

ONE Minute Brief

11 February 2020

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Economic and political news

The Pretoria High Court has rejected Eskom's urgent application to implement electricity tariff hikes of 16.6% and 16.7% over the next two years.

Western Cape Democratic Alliance (DA) leader, Bonginkosi Madikizela, announced that he will not contest for the position of federal leader.

Eskom has indicated that Stage 1 load shedding would be suspended at 06:00am today and would resume at 9:00am.

The Competition Commission has referred the Passenger Rail Agency of South Africa (PRASA) and its subsidiary, Autopax, to the Competition Tribunal for misusing its dominance in Johannesburg.

The Economic Freedom Fighters (EFF) has pledged to fight against the parliament's motion to remove Public Protector, Busisiwe Mkhwebane.

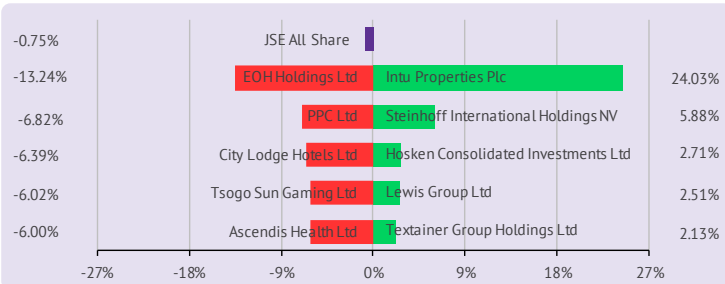
The BNP Paribas SA has criticised the Congress of South African Trade Unions' (Cosatu) proposal to rescue Eskom using government workers' pension funds.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid persistent worries about the spread of the coronavirus and its economic impact. The JSE All Share Index fell 0.8% to close at 56,847.74.

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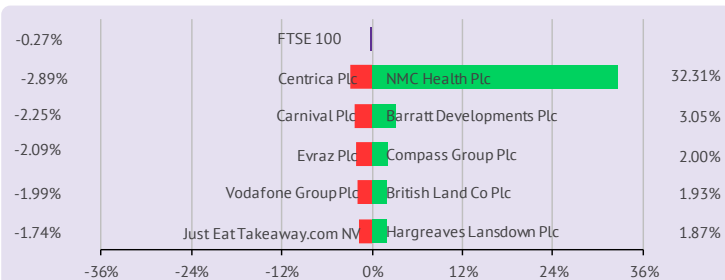


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, after Britain declared the coronavirus outbreak a serious and imminent threat to public health. The FTSE 100 Index declined 0.3% to close at 7,446.88. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

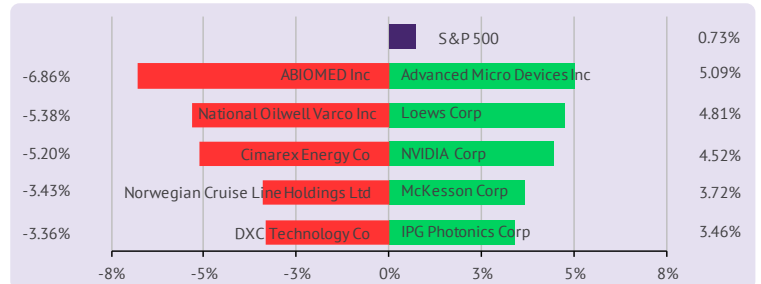
	As at 10 Feb 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56847.74	▼ -428.75	-0.75	-0.75	1.37	-1.76	-0.41
JSE Top 40 (ZAR)	51007.05	▼ -389.02	-0.76	-0.76	1.87	-1.46	0.38
FTSE 100 (GBP)	7446.88	▼ -19.82	-0.27	-0.27	2.21	-3.40	-1.27
DAX 30 (EUR)	13494.03	▼ -19.78	-0.15	-0.15	3.94	-2.02	1.85
CAC 40 (EUR)	6015.67	▼ -14.08	-0.23	-0.23	3.61	-2.87	0.63
S&P 500 (USD)	3352.09	▲ 24.38	0.73	0.73	3.92	-0.16	3.75
Nasdaq Composite (USD)	9628.39	▲ 107.88	1.13	1.13	5.22	1.99	7.31
DJIA (USD)	29276.82	▲ 174.31	0.60	0.60	3.61	-0.99	2.59
MSCI Emerging Markets (USD)	1086.93	▼ -4.71	-0.43	-0.43	2.31	-4.69	-2.49
MSCI Developed World (USD)	2413.10	▲ 8.36	0.35	0.35	3.02	-0.68	2.32

US Market ▲

US markets closed firmer

US markets closed higher yesterday, on the back of recent strong US economic data and upbeat quarterly corporate earnings. The S&P 500 Index climbed 0.7% to close at 3,352.09. Today, the S&P 500 futures are trading in the green.

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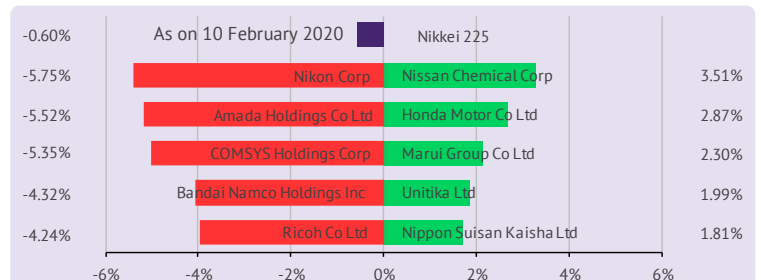


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street. Markets in Japan are closed today on account of national holiday.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R14.9555. Later today, traders will keep a close watch on the US Federal Reserve Chairman, Jerome Powell's testimony, the NFIB business optimism index and the JOLTS job openings for further direction.

The US Dollar fell against the South African Rand yesterday.

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 R19.3178. Ahead in the day, traders will keep an eye on the UK's trade balance, industrial production, manufacturing production, gross domestic product (GDP), total trade balance and the NIESR GDP estimate for further indication. Data indicated that UK's BRC like-for-like retail sales across all sectors remained flat on an annual basis in January.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R16.3204. Going forward, market participants will keep a tab on the European Commission's economic growth forecasts for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's Sentix investor confidence deteriorated in February.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.2% against the South African Rand to trade at R10.0335. Earlier in the session, Australia's NAB business confidence index improved in January. Additionally, home loan approvals increased on a monthly basis in December. Meanwhile, the NAB business conditions index remained steady in January.

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	14.9555	▲	-0.57	-0.57	-0.33	7.34	6.99
GBPZAR	19.3178	▲	-0.36	-0.36	-2.40	6.76	4.21
EURZAR	16.3204	▲	-0.93	-0.93	-1.86	6.08	4.10
AUDZAR	10.0335	▼	-0.43	-0.43	-0.39	2.19	1.79
EURUSD	1.0913	▲	-0.32	-0.32	-1.64	-1.07	-2.69
GBPUSD	1.2916	▲	0.18	0.18	-2.20	-0.38	-2.58
Brent (\$/barrel)	54.0	▲	-2.20	-2.20	-5.92	-14.21	-19.29
Gold (\$/oz)	1571.4	▼	0.39	0.39	-0.52	3.93	3.39
Platinum (\$/oz)	967.3	▲	-0.24	-0.24	0.52	-0.98	-0.46
Copper (\$/MT)*	5651.8	▲	0.06	0.06	1.81	-9.72	-8.09

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.2% lower to trade at \$1,571.40/oz.

Yesterday, gold prices rose 0.4% to close at \$s1,574.70/oz, as mounting concerns over the coronavirus outbreak boosted demand for the safe haven asset.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 1.4% to trade at \$54.00/bl.

Yesterday, Brent crude oil declined 2.2% to settle at \$53.27/bl, amid weak Chinese demand for crude oil and speculations that the OPEC and its allies are unlikely to immediately deliver output cuts.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices slightly rose to trade at \$967.30/oz.

Yesterday, platinum prices dropped 0.2% to close at \$966.90/oz.

Major South African corporate news

AngloGold Ashanti Limited

News reports indicate that AngloGold Ashanti has selected Harmony Gold Mining Co. for the sale of its Mponeng mine and surface asset Mine Waste Solutions (MWS).

Northam Platinum Limited

In its 1H20 trading statement, the company announced that it expects revenues to be between ZAR7.70bn and ZAR7.90bn, compared to ZAR5.00bn in the same period of the prior year. Further, it expects HEPS to be between 326.40c and 330.20c, compared to a loss per share of 19.00c in the previous year.

Super Group Limited

In its 1H20 trading update, the company announced that it expects HEPS to be between 150.00c and 155.00c, compared to 173.80c recorded in the same period of the last year and its EPS is likely to be between 141.20c and 145.20c, compared to 176.30c in the corresponding period of the prior year, impacted by extremely difficult trading conditions in all the geographies within which it operates.

Brimstone Investment Corp Limited

The company announced that it has acquired a further 55.0% stake in Obsidian Health, increasing its total shareholding to 80.0% for a cash consideration of ZAR35.70mn. All conditions precedent has been met and the transaction has been concluded.

Major global economic news

Asia

In Australia, the NAB business confidence index rose to a level of -1.00 in January, compared a revised reading of -2.00 in the prior month.

In January, the NAB business conditions index remained steady at a level of 3.00 in Australia.

In Australia, home loan approvals climbed 4.4% on a monthly basis in December, compared to a revised rise of 1.9% in the prior month.

UK

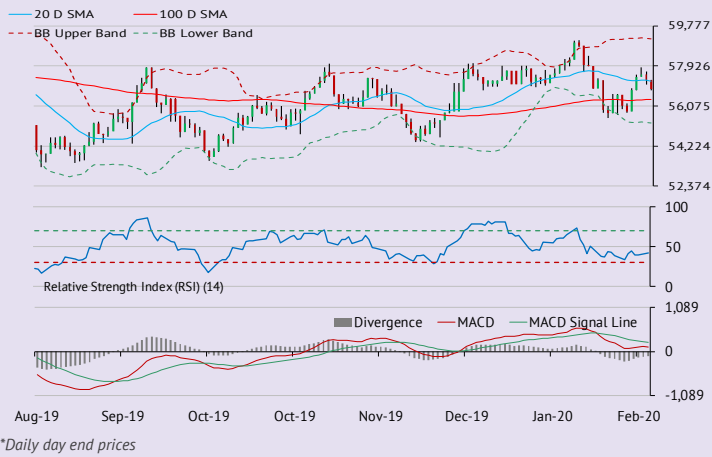
In the UK, the BRC like-for-like retail sales across all sectors remained flat on an annual basis in January. Retail sales across all sectors had recorded a rise of 1.7% in the previous month.

Eurozone

In the Eurozone, the Sentix investor confidence index eased to a level of 5.20 in February, compared to a level of 7.60 in the previous month.

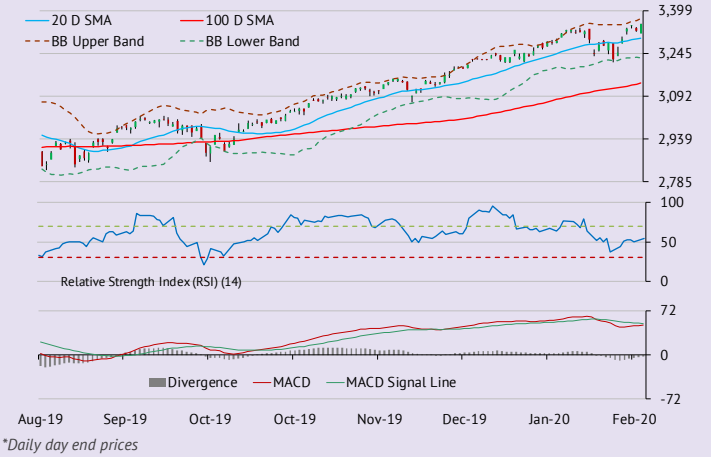
Technical snapshot

JSE All Share



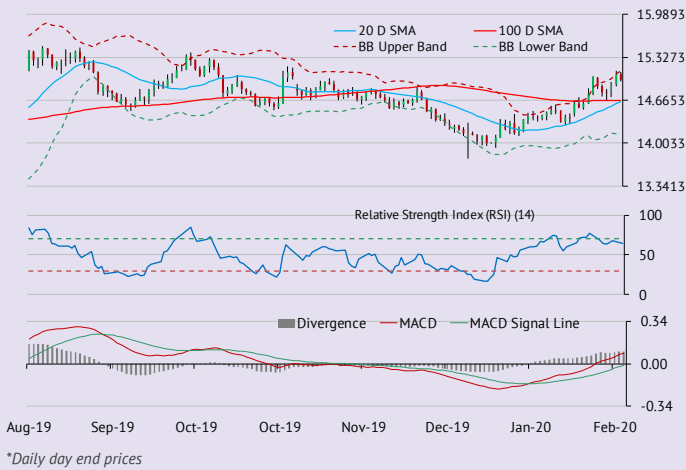
The JSE All Share index is expected to find support at 55,359.36, and a fall through could take it to the next support level of 54,890.24. The index is expected to find its first resistance at 56,467.58, and a rise through could take it to the next resistance level of 57,106.68.

S&P 500



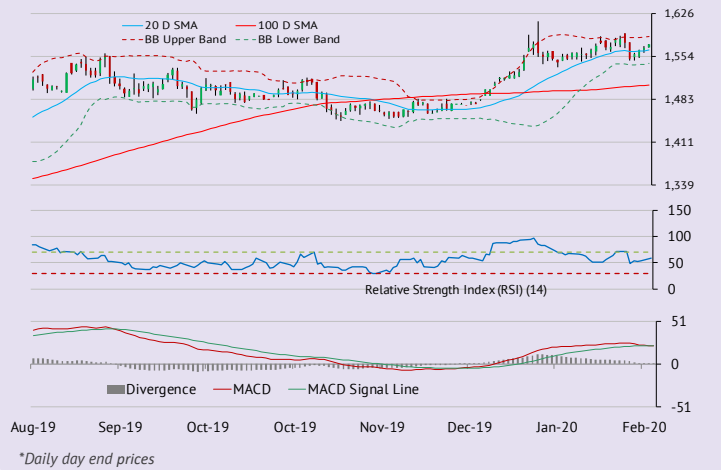
The S&P 500 index is expected to find support at 3,211.24, and a fall through could take it to the next support level of 3,173.57. The index is expected to find its first resistance at 3,290.03, and a rise through could take it to the next resistance level of 3,331.15.

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	Frequency
UK	2:01	BRC Sales Like-For-Like (YoY) (Jan)	✓✓✓	0.00%*	1.70%	Monthly
UK	11:30	Gross Domestic Product s.a. (QoQ) (Q4) (P)	✓✓✓	-	0.40%	Quarterly
UK	11:30	Index of Services (3M/3M) (Dec)	✓	-	0.10%	Monthly
UK	11:30	Private Consumption (QoQ) (Q4) (P)	✓	-	0.30%	Quarterly
UK	11:30	Gross Fixed Capital Formation (Q4) (P)	✓	-	0.20%	Quarterly
UK	11:30	Government Spending (Q4) (P)	✓	-	-0.60%	Quarterly
UK	11:30	Exports (QoQ) (Q4) (P)	✓	-	7.90%	Quarterly
UK	11:30	Imports (QoQ) (Q4) (P)	✓	-	-0.30%	Quarterly
UK	11:30	Construction Output s.a. (YoY) (Dec)	✓	-	2.00%	Monthly
UK	11:30	Total Trade Balance (Dec)	✓✓✓	-	-GBP0.22bn	Monthly
South Africa	11:30	Unemployment Rate (Q4)	✓✓	29.10%	29.10%	Quarterly
UK	11:30	Trade Balance; non-EU (Dec)	✓✓✓	-GBP2.58bn	GBP1.73bn	Monthly
UK	11:30	Industrial Production (YoY) (Dec)	✓✓✓	-0.80%	-1.60%	Monthly
UK	11:30	Manufacturing Production (MoM) (Dec)	✓✓✓	-0.10%	-1.70%	Monthly
UK	11:30	Industrial Production (MoM) (Dec)	✓✓✓	0.30%	-1.20%	Monthly
UK	11:30	Gross Domestic Product s.a. (YoY) (Q4) (P)	✓✓✓	0.80%	1.10%	Quarterly
UK	11:30	Visible Trade Balance (Dec)	✓✓✓	-GBP8.00bn	-GBP5.26bn	Monthly
UK	11:30	Manufacturing Production (YoY) (Dec)	✓✓✓	-3.70%	-2.00%	Monthly
UK	11:30	Total Business Investment (QoQ) (Q4) (P)	✓	-0.50%	0.00%	Quarterly
UK	11:30	Total Business Investment (YoY) (Q4) (P)	✓	-1.30%	0.50%	Quarterly
UK	11:30	Index of Services (MoM) (Dec)	✓	-	-0.30%	Monthly
UK	11:30	Industrial Production (Dec)	✓	-	100.50	Monthly
UK	11:30	Manufacturing Production (Dec)	✓	-	100.60	Monthly
Eurozone	12:00	European Commission releases Economic Growth Forecasts	✓✓	-	-	As scheduled
US	13:00	NFIB Small Business Optimism (Jan)	✓	103.40	102.70	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Dec)	✓✓	-3.50%	-3.60%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Dec)	✓✓	-	-1.50%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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