

ONE Minute Brief

14 November 2019

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Economic and political news

In South Africa (SA), retail sales climbed 0.2% on a yearly basis in September, compared to a revised rise of 1.0% in August.

The National Union of Metalworkers of SA (Numsa) and the South African Cabin Crew Association (Sacca), representing around 3,000 of South African Airways (SAA) workforce, stated that cabin crew and other workers at SAA would go on strike tomorrow over the airline's refusal to agree to the salary hikes demanded and plans to cut 944 jobs. Meanwhile, the SAA warned that the airlines might never recover if a strike by labour unions goes ahead.

Jared Watson, the nephew of late Bosasa head Gavin Watson, has laid theft charges amounting to ZAR37.50mn against former Chief Operating Officer Angelo Agrizzi and Chief Financial Officer Andries van Tonder.

The office of the Public Protector has denied reports that it is backing off its demand for tax records of former President Jacob Zuma from the South African Revenue Services (Sars).

The US ambassador to SA, Lana Marks, has indicated that increasing trade and investment between the US and SA was one of her priorities.

Key indices

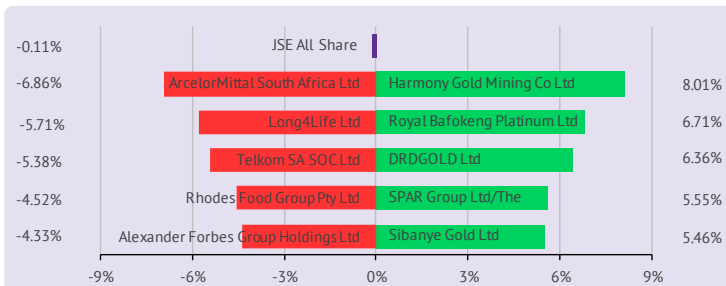
| | As at 13 Nov 2019 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR) | 56338.33 | ▼ | -60.77 | -0.11 | -0.49 | -0.15 | 2.92 |
| JSE Top 40 (ZAR) | 50115.49 | ▼ | -95.00 | -0.19 | -0.58 | -0.11 | 2.78 |
| FTSE 100 (GBP) | 7351.21 | ▼ | -14.23 | -0.19 | -0.11 | 1.42 | -2.16 |
| DAX 30 (EUR) | 13230.07 | ▼ | -53.44 | -0.40 | 0.01 | 2.82 | 3.53 |
| CAC 40 (EUR) | 5907.09 | ▼ | -12.66 | -0.21 | 0.30 | 3.09 | 0.92 |
| S&P 500 (USD) | 3094.04 | ▲ | 2.20 | 0.07 | 0.03 | 1.86 | 2.04 |
| Nasdaq Composite (USD) | 8482.10 | ▼ | -3.99 | -0.05 | 0.08 | 2.29 | 3.66 |
| DJIA (USD) | 27783.59 | ▲ | 92.10 | 0.33 | 0.37 | 2.73 | 0.48 |
| MSCI Emerging Markets (USD) | 1043.83 | ▼ | -12.01 | -1.14 | -1.97 | 0.18 | 4.09 |
| MSCI Developed World (USD) | 2268.33 | ▼ | -1.69 | -0.07 | -0.02 | 1.56 | 2.45 |

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in banking and industrial sector stocks. The JSE All Share Index fell 0.1% to close at 56,338.33.

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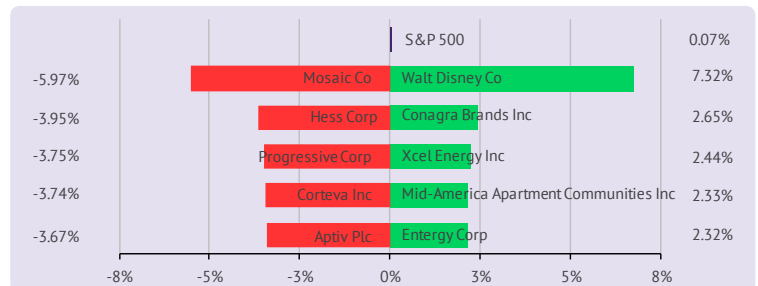


US Market ▲

US markets closed mostly firmer

US markets closed mostly higher yesterday, amid hopes for US-China trade deal, optimism over Federal Reserve's (Fed) policy and surge in government spending. The S&P 500 Index climbed 0.1% to close at 3,094.04. Today, the S&P 500 futures are trading in the red.

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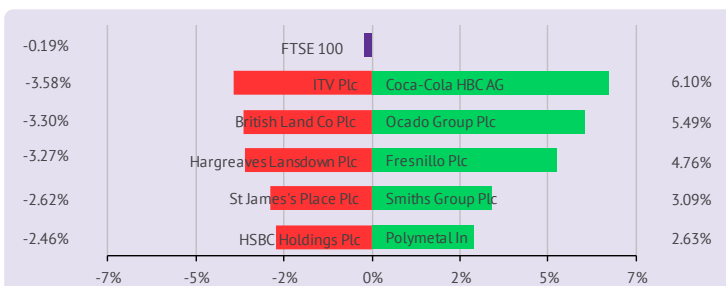


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid uncertainty over US-China trade deal. Data revealed that UK's consumer price index (CPI) rose less-than-expected on a yearly basis in October. The FTSE 100 Index declined 0.2% to close at 7,351.21. Today, the FTSE 100 futures are trading in positive territory.

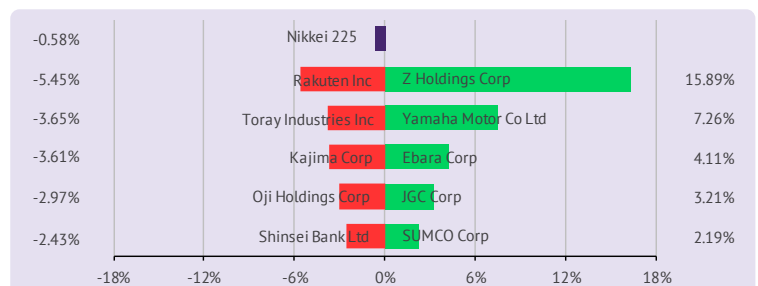
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.6% lower at 23,183.82.



USD ZAR ▼

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R14.9294. Later today, traders will keep a close watch on the US producer price index (PPI) and initial jobless claims for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US monthly budget deficit widened more than market consensus for the first time in more than six years in October. Meanwhile, the nation's consumer price index (CPI) climbed more than market expectations on a yearly basis in October. Moreover, the MBA mortgage applications rebounded to a one-month high level in the week ended 8 November 2019. Separately, in SA, annual retail sales increased less than market anticipations in September.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound trading marginally higher against the South African Rand to trade at R19.1669. Ahead in the day, traders will keep an eye on UK's retail sales for further indication. Data revealed that UK's RICS house price balance fell more than market forecast in October.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's annual consumer price inflation slowed to its lowest level since November 2016 in October. Additionally, the output PPI rose less than market anticipations on a yearly basis in October. Moreover, annual retail price index declined more than market forecast in October. Further, the house price index advanced less than market consensus on a yearly basis in July.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R16.4280. Going forward, market participants will keep a tab on gross domestic product (GDP) in the Eurozone and Germany for further cues.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's industrial production unexpectedly climbed on a monthly basis in September, recording its second consecutive monthly rise. Separately, Germany's CPI rose at par with market expectations on an annual basis in October.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% weaker against the South African Rand at R10.1476. Earlier in the session, Australia's unemployment rate advanced meeting market expectations in October. Elsewhere, in China, Australia's largest trading partner, industrial production jumped on a yearly basis in October. Meanwhile, the nation's annual retail sales rose less than market consensus in the same month.

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 | 14.9294 | ▼ | -0.21 | 0.39 | -1.25 | -0.23 | 3.94 |
| GBPZAR | 19.1669 | ▼ | -0.17 | 0.94 | -1.92 | 4.97 | 4.59 |
| EURZAR | 16.4280 | ▼ | -0.22 | 0.36 | -2.54 | 2.09 | -0.27 |
| AUDZAR | 10.1476 | ▲ | -0.27 | 0.03 | -2.03 | 1.86 | 0.72 |
| EURUSD | 1.1004 | ▼ | -0.02 | -0.10 | -1.30 | 2.32 | -4.01 |
| GBPUSD | 1.2841 | ▼ | 0.05 | 0.60 | -0.70 | 5.31 | 0.76 |
| Brent (\$/barrel) | 62.6 | ▲ | 0.50 | -0.22 | 4.61 | 0.62 | 15.93 |
| Gold (\$/oz) | 1464.7 | ▲ | 0.66 | 0.03 | -3.40 | 3.35 | 14.20 |
| Platinum (\$/oz) | 875.2 | ▲ | 0.56 | -2.05 | -6.31 | 5.69 | 9.91 |
| Copper (\$/MT)* | 5810.5 | ▼ | -0.57 | -1.70 | 0.71 | 1.30 | -2.33 |

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,464.70/oz.

Yesterday, gold prices rose 0.7% to close at \$1,463.30/oz, as the US President, Donald Trump's remarks on US-China trade ties diminished optimism for a deal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.4% to trade at \$62.63/bl, after the American Petroleum Institute reported that crude oil inventories unexpectedly declined by 541,000 bls to 440mn bls for the week ended 8 November 2019.

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Yesterday, Brent crude oil advanced 0.5% to settle at \$62.37/bl, after the Organisation of the Petroleum Exporting Countries (OPEC) Secretary General, Mohammad Barkindo, stated that he saw no signs of global recession and the US shale oil production could grow by much less than expected in 2020. Additionally, positive remarks by the US Fed Chairman, Jerome Powell, further boosted oil prices.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices are trading marginally higher at \$875.20/oz.

Yesterday, platinum prices climbed 0.6% to close at \$874.80/oz.

Major South African corporate news

Harmony Gold Mining Company Limited

In its 1Q20 operational update, the company announced that total gold production rose by 1.5% to 11,231kg, compared to 11,061kg in the previous quarter. Total gold revenue was 20.0% higher at about ZAR8.00bn. An unexpected geological structure in one high grade raise line at Kusasalethu resulted in four panels being stopped. Given the erratic nature of the Ventersdorp Contact Reef, some high-grade areas are currently being mined at lower grades than expected.

Peregrine Holdings Limited

In its 1H19 results, the company announced that revenues advanced slightly to ZAR799.30mn from ZAR797.03mn the same period of the preceding year. Its basic EPS stood at 78.00c, compared to an EPS of 93.10c recorded in the corresponding period of the previous year. The company has declared an interim dividend of 65.00c per share.

Investec Property Fund Limited

In its 1H19 results, the company announced that revenues decreased to ZAR874.80mn from ZAR916.54mn posted in the corresponding period of the previous year. Its diluted EPS fell 17.1% to 100.60c from 121.35c posted in the same period of the prior year. The company has declared an interim dividend of 70.93c per share.

SPAR Group Limited

In its FY19 results, the company announced that revenues rose to ZAR109.48bn from ZAR101.02bn posted in the corresponding period of the previous year. Its diluted EPS increased 18.7% to 1,118.60c from 942.20c recorded in the same period of the prior year. The company has declared an interim dividend of 516.00c per share.

Major global economic news

US

The US Fed Chairman, Jerome Powell, in his testimony before the Joint Economic Committee of Congress, indicated that the central bank is likely to keep its key interest rates unchanged as long as the economic conditions remain broadly consistent with its outlook of moderate economic growth, a strong labour market and inflation target of 2.0%. Also, he stated that he expects the US economy to keep growing at a solid pace, though it still faces risks from slower overseas growth and trade tensions.

In the US, the budget deficit widened to USD134.50bn in October, more than market anticipation. The US had posted a budget surplus of USD82.77bn in the previous month.

In the US, the CPI advanced 1.8% on an annual basis in October, more than market forecast. In the previous month, the CPI advanced 1.7%.

In the US, the MBA mortgage applications rose 9.6% on a weekly basis in the week ended 08 November 2019. In the previous week, mortgage applications had dropped 0.1%.

UK

In the UK, the CPI rose 1.5% on an annual basis in October, less than market expectations. In the previous month, the CPI advanced 1.7%.

In October, non-seasonally adjusted output PPI rose 0.8% on a yearly basis in the UK, less than market forecast and compared to a rise of 1.2% in the previous month.

In the UK, the retail price index declined 0.2% on a monthly basis in October, more than market consensus. In the prior month, the index had recorded a similar drop.

In September, the house price rose 1.3% on an annual basis in the UK, less than market expectations. The index had recorded a similar rise in the previous month.

In the UK, the RICS house price balance dropped to -5.0 in October, compared to a revised decline of -3.0 in the prior month.

Asia

In China, retail sales advanced less-than-expected by 7.2% on an annual basis in October, compared to rise of 7.8% in the previous month.

China's industrial production climbed 4.7% on a yearly basis in October, compared to a rise of 5.8% in previous month.

In Japan, the preliminary GDP rose 0.1% on a quarterly basis in 3Q19, less than market anticipations. In the previous quarter, GDP had advanced 0.3%.

Eurozone

In Eurozone, seasonally adjusted industrial production unexpectedly rose 0.1% on a monthly basis in September. In the previous month, industrial production had recorded a rise of 0.4%.

In Germany, the final CPI advanced 1.1% on an annual basis in October, in line with market expectations. The preliminary figures had also indicated a rise of 1.1%. In the previous month, the index had climbed 1.2%.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous/ **Previous est. | Frequency |
|--------------|-------|---|-----------|-----------------------|------------------------------|--------------|
| Japan | 01:50 | Gross Domestic Product (QoQ) (Q3) (P) | ✓✓ | 0.10%* | 0.30% | Quarterly |
| Japan | 01:50 | Gross Domestic Product Annualised (Q3) (P) | ✓✓✓ | 0.20%* | 1.30% | Quarterly |
| Japan | 01:50 | Nominal Gross Domestic Product (QoQ) (Q3) (P) | ✓✓ | 0.30%* | 0.30% | Quarterly |
| UK | 02:01 | RICS Housing Price Balance (Oct) | ✓✓✓ | -5.00%* | -2.00% | Monthly |
| China | 04:00 | Industrial Production YTD (YoY) (Oct) | ✓✓ | 5.60%* | 5.60% | Monthly |
| China | 04:00 | Industrial Production (YoY) (Oct) | ✓✓ | 4.70%* | 5.80% | Monthly |
| China | 04:00 | Retail Sales (YoY) (Oct) | ✓✓✓ | 7.20%* | 7.80% | Monthly |
| Germany | 09:00 | Gross Domestic Product n.s.a. (YoY) (Q3) (P) | ✓✓ | 0.90% | 0.00% | Quarterly |
| Germany | 09:00 | Gross Domestic Product w.d.a. (YoY) (Q3) (P) | ✓✓ | 0.50% | 0.40% | Quarterly |
| Germany | 09:00 | Gross Domestic Product s.a. (QoQ) (Q3) (P) | ✓✓✓ | -0.10% | -0.10% | Quarterly |
| France | 09:45 | Consumer Price Index (Oct) | ✓ | - | 104.50 | Monthly |
| South Africa | 11:30 | Gold Production (YoY) (Sep) | ✓ | - | -5.40% | Monthly |
| South Africa | 11:30 | Mining Production (YoY) (Sep) | ✓✓ | - | -3.20% | Monthly |
| UK | 11:30 | Retail Sales (MoM) (Oct) | ✓✓✓ | - | 0.00% | Monthly |
| UK | 11:30 | Retail Sales (YoY) (Oct) | ✓✓✓ | - | 3.10% | Monthly |
| UK | 11:30 | Retail Sales ex-Fuel (MoM) (Oct) | ✓✓✓ | - | 0.20% | Monthly |
| UK | 11:30 | Retail Sales ex-Fuel (YoY) (Oct) | ✓✓✓ | - | 3.00% | Monthly |
| Eurozone | 12:00 | Gross Domestic Product s.a. (QoQ) (Q3) (S) | ✓✓✓ | - | 0.20%** | Quarterly |
| Eurozone | 12:00 | Gross Domestic Product s.a. (YoY) (Q3) (S) | ✓✓ | - | 1.10%** | Quarterly |
| Eurozone | 12:00 | Employment Change (QoQ) (Q3) (P) | ✓✓✓ | - | 0.20% | Quarterly |
| Eurozone | 12:00 | Employment Change (YoY) (Q3) (P) | ✓✓ | - | 1.20% | Quarterly |
| US | 15:30 | Producer Price Index (MoM) (Oct) | ✓✓✓ | - | -0.30% | Monthly |
| US | 15:30 | Producer Price Index (YoY) (Oct) | ✓✓✓ | - | 1.40% | Monthly |
| US | 15:30 | Continuing Jobless Claims (02-Nov) | ✓✓✓ | - | 1689.00K | Weekly |
| US | 15:30 | Initial Jobless Claims (09-Nov) | ✓✓✓ | - | 211.00K | Weekly |
| Eurozone | 16:00 | ECB's Knot Speaks in Frankfurt | ✓ | - | - | As scheduled |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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