

ONE Minute Brief

20 September 2019

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Economic and political news

The South African Reserve Bank (SARB) kept its key interest rate steady at 6.5%, in line with expectations. Further, the central bank left its 2019 economic growth forecast unchanged at 0.6% but cut its growth forecasts to 1.5% and 1.8% for 2020 and 2021, respectively.

Minerals Council SA has urged the government to set aside the country's carbon tax and argued that the second phase of the tax would cost companies up to ZAR5.5bn a year.

In response to allegations made by the Democratic Alliance about possible rolling blackouts in the near term, Eskom stated that it is not planning load shedding in September and October.

According to a news report, the release of the South African medium-term budget policy statement has been postponed to 30 October from 23 October.

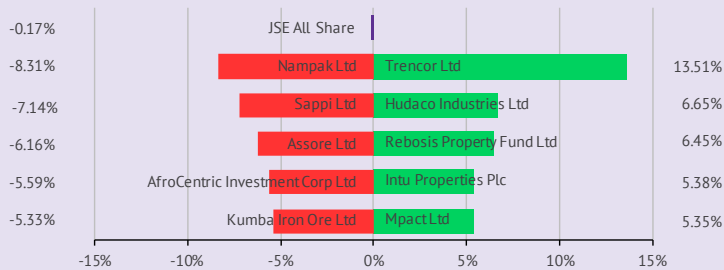
Minister in the Presidency, Jackson Mthembu, stated that Finance Minister, Tito Mboweni's much-awaited economic policy document was discussed yesterday at a special cabinet meeting.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in platinum mining and industrial sector stocks. The JSE All Share Index fell 0.2% to close at 56,123.83.

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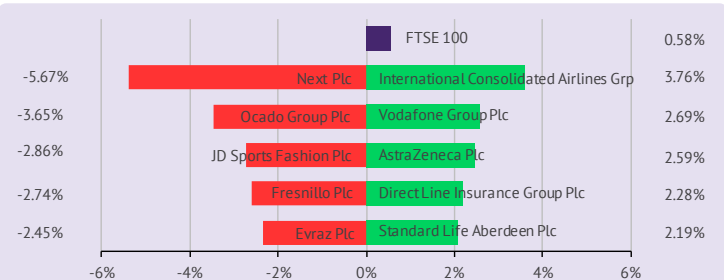


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, buoyed by gains in banking sector stocks, amid a series of central bank meetings. Data showed that UK's monthly retail sales unexpectedly fell in August. The FTSE 100 Index advanced 0.6% to close at 7,356.42. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

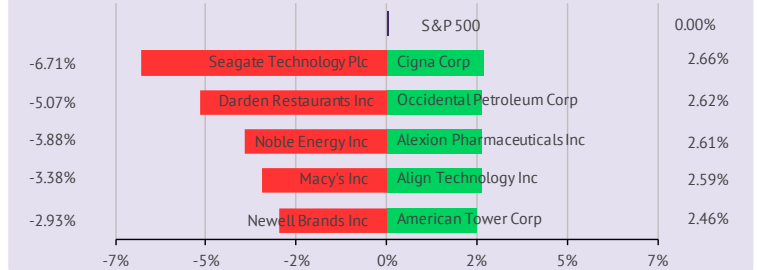
	As at 19 Sep 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56123.83	▼ -96.58	-0.17	-1.75	1.56	-2.69	6.42
JSE Top 40 (ZAR)	50077.78	▼ -56.45	-0.11	-2.09	1.54	-2.91	7.17
FTSE 100 (GBP)	7356.42	▲ 42.37	0.58	-0.15	2.07	-5.00	9.34
DAX 30 (EUR)	12457.70	▲ 68.08	0.55	-0.09	4.34	-2.05	17.98
CAC 40 (EUR)	5659.08	▲ 38.43	0.68	0.06	3.26	-0.70	19.62
S&P 500 (USD)	3006.79	▲ 0.06	0.00	-0.02	2.74	-1.81	19.94
Nasdaq Composite (USD)	8182.88	▲ 5.49	0.07	0.08	2.76	-2.60	23.32
DJIA (USD)	27094.79	▼ -52.29	-0.19	-0.46	2.62	-1.72	16.15
MSCI Emerging Markets (USD)	1016.57	▼ -4.80	-0.47	-0.98	3.27	-5.08	5.24
MSCI Developed World (USD)	2204.67	▲ 3.65	0.17	-0.05	3.09	-2.24	17.03

US Market ◀▶

US markets closed mixed

US markets closed mixed yesterday, as gains in healthcare and material sector stocks were offset by losses in industrial and energy sector stocks. Data revealed that US monthly existing home sales unexpectedly rose in August. The S&P 500 Index remained flat to close at 3,006.79. Today, the S&P 500 futures are trading in the green.

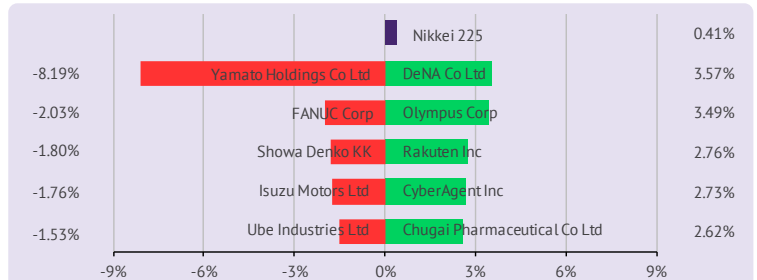
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly stronger this morning. The Nikkei 225 Index is trading 0.4% higher at 22,135.10.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R14.7692. With no major economic releases in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US existing home sales unexpectedly climbed to a 17-month high level in August, recording its second consecutive monthly rise. Additionally, initial jobless claims rose less than market anticipations in the week ended 13 September 2019. Further, the Philadelphia Fed manufacturing index dropped less than market forecast in September. On the other hand, the nation's current account deficit narrowed less than market forecast in the second quarter of 2019. Further, monthly leading indicator remained flat in August. Separately, the South African Rand fell against the US Dollar, after the SARB kept its benchmark interest rate on hold.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R18.5401. Ahead in the day, traders will keep an eye on the Bank of England's (BoE) quarterly bulletin for further direction.

The British Pound advanced against the South African Rand yesterday, after the European Commission President, Jean-Claude Juncker, stated that a Brexit deal is possible before the deadline. On the data front, UK's retail sales unexpectedly declined on a monthly basis in August.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand to trade at R16.3350. Going forward, market participants will keep a tab on Eurozone's consumer confidence index and Germany's producer price index for further indication.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's current account surplus widened more than market forecast in July.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.3% against the South African Rand to trade at R10.0401.

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	14.7692	▲	0.90	1.65	-2.48	5.94	3.29
GBPZAR	18.5401	▲	1.29	1.84	0.49	5.87	1.30
EURZAR	16.3350	▲	1.00	1.35	-1.92	5.04	-0.57
AUDZAR	10.0401	▲	0.37	0.41	-1.58	4.16	-0.57
EURUSD	1.1059	▲	0.10	-0.29	0.54	-0.85	-3.72
GBPUSD	1.2553	▲	0.43	0.20	3.04	-0.02	-1.79
Brent (\$/barrel)	64.7	▲	1.26	6.94	8.69	-8.92	19.70
Gold (\$/oz)	1511.0	▲	-0.64	0.44	-1.54	6.79	17.03
Platinum (\$/oz)	943.3	▲	0.83	-1.03	1.15	6.01	18.41
Copper (\$/MT)*	5761.5	▼	-0.32	-3.16	1.87	-4.18	-3.15

*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 \$1,511.00/oz, as weakness in the US Dollar boosted demand for the precious yellow metal.

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Yesterday, gold prices fell 0.6% to close at \$1,499.50/oz, as investors remained cautious amid uncertainty related to the US Fed's monetary policy outlook.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$64.74/bl.

Yesterday, Brent crude oil advanced 1.3% to settle at \$64.40/bl, amid concerns over longer-than-expected supply shortfalls and rising tensions in the Middle East.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$943.30/oz.

Yesterday, platinum prices climbed 0.8% to close at \$942.40/oz.

Major South African corporate news

Blue Label Telecoms Limited

In its FY19 trading statement, the company announced that it expects loss per share to be between 725.81c and 729.81c, compared to an EPS of 116.12c in the previous year. Further, it anticipates headline loss per share to be between 310.49c and 314.49c, compared to HEPS of 115.42c in the prior year.

Remgro Limited

In its FY19 results, the company announced that revenues surged 83.1% to ZAR56.97bn from ZAR31.12bn posted in the preceding year. Its diluted loss per share stood at 177.50c, compared to an EPS of 1,481.10c recorded in the previous year. The company declared a final gross dividend of 349.00c per share.

Major global economic news

US

In the US, the Philadelphia Fed manufacturing index dropped to 12.00 in September, less than market expectations and compared to a level of 16.80 in the prior month.

In the US, current account deficit narrowed to USD128.20bn in 2Q19, less than market expectations and compared to a revised deficit of USD136.20bn in the previous quarter.

In the US, seasonally adjusted initial jobless claims rose to 208.00K in the week ended 14 September 2019, less than market anticipations and compared to a revised reading of 206.00K in the previous week.

In the US, existing home sales unexpectedly advanced by 1.3% to a level of 5.49mn on monthly basis in August. Existing home sales had registered a level of 5.42mn in the previous month.

In August, leading indicator remained flat on a monthly basis in the US. In the previous month, leading indicator had recorded a revised rise of 0.4%.

Eurozone

The Organisation for Economic Cooperation and Development (OECD), in its latest economic outlook report, indicated that the global economic growth will slow to 2.9% from 3.6% last year, amid US-China trade tensions and Brexit uncertainty. The organisation slashed Eurozone's economic growth forecast to 1.0% for 2019 and 2020. Moreover, the OECD cut its economic growth forecast for the US to 2.4% in 2019 and to 2.0% in 2020. However, the British economy is expected to grow by 1.0% in 2019 and 0.9% in 2020.

In the Eurozone, seasonally adjusted current account surplus widened to EUR20.55bn in July, more than market forecast and compared to a revised surplus of EUR18.35bn in the previous month.

UK

The Bank of England (BoE), in its latest monetary policy decision, held its benchmark interest rate unchanged at 0.75%, as widely expected. However, the policymakers warned that uncertainty surrounding the Brexit would lead to weaker economic growth, higher inflation and a further drop in the British pound. Further, the central bank downgraded UK's economic growth forecast to 0.2% from 0.3% for the third quarter of 2019.

In the UK, retail sales unexpectedly dropped 0.2% on a monthly basis in August. In the prior month, retail sales had registered a revised rise of 0.4%.

Asia

In Japan, the national consumer price index (CPI) rose 0.3% on a yearly basis in August. In the prior month, the national CPI had advanced 0.5%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Aug)	✓✓✓	0.50%*	0.50%	Monthly
Japan	01:30	National CPI Ex Food, Energy (YoY) (Aug)	✓✓	0.30%*	0.60%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Aug)	✓✓✓	0.60%*	0.60%	Monthly
Japan	01:50	Foreign Buying Japan Bonds (13-Sep)	✓	JPY1269.50bn*	JPY441.10bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (13-Sep)	✓	-JPY971.90bn*	-JPY161.30bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (13-Sep)	✓	JPY476.00bn*	JPY724.40bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (13-Sep)	✓	JPY63.90bn*	-JPY25.40bn	Weekly
Japan	01:50	The BoJ releases 2Q Money Flow	✓✓	-	-	As scheduled
Japan	07:00	Supermarket Sales (YoY) (Aug)	✓	-	-7.10%	Monthly
Japan	07:30	Nationwide Department Store Sales (YoY) (Aug)	✓	-	-2.90%	Monthly
Japan	07:30	Tokyo Department Store Sales (YoY) (Aug)	✓	-	-2.70%	Monthly
Germany	08:00	Producer Price Index (MoM) (Aug)	✓✓✓	-0.20%	0.10%	Monthly
Germany	08:00	Producer Price Index (YoY) (Aug)	✓✓✓	0.60%	1.10%	Monthly
Japan	09:00	Convenience Store Sales (YoY) (Aug)	✓	-	-2.50%	Monthly
Greece	10:00	Current Account (Jul)	✓	-	EUR0.87bn	Monthly
UK	14:00	BoE Quarterly Bulletin	✓	-	-	As scheduled
US	14:15	Fed's Williams speech	✓✓	-	-	As scheduled
Canada	14:30	Retail Sales (MoM) (Jul)	✓✓	0.60%	0.00%	Monthly
Canada	14:30	Retail Sales ex Autos (MoM) (Jul)	✓	0.30%	0.90%	Monthly
Eurozone	16:00	Consumer Confidence (Sep) (P)	✓✓✓	-	-7.10	Monthly
US	17:20	Fed's Rosengren Speaks in New York	✓	-	-	As scheduled
US	18:00	Household Change in Net Worth (Q2)	✓	-	USD4691.00bn	Quarterly
Switzerland	-	KoF Institute Autumn Economic Forecast	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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