

ONE Minute Brief

8 October 2019

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Economic and political news

Gross gold & forex reserves advanced to USD54.86bn in September from a level of USD49.95bn in the prior month. Net gold & forex reserves fell to USD44.06bn in September, compared to a reading of USD44.23bn in the prior month.

Democratic Alliance's (DA) presiding officer of federal council elections, Desiree van der Walt, stated that all candidates standing for the position of the party's federal council chair, including former leader Helen Zille, are eligible for the post.

Duduzane Zuma, son of former President, Jacob Zuma, in his testimony at the state capture inquiry, denied any wrongdoing at a meeting in which the Guptas were alleged to have bribed former deputy Finance Minister, Mcebisi Jonas. Separately, former Public Protector, Thuli Madonsela, stated that Duduzane Zuma had lied to the Zondo commission that she did not provide him an opportunity to respond to allegations that implicated him in state capture.

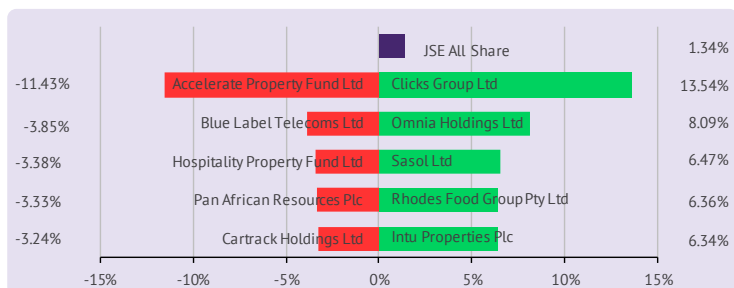
In his weekly letter to citizens, President Ramaphosa stated that the African Continental Free Trade Area will help the growth of industries and will be a game changer for the nation.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by gains in gold mining and resources sector stocks. The JSE All Share Index rose 1.3% to close at 54,714.75.

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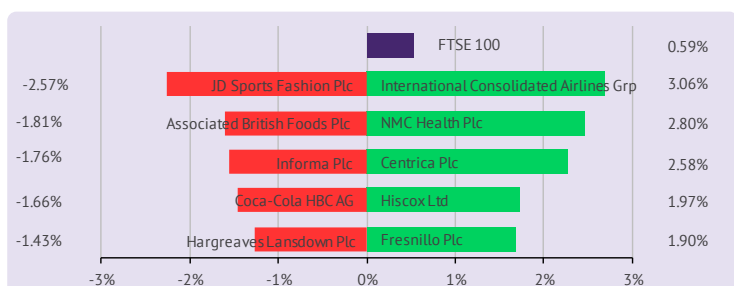


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, on the back of gains in energy sector stocks. The FTSE 100 Index advanced 0.6% to close at 7,197.88. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

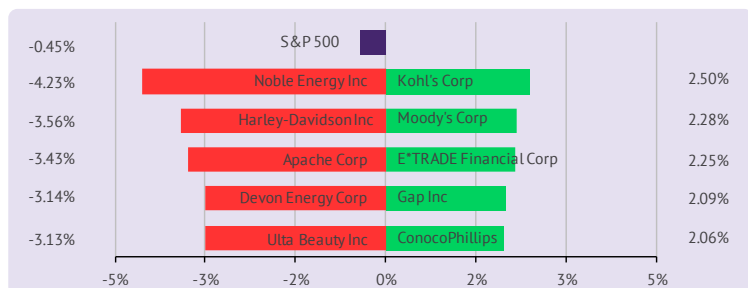
	As at 07 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	54714.75	▲	720.88	1.34	1.34	-0.20	-0.79	3.75
JSE Top 40 (ZAR)	48635.63	▲	660.19	1.38	1.38	-0.36	-1.03	4.09
FTSE 100 (GBP)	7197.88	▲	42.50	0.59	0.59	-2.84	2.79	6.98
DAX 30 (EUR)	12097.43	▲	84.62	0.70	0.70	-2.66	4.09	14.57
CAC 40 (EUR)	5521.61	▲	33.29	0.61	0.61	-2.75	3.60	16.72
S&P 500 (USD)	2938.79	▼	-13.22	-0.45	-0.45	-1.27	1.72	17.23
Nasdaq Composite (USD)	7956.29	▼	-26.18	-0.33	-0.33	-0.54	0.46	19.91
DJIA (USD)	26478.02	▼	-95.70	-0.36	-0.36	-1.63	1.95	13.51
MSCI Emerging Markets (USD)	994.16	▼	-2.42	-0.24	-0.24	-0.68	1.69	2.92
MSCI Developed World (USD)	2151.82	▼	-2.00	-0.09	-0.09	-1.29	1.94	14.22

US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid concerns over a fresh round of trade negotiations between the US and China that are due later this week. The S&P 500 Index dropped 0.5% to close at 2,938.79. Today, the S&P 500 futures are trading in the green.

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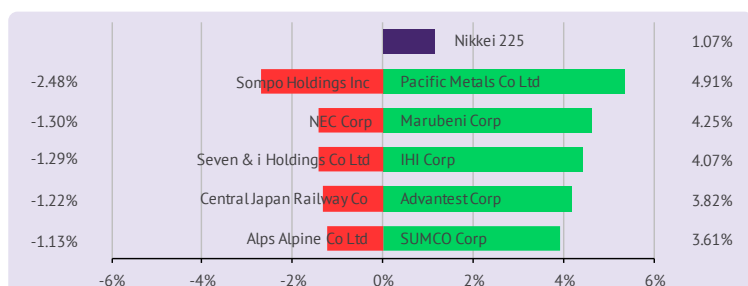


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, ahead of US-China trade talks. The Nikkei 225 Index is trading 1.1% higher at 21,604.81.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R15.1447. Later today, traders will keep a close watch on the US producer price index and the NFIB small optimism index for further cues.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US consumer credit climbed more than market expectations in August. Separately, in SA, gross gold & forex reserves increased in September. Meanwhile, net gold & forex reserves dropped in the same month.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R18.6212. Ahead in the day, traders will keep an eye on the Bank of England Governor, Mark Carney's speech for further direction.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's Halifax house price growth slowed to its lowest pace in six years on a monthly basis in September.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R16.6207. Going forward, market participants will keep a tab on European Central Bank's non-monetary policy meeting along with Germany's industrial production for the further indication.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's Sentix investor confidence index declined to its lowest level since April 2013 in October. Separately, Germany's factory orders dropped less than market anticipations on a monthly basis in August.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly lower against the South African Rand at R10.2165. Earlier in the session, Australia's NAB business conditions index advanced in September. Meanwhile, the nation's NAB business confidence index recorded a flat reading in September. Meanwhile, in China, Australia's largest trading partner, the Caixin services PMI unexpectedly fell in September.

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	15.1447	▲	0.86	0.86	0.29	-0.39	5.81
GBPZAR	18.6212	▲	0.47	0.47	0.26	0.78	1.85
EURZAR	16.6207	▲	0.80	0.80	0.97	-1.13	1.20
AUDZAR	10.2165	▲	0.31	0.31	0.03	-0.10	0.96
EURUSD	1.0974	▲	-0.07	-0.07	0.66	-0.76	-4.33
GBPUSD	1.2296	▲	-0.31	-0.31	0.03	1.09	-3.61
Brent (\$/barrel)	58.7	▲	-0.03	-0.03	-1.52	0.00	8.46
Gold (\$/oz)	1496.9	▼	-0.56	-0.56	2.18	-3.76	16.89
Platinum (\$/oz)	883.2	▼	0.17	0.17	-0.02	-5.18	10.97
Copper (\$/MT)*	5685.1	▲	1.37	1.37	-0.18	0.70	-4.44

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.1% to trade at \$1,496.90/oz.

Yesterday, gold prices fell 0.6% to close at \$1,497.70/oz, as a stronger greenback dented the demand appeal for the dollar denominated commodity.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$58.73/bl, as mounting tensions in Iraq and Ecuador heightened oil supply disruption concerns.

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Yesterday, Brent crude oil marginally dropped to settle at \$58.35/bl, amid ongoing concerns over energy demand, ahead of US-China trade talks later this week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated marginally to trade at \$883.20/oz.

Yesterday, platinum prices climbed 0.2% to close at \$883.20/oz.

Major South African corporate news

Clicks Group Limited

In its FY19 trading statement, the company announced that it expects its diluted HEPS to be between 661.60c and 678.90c, compared to 575.30c posted in the corresponding period of the preceding year.

Impala Platinum Holdings Limited

The company announced that it has entered into a definitive agreement to acquire 100.0% of the outstanding shares in North American Palladium Limited for a cash consideration of CAD1.01bn.

Major global economic news

Asia

In China, the Caixin services PMI unexpectedly dropped to a level of 51.30 in September, compared to a reading of 52.10 in the previous month.

In Australia, the NAB business confidence index recorded a flat reading in September, compared to a level of 1.00 in the prior month.

In Australia, the NAB business conditions index rose to 2.00 in September. In the previous month, the index had registered a level of 1.00.

In Japan, non-seasonally adjusted current account surplus widened more-than-expected to JPY2157.70bn in August, compared to a surplus of JPY1999.90bn in the previous month.

Japan reported trade surplus (BOP basis) of JPY50.90bn in August, compared to a deficit of JPY74.50bn in the previous month.

Eurozone

In the Eurozone, the Sentix investor confidence index fell more than forecast to a level of -16.80 in October. The index had recorded a level of -11.10 in the previous month.

In Germany, seasonally adjusted factory orders dropped 0.6% on a monthly basis in August, less than market forecast and compared to a revised fall of 2.1% in the previous month.

UK

In the UK, the Halifax house price growth fell 0.4% on a monthly basis in September, compared to a revised rise of 0.2% in the previous month.

In the UK, retail sales across all sectors dropped 1.7% on an annual basis in September, compared to a drop of 0.5% in the prior month.

US

In the US, consumer credit rose more than expected to USD17.90bn in August. Consumer credit had risen by a revised USD23.05bn in the previous month.

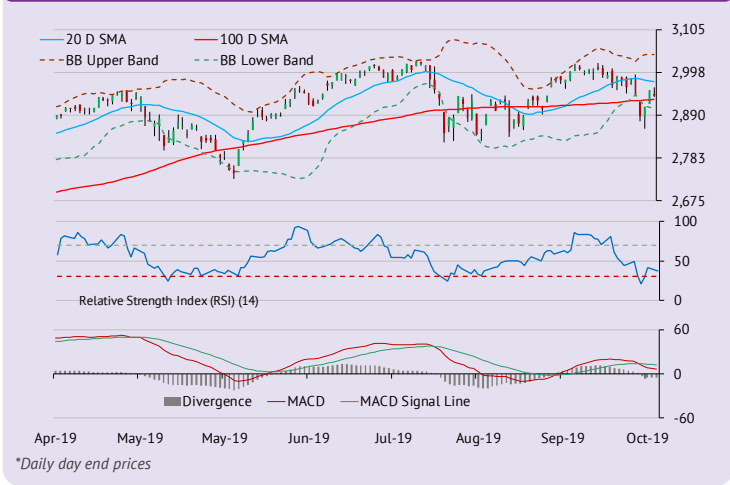
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 53,799.43, and a fall through could take it to the next support level of 52,884.12. The index is expected to find its first resistance at 55,368.32, and a rise through could take it to the next resistance level of 56,021.90.

S&P 500



The S&P 500 index is expected to find support at 2,865.64, and a fall through could take it to the next support level of 2,792.50. The index is expected to find its first resistance at 3,002.23, and a rise through could take it to the next resistance level of 3,065.68.

USD ZAR



The pair is expected to find support at 15.0041, and a fall through could take it to the next support level of 14.8282. The pair is expected to find its first resistance at 15.3775, and a rise through could take it to the next resistance level of 15.5750.

XAU USD



Gold is expected to find support at \$1,464.60/oz, and a fall through could take it to the next support level of \$1,431.50/oz. The precious metal is expected to find its first resistance at \$1,524.50/oz, and a rise through could take it to the next resistance level of \$1,551.30/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Sep)	✓✓✓	-1.70%*	-0.50%	Monthly
Japan	01:30	Household Spending (YoY) (Aug)	✓✓	1.00%*	0.80%	Monthly
Japan	01:30	Labour Cash Earnings (YoY) (Aug)	✓✓	-0.20%*	-0.30%	Monthly
Japan	01:50	Current Account Balance n.s.a. (Aug)	✓	JPY2157.70bn*	JPY1999.90bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Aug)	✓✓✓	JPY50.90bn*	-JPY74.50bn	Monthly
Japan	01:50	Adjusted Current Account Total (Aug)	✓	JPY1720.30bn*	JPY1647.10bn	Monthly
China	03:45	HSBC China Composite PMI (Sep)	✓✓✓	51.90*	51.60	Monthly
China	03:45	Caixin/Markit Services PMI (Sep)	✓✓✓	51.30*	52.10	Monthly
UK	06:00	BoE's Governor Carney speech	✓	-	-	As scheduled
Germany	08:00	Industrial Production n.s.a. and w.d.a. (YoY) (Aug)	✓✓✓	-2.70%	-4.20%	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Aug)	✓✓✓	0.30%	-0.60%	Monthly
Eurozone	09:00	Non-Monetary Policy ECB Meeting	✓	-	-	As scheduled
Eurozone	11:30	ECB's Lane, Hernandez de Cos, BoE's Tenreyro in Frankfurt	✓	-	-	As scheduled
US	12:00	NFIB Small Business Optimism (Sep)	✓	104.10	103.10	Monthly
US	14:30	Producer Price Index (Sep)	✓	-	118.60	Monthly
US	14:30	Producer Price Index (MoM) (Sep)	✓✓✓	0.10%	0.10%	Monthly
US	14:30	Producer Price Index (YoY) (Sep)	✓✓✓	1.70%	1.80%	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (Sep)	✓✓	0.20%	0.30%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (Sep)	✓✓	2.20%	2.30%	Monthly
US	14:55	Redbook Index (YoY) (04-Oct)	✓	-	5.80%	Weekly
US	14:55	Redbook Index s.a. (MoM) (04-Oct)	✓	-	-1.10%	Weekly
US	19:35	Fed's Evans speech	✓	-	-	As scheduled
US	19:50	Fed's Chair Powell speech	✓✓✓	-	-	As scheduled
US	23:00	Fed's Kashkari Takes Part in a Townhall in St. Cloud, Min.	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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