

# ONE Minute Brief

10 March 2020

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## Economic and political news

The business rescue practitioners (BRP) for South African Airways (SAA) have issued a notice to all of its employees that it intends to begin consultations on retrenchments, in terms of section 189 of the Labour Relations Act.

Eskom has indicated that it would continue implementing Stage 1 load shedding until today morning and then increase it to Stage 2 from 9.00 am onwards.

News reports indicate that the number of confirmed coronavirus cases in sub-Saharan Africa climbed to 16 as the continent's two biggest economies announced more people tested positive for the disease.

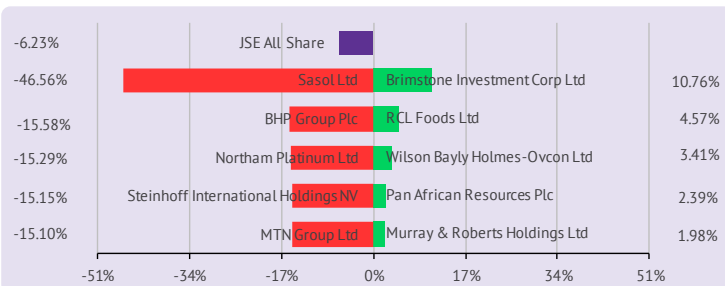
The National Education, Health and Allied Workers' Union (Nehawu) is planning to meet Health Minister, Zweli Mkhize, to discuss the state of readiness, protection and remuneration for healthcare workers.

## South Africa Market ▼

### South African markets closed lower

South African markets closed significantly lower yesterday, led by sharp losses in resources and platinum mining sector stocks. The JSE All Share Index fell 6.2% to close at 48,819.55.

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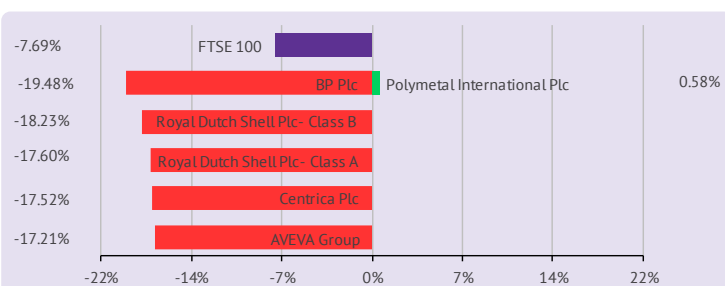


## UK Market ▼

### UK markets closed in the red

UK markets tumbled yesterday, with the FTSE 100 index closing to a three-year low level, as rapid spread of the coronavirus as well as Saudi's decision to cut prices and boost output sparked global recession fears. The FTSE 100 Index declined 7.7% to close at 5,965.77. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

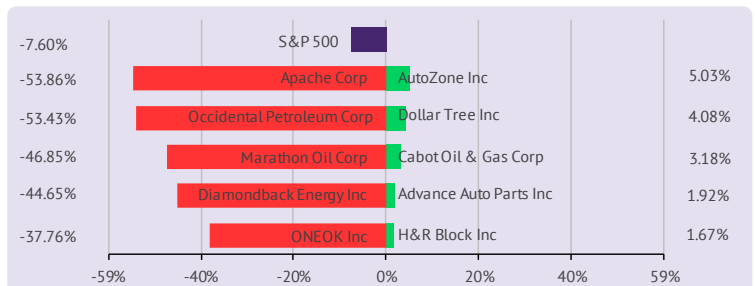
	As at 9 Mar 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	48819.55	▼ -3245.17	-6.23	-6.23	-4.35	-8.99	-14.48
JSE Top 40 (ZAR)	43687.17	▼ -3072.55	-6.57	-6.57	-4.72	-8.43	-14.03
FTSE 100 (GBP)	5965.77	▼ -496.78	-7.69	-7.69	-9.34	-9.68	-20.90
DAX 30 (EUR)	10625.02	▼ -916.85	-7.94	-7.94	-10.64	-8.41	-19.81
CAC 40 (EUR)	4707.91	▼ -431.20	-8.39	-8.39	-11.34	-8.55	-21.25
S&P 500 (USD)	2746.56	▼ -225.81	-7.60	-7.60	-7.03	-8.41	-14.99
Nasdaq Composite (USD)	7950.68	▼ -624.94	-7.29	-7.29	-7.20	-6.38	-11.39
DJIA (USD)	23851.02	▼ -2013.76	-7.79	-7.79	-6.13	-10.07	-16.42
MSCI Emerging Markets (USD)	947.92	▼ -64.16	-6.34	-6.34	-5.73	-5.35	-14.96
MSCI Developed World (USD)	1995.22	▼ -154.06	-7.17	-7.17	-6.81	-8.59	-15.40

## US Market ▼

### US markets closed weaker

US markets plunged yesterday, as a steep fall in oil prices and concerns over the spread of the coronavirus reignited fears of a global recession. The S&P 500 Index dropped 7.6% to close at 2,746.56. Today, the S&P 500 futures are trading in the green.

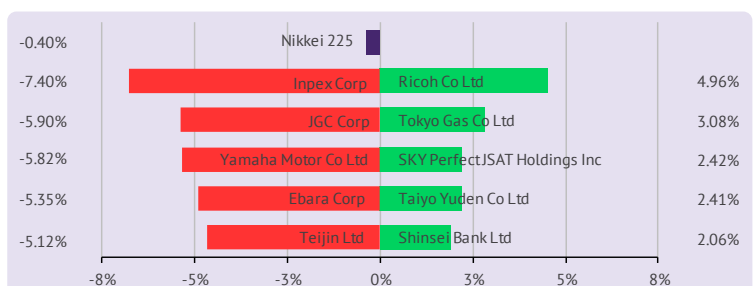
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## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% lower at 19,620.40.



## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.9% against the South African Rand to trade at R15.9504. Later today, traders will keep a close watch on the US NFIB business optimism index for further direction.

The US Dollar rose against the South African Rand yesterday. Separately, the South African Rand fell against the US Dollar, as oil prices collapsed and amid sell-off in riskier assets.

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## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 1.3% against the South African Rand to trade at R20.8386. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that UK's BRC retail sales across all sectors declined more-than-expected on an annual basis in February.

The British Pound advanced against the South African Rand yesterday, amid ongoing concerns over the coronavirus and decline in oil prices.

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## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 1.4% against the South African Rand to trade at R18.1764. Going forward, market participants will keep a tab on Eurozone's gross domestic product (GDP) for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's Sentix investor confidence index dropped to its lowest level since April 2013 in March. Separately, Germany's non-seasonally adjusted current account surplus narrowed in January. Meanwhile, seasonally adjusted industrial production rebounded on a monthly basis in January. Additionally, seasonally adjusted trade surplus narrowed less-than-expected in January.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 1% against the South African Rand to trade at R10.4937. Earlier in the session, Australia's NAB business conditions index recorded a flat reading in February. Moreover, the NAB business confidence index fell in February. Elsewhere, in China, Australia's largest trading partner, the producer price index (PPI) declined more than market forecast in February. Meanwhile, the consumer price index (CPI) advanced at par with market expectations in February.

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	15.9504	▲	2.64	2.64	2.76	4.21	14.95
GBPZAR	20.8386	▲	3.26	3.26	5.23	1.28	13.78
EURZAR	18.1764	▲	4.23	4.23	6.72	3.73	17.43
AUDZAR	10.4937	▲	1.79	1.79	4.02	1.34	7.73
EURUSD	1.1397	▼	1.47	1.47	3.85	-0.60	2.11
GBPUSD	1.3064	▼	0.53	0.53	2.29	-2.90	-1.06
Brent (\$/barrel)	36.9	▲	-24.10	-24.10	-30.82	-12.27	-47.94
Gold (\$/oz)	1666.5	▼	0.20	0.20	6.96	-1.02	10.02
Platinum (\$/oz)	877.4	▲	-3.75	-3.75	-0.22	-10.11	-11.18
Copper (\$/MT)*	5521.5	▼	-1.21	-1.21	-1.70	1.19	-10.20

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.5% lower to trade at \$1,666.50/oz.

Yesterday, gold prices rose 0.2% to close at \$1,675.70/oz, amid broad sell-off in global equities following concerns over global economic slowdown.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 7.5% to trade at \$36.92/bl, on expectations of recovery in oil prices.

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Yesterday, Brent crude oil declined 24.10% to settle at \$34.36/bl, as Saudi Arabia and Russia began a oil price war causing disruption in the global oil market.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 1.7% higher to trade at \$877.40/oz.

Yesterday, platinum prices dropped 3.8% to close at \$862.80/oz.

## Major South African corporate news

### Brimstone Investment Corporation Limited

In its FY19 trading statement, the company announced that it expects to report a basic headline loss per share of between 55.3c to 60.8c, compared to a loss per share of 21.1c reported in the previous year.

## Major global economic news

### Eurozone

In Germany, non-seasonally adjusted current account surplus narrowed to EUR16.60bn in January, more than market expectations and compared to a revised surplus of EUR24.80bn in the previous month.

In January, seasonally adjusted industrial production rose 3.0% on a monthly basis in Germany, more than market anticipations. In the prior month, industrial production had recorded a revised drop of 2.2%.

In Germany, seasonally adjusted trade surplus narrowed to EUR18.50bn in January, less than market forecast and compared to a revised surplus of EUR19.00bn in the previous month.

In the Eurozone, the Sentix investor confidence index fell more-than-expected to -17.10 in March, compared to a level of 5.20 in the previous month.

### UK

In the UK, the BRC retail sales across all sectors fell 0.4% on an annual basis in February, more than market expectations and compared to a flat reading in the prior month.

### Asia

In Australia, the NAB business conditions index unexpectedly recorded a flat reading in February, compared to a revised level of 2.00 in the prior month.

In February, the NAB business confidence index eased to a level of -4.00 in Australia. The index had recorded a level of -1.00 in the previous month.

In China, the PPI dropped 0.4% on an annual basis in February, more than market anticipations and compared to a rise of 0.1% in the previous month.

In February, the CPI advanced 5.2% on an annual basis in China, in line with market consensus and compared to a rise of 5.4% in the previous month.

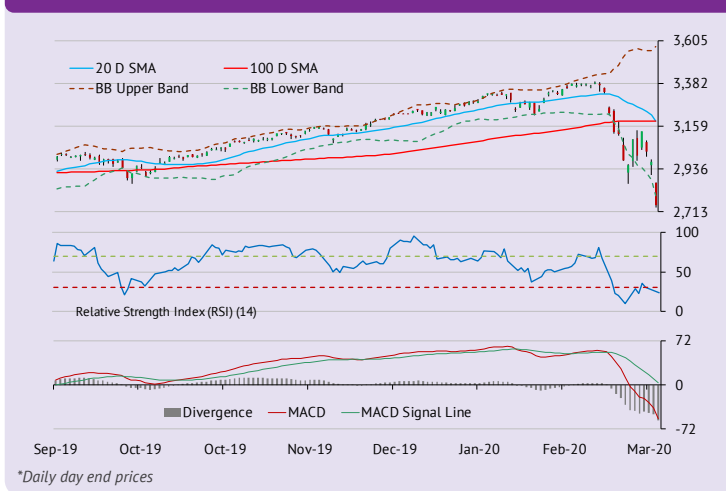
## Technical snapshot

### JSE All Share



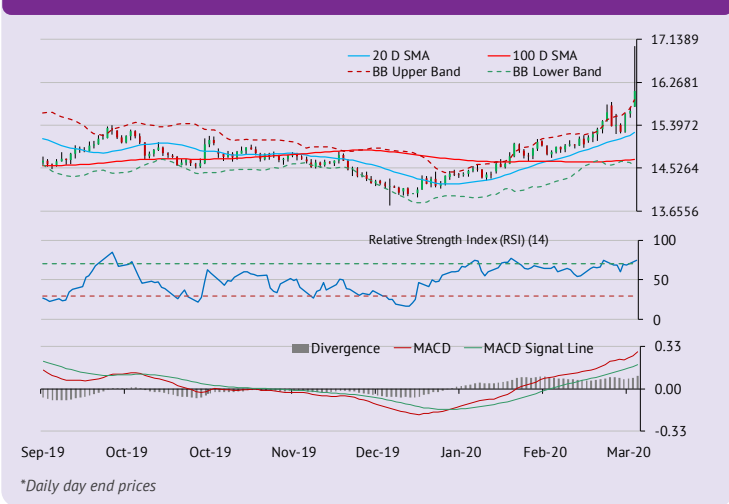
The JSE All Share index is expected to find support at 47,027.55, and a fall through could take it to the next support level of 45,235.55. The index is expected to find its first resistance at 52,172.67, and a rise through could take it to the next resistance level of 55,525.79.

### S&P 500



The S&P 500 index is expected to find support at 2,608.42, and a fall through could take it to the next support level of 2,470.28. The index is expected to find its first resistance at 3,010.71, and a rise through could take it to the next resistance level of 3,274.86.

### USD ZAR



The pair is expected to find support at 15.2034, and a fall through could take it to the next support level of 14.3141. The pair is expected to find its first resistance at 16.9924, and a rise through could take it to the next resistance level of 17.8921.

### XAU USD



Gold is expected to find support at \$1,606.30/oz, and a fall through could take it to the next support level of \$1,536.90/oz. The precious metal is expected to find its first resistance at \$1,724.70/oz, and a rise through could take it to the next resistance level of \$1,773.70/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Money Supply M3 (YoY) (Feb)	✓	2.50%*	2.30%	Monthly
Japan	01:50	Money Supply M2+CD (YoY) (Feb)	✓	3.00%*	2.80%	Monthly
Japan	02:01	Manpower Survey (Q2)	✓	24.00%*	25.00%	Quarterly
UK	02:01	BRC Sales Like-For-Like (YoY) (Feb)	✓✓✓	-0.40%*	0.00%	Monthly
China	03:30	Producer Price Index (YoY) (Feb)	✓✓✓	-0.40%*	0.10%	Monthly
China	03:30	Consumer Price Index (YoY) (Feb)	✓✓✓	5.20%*	5.40%	Monthly
China	03:30	Producer Price Index (MoM) (Feb)	✓	-0.50%*	0.00%	Monthly
China	03:30	Consumer Price Index (MoM) (Feb)	✓✓✓	0.80%*	1.40%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Feb) (P)	✓✓✓	-	-35.60%	Monthly
Germany	09:00	Labour Costs w.d.a. (YoY) (Q4)	✓	-	3.10%	Quarterly
Germany	09:00	Labour Costs s.a. (QoQ) (Q4)	✓✓	-	0.90%	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q4) (F)	✓✓	-	1.20%	Quarterly
Eurozone	12:00	Employment Change (QoQ) (Q4) (F)	✓✓✓	1.00%	0.10%	Quarterly
Eurozone	12:00	Employment Change (YoY) (Q4) (F)	✓✓	1.00%	0.90%	Quarterly
Eurozone	12:00	Gross Fixed Capital (QoQ) (Q4)	✓	-	0.30%	Quarterly
Eurozone	12:00	Household Consumption (QoQ) (Q4)	✓	-	0.50%	Quarterly
Eurozone	12:00	Government Expenditure (QoQ) (Q4)	✓	-	0.40%	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q4) (F)	✓✓✓	-	0.30%	Quarterly
US	12:00	NFIB Small Business Optimism (Feb)	✓	104.5	104.3	Monthly
US	14:55	Redbook Index (YoY) (06-Mar)	✓	-	5.90%	Weekly
US	14:55	Redbook Index s.a. (MoM) (06-Mar)	✓	-	-0.10%	Weekly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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