

ONE  
Minute Brief

28 January 2020

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## Economic and political news

Eskom has filed an application in court seeking contempt of court order against Trillian Management Consulting, for its failure to pay back nearly ZAR600mn to the power utility as previously ordered by the Gauteng High Court in Pretoria. Separately, reports indicate that Eskom Chief Executive Officer (CEO), Andre de Ruyter, will present a draft plan next week to change how the utility operates.

Gauteng MEC for Human Settlements, Urban Planning and Cooperative Governance and Traditional Affairs, Lebogang Maile, has revoked his decision to suspend the Democratic Alliance's (DA) former speaker of Johannesburg, Vasco da Gama and the Tshwane speaker, Katlego Mathebe for breaching the code of conduct for councillors, following DA's challenge over the suspensions.

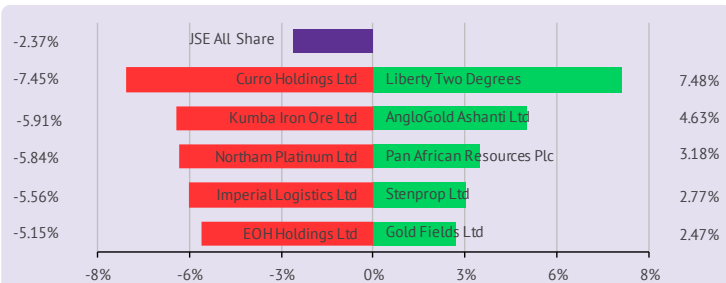
News reports indicate that Business Unity South Africa, the Banking Association SA and the South African Property Owners Association have voiced concern around a new proposal by the African National Congress that the courts be cut out as the final arbiter on expropriated land and more power be given to the executive, effectively the state.

## South Africa Market ▼

## South African markets closed lower

South African markets closed in the red yesterday, weighed by losses in banking and resources sector stocks. The JSE All Share Index fell 2.4% to close at 55,902.94.

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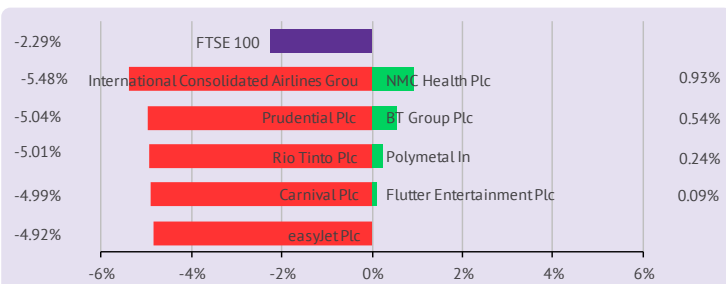


## UK Market ▼

## UK markets closed in the red

UK markets finished lower yesterday, amid growing concerns over the outbreak of coronavirus globally, as death toll rises. The FTSE 100 Index declined 2.3% to close at 7,412.05. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

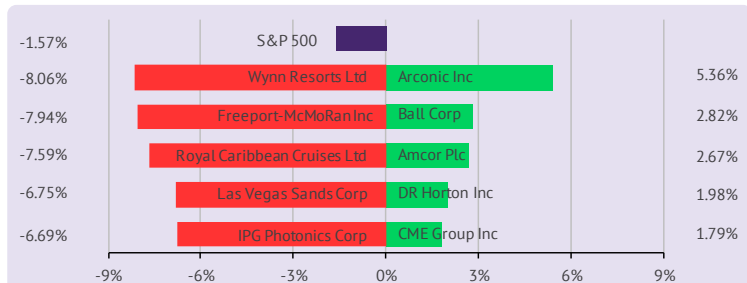
	As at 27 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55902.94	▼ -1358.10	-2.37	-2.37	-2.07	3.13	-2.07
JSE Top 40 (ZAR)	49949.24	▼ -1263.02	-2.47	-2.47	-1.71	3.51	-1.71
FTSE 100 (GBP)	7412.05	▼ -173.93	-2.29	-2.29	-1.73	2.67	-1.73
DAX 30 (EUR)	13204.77	▼ -371.91	-2.74	-2.74	-0.33	0.10	-0.33
CAC 40 (EUR)	5863.02	▼ -161.24	-2.68	-2.68	-1.92	1.23	-1.92
S&P 500 (USD)	3243.63	▼ -51.84	-1.57	-1.57	0.40	2.86	0.40
Nasdaq Composite (USD)	9139.31	▼ -175.60	-1.89	-1.89	1.86	3.54	1.86
DJIA (USD)	28535.80	▼ -453.93	-1.57	-1.57	-0.01	1.74	-0.01
MSCI Emerging Markets (USD)	1102.98	▼ -16.41	-1.47	-1.47	-1.05	7.17	-1.05
MSCI Developed World (USD)	2356.09	▼ -39.22	-1.64	-1.64	-0.10	2.89	-0.10

## US Market ▼

## US markets closed weaker

US markets closed lower yesterday, amid renewed concerns over the outbreak of coronavirus following confirmation of more cases of the deadly virus. The S&P 500 Index dropped 1.6% to close at 3,243.63. Today, the S&P 500 futures are trading in the green.

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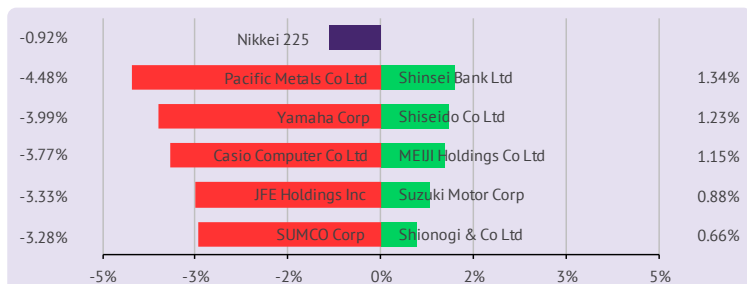


## Asian Market ▼

## Trading mostly lower

Asian markets are trading mostly lower this morning, amid increasing fears over the coronavirus outbreak. As at 6:00 SAST, the Nikkei 225 Index is trading 0.9% lower at 23,129.75.

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## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R14.6024. Later today, traders will keep a close watch on the US durable goods orders, S&P/Case-Shiller home price index, Richmond Fed manufacturing index and consumer confidence for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US new home sales unexpectedly eased for third straight month in December. Meanwhile, the Dallas Fed manufacturing business index advanced more than market consensus in January. The South African Rand came under pressure, amid mounting concerns regarding the spread of the deadly coronavirus.

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## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally fell against the South African Rand to trade at R19.0666. Ahead in the day, traders will keep an eye on UK's CBI distributive trades survey for further indications.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's BBA mortgage approvals climbed to a four-year high in December.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0% against the South African Rand to trade at R16.0956. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's Ifo business climate and the business expectations index unexpectedly declined in January. Moreover, the Ifo current assessment index rose less than market anticipation in January.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R9.8681. Earlier in the session, Australia's business conditions index dropped in December. Additionally, the business confidence index unexpectedly dipped in December.

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	14.6024	▲	1.50	1.50	4.36	-4.57	4.36
GBPZAR	19.0666	▲	1.36	1.36	2.76	-2.05	2.76
EURZAR	16.0956	▲	1.44	1.44	2.54	-2.82	2.54
AUDZAR	9.8681	▲	0.53	0.53	0.38	-0.77	0.38
EURUSD	1.1022	▲	-0.05	-0.05	-1.73	1.77	-1.73
GBPUSD	1.3057	-	-0.12	-0.12	-1.51	2.57	-1.51
Brent (\$/barrel)	59.0	▼	-2.26	-2.26	-10.12	9.11	-10.12
Gold (\$/oz)	1585.6	▲	0.35	0.35	3.57	3.92	3.57
Platinum (\$/oz)	985.9	-	-1.92	-1.92	1.49	7.89	1.49
Copper (\$/MT)*	5715.5	▼	-3.12	-3.12	-7.05	5.23	-7.05

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,585.60/oz.

Yesterday, gold prices rose 0.4% to close at \$1,577.40/oz, as mounting concerns over fast-moving viral outbreak of deadly virus boosted demand for the safe haven asset.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$58.99/bl.

Yesterday, Brent crude oil declined 2.3% to settle at \$59.32/bl, amid heightened fears that the spread of the coronavirus could hurt the global economy.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$985.90/oz.

Yesterday, platinum prices dropped 1.9% to close at \$985.90/oz.

## Major South African corporate news

### Sasol Limited

The company announced that its shares have been approved for inclusion in the list of qualifying equity securities to be traded on A2X with effect from 3 February 2020.

### Woolworths Holdings Limited

The company, in its 1H20 trading update, announced that sales rose by 3.8% compared to the same period of the prior year and 4.6% on a constant currency basis. The company expects its EPS to be between 172.80c and 182.70c and its HEPS to be between 175.40c and 185.40c.

## Major global economic news

### Eurozone

In Germany, the Ifo business climate index unexpectedly fell to a level of 95.90 in January, compared to a level of 96.30 in the prior month.

In January, the Ifo current assessment index rose to a level of 99.10 in Germany, less than market expectations and compared to a level of 98.80 in the previous month.

The German Ifo business expectations index unexpectedly dropped to a level of 92.90 in January. In the prior month, the index had recorded a revised level of 93.90.

### Asia

In Australia, the business conditions index dipped to a level of 3.00 in December, at par with market anticipations and compared to a level of 4.00 in the previous month.

In December, the business confidence index unexpectedly eased to a level of -2.00 in Australia, compared to a flat reading in the prior month.

In Japan, the corporate service price index advanced 2.1% on an annual basis in December, in line with market forecast. The corporate service price index had registered a similar rise in the prior month.

### US

In the US, new home sales unexpectedly dropped by 0.4% to a level of 694.00K on a monthly basis in December, compared to a revised level of 697.00K in the previous month.

In January, the Dallas Fed manufacturing business index rose to a level of -0.20, more than market expectations. In the previous month and compared to a level of -3.20 in the prior month.

### UK

In the UK, the BBA mortgage approvals advanced to 46.81K in December, compared to a revised reading of 44.10K in the previous month.

## Technical snapshot

### JSE All Share



The JSE All Share index is expected to find support at 54,833.74, and a fall through could take it to the next support level of 53,764.53. The index is expected to find its first resistance at 57,911.28, and a rise through could take it to the next resistance level of 59,919.61.

### S&P 500



The S&P 500 index is expected to find support at 3,206.16, and a fall through could take it to the next support level of 3,168.70. The index is expected to find its first resistance at 3,309.43, and a rise through could take it to the next resistance level of 3,375.24.

### USD ZAR



The pair is expected to find support at 14.3703, and a fall through could take it to the next support level of 14.1306. The pair is expected to find its first resistance at 14.7535, and a rise through could take it to the next resistance level of 14.8970.

### XAU USD



Gold is expected to find support at \$1,552.80/oz, and a fall through could take it to the next support level of \$1,528.20/oz. The precious metal is expected to find its first resistance at \$1,595.20/oz, and a rise through could take it to the next resistance level of \$1,613.00/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	1:50	Corporate Service Price (YoY) (Dec)	✓	2.10%*	2.10%	Monthly
UK	13:00	CBI Distributive Trades Survey - Realised (Jan)	✓✓	3.00%	0.00%	Monthly
US	15:30	Cap Goods Orders Nondef Ex Air (Dec) (P)	✓	-	0.20%	Monthly
US	15:30	Cap Goods Ship Nondef Ex Air (Dec) (P)	✓	-	-0.30%	Monthly
US	15:30	Durable Goods Orders ex Transportation (Dec) (P)	✓✓	0.20%	-0.10%	Monthly
US	15:30	Durable Goods Orders (Dec) (P)	✓✓✓	0.50%	-2.10%	Monthly
US	15:55	Redbook Index (YoY) (24-Jan)	✓	-	5.30%	Weekly
US	15:55	Redbook Index s.a. (MoM) (24-Jan)	✓	-	0.00%	Weekly
US	16:00	S&P/Case-Shiller 20 City s.a. (MoM) (Nov)	✓✓✓	-	0.43%	Monthly
US	16:00	S&P/Case-Shiller Home Price Index (Nov)	✓	-	212.43	Monthly
US	16:00	S&P/Case-Shiller Composite-20 (YoY) (Nov)	✓✓	2.40%	2.23%	Monthly
US	17:00	Consumer Confidence (Jan)	✓✓✓	-	126.50	Monthly
US	17:00	Richmond Fed Manufacturing Index (Jan)	✓	9.00	-5.00	Monthly
UK	-	Nationwide House Prices n.s.a. (YoY) (Jan)	✓✓	-	1.40%	Monthly
UK	-	Nationwide House Prices s.a. (MoM) (Jan)	✓✓✓	-	0.10%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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