

ONE Minute Brief

14 February 2019

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Economic and political news

In South Africa (SA), retail sales unexpectedly dropped 1.4% on an annual basis in December, compared to a revised rise of 2.9% in the previous month.

Standard Bank's Chief Economist, Goolam Ballim, estimated SA's growth at 1.3% for 2019 and warned that Eskom poses a risk to the country's growth outlook.

Public Enterprises Minister, Pravin Gordhan, stated that SA is not planning to privatise Eskom after the firm is split into three separate entities.

Yesterday, Eskom implemented electricity cuts for the fourth consecutive day, amid persistent shortage of generating capacity.

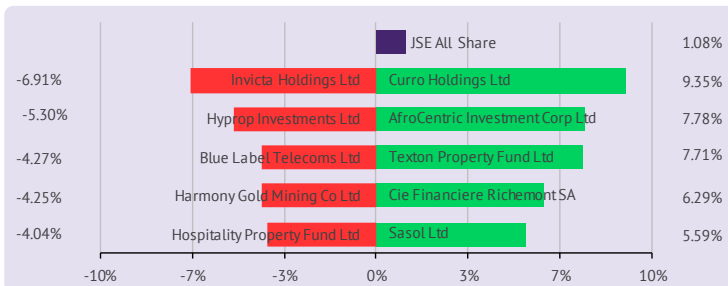
The Democratic Alliance (DA) has pledged to approach the Constitutional Court to challenge the move to amend section 25 of the constitution, which would allow for expropriation of land without compensation.

The DA has called on NPA Chief, Shamila Batohi to reinstate corruption charges against Gupta associates relating to the Estina dairy farm fraud case.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in mining and resources sector stocks. Data revealed that SA's annual retail sales unexpectedly fell in December. The JSE All Share Index rose 1.1% to close at 54,543.22.



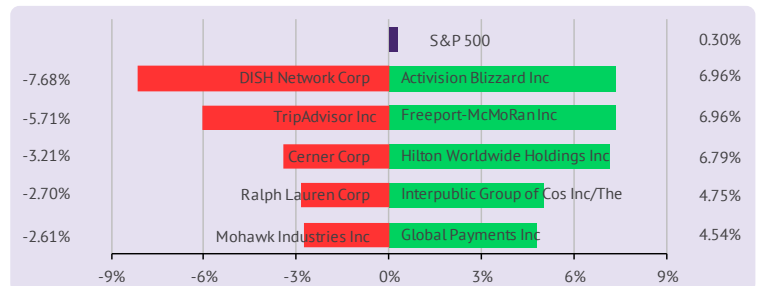
Key indices

	As at 13 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54543.22	▲ 582.71	1.08	2.44	0.71	2.69	3.43
JSE Top 40 (ZAR)	48388.50	▲ 581.44	1.22	2.95	0.90	2.63	3.56
FTSE 100 (GBP)	7190.84	▲ 57.70	0.81	1.69	3.19	3.58	6.88
DAX 30 (EUR)	11167.22	▲ 41.14	0.37	2.39	-0.05	5.82	5.76
CAC 40 (EUR)	5074.27	▲ 17.92	0.35	2.27	1.63	5.54	7.26
S&P 500 (USD)	2753.03	▲ 8.30	0.30	1.67	1.81	7.87	9.82
Nasdaq Composite (USD)	7420.38	▲ 5.76	0.08	1.67	1.90	9.74	11.83
DJIA (USD)	25543.27	▲ 117.51	0.46	1.74	2.17	7.17	9.50
MSCI Emerging Markets (USD)	1041.85	▼ -0.28	-0.03	0.56	-0.77	8.70	7.86
MSCI Developed World (USD)	2052.76	▲ 7.64	0.37	1.59	1.20	7.67	8.96

US Market ▲

The S&P 500 futures are trading in the green

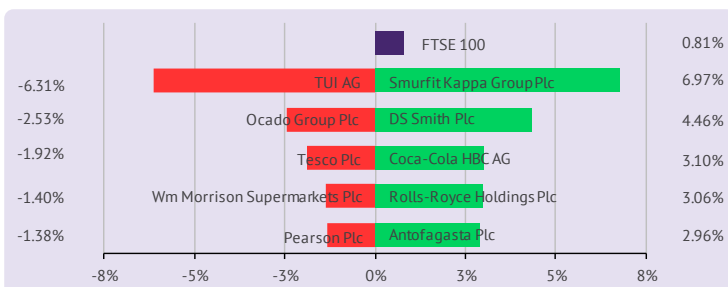
US markets closed higher yesterday, amid growing optimism that the US and China would reach a trade deal. The S&P 500 Index climbed 0.3% to close at 2,753.03.



UK Market ▲

The FTSE 100 futures are trading in positive territory

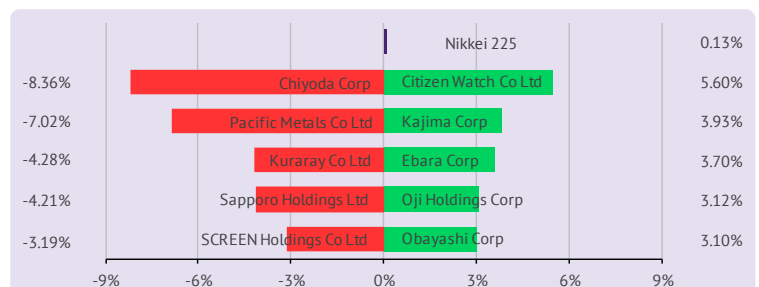
UK markets finished higher yesterday, amid reports of a potential Brexit delay and buoyed by strong corporate earnings report. The FTSE 100 Index advanced 0.8% to close at 7,190.84.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.1% higher at 21,172.29.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar dropped 0.2% against the South African Rand to trade at R14.0406. Later today, traders will keep a close watch on the US producer price index (PPI), advance retail sales, initial jobless claims and business inventories for further indication.

The US Dollar rose against the South African Rand yesterday, following upbeat US inflation data. On the data front, the US consumer price index (CPI) advanced more than market expectations on a yearly basis in January. Additionally, annual average hourly earnings climbed in January. In contrast, the nation's monthly budget deficit narrowed less than market forecast in December. Moreover, the MBA mortgage applications dropped for a fourth consecutive month in the week ended 8 February 2019, marking its lowest level in 11 months. Separately, in SA, retail sales registered an unexpected decline on an annual basis in December.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated marginally against the South African Rand to trade at R18.0643. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news. Data revealed that UK's RICS house price balance registered a more-than-anticipated decline in January.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's annual consumer price inflation fell to a two-year low level in January. Additionally, the PPI registered a less-than-anticipated rise on a yearly basis in January. Further, the monthly retail price index dropped more than market anticipations in January. Moreover, house prices grew at its slowest pace since July 2013 on an annual basis in January.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading slightly lower against the South African Rand at R15.8381. Going forward, market participants will keep a tab on both the Eurozone and Germany's GDP for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that the Eurozone's industrial production eased more than market anticipations on a monthly basis in December.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.2% against the South African Rand to trade at R9.9923. Earlier in the session, Australia's consumer inflation expectations advanced 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	14.0406	▼	2.15	3.23	6.11	-7.61	-1.97
GBPZAR	18.0643	▼	1.78	2.44	3.97	-5.16	-1.39
EURZAR	15.8381	▼	1.57	2.67	4.42	-7.83	-3.75
AUDZAR	9.9923	▲	2.04	3.20	3.44	-4.79	-1.51
EURUSD	1.1280	▲	-0.57	-0.55	-1.63	-0.17	-1.80
GBPUSD	1.2866	▲	-0.36	-0.76	-2.01	2.78	0.72
Brent (\$/barrel)	64.0	▲	1.91	2.43	4.55	13.09	18.23
Gold (\$/oz)	1311.1	▲	0.12	-0.22	-0.67	3.00	2.30
Platinum (\$/oz)	788.2	▼	0.28	-1.33	-3.99	3.62	-0.52
Copper (\$/MT)*	6123.5	▲	0.52	-1.09	-0.45	3.40	2.93

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose marginally higher to trade at \$1,311.10/oz.

Yesterday, gold prices rose 0.1% to close at \$1,310.80/oz, as the US Dollar weakened, on rising optimism over US-China trade deal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.6% higher to trade at \$63.97/bl.

Yesterday, Brent crude oil advanced 1.9% to settle at \$63.61/bl, amid further reductions in global output and optimism over US-China trade negotiations. Meanwhile, the Energy Information Administration reported that domestic crude supplies rose by 3.6mn bls in the week ended 8 February 2019.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.5% to trade at \$788.20/oz.

Yesterday, platinum prices climbed 0.3% to close at \$791.80/oz.

Major South African corporate news

Curro Holdings Limited

In its FY18 results, the company announced that its revenues increased to ZAR2.50bn, from ZAR2.10bn posted in the corresponding period of the previous year. Its diluted EPS rose 18.0% to 59.80c, compared to the same period of the prior year. The company has declared a dividend of 12.00c per share for the period.

Pan African Resources Plc

In its 1H19 trading statement, the company indicated that it expects HEPS to be between 6.98c and 7.34c compared to the same period of the previous year. Further, the company expects EPS to be in the range of 6.98c to 7.30c compared to the corresponding period of the preceding year.

Emira Property Fund Limited

In its 1H19 results, the company stated that its revenues increased to ZAR878.63mn, compared to ZAR855.36mn posted in the corresponding period of the previous year. Its diluted EPS fell to 98.08c, compared to 103.88c recorded in the same period of the prior year. Further, the company has declared an interim dividend of 72.86c per share compared to 70.65c per share posted in the corresponding period of the preceding year.

MMI Holdings Limited

The company announced that Thinus Alsworth-Elvey, Chief Executive Officer of Momentum Corporate has resigned from his role, with effect from 31 March 2019.

Major global economic news

UK

In the UK, the CPI recorded a less-than-expected rise of 1.8% on a yearly basis in January, compared to a rise of 2.1% in the prior month.

In the UK, the non-seasonally adjusted output PPI advanced 2.1% on a yearly basis in January, less-than-expected and compared to a revised advance of 2.4% in the previous month.

In the UK, the house price index advanced 2.5% on an annual basis in January, in line with market expectations. The index had advanced by a revised 2.7% in the previous month.

In the UK, the retail price index eased 0.9% to a level of 283.00 on a monthly basis in January, more-than-anticipated and compared to a level of 285.60 in the prior month.

In the UK, the RICS house price balance recorded a drop to 22.0% in January, more than market expectations. In the previous month, the RICS house price balance had registered a reading of 19.0%.

US

In the US, the CPI advanced 1.6% on an annual basis, in January, compared to a rise of 1.9% in the prior month.

In the US, the MBA mortgage applications fell 3.7% on a weekly basis in the week ended 8 February 2019. The MBA mortgage applications had fallen 2.5% in the prior week.

In the US, average hourly earnings recorded a rise of 1.7% on a yearly basis in January, compared to a gain of 1.3% in the prior month.

In the US, monthly budget deficit narrowed to USD13.50bn in December, compared to a deficit of USD23.20bn in the prior month.

Asia

In Japan, the flash GDP rose 0.3% on a quarterly basis in 4Q18, less-than-expected and compared to a fall of 0.6% in the previous quarter.

In Australia, consumer inflation expectations advanced to 3.7% in February, compared to 3.5% in the prior month.

Eurozone

In the Eurozone, seasonally adjusted industrial production fell 0.9% on a monthly basis in December, more than market expectations. In the prior month, industrial production had registered a drop of 1.7%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	1:50	Gross Domestic Product Annualised (Q4) (P)	✓✓✓	1.40%*	-2.60%	Quarterly
Japan	1:50	Nominal Gross Domestic Product (QoQ) (Q4) (P)	✓✓	0.30%*	-0.70%	Quarterly
Japan	1:50	Gross Domestic Product (QoQ) (Q4) (P)	✓✓	0.30%*	-0.60%	Quarterly
Japan	1:50	Gross Domestic Product Deflator (YoY) (Q4) (P)	✓	-0.30%*	-0.40%	Quarterly
UK	2:01	RICS Housing Price Balance (Jan)	✓✓✓	-22.00%*	-19.00%	Monthly
Germany	9:00	Wholesale Price Index (YoY) (Jan)	✓	-	2.50%	Monthly
Germany	9:00	Gross Domestic Product n.s.a. (YoY) (Q4) (P)	✓✓	0.80%	1.10%	Quarterly
Germany	9:00	Gross Domestic Product s.a. (QoQ) (Q4) (P)	✓✓✓	0.10%	-0.20%	Quarterly
Germany	9:00	Wholesale Price Index (MoM) (Jan)	✓	-	-1.20%	Monthly
South Africa	11:30	Gold Production (YoY) (Dec)	✓	-	-14.00%	Monthly
South Africa	11:30	Mining Production (YoY) (Dec)	✓✓	-4.30%	-5.60%	Monthly
UK	11:30	BoE's Vlieghe Speaks on the Economic Outlook	✓	-	-	As scheduled
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q4) (F)	✓✓✓	0.20%	0.20%**	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q4) (F)	✓✓	1.20%	1.20%**	Quarterly
US	15:30	Advance Retail Sales (MoM) (Dec)	✓✓✓	0.10%	0.20%	Monthly
US	15:30	Producer Price Index (MoM) (Jan)	✓✓✓	0.10%	-0.20%	Monthly
US	15:30	Producer Price Index (YoY) (Jan)	✓✓✓	2.30%	2.50%	Monthly
US	15:30	Continuing Jobless Claims (02-Feb)	✓✓✓	1740.00K	1736.00 K	Weekly
US	15:30	Initial Jobless Claims (09-Feb)	✓✓✓	225.00K	234.00 K	Weekly
US	17:00	Business Inventories (Nov)	✓	0.20%	0.60%	Monthly
US	-	Mortgage Delinquencies (Q4)	✓	-	4.47%	Quarterly
US	-	MBA Mortgage Foreclosures (Q4)	✓	-	0.99%	Quarterly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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formerly Grant Thornton Capital

a GTC @Grant Thornton, The Wanderers Office Part,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2118

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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