

# ONE Minute Brief

18 October 2019

**GTC**  
consult • partner • manage

## Economic and political news

Cabinet has approved the promulgation of the Integrated Resource Plan (IRP), which outlines the country's proposed energy mix until 2030.

Eskom's acting Chief Executive Officer (CEO), Jabu Mabuza, stated that the government is likely to appoint a new CEO for the power utility before the end of October. He further indicated that the probability of load shedding towards the weekend was lower as more units were expected to return to service over the next few days.

Former President, Jacob Zuma, has agreed to appear before the Zondo Commission in November, on dates set by the Commission.

Finance Minister, Tito Mboweni, stated that South Africa's Medium-Term Budget Policy Statement (MTBPS) is likely to be presented on 29 October, a day earlier than scheduled.

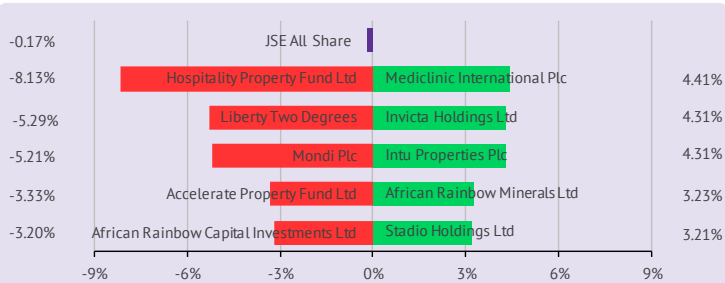
Yesterday, Democratic Alliance CEO, Paul Boughey, resigned from his position, with immediate effect.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, led by losses in resource sector stocks. The JSE All Share Index fell 0.2% to close at 55,993.42.

To Read More Click [Here](#)

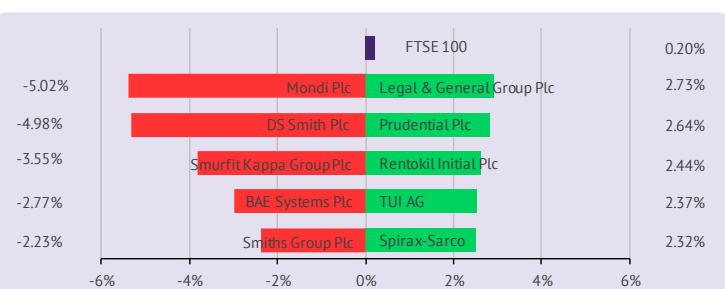


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, after UK and the European Union finalised a long-awaited Brexit deal. Data revealed that UK's monthly retail sales remained steady in September. The FTSE 100 Index advanced 0.2% to close at 7,182.32. Today, the FTSE 100 futures are trading in negative territory.

To Read More Click [Here](#)



## Key indices

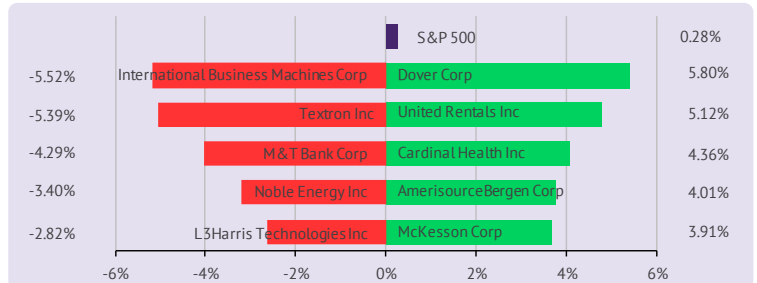
	As at 17 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55993.42	▼ -97.09	-0.17	0.82	2.13	-0.79	6.18
JSE Top 40 (ZAR)	49715.30	▼ -139.76	-0.28	0.63	1.85	-1.03	6.40
FTSE 100 (GBP)	7182.32	▲ 14.37	0.20	-0.89	-3.05	2.79	6.75
DAX 30 (EUR)	12654.95	▼ -15.16	-0.12	1.15	1.83	4.09	19.85
CAC 40 (EUR)	5673.07	▼ -23.83	-0.42	0.13	-0.08	3.60	19.92
S&P 500 (USD)	2997.95	▲ 8.26	0.28	0.93	0.71	1.72	19.59
Nasdaq Composite (USD)	8156.85	▲ 32.67	0.40	1.24	1.97	0.46	22.93
DJIA (USD)	27025.88	▲ 23.90	0.09	0.78	0.41	1.95	15.85
MSCI Emerging Markets (USD)	1028.39	▲ 4.30	0.42	1.67	2.74	1.69	6.47
MSCI Developed World (USD)	2201.92	▲ 6.57	0.30	1.04	1.00	1.94	16.88

## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, on the back of upbeat quarterly earnings results. The S&P 500 Index climbed 0.3% to close at 2,997.95. Today, the S&P 500 futures are trading weaker.

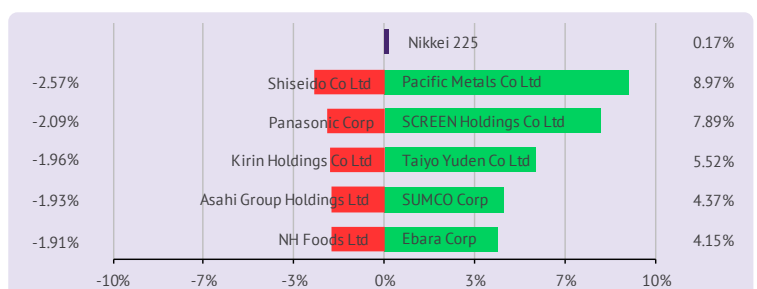
To Read More Click [Here](#)



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that Japan's annual national consumer price inflation slowed in September. The Nikkei 225 Index is trading 0.2% lower at 22,491.07.



## USD ZAR ▼

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R14.8507. Amid no major economic releases in the US today, market sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US industrial production dropped more-than-expected on a monthly basis in September. Also, monthly manufacturing production declined in the same month. Moreover, housing starts decreased more than market anticipations on a monthly basis in September. Also, the Philadelphia Fed manufacturing index deteriorated more than market expectations in October. Meanwhile, the nation's monthly building permits fell less than market forecast in September. Further, initial jobless claims increased less than market forecast in the week ended 11 October 2019.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.2% against the South African Rand to trade at R19.0848. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, after Northern Ireland's Democratic Unionist Party (DUP) stated that it would not vote for the Brexit deal. On the data front, UK's retail sales recorded a flat reading on a monthly basis in September.

To Read More Click [Here](#)

## EUR ZAR ▼

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R16.5226. Going forward, market participants will keep a tab on Eurozone's current account balance for further direction.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's monthly construction output dropped less than market forecast in August.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R10.1437. Separately, in China, Australia's largest trading partner, gross domestic product (GDP) advanced in line with market forecast on a quarterly basis in 3Q19. Additionally, industrial production climbed more than market anticipations on a yearly basis in September. Moreover, annual retail sales increased at par with market expectations 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	14.8507	▼	-0.74	0.39	-2.00	-0.39	3.39
GBPZAR	19.0848	▲	-0.27	2.28	2.75	0.78	4.38
EURZAR	16.5226	▼	-0.25	1.14	0.04	-1.13	0.28
AUDZAR	10.1437	▼	0.22	0.80	-0.93	-0.10	-0.01
EURUSD	1.1127	▲	0.48	0.75	2.07	-0.76	-2.98
GBPUSD	1.2851	▼	0.46	1.76	4.90	1.09	1.07
Brent (\$/barrel)	59.6	▼	0.82	-0.99	1.11	0.00	11.36
Gold (\$/oz)	1496.2	▲	0.29	0.65	1.81	-3.76	16.47
Platinum (\$/oz)	889.0	▼	0.28	-0.73	0.63	-5.18	11.70
Copper (\$/MT)*	5712.5	▲	0.22	-0.88	0.30	0.70	-3.98

\*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 \$1,496.20/oz.

Yesterday, gold prices rose 0.3% to close at \$1,492.30/oz, amid concerns over US economic growth and potential risks to a new Brexit deal.

To Read More Click [Here](#)

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil fell 0.6% to trade at \$59.57/bl.

Yesterday, Brent crude oil advanced 0.8% to settle at \$59.91/bl, as tensions in the Middle East subsided, after the US and Turkey reached a cease-fire pact in Syria. Meanwhile, the US Energy Information Administration reported that crude oil inventories rose for a fifth consecutive week by 9.3mn bls in the week ended 11 October 2019.

To Read More Click [Here](#)

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$889.00/oz.

Yesterday, platinum prices climbed 0.3% to close at \$889.00/oz.

## Major South African corporate news

### DataTec Limited

In its 1H20 results, the company announced that revenues advanced to USD2.06bn from USD2.00bn posted in the corresponding period of the previous year. Its diluted EPS rose to 2.20c from the same period of the prior year.

### EOH Holdings Limited

The company announced that its wholly-owned subsidiary, EOH Mthombo (Pty) Ltd, has entered into a share purchase agreement with Terra Analytics (Pty) Ltd on 16 October 2019, in terms of which EOH Mthombo will dispose of its 100.0% interest in the issued share capital and the corresponding shareholder claims in each of Data World (Pty) Ltd, Xcallibre (Pty) Ltd and Evaluations Enhanced Property Appraisals (Pty) Ltd for a consideration of ZAR101.80mn, consisting of cash and the relief of outstanding liabilities.

## Major global economic news

### US

In the US, industrial production fell 0.4% on a monthly basis in September, more than market forecast and compared to a revised rise of 0.8% in the prior month.

In the US, manufacturing production eased 0.5% on a monthly basis in September. Manufacturing production had recorded a revised gain of 0.6% in the prior month.

In the US, building permits fell 2.7% to an annual rate of 1387.00K on monthly basis in September, less than market expectations. Building permits had registered a revised level of 1425.00K in the prior month.

In the US, housing starts declined 9.4% to an annual rate of 1256.00K on monthly basis in September, more than market anticipations and compared to a revised reading of 1386.00K in the previous month.

In the US, seasonally adjusted initial jobless claims advanced to 214.00K in the week ended 12 October 2019, less than market forecast and compared to a level of 210.00K in the previous week.

In October, the Philadelphia Fed manufacturing index dropped to 5.60 in the US, more than market expectations. In the previous month, the index had registered a reading of 12.00.

### Eurozone

In the Eurozone, seasonally adjusted construction output dropped 0.5% on a monthly basis in August, less than market expectations. Construction output had recorded a revised drop of 0.2% in the previous month.

### Asia

The Reserve Bank of Australia (RBA) Governor, Philip Lowe, stated that it is "extraordinarily unlikely" that Australia's economy will need to be stimulated by cutting interest rates into negative territory. Further, he indicated the Australian economy is set to resume its growth trend next year which will help in lowering the unemployment rate.

In Japan, the national consumer price inflation slowed to 0.2% on an annual basis in September, compared to a level of 0.3% in the previous month.

In China, GDP climbed 1.5% on a quarterly basis in 3Q19, meeting market expectations. In the previous quarter, GDP rose 1.6%.

In China, industrial production advanced 5.8% on a yearly basis in September, more than market forecast. In the previous month, industrial production had advanced 4.4%.

In September, retail sales rose 7.8% on an annual basis in China, at par with market expectations. In the prior month, retail sales had climbed 7.5%.

### UK

In the UK, retail sales remained flat on a monthly basis in September, compared to a revised drop of 0.3% in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	01:30	National Consumer Price Index (YoY) (Sep)	✓✓✓	0.20%*	0.30%	Monthly
 Japan	01:30	National CPI Ex Food, Energy (YoY) (Sep)	✓✓	0.50%*	0.60%	Monthly
 Japan	01:30	National CPI Ex-Fresh Food (YoY) (Sep)	✓✓✓	0.30%*	0.50%	Monthly
 China	04:00	Industrial Production (YoY) (Sep)	✓✓	5.80%*	4.40%	Monthly
 China	04:00	Industrial Production YTD (YoY) (Sep)	✓✓	5.60%*	5.60%	Monthly
 China	04:00	Retail Sales YTD (YoY) (Sep)	✓	8.20%*	8.20%	Monthly
 China	04:00	Gross Domestic Product (QoQ) (Q3)	✓✓✓	1.50%*	1.60%	Quarterly
 China	04:00	Gross Domestic Product (YoY) (Q3)	✓✓✓	6.00%*	6.20%	Quarterly
 China	04:00	Retail Sales (YoY) (Sep)	✓✓✓	7.80%*	7.50%	Monthly
 China	04:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Sep)	✓	5.40%*	5.50%	Monthly
 China	04:00	NBS Press Conference	✓✓	-	-	As scheduled
 Eurozone	10:00	Current Account s.a (Aug)	✓✓✓	-	EUR21.00bn	Monthly
 Italy	10:00	Current Account (Aug)	✓	-	EUR8.42bn	Monthly
 Eurozone	10:00	Current Account n.s.a. (Aug)	✓	-	EUR29.84bn	Monthly
 US	16:00	Leading Indicator (MoM) (Sep)	✓✓✓	-	0.00%	Monthly
 US	16:00	Fed's George speech	✓	-	-	As scheduled
 US	17:00	Fed's Kaplan speech	✓✓	-	-	As scheduled
 US	17:30	Fed's Clarida speech	✓✓	-	-	As scheduled
 Eurozone	19:45	BoE Governor Carney Speaks in Washington	✓	-	-	As scheduled
 Canada	20:30	BoC's Lane Speech	✓✓	-	-	As scheduled
 Eurozone	-	ECB Survey of Professional Forecasters	✓	-	-	As scheduled
 UK	-	European Council Summit on Brexit	✓✓✓	-	-	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