

ONE Minute Brief

19 December 2019

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Economic and political news

Ratings agency, Fitch, has kept South Africa's (SA) long-term foreign and local currency debt ratings unchanged at 'BB+' and maintained its negative outlook, citing the risks posed by the country's low growth, rising government debt and exposure to state-owned entities (SOEs).

Eskom stated that a fire interrupted coal delivery to the 4,000 megawatt Majuba plant and it would use road delivery to offset the interruption at its offloading facility. Meanwhile, Eskom stated that it would start a forensic investigation to determine the cause of the fire.

News reports indicate that a multi-disciplinary task force has been established to investigate President Cyril Ramaphosa's claims of sabotage at Eskom's Tutuka coal-fired power station that led to last week's unprecedented stage 6 load shedding.

The Public Investment Corporation (PIC) Commission has handed over its final report of inquiry against PIC's former Chief Executive, Dr Dan Matjila and Sekunjalo Chairman, Dr Iqbal Survé, to President Cyril Ramaphosa, clearing them of wrongdoing.

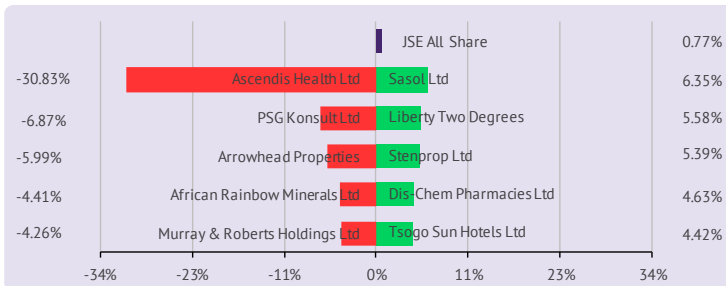
The Central Energy Fund (CEF) has won a court case to set aside sales contracts for the sale of 10mn bls of strategic oil reserves to various companies.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, financial and industrial sector stocks. The JSE All Share Index rose 0.8% to close at 57,767.81.

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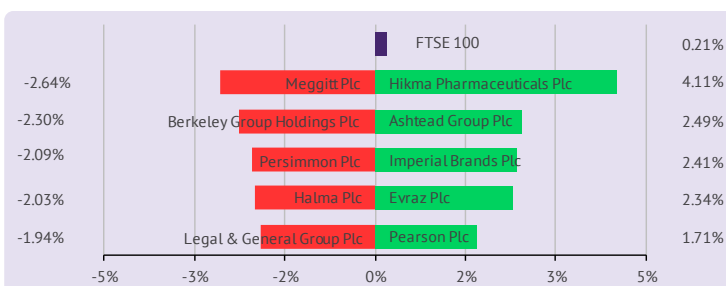


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as the British Pound declined amid renewed worries over Brexit deal. Data showed that UK's consumer prices increased at a steady pace in November. The FTSE 100 Index advanced 0.2% to close at 7,540.75. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

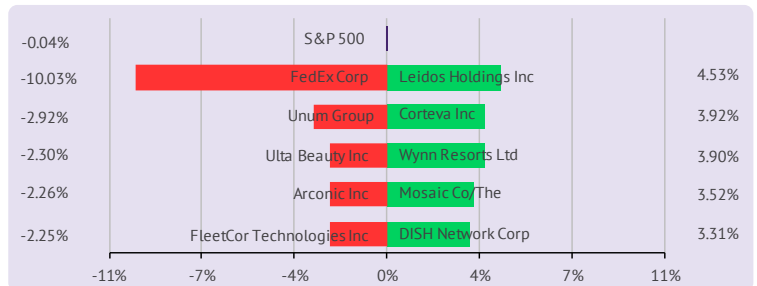
	As at 18 Dec 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57767.81	▲ 441.63	0.77	1.80	4.37	-1.91	9.54
JSE Top 40 (ZAR)	51462.50	▲ 468.31	0.92	1.91	4.83	-2.14	10.14
FTSE 100 (GBP)	7540.75	▲ 15.47	0.21	2.55	2.64	1.35	12.08
DAX 30 (EUR)	13222.16	▼ -65.67	-0.49	-0.46	-0.11	2.87	25.22
CAC 40 (EUR)	5959.60	▼ -8.66	-0.15	0.69	0.92	3.06	25.98
S&P 500 (USD)	3191.14	▼ -1.38	-0.04	0.70	1.60	3.40	27.30
Nasdaq Composite (USD)	8827.73	▲ 4.38	0.05	1.06	1.87	4.50	33.04
DJIA (USD)	28239.28	▼ -27.88	-0.10	0.37	0.67	3.72	21.06
MSCI Emerging Markets (USD)	1109.18	▲ 6.58	0.60	2.05	6.65	-0.19	14.83
MSCI Developed World (USD)	2333.28	▼ -3.34	-0.14	0.58	1.79	2.63	23.85

US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, weighed down by steep losses in US parcel delivery company FedEx Corp. The S&P 500 Index marginally dropped to close at 3,191.14. Today, the S&P 500 futures are trading in the red.

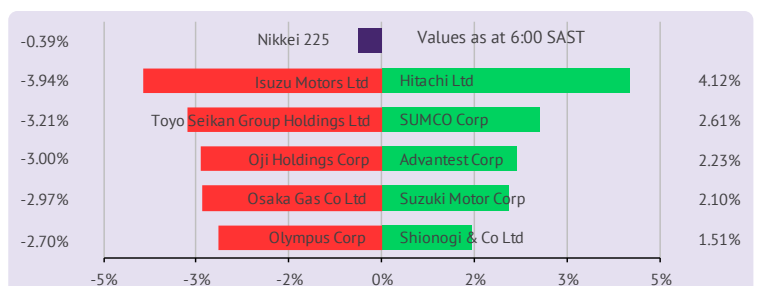
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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. As at 6:00 SAST the Nikkei 225 Index is trading 0.4% lower at 23,841.35



USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar marginally rose against the South African Rand to trade at R14.3136. Later today, traders will keep a close watch on the US initial jobless claims, Philadelphia Fed manufacturing index, current account surplus and existing home sales for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications dropped on a weekly basis in the week ended 13 December 2019.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R18.7307. Ahead in the day, traders will keep an eye on UK's Bank of England interest rate decision, retail sales and CBI distributive trades survey for further indication.

The British Pound declined against the South African Rand yesterday, as worries over Brexit deal resurfaced. Data indicated that UK's consumer price index (CPI) remained at its lowest level in three years in November. Moreover, non-seasonally adjusted output producer price index (PPI) advanced less than market expectations on an annual basis in November. Additionally, the retail price index rose on monthly basis in November. On the contrary, the house price index climbed less than market consensus on a yearly basis in October.

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EUR ZAR ▼

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.9312. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front Eurozone's CPI advanced in line with market expectations on an annual basis in November. Separately, Germany's PPI eased more than market anticipations on a yearly basis in November. Meanwhile, country's Ifo business climate index rose to a six-month high level in December. Likewise, both, the Ifo current assessment index and the business expectations index rose more than market forecast in the same month.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.4% against the South African Rand to trade at R9.8435. Earlier in the session, Australia's unemployment rate unexpectedly declined in November.

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	14.3136	▼	-0.52	-1.53	-2.47	-2.85	-0.27
GBPZAR	18.7307	▼	-0.92	-3.37	-1.24	-3.00	2.15
EURZAR	15.9312	▼	-0.83	-1.66	-1.54	-4.08	-3.36
AUDZAR	9.8435	▼	-0.49	-1.76	-1.09	-4.73	-3.12
EURUSD	1.1130	▲	-0.32	-0.06	0.87	-1.20	-3.08
GBPUSD	1.3086	▲	-0.40	-1.90	1.18	-0.13	2.54
Brent (\$/barrel)	66.2	-	0.11	1.46	9.39	1.46	22.99
Gold (\$/oz)	1481.9	▲	-0.14	-0.20	0.48	-3.25	14.93
Platinum (\$/oz)	935.9	▲	0.63	0.74	3.92	-3.57	17.57
Copper (\$/MT)*	6145.3	▼	-0.44	0.65	5.17	1.28	3.30

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,481.90/oz.

Yesterday, gold prices fell 0.1% to close at \$1,472.60/oz, as strength in the US Dollar dented demand for the safe haven asset.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged marginally lower to trade at \$66.17/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$66.17/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories fell by 1.1mn bls to 446.8mn bls for the week ended 13 December 2019.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged slightly higher to trade at \$935.90/oz.

Yesterday, platinum prices climbed 0.6% to close at \$935.70/oz.

Major South African corporate news

MTN Group Limited

The company announced that Chairman, Phuthuma Nhleko, has stepped down from his position, with effect from 15 December 2019 after overseeing an orderly transition of the Board including the establishment of the International Advisory Board. Meanwhile, Mcebisi Jonas assumed the position of Chairman, with immediate effect.

Major global economic news

Eurozone

In the Eurozone, the final CPI rose 1.0% on an annual basis in November, at par with market expectations and compared to a rise of 0.7% in the previous month. The preliminary figures had recorded an advance of 1.0%.

In Germany, the PPI declined 0.7% on a yearly basis in November, more than market forecast. In the prior month, the PPI had recorded a drop of 0.6%.

In December, the Ifo current assessment index advanced to a level of 98.80 in Germany, more than market anticipations and compared to a revised level of 98.00 in the previous month.

In Germany, the Ifo business expectations index rose to a level of 93.80 in December, more than market consensus and compared to a revised level of 92.30. in the previous month.

In December, the Ifo business climate index climbed to a level of 96.30 in Germany, compared to a revised level of 95.10 in the previous month.

Asia

In Australia, seasonally adjusted unemployment rate unexpectedly dropped to 5.2% in November, compared to 5.3% in the previous month.

The Bank of Japan, in its policy meeting, kept its interest rate unchanged at -0.1% and maintained its upbeat assessment on the economy.

UK

In November, the CPI climbed 1.5% on an annual basis in the UK, more than market anticipations and compared to a similar rise in the previous month.

In November, non-seasonally adjusted output PPI advanced 0.5% on an annual basis in the UK, less than market expectations. The PPI had advanced 0.8% in the prior month.

In UK, the retail price index rose 0.2% on a monthly basis in November, compared to a drop of 0.2% in previous month.

In UK, the house price index advanced 0.7% on a yearly basis in October, less than market forecast and compared to a rise of 1.3% in the previous month.

US

In the US, the MBA Mortgage applications declined 5.0% on a weekly basis in the week ended 13 December 2019. In the previous week, mortgage applications had climbed 3.8%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Foreign Buying Japan Bonds (13-Dec)	✓	JPY227.40bn*	JPY475.70bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (13-Dec)	✓	-JPY52.10bn*	-JPY200.30bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (13-Dec)	✓	JPY511.90bn*	JPY235.70bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (13-Dec)	✓	JPY220.10bn*	JPY224.20bn	Weekly
Japan	05:00	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	05:00	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled
Japan	08:00	Machine Tool Orders (YoY) (Nov) (F)	✓✓✓	-	-37.90%**	Monthly
Japan	08:00	Machine Tool Orders (Nov)	✓	-	-	Monthly
UK	11:30	Retail Sales ex-Fuel (MoM) (Nov)	✓✓✓	0.30%	-0.30%	Monthly
UK	11:30	Retail Sales ex-Fuel (YoY) (Nov)	✓✓✓	1.90%	2.70%	Monthly
UK	11:30	Retail Sales (YoY) (Nov)	✓✓✓	2.10%	3.10%	Monthly
UK	11:30	Retail Sales (MoM) (Nov)	✓✓✓	0.30%	-0.10%	Monthly
UK	13:00	CBI Distributive Trades Survey - Realised (Dec)	✓✓	3.00%	-3.00%	Monthly
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.75%	0.75%	As scheduled
US	15:30	Continuing Jobless Claims (07-Dec)	✓✓✓	1681.00K	1667.00K	Weekly
US	15:30	Philadelphia Fed Manufacturing Survey (Dec)	✓✓	8.00	10.40	Monthly
US	15:30	Current Account Balance (Q3)	✓✓	-USD122.10bn	-USD128.20bn	Quarterly
US	15:30	Initial Jobless Claims (14-Dec)	✓✓✓	225.00K	252.00K	Weekly
US	17:00	Leading Indicator (MoM) (Nov)	✓✓✓	-	-0.10%	Monthly
US	17:00	Existing Home Sales (Nov)	✓✓✓	5.44mn	5.46mn	Monthly
US	17:00	Existing Home Sales (MoM) (Nov)	✓✓✓	-0.20%	1.90%	Monthly
US	17:30	EIA Natural Gas Storage Change (13-Dec)	✓✓✓	-45.00Bcf	-73.00Bcf	Weekly
Eurozone	17:30	ECB's Lane Chairs Panel in Frankfurt	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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