

# ONE Minute Brief

17 October 2019

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## Economic and political news

In South Africa (SA), retail sales advanced 1.1% on a yearly basis in August, compared to an advance of 2.0% in the previous month.

Yesterday, Eskom implemented stage two load shedding, amid break down of its power generation units.

The Public Investment Corporation (PIC) has rejected Iqbal Survé's claims that it was involved in a regulatory raid at Sekunjalo Investment Holdings and stated that it was exploring all available options to recover the money owed to it.

According to a report by global economic forecast and analysis group, FocusEconomics, SA will likely record a growth of 1.4% in 2020 and 1.7% in 2021. Further, the group warned that the country's fiscal challenges are likely to worsen as Eskom might need more funds in 2020.

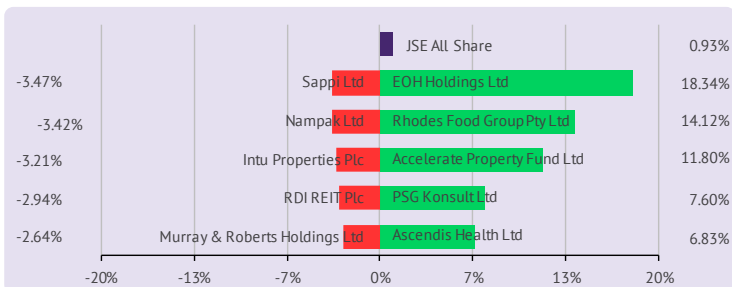
Business Unity SA (Busa) has requested the South African government to secure more electricity from renewable-energy producers, in order to restructure the country's electricity sector.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, supported by gains in gold mining and industrial sector stocks. Data revealed that SA's annual retail sales rose in August. The JSE All Share Index rose 0.9% to close at 56,090.51.

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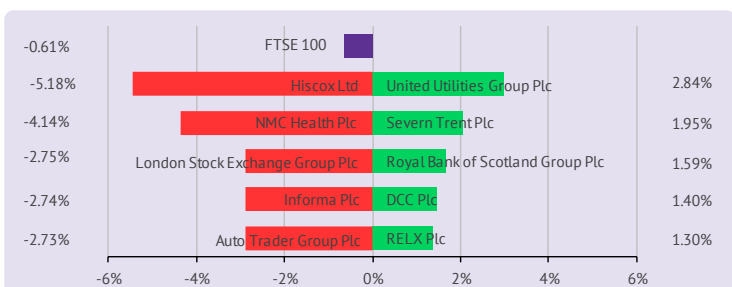


## UK Market ▼

### UK markets closed in the red

UK markets finished lower yesterday, amid rising uncertainty over finalising a Brexit deal. Data indicated that UK's consumer price index (CPI) advanced less-than-expected in September. The FTSE 100 Index declined 0.6% to close at 7,167.95. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

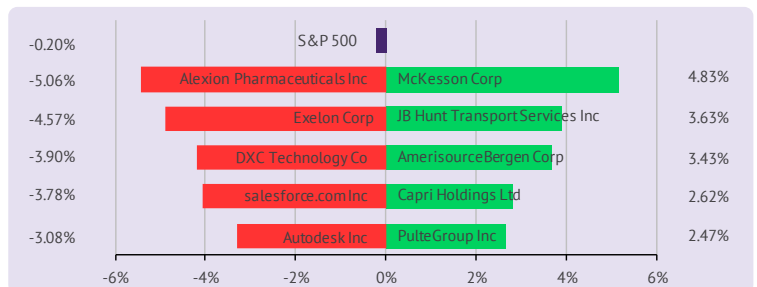
	As at 16 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56090.51	▲ 516.72	0.93	1.00	2.31	-0.79	6.36
JSE Top 40 (ZAR)	49855.06	▲ 463.86	0.94	0.91	2.13	-1.03	6.70
FTSE 100 (GBP)	7167.95	▼ -43.69	-0.61	-1.09	-3.24	2.79	6.54
DAX 30 (EUR)	12670.11	▲ 40.32	0.32	1.27	1.95	4.09	19.99
CAC 40 (EUR)	5696.90	▼ -5.15	-0.09	0.55	0.34	3.60	20.42
S&P 500 (USD)	2989.69	▼ -5.99	-0.20	0.65	0.44	1.72	19.26
Nasdaq Composite (USD)	8124.18	▼ -24.52	-0.30	0.83	1.56	0.46	22.44
DJIA (USD)	27001.98	▼ -22.82	-0.08	0.69	0.32	1.95	15.75
MSCI Emerging Markets (USD)	1024.09	▲ 4.84	0.47	1.24	2.31	1.69	6.02
MSCI Developed World (USD)	2195.35	▼ -1.26	-0.06	0.74	0.70	1.94	16.53

## US Market ▼

### US markets closed weaker

US markets closed lower yesterday, amid dismal US retail sales data. The S&P 500 Index dropped 0.2% to close at 2,989.69. Today, the S&P 500 futures are trading weaker.

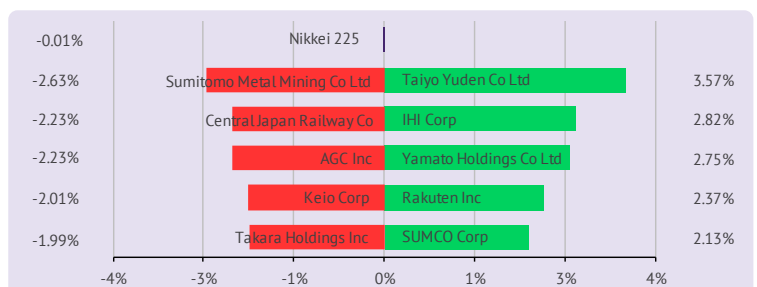
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## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading slightly lower at 22,470.89.



## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell 0.2% against the South African Rand to trade at R14.9150. Later today, traders will keep a close watch on the US industrial production, building permits, housing starts, initial jobless claims and the Philadelphia Fed manufacturing index for further direction.

The US Dollar rose against the South African Rand yesterday. On the data front, the US monthly retail sales unexpectedly declined for the first time in seven months in September. Meanwhile, the nation's NAHB housing market index climbed in October, notching its highest level since February 2018. Moreover, the MBA mortgage applications advanced in the week ended 11 October 2019. Separately, the South African Rand fell against the US Dollar, after Eskom implemented power cuts in the country. On the macro front, SA's retail sales increased on an annual basis in August.

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## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.3% weaker against the South African Rand at R19.1213. Ahead in the day, traders will keep an eye on UK's retail sales data for further cues.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's CPI rose less than market anticipations on a yearly basis in September, recording its lowest level since late 2016. Additionally, the annual producer price index (PPI) advanced less than market forecast in the same month. Further, the retail price index declined on a monthly basis in September. On the other hand, the nation's house price index jumped more than market expectations on an annual basis in August.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.2% against the South African Rand to trade at R16.5202. Going forward, market participants will keep a tab on Eurozone's construction output for further indication.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's CPI advanced less than market expectations on an annual basis in September. On the flipside, the region's trade surplus widened more than market forecast in August.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.2% against the South African Rand to trade at R10.1178. Earlier in the session, Australia's unemployment rate declined 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	14.9150	▲	0.36	1.14	-1.27	-0.39	4.16
GBPZAR	19.1213	▲	0.74	2.56	3.03	0.78	4.66
EURZAR	16.5202	▲	0.72	1.39	0.30	-1.13	0.53
AUDZAR	10.1178	▼	0.44	0.58	-1.14	-0.10	-0.23
EURUSD	1.1076	▲	0.35	0.27	1.59	-0.76	-3.44
GBPUSD	1.2821	▼	0.35	1.29	4.42	1.09	0.61
Brent (\$/barrel)	59.0	▼	1.16	-1.80	0.29	0.00	10.45
Gold (\$/oz)	1492.1	▲	0.70	0.36	1.52	-3.76	16.13
Platinum (\$/oz)	886.5	▼	0.24	-1.01	0.35	-5.18	11.38
Copper (\$/MT)*	5699.8	▼	-0.70	-1.11	0.08	0.70	-4.19

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.3% to trade at \$1,492.10/oz.

Yesterday, gold prices rose 0.7% to close at \$1,488.00/oz, amid concerns over US-China trade war negotiations.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 0.7% to trade at \$59.02/bl, after the American Petroleum Institute reported that US crude supplies rose by 10.5mn bls to 432.5mn bls in the week ended 11 October 2019.

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Yesterday, Brent crude oil advanced 1.2% to settle at \$59.42/bl, amid hopes that the OPEC will extend supply cuts.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$886.50/oz.

Yesterday, platinum prices climbed 0.2% to close at \$886.50/oz.

## Major South African corporate news

### Adcorp Holdings Limited

In its 1H19 results, the company announced that revenues decreased to ZAR7.19bn from ZAR7.97bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 413.30c, compared to an EPS of 87.60c in the same period of the prior year.

### Invicta Holdings Limited

In its 1H19 trading statement, the company announced that it expects EPS to increase to at least 187.00c, compared with EPS of 8.00c recorded in the previous year and its HEPS to increase by 187.00c, compared with the HEPS of 2.00c in the preceding year.

### Mediclinic International Plc

In its 1H20 trading statement, the company announced that its revenues increased 6.5% during the period. At the Group level, in constant currency, a solid first half performance was delivered with revenue up around 6.5% and pre-IFRS16 EBITDA up around 3.5% (1H19 pre-IFRS16: GBP213mn).

### Royal Bafokeng Platinum Limited

In its operational update for the period from 1 July to 30 September 2019, the company announced that total tonnes delivered to concentrators for the reporting period increased 9.2% to 1,025.00kt, whereas total tonnes milled increased by 2.1% to 1,002.00kt. A disposal of concentrate agreement pipeline adjustment accrued for the production months of May, June and July was affected during the reporting period which resulted in an artificial lowering of the built-up head grade by 1.8%. BRPM Total tonnes milled for the reporting period fell 5.1% to 580.00kt. Separately, the company announced that it has entered into a gold streaming agreement through its wholly-owned subsidiary, Royal Bafokeng Resources Proprietary Limited, with Triple Flag Mining Finance Bermuda Limited under which the company will receive a cash prepayment of USD145.00mn in exchange for the future delivery of gold from the RBPlat mining operations payable over the life of mine.

## Major global economic news

### US

The US Federal Reserve, in its latest Beige Book, revealed that the US economy witnessed only "slight to moderate" expansion through mid-September, amid ongoing US-China trade war. Household spending was strong and tourism and travel-related spending rose modestly, but warned that manufacturing activity continued to edge lower due to persistent trade tensions and slower global growth. On the outlook front, the Beige Book stated although business contacts expect to observe further expansion, but have reduced their growth forecasts for the coming year.

In the US, advance retail sales unexpectedly dropped 0.3% on a monthly basis in September. Advance retail sales had recorded a revised rise of 0.6% in the prior month.

In the US, the NAHB housing market index unexpectedly rose to 71.00 in October. The index had registered a reading of 68.00 in the prior month.

In the US, the MBA mortgage applications advanced 0.5% on a weekly basis in the week ended 11 October 2019. In the previous week, the MBA mortgage applications had registered a rise of 5.4%.

### Eurozone

In the Eurozone, the final CPI rose 0.8% on a yearly basis in September, less than market forecast and compared to a rise of 1.0% in the previous month. The preliminary figures had recorded an advance of 0.9%.

In the Eurozone, seasonally adjusted trade surplus widened to EUR20.30bn in August, more than market expectations and compared to a revised surplus of EUR17.50bn in the previous month.

### UK

In the UK, the CPI advanced 1.7% on a yearly basis in September, less than market expectations. The CPI had registered a similar rise in the previous month.

In the UK, non-seasonally adjusted output PPI climbed 1.2% on a yearly basis in September, less than market expectations. In the prior month, the output PPI had registered a revised rise of 1.7%.

In the UK, the retail price index dropped 0.2% to a level of 291.00 on monthly basis in September. The index had recorded a reading of 291.70 in the previous month.

In the UK, the house price index climbed 1.3% on a yearly basis in August, more than market expectations and compared to a revised rise of 0.8% in the prior month.

### Asia

In Australia, seasonally adjusted unemployment rate dropped to 5.2% in September, compared to 5.3% in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
UK	00:00	BoE's Carney Takes Part in Panel Discussion at IMF Event	✓	-	-	As scheduled
Japan	04:30	Tokyo Condominium Sales (YoY) (Sep)	✓	-	21.10%	Monthly
UK	10:30	Retail Sales (MoM) (Sep)	✓✓✓	-	-0.20%	Monthly
UK	10:30	BoE Credit Conditions Survey	✓	-	-	As scheduled
UK	10:30	Retail Sales (YoY) (Sep)	✓✓✓	3.20%	2.70%	Monthly
UK	10:30	Retail Sales ex-Fuel (MoM) (Sep)	✓✓✓	-0.10%	-0.30%	Monthly
UK	10:30	Retail Sales ex-Fuel (YoY) (Sep)	✓✓✓	2.80%	2.20%	Monthly
Eurozone	11:00	Construction Output s.a. (MoM) (Aug)	✓✓✓	-0.80%	-0.70%	Monthly
Eurozone	11:00	Construction Output w.d.a. (YoY) (Aug)	✓	2.60%	1.10%	Monthly
US	14:30	Building Permits (Sep)	✓✓✓	-	1419.00K	Monthly
US	14:30	Building Permits (MoM) (Sep)	✓✓✓	-	7.70%	Monthly
US	14:30	Continuing Jobless Claims (05-Oct)	✓✓✓	-	1684.00K	Weekly
US	14:30	Initial Jobless Claims (12-Oct)	✓✓✓	-	210.00K	Weekly
US	14:30	Philadelphia Fed Manufacturing Survey (Oct)	✓✓	-	12.00	Monthly
US	14:30	Housing Starts (Sep)	✓✓✓	1320.00K	1364.00K	Monthly
US	14:30	Housing Starts (MoM) (Sep)	✓✓✓	-8.60%	12.30%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Sep)	✓✓✓	-	0.50%	Monthly
US	15:15	Capacity Utilisation (Sep)	✓	77.70%	77.90%	Monthly
US	15:15	Industrial Production (MoM) (Sep)	✓✓✓	-0.10%	0.60%	Monthly
Eurozone	19:30	Banque de France Governor Villeroy Speaks in Washington	✓	-	-	As scheduled
Eurozone	20:00	ECB Governing Council member Visco Speaks in Washington	✓	-	-	As scheduled
US	20:00	Fed's Bowman speech	✓✓	-	-	As scheduled
US	22:20	Fed's Williams speech	✓✓	-	-	As scheduled
Eurozone	22:30	ECB Governing Council member Knot Speaks in Washington	✓	-	-	As scheduled
Eurozone	23:00	ECB Governing Council member De Cos Speaks in Washington	✓	-	-	As scheduled
UK	-	European Council Summit on Brexit	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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