

ONE Minute Brief

6 February 2019

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Economic and political news

Democratic Alliance leader, Mmusi Maimane, has requested to see contracts between Bossasa and President, Cyril Ramaphosa's son, Andile Ramaphosa's companies.

The Public Investment Corporation board of non-executive directors, who resigned last week, have committed to remain in place until Finance Minister, Tito Mboweni, appoints a new board.

South African trade union federation, COSATU has opposed a proposal to split up Eskom into three different entities and argued that it would not solve the company's governance and debt problems.

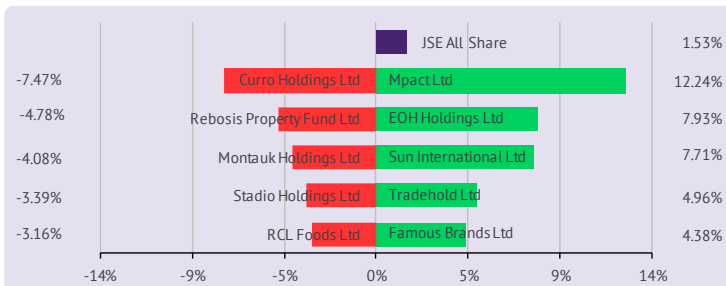
Parliament's finance committee has adopted a Carbon Tax Bill setting out the tax regime that will apply to emitters of greenhouse gases and which is expected to take effect from 1 June 2019.

President, Cyril Ramaphosa, assured that South Africa will unveil a package of measures to stabilise as well as improve Eskom's financial, operational and structural position.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, on the back of upbeat corporate results and boosted by gains in industrial, retail and resources sector stocks. The JSE All Share Index rose 1.5% to close at 54,209.41.



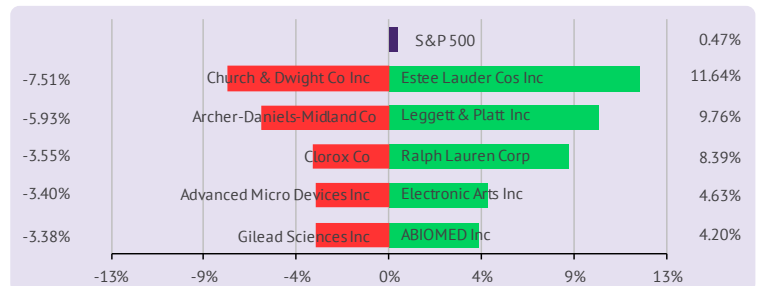
Key indices

	As at 05 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54209.41	▲ 817.58	1.53	0.52	0.10	2.69	2.79
JSE Top 40 (ZAR)	47999.09	▲ 815.70	1.73	0.63	0.09	2.63	2.72
FTSE 100 (GBP)	7177.37	▲ 143.24	2.04	2.24	2.99	3.58	6.68
DAX 30 (EUR)	11367.98	▲ 191.40	1.71	1.68	1.74	5.82	7.66
CAC 40 (EUR)	5083.34	▲ 83.15	1.66	1.28	1.82	5.54	7.45
S&P 500 (USD)	2737.70	▲ 12.83	0.47	1.15	1.24	7.87	9.21
Nasdaq Composite (USD)	7402.08	▲ 54.55	0.74	1.90	1.65	9.74	11.56
DJIA (USD)	25411.52	▲ 172.15	0.68	1.39	1.65	7.17	8.93
MSCI Emerging Markets (USD)	1051.90	▲ 3.85	0.37	0.16	0.19	8.70	8.90
MSCI Developed World (USD)	2051.36	▲ 13.60	0.67	1.07	1.13	7.67	8.89

US Market ▲

The S&P 500 futures are trading in the green

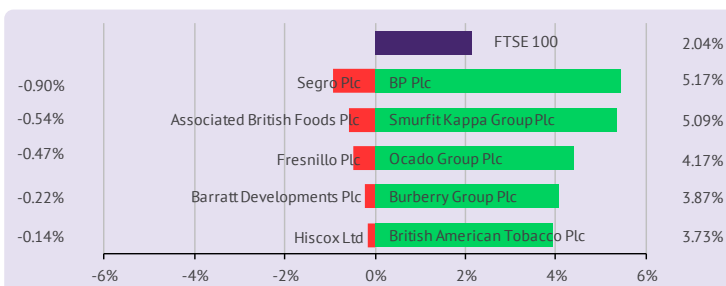
US markets closed higher yesterday, buoyed by strong corporate earnings report, gains in technology sector stocks and ahead of President, Donald Trump's State of the Union address. The S&P 500 Index climbed 0.5% to close at 2,737.70.



UK Market ▲

The FTSE 100 futures are trading in positive territory

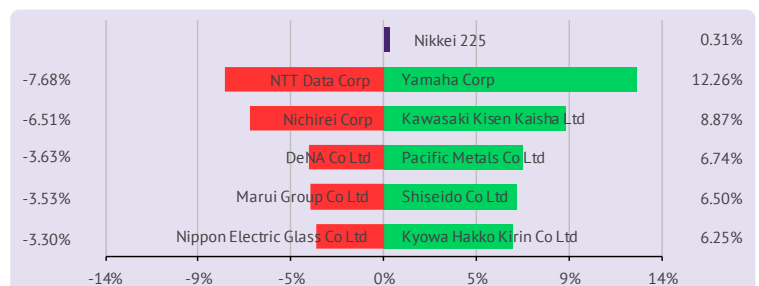
UK markets finished higher yesterday, following robust earnings update from BP Plc and supported by gains in mining and banking sector stocks. The FTSE 100 Index advanced 2.0% to close at 7,177.37.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.3% higher at 20,909.24.



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 R13.4040. Later today, traders will keep a close watch on the US MBA mortgage applications and trade balance for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US Markit services PMI dropped in line with market forecast in January.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R17.3630. 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 UK's Markit services PMI declined more than market expectations in January, hitting its lowest level in two-and-a-half years.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.2808. Going forward, market participants will keep a tab on Germany's factory orders and the construction PMI for further direction.

The Euro weakened against the South African Rand yesterday, after the Eurozone's Markit services PMI remained steady at its lowest reading since November 2014 in January. Further, retail sales declined in line with market expectations on a monthly basis in December, marking its lowest level in seven and a half years. Separately, Germany's Markit services PMI advanced less than market forecast in January.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.9% against the South African Rand to trade at R9.5934.

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	13.4040	▲	-0.34	0.38	0.91	-7.61	-6.77
GBPZAR	17.3630	▲	-1.00	-0.61	-0.32	-5.16	-5.46
EURZAR	15.2808	▲	-0.61	-0.06	0.57	-7.83	-7.30
AUDZAR	9.5934	▼	-0.25	0.19	0.39	-4.79	-4.42
EURUSD	1.1400	▼	-0.28	-0.44	-0.37	-0.17	-0.53
GBPUSD	1.2956	▲	-0.71	-1.02	-1.25	2.78	1.50
Brent (\$/barrel)	61.9	▼	-0.85	-1.23	1.87	13.09	15.20
Gold (\$/oz)	1318.3	▲	-0.01	-0.21	-0.42	3.00	2.57
Platinum (\$/oz)	819.9	-	-0.35	-0.82	-0.58	3.62	3.02
Copper (\$/MT)*	6217.0	▲	1.08	1.66	1.07	3.40	4.50

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,318.30/oz.

Yesterday, gold prices marginally fell to close at \$1,314.20/oz, amid strength in the US Dollar.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$61.90/bl, after the American Petroleum Institute reported that crude oil inventories advanced by 2.5mn bls in the week ended 1 February 2019.

Yesterday, Brent crude oil dropped 0.9% to settle at \$61.98/bl, amid persistent concerns over global energy demand.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$819.90/oz.

Yesterday, platinum prices declined 0.4% to close at \$819.90/oz.

Major South African corporate news

Anglo American Platinum Limited

In its FY18 trading statement, the company announced that it expects HEPS to be between 2,715.00c and 3,010.00c, which is 83.0% to 103.0% higher compared to the same period of the previous year. Further, the company expects EPS to be in the range of 2,510.00c to 2,655.00c, which is 239.0% to 258.0% higher compared to the corresponding period of the preceding year.

Astral Foods Limited

In its 1Q19 operational update, the company announced that operating profit for the period was significantly lower compared to the corresponding period of the previous year. Disappointing consumer spending during the period and high poultry stock levels at the end of FY18, resulted in average selling prices below that of the comparative period. Higher sales volumes during the first quarter culminated in a reduction in the company's poultry finished goods stock levels at the end of December 2018.

Curro Holdings Limited

In its FY18 trading statement, the company announced that it expects HEPS to be between 58.70c and 61.20c, which is 22.0% to 27.0% higher compared to the corresponding period of the prior year. The company expects EPS to be in the range of 58.70c to 61.20c, which is 15.0% to 20.0% higher compared to the same period of the preceding year.

Mpact Limited

In its FY18 trading statement, the company announced that it expects HEPS to be between 190.00c and 200.00c, an increase of between 15.5% and 21.6% compared to the same period of the previous year. The company expects EPS to be in the range of 180.00c to 190.00c, which is 11.0% to 17.2% higher compared to the corresponding period of the prior year. Further, it expects total revenue to increase by approximately 5.0%, with underlying EBIT increasing between 44.0% and 50.0%.

PPC Limited

In its 9M18 operational update, the company stated that despite difficult trading conditions, average cement prices in Southern African (including Botswana) increased by 1.0% to 2.0% for the period. Cement volumes decreased by 2.0%, against the backdrop of estimated market contraction of between 4.0% and 5.0%.

Major global economic news

Eurozone

In the Eurozone, the final Markit services PMI remained steady at a level of 51.20 in January. The preliminary figures had indicated a drop to 50.80.

In December, seasonally adjusted retail sales slid 1.6% on a monthly basis in the Eurozone, meeting market expectations. In the previous month, retail sales had risen by a revised 0.8%.

In Germany, the final Markit services PMI registered a less-than-expected rise to 53.00 in January, compared to a level of 51.80 in the previous month. The preliminary figures had indicated an advance to 53.10.

UK

In the UK, the Markit services PMI fell more-than-anticipated to 50.10 in January. The Markit services PMI had recorded a reading of 51.20 in the prior month.

US

In the US, the final Markit services PMI declined to 54.20 in January, at par with market expectations. The Markit services PMI had registered a reading of 54.40 in the prior month. The preliminary figures had also indicated a fall to 54.20.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Germany	9:00	Factory Orders n.s.a. (YoY) (Dec)	✓✓✓	-6.70%	-4.30%	Monthly
Germany	9:00	Factory Orders s.a. (MoM) (Dec)	✓✓	0.30%	-1.00%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Jan)	✓	-	95.20	Monthly
Portugal	13:00	Unemployment Rate (Q4)	✓	-	6.70%	Quarterly
US	14:00	MBA Mortgage Applications (01-Feb)	✓	-	-3.00%	Weekly
US	15:30	Non-Farm Productivity (Q4) (P)	✓	1.70%	2.30%	Quarterly
US	15:30	Unit Labour Costs (Q4) (P)	✓	1.70%	0.90%	Quarterly
Canada	15:30	Building Permits (MoM) (Dec)	✓	-1.00%	2.60%	Monthly
US	15:30	Trade Balance (Nov)	✓✓✓	-USD54.00bn	-USD55.50bn	Monthly
Canada	15:35	Bank of Canada Deputy Governor Timoty Lane Speech	✓	-	-	As scheduled
Canada	17:00	Ivey PMI n.s.a. (Jan)	✓✓	-	48.20	Monthly
Canada	17:00	Ivey PMI s.a. (Jan)	✓✓✓	-	59.70	Monthly
US	-	President Trump State of the Union address	✓✓	-	-	As scheduled

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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