

# ONE Minute Brief

13 February 2020

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## Economic and political news

In South Africa (SA), retail sales unexpectedly dropped 0.4% on an annual basis in December, compared to a rise of 2.6% in the previous month.

South African labour union, Solidarity, has threatened to take legal action against a proposed plan to use the pensions of government employees to cut Eskom's ZAR450bn debt burden. Moreover, the union has sent a letter requesting the Government Employees Pension Fund (GEPF) and the Public Investment Corporation (PIC) boards not to accept any proposals related to providing financing to the power utility.

Eskom has indicated that it would not implement load shedding today.

The Congress of South African Trade Unions (Cosatu) has asked South Africans to submit proposals for solving Eskom's debt problem, to be discussed by its central executive committee later this month.

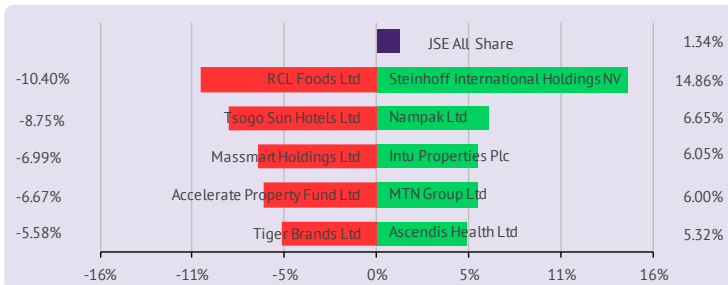
News reports indicate that the African National Congress (ANC), South African Pharmacy Council (SACP) and Cosatu have come out to support President, Cyril Ramaphosa's opposition to shut down South African Airways' (SAA) domestic routes.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, buoyed by gains in resource and industrial sector stocks. Data indicated that SA's retail sales unexpectedly declined in January. The JSE All Share Index rose 1.4% to close at 57,744.13.

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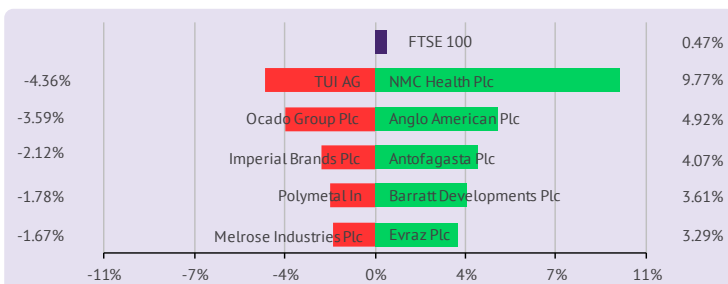


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, helped by gains in energy and mining sector stocks and amid slowdown in new cases of coronavirus infections. The FTSE 100 Index advanced 0.5% to close at 7,534.37. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

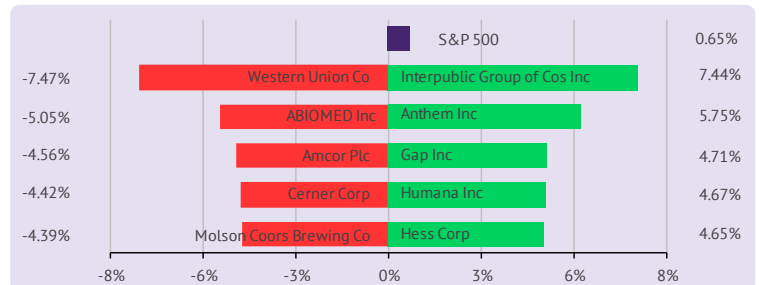
	As at 12 Feb 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57744.13	▲ 762.93	1.34	0.82	2.97	-1.76	1.16
JSE Top 40 (ZAR)	52000.03	▲ 798.95	1.56	1.18	3.85	-1.46	2.33
FTSE 100 (GBP)	7534.37	▲ 34.93	0.47	0.91	3.41	-3.40	-0.11
DAX 30 (EUR)	13749.78	▲ 121.94	0.89	1.75	5.91	-2.02	3.78
CAC 40 (EUR)	6104.73	▲ 49.97	0.83	1.24	5.14	-2.87	2.12
S&P 500 (USD)	3379.45	▲ 21.70	0.65	1.55	4.77	-0.16	4.60
Nasdaq Composite (USD)	9725.96	▲ 87.02	0.90	2.16	6.28	1.99	8.40
DJIA (USD)	29551.42	▲ 275.08	0.94	1.54	4.58	-0.99	3.55
MSCI Emerging Markets (USD)	1109.70	▲ 10.29	0.94	1.65	4.46	-4.69	-0.45
MSCI Developed World (USD)	2434.95	▲ 13.69	0.57	1.26	3.95	-0.68	3.24

## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, amid optimism that the coronavirus epidemic will be contained. The S&P 500 Index climbed 0.7% to close at 3,379.45. Today, the S&P 500 futures are trading in the red.

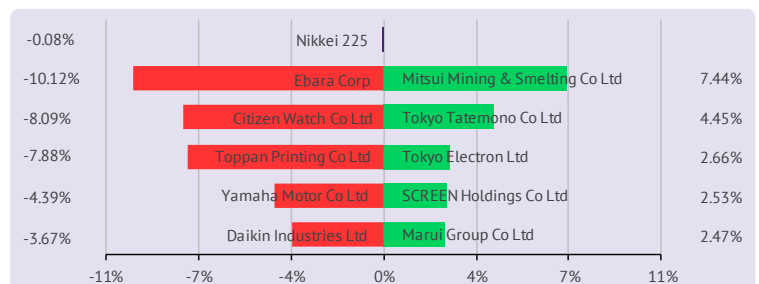
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## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. Data showed that Japan's producer price index (PPI) advanced on an annual basis in January. As at 6:00 SAST, the Nikkei 225 Index is trading 0.1% lower at 23,841.30.



## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.2% against the South African Rand to trade at R14.8895. Later today, traders will keep a close watch on the US initial jobless claims and consumer price index (CPI) for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US MBA mortgage applications climbed on a weekly basis in the week ended 07 February 2020. Meanwhile, budget deficit widened more than market forecast in January. Separately, the South African Rand fell against the US dollar, on the back of dismal retail sales data. Data showed that SA's retail sales unexpectedly dropped on a yearly basis in December.

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## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R19.2871. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that UK's RICS house prices climbed for the first time since July 2018 in January.

The British Pound advanced against the South African Rand yesterday, ahead of Brexit trade talks with the European Union.

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## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R16.1834. Going forward, market participants will keep a tab on Germany's CPI for further indication.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted industrial production dipped more than market expectations in December.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R10.0062. Earlier in the session, Australia's consumer inflation expectations rose in February.

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	14.8895	▼	0.29	-1.40	-1.17	7.34	6.09
GBPZAR	19.2871	▼	0.29	-0.84	-2.87	6.76	3.70
EURZAR	16.1834	▼	-0.11	-2.09	-3.01	6.08	2.88
AUDZAR	10.0062	▲	0.53	-0.52	-0.48	2.19	1.70
EURUSD	1.0870	▼	-0.38	-0.66	-1.97	-1.07	-3.02
GBPUSD	1.2954	▼	0.06	0.53	-1.86	-0.38	-2.24
Brent (\$/barrel)	55.8	▲	3.30	2.42	-1.47	-14.21	-15.47
Gold (\$/oz)	1576.7	▲	0.11	-0.08	-0.98	3.93	2.91
Platinum (\$/oz)	969.1	▲	-0.64	-0.20	0.56	-0.98	-0.42
Copper (\$/MT)*	5747.0	▲	0.31	1.75	3.53	-9.72	-6.54

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,576.70/oz.

Yesterday, gold prices rose 0.1% to close at \$1,567.40/oz, after the US Federal Reserve (Fed) Chairman, Jerome Powell stated that the central bank would use quantitative easing as a tool against the next economic downturn.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$55.82/bl.

Yesterday, Brent crude oil advanced 3.3% to settle at \$55.79/bl, after reports indicated decline in new coronavirus cases in China. Separately, the US Energy Information Administration (EIA) reported that crude oil inventories rose by 7.5mn bls in the week ended 07 February 2020.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$969.10/oz.

Yesterday, platinum prices dropped 0.6% to close at \$967.30/oz.

## Major South African corporate news

### AngloGold Ashanti Limited

In its FY19 trading statement, the company announced that it expects HEPS to be between 86.00c and 96.00c and its loss per share to be between 0.00c and 6.00c. Separately, the company announced that it has reached an agreement to sell its remaining South African producing assets and related liabilities to Harmony Gold Mining Company Limited. Consideration for the transaction is in cash and deferred payments with expected proceeds of around \$300.00mn, subject to subsequent performance, and with additional proceeds if the West Wits assets are developed below current infrastructure.

### Barloworld Limited

In its 1Q20 trading update, the company announced that revenues for the period was lower than the prior year as a result of continued weak macroeconomic and trading conditions. Group operating profit before BEE charges was down, while the steady performance of the equipment divisions contributed positively to performance.

### Gold Fields Limited

In its FY19 results, the company announced that revenues advanced to USD2.97bn from USD2.6bn reported in the same period of the preceding year. Its diluted EPS stood at 19.00c, compared to a loss per share of 42.00c recorded in the corresponding period of the previous year.

### Grand Parade Investments Limited

The company announced that Mr. Colin Priem would step down from his position as Chief Financial Officer (CFO) with effect from 31 March 2020. Mr. Jayson October, the current Deputy CFO of the company, has been appointed as the CFO with effect from 1 April 2020.

### Tiger Brands Limited

In its 1H20 trading statement, the company announced that it expects HEPS to be between 478.00c and 533.00c, compared to 762.00c in the same period of the preceding year. It expects its EPS to be at least 311.00c lower compared to 864.00c in the last year.

## Major global economic news

### US

In the US, the MBA mortgage applications rose 1.1% on a weekly basis in the week ended 07 February 2020, compared to 5.0% in the prior week.

In January, budget deficit unexpectedly widened to USD33.00bn in the US, compared to a deficit of USD13.30bn in the prior month.

### Eurozone

In the Eurozone, seasonally adjusted industrial production declined 2.1% on a monthly basis in December, more than market consensus. In the previous month, industrial production had recorded a revised flat reading.

### Asia

In Japan, the PPI advanced 1.7% on an annual basis in January, more than market forecast and compared to an advance of 0.9% in the previous month.

In Australia, consumer inflation expectations climbed 4.0% in February, compared to 4.7% in the prior month.

### UK

In the UK, the RICS house price balance surged to 17.0% in January, more than market anticipations and compared to a revised flat reading in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Domestic Corporate Goods Price Index (MoM) (Jan)	✓	0.20%*	0.10%	Monthly
Japan	01:50	Domestic Corporate Goods Price Index (YoY) (Jan)	✓	1.70%*	0.90%	Monthly
UK	02:01	RICS Housing Price Balance (Jan)	✓✓✓	17.00%*	0.00%	Monthly
Germany	09:00	Consumer Price Index (YoY) (Jan) (F)	✓✓✓	1.70%	1.70%**	Monthly
Germany	09:00	Consumer Price Index (MoM) (Jan) (F)	✓✓✓	-0.60%	-0.60%**	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Jan) (F)	✓✓✓	1.60%	1.60%**	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Jan) (F)	✓✓✓	-0.80%	-0.80%**	Monthly
Eurozone	10:30	ECB policy maker Pablo Hernandez de Cos speaks in Madrid	✓✓	-	-	As scheduled
South Africa	11:30	Gold Production (YoY) (Dec)	✓	-	5.20%	Monthly
South Africa	11:30	Mining Production (YoY) (Dec)	✓✓	-	-3.10%	Monthly
US	15:30	Consumer Price Index Core s.a. (Jan)	✓	266.40	265.92	Monthly
US	15:30	Continuing Jobless Claims (01-Feb)	✓✓✓	1745.00K	1751.00K	Weekly
US	15:30	Consumer Price Index (MoM) (Jan)	✓✓✓	0.20%	0.20%	Monthly
US	15:30	Consumer Price Index n.s.a. (Jan)	✓	257.86	256.97	Monthly
US	15:30	Initial Jobless Claims (08-Feb)	✓✓✓	210.00K	202.00K	Weekly
US	15:30	Consumer Price Index Ex Food & Energy (MoM) (Jan)	✓✓✓	0.20%	0.10%	Monthly
US	15:30	Consumer Price Index (YoY) (Jan)	✓✓✓	2.40%	2.30%	Monthly
US	15:30	Consumer Price Index Ex Food & Energy (YoY) (Jan)	✓✓✓	2.20%	2.30%	Monthly
US	17:00	Senate Panel Holds Hearing for Fed Nominees Shelton, Waller	✓✓	-	-	As scheduled
US	17:30	EIA Natural Gas Storage Change (07-Feb)	✓✓✓	-	-137.00Bcf	Weekly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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