

ONE Minute Brief

16 October 2019

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Economic and political news

Lawyers representing former President, Jacob Zuma, have stated that he would appeal against Friday's decision by the Pietermaritzburg High Court to deny him a permanent stay of prosecution on charges related to a USD2bn arms deal.

The Department of Justice indicated that former President, Jacob Zuma, has not yet paid any legal fees to the South African government relating to his legal cases.

The Public Investment Corporation (PIC) is considering liquidating Iqbal Survé's Sekunjalo Investment Holdings, as well as mulling court action to freeze the assets of its subsidiary Ayo Technology Solutions.

During a meeting with parliament's standing committee on public accounts (Scopa), State Security Agency (SSA) minister Ayanda Dlodlo disclosed that a hundred senior executives out of 121 at Eskom denied undergoing security screening processes of the SSA, which is a part of the government's plan to clean up the corruption and clear mismanagement.

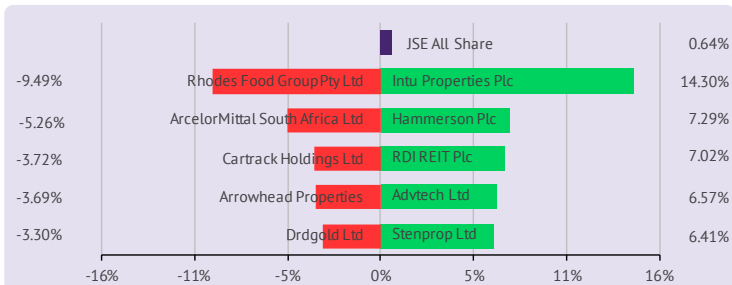
PIC Chairman, Reuel Khoza, stated that the fund manager will separate the roles of chief executive officer (CEO) and chief investment officer, amid criticism that too much power was concentrated in the role of the CEO.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in financial sector stocks. The JSE All Share Index rose 0.6% to close at 55,573.79.

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UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, as the British Pound strengthened, on hopes of a Brexit deal. The FTSE 100 Index marginally declined to close at 7,211.64. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

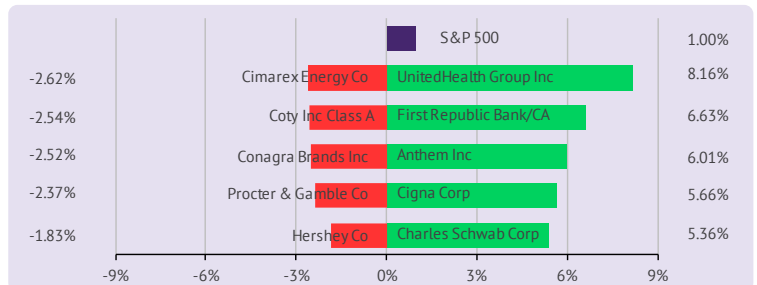
	As at 15 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55573.79	▲ 354.58	0.64	0.07	1.37	-0.79	5.38
JSE Top 40 (ZAR)	49391.20	▲ 280.46	0.57	-0.03	1.18	-1.03	5.70
FTSE 100 (GBP)	7211.64	▼ -1.81	-0.03	-0.49	-2.65	2.79	7.19
DAX 30 (EUR)	12629.79	▲ 143.23	1.15	0.94	1.62	4.09	19.61
CAC 40 (EUR)	5702.05	▲ 58.97	1.04	0.65	0.43	3.60	20.53
S&P 500 (USD)	2995.68	▲ 29.53	1.00	0.86	0.64	1.72	19.50
Nasdaq Composite (USD)	8148.71	▲ 100.06	1.24	1.14	1.87	0.46	22.81
DJIA (USD)	27024.80	▲ 237.44	0.89	0.78	0.40	1.95	15.85
MSCI Emerging Markets (USD)	1019.25	▲ 1.80	0.18	0.76	1.82	1.69	5.52
MSCI Developed World (USD)	2196.61	▲ 21.33	0.98	0.79	0.76	1.94	16.60

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid upbeat corporate earnings report. The S&P 500 Index climbed 1.0% to close at 2,995.68. Today, the S&P 500 futures are trading weaker.

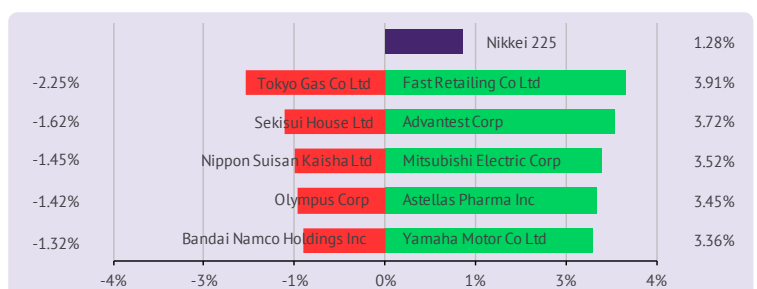
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly firmer this morning. The Nikkei 225 Index is trading 1.3% higher at 22,491.35.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R14.9240. Later today, traders will keep a close watch on the US Federal Reserve's Beige Book along with retail sales data, the NAHB housing market index and the MBA mortgage applications for further direction.

The US Dollar rose against the South African Rand yesterday.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped marginally against the South African Rand to trade at R19.0347. Ahead in the day, traders will keep an eye on UK's consumer price index (CPI), producer price index along with retail and house price indices for further indication.

The British Pound advanced against the South African Rand yesterday, amid hopes that Brexit deal would soon be finalised before 31 October deadline. On the data front, UK's ILO unemployment rate unexpectedly advanced in the June-August 2019 period. Further, average earnings increased less than market forecast in the June-August 2019 period.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R16.4625. Going forward, market participants will keep a tab on Eurozone's CPI and trade balance for further cues.

The Euro strengthened against the South African Rand yesterday, amid optimism on Brexit deal. On the macro front, the Eurozone ZEW survey economic sentiment index fell less than market forecast in October. Separately, Germany ZEW survey economic sentiment index dropped less than market expectations in October. Additionally, the ZEW survey current situation index declined less than market anticipations in the same month.

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AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R10.0472. Earlier in the session, Australia's Westpac leading index fell on a monthly basis in September.

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	14.9240	▼	0.50	0.78	-1.62	-0.39	3.79
GBPZAR	19.0347	▲	1.86	1.81	2.27	0.78	3.89
EURZAR	16.4625	▼	0.55	0.67	-0.42	-1.13	-0.19
AUDZAR	10.0472	▲	0.16	0.14	-1.58	-0.10	-0.67
EURUSD	1.1031	▼	0.05	-0.08	1.23	-0.76	-3.78
GBPUSD	1.2756	▼	1.42	0.94	4.05	1.09	0.26
Brent (\$/barrel)	58.9	▲	-1.03	-2.93	-0.86	0.00	9.18
Gold (\$/oz)	1487.3	▲	-0.95	-0.34	0.81	-3.76	15.32
Platinum (\$/oz)	884.4	▼	-1.14	-1.24	0.11	-5.18	11.12
Copper (\$/MT)*	5739.8	▼	-0.80	-0.41	0.78	0.70	-3.52

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,487.30/oz.

Yesterday, gold prices fell 1.0% to close at \$1,477.60/oz, amid rise in US equities.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$58.91/bl, amid signs from the Organization of the Petroleum Exporting Countries and its allies that further supply cuts could be possible.

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Yesterday, Brent crude oil dropped 1.0% to settle at \$58.74/bl, as lower economic growth forecast from the International Monetary Fund (IMF) stoked worries over energy demand. Separately, the Energy Information Administration reported that crude oil production from seven major US shale plays is forecasted to climb by 58,000bls a day to 8.97mn bls a day in November.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$884.40/oz.

Yesterday, platinum prices declined 1.1% to close at \$884.40/oz.

Major South African corporate news

EOH Holdings Limited

In its FY19 results, the company announced that revenues decreased to ZAR11.79bn from ZAR12.10bn posted in the corresponding period of the previous year. Its diluted loss per share stood at ZAR24.64 from ZAR12.77 in the same period of the prior year.

Major global economic news

Eurozone

In the Eurozone, the ZEW survey economic sentiment index eased to -23.50 in October, less than market anticipations and compared to a reading of -22.40 in the prior month.

In Germany, the ZEW survey current situation index dropped to -25.30 in October, less than market forecast. In the previous month, the index had registered a reading of -19.90.

In October, the ZEW survey economic sentiment index fell less-than-anticipated to -22.80 in Germany, compared to a level of -22.50 in the prior month.

Asia

In Australia, the Westpac leading index dropped 0.08% on a monthly basis in September. In the prior month, the index had recorded a revised drop of 0.19%.

UK

In the UK, the ILO unemployment rate unexpectedly rose to 3.9% in the June-August 2019 period. The ILO unemployment rate stood at 3.8% in the May-July 2019 period.

In the UK, average earnings including bonus rose 3.8% on a yearly basis in the June-August 2019 period, less than market expectations. The average earnings including bonus had advanced by a revised 3.9% in the May-July 2019 period.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
 Eurozone	08:00	EU 27 New Car Registrations (YoY) (Sep)	✓	-	-8.40%	Monthly
 UK	10:30	Consumer Price Index (MoM) (Sep)	✓✓✓	-	0.40%	Monthly
 UK	10:30	Retail Price Index (Sep)	✓	-	291.70	Monthly
 UK	10:30	Producer Price Index - Output n.s.a. (MoM) (Sep)	✓	-	-0.10%	Monthly
 UK	10:30	Retail Price Index Ex Mort Int.Payments (YoY) (Sep)	✓✓	-	2.60%	Monthly
 UK	10:30	Consumer Price Index (YoY) (Sep)	✓✓✓	1.80%	1.70%	Monthly
 UK	10:30	Producer Price Index - Input n.s.a. (MoM) (Sep)	✓	0.10%	-0.10%	Monthly
 UK	10:30	Producer Price Index - Input n.s.a. (YoY) (Sep)	✓	-1.80%	-0.80%	Monthly
 UK	10:30	Producer Price Index - Output n.s.a. (YoY) (Sep)	✓✓	1.30%	1.60%	Monthly
 UK	10:30	Retail Price Index (MoM) (Sep)	✓✓✓	-0.10%	0.80%	Monthly
 UK	10:30	Retail Price Index (YoY) (Sep)	✓✓	2.60%	2.60%	Monthly
 Eurozone	11:00	Consumer Price Index (MoM) (Sep)	✓✓✓	0.20%	0.10%	Monthly
 Eurozone	11:00	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	0.90%	0.90%**	Monthly
 Eurozone	11:00	Trade Balance n.s.a. (Aug)	✓✓	EUR17.50bn	EUR24.80bn	Monthly
 Eurozone	11:00	Trade Balance s.a. (Aug)	✓✓✓	EUR18.90bn	EUR19.00bn	Monthly
 US	13:00	MBA Mortgage Applications (11-Oct)	✓	-	5.40%	Weekly
 South Africa	13:00	Retail Sales (MoM) (Aug)	✓✓	-	0.20%	Monthly
 South Africa	13:00	Retail Sales (YoY) (Aug)	✓✓	1.50%	2.00%	Monthly
 US	14:30	Advance Retail Sales (MoM) (Sep)	✓✓✓	-	0.40%	Monthly
 US	14:30	Retail Sales "Control Group" (MoM) (Sep)	✓✓	0.30%	0.30%	Monthly
 US	16:00	Business Inventories (Aug)	✓	0.20%	0.40%	Monthly
 US	16:00	NAHB Housing Market Index (Oct)	✓	68.00	68.00	Monthly
 US	16:45	Fed's Evans Discusses Economy and Monetary Policy	✓	-	-	As scheduled
 US	19:00	Fed's Kaplan Speaks in Austin	✓	-	-	As scheduled
 Eurozone	19:00	ECB Chief Economist Lane Speaks in Washington, DC	✓	-	-	As scheduled
 US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled

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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