

ONE Minute Brief

23 October 2019

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Economic and political news

In South Africa (SA), the leading indicator dropped to 103.80 in August, compared to a reading of 103.90 in the prior month.

Yesterday, the South African parliament approved an additional ZAR59bn bailout for Eskom over the next two years, of which ZAR26bn is allocated for 2019 and ZAR33bn for 2020.

Deloitte has denied all claims made by Eskom against its consulting firm and stated that its legal team is studying the utility's legal documents to prepare a response.

President, Cyril Ramaphosa, has granted third extension to the Public Investment Corporation (PIC) commission to submit its final report until 15 December.

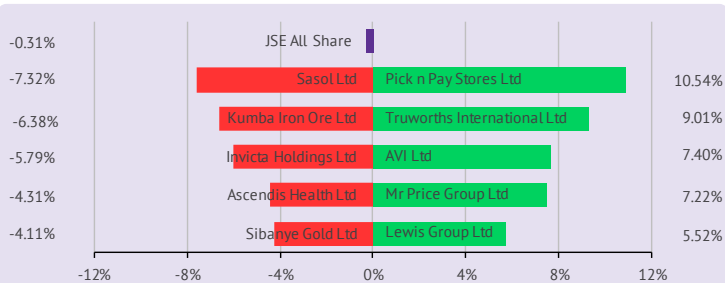
A report commissioned by the Democratic Alliance into the party's poor performance in the May general elections has put the blame on "a failure of effective leadership".

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in mining and resource sector stocks. Data indicated that SA's leading indicator fell in August. The JSE All Share Index fell 0.3% to close at 55,936.83.

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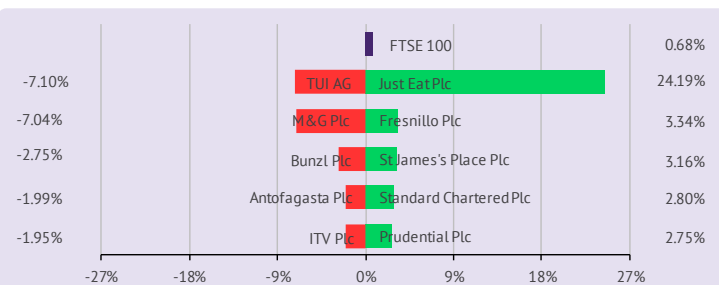


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as the British Pound weakened, after UK lawmakers rejected the government's proposed Brexit timetable. Data revealed that UK's public sector net borrowing deficit widened in September. The FTSE 100 Index advanced 0.7% to close at 7,212.49. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

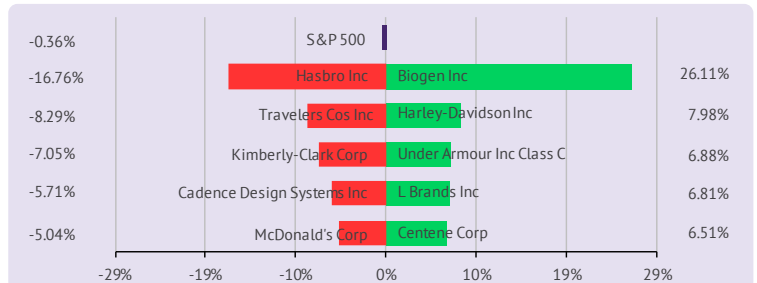
	As at 22 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55936.83	▼ -173.95	-0.31	0.38	2.03	-0.79	6.07
JSE Top 40 (ZAR)	49610.14	▼ -224.47	-0.45	0.20	1.63	-1.03	6.17
FTSE 100 (GBP)	7212.49	▲ 48.85	0.68	0.87	-2.64	2.79	7.20
DAX 30 (EUR)	12754.69	▲ 6.73	0.05	0.96	2.63	4.09	20.79
CAC 40 (EUR)	5657.69	▲ 9.34	0.17	0.38	-0.35	3.60	19.60
S&P 500 (USD)	2995.99	▼ -10.73	-0.36	0.33	0.65	1.72	19.51
Nasdaq Composite (USD)	8104.30	▼ -58.69	-0.72	0.18	1.31	0.46	22.14
DJIA (USD)	26788.10	▼ -39.54	-0.15	0.07	-0.48	1.95	14.84
MSCI Emerging Markets (USD)	1034.08	▲ 5.57	0.54	0.98	3.30	1.69	7.05
MSCI Developed World (USD)	2204.29	▼ -5.05	-0.23	0.41	1.11	1.94	17.00

US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid disappointing corporate earnings report. Data showed that the US monthly existing home sales fell more-than-expected in September. The S&P 500 Index dropped 0.4% to close at 2,995.99. Today, the S&P 500 futures are trading weaker.

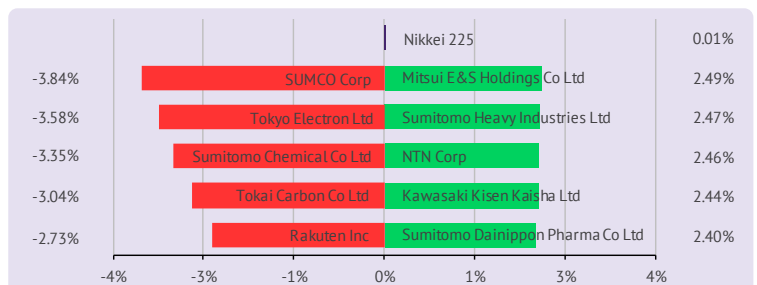
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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly weaker this morning. The Nikkei 225 Index is trading marginally higher at 22,552.03.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.2% against the South African Rand to trade at R14.6199. Later today, traders will keep a close watch on the US MBA mortgage applications and the housing price index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US existing home sales declined more than market forecast on a monthly basis in September. On the other hand, the nation's Richmond Fed manufacturing index rebounded in October. Separately, in SA, the leading indicator declined in August.

GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading slightly firmer against the South African Rand at R18.7819. Ahead in the day, traders will keep an eye on UK's BBA mortgage approvals for further cues.

The British Pound declined against the South African Rand yesterday, after British lawmakers rejected the government's proposed Brexit timetable. On the data front, UK's public sector net borrowing deficit widened in September. Further, the CBI total trend orders unexpectedly declined in October.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R16.2541. Going forward, market participants will keep a tab on Eurozone's consumer confidence index for further indication.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar marginally retreated against the South African Rand to trade at R9.9985.

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	14.6199	▼	-1.17	-1.39	-3.63	-0.39	1.67
GBPZAR	18.7819	▼	-1.83	-2.14	0.88	0.78	2.48
EURZAR	16.2541	▼	-1.39	-1.73	-1.62	-1.13	-1.39
AUDZAR	9.9985	▲	-1.35	-1.24	-2.12	-0.10	-1.22
EURUSD	1.1118	▼	-0.22	-0.38	2.07	-0.76	-2.98
GBPUSD	1.2848	▼	-0.68	-0.86	4.74	1.09	0.93
Brent (\$/barrel)	59.4	▼	1.26	0.47	0.76	0.00	10.97
Gold (\$/oz)	1492.1	▲	-0.05	-0.44	1.09	-3.76	15.64
Platinum (\$/oz)	892.3	▼	0.43	0.00	1.01	-5.18	12.11
Copper (\$/MT)*	5790.5	▼	-0.24	0.10	1.67	0.70	-2.66

*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 \$1,492.10/oz.

Yesterday, gold prices fell 0.1% to close at \$1,481.70/oz, as positive developments in the US-China trade talks dented demand for the precious yellow metal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.5% to trade at \$59.41/bl, after the American Petroleum Institute reported that crude oil inventories rose by 4.45mn bls in the week ended 18 October 2019.

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Yesterday, Brent crude oil advanced 1.3% to settle at \$59.70/bl, following reports that OPEC and other oil producers are mulling deeper production cuts in their December meeting.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally retreated to trade at \$892.30/oz.

Yesterday, platinum prices climbed 0.4% to close at \$892.30/oz.

Major South African corporate news

Ascendis Health Limited

In its FY19 trading statement, the company announced that it expects loss per share to be between 982.20c and 983.70c, compared to an EPS of 7.40c in the corresponding period of the previous year. It expects its headline loss per share to be between 121.80c and 124.50c, compared to an EPS of 13.90c recorded in the corresponding period of the previous year. Separately, the company stated that negotiations with the preferred bidder on the disposal of its Remedica business in Cyprus are at an advanced stage, and that the company expects to make further announcements in due course.

Oceana Group Limited

In its FY19 trading statement, the company announced that it expects EPS to be between 506.90c and 536.20c compared to 734.60c in the same period of the preceding year. The company expects its basic HEPS to be between 516.20c and 545.30c compared to 727.10c recorded in the corresponding period of the previous year.

Kumba Iron Ore Limited

In its 3Q19 production and sales report, the company announced that total sales volume decreased to 10.15Mt, compared to 10.49Mt during the same period of the preceding year. Domestic sales dropped by 36.0% to 0.5Mt, due to lower off take from ArcelorMittal South Africa, while export sales were flat at 9.7Mt. Total production volumes stood at 10.52Mt during the period.

Pick n Pay Stores Limited

In its 1H19 results, the company announced that revenues increased to ZAR44.20bn from ZAR42.18bn posted in the corresponding period of the previous year. Its diluted EPS rose 2.0% to 80.71c from 79.13c posted in the same period of the prior year. The company declared an interim dividend of 42.80c per share.

Major global economic news

UK

In the UK, public sector net borrowing deficit widened to GBP8.73bn in September, compared to a revised deficit of GBP4.92bn in the prior month.















In the UK, balance of firms reporting total order book above normal unexpectedly eased to a level of -37.00 in October, compared to a reading of -28.00 in the prior month.

US

In the US, existing home sales dropped 2.2% to a level of 5.38mn on a monthly basis in September, more than market expectations and compared to a reading of 5.49mn in the prior month.

In the US, the Richmond Fed manufacturing index unexpectedly rose to a level of 8.00 in October. In the prior month, the index had registered a level of -9.00.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Japan	1:50	Corporate Service Price (YoY) (Sep)	✓	-	0.60%	Monthly
 Japan	7:30	Nationwide Department Store Sales (YoY) (Sep)	✓	-	2.30%	Monthly
 Japan	7:30	Tokyo Department Store Sales (YoY) (Sep)	✓	-	4.70%	Monthly
 France	8:45	Business Climate (Oct)	✓	-	106.00	Monthly
 France	8:45	Business Survey Overall Demand (Oct)	✓	-	-3.00	Monthly
 France	8:45	Own-Company Production Outlook (Oct)	✓	-	6.00	Monthly
 France	8:45	Production Outlook Indicator (Oct)	✓	-	4.00	Monthly
 Eurozone	9:30	Andrea Enria, Jose Manuel Campa, Margarita Delgado in Madrid	✓	-	-	As scheduled
 South Africa	10:00	Consumer Price Index (YoY) (Sep)	✓✓	4.20%	4.30%	Monthly
 South Africa	10:00	Consumer Price Index (MoM) (Sep)	✓✓	0.40%	0.30%	Monthly
 US	13:00	MBA Mortgage Applications (18-Oct)	✓	-	0.50%	Weekly
 US	15:00	House Price Index s.a. (Aug)	✓✓	-	276.90	Monthly
 US	15:00	Housing Price Index (MoM) (Aug)	✓	-	0.40%	Monthly
 Eurozone	16:00	Consumer Confidence (Oct) (P)	✓✓✓	-6.70	-6.50	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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