

ONE Minute Brief

13 February 2019

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Economic and political news

In South Africa (SA), unemployment rate unexpectedly dropped to 27.1% in 4Q18, compared to a rate of 27.5% in 3Q18. Manufacturing output climbed by 0.1% on a yearly basis in December, less than market expectations and compared to a revised advance of 1.3% in November.

Yesterday, Eskom implemented major electricity cuts for a third consecutive day due to shortage of generating capacity. Meanwhile, Public Enterprises Minister, Pravin Gordhan, stated that SA has asked Italian energy firm, Enel for technical assistance in order to stop power cuts.

Moody's Investors Service warned that SA's electricity supply will remain extremely constrained until the mid-2020s.

African National Congress Member of Parliament (MP), Thoko Didiza, has been elected to chair the parliamentary ad hoc committee on land expropriation without compensation.

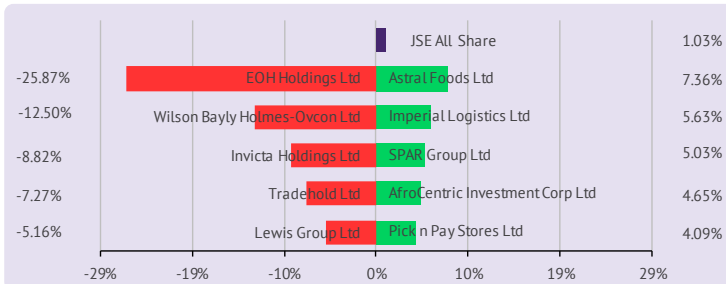
The Constitutional Court dismissed SA Revenue Services Commissioner, Tom Moyane's appeal to get his job back.

PetroSA's acting Chief Executive, Bongani Sayidini, stated that PetroSA is in talks with Eskom to supply it with diesel to prevent further electricity cuts.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid optimism over US-China trade talks and led by gains in banking and industrial sector stocks. Data indicated that SA's unemployment rate unexpectedly fell in 4Q18. The JSE All Share Index rose 1.0% to close at 53,960.51.



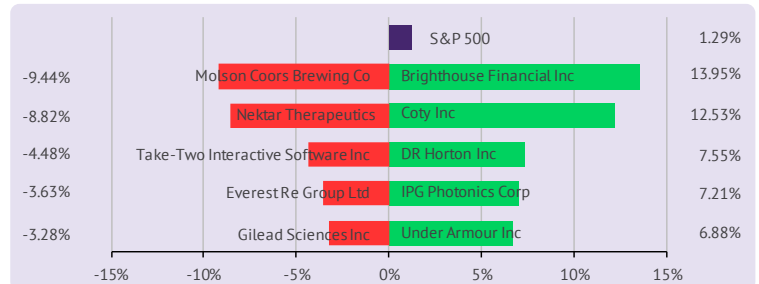
Key indices

	As at 12 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53960.51	▲	551.37	1.03	1.35	-0.36	2.69
JSE Top 40 (ZAR)	47807.06	▲	582.02	1.23	1.71	-0.31	2.63
FTSE 100 (GBP)	7133.14	▲	4.03	0.06	0.88	2.36	6.02
DAX 30 (EUR)	11126.08	▲	111.49	1.01	2.01	-0.42	5.82
CAC 40 (EUR)	5056.35	▲	41.88	0.84	1.91	1.27	5.54
S&P 500 (USD)	2744.73	▲	34.93	1.29	1.36	1.50	7.87
Nasdaq Composite (USD)	7414.62	▲	106.71	1.46	1.60	1.82	9.74
DJIA (USD)	25425.76	▲	372.65	1.49	1.27	1.70	7.17
MSCI Emerging Markets (USD)	1042.13	▲	6.73	0.65	0.59	-0.74	8.70
MSCI Developed World (USD)	2045.12	▲	23.52	1.16	1.22	0.82	7.67

US Market ▲

The S&P 500 futures are trading in the green

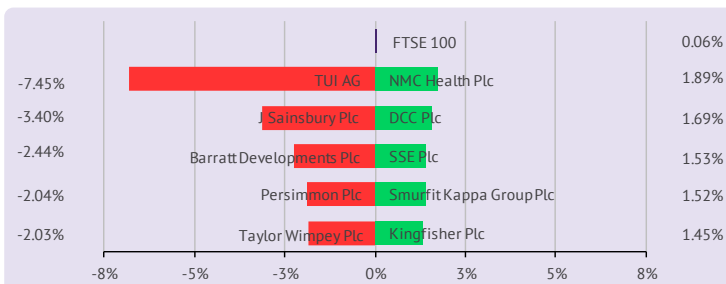
US markets closed higher yesterday, amid news that the US lawmakers reached a tentative border funding deal to prevent another government shutdown and on US-China trade deal hopes. The S&P 500 Index climbed 1.3% to close at 2,744.73.



UK Market ▲

The FTSE 100 futures are trading in positive territory

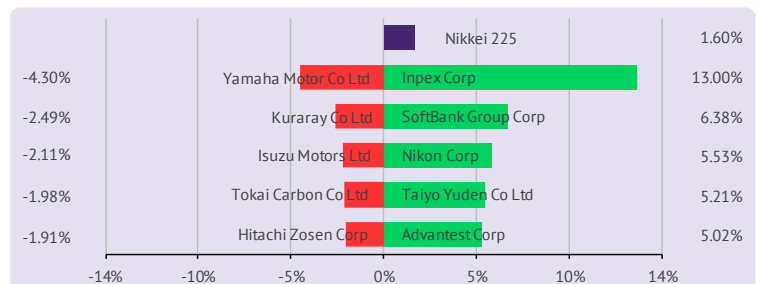
UK markets finished higher yesterday, on hopes of easing trade tensions between the US and China and amid gains in banking sector stocks. The FTSE 100 Index advanced 0.1% to close at 7,133.14.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, mirroring gains in their US peers. The Nikkei 225 Index is trading 1.6% higher at 21,198.58.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% weaker against the South African Rand at R13.7130. Later today, traders will keep a close watch on the US consumer price index (CPI), the MBA mortgage applications, average hourly earnings and monthly budget statement for further direction.

The US Dollar fell against the South African Rand yesterday, amid rising hopes for ease in trade worries between the US and China. On the macro front, the US NFIB small optimism index declined more than market expectations in January, marking its lowest level since November 2016. In contrast, the nation's JOLTS job openings surprised with a rise in December. Separately, in SA, unemployment rate recorded an unexpected fall in the fourth quarter of 2018. Meanwhile, the nation's manufacturing output slowed for the second consecutive month in December.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.3% lower against the South African Rand at R17.6967. Ahead in the day, traders will keep an eye on UK's house price index, retail price index, CPI and the producer price index for further indication.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.3% weaker against the South African Rand at R15.5495. Going forward, market participants will keep a tab on the Eurozone's industrial production for further cues.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R9.7780. Earlier in the session, Australia's Westpac consumer confidence index rebounded 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	13.7130	▼	-0.31	1.06	3.88	-7.61	-4.03
GBPZAR	17.6967	▼	-0.05	0.65	2.15	-5.16	-3.12
EURZAR	15.5495	▼	0.14	1.08	2.80	-7.83	-5.24
AUDZAR	9.7780	▲	0.18	1.14	1.36	-4.79	-3.49
EURUSD	1.1340	▲	0.44	0.03	-1.07	-0.17	-1.23
GBPUSD	1.2904	▲	0.29	-0.40	-1.66	2.78	1.08
Brent (\$/barrel)	63.1	▲	1.48	0.52	2.60	13.09	16.02
Gold (\$/oz)	1316.2	▲	0.17	-0.34	-0.80	3.00	2.18
Platinum (\$/oz)	792.4	▲	0.38	-1.61	-4.26	3.62	-0.79
Copper (\$/MT)*	6091.8	▼	-0.72	-1.60	-0.97	3.40	2.40

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.5% to trade at \$1,316.20/oz.

Yesterday, gold prices rose 0.2% to close at \$1,309.20/oz, as the US Dollar weakened on hopes over easing US-China trade tensions.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 1.0% to trade at \$63.07/bl, after the Organisation of the Petroleum Exporting Countries (OPEC) cut crude oil supply in January and after the US imposed sanctions on Venezuela's oil exports.

Yesterday, Brent crude oil advanced 1.5% to settle at \$62.42/bl, after the OPEC indicated that its crude output had fallen by 797,000 bbls a day to average 30.81mn bbls a day in January. Additionally, the American Petroleum Institute reported that the US crude supplies fell by 998,000 bbls in the week ended 8 February 2019. Meanwhile, the US Energy Information Administration (EIA) raised its 2019 US crude production forecast by 2.8% to 12.41mn bbls a day. The EIA also raised its 2020 output view by 2.6% to 13.2mn bbls a day.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.4% to trade at \$792.40/oz.

Yesterday, platinum prices climbed 0.4% to close at \$789.60/oz.

Major South African corporate news

Harmony Gold Mining Co Limited

In its 1H19 results, the company announced that its revenues increased to ZAR13.79bn, compared to ZAR9.88bn posted in the corresponding period of the previous year. Its diluted EPS fell to 13.00c, compared to 197.00c recorded in the same period of the prior year.

Raubex Group Limited

In its FY19 trading statement, the company indicated that it expects EPS and HEPS to be at least 46.70c and 45.70c lower respectively, compared to the corresponding period of the preceding year.

KAP Industrial Holdings Limited

In its 1H19 results, the company announced that its revenues rose to ZAR13.29bn, compared to ZAR11.48bn posted in the corresponding period of the previous year. Its diluted EPS decreased 17.0% to 22.70c, compared to the same period of the prior year. The company has not declared an interim dividend for the period.

SPAR Group Limited

In its trading update for the 17 weeks ended 26 January 2019, the company announced that total sales advanced by 8.2% to ZAR36.53bn. Total sales in SA increased by 7.7%, which included the S.Buys pharmaceutical business being recognised for the period. On a like-for-like basis, the South African sales increased by 7.6%, reflecting the weak consumer spend. The core SPAR business reported sales growth of 5.7%, with same store sales increasing by 3.8%.

Major global economic news

US

In the US, the NFIB small business optimism index dropped more-than-expected to 101.20 in January, compared to a reading of 104.40 in the prior month.

In the US, the JOLTs job openings registered an unexpected rise to 7335.00K in December. The JOLTs job openings had registered a revised level of 7166.00K in the previous month.

UK

The Bank of England Governor, Mark Carney warned that a no-deal Brexit would create an "economic shock". Hence, he urged MPs to solve the Brexit standoff and warned of growing threats to the global economy. Further, he stated that Brexit could prove to be an "acid test" for how the global economy might perform under the new rules of trade. Moreover, he added that global trade uncertainty could undermine the global expansion.

Asia

In Australia, the Westpac consumer confidence index recorded a rise of 4.3% to a level of 103.80 in February, compared to a reading of 99.60 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
US	1:30	Fed's Mester Speaks on Economic Outlook and Monetary Policy	✓	-	-	As scheduled
Eurozone	10:05	ECB Governing Council Member Philip Lane Speaks in Dublin	✓	-	-	As scheduled
UK	11:30	Retail Price Index (Jan)	✓	283.20	285.60	Monthly
UK	11:30	Consumer Price Index (MoM) (Jan)	✓✓✓	-0.70%	0.20%	Monthly
UK	11:30	Consumer Price Index (YoY) (Jan)	✓✓✓	1.90%	2.10%	Monthly
UK	11:30	Producer Price Index - Input n.s.a. (YoY) (Jan)	✓	3.80%	3.70%	Monthly
UK	11:30	Producer Price Index - Output n.s.a. (MoM) (Jan)	✓	0.00%	-0.30%	Monthly
UK	11:30	Producer Price Index - Output n.s.a. (YoY) (Jan)	✓✓	2.20%	2.50%	Monthly
UK	11:30	Retail Price Index (MoM) (Jan)	✓✓✓	-0.80%	0.40%	Monthly
UK	11:30	Retail Price Index (YoY) (Jan)	✓✓	2.60%	2.70%	Monthly
UK	11:30	Retail Price Index Ex Mort Int.Payments (YoY) (Jan)	✓✓	2.60%	2.70%	Monthly
Eurozone	12:00	Industrial Production s.a. (MoM) (Dec)	✓✓✓	-0.40%	-1.70%	Monthly
Eurozone	12:00	Industrial Production w.d.a. (YoY) (Dec)	✓✓✓	-3.30%	-3.30%	Monthly
South Africa	13:00	Retail Sales (MoM) (Dec)	✓✓	-2.70%	3.30%	Monthly
South Africa	13:00	Retail Sales (YoY) (Dec)	✓✓	2.50%	3.10%	Monthly
US	14:00	MBA Mortgage Applications (08-Feb)	✓	-	-2.50%	Weekly
US	15:30	Consumer Price Index (MoM) (Jan)	✓✓✓	0.10%	-0.10%	Monthly
US	15:30	Consumer Price Index (YoY) (Jan)	✓✓✓	1.50%	1.90%	Monthly
US	15:50	Fed's Mester Speaks on Economic Outlook and Monetary Policy	✓	-	-	As scheduled
US	15:50	Fed's Bostic to Speak to European Financial Forum in Dublin	✓	-	-	As scheduled
Eurozone	16:00	ECB Gov. Council Member, Bank of Italy Governor Visco in Milan	✓	-	-	As scheduled
US	19:00	Fed's Harker Speaks on the Economic Outlook	✓	-	-	As scheduled
US	21:00	Monthly Budget Statement (Dec)	✓✓✓	-USD11.00bn	-USD204.90bn	Monthly
Germany	-	Wholesale Price Index (MoM) (Jan)	✓	-	-0.50%	Monthly
Germany	-	Wholesale Price Index (YoY) (Jan)	✓	-	2.50%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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