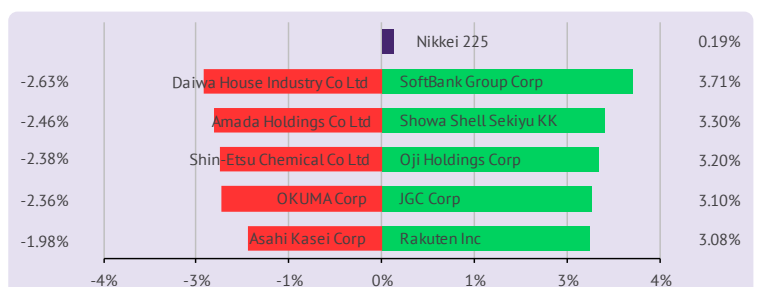


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, amid stimulus hopes, following weaker than expected Chinese industrial output data. The Nikkei 225 Index is trading 0.2% higher at 21,331.26.

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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 R14.4385. Later today, traders will keep a close watch on the US initial jobless claims and new home sales data for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US PPI advanced in line with market expectations on an annual basis in February. Additionally, the MBA mortgage applications rebounded in the week ended 8 March 2019. Moreover, durable goods orders surprised with a rise in January. Further, construction spending climbed more than market forecast on a monthly basis in January, notching its highest level in 9 months. Separately, in SA, the BER business confidence index unexpectedly declined to a 2-year low level in the first quarter of 2019.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.5% against the South African Rand to trade at R19.1353. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that the UK's RICS house price balance registered a more-than-expected drop in February, marking its lowest level since May 2011.

The British Pound advanced against the South African Rand yesterday, after the UK lawmakers voted to reject a no-deal Brexit.

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EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R16.3474. Going forward, market participants will keep a tab on Germany's consumer price index for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, the Eurozone's industrial production climbed more than market expectations on a monthly basis in January.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% lower against the South African Rand at R10.2026. Earlier in the session, Australia's consumer inflation expectations recorded a rise in March. Meanwhile, in China, Australia's largest trading partner, industrial production (YTD) advanced at its slowest pace since early 2002 on a yearly basis in February. Meanwhile, the nation's annual retail sales (YTD) jumped at par with market forecast in the same month.

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	14.4385	▲	0.49	-0.11	2.40	6.27	0.53
GBPZAR	19.1353	▼	2.53	2.36	2.98	7.50	4.99
EURZAR	16.3474	▲	0.85	0.73	2.01	5.58	-0.72
AUDZAR	10.2026	▼	0.67	0.56	2.40	3.66	1.07
EURUSD	1.1322	▼	0.35	0.82	-0.39	-0.67	-1.22
GBPUSD	1.3252	▼	2.01	2.48	0.57	1.17	4.58
Brent (\$/barrel)	67.8	▲	1.32	2.75	1.87	8.99	25.56
Gold (\$/oz)	1304.3	▼	0.86	0.77	-0.52	-0.27	2.19
Platinum (\$/oz)	836.8	▼	1.18	2.95	-3.83	6.12	5.75
Copper (\$/MT)*	6501.5	▲	0.05	1.22	-0.82	6.57	9.29

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.4% lower to trade at \$1,304.30/oz.

Yesterday, gold prices rose 0.9% to close at \$1,309.30/oz, amid speculation that the US Federal Reserve would remain patient on rate hike and amid ongoing Brexit uncertainty.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$67.83/bl, amid ongoing supply cuts led by the Organization of the Petroleum Exporting Countries and the US sanctions against Venezuela and Iran.

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Yesterday, Brent crude oil advanced 1.3% to settle at \$67.55/bl, after the US Energy Information Administration reported that crude oil inventories unexpectedly fell by 3.9mn bls in the week ended 8 March 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.6% to trade at \$836.80/oz.

Yesterday, platinum prices climbed 1.2% to close at \$841.70/oz.

Major South African corporate news

Grand Parade Investments Limited

In its 1H19 trading statement, the company stated that it expects HEPS to be between 3.43c and 4.07c, which is 7.2% to 27.2% higher compared to the same period of the preceding year. Further, the company expects loss per share to be in the range of 7.94c to 8.52c, compared to the corresponding period of the previous year.

Growthpoint Properties Limited

In its 1H19 results, the company announced that revenues advanced to ZAR5.63bn, compared to ZAR5.49bn posted in the corresponding period of the preceding year. Its diluted EPS stood at 118.91c, down from 198.80c recorded in previous year. The company has declared an interim dividend of 105.80c per share.

Mpact Limited

In its FY18 results, the company announced that revenues from contracts with customers rose to ZAR10.61bn, compared to ZAR10.12bn posted in the previous year. Its diluted EPS increased to 184.90c from 162.00c recorded in the prior year. The company has declared a total gross dividend of 70.00c per share.

Sun International Limited

In its FY18 trading statement, the company indicated that loss per share is expected to be between 5.00c and 7.00c compared to loss of 248.00c per share in the same period prior year. Further, the firm expects HEPS to be between 190.00c and 225.00c compared to a loss of 180.00c in the prior year. Separately, the company indicated that the group's South African comparable operations achieved a growth in gaming revenue and a satisfactory EBITDA performance given the 1.0% VAT increase in April 2018.

The Spar Group Limited

The company announced that Investec Limited has acquired a beneficial interest in SPAR securities. Following the acquisition, Investec now holds 5.07% of the total issued ordinary share capital of the company.

Major global economic news

US

In the US, the PPI recorded a rise of 1.9% on an annual basis in February, at par with market expectations. In the previous month, the PPI had registered a rise of 2.0%.

In the US, the MBA mortgage applications rebounded 2.3% on a weekly basis in the week ended 8 March 2019. In the previous week, the MBA mortgage applications had registered a drop of 2.5%.

In the US, flash durable goods orders unexpectedly rose 0.4% on a monthly basis in January. In the prior month, durable goods orders recorded a revised gain of 1.3%.

In the US, construction spending registered a more-than-expected rise of 1.3% on a monthly basis in January, compared to a revised drop of 0.8% in the prior month.

Asia

In Australia, consumer inflation expectations advanced to 4.1% in March, compared to 3.7% in the previous month.

In China, industrial production (YTD) rose 5.3% on a yearly basis in February, less-than-expected and compared to an advance of 6.2% in the prior month.

In China, retail sales (YTD) registered a rise of 8.2% on a yearly basis in February, meeting market forecast and compared to an advance of 9.00% in the previous month.

Eurozone

In the Eurozone, seasonally adjusted industrial production rose 1.4% on a monthly basis in January, more-than-expected and compared to a fall of 0.9% in the prior month.

UK

In the UK, the RICS house price balance fell more-than-anticipated to a level of -28.00 in February, compared to a reading of -22.00 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Foreign Buying Japan Bonds (08-Mar)	✓	JPY459.10bn*	JPY1025.80bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (08-Mar)	✓	-JPY1158.60bn*	-JPY340.50bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (08-Mar)	✓	JPY245.70bn*	JPY456.10bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (08-Mar)	✓	JPY623.80bn*	-JPY1.60bn	Weekly
UK	02:01	RICS Housing Price Balance (Feb)	✓✓✓	-28.00*	-22.00	Monthly
China	04:00	Industrial Production YTD (YoY) (Feb)	✓✓	5.30%*	6.20%	Monthly
China	04:00	Retail Sales YTD (YoY) (Feb)	✓	8.20%*	9.00%	Monthly
China	04:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Feb)	✓	6.10%*	5.90%	Monthly
Switzerland	08:45	SECO March 2019 Economic Forecasts	✓	-	-	As scheduled
Germany	09:00	Consumer Price Index (MoM) (Feb) (F)	✓✓✓	0.50%	0.50%**	Monthly
Germany	09:00	Consumer Price Index (YoY) (Feb) (F)	✓✓✓	1.60%	1.60%**	Monthly
France	09:45	Consumer Price Index (MoM) (Feb) (F)	✓✓✓	-	0.00%**	Monthly
France	09:45	Consumer Price Index (Feb)	✓	-	103.70	Monthly
South Africa	11:30	Gold Production (YoY) (Jan)	✓	-	-31.00%	Monthly
South Africa	11:30	Mining Production (YoY) (Jan)	✓✓	-3.80%	-4.80%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Jan)	✓✓	1.20%	0.10%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Jan)	✓✓	-0.50%	0.70%	Monthly
US	14:30	Advance Retail Sales (MoM) (Feb)	✓✓✓	-	0.20%	Monthly
US	14:30	Initial Jobless Claims (09-Mar)	✓✓✓	225.00K	223.00K	Weekly
US	16:00	Business Inventories (Jan)	✓	-	0.60%	Monthly
US	16:00	New Home Sales (Jan)	✓✓✓	622.00K	621.00K	Monthly
US	16:00	New Home Sales (MoM) (Jan)	✓✓✓	0.20%	3.70%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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