

ONE Minute Brief

24 October 2019

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Economic and political news

In South Africa (SA), consumer price inflation slowed to 4.1% on an annual basis in September, compared to a level of 4.3% in the previous month.

Yesterday, Mmusi Maimane announced his resignation as leader of the Democratic Alliance (DA). The party's federal council chair, Athol Trollip, also stepped down from his position.

The South African Revenue Service (Sars) has re-launched the Large Business Centre (LBC), a unit focused on revenue collection from large corporates. Separately, Sars Commissioner, Edward Kieswetter, stated that revenue shortfall is expected to increase further this fiscal year, underlining the government's challenge to strengthen its finances and avoid further downgrades.

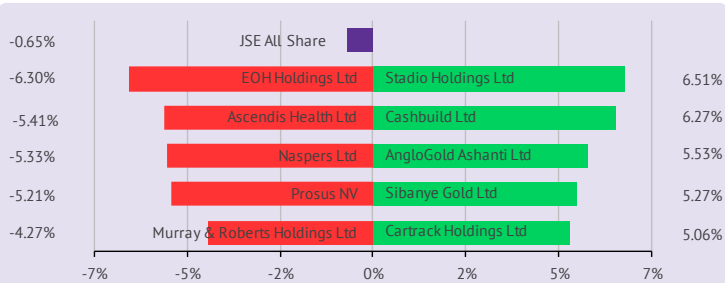
Swiss engineering giant, Asea Brown Boveri (ABB) is being investigated for suspect payments related to work carried out by the firm for power utility Eskom.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and industrial sector stocks. Data indicated that SA's annual inflation slowed in September. The JSE All Share Index fell 0.7% to close at 55,571.45.

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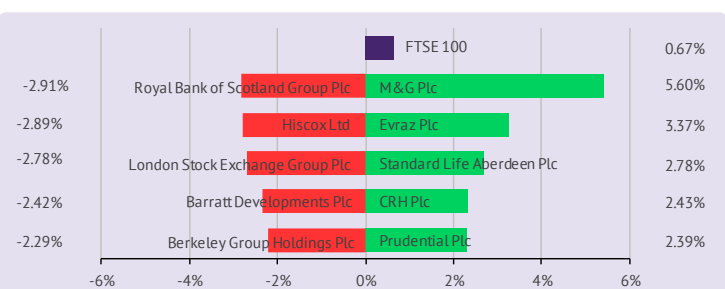


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as the British Pound weakened, amid ongoing concerns related to the Brexit deal. The FTSE 100 Index declined 0.7% to close at 7,260.74. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

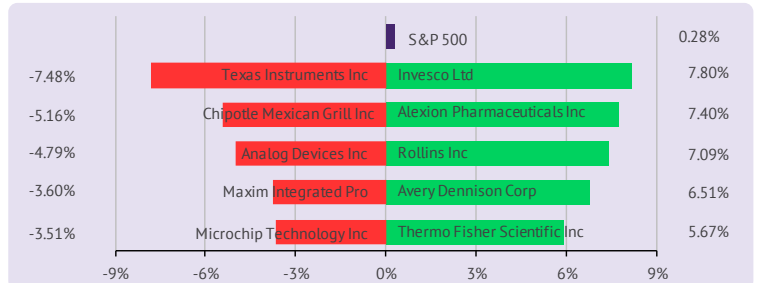
| | As at 23 Oct 2019 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR) | 55571.45 | ▼ -365.38 | -0.65 | -0.27 | 1.36 | -0.79 | 5.37 |
| JSE Top 40 (ZAR) | 49244.55 | ▼ -365.59 | -0.74 | -0.54 | 0.88 | -1.03 | 5.39 |
| FTSE 100 (GBP) | 7260.74 | ▲ 48.25 | 0.67 | 1.54 | -1.99 | 2.79 | 7.92 |
| DAX 30 (EUR) | 12798.19 | ▲ 43.50 | 0.34 | 1.30 | 2.98 | 4.09 | 21.21 |
| CAC 40 (EUR) | 5653.44 | ▼ -4.25 | -0.08 | 0.30 | -0.43 | 3.60 | 19.51 |
| S&P 500 (USD) | 3004.52 | ▲ 8.53 | 0.28 | 0.61 | 0.93 | 1.72 | 19.85 |
| Nasdaq Composite (USD) | 8119.79 | ▲ 15.50 | 0.19 | 0.37 | 1.51 | 0.46 | 22.37 |
| DJIA (USD) | 26833.95 | ▲ 45.85 | 0.17 | 0.24 | -0.31 | 1.95 | 15.03 |
| MSCI Emerging Markets (USD) | 1030.95 | ▼ -3.13 | -0.30 | 0.68 | 2.99 | 1.69 | 6.73 |
| MSCI Developed World (USD) | 2208.28 | ▲ 3.99 | 0.18 | 0.59 | 1.30 | 1.94 | 17.22 |

US Market ▲

US markets closed firmer

US markets closed higher yesterday, on the back of robust corporate earnings report. The S&P 500 Index climbed 0.3% to close at 3,004.52. Today, the S&P 500 futures are trading in the green.

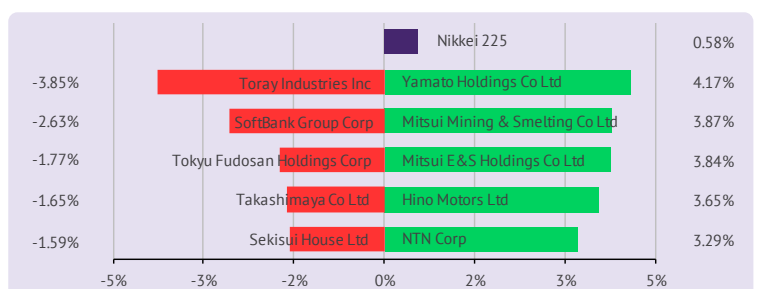
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.6% higher at 22,757.36.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar dropped 0.1% against the South African Rand to trade at R14.6245. Later today, traders will keep a close watch on the US initial jobless claims, durable goods orders, new home sales data, the Markit manufacturing and services PMIs for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US the house price index climbed on a monthly basis in August. Meanwhile, the nation's MBA mortgage applications declined in the week ended 18 October 2019. Separately, in SA, consumer price inflation slowed to its lowest level since 2011 on an annual basis in September.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R18.8881. Ahead in the day, traders will keep an eye on UK's BBA mortgage approvals for further cues.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R16.2855. Going forward, market participants will keep a tab on the European Central Bank's interest rate decision along with Markit manufacturing and services PMIs across the Eurozone for further indication.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's consumer confidence index dropped more than market anticipations in October, marking its lowest level in 10 months.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.2% against the South African Rand to trade at R10.0138. Earlier in the session, Australia's manufacturing PMI dropped less than market forecast in October.

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 | 14.6245 | ▲ | 0.41 | -0.98 | -3.24 | -0.39 | 2.08 |
| GBPZAR | 18.8881 | ▲ | 0.72 | -1.43 | 1.61 | 0.78 | 3.22 |
| EURZAR | 16.2855 | ▲ | 0.44 | -1.29 | -1.18 | -1.13 | -0.95 |
| AUDZAR | 10.0138 | ▲ | 0.37 | -0.88 | -1.76 | -0.10 | -0.85 |
| EURUSD | 1.1136 | ▲ | 0.04 | -0.33 | 2.12 | -0.76 | -2.94 |
| GBPUSD | 1.2914 | ▲ | 0.31 | -0.55 | 5.07 | 1.09 | 1.24 |
| Brent (\$/barrel) | 60.8 | ▼ | 2.46 | 2.95 | 3.24 | 0.00 | 13.70 |
| Gold (\$/oz) | 1495.3 | ▲ | 0.55 | 0.11 | 1.65 | -3.76 | 16.28 |
| Platinum (\$/oz) | 924.7 | ▲ | 2.93 | 2.93 | 3.96 | -5.18 | 15.39 |
| Copper (\$/MT)* | 5859.5 | ▲ | 1.19 | 1.29 | 2.88 | 0.70 | -1.50 |

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,495.30/oz.

Yesterday, gold prices rose 0.6% to close at \$1,489.90/oz, amid persistent uncertainty surrounding Brexit.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.5% lower to trade at \$60.84/bl.

Yesterday, Brent crude oil advanced 2.5% to settle at \$61.17/bl, after the Energy Information Administration reported that the US crude supplies declined by 1.70mn bls in the week ended 18 October 2019, recording its first fall in six weeks.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.7% higher to trade at \$924.70/oz.

Yesterday, platinum prices climbed 2.9% to close at \$918.40/oz.

Major South African corporate news

Sun International Limited

The company, in reference to its previous announcement regarding the proposed merger between Sun Dreams and certain gaming assets of Marina, indicated that the parties remain in discussions and negotiations regarding certain key terms and conditions pertaining to the proposed merger and consequently have not been able to finalise the due diligence exercise and sign definitive agreements. As a result, the company will not be in a position to post a circular to its shareholders by 31 October 2019. In the circumstances and should the parties fail to reach agreement by 31 October 2019, the Memorandum of Understanding entered into between the parties (MOU) will lapse.

Major global economic news

US

In the US, the MBA mortgage applications dropped 11.9% on a weekly basis in the week ended 18 October 2019. The MBA mortgage applications had registered a rise of 0.5% in the prior week.

In the US, the housing price index rose 0.2% on a monthly basis in August. In the previous month, the index had recorded a rise of 0.4%.

Eurozone

In the Eurozone, the preliminary consumer confidence index fell to a level of -7.60 in October, more than market forecast and compared to a reading of -6.50 in the prior month.

Asia

In Japan, the flash manufacturing PMI eased to 48.50 in October, more than market expectations. In the prior month, the manufacturing PMI had recorded a reading of 48.90.

In Australia, the manufacturing PMI fell to a level of 50.10 in October, less than market consensus. In the previous month, the index had recorded a level of 50.30.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous/ **Previous est. | Frequency |
|----------|-------|--|-----------|-----------------------|------------------------------|--------------|
| Japan | 02:30 | Nomura/ JMMA Manufacturing PMI (Oct) (P) | ✓✓✓ | 48.50* | 48.90 | Monthly |
| Japan | 07:00 | Supermarket Sales (YoY) (Sep) | ✓ | - | -0.30% | Monthly |
| Japan | 07:00 | Leading Economic Index (Aug) (F) | ✓✓✓ | 91.70 | 91.70** | Monthly |
| Japan | 07:00 | Coincident Index (Aug) (F) | ✓ | 99.30 | 99.30** | Monthly |
| Germany | 08:00 | Import Price Index s.a. (MoM) (Sep) | ✓✓ | - | -0.60% | Monthly |
| Germany | 08:00 | Import Price Index n.s.a. (YoY) (Sep) | ✓✓ | - | -2.70% | Monthly |
| Germany | 09:30 | Markit Manufacturing PMI (Oct) (P) | ✓✓✓ | 42.00 | 41.70 | Monthly |
| Germany | 09:30 | Markit Services PMI (Oct) (P) | ✓✓✓ | 52.00 | 51.40 | Monthly |
| Eurozone | 10:00 | Markit Manufacturing PMI (Oct) (P) | ✓✓✓ | 46.00 | 45.70 | Monthly |
| Eurozone | 10:00 | Markit Services PMI (Oct) (P) | ✓✓✓ | 51.90 | 51.60 | Monthly |
| Eurozone | 10:00 | Markit Composite PMI (Oct) (P) | ✓✓✓ | 50.30 | 50.10 | Monthly |
| Eurozone | 13:45 | ECB Interest Rate Decision | ✓✓✓ | - | 0.00% | As scheduled |
| US | 14:30 | Cap Goods Orders Nondef Ex Air (Sep) (P) | ✓ | - | -0.40% | Monthly |
| US | 14:30 | Cap Goods Ship Nondef Ex Air (Sep) (P) | ✓ | - | 0.30% | Monthly |
| Eurozone | 14:30 | ECB Monetary Policy Statement and Press Conference | ✓✓✓ | - | - | As scheduled |
| Eurozone | 14:30 | ECB's Draghi Speaks in Frankfurt After Policy Decision | ✓ | - | - | As scheduled |
| US | 14:30 | Initial Jobless Claims (19-Oct) | ✓✓✓ | 215.00K | 214.00K | Weekly |
| US | 14:30 | Continuing Jobless Claims (12-Oct) | ✓✓✓ | 1675.00K | 1679.00K | Weekly |
| US | 14:30 | Durable Goods Orders ex Transportation (Sep) (P) | ✓✓ | -0.20% | 0.50% | Monthly |
| US | 14:30 | Durable Goods Orders (Sep) (P) | ✓✓✓ | -0.80% | 0.20% | Monthly |
| US | 15:45 | Markit Composite PMI (Oct) (P) | ✓✓✓ | 51.60 | 51.00 | Monthly |
| US | 15:45 | Markit Services PMI (Oct) (P) | ✓✓✓ | 51.00 | 50.90 | Monthly |
| US | 15:45 | Markit Manufacturing PMI (Oct) (P) | ✓✓✓ | 50.70 | 51.10 | Monthly |
| US | 16:00 | New Home Sales (MoM) (Sep) | ✓✓✓ | -0.70% | 7.10% | Monthly |
| US | 16:00 | New Home Sales (Sep) | ✓✓✓ | 701.00K | 713.00K | Monthly |
| US | 17:00 | Kansas City Fed Manufacturing Activity (Oct) | ✓✓✓ | - | -2.00 | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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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

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