

ONE Minute Brief

12 February 2020

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Economic and political news

In South Africa (SA), unemployment rate remained steady at 29.1% in 4Q19, in line with market expectations. Meanwhile, manufacturing production dropped 5.9% on an annual basis in December, compared to a revised drop of 3.2% in the previous month.

The National Union of Metalworkers of SA (Numsa) and the South African Cabin Crew Association (SACCA) have filed an urgent application at the Labour Court to challenge retrenchments at South African Airways (SAA).

Eskom has indicated that there is a high probability that Stage 1 load-shedding will restart at 9 am today.

The Economic Freedom Fighters (EFF) party has threatened to disrupt President, Cyril Ramaphosa's State of the Nation Address (SONA).

Key indices

	As at 11 Feb 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56981.20	▲	133.46	0.23	-0.52	1.61	-1.76
JSE Top 40 (ZAR)	51201.08	▲	194.03	0.38	-0.38	2.25	-1.46
FTSE 100 (GBP)	7499.44	▲	52.56	0.71	0.44	2.93	-3.40
DAX 30 (EUR)	13627.84	▲	133.81	0.99	0.84	4.98	-2.02
CAC 40 (EUR)	6054.76	▲	39.09	0.65	0.41	4.28	-2.87
S&P 500 (USD)	3357.75	▲	5.66	0.17	0.90	4.10	-0.16
Nasdaq Composite (USD)	9638.94	▲	10.55	0.11	1.24	5.33	1.99
DJIA (USD)	29276.34	▼	-0.48	0.00	0.60	3.61	-0.99
MSCI Emerging Markets (USD)	1099.41	▲	12.48	1.15	0.71	3.49	-4.69
MSCI Developed World (USD)	2421.26	▲	8.16	0.34	0.69	3.37	-0.68

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in financial and banking sector stocks. Data showed that SA's unemployment rate remained steady in 4Q19. The JSE All Share Index rose 0.2% to close at 56,981.20.

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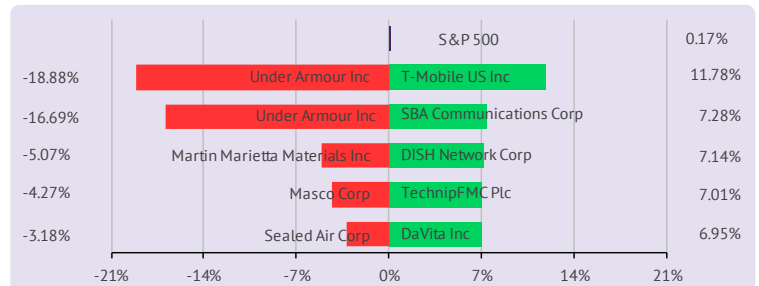


US Market ▲

US markets closed firmer

US markets closed mostly higher yesterday, after Chinese health officials stated that the coronavirus outbreak could be controlled by April. The S&P 500 Index climbed 0.2% to close at 3,357.75. Today, the S&P 500 futures are trading in the green.

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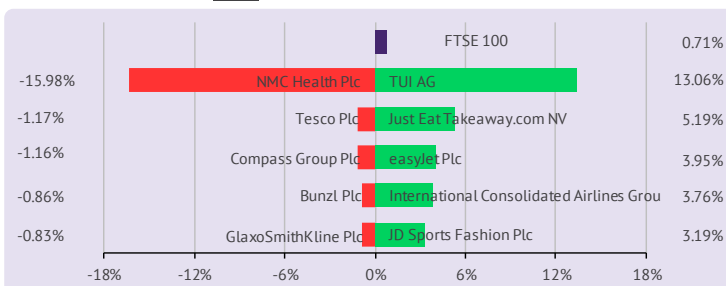


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid hopes that the coronavirus epidemic may be over by April. Data indicated that UK's manufacturing production advanced less-than-expected in December. The FTSE 100 Index advanced 0.7% to close at 7,499.44. Today, the FTSE 100 futures are trading in positive territory.

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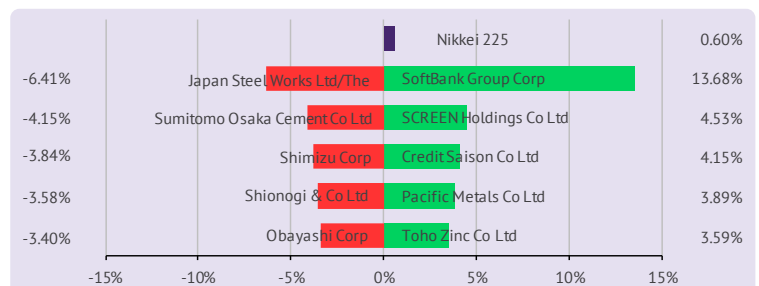


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, amid hopes of a slowdown in new coronavirus cases. As at 6:00 SAST, the Nikkei 225 Index is trading 0.6% higher at 23,828.12.

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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 R14.7925. Later today, traders will keep a close watch on the US MBA mortgage applications for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US JOLTs job openings unexpectedly declined to its lowest level since December 2017 in January. Meanwhile, the NFIB small business optimism index climbed more than market expectations in January. Separately, SA's manufacturing production declined for the seventh consecutive month in December. Meanwhile, unemployment rate remained unchanged at a 11-year high in 4Q19.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R19.1715. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's flash gross domestic product (GDP) remained flat on a quarterly basis in 4Q19. Additionally, manufacturing production climbed less than market forecast on a monthly basis in December. Moreover, industrial production rose less than market consensus on a monthly basis in December. Meanwhile, total trade surplus widened in December.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.1464. Going forward, market participants will keep a tab on Eurozone's industrial production for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly higher against the South African Rand at R9.9562. Earlier in the session, Australia's Westpac consumer confidence index rose in February.

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	14.7925	▲	-1.13	-1.69	-1.45	7.34	5.78
GBPZAR	19.1715	▲	-0.77	-1.12	-3.15	6.76	3.40
EURZAR	16.1464	▲	-1.06	-1.99	-2.91	6.08	2.99
AUDZAR	9.9562	▼	-0.62	-1.05	-1.01	2.19	1.16
EURUSD	1.0915	▼	0.05	-0.27	-1.60	-1.07	-2.65
GBPUSD	1.2960	▲	0.29	0.47	-1.92	-0.38	-2.30
Brent (\$/barrel)	55.0	▲	1.39	-0.84	-4.61	-14.21	-18.17
Gold (\$/oz)	1571.1	▲	-0.58	-0.19	-1.09	3.93	2.79
Platinum (\$/oz)	973.4	▼	0.68	0.44	1.21	-0.98	0.22
Copper (\$/MT)*	5729.3	▲	1.37	1.43	3.21	-9.72	-6.83

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.4% to trade at \$1,571.10/oz.

Yesterday, gold prices fell 0.6% to close at \$1,565.60/oz, after reports indicated a fall in the number of new coronavirus cases.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.7% higher to trade at \$54.95/bl. Separately, the American Petroleum Institute reported that crude oil inventories rose by 6mn bls for the week ended 7 February 2020.

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Yesterday, Brent crude oil advanced 1.4% to settle at \$54.01/bl, after reports indicated that the number of new coronavirus cases declined in China easing concerns over the impact of the disease on oil demand.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell marginally to trade at \$973.40/oz.

Yesterday, platinum prices climbed 0.7% to close at \$973.50/oz.

Major South African corporate news

Grindrod Limited

The company announced that its subsidiary, Grindrod Shipping Pte. Ltd., has agreed to acquire 33.25% ordinary and preferred equity shares held by one of its two JV partners in IVS Bulk for a total consideration of USD44.10mn, thereby increasing its stake to 66.75%.

Oceana Group Limited

The company announced that Mr Trevor Giles has been appointed as interim Chief Financial Officer (CFO) until such time as a suitable candidate has been identified.

Harmony Gold Mining Co Limited

In its 1H20 results, the company announced that its revenues increased to ZAR15.48bn from ZAR13.79bn posted in the corresponding period of the previous year. Its diluted EPS stood at 240.00c, compared to loss per share of 6.00c in the same period of the prior year.

SPAR Group Limited

In its trading update for 18 weeks to 31 January 2020, the company announced that revenues rose by 5.4% to ZAR39.79bn, compared to the same period of the last year. Group sales in Southern Africa increased by 4.9%, reflecting weak consumer spending.

MTN Group Limited

In its FY19 trading statement, the company announced that it expects its HEPS to be between 438.00c and 506.00c, compared to 337.00c in the preceding year. It expects its EPS to be between 485.00c and 534.00c, compared to 485.00c in the prior year.

Major global economic news

UK

In the UK, manufacturing production rose 0.3% on a monthly basis in December, less than market anticipations and compared to a revised fall of 1.6% in the previous month.

In December, industrial production advanced 0.1% on a monthly basis in the UK, less than market forecast and compared to a revised drop of 1.1% in the previous month.

In December, total trade surplus widened to GBP7.72bn in the UK, compared to a revised surplus of GBP1.82bn in the previous month.

In the UK, flash GDP remained flat on a quarterly basis in 4Q19, in line with market expectations. In the previous quarter, GDP had registered a revised rise of 0.5%.

US

In the US, the NFIB small business optimism index advanced to a level of 104.30 in January, more than market consensus. In the prior month, the index had registered a level of 102.70.

In the US, the JOLTs job openings unexpectedly declined to a level of 6423.00K in December, compared to a revised reading of 6787.00K in the previous month.

The US Federal (Fed) Chairman, Jerome Powell, in his testimony before the Joint Economic Committee of Congress, stated that the Fed has not contemplated plans for further interest rates cuts, unless economic conditions were to change significantly. Moreover, the US economy appears to be resilient to global headwinds, with economic activity increasing at a moderate pace, however, the central bank is continuing to watch developments regarding the coronavirus and its impact on global growth.

Asia

In Australia, the Westpac consumer confidence index rose 2.3% on a monthly basis to a level of 95.50 in February, compared to a level of 93.40 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	1:50	Money Supply M3 (YoY) (Jan)	✓	2.30%*	2.30%	Monthly
Japan	1:50	Money Supply M2+CD (YoY) (Jan)	✓	2.80%*	2.70%	Monthly
Japan	8:00	Machine Tool Orders (YoY) (Jan) (P)	✓✓✓	-	-33.50%	Monthly
Eurozone	12:00	Industrial Production w.d.a. (YoY) (Dec)	✓✓✓	-2.30%	-1.50%	Monthly
Eurozone	12:00	Industrial Production s.a. (MoM) (Dec)	✓✓✓	-1.60%	0.20%	Monthly
Eurozone	12:00	Industrial Production (Dec)	✓	-	103.20	Monthly
South Africa	13:00	Retail Sales (MoM) (Dec)	✓✓	-	3.10%	Monthly
South Africa	13:00	Retail Sales (YoY) (Dec)	✓✓	1.50%	2.60%	Monthly
US	14:00	MBA Mortgage Applications (07-Feb)	✓	-	5.00%	Weekly
US	17:30	DOE Cushing OK Crude Inventory (Barrels) (07-Feb)	✓✓✓	-	1068.00K	Weekly
US	17:30	DOE Distillate Inventory (07-Feb)	✓✓✓	-	-1512.00K	Weekly
US	17:30	DOE Gasoline Inventories (07-Feb)	✓✓✓	-	-91.00K	Weekly
US	17:30	EIA Crude Oil Stocks Change (Barrels) (07-Feb)	✓✓✓	-	3.36mn	Weekly
US	17:30	EIA Natural Gas Storage Change (07-Feb)	✓✓✓	-	-137.00Bcf	Weekly
US	21:00	Monthly Budget Statement (Jan)	✓✓✓	USD14.70bn	-USD13.30bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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