

ONE
Minute Brief

13 March 2020

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Economic and political news

In South Africa (SA), manufacturing production fell 2.0% on an annual basis in January, compared to a drop of 5.9% in the previous month.

Yesterday, President, Cyril Ramaphosa, released the Public Investment Corporation (PIC) report, which holds the PIC senior management, including former CEO, Dan Matjila, responsible for failure to manage decision-making in a professional and honest manner.

The North Gauteng High Court has rejected Emfuleni municipality's application to stop Eskom from seizing its moveable property in order to recover ZAR615mn debt to the utility.

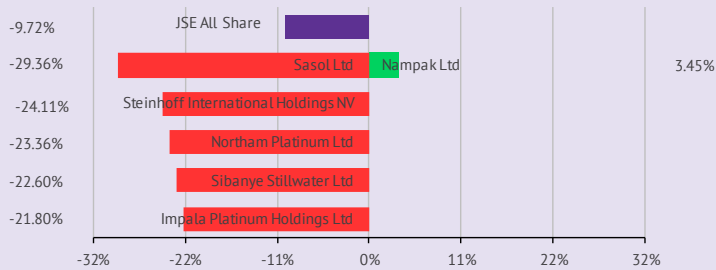
Public Protector, Busisiwe Mkhwebane has suspended her office's Free State director, Hamilton Samuel, after he penned and distributed a letter calling on Mkhwebane to resign following a string of high-profile judgments against her and allegations of mismanagement.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid sharp sell-off in global equity markets and persistent concerns over the coronavirus pandemic. The JSE All Share Index fell 9.7% to close at 44,303.47, reaching its lowest level since 2014.

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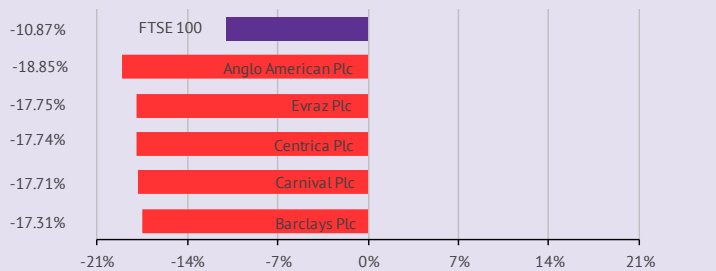


UK Market ▼

UK markets closed in the red

UK markets finished sharply lower yesterday, as airline sector stocks plunged after the US government announced a ban on European travellers. The FTSE 100 Index declined 10.9% to close at 5,237.48, registering its worst single-day percentage drop since 1987. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

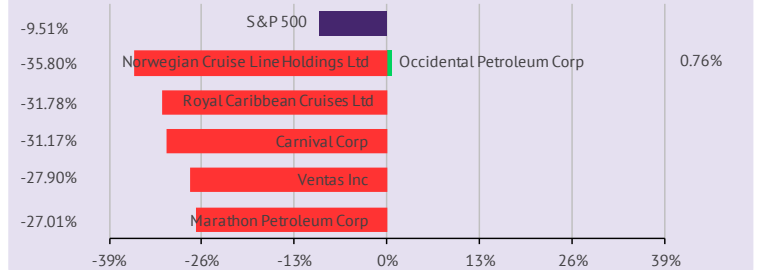
	As at 12 Mar 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	44303.47	▼ -4770.62	-9.72	-14.91	-13.20	-8.99	-22.39
JSE Top 40 (ZAR)	39536.18	▼ -4355.31	-9.92	-15.45	-13.77	-8.43	-22.20
FTSE 100 (GBP)	5237.48	▼ -639.04	-10.87	-18.96	-20.41	-9.68	-30.56
DAX 30 (EUR)	9161.13	▼ -1277.55	-12.24	-20.63	-22.95	-8.41	-30.85
CAC 40 (EUR)	4044.26	▼ -565.99	-12.28	-21.30	-23.84	-8.55	-32.35
S&P 500 (USD)	2480.64	▼ -260.74	-9.51	-16.54	-16.03	-8.41	-23.22
Nasdaq Composite (USD)	7201.80	▼ -750.25	-9.43	-16.02	-15.94	-6.38	-19.74
DJIA (USD)	21200.62	▼ -2352.60	-9.99	-18.03	-16.56	-10.07	-25.71
MSCI Emerging Markets (USD)	883.13	▼ -63.50	-6.71	-12.74	-12.17	-5.35	-20.77
MSCI Developed World (USD)	1776.53	▼ -195.52	-9.91	-17.34	-17.03	-8.59	-24.67

US Market ▼

US markets closed weaker

US markets closed lower yesterday, as new travel restrictions imposed by the US President, Donald Trump, added to growing corporate distress over the coronavirus pandemic. The S&P 500 Index dropped 9.5% to close at 2,480.64. Today, the S&P 500 futures are trading in the red.

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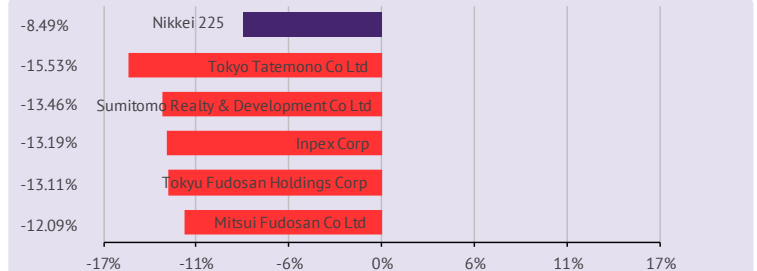


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid fears that the spread of the coronavirus will wipe out economic growth. The Nikkei 225 Index is trading 8.5% lower at 16,983.47.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R16.5975. Later today, traders will keep a close watch on the US Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US initial jobless claims unexpectedly declined on a weekly basis in the week ended 6 March 2020. Additionally, the producer price index (PPI) dropped more-than-expected in February. Separately the South African Rand fell against the US Dollar, after the World Health Organisation (WHO) declared the coronavirus outbreak a pandemic. Data showed that SA's manufacturing production declined for the eighth consecutive in January.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound advanced 0.3% against the South African Rand to trade at R20.8431. Later today, traders will keep a close watch on the Bank of England's meeting minutes for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.6% higher against the South African Rand at R18.6097. Going forward, market participants will keep a tab on Germany's consumer price index for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's industrial production expanded for the first time in five months in January.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 1.1% against the South African Rand to trade at R10.4325.

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	16.5975	▼	2.14	5.52	5.64	4.21	18.17
GBPZAR	20.8431	▼	0.10	1.63	3.57	1.28	11.98
EURZAR	18.6097	▼	1.35	4.61	7.11	3.73	17.85
AUDZAR	10.4325	▼	-1.76	-0.92	1.25	1.34	4.85
EURUSD	1.1215	▲	-0.75	-0.88	1.44	-0.60	-0.25
GBPUSD	1.2556	▼	-1.94	-3.66	-1.97	-2.90	-5.17
Brent (\$/barrel)	32.9	▼	-7.18	-26.62	-33.12	-12.27	-49.67
Gold (\$/oz)	1558.6	▼	-3.17	-4.91	1.51	-1.02	4.41
Platinum (\$/oz)	772.6	▼	-9.95	-12.78	-9.59	-10.11	-19.52
Copper (\$/MT)*	5424.8	▼	-1.74	-2.94	-3.43	1.19	-11.78

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices declined 2.0% to trade at \$1,558.60/oz.

Yesterday, gold prices fell 3.2% to close at \$1,590.30/oz, as investors tried to cover margin calls in other assets.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.1% lower to trade at \$32.87/bL.

Yesterday, Brent crude oil dropped 7.2% to settle at \$33.22/bL, after the US President, Donald Trump, announced ban on travellers from Europe in wake of the spread of the coronavirus outbreak.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 1.2% to trade at \$772.60/oz.

Yesterday, platinum prices declined 10.0% to close at \$781.80/oz, tracking sharp losses in palladium prices.

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Major South African corporate news

Exxaro Resources Limited

In its FY19 results, the company announced that revenues advanced 0.9% to ZAR25.73bn from the same period of the preceding year. Its diluted EPS stood at ZAR30.47, compared with ZAR21.13 recorded in the corresponding period of the previous year. The company approved a final cash dividend of 566.00c per share.

Rand Merchant Investment Holdings Limited

In its 1H20 results, the company announced that revenues advanced 5.0% to ZAR8.26bn from the same period of the preceding year. Its diluted EPS stood at 104.00c, compared to 120.80c recorded in the corresponding period of the previous year. The company declared an interim dividend of 45.00c per share.

Intu Properties Plc

In its FY19 results, the company announced that revenues decreased to GBP542.30mn from GBP581.10mn posted in the previous year. Its diluted loss per share stood at 145.10p, compared to 84.30p in the prior year.

Sanlam Limited

In its FY19 results, the company announced that its net income rose to ZAR147.80bn from ZAR77.72bn posted in the previous year. Its diluted EPS decreased 38.9% to 342.10c from the prior year.

Major global economic news

US

In the US, initial jobless claims unexpectedly dropped to 211.00K on a weekly basis in the week ended 6 March 2020, compared to a revised level of 215.00K in the previous week.

In February, the producer price index (PPI) declined 0.6% on a monthly basis in February, more than market expectations and compared to a rise of 0.5% in the previous month.

Eurozone

In the Eurozone, seasonally adjusted industrial production advanced 2.3% on a monthly basis in January, more than market anticipations and compared to a revised drop of 1.8% in the previous month.

The European Central Bank (ECB), in its latest monetary policy decision, kept its interest rate unchanged at 0%, as expected. However, the central bank announced measures to support bank lending and expanded its asset purchase program by EUR120bn. Meanwhile, members expect the interest rates to remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to, but below, 2% within its projection horizon.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actuals	Previous	Frequency
Japan	06:30	Tertiary Industry Index (MoM) (Jan)	✓✓	0.80%*	-0.20%	Monthly
Germany	09:00	Wholesale Price Index (MoM) (Feb)	✓	-	0.30%	Monthly
Germany	09:00	Consumer Price Index (MoM) (Feb) (F)	✓✓✓	0.40%	-0.60%	Monthly
Germany	09:00	Wholesale Price Index (YoY) (Feb)	✓	-	1.00%	Monthly
Germany	09:00	Consumer Price Index (YoY) (Feb) (F)	✓✓✓	1.70%	1.70%	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Feb) (F)	✓✓✓	0.60%	-0.80%	Monthly
Germany	09:00	Consumer Price Index (Feb)	✓	-	105.20	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Feb) (F)	✓✓✓	1.70%	1.60%	Monthly
France	09:45	Consumer Price Index (EU norm) (YoY) (Feb) (F)	✓✓✓	1.60%	1.70%	Monthly
France	09:45	Consumer Price Index (MoM) (Feb) (F)	✓✓✓	-	-0.40%	Monthly
France	09:45	Consumer Price Index (YoY) (Feb) (F)	✓✓✓	-	1.50%	Monthly
France	09:45	Consumer Price Index (Feb)	✓	-	104.54	Monthly
France	09:45	Harmonised Index of Consumer Prices (HICP) (Feb)	✓	-	-	Monthly
France	09:45	Consumer Price Index (EU norm) (MoM) (Feb) (F)	✓✓✓	-	-0.50%	Monthly
US	14:30	Import Price Index (YoY) (Feb)	✓	1.10%	0.30%	Monthly
US	14:30	Export Price Index (MoM) (Feb)	✓	-0.40%	0.70%	Monthly
US	14:30	Export Price Index (YoY) (Feb)	✓	0.10%	0.50%	Monthly
US	14:30	Import Price Index (Ex Petroleum) (Feb)	✓	-	-	Monthly
US	14:30	Import Price Index (Petroleum) (Feb)	✓	-	-	Monthly
US	14:30	Import Price Index (MoM) (Feb)	✓	-0.80%	0.00%	Monthly
Canada	15:00	Existing Home Sales (MoM) (Feb)	✓	-	-2.90%	Monthly
US	16:00	Univ. of Michigan 12-Month Inflation Forecast (Mar) (P)	✓	-	2.40%	Monthly
US	16:00	Univ. of Michigan 5-Year Inflation Forecast (Mar) (P)	✓	-	2.30%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Mar) (P)	✓✓✓	-	101.00	Monthly
US	16:00	Univ. of Michigan Current Economic Conditions (Mar) (P)	✓	-	114.80	Monthly
US	16:00	Univ. of Michigan Index of Consumer Expectations (Mar) (P)	✓	-	92.10	Monthly
US	19:00	Baker Hughes US Oil Rig Count (13-Mar)	✓	-	682.00K	Weekly
US	19:00	Baker Hughes US Gas Rig Count (13-Mar)	✓	-	109.00K	Weekly
US	19:00	Baker Hughes US Rig Count (13-Mar)	✓✓✓	-	793.00K	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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