

ONE Minute Brief

13 November 2019

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Economic and political news

The South African National Assembly has revived the South African Reserve Bank (SARB) Amendment Bill which proposes the nationalisation of the central bank and will be referred to the standing committee on finance for discussions and public participation.

The Association of Mineworkers and Construction Union (AMCU) announced that it has concluded wage deals with Anglo American Platinum, Impala Platinum and Sibanye-Stillwater, which will be signed today.

Public Protector, Busisiwe Mkhwebane, has agreed to suspend her call demanding the South African Revenue Service (Sars) to disclose former President, Jacob Zuma's tax records. However, Zuma has offered up his tax records to Busisiwe Mkhwebane for scrutiny following reports that the tax agency was attempting to block her access to the information.

South African Airways has indicated that its restructuring plan, to be finalised by March, could lead to about 900 job cuts and a saving of ZAR700mn.

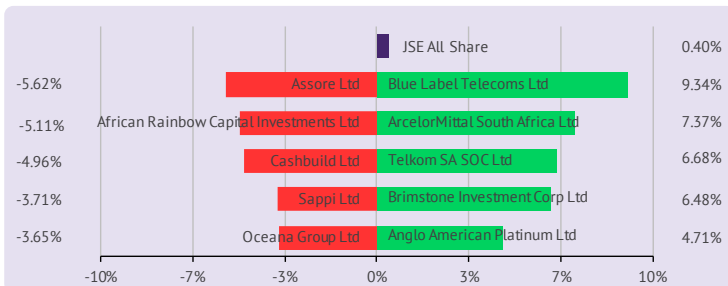
Today, the South African Institute of Chartered Accountants will start a disciplinary hearing of former Transnet and Eskom Chief Financial Officer, Anoj Singh, over 18 charges of misconduct at both the firms.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining and banking sector stocks. The JSE All Share Index rose 0.4% to close at 56,399.10.

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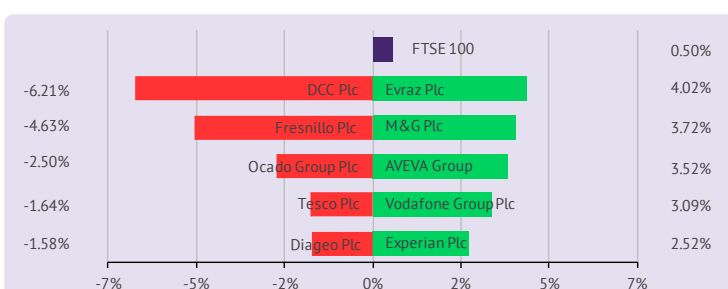


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid renewed hopes over US-China trade deal and following upbeat earnings report from telecom company, Vodafone. The FTSE 100 Index advanced 0.5% to close at 7,365.44. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

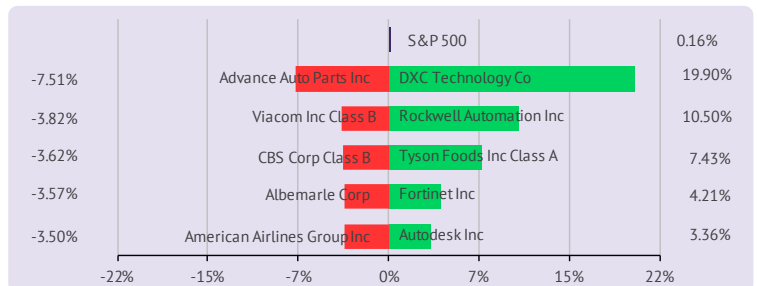
| | As at 12 Nov 2019 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR) | 56399.10 | ▲ 224.17 | 0.40 | -0.38 | -0.05 | 2.92 | 6.94 |
| JSE Top 40 (ZAR) | 50210.49 | ▲ 234.47 | 0.47 | -0.39 | 0.08 | 2.78 | 7.46 |
| FTSE 100 (GBP) | 7365.44 | ▲ 36.90 | 0.50 | 0.08 | 1.61 | -2.16 | 9.47 |
| DAX 30 (EUR) | 13283.51 | ▲ 85.14 | 0.65 | 0.42 | 3.24 | 3.53 | 25.80 |
| CAC 40 (EUR) | 5919.75 | ▲ 25.93 | 0.44 | 0.51 | 3.31 | 0.92 | 25.14 |
| S&P 500 (USD) | 3091.84 | ▲ 4.83 | 0.16 | -0.04 | 1.79 | 2.04 | 23.34 |
| Nasdaq Composite (USD) | 8486.09 | ▲ 21.82 | 0.26 | 0.13 | 2.34 | 3.66 | 27.89 |
| DJIA (USD) | 27691.49 | - | 0.00 | 0.00 | 2.39 | 0.48 | 18.71 |
| MSCI Emerging Markets (USD) | 1055.83 | ▲ 2.95 | 0.28 | -0.85 | 1.33 | 4.09 | 9.31 |
| MSCI Developed World (USD) | 2270.01 | ▲ 3.65 | 0.16 | 0.05 | 1.63 | 2.45 | 20.49 |

US Market ▲

US markets closed firmer

US markets closed higher yesterday, after the US President, Donald Trump, indicated that a trade deal with China could happen soon. Data showed that the US NFIB business optimism index rose less-than-expected in October. The S&P 500 Index climbed 0.2% to close at 3,091.84. Today, the S&P 500 futures are trading in the red.

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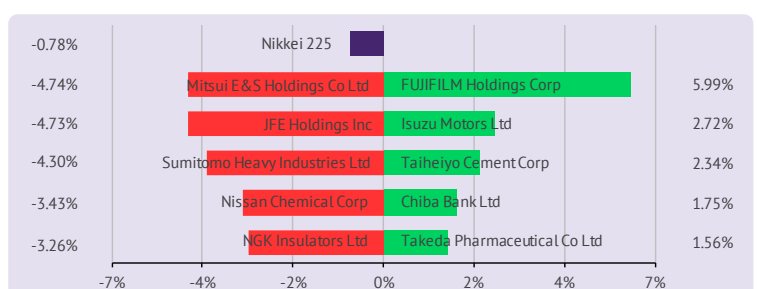


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, after President, Donald Trump, did not offer clarity on the first phase of an agreement between the US and China. The Nikkei 225 Index is trading 0.8% lower at 23,337.49.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R14.9328. Later today, traders will keep a close watch on the US Federal Reserve (Fed) Chairman, Jerome Powell's testimony, the US consumer price index (CPI), monthly budget statement and the MBA mortgage applications for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US NFIB business optimism index rose less than market expectations in October.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R19.1824. Ahead in the day, traders will keep an eye on UK's CPI, producer price index (PPI), retail and house price indices for further cues.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's ILO unemployment rate unexpectedly declined to a 45-year low rate in the July-September 2019 period. Additionally, average earnings advanced less than market consensus in the July-September 2019 period.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally retreated against the South African Rand to trade at R16.4458. Going forward, market participants will keep a tab on the European Central Bank's non-monetary policy meeting along with Eurozone's industrial production and Germany's CPI for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's ZEW survey economic sentiment index unexpectedly climbed in November. Separately, Germany's ZEW survey economic sentiment index jumped more than market forecast in November. Meanwhile, the nation's ZEW survey current situation index rose less than market anticipations in November.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.2126. Earlier in the session, Australia's Westpac consumer confidence index improved in November.

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 | 14.9328 | ▲ | 0.40 | 0.60 | -1.05 | -0.23 | 4.15 |
| GBPZAR | 19.1824 | ▲ | 0.34 | 1.11 | -1.75 | 4.97 | 4.77 |
| EURZAR | 16.4458 | ▲ | 0.17 | 0.58 | -2.32 | 2.09 | -0.05 |
| AUDZAR | 10.2126 | ▲ | 0.24 | 0.30 | -1.76 | 1.86 | 0.99 |
| EURUSD | 1.1013 | ▲ | -0.22 | -0.08 | -1.28 | 2.32 | -3.99 |
| GBPUSD | 1.2847 | ▲ | -0.08 | 0.56 | -0.75 | 5.31 | 0.71 |
| Brent (\$/barrel) | 61.9 | ▼ | -0.19 | -0.72 | 4.09 | 0.62 | 15.35 |
| Gold (\$/oz) | 1459.2 | ▲ | -0.23 | -0.63 | -4.03 | 3.35 | 13.46 |
| Platinum (\$/oz) | 872.6 | ▲ | -1.22 | -2.60 | -6.83 | 5.69 | 9.30 |
| Copper (\$/MT)* | 5843.8 | ▼ | -0.26 | -1.13 | 1.29 | 1.30 | -1.77 |

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,459.20/oz.

Yesterday, gold prices fell 0.2% to close at \$1,453.70/oz, amid optimism over the US-China trade deal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.2% to trade at \$61.91/bl, as uncertainty over the US-China trade deal weighed on the outlook for the global economy and energy demand.

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Yesterday, Brent crude oil declined 0.2% to settle at \$62.06/bl.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$872.60/oz.

Yesterday, platinum prices dropped 1.2% to close at \$869.90/oz.

Major South African corporate news

Telkom SA SOC Limited

In its 1H19 results, the company announced that revenues rose to ZAR21.48bn from ZAR20.51bn posted in the corresponding period of the previous year. Its diluted EPS fell 35.0% to 173.10c from 266.4c posted in the same period of the prior year. Further, the company has approved an interim dividend of 71.53c per share.

Major global economic news

Eurozone

In Germany, the ZEW survey economic sentiment index rose to a level of -2.10 in November, more than market forecast. The index had recorded a reading of -22.80 in the previous month.

In Germany, the ZEW current situation index rose less than market anticipations to a level of -24.70 in November, compared to a reading of -25.30 in the prior month.

In Eurozone, the ZEW survey economic sentiment index unexpectedly advanced to a level of -1.00 in November. The index had recorded a reading of -23.50 in the prior month.

Asia

In Australia, the Westpac consumer confidence index climbed 4.5% in November, compared to a drop of 5.5% in previous month.

In Japan, the PPI fell 0.4% on an annual basis in October, more than market forecast and compared to a drop of 1.1% in the previous month.

UK

In the UK, the ILO unemployment rate unexpectedly dropped 3.8% in the July-September 2019 period, compared to 3.9% in the June-August 2019 period.

In the UK, average earnings including bonus rose 3.6% on an annual basis in the July-September 2019 period, less than market forecast and compared to a revised rise of 3.7% in the June-August 2019 period.

US

In the US, the NFIB small business optimism index rose less-than-expected to level of 102.4 in October, compared to a level of 101.8 in previous month.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous/ **Previous est. | Frequency |
|--------------|-------|--|-----------|-----------------------|------------------------------|--------------|
| Japan | 01:50 | Producer Price Index (MoM) (Oct) | ✓ | 1.10%* | 0.00% | Monthly |
| Japan | 01:50 | Producer Price Index (YoY) (Oct) | ✓ | -0.40%* | -1.10% | Monthly |
| Germany | 09:00 | Consumer Price Index (YoY) (Oct) (F) | ✓✓✓ | 1.10% | 1.10%** | Monthly |
| Germany | 09:00 | Consumer Price Index (MoM) (Oct) (F) | ✓✓✓ | 0.10% | 0.10%** | Monthly |
| Germany | 09:00 | Harmonised Index of Consumer Prices (HICP) (YoY) (Oct) (F) | ✓✓✓ | 0.90% | 0.90%** | Monthly |
| Germany | 09:00 | Harmonised Index of Consumer Prices (HICP) (MoM) (Oct) (F) | ✓✓✓ | 0.10% | 0.10%** | Monthly |
| Eurozone | 10:00 | Non-Monetary Policy ECB Meeting | ✓ | - | - | As scheduled |
| UK | 11:30 | Producer Price Index - Output n.s.a. (MoM) (Oct) | ✓ | - | -0.10% | Monthly |
| UK | 11:30 | Consumer Price Index (MoM) (Oct) | ✓✓✓ | -0.10% | 0.10% | Monthly |
| UK | 11:30 | Consumer Price Index (YoY) (Oct) | ✓✓✓ | 1.60% | 1.70% | Monthly |
| UK | 11:30 | Consumer Price Index Core (YoY) (Oct) | ✓✓✓ | 1.70% | 1.70% | Monthly |
| UK | 11:30 | Producer Price Index - Input n.s.a. (MoM) (Oct) | ✓ | -1.20% | -0.80% | Monthly |
| UK | 11:30 | Producer Price Index - Input n.s.a. (YoY) (Oct) | ✓ | -4.90% | -2.80% | Monthly |
| UK | 11:30 | Retail Price Index (MoM) (Oct) | ✓✓✓ | -0.10% | -0.20% | Monthly |
| UK | 11:30 | Producer Price Index - Output n.s.a. (YoY) (Oct) | ✓✓ | 0.90% | 1.20% | Monthly |
| Eurozone | 12:00 | Industrial Production w.d.a. (YoY) (Sep) | ✓✓✓ | -2.30% | -2.80% | Monthly |
| Eurozone | 12:00 | Industrial Production s.a. (MoM) (Sep) | ✓✓✓ | -0.30% | 0.40% | Monthly |
| South Africa | 13:00 | Retail Sales (MoM) (Sep) | ✓✓ | - | -0.90% | Monthly |
| South Africa | 13:00 | Retail Sales (YoY) (Sep) | ✓✓ | 1.90% | 1.10% | Monthly |
| US | 14:00 | MBA Mortgage Applications (08-Nov) | ✓ | - | -0.10% | Weekly |
| US | 15:30 | Advance Retail Sales (MoM) (Nov) | ✓✓✓ | - | -0.30% | Monthly |
| US | 15:30 | Consumer Price Index n.s.a. (MoM) (Oct) | ✓ | - | 0.08% | Monthly |
| US | 15:30 | Consumer Price Index (MoM) (Oct) | ✓✓✓ | 0.30% | 0.00% | Monthly |
| US | 15:30 | Consumer Price Index (YoY) (Oct) | ✓✓✓ | 1.70% | 1.70% | Monthly |
| US | 18:00 | Fed's Chair Powell testifies | ✓✓✓ | - | - | As scheduled |
| US | 18:00 | Powell Addresses Joint Economic Committee Of Congress | ✓ | - | - | As scheduled |
| US | 21:00 | Monthly Budget Statement (Oct) | ✓✓✓ | -USD132.50bn | USD82.77bn | Monthly |

Note: ✓✓✓High ✓✓Medium ✓Low

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