

ONE
Minute Brief

5 December 2019

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Economic and political news

In South Africa (SA), the IHS Markit's Purchasing Managers' Index (PMI) fell to 48.60 in November, following a reading of 49.40 in October.

Public Enterprises Minister, Pravin Gordhan, announced that the South African Airways (SAA) will be placed under business rescue in order to restructure and reposition the airline. As part of this process, SAA is expected to receive an additional ZAR2bn from the government and another ZAR2bn from existing lenders.

African National Congress (ANC) party's candidate, Geoff Makhubo, has been elected as the new mayor of Johannesburg.

Business Unity SA (BUSA) has warned of another recession, citing the contracting economy, weak business environment, and persistent high levels of unemployment.

News reports indicate that South African mining companies will challenge key provisions of a new code for the mining sector in April next year. The Department of Mineral Resources published draft amendments to the mineral and petroleum resources development regulations last Friday.

Key indices

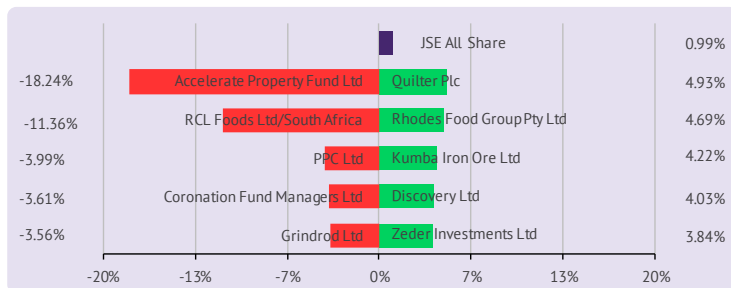
	As at 04 Dec 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55022.87	▲	537.46	0.99	-0.59	-1.91	4.33
JSE Top 40 (ZAR)	48809.33	▲	509.67	1.06	-0.58	-2.14	4.46
FTSE 100 (GBP)	7188.50	▲	29.74	0.42	-2.15	1.35	6.84
DAX 30 (EUR)	13140.57	▲	151.28	1.16	-0.72	2.87	24.45
CAC 40 (EUR)	5799.68	▲	72.46	1.27	-1.79	3.06	22.60
S&P 500 (USD)	3112.76	▲	19.56	0.63	-0.90	3.40	24.17
Nasdaq Composite (USD)	8566.67	▲	46.03	0.54	-1.14	4.50	29.11
DJIA (USD)	27649.78	▲	146.97	0.53	-1.43	3.72	18.53
MSCI Emerging Markets (USD)	1036.57	▼	-0.81	-0.08	-0.33	-0.19	7.31
MSCI Developed World (USD)	2275.47	▲	12.37	0.55	-0.73	2.63	20.78

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in financial and industrial sector stocks. Data showed that SA's private sector contracted for the seventh consecutive month in November. The JSE All Share Index rose 1.0% to close at 55,022.87.

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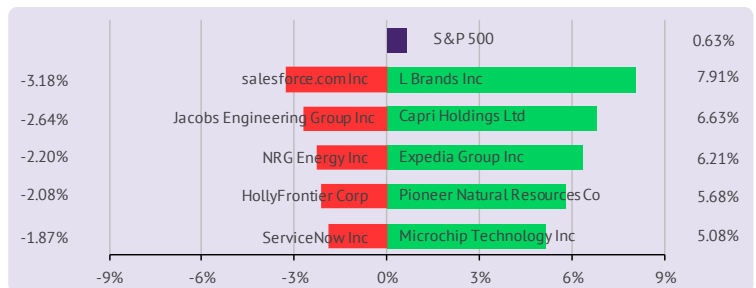


US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid reports that the US and China were moving closer to signing a phase-one trade deal. The S&P 500 Index climbed 0.6% to close at 3,112.76. Today, the S&P 500 futures are trading in the red.

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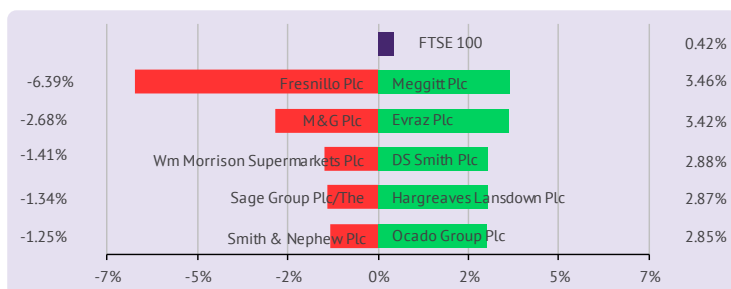


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid optimism over the US-China trade pact and British elections. The FTSE 100 Index advanced 0.4% to close at 7,188.50. Today, the FTSE 100 futures are trading in negative territory.

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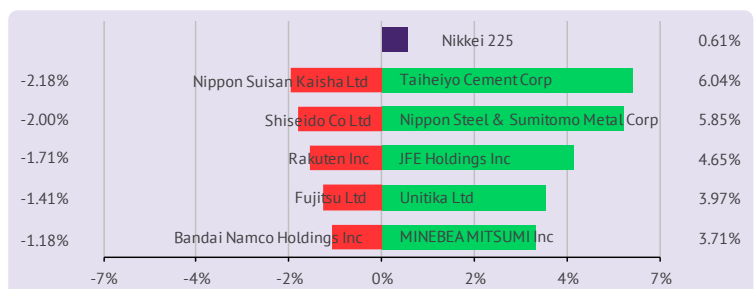


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, amid renewed hopes over the US-China trade deal. The Nikkei 225 Index is trading 0.6% higher at 23,276.52

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R14.5905. Later today, traders will keep a close watch on the US initial jobless claims, trade balance, factory orders for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications declined on a weekly basis in the week ended 29 November 2019. Moreover, the ISM non-manufacturing PMI dropped more than market anticipations in November. Meanwhile, the Markit services PMI rose at par with market expectations in November. Separately, SA's Markit services PMI fell for the seventh consecutive month in November.

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 R19.1370. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, amid growing optimism over the Conservative Party's win in the coming general elections. Data indicated that UK's Markit services PMI declined in November, registering its sharpest drop in eight months.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading slightly higher against the South African Rand at R16.1736. Going forward, market participants will keep a tab on Eurozone's gross domestic product (GDP), retail sales and Germany's factory orders for further indications.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's final Markit services PMI dropped in November, marking its lowest level in six-and-a-half years. Separately, Germany's Markit services PMI unexpectedly rose in November.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R9.9761. Earlier in the session, Australia's retail sales remained flat on a monthly basis in October. Additionally, the nation's trade surplus narrowed 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	14.5905	▲	-0.30	-0.53	-0.53	-2.85	1.72
GBPZAR	19.1370	▼	0.52	0.91	0.91	-3.00	4.37
EURZAR	16.1736	▼	-0.32	0.10	0.10	-4.08	-1.75
AUDZAR	9.9761	▲	-0.28	0.81	0.81	-4.73	-1.26
EURUSD	1.1084	▲	-0.04	0.54	0.54	-1.20	-3.39
GBPUSD	1.3115	▲	0.84	1.38	1.38	-0.13	2.74
Brent (\$/barrel)	62.9	▼	3.58	4.15	4.15	1.46	17.10
Gold (\$/oz)	1481.3	▲	-0.28	0.57	0.57	-3.25	15.04
Platinum (\$/oz)	900.5	▼	-1.08	0.16	0.16	-3.57	13.31
Copper (\$/MT)*	5857.5	▲	1.17	0.24	0.24	1.28	-1.54

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.5% to trade at \$1,481.30/oz.

Yesterday, gold prices fell 0.3% to close at \$1,474.00/oz, amid positive developments in the US-China trade deal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.1% to trade at \$62.92/bl.

Yesterday, Brent crude oil advanced 3.6% to settle at \$63.00/bl, amid anticipations that the Organisation of the Petroleum Exporting Countries (OPEC) and its allies will further extend oil production cuts. Additionally, the Energy Information Administration (EIA) reported that crude oil inventories fell by 4.9mn bls last week, marking its first decline in six weeks.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$900.50/oz.

Yesterday, platinum prices dropped 1.1% to close at \$901.80/oz.

Major South African corporate news

Sanlam Limited

In its 10M19 operational update, the company announced that new business volume increased 6.0% and the net value of new covered business written rose by 13.0%. With persistent challenging operating conditions in South Africa no major improvement expected in the country's economic growth in the short to medium term.

MTN Group Limited

The company has expressed disagreement with the analysis and recommendations of the Competition Commission to lower data prices, citing that the recommendations were over-broad and intrusive.

Major global economic news

US

In the US, the MBA mortgage applications dropped 9.2% on a weekly basis in the week ended 29 November 2019. In the prior week, mortgage applications had climbed 1.5%.

In November, the final Markit services PMI rose to a level of 51.60 in the US, at par with market expectations. In the prior month, the PMI had registered a level of 50.60. The preliminary figures had recorded a rise to a level of 51.60.

In the US, the ISM non-manufacturing PMI declined to a level of 53.90 in November, more than market anticipations and compared to a level of 54.70 in the previous month.

Eurozone

In the Eurozone, the final Markit services PMI declined to a level of 51.90 in November, less than market consensus and compared to a reading of 52.20 in the prior month. The preliminary figures had recorded a drop to 51.50.

In November, the final Markit services PMI unexpectedly rose to a level of 51.70 in Germany, compared to a level of 51.60 in the prior month. The preliminary figures had recorded a drop to a level of 51.30.

Asia

In Australia, seasonally adjusted retail sales recorded a flat reading on a monthly basis in October, compared to a rise of 0.2% in the prior month.

In October, seasonally adjusted trade surplus narrowed to AUD4502.00mn in Australia, compared to a revised surplus of AUD6847.00mn in the prior month.

UK

In the UK, the final services PMI dropped to a level of 49.30 in November, compared to a level of 50.00 in the previous month. The preliminary figures had indicated a drop to a level of 48.60.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Foreign Buying Japan Bonds (29-Nov)	✓	JPY606.20bn*	JPY458.20bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (29-Nov)	✓	JPY394.00bn*	JPY131.10bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (29-Nov)	✓	-JPY511.10bn*	-JPY150.80bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (29-Nov)	✓	JPY210.00bn*	-JPY63.60bn	Weekly
Germany	09:00	Factory Orders n.s.a. (YoY) (Oct)	✓✓✓	-6.10%	-5.40%	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Oct)	✓✓	0.30%	1.30%	Monthly
UK	11:00	New Car Registrations (YoY) (Nov)	✓	-	-6.70%	Monthly
South Africa	11:00	Current Account Balance (Q3)	✓	-	-ZAR204.10bn	Quarterly
South Africa	11:00	Current Account to GDP (Q3)	✓✓	-	-4.00%	Quarterly
South Africa	11:30	SACCI Business Confidence Index (Nov)	✓	-	91.70	Monthly
Eurozone	12:00	Retail Sales Index s.a. (Oct)	✓✓	-	109.00	Monthly
Eurozone	12:00	Employment Change (YoY) (Q3) (F)	✓✓	1.00%	1.00%**	Quarterly
Eurozone	12:00	Retail Sales (YoY) (Oct)	✓✓✓	2.20%	3.10%	Monthly
Eurozone	12:00	Retail Sales (MoM) (Oct)	✓✓✓	-0.30%	0.10%	Monthly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q3) (F)	✓✓✓	0.20%	0.20%**	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q3) (F)	✓✓	1.20%	1.20%**	Quarterly
Eurozone	12:00	Employment Change (QoQ) (Q3) (F)	✓✓✓	0.10%	0.10%**	Quarterly
Eurozone	12:00	ECB's Makhlof Speaks in Irish Parliament	✓	-	-	As scheduled
South Africa	13:00	Electricity Consumption (YoY) (Oct)	✓	-	-1.30%	Monthly
South Africa	13:00	Electricity Production (YoY) (Oct)	✓	-	-0.50%	Monthly
US	15:30	Trade Balance (Oct)	✓✓✓	-USD51.50bn	-USD52.50bn	Monthly
US	15:30	Continuing Jobless Claims (23-Nov)	✓✓✓	1650.00K	1640.0K	Weekly
US	15:30	Initial Jobless Claims (30-Nov)	✓✓✓	215.00K	213.00K	Weekly
Germany	16:30	Speech held by Burkhard Balz	✓	-	-	As scheduled
US	17:00	Durable Goods Orders (Oct) (F)	✓✓✓	-	0.60%**	Monthly
US	17:00	Durable Goods Orders ex Transportation (Oct) (F)	✓✓	-	0.60%**	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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