

ONE Minute Brief

21 January 2020

GTC
consult • partner • manage

Economic and political news

The International Monetary Fund (IMF) has downgraded South Africa's (SA) economic growth forecasts to 0.8% from 1.1% for 2020 and 1.0% from 1.4% for 2021, citing structural constraints and weakening public finances.

Minerals and Energy Minister, Gwede Mantashe, has appointed former Eskom chief nuclear officer, David Nicholls, as chair of the Nuclear Energy Corporation (Necsa).

Eskom has indicated that it does not expect load shedding today, as there is "sufficient capacity to meet the demand in electricity", and that there is no cause for concern, despite a 'constrained system'.

Key indices

	As at 20 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58850.41	▼ -151.46	-0.26	-0.26	3.09	3.13	3.09
JSE Top 40 (ZAR)	52638.53	▼ -97.22	-0.18	-0.18	3.59	3.51	3.59
FTSE 100 (GBP)	7651.44	▼ -23.12	-0.30	-0.30	1.45	2.67	1.45
DAX 30 (EUR)	13548.94	▲ 22.81	0.17	0.17	2.26	0.10	2.26
CAC 40 (EUR)	6078.54	▼ -22.18	-0.36	-0.36	1.68	1.23	1.68
S&P 500 (USD)*	3329.62	▲ 12.81	0.39	NA	3.06	2.86	3.06
Nasdaq Composite (USD)*	9388.94	▲ 31.81	0.34	NA	4.64	3.54	4.64
DJIA (USD)*	29348.10	▲ 50.46	0.17	NA	2.84	1.74	2.84
MSCI Emerging Markets (USD)	1145.68	▼ -1.15	-0.10	-0.10	2.78	7.17	2.78
MSCI Developed World (USD)	2415.04	▼ -0.48	-0.02	-0.02	2.40	2.89	2.40

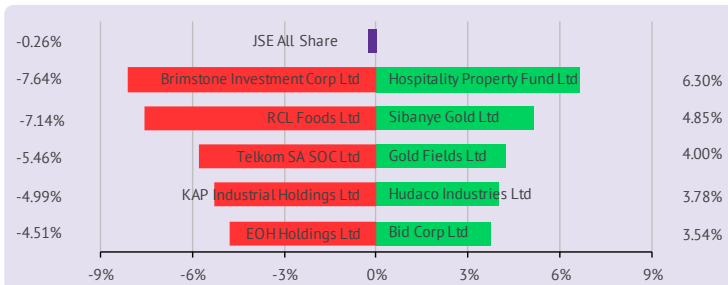
*Values as on 17 Jan 2020

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, as investors assessed SA's economic growth prospects and led by losses in the banking sector stocks. The JSE All Share Index fell 0.3% to close at 58,850.41.

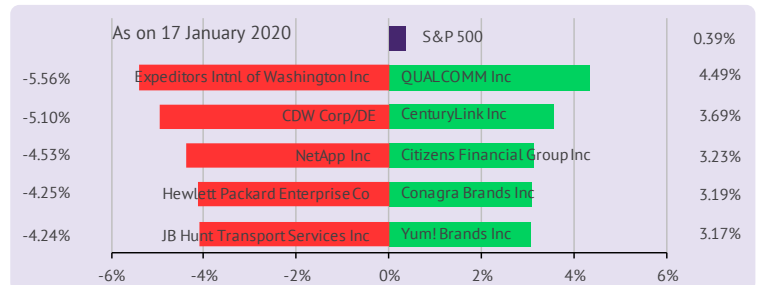
To Read More Click [Here](#)



US Market

US markets were closed yesterday

US markets were closed yesterday on account of a public holiday. Today, the S&P 500 futures are trading in the red.

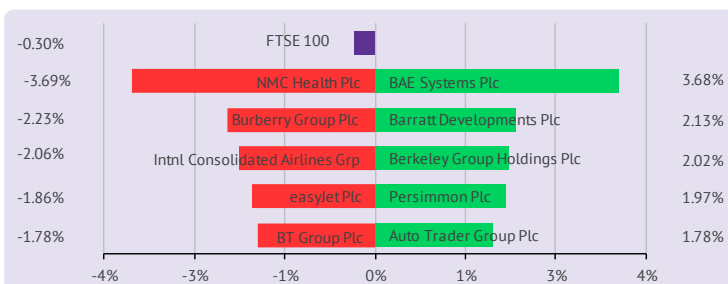


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid persistent fears of a hard Brexit and interest rate cut by the Bank of England. The FTSE 100 Index declined 0.3% to close at 7,651.44. Today, the FTSE 100 futures are trading in negative territory.

To Read More Click [Here](#)

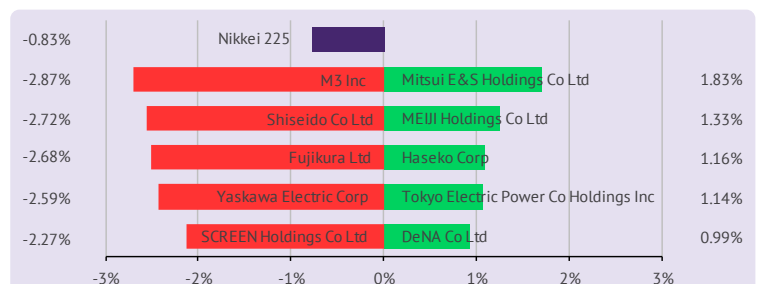


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, after ratings agency, Moody's, lowered Hong Kong's credit rating and changed its outlook to 'stable' from 'negative'. As at 6:00 SAST, the Nikkei 225 Index is trading 0.8% lower at 23,884.50.

To Read More Click [Here](#)



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.2% against the South African Rand to trade at R14.5329. Amid lack of major economic releases in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar rose against the South African Rand yesterday. The South African Rand came under pressure, after the IMF cut SA's growth forecasts for 2020 and 2021.

To Read More Click [Here](#)

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.3% higher against the South African Rand at R18.9115. Ahead in the day, traders will keep an eye on UK's ILO unemployment rate and average earnings including bonus 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 is trading 0.2% firmer against the South African Rand at R16.1281. Going forward, market participants will keep a tab on the ZEW economic survey across the Eurozone and Germany.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's producer price index (PPI) dropped less than market forecast on an annual basis in December.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.1% against the South African Rand to trade at R9.9759.

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	14.5329	▼	0.26	0.26	3.62	-4.57	3.62
GBPZAR	18.9115	▼	0.26	0.26	1.61	-2.05	1.61
EURZAR	16.1281	▼	0.28	0.28	2.52	-2.82	2.52
AUDZAR	9.9759	▼	0.25	0.25	1.34	-0.77	1.34
EURUSD	1.1097	▲	0.03	0.03	-1.05	1.77	-1.05
GBPUSD	1.3012	▲	-0.05	-0.05	-1.86	2.57	-1.86
Brent (\$/barrel)	64.9	▼	0.54	0.54	-1.21	9.11	-1.21
Gold (\$/oz)**	1566.6	▲	0.63	NA	2.44	3.92	2.44
Platinum (\$/oz)**	1019.4	▼	2.38	NA	4.94	7.89	4.94
Copper (\$/MT)*	6233.3	▼	-0.22	-0.22	1.37	5.23	1.37

*As of previous close, #As on 06:00 SAST **1D% change as on 17 January 2020

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.4% to trade at \$1,566.60/oz, as worries of a virus outbreak in China and Middle East tensions increased demand for the safe haven asset.

To Read More Click [Here](#)

Trading in gold was closed yesterday on account of a public holiday in the US.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.5% to trade at \$64.89/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$65.20/bl, amid geopolitical tensions in Libya and Iraq.

To Read More Click [Here](#)

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$1,019.40/oz.

Trading in platinum was closed yesterday on account of a public holiday in the US.

Major South African corporate news

Intu Properties Plc

The company, in its market update, announced that it continues to make progress in its strategy to fix the balance sheet. The firm further announced an exchanged contract to dispose of Intu Puerto Venecia for EUR475.00mn. The net proceeds of the transaction would be used to repay debt and is expected to reduce loan to value by around 1.0%. Further, for the disposal of Intu Asturias at advanced stages, company undertook nearly GBP500.00mn of disposals in 2019, with the negotiations for the disposal of Intu Asturias at advanced stages.

Rebosis Property Fund Limited

The company, referred to an earlier announcement relating to distribution of a circular concerning the disposal of student accommodation situated at Mafikeng. The firm further stated that the impact of the 2019/2020 festive season on the timetable, has resulted in a delay in finalising the circular causing the delay in finalising the company's audited financial year-end results in respect of the period ended 31 August 2019, which were published on 30 December 2019. The company expects to distribute the circular by end February 2020.

Major global economic news

Asia

In Japan, the final industrial production dropped 8.2% on a yearly basis in November, more than market forecast and compared to a drop of 8.1% in the previous month. The preliminary figures had indicated a drop of 8.1%.

The Bank of Japan (BoJ), in its latest monetary policy meeting, kept its key interest rate unchanged at -0.1% and maintained its yield target for 10-year Japanese government bonds at around 0%, as widely expected. Moreover, the central bank upgraded its growth forecast for the fiscal 2020 to 0.9% from 0.7%. Likewise, the projection for 2021 was raised to 1.1% from 1.0%.

Eurozone

In Germany, the PPI declined 0.2% on an annual basis in December, less than market expectations and compared to a drop of 0.7% in the previous month.

Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 57,913.88, and a fall through could take it to the next support level of 56,977.36. The index is expected to find its first resistance at 59,445.77, and a rise through could take it to the next resistance level of 60,041.14.

S&P 500



The S&P 500 index is expected to find support at 3,294.58, and a fall through could take it to the next support level of 3,259.54. The index is expected to find its first resistance at 3,347.27, and a rise through could take it to the next resistance level of 3,364.92.

USD ZAR



The pair is expected to find support at 14,368.2, and a fall through could take it to the next support level of 14,229.4. The pair is expected to find its first resistance at 14,610.0, and a rise through could take it to the next resistance level of 14,713.0.

XAU USD



Gold is expected to find support at \$1,544.00/oz, and a fall through could take it to the next support level of \$1,527.70/oz. The precious metal is expected to find its first resistance at \$1,569.00/oz, and a rise through could take it to the next resistance level of \$1,577.70/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actuals	Previous	Frequency
Japan	05:00	BoJ Outlook Report (Q4)	✓✓✓	-	-	As scheduled
Japan	05:00	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled
South Africa	09:00	Leading Indicator (Nov)	✓	-	103.90	Monthly
Switzerland	10:00	M3 Money Supply (YoY) (Dec)	✓	-	1.30%	Monthly
Spain	11:00	Trade Balance (Nov)	✓✓✓	-	-EUR2.58bn	Monthly
UK	11:30	Claimant Count Rate s.a. (Dec)	✓✓	-	3.50%	Monthly
UK	11:30	Employment Change (3M/3M) (Nov)	✓✓✓	-	24.00K	Monthly
UK	11:30	Claimant Count Change (Dec)	✓✓✓	24.50K	28.80K	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Nov)	✓✓✓	3.80%	3.80%	Monthly
UK	11:30	Average Earnings Including Bonus (3Mo/Yr) (Nov)	✓✓	3.10%	3.20%	Monthly
UK	11:30	Average Earnings Excluding Bonus (3Mo/Yr) (Nov)	✓	3.40%	3.50%	Monthly
Switzerland	11:45	Welcome remarks and special address by Klaus Schwab at WEF, Davos	✓✓✓	-	-	As scheduled
Germany	12:00	ZEW Survey - Current Situation (Jan)	✓✓	-13.80	-19.90	Monthly
Switzerland	12:30	Special address by Donald Trump at WEF, Davos	✓✓✓	-	-	As scheduled
Switzerland	14:00	Mathias Cormann and Piyush Goyal speak on "Strategic Outlook: The	✓✓	-	-	As scheduled
Switzerland	15:15	Special address by Han Zheng, Vice-Premier of the People's Republic of	✓✓✓	-	-	As scheduled
Canada	15:30	Manufacturing Sales (MoM) (Nov)	✓✓	0.30%	-0.70%	Monthly
US	15:55	Redbook Index (YoY) (17-Jan)	✓	-	5.00%	Weekly
US	15:55	Redbook Index s.a. (MoM) (17-Jan)	✓	-	-0.20%	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

formerly Grant Thornton Capital

a GTC, The Wanderers Office Park

52 Corlett Drive, Illovo, 2196

p P O Box 55118, Illovo, 2116

t +27 (0) 10 597 6800

f +27 (0) 10 597 6801

w www.gtc.co.za

GTC (Pty) Ltd.

reg. no. 1996/001488/07

directors: G.K. Mockler, F.Dildar

An Authorised Financial

Services Provider

FSP no. 731

GTC is nationally represented in Johannesburg, Cape Town and Durban.

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services