

ONE
Minute Brief

12 December 2019

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Economic and political news

In South Africa (SA), consumer price inflation slowed to 3.6% on an annual basis in November, compared to a level of 3.7% in the prior month. Retail sales declined 0.2% on a monthly basis in October, compared to revised rise of 0.6% in the previous month.

President, Cyril Ramaphosa, stated that recent power cuts in the country were an 'act of sabotage' and would be investigated. Separately, he stated that Eskom would work to restore network stability by the end of March.

The South African Communist Party (SACP) general secretary, Blade Nzimande, stated that his party will not break its alliance with the African National Congress (ANC).

SA's mining companies returned to operations yesterday, after Eskom scaled back power cuts. Separately, the country's mining companies have urged the government to grant them permission to set up independent power sources to reduce dependence on Eskom.

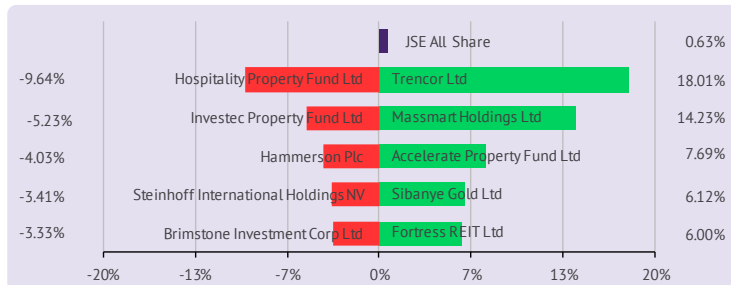
The ANC has rejected reports that a faction within the party was plotting to oust President, Cyril Ramaphosa.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, mining and resource sector stocks. Data revealed that SA's consumer price inflation slowed in November. The JSE All Share Index rose 0.6% to close at 55,766.45.

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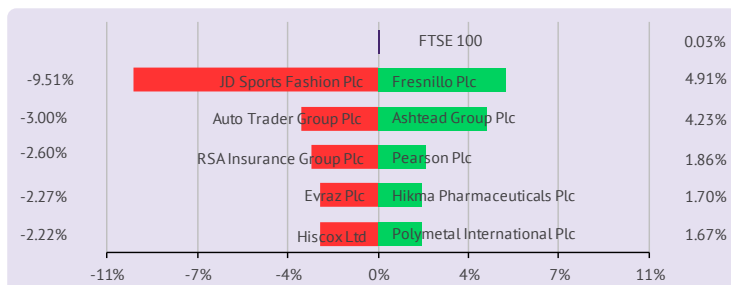


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid weakness in the British Pound and ahead of the UK general election. The FTSE 100 Index marginally advanced to close at 7,216.25. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

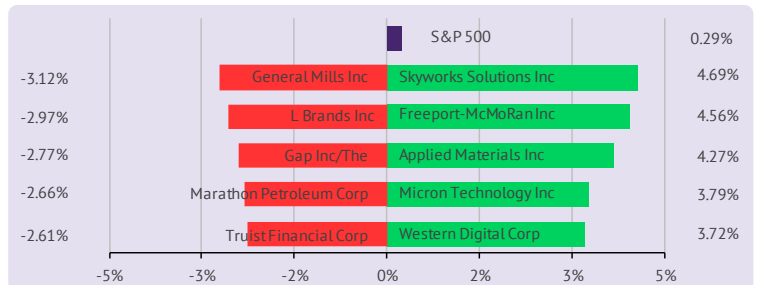
| | As at 11 Dec 2019 | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|--------------------------------|----------------------|---|--------------|--------------|--------------|--------------|----------------------|--------------|
| JSE All Share (ZAR) | 55766.45 | ▲ | 348.52 | 0.63 | 0.83 | 0.75 | -1.91 | 5.74 |
| JSE Top 40 (ZAR) | 49537.29 | ▲ | 311.56 | 0.63 | 0.96 | 0.90 | -2.14 | 6.02 |
| FTSE 100 (GBP) | 7216.25 | ▲ | 2.49 | 0.03 | -0.32 | -1.77 | 1.35 | 7.25 |
| DAX 30 (EUR) | 13146.74 | ▲ | 76.02 | 0.58 | -0.15 | -0.68 | 2.87 | 24.51 |
| CAC 40 (EUR) | 5860.88 | ▲ | 12.85 | 0.22 | -0.19 | -0.75 | 3.06 | 23.89 |
| S&P 500 (USD) | 3141.63 | ▲ | 9.11 | 0.29 | -0.14 | 0.02 | 3.40 | 25.32 |
| Nasdaq Composite (USD) | 8654.05 | ▲ | 37.87 | 0.44 | -0.03 | -0.13 | 4.50 | 30.42 |
| DJIA (USD) | 27911.30 | ▲ | 29.58 | 0.11 | -0.37 | -0.50 | 3.72 | 19.65 |
| MSCI Emerging Markets (USD) | 1058.23 | ▲ | 8.73 | 0.83 | 0.88 | 1.75 | -0.19 | 9.56 |
| MSCI Developed World (USD) | 2295.02 | ▲ | 5.35 | 0.23 | -0.06 | 0.12 | 2.63 | 21.82 |

US Market ▲

US markets closed firmer

US markets closed higher yesterday, after the US Federal Reserve (Fed) kept its interest rate unchanged and signalled that it would not hike interest rates in 2020. The S&P 500 Index climbed 0.3% to close at 3,141.63. Today, the S&P 500 futures are trading in the green.

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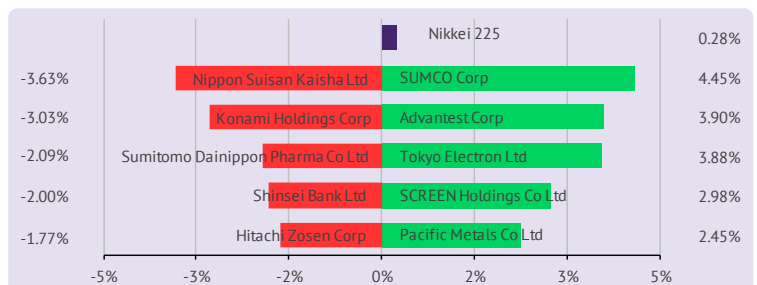


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, following the Fed's dovish stance on monetary policy. The Nikkei 225 Index is trading 0.3% higher at 23,456.68.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R14.6709. Later today, traders will keep a close watch on the US producer price index, initial jobless claims for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, US consumer price index (CPI) advanced more than market forecast on an annual basis in November. Additionally, the MBA mortgage applications climbed on a weekly basis in the week ended 06 December 2019. Meanwhile, budget deficit widened in November. Separately, the South African Rand strengthened against the US dollar, amid optimism that SA's central bank would ease its monetary policy to boost the economy, following weak inflation data. Data showed that SA's consumer price inflation slowed to its lowest level in nine years in November. Moreover, retail sales dropped on a monthly basis in October.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R19.4031. 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, after recent polls indicated Conservative Party's lead slipping ahead of UK election. Data indicated that the RICS house price balance dropped in November.

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EUR ZAR ▼

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R16.3497. Going forward, market participants will keep a tab on the European Central Bank's (ECB) interest rate decision, Eurozone's industrial production and Germany's CPI for further indications.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R10.1006.

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 | 14.6709 | ▲ | -0.73 | 0.41 | 0.08 | -2.85 | 2.34 |
| GBPZAR | 19.4031 | ▼ | -0.43 | 0.83 | 2.25 | -3.00 | 5.77 |
| EURZAR | 16.3497 | ▼ | -0.43 | 1.04 | 1.15 | -4.08 | -0.72 |
| AUDZAR | 10.1006 | ▼ | 0.28 | 0.94 | 1.86 | -4.73 | -0.24 |
| EURUSD | 1.1144 | ▲ | 0.34 | 0.63 | 1.02 | -1.20 | -2.94 |
| GBPUSD | 1.3222 | ▲ | 0.30 | 0.43 | 2.10 | -0.13 | 3.47 |
| Brent (\$/barrel) | 64.0 | ▲ | -0.96 | -1.04 | 5.34 | 1.46 | 18.44 |
| Gold (\$/oz) | 1479.7 | ▲ | 0.46 | 0.71 | 0.26 | -3.25 | 14.68 |
| Platinum (\$/oz) | 941.8 | ▲ | 1.83 | 4.52 | 4.34 | -3.57 | 18.04 |
| Copper (\$/MT)* | 6127.3 | ▲ | 0.95 | 2.77 | 4.86 | 1.28 | 3.00 |

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.7% to trade at \$1,479.70/oz.

Yesterday, gold prices rose 0.5% to close at \$1,469.40/oz, ahead of tariff deadline.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$64.00/bl.

Yesterday, Brent crude oil declined 1.0% to settle at \$63.72/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories unexpectedly rose by 0.8mn bls in the week ended 06 December 2019.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.2% to trade at \$941.80/oz.

Yesterday, platinum prices climbed 1.8% to close at \$939.50/oz.

Major South African corporate news

Metair Investments Limited

In its operational update, the company announced that Prime Batteries and Rombat have successfully completed the installation of its first Lithium-Ion battery cell manufacturing and assembly facility in Bucharest, Romania. The production is expected to begin in the second quarter of 2020. Despite geopolitical challenges faced in Turkey, the company has remained optimistic regarding the market outlook as it enters the typical critical seasonal year-end high demand cycle.

Major global economic news

US

The US Fed, in its latest policy meeting, kept its benchmark interest rate unchanged at 1.75%, as widely expected and signalled that interest rates will remain unchanged throughout 2020. The central bank reiterated that the labour market remains robust and that economic activity has been rising at a moderate pace.

In his post-meeting press conference, Fed Chairman, Jerome Powell, stated that he would not consider increasing rates until inflation picks up significantly. The chairman expressed optimism about the economy and indicated that he is now less worried about economic risks from the trade war or global slowdown.

In the US, the CPI rose 2.1% on an annual basis in November, more than market expectations and compared to an advance of 1.8% in the prior month.

In the US, the MBA mortgage applications advanced 3.8% on a weekly basis in the week ended 06 December 2019, compared to a drop of 9.2% in the previous week.

In the US, budget deficit widened to USD208.80bn in November, following a deficit of USD134.50bn in the prior month.

UK

In the UK, the RICS house price balance dropped to -12.00 in November, compared to a revised reading of -6.00 in the previous month.

Asia

In Japan, machinery orders slid 6.1% on an annual basis in October, more than market expectations. In the previous month, machinery orders had recorded a rise of 5.10%.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous/ **Previous est. | Frequency |
|--------------|-------|--|-----------|-----------------------|------------------------------|--------------|
| Japan | 01:50 | Foreign Buying Japan Bonds (06-Dec) | ✓ | JPY475.60bn* | JPY606.20bn | Weekly |
| Japan | 01:50 | Machinery Orders (MoM) (Oct) | ✓ | -6.00%* | -2.90% | Monthly |
| Japan | 01:50 | Machinery Orders (YoY) (Oct) | ✓✓ | -6.10%* | 5.10% | Monthly |
| UK | 02:01 | RICS Housing Price Balance (Nov) | ✓✓✓ | -12.00* | -6.00 | Monthly |
| Germany | 09:00 | Consumer Price Index (YoY) (Nov) (F) | ✓✓✓ | 1.10% | 1.10%** | Monthly |
| Germany | 09:00 | Consumer Price Index (MoM) (Nov) (F) | ✓✓✓ | -0.80% | -0.80%** | Monthly |
| Germany | 09:00 | Harmonised Index of Consumer Prices (HICP) (MoM) (Nov) (F) | ✓✓✓ | -0.80% | -0.80%** | Monthly |
| Germany | 09:00 | Harmonised Index of Consumer Prices (HICP) (YoY) (Nov) (F) | ✓✓✓ | 1.20% | 1.20%** | Monthly |
| South Africa | 11:00 | Gold Production (YoY) (Oct) | ✓ | - | -2.30% | Monthly |
| South Africa | 11:00 | Mining Production (YoY) (Oct) | ✓✓ | - | 0.20% | Monthly |
| South Africa | 11:30 | Producer Price Index (MoM) (Nov) | ✓✓ | 0.20% | 0.30% | Monthly |
| South Africa | 11:30 | Producer Price Index (YoY) (Nov) | ✓✓ | 2.80% | 3.00% | Monthly |
| Eurozone | 12:00 | Industrial Production w.d.a. (YoY) (Oct) | ✓✓✓ | -2.30% | -1.70% | Monthly |
| Eurozone | 12:00 | Industrial Production s.a. (MoM) (Oct) | ✓✓✓ | -0.50% | 0.10% | Monthly |
| Eurozone | 12:00 | Industrial Production (Oct) | ✓ | - | 103.90 | Monthly |
| Eurozone | 14:45 | ECB Interest Rate Decision | ✓✓✓ | - | 0.00% | As scheduled |
| US | 15:30 | Producer Price Index (Nov) | ✓ | - | 118.70 | Monthly |
| Eurozone | 15:30 | ECB Monetary Policy Statement and Press Conference | ✓✓✓ | - | - | As scheduled |
| Eurozone | 15:30 | ECB's Lagarde Speaks in Frankfurt After Policy Decision | ✓ | - | - | As scheduled |
| US | 15:30 | Producer Price Index (YoY) (Nov) | ✓✓✓ | 1.20% | 1.10% | Monthly |
| US | 15:30 | Producer Price Index ex Food & Energy (MoM) (Nov) | ✓✓ | 0.20% | 0.30% | Monthly |
| US | 15:30 | Producer Price Index ex Food & Energy (YoY) (Nov) | ✓✓ | 1.60% | 1.60% | Monthly |
| US | 15:30 | Continuing Jobless Claims (30-Nov) | ✓✓✓ | 1678.00K | 1693.00K | Weekly |
| US | 15:30 | Producer Price Index (MoM) (Nov) | ✓✓✓ | 0.20% | 0.40% | Monthly |
| US | 15:30 | Initial Jobless Claims (07-Dec) | ✓✓✓ | 213.00K | 203.00K | Weekly |
| US | 17:30 | EIA Natural Gas Storage Change (06-Dec) | ✓✓✓ | - | -19.00Bcf | Weekly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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