

ONE
Minute Brief

14 February 2020

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), mining production advanced 1.8% on a yearly basis in December, compared to a revised drop of 1.0% in the previous month. Additionally, gold production jumped 24.9% on an annual basis in December, compared to a revised rise of 4.5% in the previous month. Meanwhile, platinum production fell 3.9% on an annual basis in December, compared to a revised fall of 13.1% in the prior month.

In his State of the Nation Address (SONA), President, Cyril Ramaphosa, warned that the nation's debt was heading towards unsustainable levels, and that a series of measures would soon be outlined to reduce spending and improve its composition. On the power crisis, he indicated that efforts would be made to increase generation capacity outside of Eskom and initiate procurement of emergency power. He also announced the setting up of a sovereign wealth fund and a state bank, and a new six-pronged plan to fight youth unemployment. He stated that an amount of ZAR1.4bn would be invested to modernise the Passenger Rail Agency of South Africa. The government, he added, was ready to table the Land Expropriation Bill.

News reports indicate that Eskom is planning to offer a voluntary retrenchment packages to managers in non-core operations as well as employees over the age of 60 across the group. The utility has allocated a budget of ZAR400mn for the plan.

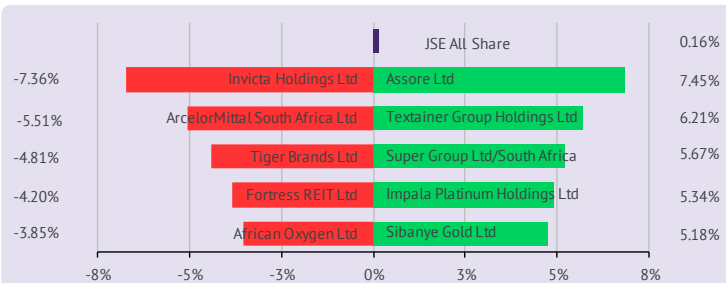
Key indices

	As at 13 Feb 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57835.69	▲	91.56	0.16	0.98	3.13	-1.76	1.32
JSE Top 40 (ZAR)	52055.56	▲	55.53	0.11	1.28	3.96	-1.46	2.44
FTSE 100 (GBP)	7452.03	▼	-82.34	-1.09	-0.20	2.28	-3.40	-1.20
DAX 30 (EUR)	13745.43	▼	-4.35	-0.03	1.71	5.88	-2.02	3.75
CAC 40 (EUR)	6093.14	▼	-11.59	-0.19	1.05	4.94	-2.87	1.93
S&P 500 (USD)	3373.94	▼	-5.51	-0.16	1.39	4.60	-0.16	4.43
Nasdaq Composite (USD)	9711.97	▼	-13.99	-0.14	2.01	6.13	1.99	8.24
DJIA (USD)	29423.31	▼	-128.11	-0.43	1.10	4.13	-0.99	3.10
MSCI Emerging Markets (USD)	1106.07	▼	-3.63	-0.33	1.32	4.12	-4.69	-0.77
MSCI Developed World (USD)	2429.89	▼	-5.06	-0.21	1.05	3.73	-0.68	3.03

South Africa Market ▲

South African markets closed higher

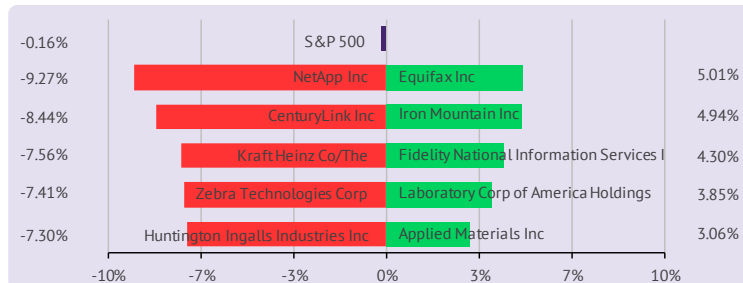
South African markets closed in the green yesterday, as mining sector stocks climbed following better-than-expected domestic mining production data. The JSE All Share Index rose 0.2% to close at 57,835.69.

To Read More Click [Here](#)

US Market ▼

US markets closed weaker

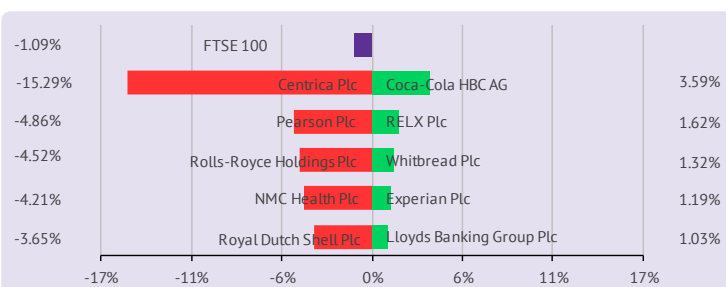
US markets closed lower yesterday, after a change in the methodology used by China resulted in a sharp rise in coronavirus cases and deaths. The S&P 500 Index dropped 0.2% to close at 3,373.94. Today, the S&P 500 futures are trading in the green.

To Read More Click [Here](#)

UK Market ▼

UK markets closed in the red

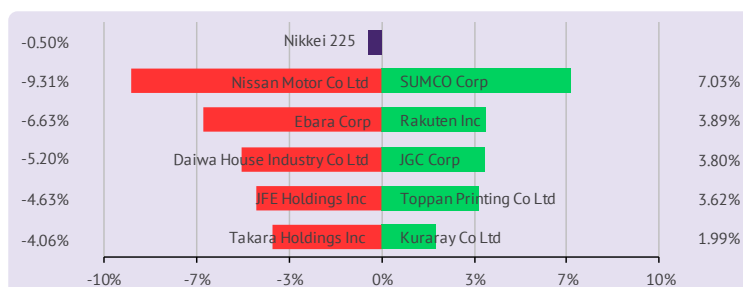
UK markets finished lower yesterday, amid strength in the British Pound and renewed concerns over the coronavirus outbreak. The FTSE 100 Index declined 1.1% to close at 7,452.03. Today, the FTSE 100 futures are trading in positive territory.

To Read More Click [Here](#)

Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.5% lower at 23,708.17.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R14.9420. Later today, traders will keep a close watch on the US retail sales, industrial production and the Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US seasonally adjusted initial jobless claims advanced less than market forecast in the week ended 07 February 2020. Moreover, the consumer price index (CPI) climbed more than market anticipations on an annual basis in January. Separately, data showed that SA's gold production jumped on an annual basis in December. Additionally, mining production rose on a yearly basis in December. Meanwhile, platinum production fell on an annual basis in December.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R19.4883. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, as the resignation of British Chancellor, Sajid Javid, revived hopes that his replacement would opt for more expansionary budget next month.

To Read More Click [Here](#)

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand to trade at R16.1854. Going forward, market participants will keep a tab on Eurozone's gross domestic product (GDP) and trade balance figures along with Germany's GDP data for further indication.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's final CPI advanced on a yearly basis in January, marking its highest level in six months.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R10.0428. 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	14.9420	▲	0.70	-0.72	-0.48	7.34	6.83
GBPZAR	19.4883	▲	1.30	0.45	-1.61	6.76	5.05
EURZAR	16.1854	▲	0.39	-1.71	-2.63	6.08	3.29
AUDZAR	10.0428	▲	0.42	-0.10	-0.06	2.19	2.13
EURUSD	1.0832	▼	-0.30	-0.96	-2.27	-1.07	-3.32
GBPUSD	1.3042	▼	0.66	1.19	-1.21	-0.38	-1.59
Brent (\$/barrel)	56.3	▼	0.99	3.43	-0.49	-14.21	-14.64
Gold (\$/oz)	1577.1	▲	0.49	0.41	-0.49	3.93	3.41
Platinum (\$/oz)	975.3	▲	0.77	0.57	1.33	-0.98	0.34
Copper (\$/MT)*	5772.3	▲	0.44	2.20	3.98	-9.72	-6.13

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.1% to trade at \$1,577.10/oz.

Yesterday, gold prices rose 0.5% to close at \$1,575.10/oz, as spike in the number of new coronavirus cases in China boosted safe haven appeal of the yellow metal.

To Read More Click [Here](#)

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.1% to trade at \$56.27/bl.

Yesterday, Brent crude oil advanced 1.0% to settle at \$56.34/bl, on prospects for deeper production cuts by the OPEC and its allies.

To Read More Click [Here](#)

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.1% to trade at \$975.30/oz.

Yesterday, platinum prices climbed 0.8% to close at \$ 974.70/oz.

Major South African corporate news

Tongaat Hulett Limited

The company announced that it is planning to retrench about 390 employees at its SA sugar milling and refining operations. Separately, the company indicated that it is in talks to sell its starch business in an effort to reduce its debt burden.

Major global economic news

US

In the US, seasonally adjusted initial jobless claims rose to a level of 205.00K in the week ended 07 February 2020, less than market expectations. In the previous week, initial jobless claims had recorded a revised reading of 203.00K.

In January, the CPI advanced 2.5% on an annual basis in the US, more than market anticipations and compared to a rise of 2.3% in the previous month.

Eurozone

In Germany, the final CPI climbed 1.7% on a yearly basis in January, compared to an advance of 1.5% in the previous month. The preliminary figures had also recorded a rise of 1.7%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Foreign Buying Japan Bonds (07-Feb)	✓	JPY1667.90bn*	JPY1023.70bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (07-Feb)	✓	JPY282.90bn*	-JPY295.60bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (07-Feb)	✓	JPY1633.80bn*	-JPY150.20bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (07-Feb)	✓	JPY263.10bn*	JPY32.60bn	Weekly
China	04:00	NBS Press Conference	✓✓	-	-	As scheduled
Japan	06:30	Tertiary Industry Index (MoM) (Dec)	✓✓	-1.60%	1.30%	Monthly
Germany	09:00	Wholesale Price Index (MoM) (Jan)	✓	-	0.00%	Monthly
Germany	09:00	Wholesale Price Index (YoY) (Jan)	✓	-	-1.30%	Monthly
Germany	09:00	Gross Domestic Product w.d.a. (YoY) (Q4) (P)	✓✓	0.40%	0.50%	Quarterly
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q4) (P)	✓✓✓	0.10%	0.10%	Quarterly
Germany	09:00	Gross Domestic Product n.s.a. (YoY) (Q4) (P)	✓✓	0.20%	1.00%	Quarterly
Eurozone	12:00	Employment Change (QoQ) (Q4) (P)	✓✓✓	-	0.10%	Quarterly
Eurozone	12:00	Employment Change (YoY) (Q4) (P)	✓✓	0.80%	0.90%	Quarterly
Eurozone	12:00	Trade Balance n.s.a. (Dec)	✓✓	EUR21.40bn	EUR20.70bn	Monthly
Eurozone	12:00	Trade Balance s.a. (Dec)	✓✓✓	EUR21.60bn	EUR19.20bn	Monthly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q4) (S)	✓✓✓	0.10%	0.10%**	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q4) (S)	✓✓	1.00%	1.00%**	Quarterly
US	15:30	Retail Sales Ex Auto & Gas (Jan)	✓✓✓	-	0.50%	Monthly
US	15:30	Retail Sales ex Autos (MoM) (Jan)	✓✓✓	0.30%	0.70%	Monthly
US	15:30	Retail Sales "Control Group" (MoM) (Jan)	✓✓	0.30%	0.50%	Monthly
US	15:30	Advance Retail Sales (MoM) (Jan)	✓✓✓	0.30%	0.30%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Jan)	✓✓✓	-	0.20%	Monthly
US	16:15	Industrial Production (MoM) (Jan)	✓✓✓	-0.20%	-0.30%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Feb) (P)	✓✓✓	99.50	99.80	Monthly

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,

p P O Box 55118, Illovo, 2116

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

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 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