

ONE
Minute Brief

5 March 2020

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), IHS Markit's Purchasing Managers' Index (PMI) slightly rose to 48.40 in February, compared to a level of 48.30 in the previous month.

The Director General of the Department of Public Works and Infrastructure, advocate Sam Vukela, has been implicated in the awarding of fraudulent contracts for state funerals.

During a public lecture in the central city of Bloemfontein, South African Reserve Bank (SARB) Governor, Lesetja Kganyago, stated that SA's weak economic growth is due to unsustainable policies and monetary policy alone cannot fix that.

The Passenger Rail Agency of SA (Prasa) stated that it is negotiating payment arrangements with the City of Cape Town regarding payments for services to Prasa Corporate Real Estate Solutions (CRES). Separately, news reports indicate that Prasa has failed to provide a security plan or a tender for new security contracts, as required by a court ruling from November 2019.

Key indices

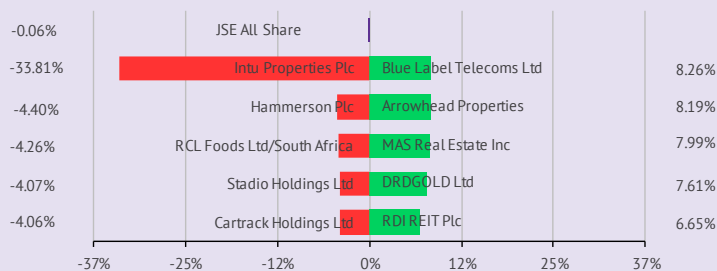
	As at 04 Mar 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	52926.75	▼	-31.10	-0.06	3.70	3.70	-8.99	-7.28
JSE Top 40 (ZAR)	47560.68	▼	-110.56	-0.23	3.73	3.73	-8.43	-6.41
FTSE 100 (GBP)	6815.59	▲	97.39	1.45	3.57	3.57	-9.68	-9.64
DAX 30 (EUR)	12127.69	▲	142.30	1.19	2.00	2.00	-8.41	-8.46
CAC 40 (EUR)	5464.89	▲	71.72	1.33	2.92	2.92	-8.55	-8.58
S&P 500 (USD)	3130.12	▲	126.75	4.22	5.95	5.95	-8.41	-3.12
Nasdaq Composite (USD)	9018.09	▲	334.00	3.85	5.26	5.26	-6.38	0.51
DJIA (USD)	27090.86	▲	1173.45	4.53	6.62	6.62	-10.07	-5.07
MSCI Emerging Markets (USD)	1037.81	▲	9.99	0.97	3.21	3.21	-5.35	-6.89
MSCI Developed World (USD)	2243.09	▲	63.61	2.92	4.76	4.76	-8.59	-4.89

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in resources sector stocks. The JSE All Share Index fell 0.1% to close at 52,926.75.

To Read More Click [Here](#)

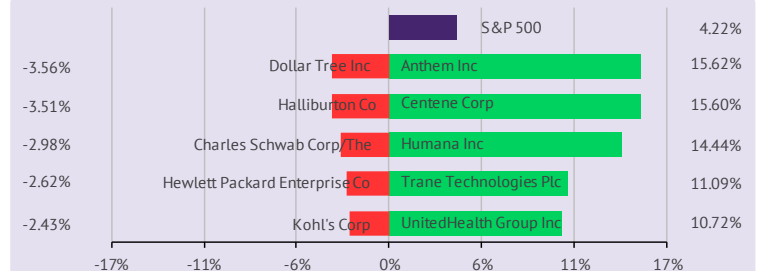


US Market ▲

US markets closed firmer

US markets closed higher yesterday, after former Vice President, Joe Biden, emerged as the frontrunner in the Democratic Party's presidential race. The S&P 500 Index climbed 4.2% to close at 3,130.12. Today, the S&P 500 futures are trading in the red.

To Read More Click [Here](#)

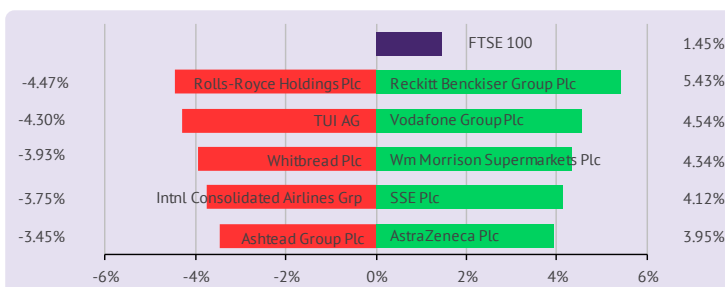


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, on prospects of more interest rate cuts from global central banks. The FTSE 100 Index advanced 1.5% to close at 6,815.59. Today, the FTSE 100 futures are trading in negative territory.

To Read More Click [Here](#)

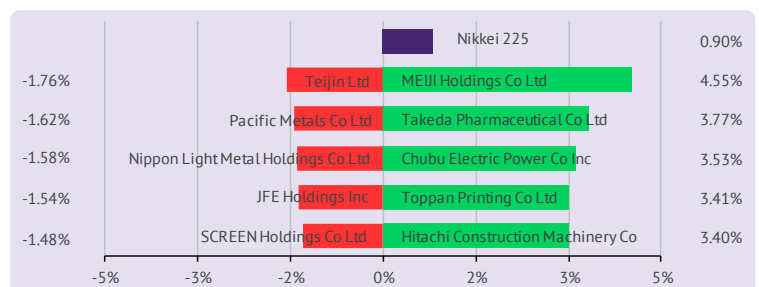


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 0.9% higher at 21,290.04.

To Read More Click [Here](#)



USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R15.2979. Later today, traders will keep a close watch on the US initial jobless claims, durable goods orders and factory orders for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications surged on a weekly basis in the week ended 28 February 2020. Additionally, private sector employment unexpectedly climbed in February. Moreover, the ISM non-manufacturing PMI climbed to a one-year high level in February. Meanwhile, the final Markit services PMI declined in February.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R19.6882. Ahead in the day, traders will keep an eye on UK's BBA mortgage approvals and the Bank of England Governor Mark Carney's speech and for further indications.

The British Pound declined against the South African Rand yesterday, on potential rate cut fears. Data indicated that UK's Markit services PMI dropped in February.

To Read More Click [Here](#)

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro gained 0.3% against the South African Rand to trade at R17.0380. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's Markit services PMI rose in February. Moreover, retail sales advanced on a monthly basis in January. Separately, Germany's Markit services PMI eased in February. Meanwhile, retail sales climbed less-than-expected on a monthly basis in January.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.1266. Earlier in the session, Australia's seasonally adjusted trade surplus narrowed less-than-expected 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	15.2979	▼	-0.93	-2.54	-2.54	4.21	9.02
GBPZAR	19.6882	▼	-0.55	-2.10	-2.10	1.28	5.85
EURZAR	17.0380	▼	-1.29	-1.62	-1.62	3.73	8.25
AUDZAR	10.1266	▼	-0.35	-0.74	-0.74	1.34	2.80
EURUSD	1.1138	▲	-0.33	1.00	1.00	-0.60	-0.69
GBPUSD	1.2870	▼	0.48	0.38	0.38	-2.90	-2.90
Brent (\$/barrel)	51.8	▲	-1.41	2.94	2.94	-12.27	-22.53
Gold (\$/oz)	1639.7	▼	-0.09	4.87	4.87	-1.02	7.87
Platinum (\$/oz)	871.5	▼	0.68	1.21	1.21	-10.11	-9.90
Copper (\$/MT)*	5663.5	▲	0.30	0.82	0.82	1.19	-7.90

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped 0.2% to trade at \$1,639.70/oz.

Yesterday, gold prices fell 0.1% to close at \$1,643.00/oz, amid rise in global equities.

To Read More Click [Here](#)

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 1.4% to trade at \$51.84/bl.

Yesterday, Brent crude oil declined 1.4% to settle at \$51.13/bl, as the Organisation of the Petroleum Exporting Countries (OPEC) and its allies struggled to reach an agreement on deeper production cuts. Moreover, the US Energy Information Administration (EIA) reported that crude oil inventories rose by 785,000 bls in the week ended 28 February 2020.

To Read More Click [Here](#)

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.4% lower to trade at \$871.50/oz.

Yesterday, platinum prices climbed 0.7% to close at \$875.20/oz.

Major South African corporate news

African Oxygen Limited

In its FY19 results, the company announced that revenues increased to ZAR6.09bn from ZAR6.05bn posted in the previous year. Its diluted EPS rose 40.8% to 202.80c from the prior year. The company declared a final dividend of 46.00c per share.

Advtech Limited

In its FY19 trading statement, the company announced that it expects its EPS to be between 84.00c and 88.30c, compared to 71.80c in the same period of the preceding year. Further, it expects its HEPS to be between 83.30c and 87.60c, compared to 71.20c in the corresponding period of the last year.

Grindrod Limited

In its FY19 results, the company announced that revenues advanced 11.7% to ZAR3.87bn from the preceding year. Its diluted EPS stood at 44.00c, compared to a loss per share of 2.70c recorded in the previous year.

Murray & Roberts Holdings Limited

In its 1H20 results, the company announced that revenues advanced 10.9% to ZAR10.77bn from the same period of the preceding year. Its diluted EPS stood at 50.00c, compared to 52.00c recorded in the corresponding period of the previous year.

Mpact Limited

In its FY19 results, the company announced that revenues rose to ZAR11.08bn from ZAR10.54bn posted in the previous year. Its diluted loss per share stood at 443.20c, compared to an EPS of 224.50c in the prior year.

Major global economic news

US

In the US, the MBA mortgage applications surged 15.1% on a weekly basis in the week ended 28 February 2020, compared to a rise of 1.5% in the previous week.

In February, private sector employment unexpectedly climbed by 183.00K in the US, compared to a revised level of 209.00K in the previous month.

In the US, the final Markit services PMI dropped to a level of 49.40 in February, compared to a level of 53.40 in the prior month. The preliminary figures had also indicated a fall to 49.40.

In the US, the ISM non-manufacturing PMI unexpectedly advanced to 57.30 in February, compared to a reading of 55.50 in January.

The US Federal Reserve (Fed), in its latest Beige Book report, revealed that the US economic activity expanded at a "modest to moderate" pace in majority of the Fed districts. However, two districts namely St. Louis and Kansas City, reported unchanged growth. The report indicated that the coronavirus was negatively impacting travel and tourism in the US, with growth in tourism described as flat to modest. On the outlook front, the Beige Book indicated that the coronavirus and the upcoming presidential elections pose risks to the country's economic outlook.

UK

In the UK, the Markit services PMI eased to a level of 53.20 in February, compared to a level of 53.90 in the previous month. The preliminary figures had indicated a drop to a level of 53.30.

Eurozone

In Germany, retail sales advanced 0.9% on a monthly basis in January, less than market expectations and compared to a revised drop of 3.3% in the previous month.

In February, the Markit services PMI dropped to a level of 52.50 in Germany, compared to a level of 54.20 in the previous month. The preliminary figures had indicated a fall to a level of 53.30.

In the Eurozone, the Markit services PMI climbed to a level of 52.60 in February, compared to a level of 52.50 in the prior month. The preliminary figures had indicated a rise to a level of 52.80.

In January, retail sales rose 0.6% on a monthly basis in the Eurozone, in line with market forecast and compared to a revised fall of 1.1% in the previous month.

Asia

In Australia, seasonally adjusted trade surplus narrowed to AUD5210.00mn in January, less than market anticipations and compared to a revised surplus of AUD5376.00mn in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Japan Buying Foreign Stocks (28-Feb)	✓	JPY200.30bn*	-JPY279.40bn	Weekly
Japan	01:50	Foreign Buying Japan Bonds (28-Feb)	✓	JPY523.40bn*	JPY397.30bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (28-Feb)	✓	-JPY745.00bn*	-JPY68.10bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (28-Feb)	✓	-JPY489.70bn*	JPY656.30 bn	Weekly
Germany	10:30	Markit Construction PMI (Feb)	✓✓	-	54.90	Monthly
South Africa	11:30	SACCI Business Confidence Index (Feb)	✓	-	92.20	Monthly
South Africa	13:00	Electricity Production (YoY) (Jan)	✓	-	-4.00%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Jan)	✓	-	-4.90%	Monthly
US	14:30	Challenger Job Cuts (YoY) (Feb)	✓	-	27.80%	Monthly
US	15:30	Non-Farm Productivity (Q4) (F)	✓	1.40%	-0.20%	Quarterly
US	15:30	Initial Jobless Claims (29-Feb)	✓✓✓	215.00K	219.00K	Weekly
US	15:30	Unit Labour Costs (Q4) (F)	✓	1.40%	2.50%	Quarterly
US	15:30	Continuing Jobless Claims (22-Feb)	✓✓✓	1733.00K	1724.00K	Weekly
US	17:00	Cap Goods Ship Nondef Ex Air (Jan) (F)	✓	-	-0.10%	Monthly
US	17:00	Factory Orders (MoM) (Jan)	✓✓✓	-0.10%	1.80%	Monthly
US	17:00	Durable Goods Orders (Jan) (F)	✓✓✓	-	2.90%	Monthly
US	17:00	Durable Goods Orders ex Transportation (Jan) (F)	✓✓	-	0.10%	Monthly
US	17:00	Cap Goods Orders Nondef Ex Air (Jan) (F)	✓	-	-0.50%	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