

# ONE Minute Brief

6 March 2020

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## Economic and political news

In South Africa (SA), the SACCI Business Confidence Index (BCI) rose to a level of 92.70 in February, compared to 92.20 in the previous month. Moreover, current account deficit narrowed to 1.3% of gross domestic product (GDP) in 4Q19, compared to 3.7% in the previous quarter. Meanwhile, electricity production dropped 2.5% on a yearly basis in January, compared to a fall of 4.0% in the previous month. Additionally, electricity consumption fell 3.6% on an annual basis in January, compared to a drop of 4.9% in the prior month.

Eskom announced that it would institute liquidation proceedings against Trillian Management Consulting and Trillian Capital Partners in the North Gauteng High Court later this month in a bid to recover ZAR600mn.

Gauteng premier, David Makhura, announced that the Tshwane municipality has been placed under administration and the Tshwane council has been dissolved by the provincial government, citing mismanagement and irregular expenditure.

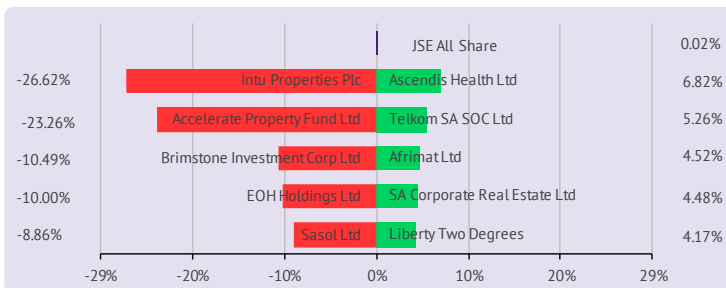
News reports indicate that former President, Jacob Zuma, has officially permitted Public Protector, Busisiwe Mkhwebane, to access his confidential tax records.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday. Data indicated that SA's business confidence index slightly rose in February. The JSE All Share Index marginally rose to close at 52,936.27.

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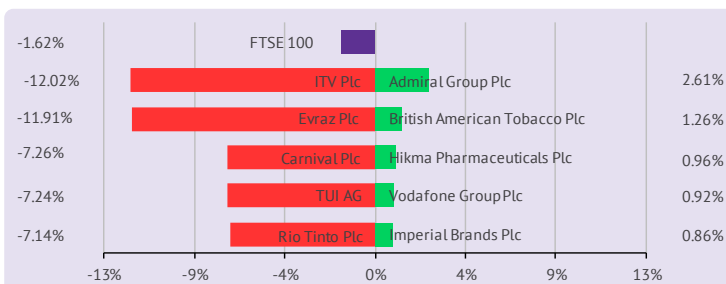


## UK Market ▼

### UK markets closed in the red

UK markets finished lower yesterday, amid concerns about the impact of the coronavirus outbreak on global economy. The FTSE 100 Index declined 1.6% to close at 6,705.43. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

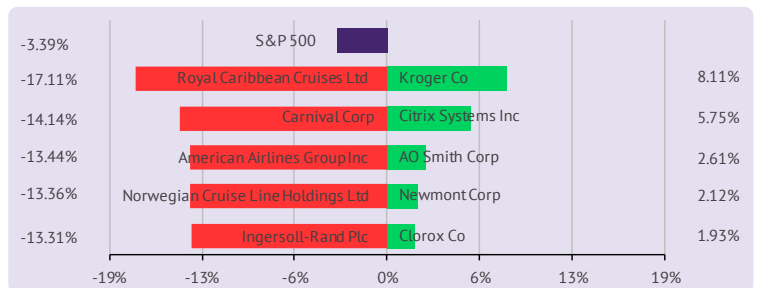
	As at 05 Mar 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	52936.27	▲ 9.52	0.02	3.72	3.72	-8.99	-7.27
JSE Top 40 (ZAR)	47618.75	▲ 58.07	0.12	3.85	3.85	-8.43	-6.29
FTSE 100 (GBP)	6705.43	▼ -110.16	-1.62	1.90	1.90	-9.68	-11.10
DAX 30 (EUR)	11944.72	▼ -182.97	-1.51	0.46	0.46	-8.41	-9.84
CAC 40 (EUR)	5361.10	▼ -103.79	-1.90	0.96	0.96	-8.55	-10.32
S&P 500 (USD)	3023.94	▼ -106.18	-3.39	2.36	2.36	-8.41	-6.40
Nasdaq Composite (USD)	8738.60	▼ -279.49	-3.10	2.00	2.00	-6.38	-2.61
DJIA (USD)	26121.28	▼ -969.58	-3.58	2.80	2.80	-10.07	-8.47
MSCI Emerging Markets (USD)	1039.34	▲ 1.53	0.15	3.36	3.36	-5.35	-6.76
MSCI Developed World (USD)	2192.35	▼ -50.75	-2.26	2.39	2.39	-8.59	-7.04

## US Market ▼

### US markets closed weaker

US markets closed lower yesterday, as the rapid spread of the coronavirus in the US led California to declare an emergency. The S&P 500 Index dropped 3.4% to close at 3,023.94. Today, the S&P 500 futures are trading in the red.

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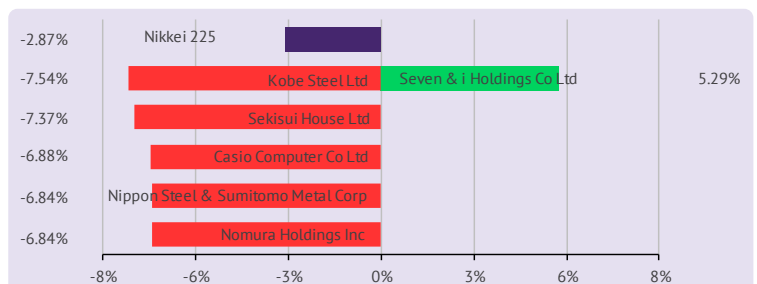


## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street and on fears of global economic slowdown. As at 6:00 SAST, the Nikkei 225 Index is trading 2.9% lower at 20,716.54.

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## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.4% against the South African Rand to trade at R15.6917. Later today, traders will keep a close watch on nonfarm payrolls, trade balance, average hourly earnings, consumer credit change and unemployment rate for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US seasonally adjusted initial jobless claims declined less-than-expected on a weekly basis in the week ended 28 February 2020. Additionally, factory orders dropped more-than-expected in January. Moreover, final durable goods orders dropped on a monthly basis in January. Separately, the South African Rand fell against the US Dollar, after the South African government confirmed its first coronavirus case. On the data front, SA's BCI advanced in February. Moreover, the nation's current account deficit narrowed to a nine-year low in 4Q19. Meanwhile, both, electricity production and consumption declined on a yearly basis in January.

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## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.5% higher against the South African Rand at R20.3416. Ahead in the day, traders will keep an eye on UK's Halifax house price index for further indication.

The British Pound advanced against the South African Rand yesterday, after the Bank of England's (BoE) incoming Governor, Andrew Bailey, stated that the central bank should wait until it has more clarity about the economic hit from the outbreak, dampening rate cut expectations.

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## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.4% against the South African Rand to trade at R17.6364. Going forward, market participants will keep a tab on Germany's factory orders for further cues.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R10.3524. Earlier in the session, Australia's AiG performance of services index declined in February. Additionally, retail sales dropped on a monthly basis in January.

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	15.6917	▼	2.39	-0.21	-0.21	4.21	11.63
GBPZAR	20.3416	▼	3.04	0.87	0.87	1.28	9.06
EURZAR	17.6364	▼	3.35	1.68	1.68	3.73	11.88
AUDZAR	10.3524	▼	2.20	1.45	1.45	1.34	5.06
EURUSD	1.1239	▲	0.91	1.91	1.91	-0.60	0.21
GBPUSD	1.2963	▲	0.64	1.02	1.02	-2.90	-2.29
Brent (\$/barrel)	49.5	▼	-2.23	0.64	0.64	-12.27	-24.26
Gold (\$/oz)	1669.3	▲	1.52	6.47	6.47	-1.02	9.51
Platinum (\$/oz)	859.2	▼	-1.09	0.12	0.12	-10.11	-10.88
Copper (\$/MT)*	5655.3	▼	-0.15	0.68	0.68	1.19	-8.03

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,669.30/oz.

Yesterday, gold prices rose 1.5% to close at \$1,668.00/oz, as concerns over the rapidly spreading coronavirus boosted demand for the safe haven asset.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 1.1% lower to trade at \$49.46/bl.

Yesterday, Brent crude oil declined 2.2% to settle at \$49.99/bl, amid heightened worries over the fast-spreading coronavirus and ahead of a final decision by the Organisation of the Petroleum Exporting Countries and its allies regarding extension to production cuts.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.8% lower to trade at \$859.20/oz.

Yesterday, platinum prices dropped 1.1% to close at \$865.70/oz.

## Major South African corporate news

### Ascendis Health Limited

In its 1H20 trading statement, the company announced that it expects HEPS to be between 20.30c and 23.70c compared to 31.40c in the same period of the preceding year. Further, it expects EPS to be between 20.10c and 23.40c, compared to 35.60c last year.

### Aspen Pharmacare Holdings Limited

In its 1H20 results, the company announced that revenues advanced 3.0% to ZAR18.42bn. from the same period of the preceding year. Its diluted EPS stood at 533.00c, compared to 587.90c recorded in the corresponding period of the previous year.

### Exxaro Resources Limited

In its FY19 trading statement, the company announced that it expects HEPS to be between ZAR28.05 and ZAR31.80, compared to ZAR26.72 in the same period of the previous year.

### Santam Limited

In its FY19 results, the company announced that revenues advanced 8.4% to ZAR28.87bn from the same period of the preceding year. Its diluted EPS stood at ZAR19.78, compared to ZAR21.82 recorded in the corresponding period of the previous year.

### Standard Bank Group Limited

In its FY19 results, the company announced that revenues increased to ZAR134.03bn from ZAR127.05bn posted in the previous year. Its diluted EPS fell 7.0% to ZAR15.84 from the prior year.

## Major global economic news

### US

In the US, seasonally adjusted initial jobless claims dropped to a level of 216.00K on a weekly basis in the week ended 28 February 2020, less than market expectations and compared to a level of 219.00K in the previous week.

In the US, factory orders declined 0.5% on a monthly basis in January, more than market forecast and compared to a revised rise of 1.9% in the previous month.

In January, final durable goods orders fell 0.2% on a monthly basis in the US, compared to a revised rise of 2.9% in the previous month. The preliminary figures had also indicated a fall of 0.2%.

### Asia

In Australia, the AiG performance of services index dropped to a level of 47.00 in February. In the prior month, the index had recorded a level of 47.40.

In January, retail sales eased 0.3% on a monthly basis in Australia, compared to a revised drop of 0.7% in the previous month.

In Japan, overall household spending declined 3.9% on an annual basis in January, less than market expectations and compared to a drop of 4.8% in the previous month.

### UK

BoE Governor, Mark Carney, in his speech, stated that central bank's monetary policy committee (MPC) is assessing the economic impact and considering the policy implications of various possible scenario. He also hinted that a rate cut would be considered to contain the economic impact of the coronavirus outbreak.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Labour Cash Earnings (YoY) (Jan)	✓✓	1.50%*	-0.20%	Monthly
Japan	01:30	Household Spending (YoY) (Jan)	✓✓	-3.90%*	-4.80%	Monthly
Japan	01:30	Japan Foreign Reserves (Feb)	✓	USD1359.00bn*	USD1342.30bn	Monthly
Japan	07:00	Leading Economic Index (Jan) (P)	✓✓✓	91.90	91.60	Monthly
Japan	07:00	Coincident Index (Jan) (P)	✓	94.20	94.10	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Feb)	✓	USD54.97bn	USD54.60bn	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Feb)	✓	USD45.94bn	USD45.15bn	Monthly
Germany	09:00	Factory Orders n.s.a. (YoY) (Jan)	✓✓✓	-7.60%	-8.70%	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Jan)	✓✓	1.40%	-2.10%	Monthly
UK	10:30	Halifax House Prices (3m/YoY) (Feb)	✓	4.00%	4.10%	Monthly
UK	10:30	Halifax House Prices (MoM) (Feb)	✓	0.20%	0.40%	Monthly
US	15:30	Change in Manufacturing Payrolls (Feb)	✓	-	-12.00K	Monthly
US	15:30	Exports (MoM) (Jan)	✓✓	-	0.80%	Monthly
US	15:30	Trade Balance (Jan)	✓✓✓	-USD46.10bn	-USD48.90bn	Monthly
US	15:30	Unemployment Rate (Feb)	✓✓✓	3.60%	3.60%	Monthly
US	15:30	Change in Non-farm Payrolls (Feb)	✓✓✓	175.00K	225.00K	Monthly
US	15:30	Average Hourly Earnings All Employees (MoM) (Feb)	✓✓	0.30%	0.20%	Monthly
US	15:30	Labor Force Participation Rate (Feb)	✓✓	-	63.40%	Monthly
US	15:30	Average Hourly Earnings All Employees (YoY) (Feb)	✓✓	3.00%	3.10%	Monthly
US	15:30	Change in Private Payrolls (Feb)	✓✓	-	206.00K	Monthly
US	15:30	Underemployment Rate (Feb)	✓✓	-	6.90%	Monthly
US	15:30	Imports (MoM) (Jan)	✓✓	-	2.70%	Monthly
US	17:00	Wholesale Inventories (MoM) (Jan) (F)	✓✓✓	-0.20%	-0.20%	Monthly
US	20:00	Baker Hughes US Rig Count (06-Mar)	✓✓✓	-	790.00	Weekly
US	22:00	Consumer Credit Change (Jan)	✓✓	USD16.50bn	USD22.06bn	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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