

ONE Minute Brief

8 January 2020

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Economic and political news

In South Africa (SA), electricity production declined 2.8% on an annual basis in November, compared to a drop of 1.9% in the previous month. Additionally, electricity consumption fell 3.1% on a yearly basis in November, compared to a decline of 2.1% in the previous month. Meanwhile, new vehicle sales climbed 4.2% to 41,698 units in December, compared to 40,020 units in the same period last year.

In response to claims made in court papers filed by Nersa, Eskom stated that it has not paid any performance bonuses in the past two years, nor has it applied to the national energy regulator to allow for ZAR1.8bn in performance bonus pay. However, its application does include a provision for an annual bonus which is the equivalent of a 13th cheque and forms part of employees' normal remuneration package. Separately, Eskom tweeted that it would time the stage 2 load shedding today to accommodate the release of matric results.

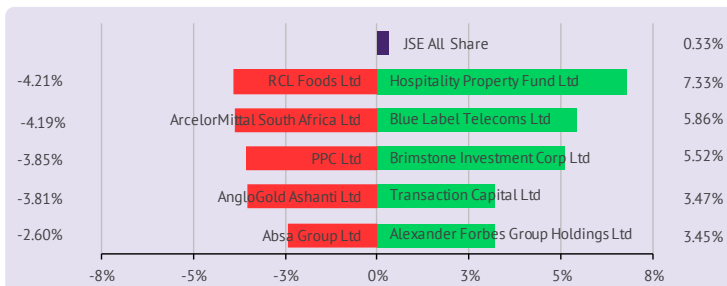
Following the publication of matric results, President Ramaphosa stated that the improvement reflects that the government's substantial investment in education is yielding results.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, as ongoing tensions between the US and Iran eased. The JSE All Share Index rose 0.3% to close at 57,384.41.

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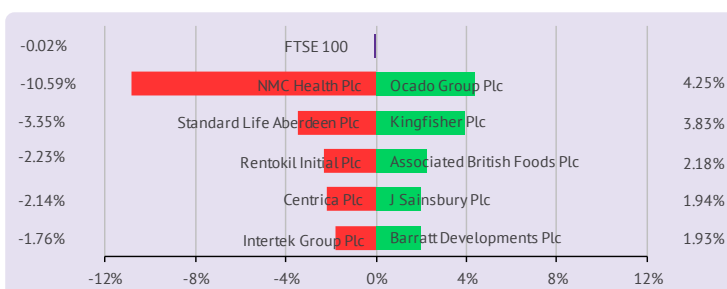


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, weighed down by losses in energy sector stocks. The FTSE 100 Index marginally declined to close at 7,573.85. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

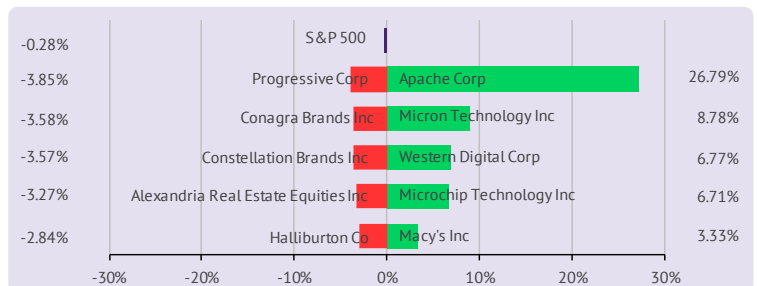
	As at 07 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57384.41	▲ 189.06	0.33	-0.74	0.53	3.13	0.53
JSE Top 40 (ZAR)	51154.44	▲ 154.83	0.30	-0.74	0.67	3.51	0.67
FTSE 100 (GBP)	7573.85	▼ -1.49	-0.02	-0.64	0.42	2.67	0.42
DAX 30 (EUR)	13226.83	▲ 99.84	0.76	0.06	-0.17	0.10	-0.17
CAC 40 (EUR)	6012.35	▼ -1.24	-0.02	-0.53	0.57	1.23	0.57
S&P 500 (USD)	3237.18	▼ -9.10	-0.28	0.07	0.20	2.86	0.20
Nasdaq Composite (USD)	9068.58	▼ -2.88	-0.03	0.53	1.07	3.54	1.07
DJIA (USD)	28583.68	▼ -119.70	-0.42	-0.18	0.16	1.74	0.16
MSCI Emerging Markets (USD)	1115.84	▲ 3.31	0.30	-0.71	0.11	7.17	0.11
MSCI Developed World (USD)	2362.43	▼ -2.06	-0.09	-0.03	0.17	2.89	0.17

US Market ▼

US markets closed weaker

US markets closed lower yesterday, led by losses in energy and healthcare sector stocks. Data showed that US factory orders dropped in November. The S&P 500 Index dropped 0.3% to close at 3,237.18.

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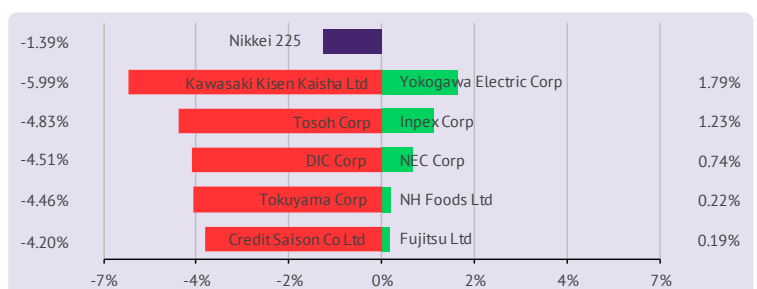


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, as geopolitical tensions resurfaced after Iran attacked US forces in Iraq. As at 6:00 SAST, the Nikkei 225 Index is trading 1.4% lower at 23,248.07.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand at R14.3261. Later today, traders will keep a close watch on the US MBA mortgage applications, consumer credit and ADP employment change for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US trade deficit narrowed to its lowest level in three years in November. Moreover, the services sector activity grew at a faster than expected pace in December. Additionally, factory orders declined less than expected on a monthly basis in November. Meanwhile, final durable goods orders dropped on a monthly basis in November. Separately, in SA, both electricity production and consumption fell on an annual basis in November. However, new vehicle sales climbed in December.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R18.8125. Ahead in the day, traders will keep an eye on UK's Halifax house price index for further indications.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R15.9809. Going forward, market participants will keep a tab on Eurozone's consumer confidence index, business climate index and economic sentiment indicator along with Germany's factory orders for further cues.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's inflation accelerated to a 6-month high level in December. Moreover, retail sales increased for the first time in three months in November.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R9.8451. Earlier in the session, Australia's AiG performance of construction index dipped to a six-and-a-half-year low in December. Additionally, building approvals dropped on an annual basis 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	14.3261	▼	0.71	0.07	2.23	-4.57	2.23
GBPZAR	18.8125	▼	0.37	0.39	1.17	-2.05	1.17
EURZAR	15.9809	▼	0.32	-0.02	1.68	-2.82	1.68
AUDZAR	9.8451	▼	-0.28	-1.16	-0.07	-0.77	-0.07
EURUSD	1.1154	▲	-0.39	-0.07	-0.54	1.77	-0.54
GBPUSD	1.3131	▲	-0.34	0.33	-0.99	2.57	-0.99
Brent (\$/barrel)	69.4	▲	-0.93	-0.48	3.44	9.11	3.44
Gold (\$/oz)	1592.2	▲	0.35	1.41	3.36	3.92	3.36
Platinum (\$/oz)	966.0	-	0.58	-1.88	-0.56	7.89	-0.56
Copper (\$/MT)*	6127.5	▲	0.21	0.38	-0.35	5.23	-0.35

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.1% higher to trade at \$1,592.20/oz.

Yesterday, gold prices rose 0.4% to close at \$1,574.30/oz, as investors weighed the prospects for further rise in Middle East tensions.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.6% higher to trade at \$69.36/bl, after Iran attacked American forces in Iraq in response to the US strike that killed an Iranian general last week. Additionally, the American Petroleum Institute (API) reported that crude oil inventories declined by 5.95mn bls in the week ended 03 January 2020.

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Yesterday, Brent crude oil declined 0.9% to settle at \$68.27/bl, as US-Iran tensions eased.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$966.00/oz.

Yesterday, platinum prices climbed 0.6% to close at \$966.00/oz.

Major South African corporate news

Absa Group Limited

The company announced that it has entered into an agreement with the Multilateral Investment Guarantee Agency (MIGA) that will issue guarantees of USD497mn (just over ZAR7bn), valid for approximately 15 years, in order to boost lending in Africa.

Major global economic news

US

In the US, trade deficit narrowed to USD43.10bn in November, more than market expectations and compared to a revised deficit of USD46.90bn in the previous month.

In November, final durable goods orders declined 2.1% on a monthly basis in the US, compared to a revised fall of 2.0% in the previous month. The preliminary figures had indicated a fall of 2.0%.

In the US, the ISM non-manufacturing PMI advanced to a level of 55.00 in December, more than market forecast and compared to a level of 53.90 in the previous month.

In November, factory orders dropped 0.7% on a monthly basis in the US, less than expected and compared to a revised rise of 0.2% in the previous month.

Asia

In Australia, the AiG performance of construction index declined to a level of 38.90 in December, compared to 40.00 in the previous month.

In November, seasonally adjusted building approvals fell 3.8% on a yearly basis in Australia. Building approvals had recorded a revised drop of 22.9% in the prior month.

Eurozone

In the Eurozone, seasonally adjusted retail sales advanced 1.0% on a monthly basis in November, more than market anticipations and compared to a revised drop of 0.3% in the prior month.

In December, the preliminary consumer price index climbed 1.3% on an annual basis in the Eurozone, at par with market expectations and compared to a rise of 1.0% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Labour Cash Earnings (YoY) (Nov)	✓✓	-0.20%*	0.50%	Monthly
Japan	07:00	Consumer Confidence Index (Dec)	✓✓	-	38.70	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Dec)	✓	-	USD44.42bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Dec)	✓	-	USD54.89bn	Monthly
Germany	09:00	Factory Orders n.s.a. (YoY) (Nov)	✓✓✓	-5.50%	-5.50%	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Nov)	✓✓	0.10%	-0.40%	Monthly
UK	10:30	Halifax House Prices (3m/YoY) (Dec)	✓	-	2.10%	Monthly
UK	10:30	Halifax House Prices (MoM) (Dec)	✓	-	1.00%	Monthly
South Africa	11:00	PMI Manufacturing (Dec)	✓✓	-	47.70	Monthly
Eurozone	12:00	Services Sentiment Indicator (Dec)	✓	9.50	9.30	Monthly
Eurozone	12:00	Consumer Confidence (Dec) (F)	✓✓✓	-8.10	-8.10**	Monthly
Eurozone	12:00	Industrial Confidence (Dec)	✓	-9.00	-9.20	Monthly
Eurozone	12:00	Business Climate Indicator (Dec)	✓✓	-0.16	-0.23	Monthly
Eurozone	12:00	Economic Sentiment Indicator (Dec)	✓	101.40	101.30	Monthly
US	14:00	MBA Mortgage Applications (27-Dec)	✓	-	-5.30%	Weekly
US	15:15	ADP Employment Change (Dec)	✓✓✓	150.00K	67.00K	Monthly
US	22:00	Consumer Credit Change (Nov)	✓✓	USD16.70bn	USD18.91bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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