

ONE
Minute Brief

16 November 2018

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Economic and political news

A South African parliamentary team has resolved that the constitution needs to be changed to make it easier to allow for land expropriation without compensation. However, Agri SA criticised the decision stating that it will cause "large scale damage to the South African economy".

Former Home Affairs Minister, Malusi Gigaba, has resigned as a Member of Parliament (MP).

French arms company, Thales, the co-accused in former President, Jacob Zuma's corruption case, has lodged an application seeking a permanent stay of prosecution so that the charges against it can be reviewed and set aside.

Five Cape Town councillors have threatened to sue Democratic Alliance leader, Mmusi Maimane, for ZAR1mn each for defamation.

Eskom has shut down 11 power station units due to lack of funds to fix them up.

US President, Donald Trump, intends to nominate luxury handbag designer, Lana Marks as the new ambassador to South Africa (SA).

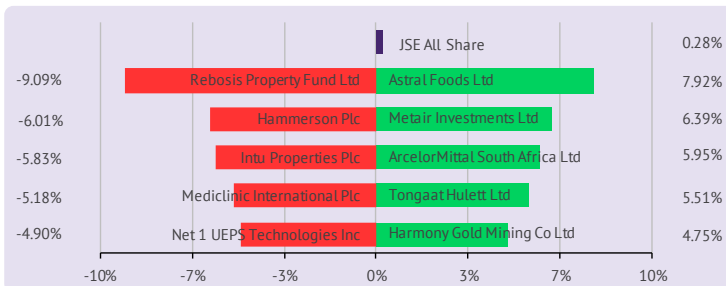
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	52146.04	▲	146.59	0.28	-2.16	-0.46	-5.96	-12.37
JSE Top 40	45929.03	▲	123.63	0.27	-2.06	-0.46	-6.82	-12.57
FTSE 100	7038.01	▲	4.22	0.06	-0.95	-1.26	-5.09	-8.45
DAX 30	11353.67	▼	-58.86	-0.52	-1.52	-0.82	-6.53	-12.11
CAC 40	5033.62	▼	-35.23	-0.70	-1.43	-1.17	-7.28	-5.25
S&P 500	2730.20	▲	28.62	1.06	-1.83	0.68	-6.94	2.12
Nasdaq Composite	7259.03	▲	122.64	1.72	-2.00	-0.64	-9.20	5.15
DJIA	25289.27	▲	208.77	0.83	-2.69	0.69	-5.07	2.31
MSCI Emerging Markets	980.85	▲	12.71	1.31	0.48	2.61	-8.78	-15.33
MSCI Developed World	2026.30	▲	11.15	0.55	-1.79	0.21	-7.42	-3.67

South Africa Market ▲

South African markets closed higher

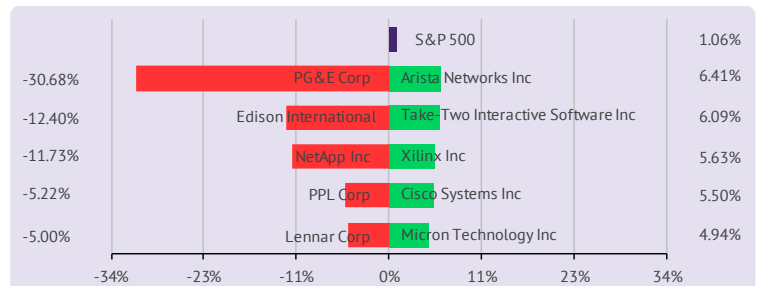
South African markets closed in the green yesterday, boosted by gains in retail, industrial and gold mining sector stocks. The JSE All Share Index rose 0.3% to close at 52,146.04.



US Market ▲

The S&P 500 futures are trading in the red

US markets closed higher yesterday, supported by gains in banking and technology sector stocks and amid hopes of easing US-China trade tensions. The S&P 500 Index climbed 1.1% to close at 2,730.20.



UK Market ▲

The FTSE 100 futures are trading in negative territory

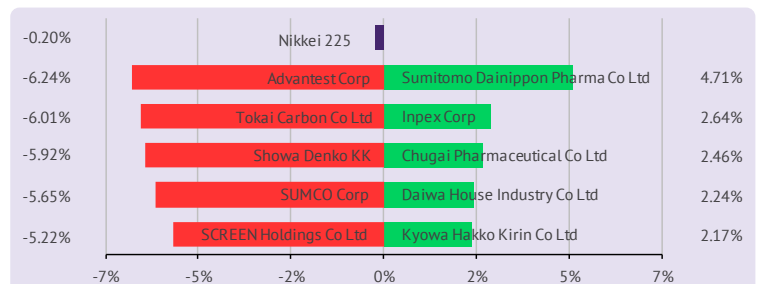
UK markets finished higher yesterday, as British Prime Minister, Theresa May, defends draft Brexit deal and amid weakness in the British Pound. The FTSE 100 Index advanced 0.1% to close at 7,038.01.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.2% lower at 21,759.80.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.2% against the South African Rand to trade at R14.2025. Later today, traders will keep a close watch on the US manufacturing and industrial production for further indication.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US Philadelphia Fed business outlook dropped more than market forecast in November. Moreover, initial jobless claims registered an unexpected advance in the week ended 10 November 2018. Additionally, advance retail sales rebounded more than market anticipations on a monthly basis in October, recording its highest level in five months. Further, business inventories jumped at par with market expectations in September.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.3% against the South African Rand to trade at R18.1703. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, after Brexit Secretary, Dominic Raab and two other ministers resigned over Prime Minister, Theresa May's draft Brexit deal. Additionally, UK's monthly retail sales unexpectedly declined for the second consecutive month in October.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R16.0985. Going forward, market participants will keep a tab on the European Central Bank, President, Mario Draghi's speech and the Eurozone's consumer price index for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, Eurozone's trade surplus narrowed more than market forecast in September.

AUD ZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly higher against the South African Rand at R10.3206.

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	14.2025	▲	-1.51	-1.26	-4.12	4.56	14.49
GBPZAR	18.1703	▲	-3.18	-3.04	-3.99	2.35	8.31
EURZAR	16.0985	▲	-1.36	-1.35	-3.97	1.89	8.11
AUDZAR	10.3206	▲	-0.90	-0.55	-1.28	2.26	6.75
EURUSD	1.1335	▲	0.16	-0.07	0.14	-2.52	-5.64
GBPUSD	1.2793	▲	-1.68	-1.53	0.06	-2.03	-5.47
Brent (\$/barrel)	67.1	▲	0.76	-5.07	-11.22	-9.30	-0.37
Gold (\$/oz)	1215.0	-	0.40	0.53	0.00	1.97	-7.20
Platinum (\$/oz)	844.8	▼	1.38	-1.25	0.27	2.97	-9.52
Copper (\$/MT)*	6198.0	▲	1.48	1.97	2.68	-3.62	-14.00

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices marginally declined to trade at \$1,215.00/oz.

Yesterday, gold prices rose 0.4% to close at \$1,215.00/oz, amid Brexit uncertainty.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$67.10/bl, amid expected supply cuts from OPEC.

Yesterday, Brent crude oil advanced 0.8% to settle at \$66.62/bl, after a weekly government report showed a huge decline in the US inventories of processed fuels. Meanwhile, the Energy Information Administration reported that domestic crude supplies climbed by 10.3mn bls in the week ended 9 November 2018, recording its rise for eighth straight week.

Platinum ▼

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$844.80/oz.

Yesterday, platinum prices climbed 1.4% to close at \$845.3/oz.

Major South African corporate news

Investec Limited

In its 1H18 results, the company announced that its interest income rose to GBP1.29bn, compared to GBP1.23bn posted in the corresponding period of the previous year. Its diluted EPS increased to 27.50p, compared to 25.70p recorded in the same period of the prior year. The company has declared an interim dividend of 11.00p per share, compared to 10.50p per share posted in the comparable period of the preceding year.

Woolworths Holdings Limited

In its trading update for the first 20 weeks ended 11 November 2018, the company stated that sales advanced 2.7% compared to the same period of the preceding year. In SA, Woolworths Fashion, Beauty and Home sales declined 3.3%, while comparable store sales were 3.9% lower, with net retail space growth of 0.5%. Further, the company indicated that its food sales increased by 7.2%, with volume growth driven by low inflation and higher levels of promotion. Comparable store sales increased by 5.0%, with net retail space growth of 1.5%.

Mediclinic International Plc

In its 1H18 results, the company announced that its revenues decreased to GBP1.39bn, compared to GBP1.41bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 22.80p, compared to 6.80p recorded in the same period of the prior year. The company has declared an interim dividend of 3.20p per share.

Sappi Limited

In its 4Q18 results, the company announced that its revenues advanced to USD1.54bn, compared to USD1.41bn posted in the same period of the preceding year. Its diluted EPS stood at 19.00c.

Major global economic news

US

In the US, advance retail sales recorded a more-than-anticipated rise of 0.8% on a monthly basis in October, compared to a revised drop of 0.1% in the prior month.

In the US, business inventories recorded an advance of 0.3% on a monthly basis in September, in line with market expectations. In the previous month, business inventories had climbed 0.5%.

In the US, the Philadelphia Fed manufacturing index fell more-than-expected to a level of 12.90 in November. The Philadelphia Fed manufacturing index had registered a level of 22.20 in the previous month.

In the US, seasonally adjusted initial jobless claims recorded an unexpected rise to a level of 216.00K in the week ended 10 November 2018. In the previous week, initial jobless claims had registered a level of 214.00K.

Eurozone

In the Eurozone, seasonally adjusted trade surplus narrowed more-than-expected to EUR13.40bn in September, compared to a revised surplus of EUR16.80bn in the prior month.

UK

In the UK, retail sales unexpectedly eased 0.5% on a monthly basis in October. In the previous month, retail sales had dropped by a revised 0.4%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Germany	09:00	Wholesale Price Index (MoM) (Oct)	✓	-	0.40%	Monthly
Germany	09:00	Wholesale Price Index (YoY) (Oct)	✓	-	3.50%	Monthly
Eurozone	10:30	ECB President Draghi Speaks in Frankfurt	✓✓✓	-	-	As scheduled
Italy	11:00	Industrial Orders n.s.a. (YoY) (Sep)	✓	-	0.90%	Monthly
Italy	11:00	Industrial Orders s.a. (MoM) (Sep)	✓	-	4.90%	Monthly
Italy	11:00	Industrial Sales n.s.a. (YoY) (Sep)	✓	-	3.20%	Monthly
Italy	11:00	Industrial Sales s.a. (MoM) (Sep)	✓	-	1.20%	Monthly
Italy	12:00	Consumer Price Index (EU Norm) (MoM) (Oct) (F)	✓✓✓	-	0.20%**	Monthly
Italy	12:00	Consumer Price Index (MoM) (Oct) (F)	✓✓✓	-	0.00%**	Monthly
Italy	12:00	Consumer Price Index (YoY) (Oct) (F)	✓✓✓	-	1.60%**	Monthly
Italy	12:00	Consumer Price Index (Oct) (F)	✓	-	103.70**	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Oct) (F)	✓✓✓	1.10%	1.10%**	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Oct)	✓✓✓	0.20%	0.50%	Monthly
Italy	12:00	Consumer Price Index (EU Norm) (YoY) (Oct) (F)	✓✓✓	1.70%	1.70%**	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Oct) (F)	✓✓✓	2.20%	2.10%**	Monthly
Italy	13:00	Trade Balance EU (Sep)	✓✓✓	-	EUR0.82bn	Monthly
Italy	13:00	Trade Balance Non-EU (Sep)	✓✓✓	-	EUR1.75bn	Monthly
Italy	13:00	Trade Balance (Sep)	✓✓✓	-	EUR2564.00mn	Monthly
Eurozone	15:00	Bundesbank President Weidmann Speaks in Frankfurt	✓	-	-	As scheduled
US	16:15	Capacity Utilisation (Oct)	✓	78.20%	78.10%	Monthly
US	16:15	Industrial Production (MoM) (Oct)	✓✓✓	0.20%	0.30%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Oct)	✓✓✓	0.20%	0.20%	Monthly
US	18:00	Kansas City Fed Manufacturing Activity (Nov)	✓✓✓	11.00	8.00	Monthly
US	18:30	Fed's Evans Speaks at Fixed Income Forum Roundtable	✓	-	-	As scheduled
US	23:00	Net Long-Term TIC Flows (Sep)	✓✓	-	USD131.80bn	Monthly
US	23:00	Total Net TIC Flows (Sep)	✓	-	USD108.20bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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