

ONE Minute Brief

3 March 2020

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Economic and political news

In South Africa (SA), the Absa Purchasing Managers' Index (PMI) declined to a level of 44.30 in February, compared to a level of 45.20 in the previous month. Additionally, new vehicle sales dropped 0.7% to 43,485 units in February from 43,805 units in the previous month.

The Public Investment Corporation (PIC) has terminated the employment contract of executive head of listed investments, Fidelis Madavo, for gross misconduct in the ZAR4.3bn transaction involving Ayo Technology Solutions.

Democratic Alliance's (DA) Johannesburg chairperson and caucus leader, Fuzela Ngobeni and former Chief Executive Officer, Paul Boughey, have resigned from the party to join Herman Mashaba's new political movement.

In his weekly newsletter, President, Cyril Ramaphosa, stated that talks with trade unions on containing the public wage bill, as set out by Finance Minister Tito Mboweni in the budget, needed to be conducted in "a spirit of seeking solutions".

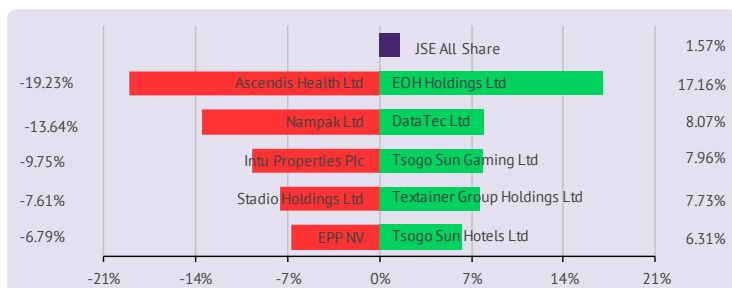
Eskom has indicated that there is an increased possibility of load shedding today, due to higher unplanned breakdowns of power generating units.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum, gold mining and resources sector stocks. Data showed that SA's Absa PMI fell to a 11-year low level in February. The JSE All Share Index rose 1.6% to close at 51,840.09.

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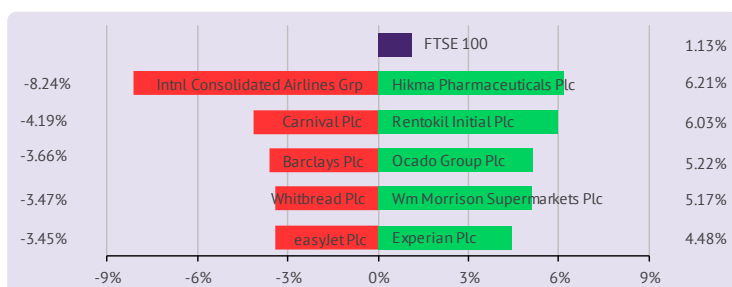


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid speculations of further monetary stimulus from central banks. The FTSE 100 Index advanced 1.1% to close at 6,654.89. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

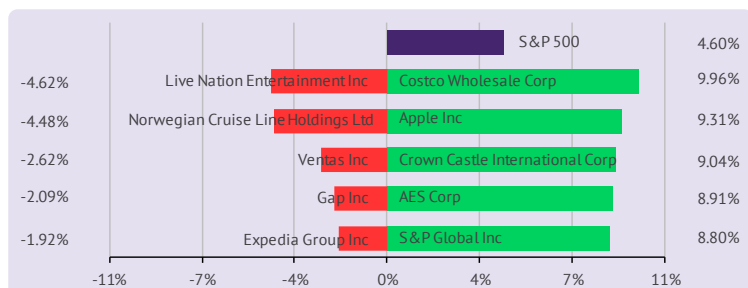
	As at 02 Mar 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	51840.09	▲	801.91	1.57	1.57	1.57	-8.99
JSE Top 40 (ZAR)	46648.20	▲	796.44	1.74	1.74	1.74	-8.43
FTSE 100 (GBP)	6654.89	▲	74.28	1.13	1.13	1.13	-9.68
DAX 30 (EUR)	11857.87	▼	-32.48	-0.27	-0.27	-0.27	-8.41
CAC 40 (EUR)	5333.52	▲	23.62	0.44	0.44	0.44	-8.55
S&P 500 (USD)	3090.23	▲	136.01	4.60	4.60	4.60	-4.35
Nasdaq Composite (USD)	8952.17	▲	384.80	4.49	4.49	4.49	-6.38
DJIA (USD)	26703.32	▲	1293.96	5.09	5.09	5.09	-10.07
MSCI Emerging Markets (USD)	1017.03	▲	11.52	1.15	1.15	1.15	-5.35
MSCI Developed World (USD)	2212.38	▲	71.26	3.33	3.33	3.33	-8.59

US Market ▲

US markets closed firmer

US markets closed higher yesterday, on optimism that monetary measures from global central banks would help to reduce the economic impact of the coronavirus. The S&P 500 Index climbed 4.6% to close at 3,090.23. Today, the S&P 500 futures are trading in the green.

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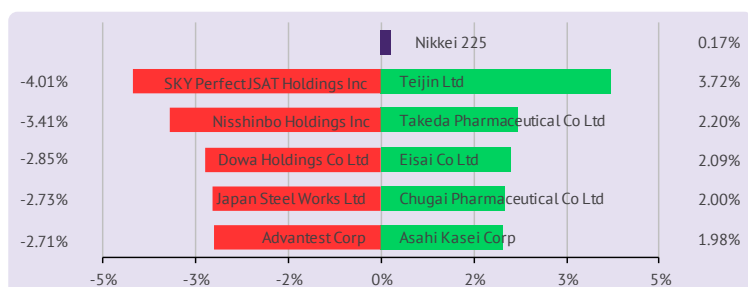


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, amid hopes that central banks would take possible action to contain the economic impact of the coronavirus outbreak. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% higher at 21,380.63.

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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 R15.4015. Later today, traders will keep a close watch on the US ISM-NY business conditions index and total vehicle sales for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Markit manufacturing PMI as well as the ISM manufacturing PMI declined in February. Meanwhile, construction spending rose more-than-expected on a monthly basis in February. Separately, the South African Rand rose against the US Dollar, amid hopes that central banks would take action to protect their economies against the coronavirus. Data indicated that SA's Absa PMI dropped to its lowest level since 2009 in February. Additionally, new vehicle sales declined in February.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R19.6721. 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, amid ongoing concerns over Brexit negotiations between Britain and the European Union. Data indicated that UK's Markit manufacturing sector expanded at its fastest pace in ten months in February. Meanwhile, mortgage approvals advanced to its highest level since February 2016 in January. Additionally, consumer credit climbed in January.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R17.1481. Going forward, market participants will keep a tab on Eurozone's producer price index (PPI), consumer price index (CPI) and unemployment rate for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's Markit manufacturing PMI advanced in February. Separately, Germany's Markit manufacturing PMI rose in February, hitting its highest level in 13-months.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R10.0852. Earlier in the session, Australia's new home sales advanced on a monthly basis in January. Meanwhile, building permits plunged on a monthly basis in January. Moreover, current account surplus narrowed in 4Q19.

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	15.4015	▼	-1.80	-1.80	-1.80	4.21	9.85
GBPZAR	19.6721	▼	-2.19	-2.19	-2.19	1.28	5.76
EURZAR	17.1481	▼	-0.86	-0.86	-0.86	3.73	9.09
AUDZAR	10.0852	▼	-1.21	-1.21	-1.21	1.34	2.31
EURUSD	1.1133	▼	0.98	0.98	0.98	-0.60	-0.70
GBPUSD	1.2775	▲	-0.54	-0.54	-0.54	-2.90	-3.79
Brent (\$/barrel)	53.2	▲	4.49	4.49	4.49	-12.27	-21.36
Gold (\$/oz)	1598.9	▲	1.79	1.79	1.79	-1.02	4.71
Platinum (\$/oz)	874.2	▲	-0.61	-0.61	-0.61	-10.11	-11.53
Copper (\$/MT)*	5680.8	▲	1.13	1.13	1.13	1.19	-7.62

*As of previous close, #As on 06:00 SAST ** 1D% change as on 14 February 2020

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,598.90/oz.

Yesterday, gold prices rose 1.8% to close at \$1,594.80/oz, amid expectations of an interest rate cut by the US Federal Reserve.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 2.5% higher to trade at \$53.21/bl.

Yesterday, Brent crude oil advanced 4.5% to settle at \$51.90/bl, amid hopes that the Organisation of the Petroleum Exporting Countries (OPEC) and its allies would implement additional production cuts.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.7% higher to trade at \$874.20/oz.

Yesterday, platinum prices dropped 0.6% to close at \$859.40/oz.

Major South African corporate news

Bidvest Group Limited

In its 1H20 results, the company announced that revenues advanced 9.2% to ZAR43.68bn from the same period of the preceding year. Its diluted EPS stood at 475.80c, compared to 657.50c recorded in the corresponding period of the previous year.

MTN Group Limited

In its MTN Nigeria FY19 results, the company announced that revenues increased by 12.6% NGN1.20tn in the previous year. Its diluted EPS rose 38.8% from the same period of the prior year to N9.90k.

Omnia Holdings Limited

The company, announced that Mr Stephanus Petrus Serfontein, currently part of the Executive Committee at Omnia Agriculture, has been appointed as the Group Financial Director, with effect from 1 March 2020.

RCL Foods Limited

In its 1H20 results, the company announced that revenues rose to ZAR14.21bn from ZAR13.27bn posted in the corresponding period of the previous year. Its diluted EPS decreased 6.4% to 61.40c from the same period of the prior year. Further, the company has declared an interim gross dividend of 15.00c per share.

Major global economic news

US

In the US, the Markit manufacturing PMI dropped to a level of 50.70 in February, compared to a level of 50.80 in the previous month.

In February, the ISM manufacturing PMI declined to 50.10 in the US, more than market consensus and compared to a level of 50.90 in the prior month.

In the US, construction spending advanced 1.8% on a monthly basis in February, more than market forecast and compared to a revised rise of 0.2% in the previous month.

The Organisation for Economic Cooperation and Development (OECD) downgraded its global growth forecast to 2.4% from 2.9%. The forecast for 2021 was trimmed to 3.3% from 3.6%. Moreover, the organisation slashed China's growth forecast to 4.9% from 5.7%. Meanwhile, the US GDP is forecast to grow 1.9% in 2020 and 2.1% in 2021. For the Euro area, the OECD expects growth of 0.8% this year, down from 1.1%. The UK is forecast to grow 0.8% each in 2020 and 2021. Further, growth forecast for Australia was lowered to 1.8% this year. Further, the organisation warned that an escalation in the coronavirus outbreak could cut global economic growth in half and would push several countries into recession this year.

UK

In the UK, the Markit manufacturing PMI jumped to 51.70 in February, compared to a level of 50.00 in the previous month.

In January, mortgage approvals climbed to 70.89K in the UK, compared to a revised reading of 67.93K in the previous month.

In the UK, consumer credit increased by GBP1.23bn in January, following a revised reading of GBP1.34bn in the previous month.

Asia

In Australia, new home sales rose 5.7% on a monthly basis in January, compared to 2.0% in the previous month.

In Australia, current account surplus narrowed to AUD1.00bn in 4Q19, compared to a revised surplus of AUD6.5bn in the previous quarter.

In January, building permits plunged 15.3% on a monthly basis in Australia, compared to a revised increase of 3.9% in the prior month.

The Reserve Bank of Australia (RBA), in its policy meeting, slashed its benchmark interest rate to a new record low of 0.5%, citing coronavirus concerns. Meanwhile, the RBA Governor, Philip Lowe, reiterated that the central bank is prepared to ease monetary policy further to support the Australian economy.

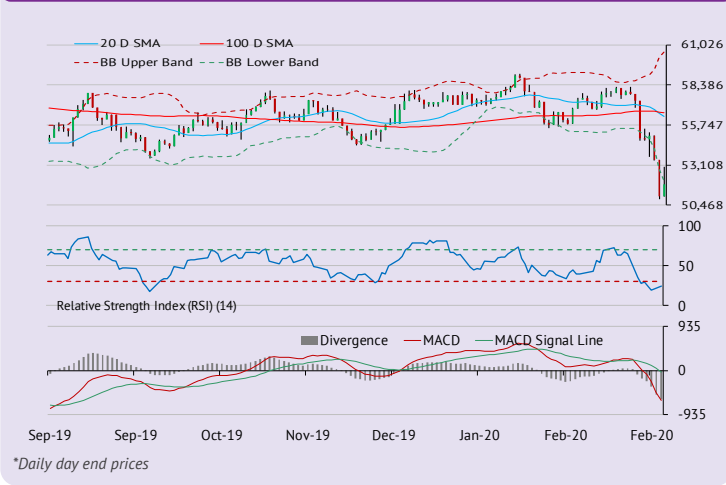
Eurozone

In Germany, the Markit manufacturing PMI advanced to a level of 48.00 in February, more than market expectations and compared to a level of 45.30 in the previous month.

In the Eurozone, the Markit manufacturing PMI rose to a level of 49.20 in February, compared to a level of 47.90 in the previous month.

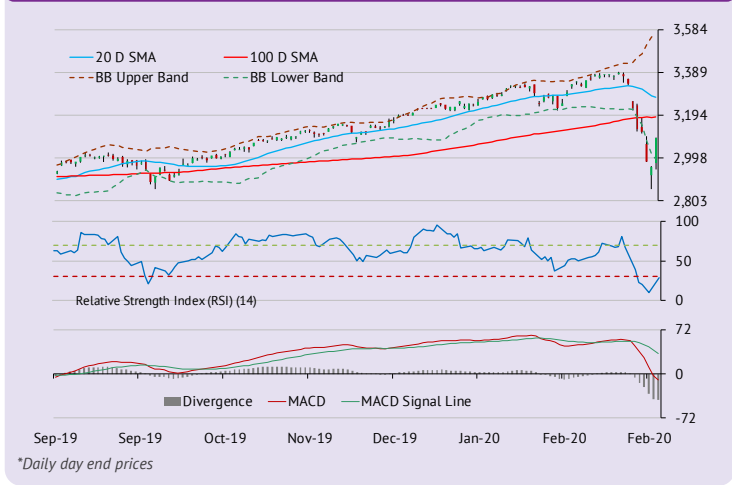
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 49,977.94, and a fall through could take it to the next support level of 48,115.80. The index is expected to find its first resistance at 54,599.37, and a rise through could take it to the next resistance level of 57,358.66.

S&P 500



The S&P 500 index is expected to find support at 2,881.72, and a fall through could take it to the next support level of 2,673.20. The index is expected to find its first resistance at 3,272.87, and a rise through could take it to the next resistance level of 3,455.50.

USD ZAR



The pair is expected to find support at 14.9995, and a fall through could take it to the next support level of 14.6196. The pair is expected to find its first resistance at 15.8117, and a rise through could take it to the next resistance level of 16.2440.

XAU USD



Gold is expected to find support at \$1,551.70/oz, and a fall through could take it to the next support level of \$1,508.60/oz. The precious metal is expected to find its first resistance at \$1,650.20/oz, and a rise through could take it to the next resistance level of \$1,705.60/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Monetary Base (Feb)	✓✓✓	JPY515.90tn*	JPY517.20tn	Monthly
Japan	01:50	Loans & Discounts Corp (YoY) (Jan)	✓	2.20 %*	1.79%	Monthly
Japan	01:50	Monetary Base (YoY) (Feb)	✓	3.60 %*	2.90%	Monthly
US	02:00	Total Vehicle Sales (Feb)	✓	-	17.10mn	Monthly
Japan	07:00	Consumer Confidence Index (Feb)	✓✓	40.60	39.10	Monthly
South Africa	11:30	Gross Domestic Product (QoQ) (Q4)	✓✓	0.10%	-0.60%	Quarterly
South Africa	11:30	Gross Domestic Product (YoY) (Q4)	✓	0.40%	0.10%	Quarterly
UK	11:30	Markit Construction PMI (Feb)	✓✓✓	46.30	48.40	Monthly
Eurozone	12:00	Producer Price Index (MoM) (Jan)	✓✓✓	0.20%	0.00%	Monthly
Eurozone	12:00	Producer Price Index (YoY) (Jan)	✓✓✓	-0.50%	-0.70%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Feb) (P)	✓✓✓	1.20%	1.40%	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Feb) (P)	✓✓✓	1.20%	1.10%	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Feb) (P)	✓✓✓	-	-1.00%	Monthly
Eurozone	12:00	Unemployment Rate (Jan)	✓✓✓	7.40%	7.40%	Monthly
US	15:55	Redbook Index (YoY) (28-Feb)	✓	-	5.40%	Weekly
US	15:55	Redbook Index s.a. (MoM) (28-Feb)	✓	-	-0.20%	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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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

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