

ONE Minute Brief

26 February 2020

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), the leading indicator eased to a level of 104.40 in December, compared to a revised level of 104.70 in the previous month.

South African labour unions have rejected a government proposal to review the public service wage agreement for the year before they were due to be implemented.

News reports indicate that Eskom is struggling to keep all the units running at its Kendal power plant, after being served with a compliance notice by SA's environment ministry for its high levels of air pollution. Separately, the utility announced that it would be suspending service to the Tsantsabane and Emthanjeni municipalities in the Northern Cape, after failing to pay their bills.

The National Union of Metalworkers of South Africa (Numsa) and the South African Cabin Crew Association (Sacca) have threatened court action against South African Airways' (SAA) business rescue practitioners, if union members are not consulted as part of the process.

Key indices

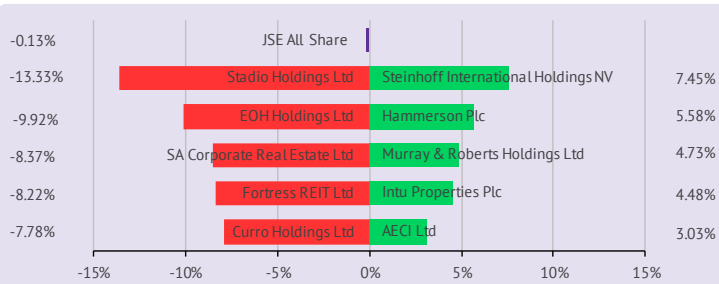
	As at 25 Feb 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	54809.51	▼	-72.05	-0.13	-4.41	-2.26	-1.76	-3.98
JSE Top 40 (ZAR)	49303.27	▲	20.74	0.04	-4.42	-1.54	-1.46	-2.98
FTSE 100 (GBP)	7017.88	▼	-138.95	-1.94	-5.21	-3.68	-3.40	-6.95
DAX 30 (EUR)	12790.49	▼	-244.75	-1.88	-5.81	-1.47	-2.02	-3.46
CAC 40 (EUR)	5679.68	▼	-112.19	-1.94	-5.81	-2.18	-2.87	-4.99
S&P 500 (USD)	3128.21	▼	-97.68	-3.03	-6.28	-3.02	-0.16	-3.17
Nasdaq Composite (USD)	8965.61	▼	-255.67	-2.77	-6.38	-2.03	1.99	-0.08
DJIA (USD)	27081.36	▼	-879.44	-3.15	-6.59	-4.16	-0.99	-5.11
MSCI Emerging Markets (USD)	1056.54	▲	1.22	0.12	-2.55	-0.55	-4.69	-5.21
MSCI Developed World (USD)	2269.42	▼	-61.33	-2.63	-5.55	-3.12	-0.68	-3.78

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in banking and financial sector stocks. Data indicated that SA's leading indicator dropped in December. The JSE All Share Index fell 0.1% to close at 54,809.51.

To Read More Click [Here](#)

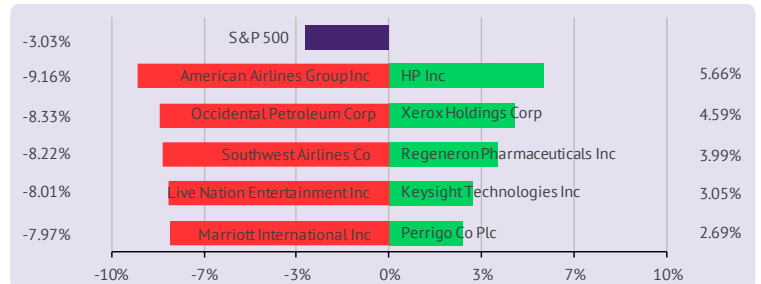


US Market ▼

US markets closed weaker

US markets closed lower yesterday, after officials indicated that the coronavirus was "a rapidly escalating epidemic". The S&P 500 Index dropped 3.0% to close at 3,128.21. Today, the S&P 500 futures are trading in the green.

To Read More Click [Here](#)

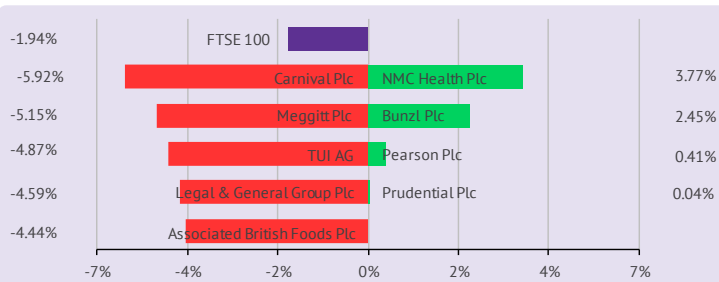


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid mounting concerns over rising coronavirus cases outside China. The FTSE 100 Index declined 1.9% to close at 7,017.88. Today, the FTSE 100 futures are trading in positive territory.

To Read More Click [Here](#)

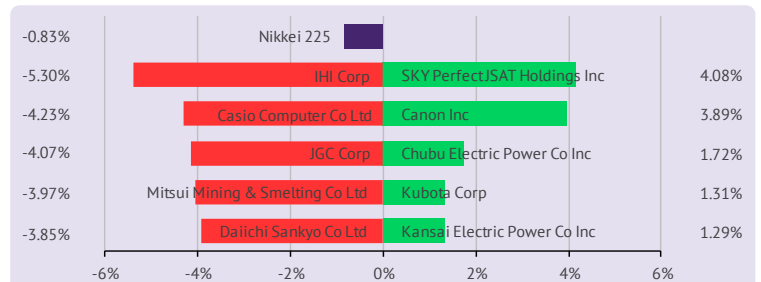


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, amid continuing concerns over the spread of coronavirus outside China. As at 6:00 SAST, the Nikkei 225 Index is trading 0.8% lower at 22,416.92.

To Read More Click [Here](#)



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R15.2351. Later today, traders will keep a close watch on the US MBA mortgage applications and new home sales for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US housing price index climbed more-than-expected on a monthly basis in December. On the other hand, the CB consumer confidence index advanced less than market expectations in February. Additionally, the Richmond Fed manufacturing index dropped more than market anticipations in February. Separately, the South African Rand fell against the US Dollar, amid ongoing concerns over the spread of coronavirus and ahead of Finance Minister, Tito Mboweni's budget speech. Meanwhile, SA's leading indicator declined in December.

To Read More Click [Here](#)

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R19.7920. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data showed that the BRC shop price index fell on a yearly basis in January.

The British Pound advanced against the South African Rand yesterday, as risk appetite returned among investors. Data indicated that UK's CBI distributive trade survey's retail sales balance increased less-than-expected in February.

To Read More Click [Here](#)

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro slightly dropped against the South African Rand to trade at R16.5551. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's economic growth stagnated in 4Q19.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R10.0564.

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	15.2351	▼	0.43	1.40	1.24	7.34	8.68
GBPZAR	19.7920	▼	1.01	1.75	-0.16	6.76	6.59
EURZAR	16.5551	▲	0.67	1.69	-0.58	6.08	5.46
AUDZAR	10.0564	▼	0.39	1.04	-0.08	2.19	2.11
EURUSD	1.0867	▼	0.26	0.32	-1.90	-1.07	-2.95
GBPUSD	1.2991	▼	0.63	0.32	-1.52	-0.38	-1.90
Brent (\$/barrel)	55.3	▲	-2.40	-6.07	-2.95	-14.21	-16.74
Gold (\$/oz)	1641.8	▼	-1.52	0.14	4.04	3.93	8.13
Platinum (\$/oz)	932.2	▼	-4.30	-4.49	-3.08	-0.98	-4.03
Copper (\$/MT)*	5662.8	▼	-0.05	-1.45	2.01	-9.72	-7.91

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,641.80/oz.

Yesterday, gold prices fell 1.5% to close at \$1,646.90/oz, amid profit booking.

To Read More Click [Here](#)

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.5% to trade at \$55.25/bl. The American Petroleum Institute (API) reported that crude oil inventories rose by 1.3mn bls for the week ended 21 February 2020.

To Read More Click [Here](#)

Yesterday, Brent crude oil declined 2.4% to settle at \$54.95/bl, amid growing concerns about the impact of coronavirus on energy demand.

To Read More Click [Here](#)

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$932.20/oz.

Yesterday, platinum prices dropped 4.3% to close at \$932.30/oz.

Major South African corporate news

AECI Limited

In its FY19 results, the company announced that revenues advanced 6.0% to ZAR24.80bn from ZAR23.3bn recorded in the same period of the preceding year. Its diluted EPS stood at ZAR11.79, compared to ZAR9.09 recorded in the corresponding period of the previous year.

Royal Bafokeng Platinum Limited

In its FY19 trading statement, the company announced that it expects EPS to be between 20.00c and 30.00c, compared to 78.10c in the prior year. The company expects its HEPS to be between 45.00c and 55.00c, compared to 25.00c in the preceding year.

Curro Holdings Limited

In its FY19 results, the company announced that revenues rose to ZAR2.94bn from ZAR2.50bn posted in the previous year. Its diluted EPS decreased 18.0% to 49.00c from the prior year. Further, the company declared a final dividend of 10.20c per share.

Shoprite Holdings Limited

In its 1H20 results, the company announced that revenues advanced 7.0% to ZAR81.15bn from the same period of the preceding year. Its diluted EPS stood at 378.40c, compared to 324.30c recorded in the corresponding period of the previous year. The company declared an interim dividend of 156.00c per share.

Grindrod Limited

In its FY19 trading statement, the company announced that it expects HEPS to be between 74.50c and 78.90c, compared to 63.90c in the same period of the preceding year. Additionally, it expects EPS to be between 41.30c and 45.70c compared to loss per share of 2.70c last year.

Major global economic news

US

In the US, the housing price index advanced 0.6% on a monthly basis in December, more than market expectations and compared to a revised rise of 0.3% in the prior month.

In the US, the CB consumer confidence index rose to a level of 130.70 in February, less than market forecast and compared to a revised reading of 130.40 in the prior month.

In February, the Richmond Fed manufacturing index dropped to a level of -2.00 in the US, more than market consensus. In the previous month, the index had registered a reading of 20.00.

UK

In the UK, the CBI distributive trade survey's retail sales balance advanced 1.0% in February, less than market expectations and compared to a flat reading in the previous month.

In February, the BRC shop price index slid 0.6% on a yearly basis in the UK, compared to a fall of 0.3% in the previous month.

Eurozone

In Germany, the final gross domestic product (GDP) recorded a flat reading on a quarterly basis in 4Q19, compared to an advance of 0.2% in the previous quarter. The preliminary figures had also recorded a flat reading.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	02:01	BRC Shop Price Index (YoY) (Feb)	✓✓✓	-0.60%*	-0.30%	Monthly
UK	02:01	BRC Shop Price Index (MoM) (Feb)	✓	-0.30%*	-0.34%	Monthly
Japan	07:00	Supermarket Sales (YoY) (Jan)	✓	-	-3.30%	Monthly
Eurozone	10:00	ECB's Holzmann Speaks at Conference in Vienna	✓	-	-	As scheduled
Eurozone	10:00	ECB's Panetta Speaks in Frankfurt	✓	-	-	As scheduled
Eurozone	13:00	ECB Governing Council member Makhoul speaks in Berlin	✓	-	-	As scheduled
US	14:00	MBA Mortgage Applications (21-Feb)	✓	-	-6.40%	Weekly
Eurozone	15:30	ECB President Lagarde Speaks in Wiesbaden, Germany	✓	-	-	As scheduled
US	17:00	New Home Sales (Jan)	✓✓✓	710.00K	694.00K	Monthly
US	17:00	New Home Sales (MoM) (Jan)	✓✓✓	3.50%	-0.40%	Monthly
US	17:30	DOE Cushing OK Crude Inventory (Barrels) (21-Feb)	✓✓✓	-	-133.00K	Weekly
US	17:30	DOE Distillate Inventory (21-Feb)	✓✓✓	-	-635.00K	Weekly
US	17:30	DOE Gasoline Inventories (21-Feb)	✓✓✓	-	-1971.00K	Weekly
US	17:30	EIA Crude Oil Stocks Change (21-Feb)	✓✓✓	2.47mn	0.42mn	Weekly

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,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2116

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 is nationally represented in Johannesburg, Cape Town and Durban.

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