

ONE
Minute Brief

12 March 2020

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Please look out for a separate communique today from GTC Investment Analytics regarding the prevailing investment marketplace in the context of the Coronavirus.

Economic and political news

In South Africa (SA), the BER business confidence index declined to a level of 18.00 in the first quarter of 2020, compared to a level of 26.00 in the previous quarter.

Eskom has indicated that Stage 4 load shedding would continue until Friday.

The Congress of South African Trade Unions' (COSATU) parliamentary representative, Matthew Parks argued that COSATU must be given representation on the boards of Transnet and other state-owned enterprises to help halt their decline.

News reports indicate that the National Union of Metal Workers (Numsa) would contest against the retrenchment process at the South African Airways (SAA).

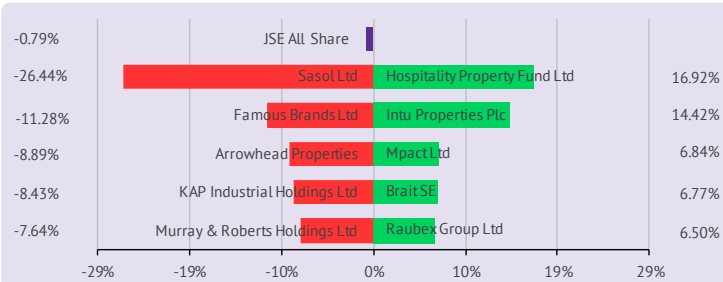
News reports indicate that the National Treasury has instructed the Public Investment Corporation (PIC) to withhold incentive payments until the outcome of a judicial commission of inquiry that took place in 2019 is known.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and resources sector stocks. Data indicated that SA's business confidence index declined to a 21-year low level in 1Q20. The JSE All Share Index fell 0.8% to close at 49,074.09.

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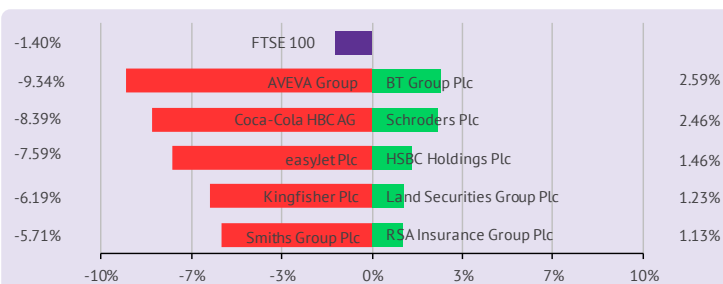


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid fears that economic stimulus from the Bank of England (BoE) would not be sufficient to contain the impact of the coronavirus outbreak. The FTSE 100 Index declined 1.4% to close at 5,876.52. Today, the FTSE 100 futures are trading lower.

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Key indices

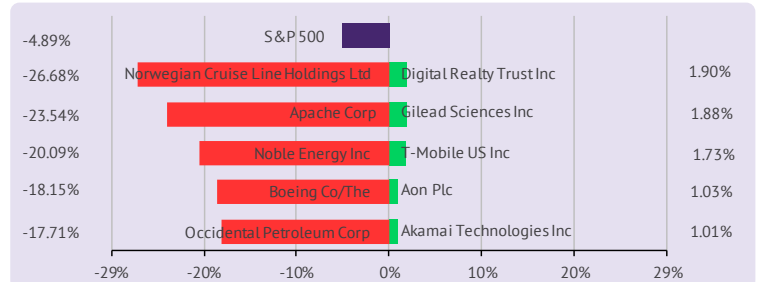
	As at 11 Mar 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	49074.09	▼ -391.92	-0.79	-5.74	-3.85	-8.99	-14.03
JSE Top 40 (ZAR)	43891.49	▼ -360.85	-0.82	-6.13	-4.28	-8.43	-13.63
FTSE 100 (GBP)	5876.52	▼ -83.71	-1.40	-9.07	-10.70	-9.68	-22.09
DAX 30 (EUR)	10438.68	▼ -36.81	-0.35	-9.56	-12.21	-8.41	-21.21
CAC 40 (EUR)	4610.25	▼ -26.36	-0.57	-10.29	-13.18	-8.55	-22.88
S&P 500 (USD)	2741.38	▼ -140.85	-4.89	-7.77	-7.20	-8.41	-15.15
Nasdaq Composite (USD)	7952.05	▼ -392.20	-4.70	-7.27	-7.18	-6.38	-11.37
DJIA (USD)	23553.22	▼ -1464.94	-5.86	-8.94	-7.30	-10.07	-17.47
MSCI Emerging Markets (USD)	946.62	▼ -17.92	-1.86	-6.47	-5.86	-5.35	-15.08
MSCI Developed World (USD)	1972.05	▼ -79.91	-3.89	-8.25	-7.90	-8.59	-16.38

US Market ▼

US markets closed weaker

US markets closed lower yesterday, after the World Health Organisation (WHO) declared the coronavirus outbreak a pandemic. The S&P 500 Index dropped 4.9% to close at 2,741.38. Today, the S&P 500 futures are trading in the red.

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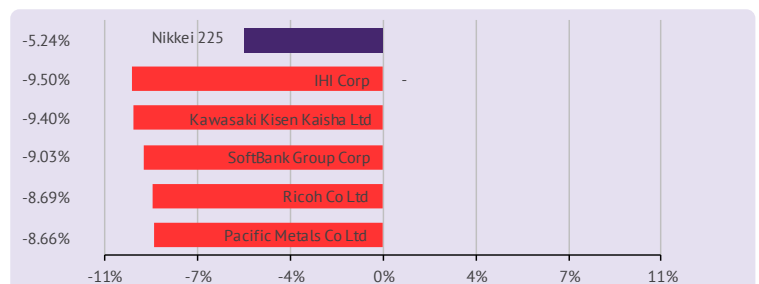


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 5.2% lower at 18,397.95.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 1.4% higher against the South African Rand at R16.4272. Later today, traders will keep a close watch on the US initial jobless claims and producer price index (PPI) for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US consumer price index (CPI) advanced more than market expectations on an annual basis in February. Additionally, the MBA mortgage applications surged on a weekly basis in the week ended 6 March 2020. Moreover, budget deficit widened less than market forecast in February. Separately, the South African Rand fell against the US Dollar, amid ongoing concerns over the economic impact of the coronavirus outbreak. Data indicated that SA's BER business confidence index dropped to its lowest level in 21 years in 1Q20.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 1.4% against the South African Rand to trade at R21.0659. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that UK's RICS house price balance advanced more than market anticipations in February.

The British Pound advanced against the South African Rand yesterday, after the British government announced a GBP30bn financial grant to boost the economy. Data indicated that UK's manufacturing production climbed in line with market consensus on a monthly basis in January. Moreover, the NIESR GDP estimate rose in the three months to February. Meanwhile, Britain's economic growth stagnated in January. Moreover, total trade surplus narrowed in January. Furthermore, industrial production unexpectedly declined on a monthly basis in January.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 1.8% higher against the South African Rand at R18.5789. Going forward, market participants will keep a tab on the European Central Bank's interest rate decision and Eurozone's industrial production 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 is trading 1.1% firmer against the South African Rand at R10.6133. Earlier in the session, Australia's consumer inflation expectations remained unchanged in March.

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	16.4272	▼	1.59	3.30	3.42	4.21	15.69
GBPZAR	21.0659	▼	0.91	1.53	3.46	1.28	11.87
EURZAR	18.5789	▼	1.49	3.21	5.68	3.73	16.28
AUDZAR	10.6133	▼	1.23	0.85	3.06	1.34	6.73
EURUSD	1.1310	▲	-0.10	-0.12	2.21	-0.60	0.51
GBPUSD	1.2824	▲	-0.70	-1.75	-0.02	-2.90	-3.30
Brent (\$/barrel)	34.0	▼	-3.84	-20.94	-27.94	-12.27	-45.77
Gold (\$/oz)	1636.7	▼	-1.08	-1.80	4.83	-1.02	7.83
Platinum (\$/oz)	859.8	▼	-0.14	-3.15	0.40	-10.11	-10.62
Copper (\$/MT)*	5520.8	▼	-0.63	-1.22	-1.72	1.19	-10.22

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,636.70/oz.

Yesterday, gold prices fell 1.1% to close at \$1,642.30/oz, after investors sold the precious metal to cover margins for stock markets.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil plunged 5.0% to trade at \$34.01/bl.

Yesterday, Brent crude oil declined 3.8% to settle at \$35.79/bl, after the WHO declared the global coronavirus outbreak a pandemic and as Saudi Arabia and the United Arab Emirates announced plans to boost production capacity. Moreover, the US Energy Information Administration (EIA) reported that crude oil inventories rose by 7.7mn bls in the week ended 06 March 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 1% to trade at \$859.80/oz.

Yesterday, platinum prices dropped 0.1% to close at \$868.20/oz.

Major South African corporate news

Ascendis Health Limited

In its 1H20 results, the company announced that revenues increased to ZAR3.86bn from ZAR3.46bn posted in the corresponding period of the previous year. Its diluted EPS fell 38.5% to 21.90c from the same period of the prior year.

Grand Parade Investments Limited

In its 1H20 trading update, the company announced that it expects its EPS to be between 1.89c and 3.57c, compared to 8.39c in the same period of the preceding year. It expects its HEPS to be between 10.84c and 12.54c, compared to 8.53c in the corresponding period of last year.

Growthpoint Properties Limited

In its 1H20 results, the company announced that revenues advanced 1.5% to ZAR5.72bn. from the same period of the preceding year. Its diluted EPS stood at 113.13c, compared to 118.91c recorded in the corresponding period of the previous year. The company declared an interim dividend of 106.00c per share.

MTN Group Limited

In its FY19 results, the company announced that revenues increased to ZAR151.46bn from ZAR134.56bn posted in the previous year. Its diluted EPS rose 2.7% from the prior year to 491.00c. The company declared a dividend of 355.00c per share. Separately, the firm announced that Chief Executive Officer, Rob Shuter, would step down from his role at the end of a four-year term in March 2021.

RMB Holdings Limited

In its 1H20 results, the company announced that revenues fell to ZAR5.03bn from ZAR5.58bn posted in the corresponding period of the previous year. Its diluted EPS dropped 15.0% from the same period of the prior year to 323.40c.

SA Corporate Real Estate Limited

In its FY19 results, the company announced that revenues fell 1.1% to ZAR2.28bn from the preceding year. Its diluted EPS stood at 9.32c, compared to 33.50c recorded in the previous year. The company declared a cash dividend of 17.66c per share.

Major global economic news

UK

In the UK, manufacturing production rose 0.2% on a monthly basis in January, at par with market expectations and compared to a rise of 0.3% in the previous month.

In January, total trade surplus narrowed to GBP4.21bn in the UK, compared to a revised surplus of GBP6.28bn in the prior month. In the UK, industrial production unexpectedly dropped 0.1% on a monthly basis in January. In the prior month, industrial production had advanced 0.1%.

In January, gross domestic product (GDP) reported a flat reading on a monthly basis in the UK, compared to an advance of 0.3% in the previous month.

In the UK, the RICS house price balance climbed 29.0% in February, more than market forecast and compared to a revised gain of 18.0% in the previous month.

In the UK, the NIESR GDP estimate rose 0.2% in the three months to February, compared to a flat reading in the earlier month.

The BoE, in its interest rate decision, slashed its key interest rate by 50bps from 0.75% to 0.25%, unanimously and warned that the coronavirus would bring a "sharp and large shock" to Britain's economy. Additionally, the central bank warned that economic activity "is likely to weaken materially" in the UK over the coming months. Meanwhile, the bank announced a new term-funding scheme to support small and medium-sized companies. Separately, the BoE Governor, Mark Carney, stated that the central bank is prepared to take additional measures to combat the economic impact of the coronavirus outbreak.

US

In the US, the CPI climbed 2.3% on an annual basis in February, more than market expectations and compared to an advance of 2.5% in the prior month.

In February, budget deficit widened to USD235.00bn in the US, less than market anticipations and compared to a revised deficit of USD33.00bn in the previous month.

In the US, the MBA mortgage applications surged 55.4% on a weekly basis in the week ended 6 March 2020, compared to a rise of 15.1% in the prior week.

Asia

In Australia, the consumer inflation expectations remained unchanged at 4.0% in March.

In Japan, the PPI fell 0.4% on a monthly basis in February, more than market anticipations and compared to a revised rise of 0.1% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Foreign Buying Japan Stocks (06-Mar)	✓	-JPY514.80bn*	-JPY745.00bn	Weekly
Japan	01:50	Producer Price Index (MoM) (Feb)	✓✓	-0.40%*	0.10%	Monthly
Japan	01:50	Producer Price Index (YoY) (Feb)	✓✓	0.80%*	1.50%	Monthly
UK	02:01	RICS Housing Price Balance (Feb)	✓✓✓	29.00%*	18.00%	Monthly
South Africa	11:30	Mining Production (YoY) (Jan)	✓✓	-	1.80%	Monthly
South Africa	11:30	Gold Production (YoY) (Jan)	✓	-	24.90%	Monthly
South Africa	11:30	Platinum Production (YoY) (Jan)	✓	-	-3.90%	Monthly
Eurozone	12:00	Industrial Production s.a. (MoM) (Jan)	✓✓✓	1.40%	-2.10%	Monthly
Eurozone	12:00	Industrial Production w.d.a. (YoY) (Jan)	✓✓✓	-3.10%	-4.10%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Jan)	✓✓	-3.70%	-5.90%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Jan)	✓✓	-	-2.80%	Monthly
US	14:30	Initial Jobless Claims (07-Mar)	✓✓✓	218.00K	216.00K	Weekly
US	14:30	Producer Price Index - Intermediate Demand Stage 4 (Feb)	✓✓	-	119.70	Monthly
US	14:30	Continuing Jobless Claims (29-Feb)	✓✓✓	1723.00K	1729.00K	Weekly
US	14:30	Producer Price Index Core (Final Demand) (Feb)	✓	-	118.70	Monthly
US	14:30	Producer Price Index Core (Intermediate Goods) (Feb)	✓	-	199.60	Monthly
US	14:30	Producer Price Index - Food (Final Demand) (Feb)	✓✓	-	121.30	Monthly
US	14:30	Producer Price Index (MoM) (Feb)	✓✓✓	-0.10%	0.50%	Monthly
US	14:30	Producer Price Index - Energy (Final Demand) (Feb)	✓✓✓	-	106.20	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (Feb)	✓✓✓	0.10%	0.50%	Monthly
US	14:30	Producer Price Index - Intermediate Demand Stage 1 (Feb)	✓✓	-	114.50	Monthly
US	14:30	Producer Price Index (YoY) (Feb)	✓✓✓	1.80%	2.10%	Monthly
US	14:30	Producer Price Index - Intermediate Demand Stage 2 (Feb)	✓✓	-	105.60	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (Feb)	✓✓	1.70%	1.70%	Monthly
US	14:30	Producer Price Index - Intermediate Demand Stage 3 (Feb)	✓✓	-	117.60	Monthly
Eurozone	14:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As Scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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