

ONE Minute Brief

29 January 2020

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Economic and political news

South African Airways (SAA) has secured a ZAR3.5bn post-commencement funding (PCF) from the Development Bank of Southern Africa (DBSA) to meet its short-term liquidity requirements.

The Automobile Association (AA) stated that it expects 95 Octane petrol prices to drop by 13c a litre and prices for 93 Octane petrol and diesel to drop by 4c in February.

Public protector, Busisiwe Mkhwebane, has stated that the process adopted by parliament to remove her was unconstitutional and illegal and that she had sent a letter to speaker, Thandi Modise's office asking the process be stopped until her concerns were addressed.

Eskom's Chief Executive Officer (CEO), Andre de Ruyter, stated that an investment of ZAR18bn would be needed to accommodate the entry of independent power producers into the nation's grid.

Eskom Pension and Provident Fund (EPPF) has filed an application in the Pretoria High Court to enforce the court's previous judgement asking former Eskom CEO, Brian Molefe, to pay back the amount he owes to EPPF.

Key indices

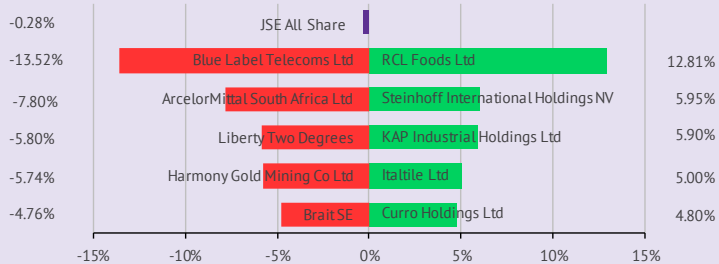
	As at 28 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55748.24	▼ -154.70	-0.28	-2.64	-2.34	3.13	-2.34
JSE Top 40 (ZAR)	49800.27	▼ -148.97	-0.30	-2.76	-2.00	3.51	-2.00
FTSE 100 (GBP)	7480.69	▲ 68.64	0.93	-1.39	-0.82	2.67	-0.82
DAX 30 (EUR)	13323.69	▲ 118.92	0.90	-1.86	0.56	0.10	0.56
CAC 40 (EUR)	5925.82	▲ 62.80	1.07	-1.63	-0.87	1.23	-0.87
S&P 500 (USD)	3276.24	▲ 32.61	1.01	-0.58	1.41	2.86	1.41
Nasdaq Composite (USD)	9269.68	▲ 130.37	1.43	-0.49	3.31	3.54	3.31
DJIA (USD)	28722.85	▲ 187.05	0.66	-0.92	0.65	1.74	0.65
MSCI Emerging Markets (USD)	1101.72	▼ -1.26	-0.11	-1.58	-1.16	7.17	-1.16
MSCI Developed World (USD)	2372.52	▲ 16.43	0.70	-0.95	0.60	2.89	0.60

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in financial sector stocks. The JSE All Share Index fell 0.3% to close at 55,748.24.

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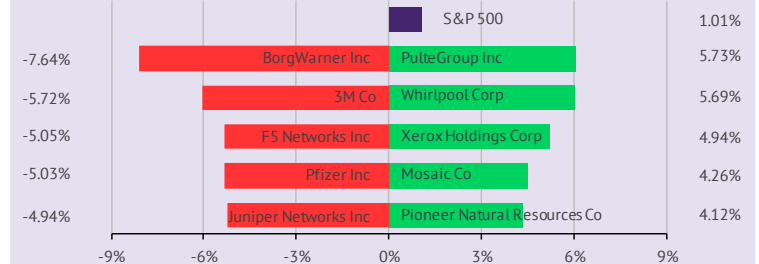


US Market ▲

US markets closed firmer

US markets closed higher yesterday, boosted by gains in technology sector stocks. Data indicated that the US CB consumer confidence index advanced in January. The S&P 500 Index climbed 1.0% to close at 3,276.24. Today, the S&P 500 futures are trading in the green.

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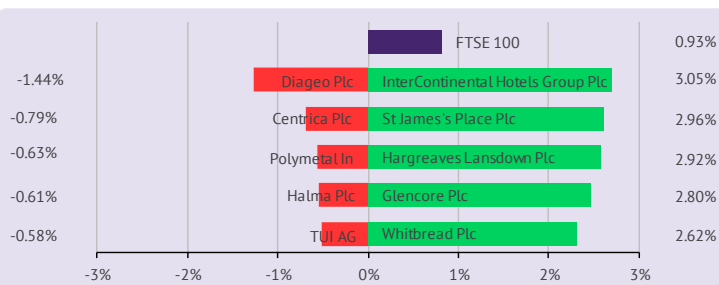


UK Market ▲

UK markets closed in the green

UK markets finished firmer yesterday, spurred by gains in mining sector stocks. The FTSE 100 Index advanced 0.9% to close at 7,480.69. Today, the FTSE 100 futures are trading in positive territory.

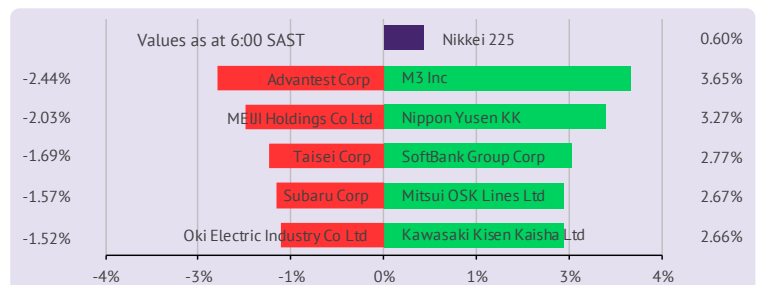
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.6% lower at 23,355.39.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R14.5373. Later today, traders will keep a close watch on the US Fed interest rate decision, MBA mortgage applications, goods trade balance and pending home sales for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US preliminary durable goods orders rebounded on a monthly basis in December. Additionally, the S&P/Case-Shiller composite home price index advanced more than expected on an annual basis in November. Moreover, the CB consumer confidence index climbed in January. Also, the Richmond Fed manufacturing index rose more than market expectation in January.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.2% against the South African Rand to trade at R18.9253. Ahead in the day, traders will keep an eye on the UK's Nationwide house price index for further indication. Data indicated that UK's BRC shop price index declined on an annual basis in January.

The British Pound declined against the South African Rand yesterday, amid renewed worries over UK's future relationship with the European Union. Data showed that UK's CBI distributive trade survey's retail sales balance remained flat in January.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R16.0099. Going forward, market participants will keep a tab on Germany's GfK consumer confidence index for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R9.8496. Earlier in the session, Australia's CPI advanced on an annual basis in 4Q19. Additionally, the Westpac leading index climbed on a monthly basis in December.

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	14.5373	▲	-0.41	1.09	3.93	-4.57	3.93
GBPZAR	18.9253	▲	-0.62	0.74	2.12	-2.05	2.12
EURZAR	16.0099	▲	-0.39	1.04	2.14	-2.82	2.14
AUDZAR	9.8496	▼	-0.37	0.16	0.01	-0.77	0.01
EURUSD	1.1013	▼	0.03	-0.03	-1.70	1.77	-1.70
GBPUSD	1.3018	▼	-0.22	-0.34	-1.73	2.57	-1.73
Brent (\$/barrel)	60.3	▲	0.32	-1.94	-9.83	9.11	-9.83
Gold (\$/oz)	1569.2	▼	-0.48	-0.13	3.07	3.92	3.07
Platinum (\$/oz)	990.1	-	0.43	-1.50	1.93	7.89	1.93
Copper (\$/MT)*	5675.0	▼	-0.71	-3.81	-7.71	5.23	-7.71

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged marginally lower to trade at \$1,569.20/oz.

Yesterday, gold prices fell 0.5% to close at \$1,569.80/oz, as upbeat economic data from the US dented demand appeal for the commodity.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 1.4% to trade at \$60.32/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 4.3mn bls in the week ended 24 January 2020.

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Yesterday, Brent crude oil advanced 0.3% to settle at \$59.51/bl, after reports indicated that OPEC might extend to its production cuts until at least June from March and deepen the reductions, if oil demand in China is reduced by the spread of the virus.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$990.10/oz.

Yesterday, platinum prices climbed 0.4% to close at \$990.10/oz.

Major South African corporate news

Anglo American Platinum Limited

The company, in its FY19 trading statement, announced that it expects HEPS to increase between ZAR6.69 and ZAR7.27, compared to ZAR2.89 in the prior year and its EPS is likely to be between ZAR6.69 and ZAR7.21, compared to ZAR2.60 in the preceding year.

Harmony Gold Mining Co Limited

The company announced the appointment of Ms. Boipelo Lekubo as Financial Director of the company, effective 3 March 2020. Mr. Frank Abbott, the company's long serving Financial Director, will remain on the Board as an Executive Director and will assume responsibility for business development, with effect from 3 March 2020.

Intu Properties Plc

The company announced that a joint venture company through affiliates of the company and Canada Pension Plan Investment Board has exchanged contracts to sell intu Asturias shopping centre to the ECE European Prime Shopping Centre Fund II for EUR290.00mn.

Lewis Group Limited

The company, in its 3Q20 trading update, announced that merchandise sales increased 6.9% and comparable stores rose sales 5.6% for the quarter and 4.0% for the nine months. Total revenue, comprising merchandise sales and other revenue, increased 6.3% for the quarter and 6.2% for the nine months.

Spur Corp Limited

The company, in its 1H20 sales update, announced that the total franchised restaurant sales rose 4.5% to ZAR4.10bn. Sales from franchised restaurants in South Africa increased 4.7%, with sales from international restaurants increasing 2.7% in rand terms. The company opened 20 restaurants and closed 4 during the period in South Africa.

Major global economic news

US

In the US, the preliminary durable goods orders rebounded 2.4% on a monthly basis in December, more than market expectations. In the prior month, durable goods orders had registered a drop of 2.1%.

In November, the S&P/Case-Shiller composite home price index climbed 2.6% on an annual basis in the US, more than market anticipation and compared to a revised rise of 2.2% in the previous month.

In the US, the CB consumer confidence index rose to a level of 131.60 in January. In the previous month, the index had registered a revised level of 128.20.

In January, the Richmond Fed manufacturing index in the US increased to a level of 20.00, more than market forecast and compared to a level of -5.00 in the previous month.

Asia

In Australia, the Westpac leading index climbed 0.1% on a monthly basis in December. In the prior month, the index had registered a revised marginal drop.














In Australia, the consumer price index (CPI) advanced 1.8% on a yearly basis in 4Q19, more than market forecast. The CPI had risen 1.7% in the previous quarter.

UK

In the UK, the CBI distributive trade survey's retail sales balance remained flat in January, compared to a similar reading in previous month.

In January, the BRC shop price index dropped 0.3% on an annual basis in the UK. In the previous month, the index had fallen 0.4%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 UK	02:01	BRC Shop Price Index (YoY) (Jan)	✓✓✓	-0.30%*	-0.40%	Monthly
 Japan	07:00	Consumer Confidence Index (Jan)	✓✓	40.80	39.10	Monthly
 UK	09:00	Nationwide House Prices s.a. (MoM) (Jan)	✓✓✓	0.30%	0.10%	Monthly
 UK	09:00	Nationwide House Prices n.s.a. (YoY) (Jan)	✓✓	1.60%	1.40%	Monthly
 Germany	09:00	Import Price Index s.a. (MoM) (Dec)	✓✓	0.30%	0.50%	Monthly
 Germany	09:00	Gfk Consumer Confidence Survey (Feb)	✓✓✓	9.60	9.60	Monthly
 Germany	09:00	Import Price Index n.s.a. (YoY) (Dec)	✓✓	-0.60%	-2.10%	Monthly
 Germany	09:00	Import Price Index (Dec)	✓	-	101.50	Monthly
 Eurozone	11:00	Private Loans (YoY) (Dec)	✓	3.60%	3.50%	Monthly
 Eurozone	11:00	M3 Money Supply (YoY) (Dec)	✓	5.50%	5.60%	Monthly
 US	14:00	MBA Mortgage Applications (24-Jan)	✓	-	-1.20%	Weekly
 US	15:30	Wholesale Inventories (MoM) (Dec) (P)	✓✓✓	-	-0.10%	Monthly
 US	21:30	FOMC Press Conference	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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formerly Grant Thornton Capital

a GTC, The Wanderers Office Park,

t +27 (0) 10 597 6800

GTC (Pty) Ltd.

An Authorised Financial

f +27 (0) 10 597 6801

reg. no. 1996/001488/07

Services Provider

p P O Box 55118, Illovo, 2116

w www.gtc.co.za

directors: G.K. Mockler, F.Dildar

FSP no. 731

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