

ONE
Minute Brief

17 March 2020

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Economic and political news

In South Africa (SA), the BER consumer confidence index dropped to a level of -9.00 in 1Q20, compared to -7.00 in the previous quarter.

News reports indicate that Eskom contracts with five international companies would be scrutinised by South African state investigators as part of a widening probe into graft at the power utility.

The Congress of South African Trade Unions (Cosatu) and Business Unity SA (Busa) have requested the government to use the Unemployment Insurance Fund with assets of about USD11bn to fight the effects of the coronavirus outbreak.

The African National Congress has postponed all upcoming party conferences, including its midterm conference, the national general council (NGC), due to coronavirus concerns.

Key indices

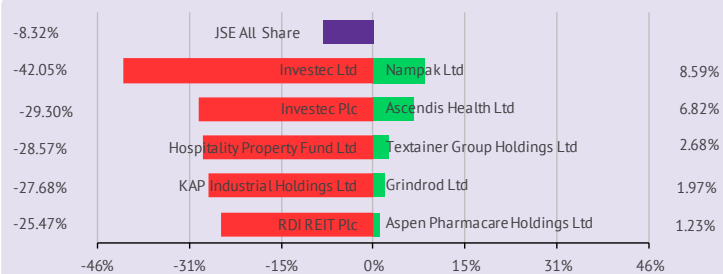
	As at 16 Mar 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	40500.23	▼	-3677.40	-8.32	-8.32	-20.65	-8.99	-29.05
JSE Top 40 (ZAR)	36301.81	▼	-3174.28	-8.04	-8.04	-20.83	-8.43	-28.56
FTSE 100 (GBP)	5151.08	▼	-215.03	-4.01	-4.01	-21.72	-9.68	-31.71
DAX 30 (EUR)	8742.25	▼	-489.83	-5.31	-5.31	-26.48	-8.41	-34.02
CAC 40 (EUR)	3881.46	▼	-236.90	-5.75	-5.75	-26.90	-8.55	-35.07
S&P 500 (USD)	2386.13	▼	-324.89	-11.98	-11.98	-19.23	-8.41	-26.14
Nasdaq Composite (USD)	6904.59	▼	-970.28	-12.32	-12.32	-19.41	-6.38	-23.05
DJIA (USD)	20188.52	▼	-2997.10	-12.93	-12.93	-20.55	-10.07	-29.26
MSCI Emerging Markets (USD)	833.18	▼	-58.01	-6.51	-6.51	-17.14	-5.35	-25.25
MSCI Developed World (USD)	1702.79	▼	-178.85	-9.51	-9.51	-20.47	-8.59	-27.80

South Africa Market ▼

South African markets closed significantly lower

South African markets closed in the red yesterday, after the South African government announced that it could impose a state of emergency if the number of coronavirus cases increases. The JSE All Share Index fell 8.3% to close at 40,500.23.

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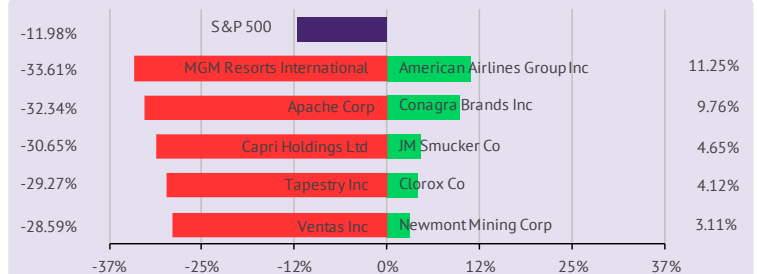


US Market ▼

US markets closed weaker

US markets closed sharply lower yesterday, as growing concerns over the COVID-19 outbreak stoked fears of a coronavirus-driven recession. The S&P 500 Index plunged 12.0% to close at 2,386.13. Today, the S&P 500 futures are trading in the green.

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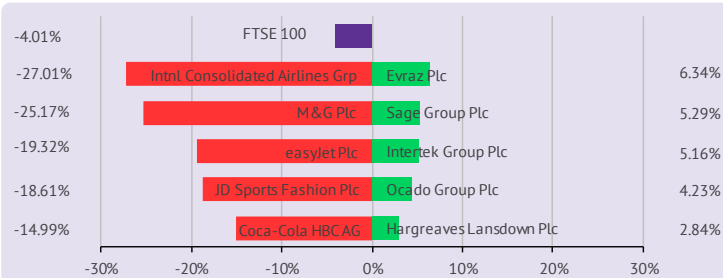


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, led by steep losses in airline sector stocks and as stimulus efforts by global central banks failed to ease investor worries over coronavirus pandemic. The FTSE 100 Index declined 4.0% to close at 5,151.08. Today, the FTSE 100 futures are trading in positive territory.

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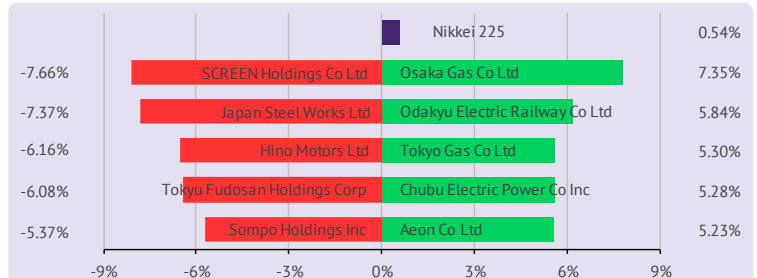


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 0.5% higher at 17,093.07.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar retreated 0.6% against the South African Rand to trade at R16.6000. Later today, traders will keep a close watch on the US retail sales, industrial production, business inventories, the NAHB housing market index and the JOLTS job openings for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US NY State manufacturing index unexpectedly declined in March. Separately, SA's consumer confidence index fell to a two and a half year low level in 1Q20.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.7% lower against the South African Rand at R20.3532. Ahead in the day, traders will keep an eye on UK's ILO unemployment rate and average earnings including bonus for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.6% against the South African Rand to trade at R18.5602. Going forward, market participants will keep a tab on Eurozone's ZEW economic sentiment indicator and construction output along with Germany's ZEW survey indices.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.5% against the South African Rand to trade at R10.1625. Earlier in the session, Australia's Westpac consumer confidence index fell in 1Q20. Meanwhile, the house price index rose at par with market expectations in 4Q19.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	16.6000	▲	2.63	2.63	6.66	4.21	19.32
GBPZAR	20.3532	▲	2.54	2.54	2.08	1.28	10.37
EURZAR	18.5602	▲	3.46	3.46	8.12	3.73	18.97
AUDZAR	10.1625	▲	1.52	1.52	0.21	1.34	3.78
EURUSD	1.1180	▼	0.68	0.68	1.42	-0.60	-0.27
GBPUSD	1.2261	▼	-0.06	-0.06	-4.30	-2.90	-7.44
Brent (\$/barrel)	30.6	▲	-11.23	-11.23	-39.50	-12.27	-54.47
Gold (\$/oz)	1498.2	▲	-1.99	-1.99	-5.12	-1.02	-2.40
Platinum (\$/oz)	680.3	▲	-11.59	-11.59	-23.94	-10.11	-32.29
Copper (\$/MT)*	5276.0	▼	-3.15	-3.15	-6.08	1.19	-14.20

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,498.20/oz.

Yesterday, gold prices fell 1.9% to close at \$1,486.50/oz, as investors sold precious metals in exchange for cash.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.9% higher to trade at \$30.62/bl.

Yesterday, Brent crude oil declined 11.2% to settle at \$30.05/bl, as concerns over the coronavirus worsened stoking fears that government lockdowns would spark a recession and reduce global demand for crude oil.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 3.4% to trade at \$680.30/oz.

Yesterday, platinum prices tumbled 11.6% to close at \$657.70/oz, as

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Major South African corporate news

Old Mutual Limited

In its FY19 results, the company announced that revenues increased to ZAR176.12bn from ZAR109.88bn posted in the previous year. Its diluted EPS surged 95.1% to 202.90c from the prior year. The company declared a dividend of 75.00c per share.

Sun International Limited

In its FY19 results, the company announced that income advanced 3.7% to ZAR17.23bn from the preceding year. Its diluted EPS stood at 518.00c, compared to a loss per share of 6.00c recorded in the previous year.

Vukile Property Fund Limited

The company referred to the national state of emergency in Spain in response to the Covid-19 pandemic and announced that it would have an impact on the operations of Vukile's 82.0% held Spanish subsidiary, Castellana Properties Socimi S.A. which operates 6 shopping centres and 10 retail parks across Spain. Further, Castellana will consider suitable arrangements to assist affected tenants to manage the situation during these challenging times, whenever necessary.

Major global economic news

Asia

The Reserve Bank of Australia (RBA), in its latest meeting minutes, revealed that the board is prepared to ease monetary policy further to support Australia's economy. Moreover, board members suggested that the coronavirus would have significant impact on the country's national finances and that a near term containment of the virus was considered "very unlikely". Meanwhile, the central bank expects first quarter growth to be noticeably weaker than previously anticipated.

The Bank of Japan (BoJ), in its latest monetary policy meeting, kept its key interest rate unchanged at -0.10%, as widely expected. However, the central bank announced that it would expand its stock purchases, bonds, other assets and provide zero interest one year loans to companies running short of cash, to combat the impact of the virus outbreak. Additionally, the BoJ Governor, Haruhiko Kuroda, stated that the central bank would closely monitor the impact of COVID-19 and would not hesitate to take additional easing measures, if necessary.

In the Australia, the Westpac consumer confidence index dropped to a level of 104.20 in 1Q20, compared to a level of 109.90 in the previous month.

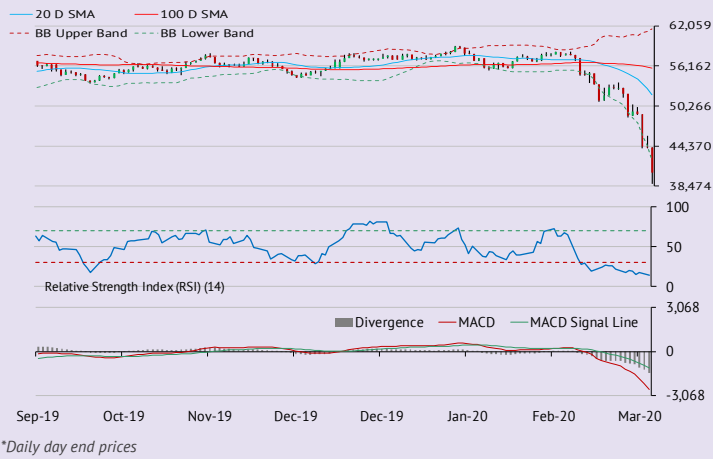
In 4Q19, the house price index advanced 3.9% on a quarterly basis in Australia, in line with market anticipations and compared to a rise of 2.4% in the previous month.

US

In the US, the NY Empire State manufacturing index unexpectedly plunged to a level of -21.50 in March, compared to a level of 12.90 in the previous month.

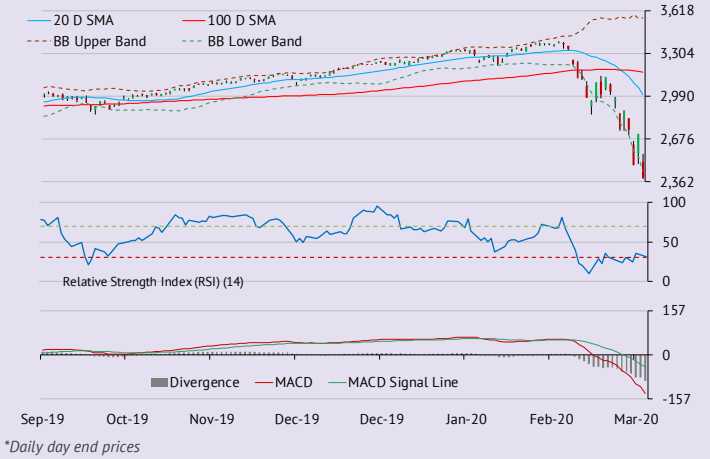
Technical snapshot

JSE All Share



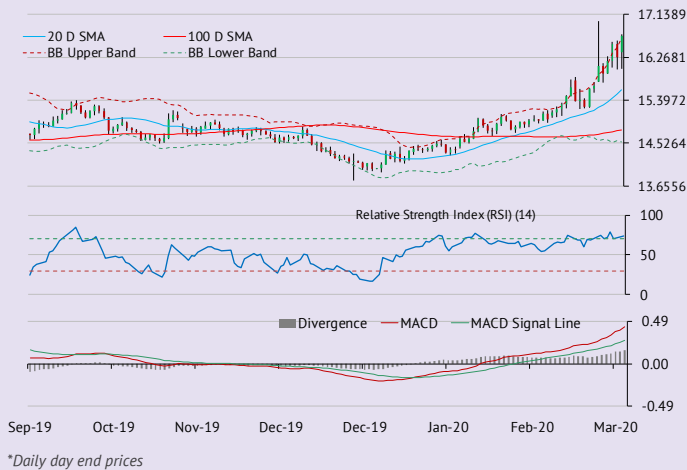
The JSE All Share index is expected to find support at 36,011.77, and a fall through could take it to the next support level of 31,523.31. The index is expected to find its first resistance at 47,761.26, and a rise through could take it to the next resistance level of 55,022.29.

S&P 500



The S&P 500 index is expected to find support at 2,217.18, and a fall through could take it to the next support level of 2,048.24. The index is expected to find its first resistance at 2,718.83, and a rise through could take it to the next resistance level of 3,051.54.

USD ZAR



The pair is expected to find support at 16.0617, and a fall through could take it to the next support level of 15.4189. The pair is expected to find its first resistance at 17.0442, and a rise through could take it to the next resistance level of 17.3839.

XAU USD



Gold is expected to find support at \$1,397.83/oz, and a fall through could take it to the next support level of \$1,309.17/oz. The precious metal is expected to find its first resistance at \$1,628.23/oz, and a rise through could take it to the next resistance level of \$1,769.97/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	06:30	Capacity Utilisation (MoM) (Jan)	✓	1.10%*	-0.40%	Monthly
Japan	06:30	Industrial Production (MoM) (Jan) (F)	✓✓✓	1.00%*	-3.10%	Monthly
Japan	06:30	Industrial Production (YoY) (Jan) (F)	✓✓✓	-2.30%*	1.20%	Monthly
Japan	06:30	Tokyo Condominium Sales (YoY) (Feb)	✓	-	-34.50%	Monthly
Japan	06:30	Industrial Production Index (Jan)	✓	-	99.6	Monthly
UK	11:30	Claimant Count Rate s.a. (Feb)	✓✓	-	3.40%	Monthly
UK	11:30	Claimant Count Change (Feb)	✓✓✓	21.40K	5.50K	Monthly
UK	11:30	Average Earnings Including Bonus (3Mo/Yr) (Jan)	✓✓	3.00%	2.90%	Monthly
UK	11:30	Average Earnings Excluding Bonus (3Mo/Yr) (Jan)	✓	3.30%	3.20%	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Jan)	✓✓✓	3.80%	3.80%	Monthly
UK	11:30	Employment Change (3M/3M) (Jan)	✓✓✓	-	180.00K	Monthly
Eurozone	12:00	ZEW Survey - Economic Sentiment (Mar)	✓✓	35.40	10.40	Monthly
Eurozone	12:00	Construction Output s.a. (MoM) (Jan)	✓✓✓	-	-3.10%	Monthly
Eurozone	12:00	Construction Output w.d.a. (YoY) (Jan)	✓	-	-3.70%	Monthly
Germany	12:00	ZEW Survey - Economic Sentiment (Mar)	✓✓✓	-23.40	8.70	Monthly
Germany	12:00	ZEW Survey - Current Situation (Mar)	✓✓	-25.00	-15.70	Monthly
US	14:30	Retail Sales "Control Group" (MoM) (Feb)	✓✓	-	0.00%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (Feb)	✓✓✓	0.30%	0.30%	Monthly
US	14:30	Retail Sales Ex Auto & Gas (Feb)	✓✓✓	-	0.40%	Monthly
US	15:15	Industrial Production (MoM) (Feb)	✓✓✓	0.40%	-0.30%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Feb)	✓✓✓	-	-0.10%	Monthly
US	15:50	Industrial Production (Feb)	✓✓	-	109.70	Monthly
US	16:00	Business Inventories (Jan)	✓	0.00%	0.10%	Monthly
US	16:00	JOLTs Job Openings (Jan)	✓	6961.00 K	6423.00 K	Monthly
US	16:00	NAHB Housing Market Index (Mar)	✓	-	74.00	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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formerly Grant Thornton Capital

a GTC, The Wanderers Office Park

p P O Box 55118, Illovo, 2116

GTC is nationally represented in Johannesburg, Cape Town and Durban.

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

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