

ONE Minute Brief

25 October 2019

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Economic and political news

Former Democratic Alliance (DA) leader, Mmusi Maimane, has quit the DA and resigned as a member of parliament. Meanwhile, John Steenhuisen resigned as the chief whip of the party in parliament. A new parliamentary leader of the party will be elected next Tuesday. In the interim, Dr Annelie Lotriet, chairperson of the DA parliamentary caucus, will act as the parliamentary leader, while the current deputy chief whip, Jacques Julius, will act as the chief whip.

In an address at the Tshwane University of Technology, Public Protector Busisiwe Mkhwebane, stated that President Ramaphosa was inconsistent in applying her remedial actions.

The parliament's justice and correctional services committee has shortlisted eight candidates for the position of deputy public protector.

The Public Investment Corporation (PIC) has suspended its Assistant Portfolio Manager, Victor Seanie, following the conclusion of his disciplinary hearing related to the controversial ZAR4.3bn Ayo Technology deal.

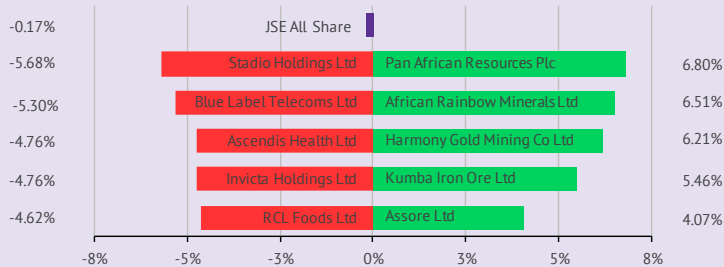
Finance Minister, Tito Mboweni, stated that the South African Reserve Bank (SARB) is studying the benefits and risks of issuing a central bank digital currency (CBDC) that is essentially equivalent to digital cash.

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 0.2% to close at 55,478.45.

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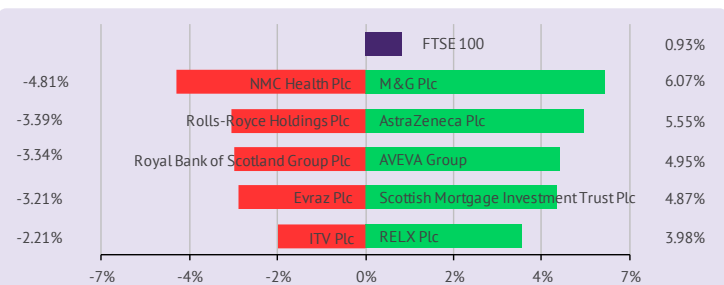


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as the British Pound weakened, on concerns whether the European Union will grant another Brexit extension. The FTSE 100 Index advanced 0.9% to close at 7,328.25. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

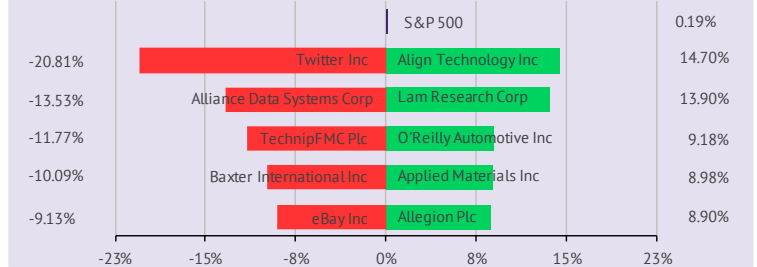
	As at 24 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55478.45	▼ -93.00	-0.17	-0.44	1.19	-0.79	5.20
JSE Top 40 (ZAR)	49124.43	▼ -120.12	-0.24	-0.78	0.64	-1.03	5.13
FTSE 100 (GBP)	7328.25	▲ 67.51	0.93	2.48	-1.08	2.79	8.92
DAX 30 (EUR)	12872.10	▲ 73.91	0.58	1.89	3.57	4.09	21.91
CAC 40 (EUR)	5684.33	▲ 30.89	0.55	0.85	0.12	3.60	20.16
S&P 500 (USD)	3010.29	▲ 5.77	0.19	0.81	1.13	1.72	20.08
Nasdaq Composite (USD)	8185.80	▲ 66.00	0.81	1.19	2.33	0.46	23.37
DJIA (USD)	26805.53	▼ -28.42	-0.11	0.13	-0.41	1.95	14.91
MSCI Emerging Markets (USD)	1037.41	▲ 6.46	0.63	1.31	3.64	1.69	7.40
MSCI Developed World (USD)	2215.64	▲ 7.36	0.33	0.93	1.63	1.94	17.61

US Market ▲

US markets closed higher

US markets closed mostly firmer yesterday, amid robust corporate results from Microsoft Corp and PayPal Holdings Inc. Data revealed that the US durable goods orders fell more-than-expected in September. The S&P 500 Index climbed 0.2% to close at 3,010.29. Today, the S&P 500 futures are trading weaker.

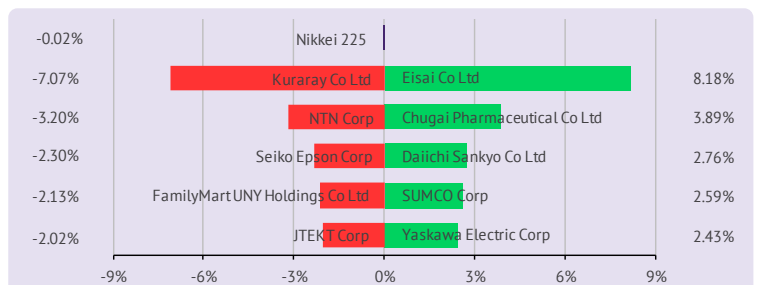
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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading slightly lower at 22,747.08.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R14.6907. Later today, traders will keep a close watch on the US Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US Markit manufacturing PMI unexpectedly climbed in October. Additionally, the Markit services PMI advanced in line with market expectations in the same month. Further, initial jobless claims fell more than market anticipations in the week ended 18 October 2019. On the other hand, the nation's new home sales dropped on a monthly basis in September. Moreover, durable goods orders declined more than market forecast to a 4-month low level in September.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R18.8660. 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, ahead of the European Union's decision on whether to grant a Brexit extension. On the macro front, UK's BBA mortgage approvals decreased to its lowest level in 6 months in September.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.3101. Going forward, market participants will keep a tab on Germany's GfK consumer confidence index and the Ifo indices for further indication.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's Markit manufacturing PMI remained unchanged at a 7-year low level in October. Further, the Markit services PMI rose less than market anticipations in October, marking its lowest level since the start of this year. Separately, Germany Markit manufacturing PMI advanced less than market expectations in October. Additionally, the Markit services PMI dropped to a 37-month low level in October.

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 R10.0163.

The Australian Dollar fell against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.6907	▲	0.38	-0.61	-2.87	-0.39	2.47
GBPZAR	18.8660	▲	-0.10	-1.53	1.51	0.78	3.12
EURZAR	16.3101	▲	0.15	-1.15	-1.04	-1.13	-0.81
AUDZAR	10.0163	▲	-0.13	-1.00	-1.89	-0.10	-0.98
EURUSD	1.1103	▼	-0.23	-0.56	1.88	-0.76	-3.17
GBPUSD	1.2842	▼	-0.47	-1.02	4.57	1.09	0.76
Brent (\$/barrel)	61.4	▼	0.82	3.79	4.08	0.00	14.63
Gold (\$/oz)	1505.4	▲	0.60	0.72	2.27	-3.76	16.98
Platinum (\$/oz)	921.6	▼	0.35	3.28	4.32	-5.18	15.79
Copper (\$/MT)*	5863.5	▲	0.07	1.36	2.95	0.70	-1.44

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.4% to trade at \$1,505.40/oz.

Yesterday, gold prices rose 0.6% to close at \$1,498.90/oz, as weak US economic data increased expectations of an interest rate cut by the Federal Reserve.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.5% to trade at \$61.37/bl, as concerns over global economic growth fuelled worries about crude demand.

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Yesterday, Brent crude oil advanced 0.8% to settle at \$61.67/bl, amid prospects of deeper production cuts by the Organization of the Petroleum Exporting Countries and other oil producers.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$921.60/oz.

Yesterday, platinum prices climbed 0.4% to close at \$921.60/oz.

Major South African corporate news

Allied Electronics Corp Limited

In its 1H19 results, the company announced that revenues increased to ZAR8.53bn from ZAR7.92bn posted in the corresponding period of the previous year. Its diluted EPS rose 6.0% to 76.00c from 72.00c recorded in the same period of the prior year.

Life Healthcare Group Holdings Limited

In its FY19 trading statement, the company announced that it expects revenues to be between ZAR25.35bn and ZAR25.90bn for the period. Further, it anticipates EPS to be between 170.00c and 180.00c and HEPS to be between 85.00c and 95.00c for the period.

Clicks Group Limited

In its FY19 results, the company announced that revenues advanced 7.7% to ZAR33.38bn from ZAR31.00bn posted in the preceding year. Its diluted EPS stood at 671.80c, compared with 575.00c recorded in the previous year.

Harmony Gold Mining Company Limited

In its FY19 results, the company announced that revenues advanced to ZAR26.91bn, from ZAR20.45bn during the corresponding period of the previous year. Its diluted loss per share stood at 500.00c, compared to a loss of 1,004.00c in the prior year.

Major global economic news

Eurozone

The European Central Bank (ECB), in its latest monetary policy meeting, kept its benchmark interest rate unchanged at 0.00%, as widely expected. Further, the ECB indicated that its key interest rates will remain at their current or lower levels until inflation reaches the ECB's goal of "below, but close to 2%". Additionally, the central bank expects a gross domestic product rate for the region of 1.1% in 2019 and 1.2% in 2020. Also, it forecasts a headline inflation rate of 1.2% and 1.0% for 2019 and 2020, respectively.

In his final post-decision press conference ECB President, warned that geopolitical risks are threatening Eurozone's recovery and urged for a more active fiscal policy in the euro area to help create a conducive environment to raise interest rates in future. Further, he stated that overall assessment was positive as the improvements in the economy more than offset the adverse side effects.

In the Eurozone, the preliminary Markit manufacturing PMI remained unchanged at 45.70 in October.

In the Eurozone, the flash Markit services PMI rose to a level of 51.80 in October, less than market expectations. In the prior month, the Markit services PMI had recorded a level of 51.60.

In Germany, the preliminary Markit services PMI unexpectedly dropped to 51.20 in October. In the previous month, the Markit services PMI had registered a reading of 51.40.

In Germany, the flash Markit manufacturing PMI advanced to 41.90 in October, less than market forecast and compared to a level of 41.70 in the previous month.

UK

In the UK, the BBA mortgage approvals fell to a level of 42.31K in September, compared to a revised reading of 42.53K in the previous month.

US

In the US, the flash Markit manufacturing PMI unexpectedly advanced to a level of 51.50 in October, compared to a reading of 51.10 in the prior month.

In the US, the flash Markit services PMI rose to 51.00 in October, in line with market expectations. In the previous month, the Markit services PMI had registered a level of 50.90.

In the US, seasonally adjusted initial jobless claims dropped to 212.00K in the week ended 18 October 2019, more than market expectations. In the previous week, initial jobless claims had recorded a revised reading of 218.00K.

In the US, new home sales fell 0.7% to a level of 701.00K on a monthly basis in September, compared to a revised reading of 706.00K in the previous month.

In the US, flash durable goods orders dropped 1.1% on a monthly basis in September, more than market expectations. Durable goods orders had recorded a revised rise of 0.3% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Foreign Buying Japan Bonds (18-Oct)	✓	JPY127.20bn*	JPY102.80bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (18-Oct)	✓	JPY522.30bn*	JPY508.10bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (18-Oct)	✓	JPY536.10bn*	JPY1062.20bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (18-Oct)	✓	JPY42.30bn*	JPY48.50bn	Weekly
Japan	08:00	Machine Tool Orders (YoY) (Sep) (F)	✓✓✓	-	-35.50%**	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Nov)	✓✓✓	9.80	9.90	Monthly
France	08:45	Producer Price Index (MoM) (Sep)	✓✓	0.30%	0.00%	Monthly
France	08:45	Producer Price Index (Sep)	✓	-	102.40	Monthly
Spain	09:00	Producer Price Index (MoM) (Sep)	✓	-	-1.50%	Monthly
Spain	09:00	Producer Price Index (YoY) (Sep)	✓	-	-2.50%	Monthly
Eurozone	10:00	ECB Survey of Professional Forecasters	✓	-	-	As scheduled
Germany	10:00	Ifo - Expectations (Oct)	✓✓	91.00	90.80	Monthly
Germany	10:00	Ifo - Current Assessment (Oct)	✓✓	98.00	98.50	Monthly
Germany	10:00	Ifo - Business Climate (Oct)	✓✓✓	94.50	94.60	Monthly
US	16:00	Michigan Consumer Sentiment Index (Oct) (F)	✓✓✓	-	96.00**	Monthly
Eurozone	16:30	ECB's Villeroy speaks in Paris	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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