

# ONE Minute Brief

4 February 2020

**GTC**  
consult • partner • manage

## Economic and political news

In South Africa (SA), the Absa Purchasing Managers' Index (PMI) eased to 45.20 in January, compared to 47.10 in the previous month. New vehicle sales dropped 8.1% to 39,475 units on an annual basis in January, compared to a rise of 4.2% in the previous month.

Mineral Resources and Energy Minister, Gwede Mantashe, announced that petrol prices would be reduced by 13 cents per litre and diesel by 5 cents per litre, with effect from tomorrow.

The Democratic Alliance has rejected Eskom's application to the National Energy Regulator of SA (Nersa) for a tariff hike.

Eskom has indicated that it would suspend power cuts between 6am and 9am and again between 4pm and 6pm, today, to ease traffic congestion.

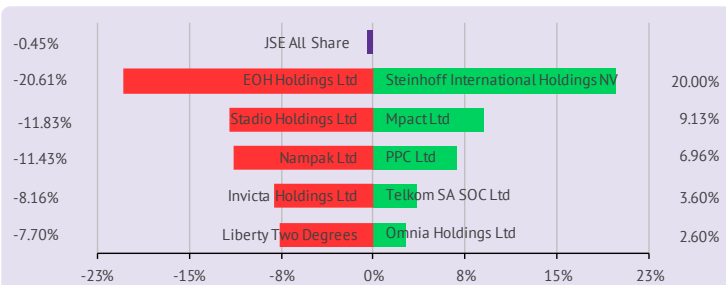
President, Cyril Ramaphosa, has authorised the Special Investigating (SIU) to probe the affairs of the South Africa Airways, the National Treasury and Eskom.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, led by losses in financial and gold mining sector stocks. Data indicated that SA's Absa PMI declined in January. The JSE All Share Index fell 0.5% to close at 55,828.49.

To Read More Click [Here](#)

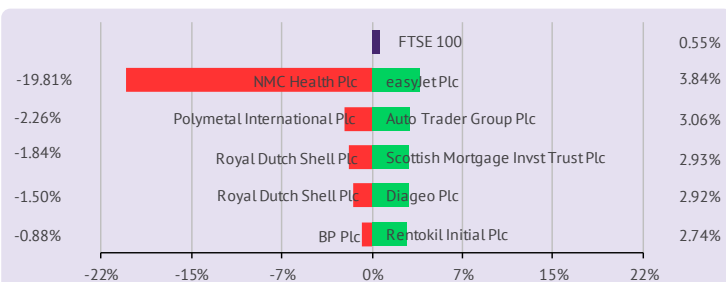


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, amid weakness in the British Pound. Data indicated that UK's Markit manufacturing PMI climbed in January. The FTSE 100 Index advanced 0.5% to close at 7,326.31. Today, the FTSE 100 futures are trading in positive territory.

To Read More Click [Here](#)



## Key indices

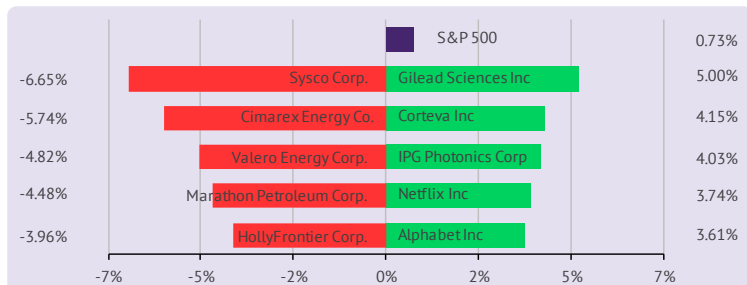
	As at 03 Feb 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55828.49	▼ -251.05	-0.45	-0.45	-0.45	-1.76	-2.20
JSE Top 40 (ZAR)	49903.25	▼ -169.36	-0.34	-0.34	-0.34	-1.46	-1.80
FTSE 100 (GBP)	7326.31	▲ 40.30	0.55	0.55	0.55	-3.40	-2.87
DAX 30 (EUR)	13045.19	▲ 63.22	0.49	0.49	0.49	-2.02	-1.54
CAC 40 (EUR)	5832.51	▲ 26.17	0.45	0.45	0.45	-2.87	-2.43
S&P 500 (USD)	3248.92	▲ 23.40	0.73	0.73	0.73	-0.16	0.56
Nasdaq Composite (USD)	9273.40	▲ 122.47	1.34	1.34	1.34	1.99	3.35
DJIA (USD)	28399.81	▲ 143.78	0.51	0.51	0.51	-0.99	-0.49
MSCI Emerging Markets (USD)	1060.32	▼ -2.02	-0.19	-0.19	-0.19	-4.69	-4.87
MSCI Developed World (USD)	2351.45	▲ 9.04	0.39	0.39	0.39	-0.68	-0.30

## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, boosted by gains in technology stocks and upbeat US ISM manufacturing data. The S&P 500 Index climbed 0.7% to close at 3,248.92. Today, the S&P 500 futures are trading in the green.

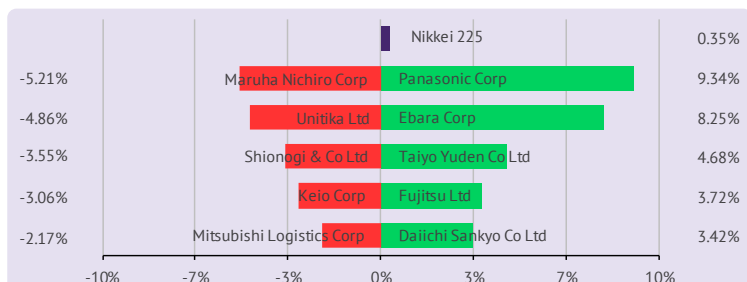
To Read More Click [Here](#)



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% higher at 23,053.18.



## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% weaker against the South African Rand at R14.8269. Later today, traders will keep a close watch on the US factory orders and durable goods orders for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the ISM manufacturing activity unexpectedly expanded for the first time since July 2019. Meanwhile, construction spending unexpectedly declined on a monthly basis in December. Additionally, the final Markit manufacturing PMI dropped in January. Separately, in SA, the Absa PMI dipped to its lowest level since September 2019 in January. Additionally, new vehicle sales declined on an annual basis in January.

## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.3% against the South African Rand to trade at R19.2746. Ahead in the day, traders will keep an eye on UK's Markit construction PMI for further indication.

The British Pound declined against the South African Rand yesterday, as no-deal fears resurfaced, after British Prime Minister, Boris Johnson, set out tough terms for Brexit talks with the European Union. Data indicated that UK's final Markit manufacturing PMI rose to a nine-month high level in January.

To Read More Click [Here](#)

## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.4% against the South African Rand to trade at R16.3943. Going forward, market participants will keep a tab on Eurozone's producer price index for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's final Markit manufacturing PMI advanced more than market expectations in January. Separately, Germany's final Markit manufacturing PMI advanced in January, hitting its highest level in 11 months.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar marginally fell against the South African Rand to trade at R9.9565. Earlier in the session, Australia's central bank kept its interest rate unchanged.

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	14.8269	▲	-0.96	-0.96	-0.96	7.34	6.32
GBPZAR	19.2746	▲	-2.43	-2.43	-2.43	6.76	4.17
EURZAR	16.3943	▲	-1.16	-1.16	-1.16	6.08	4.85
AUDZAR	9.9565	▲	-0.94	-0.94	-0.94	2.19	1.23
EURUSD	1.1058	▼	-0.30	-0.30	-0.30	-1.07	-1.36
GBPUSD	1.3000	▲	-1.60	-1.60	-1.60	-0.38	-1.98
Brent (\$/barrel)	54.8	▲	-3.83	-3.83	-3.83	-14.21	-17.50
Gold (\$/oz)	1579.3	▲	-0.36	-0.36	-0.36	3.93	3.55
Platinum (\$/oz)	972.7	▲	0.91	0.91	0.91	-0.98	-0.07
Copper (\$/MT)*	5503.5	▼	-0.86	-0.86	-0.86	-9.72	-10.50

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.1% to trade at \$1,579.30/oz.

Yesterday, gold prices fell 0.4% to close at \$1,577.20/oz, as strength in the US Dollar reduced demand for the safe haven asset and after China announced liquidity measures to contain the spread of coronavirus epidemic.

To Read More Click [Here](#)

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.6% to trade at \$54.76/bl.

Yesterday, Brent crude oil declined 3.8% to settle at \$54.45/bl, amid worries about a slowdown in oil demand and potential supply cuts by the Organisation of the Petroleum Exporting Countries (OPEC) and its allies.

To Read More Click [Here](#)

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$972.70/oz.

Yesterday, platinum prices climbed 0.9% to close at \$970.70/oz.

## Major South African corporate news

### Barloworld Limited

The company announced that its indirect wholly-owned subsidiary Barloworld Mongolia Limited has entered into an agreement with Wagner Asia Group Limited and Wagner International LLC, to purchase 100.0% of the issued share capital of Wagner Asia Equipment LLC and 49.0% of the issued share capital of SGMS LLC for an estimated cash consideration of USD216.80mn which would be funded from existing offshore cash and debt facilities.

## Major global economic news

### US

In the US, the final Markit manufacturing PMI fell to 51.90 in January, compared to 52.40 in the previous month. The preliminary figures had indicated a drop to level of 51.70.

In January, the ISM manufacturing index climbed to a level of 50.90 in the US, more than market consensus. In the prior month, the index had registered a revised level of 47.80.

In the US, construction spending unexpectedly fell 0.2% on a monthly basis in December. In the previous month, construction spending had recorded a revised rise of 0.7%.

### UK

In the UK, the final Markit manufacturing PMI advanced to 50.00 in January, compared to a level of 47.50 in the previous month. The preliminary figures had recorded an advance to 49.80.

### Eurozone

In the Eurozone, the final Markit manufacturing PMI rose to a level of 47.90 in January, compared to 46.30 in the prior month. The preliminary figures had indicated a rise to 47.80.

In Germany, the final Markit manufacturing PMI climbed to 45.30 in January, compared to a reading of 43.70 in the previous month. The preliminary figures had recorded a rise to 45.20.

### Asia

The Reserve Bank of Australia (RBA), in its policy meeting, kept its benchmark interest rate unchanged at 0.75%, as widely expected. The central bank stated that interest rates are set to remain low for an extended period so as to reach full employment and achieve the inflation target. However, members indicated that the bank was prepared to ease monetary policy further if needed to support sustainable growth in the economy.

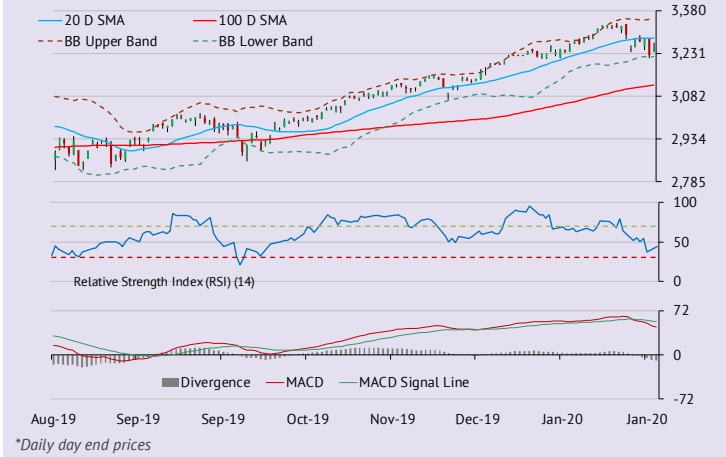
## Technical snapshot

### JSE All Share



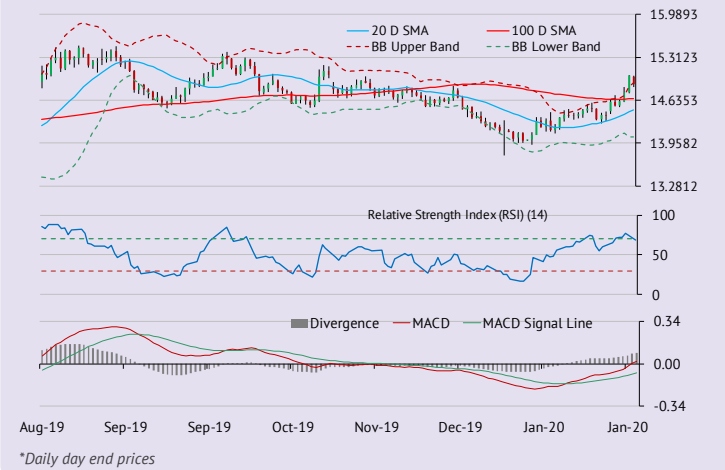
The JSE All Share index is expected to find support at 55,359.36, and a fall through could take it to the next support level of 54,890.24. The index is expected to find its first resistance at 56,467.58, and a rise through could take it to the next resistance level of 57,106.68.

### S&P 500



The S&P 500 index is expected to find support at 3,211.24, and a fall through could take it to the next support level of 3,173.57. The index is expected to find its first resistance at 3,290.03, and a rise through could take it to the next resistance level of 3,331.15.

### USD ZAR



The pair is expected to find support at 14,5933, and a fall through could take it to the next support level of 14,3022. The pair is expected to find its first resistance at 15,1060, and a rise through could take it to the next resistance level of 15,3276.

### XAU USD



Gold is expected to find support at \$1,561.70/oz, and a fall through could take it to the next support level of \$1,546.20/oz. The precious metal is expected to find its first resistance at \$1,593.00/oz, and a rise through could take it to the next resistance level of \$1,608.80/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Monetary Base (Jan)	✓✓✓	JPY517.20tn*	JPY518.20tn	Monthly
Japan	01:50	Monetary Base (YoY) (Jan)	✓	2.90%*	3.20%	Monthly
France	09:45	Budget Balance (Dec)	✓	-	-EUR113.90bn	Monthly
Spain	10:00	Unemployment Change (Jan)	✓✓✓	44.20K	-34.60K	Monthly
UK	11:30	Markit Construction PMI (Jan)	✓✓✓	44.90	44.40	Monthly
Eurozone	12:00	Producer Price Index (MoM) (Dec)	✓✓✓	-	0.20%	Monthly
Italy	12:00	Consumer Price Index (YoY) (Jan) (P)	✓✓✓	0.50%	0.50%	Monthly
Italy	12:00	Consumer Price Index (EU Norm) (YoY) (Jan) (P)	✓✓✓	0.50%	0.50%	Monthly
Italy	12:00	Consumer Price Index (MoM) (Jan) (P)	✓✓✓	0.10%	-0.20%	Monthly
Italy	12:00	Consumer Price Index (EU Norm) (MoM) (Jan) (P)	✓✓✓	-1.50%	0.20%	Monthly
Eurozone	12:00	Producer Price Index (YoY) (Dec)	✓✓✓	-0.70%	-1.40%	Monthly
US	15:55	Redbook Index (YoY) (31-Jan)	✓	-	5.30%	Weekly
US	15:55	Redbook Index s.a. (MoM) (31-Jan)	✓	-	0.10%	Weekly
US	17:00	Cap Goods Orders Nondef Ex Air (Dec) (F)	✓	-	-0.90%**	Monthly
US	17:00	Cap Goods Ship Nondef Ex Air (Dec) (F)	✓	-	-0.40%**	Monthly
US	17:00	Durable Goods Orders (Dec) (F)	✓✓✓	-	2.40%**	Monthly
US	17:00	Durable Goods Orders ex Transportation (Dec) (F)	✓✓	-	-0.10%**	Monthly
US	17:00	Factory Orders (MoM) (Dec)	✓✓✓	1.10%	-0.70%	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

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