

ONE Minute Brief

18 September 2019

GTC
consult • partner • manage

Economic and political news

Zambian Energy Minister, Mathew Nkhuwa, stated that the government is in discussions with Eskom to import 300 megawatts of electricity.

Sylvia Tladi, acting Chief Operations Officer of the South African Broadcasting Corporation (SABC), has dismissed reports that TV licence fees would be increased.

President, Cyril Ramaphosa, has argued that Public Protector, Busiwe Mkhwebane, had ulterior motives and has questioned her for investigating him for money laundering in relation to the CR17 presidential campaign.

Union federation, Cosatu, has submitted a formal response to the National Treasury's economic reform paper opposing a few policy recommendations that will increase conflict in the labour market. Further, Cosatu stated that it should be urgently presented to the National Economic Development and Labour Council (Nedlac) for discussion.

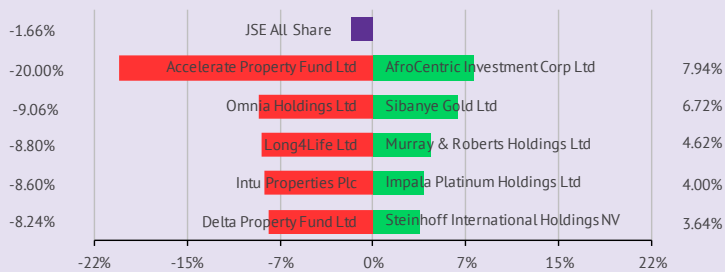
The Organisation Undoing Tax Abuse (Outa) has demanded clarity on why a ZAR7bn loan has been taken by the South African National Roads Agency Limited from the New Development Bank.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking sector stocks. The JSE All Share Index fell 1.7% to close at 56,895.23.

To Read More Click [Here](#)

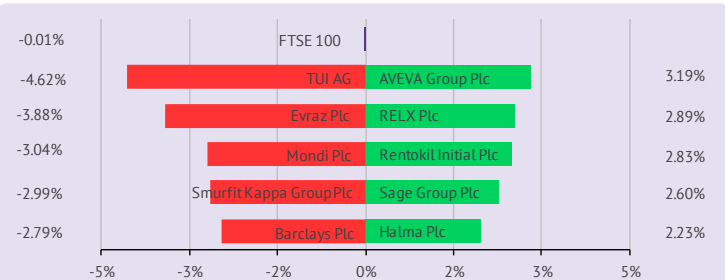


UK Market ▼

UK markets closed weaker

UK markets finished lower yesterday, on the back of lower oil prices and amid heightened geopolitical tensions and global slowdown. The FTSE 100 Index marginally declined to close at 7,320.40. Today, the FTSE 100 futures are trading in negative territory.

To Read More Click [Here](#)



Key indices

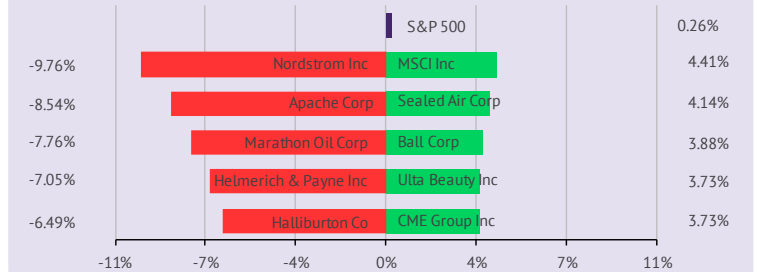
	As at 17 Sep 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56895.23	▼ -958.67	-1.66	-0.40	2.96	-2.69	7.89
JSE Top 40 (ZAR)	50873.91	▼ -927.62	-1.79	-0.53	3.15	-2.91	8.88
FTSE 100 (GBP)	7320.40	▼ -1.01	-0.01	-0.64	1.57	-5.00	8.80
DAX 30 (EUR)	12372.61	▼ -7.70	-0.06	-0.77	3.63	-2.05	17.18
CAC 40 (EUR)	5615.51	▲ 13.28	0.24	-0.71	2.46	-0.70	18.70
S&P 500 (USD)	3005.70	▲ 7.74	0.26	-0.06	2.71	-1.81	19.90
Nasdaq Composite (USD)	8186.02	▲ 32.47	0.40	0.11	2.80	-2.60	23.37
DJIA (USD)	27110.80	▲ 33.98	0.13	-0.40	2.68	-1.72	16.22
MSCI Emerging Markets (USD)	1018.93	▼ -8.16	-0.79	-0.75	3.51	-5.08	5.49
MSCI Developed World (USD)	2201.77	▲ 5.89	0.27	-0.18	2.96	-2.24	16.87

US Market ▲

US markets closed in the green

US markets closed higher yesterday, ahead of the US Federal Reserve's (Fed) interest rate decision. Data showed that the US monthly industrial production rose more-than-expected in August. The S&P 500 Index climbed 0.3% to close at 3,005.70. Today, the S&P 500 futures are trading weaker.

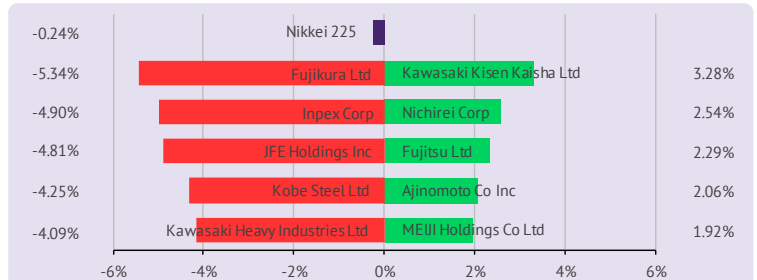
To Read More Click [Here](#)



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly firmer this morning. The Nikkei 225 Index is trading 0.2% lower at 21,949.57.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R14.7051. Later today, traders will keep a close watch on the US FOMC meeting minutes, building permits, housing starts and the MBA mortgage applications for further direction.

The US Dollar rose against the South African Rand yesterday. On the data front, the US industrial production surpassed market expectations on a monthly basis in August, recording its biggest increase in one year. Additionally, manufacturing production advanced on a monthly basis in August. Moreover, the NAHB housing market index unexpectedly jumped in September, marking its highest level since last October. Separately, the South African Rand declined against the dollar yesterday, amid mounting political tensions in the Middle East.

To Read More Click [Here](#)

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R18.3587. Ahead in the day, traders will keep an eye on UK's Consumer price index (CPI), the producer price index and the retail price index for further indication.

The British Pound advanced against the South African Rand yesterday, after the Supreme Court heard a case over whether British Prime Minister, Boris Johnson's decision to suspend Parliament, ahead of Brexit was legal.

To Read More Click [Here](#)

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.2712. Going forward, market participants will keep a tab on Eurozone's CPI and construction output for further cues.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's ZEW economic sentiment jumped more than market forecast in September. Separately, Germany's ZEW economic sentiment rose more than market anticipations in September. Meanwhile, the nation's ZEW current situation fell more than market expectations in the same month.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.3% against the South African Rand to trade at R10.0697. Earlier in the session, Australia's Westpac leading index declined on a monthly basis in August.

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	14.7051	▲	0.35	0.92	-3.18	5.94	2.55
GBPZAR	18.3587	▲	0.91	0.92	-0.41	5.87	0.38
EURZAR	16.2712	▲	1.04	0.93	-2.33	5.04	-0.99
AUDZAR	10.0697	▲	0.35	0.77	-1.23	4.16	-0.21
EURUSD	1.1065	▼	0.65	0.00	0.83	-0.85	-3.44
GBPUSD	1.2484	▼	0.56	-0.01	2.83	-0.02	-1.99
Brent (\$/barrel)	64.4	▼	-6.48	7.19	8.95	-8.92	19.98
Gold (\$/oz)	1510.7	▲	0.14	0.94	-1.06	6.79	17.61
Platinum (\$/oz)	943.3	▼	0.53	-0.84	1.34	6.01	18.63
Copper (\$/MT)*	5789.5	▼	-0.93	-2.69	2.36	-4.18	-2.68

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,510.70/oz.

Yesterday, gold prices rose 0.1% to close at \$1,506.90/oz, amid expectations of an interest rate cut by the Fed.

To Read More Click [Here](#)

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$64.43/bl, after the American Petroleum Institute reported that crude oil inventories increased by 592,000 bls in the week ended 13 September 2019.

To Read More Click [Here](#)

Yesterday, Brent crude oil dropped 6.5% to settle at \$64.55/bl, after Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, stated that Saudi Aramco has restored 50.0% of lost output and the country could return to normal by the end of the month.

To Read More Click [Here](#)

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.1% to trade at \$943.30/oz.

Yesterday, platinum prices advanced 0.5% to close at \$944.20/oz.

Major South African corporate news

Exxaro Resources Limited

The company announced that it has concluded an agreement with Khopoli Investments Limited, wholly owned by the Tata Power Company Limited, to acquire Khopoli's 50.0% shareholding in Cennergi (Pty) Ltd for a consideration of ZAR1.55bn, subject to normal working capital adjustments.

Major global economic news

Eurozone

In the Eurozone, the ZEW survey economic sentiment index rose to a level of -22.40 in September, more than market expectations. The index had registered a reading of -43.60 in the previous month.

In Germany, the ZEW survey economic sentiment index rose to -22.50 in September, more than market forecast. The index had recorded a reading of -44.10 in the prior month.

In September, the ZEW survey current situation index dropped to -19.90 in Germany, more than market anticipations. In the previous month, the index had registered a level of -13.50.

US

In the US, industrial production advanced 0.6% on a monthly basis in August, more than market forecast and compared to a revised fall of 0.1% in the previous month.

In August, manufacturing production rose 0.5% on a monthly basis in the US. In the previous month, manufacturing production had dropped 0.4%.

In the US, the NAHB housing market index unexpectedly climbed to a level of 68.00 in September, compared to a revised level of 67.00 in the prior month.

Asia

In Australia, the Westpac leading index dropped 0.28% on a monthly basis in August. In the prior month, the index had recorded a revised gain of 0.20%.

In Japan, merchandise trade deficit (total) narrowed to JPY136.30bn in August, following a revised deficit of JPY250.70bn in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Aug)	✓✓✓	-JPY130.80bn*	-JPY126.80bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Aug)	✓✓✓	-JPY136.30bn*	-JPY250.70bn	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Aug)	✓✓	0.20%	0.40%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Aug)	✓✓	4.20%	4.00%	Monthly
UK	10:30	Retail Price Index (Aug)	✓	-	289.50	Monthly
UK	10:30	Consumer Price Index (YoY) (Aug)	✓✓✓	1.90%	2.10%	Monthly
UK	10:30	Consumer Price Index (MoM) (Aug)	✓✓✓	0.50%	0.00%	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (YoY) (Aug)	✓	-0.50%	1.30%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (YoY) (Aug)	✓✓	1.70%	1.80%	Monthly
UK	10:30	Retail Price Index (MoM) (Aug)	✓✓✓	0.70%	0.00%	Monthly
UK	10:30	Retail Price Index (YoY) (Aug)	✓✓	2.60%	2.80%	Monthly
Eurozone	11:00	Construction Output s.a. (MoM) (Jul)	✓✓✓	0.70%	0.00%	Monthly
Eurozone	11:00	Construction Output w.d.a. (YoY) (Jul)	✓	1.00%	1.00%	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Aug)	✓✓✓	0.20%	-0.50%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	1.00%	1.00%**	Monthly
US	13:00	MBA Mortgage Applications (13-Sep)	✓	-	2.00%	Weekly
South Africa	13:00	Retail Sales (MoM) (Jul)	✓✓	-	0.30%	Monthly
South Africa	13:00	Retail Sales (YoY) (Jul)	✓✓	2.60%	2.40%	Monthly
US	14:30	Housing Starts (MoM) (Aug)	✓✓✓	5.00%	-4.00%	Monthly
US	14:30	Building Permits (MoM) (Aug)	✓✓✓	-0.90%	8.40%	Monthly
US	14:30	Building Permits (Aug)	✓✓✓	1300.00K	1336.00K	Monthly
US	14:30	Housing Starts (Aug)	✓✓✓	1250.00K	1191.00K	Monthly
US	20:00	Fed Interest Rate Decision	✓✓✓	2.00%	2.25%	As scheduled
US	20:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled
US	20:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
US	20:30	FOMC Press Conference	✓✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

formerly Grant Thornton Capital

a GTC @Grant Thornton, The Wanderers Office Part,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2118

t +27 (0) 10 597 6800
f +27 (0) 10 597 6801
w www.gtc.co.za

GTC (Pty) Ltd.
reg. no. 1996/001488/07
Directors: G.K. Mockler, F.Dildar

An Authorised Financial
Services Provider
FSP no. 731

GTC is nationally represented in Johannesburg, Cape Town and Durban.

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services