

ONE Minute Brief

20 November 2019

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Economic and political news

Public Enterprises Minister, Pravin Gordhan, stated that the government will not be giving another bailout to South African Airways (SAA). He also urged the unions to work with the airline's management to find a speedy resolution to save both the airline and jobs.

The Democratic Alliance has chosen Fuzela Ngobeni as its candidate for executive mayor of Johannesburg after Herman Mashaba's resignation in October.

The National Prosecuting Authority (NPA) has requested the Pietermaritzburg High Court to dismiss former President Jacob Zuma's appeal for a permanent stay of prosecution.

Public Works Minister, Patricia de Lille, revealed that cabinet ministers and their deputies owe the state a combined ZAR1.3mn in outstanding rental payments for state-subsidised houses.

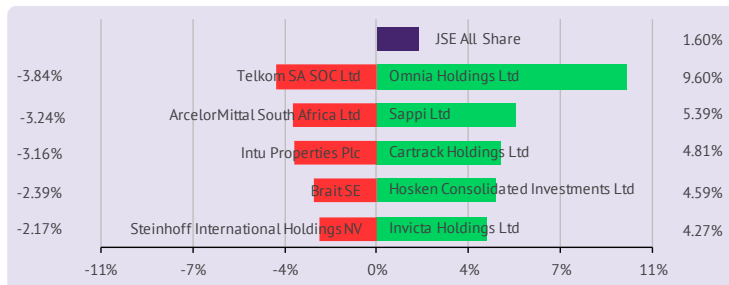
Hermione Cronje, head of the National Prosecuting Authority's (NPA) investigative directorate, stated that the department has obtained all bank statements linked to the controversial Gupta-linked Estina dairy farm corruption case and is ready to prosecute those implicated in the case.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and resource sector stocks. The JSE All Share Index rose 1.6% to close at 57,372.55.

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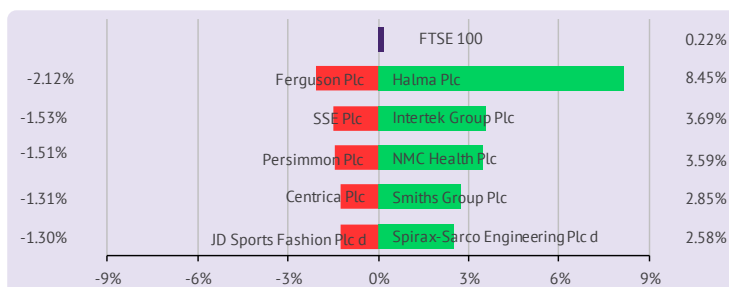


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, on hopes of additional stimulus from China and continued optimism over the Conservative party's win. Data revealed that UK's CBI manufacturing orders improved in November. The FTSE 100 Index advanced 0.2% to close at 7,323.80. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

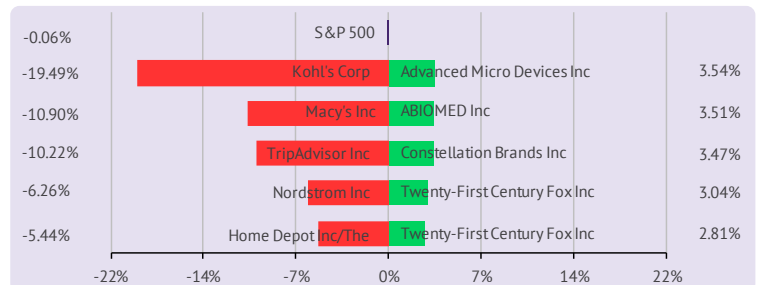
	As at 19 Nov 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57372.55	▲	905.52	1.60	2.35	1.68	2.92	8.79
JSE Top 40 (ZAR)	51060.34	▲	869.31	1.73	2.56	1.78	2.78	9.27
FTSE 100 (GBP)	7323.80	▲	16.10	0.22	0.29	1.04	-2.16	8.85
DAX 30 (EUR)	13221.12	▲	14.11	0.11	-0.16	2.75	3.53	25.21
CAC 40 (EUR)	5909.05	▼	-20.74	-0.35	-0.51	3.13	0.92	24.91
S&P 500 (USD)	3120.18	▼	-1.85	-0.06	-0.01	2.72	2.04	24.47
Nasdaq Composite (USD)	8570.66	▲	20.72	0.24	0.35	3.36	3.66	29.17
DJIA (USD)	27934.02	▼	-102.20	-0.36	-0.25	3.28	0.48	19.75
MSCI Emerging Markets (USD)	1057.16	▲	5.04	0.48	0.80	1.46	4.09	9.44
MSCI Developed World (USD)	2284.85	▼	-0.91	-0.04	0.09	2.30	2.45	21.28

US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, following disappointing earnings results from top US retailers and amid persistent concerns over US-China trade deal. The S&P 500 Index dropped 0.1% to close at 3,120.18. Today, the S&P 500 futures are trading in the red.

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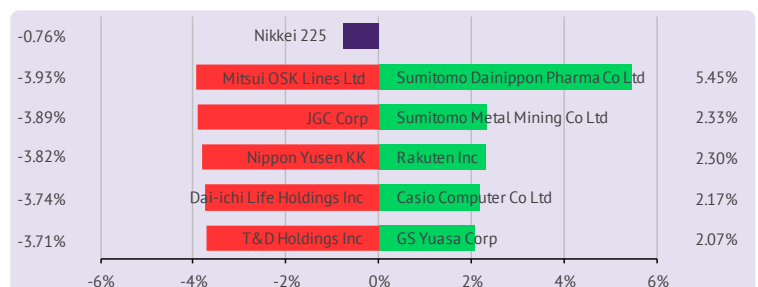


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, amid persistent concerns over Sino-US trade talks. Data revealed that Japan's adjusted merchandise trade deficit unexpectedly narrowed in October. The Nikkei 225 Index is trading 0.8% lower at 23,116.10.

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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 R14.7847. Later today, traders will keep a close watch on the US FOMC meeting minutes and the MBA mortgage applications for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US building permits unexpectedly advanced on monthly basis in October. On the flipside, nation's housing starts rose less than market expectations on monthly basis in October.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R19.0862. 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. On the data front, UK's CBI balance of firms reporting total order book above normal improved in November.

EUR ZAR ▼

EUR trading stronger against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R16.3722. Going forward, market participants will keep a tab on Germany's producer price index for further indication.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's construction output unexpectedly declined on a yearly basis in September. Meanwhile, the region's current account surplus narrowed less than market forecast in September.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped marginally against the South African Rand to trade at R10.0781. Earlier in the session, Australia's Westpac leading index fell on a monthly basis in October.

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	14.7847	▼	-0.34	0.35	-2.24	-0.23	2.90
GBPZAR	19.0862	▼	-0.54	0.52	-2.33	4.97	4.15
EURZAR	16.3722	▼	-0.28	0.60	-2.88	2.09	-0.62
AUDZAR	10.0781	▲	-0.08	0.46	-3.15	1.86	-0.43
EURUSD	1.1074	▼	0.05	0.24	-0.66	2.32	-3.39
GBPUSD	1.2909	▼	-0.21	0.22	-0.12	5.31	1.35
Brent (\$/barrel)	60.8	▼	-2.45	-3.78	2.16	0.62	13.22
Gold (\$/oz)	1474.8	▲	0.16	0.39	-2.67	3.35	15.06
Platinum (\$/oz)	911.8	▼	1.93	1.99	-2.29	5.69	14.62
Copper (\$/MT)*	5857.3	▲	0.73	0.55	1.52	1.30	-1.54

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged slightly higher to trade at \$1,474.80/oz, amid heightened US-China trade worries and Hong Kong tensions.

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Yesterday, gold prices rose 0.2% to close at \$1,474.30/oz, as weakness in US treasury yields helped lift prices for the metal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.1% to trade at \$60.82/bl.

Yesterday, Brent crude oil declined 2.5% to settle at \$60.91/bl, on concerns about excess global crude supply and US-China trade worries. Additionally, the American Petroleum Institute (API) reported that crude oil inventories rose by 6mn bls last week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$911.80/oz.

Yesterday, platinum prices climbed 1.9% to close at \$912.30/oz.

Major South African corporate news

Coronation Fund Managers Limited

In its FY19 results, the company announced that revenues declined 14.0% to ZAR3.29bn from ZAR3.84bn reported in the same period of the preceding year. Its diluted EPS stood at 341.90c, compared to 420.70c recorded in the corresponding period of the previous year. The company has declared a final dividend of 176.00c per share.

Omnia Holdings Limited

In its 1H19 trading statement, the company announced that it expects its EPS to be between 30.00c and 42.00c, compared to a loss per share of 138.00c in the same period last year. The company expects its headline loss per share (HEPS) to be between 42.00c and 54.00c, compared to HEPS of 140.00c in the previous year.

Major global economic news

US

In the US, building permits unexpectedly rose 5.0% on monthly basis to an annual rate of 1461.00K in October, compared to a revised level of 1391.00K in the previous month.

In October, housing starts rose 3.8% on monthly basis to an annual rate of 1314.00K in the US, less than market forecast. Housing starts had recorded a revised level of 1266.00K in the previous month.

Eurozone

In the Eurozone, construction output unexpectedly fell 0.7% on a yearly basis in September. Construction output had recorded a revised rise of 0.8% in the prior month.

In September, seasonally adjusted current account surplus narrowed to EUR28.20bn in the Eurozone, less than market expectations and compared to a revised surplus of EUR28.50bn in the previous month.

Asia

In Australia, the Westpac leading index declined 0.1% on a monthly basis in October. In the previous month, the index had recorded a revised drop of 0.1%.

In Japan, adjusted merchandise trade deficit unexpectedly narrowed to JPY34.70bn in October, compared to a revised deficit of JPY64.30bn in the previous month.

UK

In the UK, the CBI balance of firms reporting total order book above normal climbed to -26.00 in November, compared to a reading of -37.00 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Exports (YoY) (Oct)	✓✓	-9.20%*	-5.20%	Monthly
Japan	01:50	Imports (YoY) (Oct)	✓✓	-14.80%*	-1.50%	Monthly
Japan	01:50	Adjusted Merchandise Trade Balance (Oct)	✓✓✓	-JPY34.70 bn*	-JPY97.20 bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Oct)	✓✓✓	JPY17.30 bn*	-JPY123.00 bn	Monthly
Germany	09:00	Producer Price Index (MoM) (Oct)	✓✓✓	-	0.10%	Monthly
Japan	09:00	Convenience Store Sales (YoY) (Oct)	✓	-	-1.10%	Monthly
Germany	09:00	Producer Price Index (YoY) (Oct)	✓✓✓	-0.40%	-0.10%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Oct)	✓✓	3.90%	4.10%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Oct)	✓✓	0.20%	0.30%	Monthly
Germany	10:30	Speech held by Burkhard Balz at Euro Finance Week 2019	✓	-	-	As scheduled
Eurozone	11:00	ECB Publishes Financial Stability Review	✓✓	-	-	As scheduled
Germany	12:30	Speech held by Burkhard Balz at Euro Finance Week 2019	✓	-	-	As scheduled
Eurozone	12:30	ECB's Makhoul speaks in Ireland	✓	-	-	As scheduled
US	14:00	MBA Mortgage Applications (15-Nov)	✓	-	9.60%	Weekly
Canada	15:30	Consumer Price Index (Oct)	✓✓	-	136.20	Monthly
Canada	15:30	Consumer Price Index s.a. (MoM) (Oct)	✓✓✓	-	-0.10%	Monthly
Canada	15:30	Consumer Price Index (YoY) (Oct)	✓✓✓	1.90%	1.90%	Monthly
Canada	15:30	Consumer Price Index Core (YoY) (Oct)	✓✓	1.90%	1.90%	Monthly
Canada	15:30	Consumer Price Index n.s.a. (MoM) (Oct)	✓✓✓	0.30%	-0.40%	Monthly
US	17:30	DOE Cushing OK Crude Inventory (Barrels) (15-Nov)	✓✓✓	-	-1229.00 K	Weekly
Eurozone	19:00	ECB's Lane Speaks in Milan	✓	-	-	As scheduled
US	21:00	FOMC Minutes	✓✓✓	-	-	As scheduled
UK	-	Inflation Report Hearings	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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