

ONE Minute Brief

20 February 2020

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Economic and political news

In South Africa (SA), the consumer price index (CPI) rose 4.5% on an annual basis in January, compared to a rise of 4.0% in the previous month.

US Secretary of State, Mike Pompeo, has warned that SA's plan to expropriate land without compensation would be "disastrous" for the country's economy.

Eskom has indicated that there is a high possibility of load shedding today, due to unplanned breakdowns at some of its power plants.

Mineral Resources and Energy Minister, Gwede Mantashe, stated that SA received 481 responses to a call for 3,000 megawatts of emergency power that it estimates could be brought online within two years.

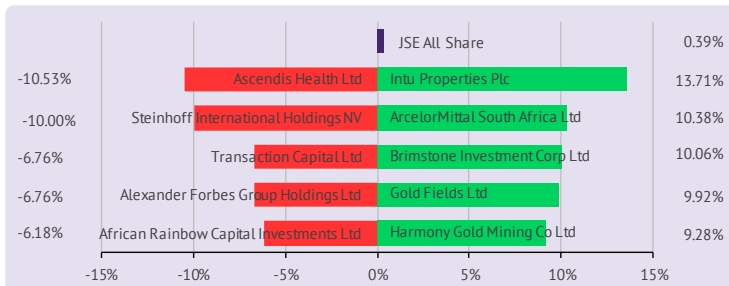
The Competition Commission has recommended that Autopax, a subsidiary of the Passenger Rail Agency of South Africa (PRASA), should be separated from the PRASA group and become a separate state entity.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum and gold mining sector stocks. Data showed that SA's inflation rate rose to a seven-month high in January. The JSE All Share Index rose 0.4% to close at 57,940.97.

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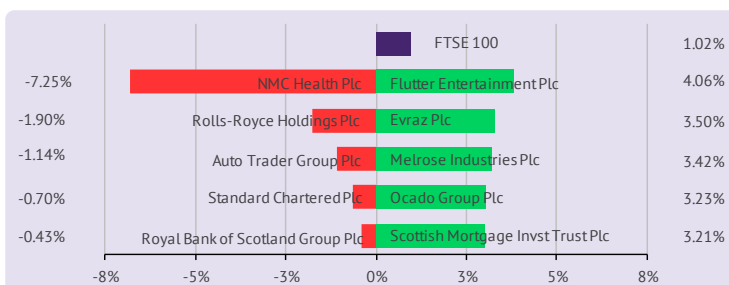


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as the number of new coronavirus cases in China declined and supported by gains in property sector stocks. The FTSE 100 Index advanced 1.0% to close at 7,457.02. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

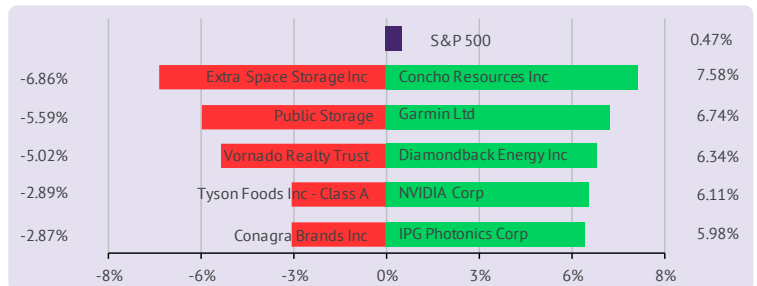
	As at 19 Feb 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57940.97	▲ 226.31	0.39	0.14	3.32	-1.76	1.50
JSE Top 40 (ZAR)	52126.58	▲ 204.42	0.39	0.15	4.10	-1.46	2.58
FTSE 100 (GBP)	7457.02	▲ 75.01	1.02	0.65	2.35	-3.40	-1.13
DAX 30 (EUR)	13789.00	▲ 107.81	0.79	0.33	6.22	-2.02	4.08
CAC 40 (EUR)	6111.24	▲ 54.42	0.90	0.69	5.25	-2.87	2.23
S&P 500 (USD)	3386.15	▲ 15.86	0.47	0.18	4.98	-0.16	4.81
Nasdaq Composite (USD)	9817.18	▲ 84.44	0.87	0.88	7.28	1.99	9.41
DJIA (USD)	29348.03	▲ 115.84	0.40	-0.17	3.86	-0.99	2.84
MSCI Emerging Markets (USD)	1103.69	▲ 8.03	0.73	-0.24	3.89	-4.69	-0.98
MSCI Developed World (USD)	2431.23	▲ 9.76	0.40	-0.01	3.79	-0.68	3.08

US Market ▲

US markets closed firmer

US markets closed higher yesterday, following positive comments from the US Federal Reserve (Fed) and amid optimism that China would take more measures to offset the economic impact of the coronavirus epidemic. The S&P 500 Index climbed 0.5% to close at 3,386.15. Today, the S&P 500 futures are trading in the red.

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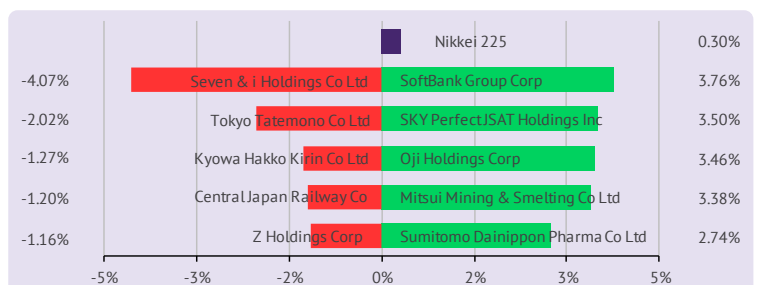


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, amid fall in coronavirus cases and expectations of more Chinese stimulus measures. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% higher at 23,470.30.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% firmer against the South African Rand at R15.0581. Later today, traders will keep a close watch on the US initial jobless claims and the Philadelphia Fed manufacturing survey 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 14 February 2020. Moreover, housing starts dropped in January. Meanwhile, the producer price index (PPI) climbed more than market anticipations on an annual basis in January. Additionally, building permits advanced to its highest level since March 2007 in January. Separately, the South African rand rose against the US Dollar, after SA's consumer inflation advanced at a faster pace in January.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.4% higher against the South African Rand at R19.4336. Ahead in the day, traders will keep an eye on UK's retail sales and the CBI industrial trends orders for further indications.

The British Pound declined against the South African Rand yesterday, amid uncertainty surrounding Britain's trade talks with the European Union and government plans to boost spending. Data indicated that UK's CPI rose to a six-month high level in January. Moreover, the retail price index climbed on a yearly basis in January. Additionally, the DCLG house price index advanced more than market forecast on an annual basis in December. Furthermore, the non-seasonally adjusted output producer price index (PPI) climbed more than market consensus on a yearly basis in January.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro advanced 0.4% against the South African Rand to trade at R16.2565. Going forward, market participants will keep a tab on Eurozone's consumer confidence index along with Germany's PPI and the GfK consumer confidence index for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted current account surplus widened in December. Meanwhile, seasonally adjusted construction output dipped on a monthly basis in December.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R9.9922. Earlier in the session, Australia's unemployment rate advanced in January.

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	15.0581	▼	-0.16	0.48	-0.30	7.34	7.02
GBPZAR	19.4336	▼	-0.78	-0.51	-2.32	6.76	4.29
EURZAR	16.2565	▼	-0.08	0.20	-2.81	6.08	3.10
AUDZAR	9.9922	▲	-0.41	-0.11	-0.53	2.19	1.65
EURUSD	1.0796	▼	0.12	-0.24	-2.60	-1.07	-3.64
GBPUSD	1.2906	▼	-0.60	-0.97	-2.17	-0.38	-2.54
Brent (\$/barrel)	59.1	▲	2.37	3.14	4.42	-14.21	-10.42
Gold (\$/oz)	1607.5	-	0.47	1.57	1.55	3.93	5.54
Platinum (\$/oz)	996.4	▼	1.07	3.68	4.43	-0.98	3.41
Copper (\$/MT)*	5745.8	▼	-0.01	-0.09	3.50	-9.72	-6.56

*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 \$1,607.50/oz.

Yesterday, gold prices rose 0.5% to close at \$1,607.50/oz, as concerns over the global economic impact of the coronavirus epidemic boosted demand for the safe haven asset.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil marginally climbed to trade at \$59.13/bl. The American Petroleum Institute (API) reported that crude oil inventories rose by 4.2mn bls last week.

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Yesterday, Brent crude oil advanced 2.4% to settle at \$59.12/bl, after the US imposed tough sanctions on an arm of Russian oil company, Rosneft, raising oil supply concerns.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.8% lower to trade at \$996.40/oz.

Yesterday, platinum prices climbed 1.1% to close at \$1004.50/oz.

Major South African corporate news

Consolidated Infrastructure Group Limited

In its trading statement for the four months ended 31 December 2019, the company announced that it expects loss per share of be between 50.00c and 105.00c, compared to 398.00c in the same period of the preceding year. It expects its headline loss per share to be between 52.00c and 107.00c, compared to 366.00c in the prior year.

Sibanye Gold Limited

In its 1H20 results, the company announced that revenues advanced to ZAR49.39bn from ZAR26.75bn posted in the corresponding period of the previous year. Its diluted EPS stood at 12.00c, compared to a loss per share of 114.00c in the same period of the prior year.

Emira Property Fund Limited

In its 1H20 results, the company announced that revenues fell from ZAR878.63mn to ZAR770.91mn posted in the corresponding period of the previous year. Its diluted EPS decreased 20.9% to 77.56c from the same period of the prior year.

Major global economic news

US

In the US, the MBA mortgage applications declined 6.4% on a weekly basis in the week ended 14 February 2020, compared to rise of 1.1% in the previous week.

In the US, the PPI climbed 2.1% on an annual basis in January, more than market anticipations. In the previous month, PPI had risen 1.3%.

In January, housing starts dropped 3.6% on a monthly basis to an annual rate of 1567.00K in the US, compared to a revised level of 1626.00K in the prior month.

In the US, building permits advanced 9.2% on a monthly basis to an annual rate of 1551.00K in January, more than market anticipations and compared to a revised level of 1420.00K in the previous month.

The Federal Open Market Committee (FOMC), in its January meeting minutes, indicated that interest rates are expected to remain unchanged for some time and economic growth is expected to continue at a 'moderate pace'. Meanwhile, the minutes reiterated that though trade uncertainties had diminished following the signing of the phase one US-China trade deal, downside risks posed by the outbreak of the coronavirus 'warranted close watching'.

Eurozone

In the Eurozone, seasonally adjusted current account surplus widened to EUR32.60bn in December, compared to a revised surplus of EUR32.40bn in the previous month.

In December, seasonally adjusted construction output dropped 3.1% on a monthly basis in the Eurozone, compared to a revised rise of 0.7% in the previous month.

UK

In the UK, the CPI rose 1.8% on an annual basis in January, more than market expectations. In the prior month, the CPI had climbed 1.3%.

In January, the retail price index climbed 2.7% on a yearly basis in the UK, compared to a rise of 2.2% in the previous month.

In the UK, the DCLG house price index advanced 2.2% on an annual basis in December, more than market anticipations and compared to a revised rise of 1.7% in the previous month.

In January, non-seasonally adjusted output PPI climbed 1.1% on a yearly basis in the UK, more than market forecast and compared to an advance of 0.9% in the prior month.

Asia

In Australia, the unemployment rate rose 5.3% in January, compared to 5.1% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	1:50	Foreign Buying Japan Bonds (14-Feb)	✓	JPY370.60bn*	JPY1667.90bn	Weekly
Japan	1:50	Foreign Buying Japan Stocks (14-Feb)	✓	-JPY214.40bn*	JPY282.90bn	Weekly
Japan	1:50	Japan Buying Foreign Bonds (14-Feb)	✓	JPY1420.50bn*	JPY1633.80bn	Weekly
Japan	1:50	Japan Buying Foreign Stocks (14-Feb)	✓	-JPY41.90bn*	JPY263.10bn	Weekly
Japan	8:00	Machine Tool Orders (YoY) (Jan) (F)	✓✓✓	-	-35.60%**	Monthly
Japan	8:00	Machine Tool Orders (Jan)	✓	-	-	Monthly
Japan	9:00	Convenience Store Sales (YoY) (Jan)	✓	-	-0.30%	Monthly
Germany	9:00	Producer Price Index (MoM) (Jan)	✓✓✓	0.20%	0.10%	Monthly
Germany	9:00	GfK Consumer Confidence Survey (Mar)	✓✓✓	9.80	9.90	Monthly
Germany	9:00	Producer Price Index (YoY) (Jan)	✓✓✓	-0.40%	-0.20%	Monthly
UK	11:30	Retail Sales (MoM) (Jan)	✓✓✓	-	-0.60%	Monthly
UK	11:30	Retail Sales ex-Fuel (MoM) (Jan)	✓✓✓	0.80%	-0.80%	Monthly
UK	11:30	Retail Sales ex-Fuel (YoY) (Jan)	✓✓✓	0.40%	0.70%	Monthly
UK	11:30	Retail Sales (YoY) (Jan)	✓✓✓	0.70%	0.90%	Monthly
Eurozone	12:30	ECB Vice President Guindos Speaks in Frankfurt	✓	-	-	As scheduled
UK	13:00	CBI Trends Selling Prices (Feb)	✓✓	-	2.00	Monthly
UK	13:00	CBI Industrial Trends Survey - Orders (Feb)	✓	-19.00	-22.00	Monthly
Eurozone	14:30	Publication of account of ECB's Monetary Policy Meeting	✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (08-Feb)	✓✓✓	1720.00K	1698.00K	Weekly
US	15:30	Philadelphia Fed Manufacturing Survey (Feb)	✓✓	12.00	17.00	Monthly
US	15:30	Initial Jobless Claims (15-Feb)	✓✓✓	210.00K	205.00K	Weekly
US	17:00	Leading Indicator (MoM) (Jan)	✓✓✓	-	-0.30%	Monthly
Eurozone	17:00	Consumer Confidence (Feb) (P)	✓✓✓	-8.20	-8.10	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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