

ONE Minute Brief

19 November 2019

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Economic and political news

Public Enterprises Minister, Pravin Gordhan, announced that Andre de Ruyter, has been appointed as the new Chief Executive Officer (CEO) of Eskom, with effect from 15 January 2020.

In his submission to the Judicial Commission of Inquiry into allegations of State Capture, UK lawmaker Peter Hain, stated that international banks such as HSBC Holdings, Standard Chartered and India's Bank of Baroda helped and abetted graft in South Africa (SA) during former President Jacob Zuma's rule and earned considerable fees in the process.

A majority of economists in a market survey by Bloomberg indicated that they expect ratings agency, S&P Global Ratings, to cut SA's outlook to "negative" from "stable" on Friday.

President, Cyril Ramaphosa, has appointed 15 new judges in various divisions of the High Court.

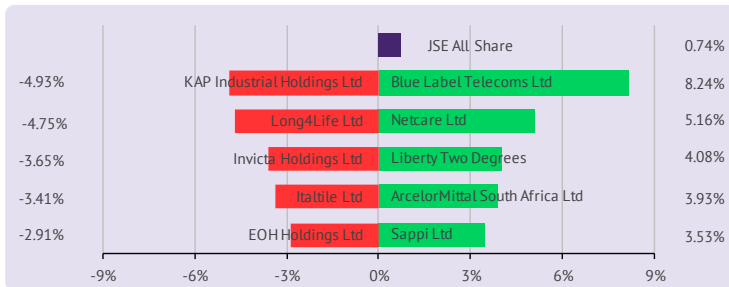
South African Airways (SAA) announced that it would resume flights to six African destinations from today and cancel some domestic flights in the next two days.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining and industrial sector stocks. The JSE All Share Index rose 0.7% to close at 56,467.03.

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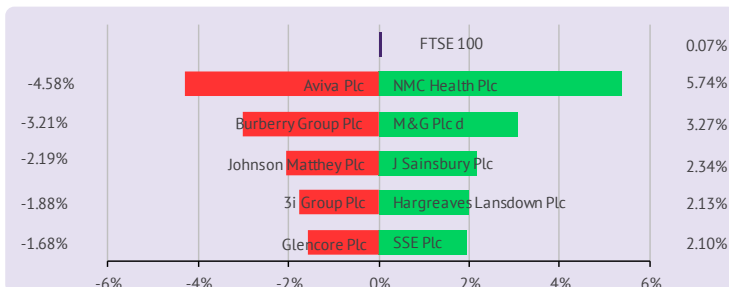


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as polls suggested a victory of the ruling Conservative party in upcoming December elections. The FTSE 100 Index advanced 0.1% to close at 7,307.70. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

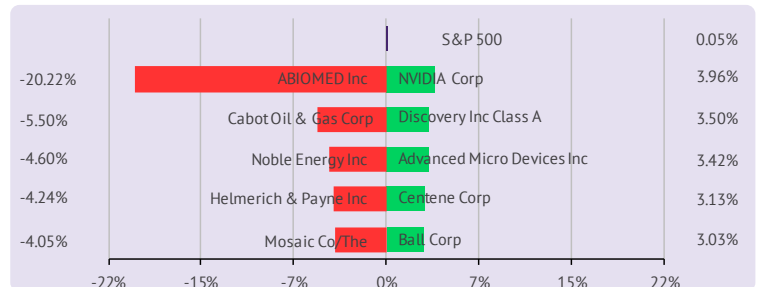
	As at 18 Nov 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56467.03	▲ 412.26	0.74	0.74	0.07	2.92	7.07
JSE Top 40 (ZAR)	50191.03	▲ 406.20	0.82	0.82	0.04	2.78	7.41
FTSE 100 (GBP)	7307.70	▲ 4.76	0.07	0.07	0.82	-2.16	8.61
DAX 30 (EUR)	13207.01	▼ -34.74	-0.26	-0.26	2.64	3.53	25.08
CAC 40 (EUR)	5929.79	▼ -9.48	-0.16	-0.16	3.49	0.92	25.35
S&P 500 (USD)	3122.03	▲ 1.57	0.05	0.05	2.78	2.04	24.54
Nasdaq Composite (USD)	8549.94	▲ 9.11	0.11	0.11	3.11	3.66	28.86
DJIA (USD)	28036.22	▲ 31.33	0.11	0.11	3.66	0.48	20.19
MSCI Emerging Markets (USD)	1052.12	▲ 3.32	0.32	0.32	0.97	4.09	8.92
MSCI Developed World (USD)	2285.76	▲ 2.96	0.13	0.13	2.34	2.45	21.33

US Market ▲

US markets closed firmer

US markets closed higher yesterday, as Washington's move to grant an extension for US companies to do business with China's Huawei eased some concerns around US-China trade relations. The S&P 500 Index climbed 0.1% to close at 3,122.03. Today, the S&P 500 futures are trading in the red.

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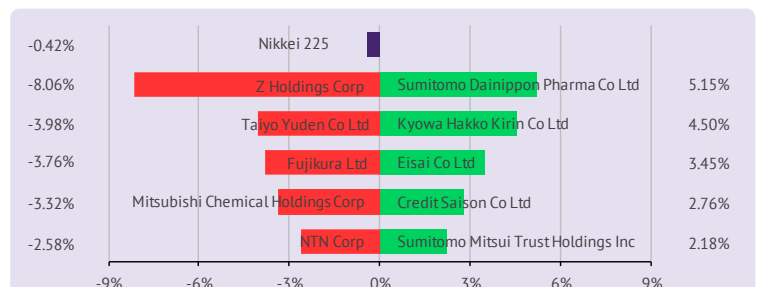


Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning, amid caution over the developments in the China-US trade talks. The Nikkei 225 Index is trading 0.4% lower at 23,319.22.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R14.8328. Later today, traders will keep a close watch on the US housing starts and building permits for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US NAHB housing market index unexpectedly dropped in November. Separately, the South African Rand fell against the US Dollar, ahead of SA's central bank monetary policy meeting.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R19.2126. Ahead in the day, traders will keep an eye on UK's CBI Industrial trends survey orders for further indications.

The British Pound advanced against the South African Rand yesterday, after polls showed that the British Prime Minister, Boris Johnson, extending his lead in the run-up to the December general election.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro climbed 0.2% against the South African Rand to trade at R16.4270. Going forward, market participants will keep a tab on Eurozone's current account balance and construction output for further cues.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R10.0813, amid dovish meeting minutes from the Reserve Bank of Australia (RBA).

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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	14.8328	▼	0.69	0.69	-1.90	-0.23	3.25
GBPZAR	19.2126	▼	1.06	1.06	-1.80	4.97	4.72
EURZAR	16.4270	▼	0.88	0.88	-2.61	2.09	-0.34
AUDZAR	10.0813	▲	0.54	0.54	-3.07	1.86	-0.36
EURUSD	1.1075	▲	0.19	0.19	-0.72	2.32	-3.44
GBPUSD	1.2953	▼	0.43	0.43	0.08	5.31	1.56
Brent (\$/barrel)	62.3	▼	-1.36	-1.36	4.73	0.62	16.06
Gold (\$/oz)	1470.5	▼	0.23	0.23	-2.83	3.35	14.88
Platinum (\$/oz)	898.2	▲	0.06	0.06	-4.14	5.69	12.45
Copper (\$/MT)*	5815.0	▼	-0.18	-0.18	0.79	1.30	-2.25

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,470.50/oz.

Yesterday, gold prices rose 0.2% to close at \$1,471.90/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.2% to trade at \$62.30/bl.

Yesterday, Brent crude oil declined 1.4% to settle at \$62.44/bl, amid persistent uncertainty surrounding US-China trade negotiations.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.4% to trade at \$898.20/oz.

Yesterday, platinum prices climbed 0.1% to close at \$895.00/oz.

Major South African corporate news

Adcorp Holdings Limited

The company announced that Mr Talib Sadik has been appointed as interim Chief Financial Officer (CFO), with effect from 18 November 2019.

Astral Foods Limited

In its FY19 results, the company announced that revenues increased to ZAR13.49bn from ZAR12.98bn posted in the corresponding period of the previous year. Its diluted EPS fell 55.0% from the same period of the prior year to ZAR16.58.

Barloworld Limited

In its FY19 results, the company announced that revenues decreased to ZAR56.83bn from ZAR60.09bn posted in the corresponding period of the previous year. Its diluted EPS from continuing operations rose 13.5% from the same period of the prior year to 904.60c. The company declared a total dividend of 462.00c per share.

Naspers Limited

In its 1H19 trading statement, the company announced that it expects its loss per share to be between 232.00c and 287.00c compared with EPS of 774.00c in the same period last year. The company also expects its headline loss per share (HEPS) to be between 280.00c and 324.00c compared with HEPS of 624.00c in the prior year.

Netcare Limited

In its FY19 results, the company announced that revenues rose to ZAR21.59bn from ZAR20.72bn posted in the corresponding period of the previous year. Its diluted EPS dropped 51.1% from the same period of the prior year to 175.00c.

Nampak Limited

The company announced the resignation of Mr de Ruyter as Executive Director and Chief Executive Officer (CEO) of the Board of the company with effect from 15 January 2020. Mr de Ruyter was also the chairman of the Nampak Products Limited Board, chairman of the group Executive Committee and a member of the Social and Ethics Committee.

Major global economic news

US

In the US, the NAHB housing market index unexpectedly dropped to a level of 70.00 in November. In the prior month, the index had recorded a level of 71.00.

RBA meeting minutes

The RBA, in its latest monetary policy meeting minutes, indicated that the chance of further easing has increased given the dismal employment report for November. Although, the officials left the policy rate unchanged at the meeting, they admitted that “a case could be made to ease monetary policy”. Further, the minutes revealed that the members remained concerned about sluggish economic developments despite previous rate cuts. Additionally, the central bank reiterated that “an extended period of low interest rates” is needed for the unemployment rate to fall to the target level of 4.5% and inflation to strengthen.

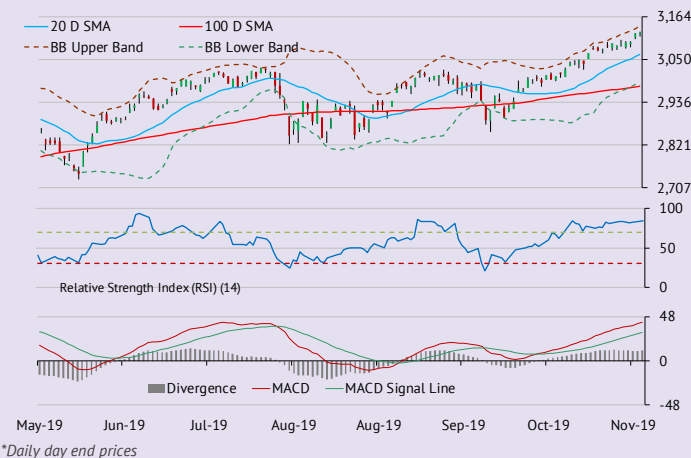
Technical snapshot

JSE All Share



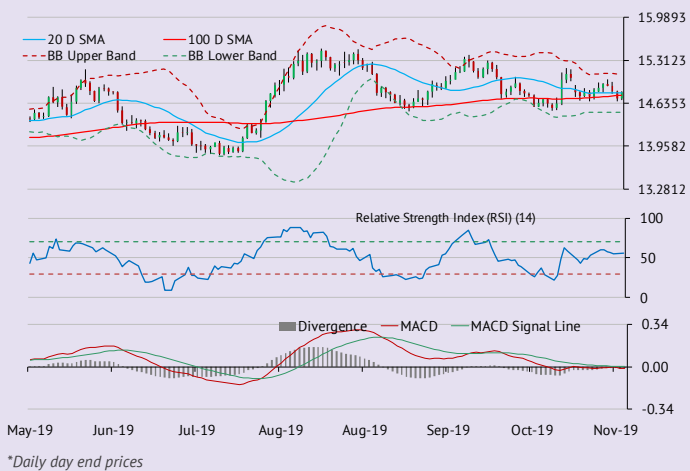
The JSE All Share index is expected to find support at 55,994.52, and a fall through could take it to the next support level of 55,522.00. The index is expected to find its first resistance at 56,869.23, and a rise through could take it to the next resistance level of 57,271.42.

S&P 500



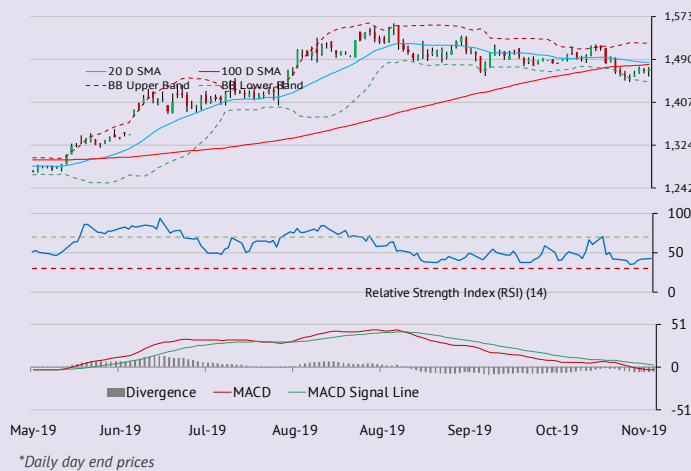
The S&P 500 index is expected to find support at 3,092.50, and a fall through could take it to the next support level of 3,062.96. The index is expected to find its first resistance at 3,137.87, and a rise through could take it to the next resistance level of 3,153.70.

USD ZAR



The pair is expected to find support at 14.6495, and a fall through could take it to the next support level of 14.4857. The pair is expected to find its first resistance at 14.9925, and a rise through could take it to the next resistance level of 15.1717.

XAU USD



Gold is expected to find support at \$1,453.57/oz, and a fall through could take it to the next support level of \$1,435.23/oz. The precious metal is expected to find its first resistance at \$1,482.87/oz, and a rise through could take it to the next resistance level of \$1,493.83/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Eurozone	09:00	EU 27 New Car Registrations (YoY) (Oct)	✓	-	14.50%	Monthly
 Greece	11:00	Current Account (Sep)	✓	-	EUR1.87 bn	Monthly
 Eurozone	11:00	Current Account s.a (Sep)	✓✓✓	EUR24.50 bn	EUR27.00 bn	Monthly
 Eurozone	12:00	Construction Output w.d.a. (YoY) (Sep)	✓	2.70%	1.20%	Monthly
 Eurozone	12:00	Construction Output s.a. (MoM) (Sep)	✓✓✓	0.70%	-0.50%	Monthly
 UK	13:00	CBI Trends Selling Prices (Nov)	✓✓	-	-3.00	Monthly
 UK	13:00	CBI Industrial Trends Survey - Orders (Nov)	✓	-32.00	-37.00	Monthly
 Canada	15:30	Manufacturing Sales (MoM) (Sep)	✓✓	-	0.80%	Monthly
 Canada	15:30	Teranet - National Bank House Price Index (Oct)	✓	-	227.72	Monthly
 Canada	15:30	Teranet - National Bank House Price Index (MoM) (Oct)	✓✓	-	0.09%	Monthly
 Canada	15:30	Teranet - National Bank House Price Index (YoY) (Oct)	✓	-	0.66%	Monthly
 US	15:30	Building Permits (Oct)	✓✓✓	1381.00 K	1387.00 K	Monthly
 US	15:30	Building Permits (MoM) (Oct)	✓✓✓	-0.80%	-2.70%	Monthly
 US	15:30	Housing Starts (MoM) (Oct)	✓✓✓	4.90%	-9.40%	Monthly
 US	15:30	Housing Starts (Oct)	✓✓✓	1318.00 K	1256.00 K	Monthly
 US	15:55	Redbook Index (YoY) (15-Nov)	✓	-	5.00%	Weekly
 US	15:55	Redbook Index s.a. (MoM) (15-Nov)	✓	-	0.10%	Weekly
 US	16:00	Fed's Williams speech	✓✓	-	-	As scheduled
 Germany	16:45	Speech held by Prof Dr Joachim Wuermeling at Euro Finance Week 2019	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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