

ONE Minute Brief

10 October 2019

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Economic and political news

In South Africa (SA), the SACCI business confidence index rose to 92.40 in September, compared to a level of 89.10 in the prior month.

The National Treasury has presented a list of conditions that Eskom needs to fulfil in order to receive the bailout of ZAR59bn over the next two years. The Treasury further stated that the bailout must be used to only settle its debt and interest payments.

While chairing the first meeting of the Presidential Economic Advisory Council (PEAC), President Ramaphosa expressed hope that the council would find practical solutions to the challenges faced by the economy.

News reports indicate that the SA Revenue Service (Sars) has asked Finance Minister, Tito Mboweni, for an increased allocation of funds over the next three years for investment in technology and to strengthen service capability.

The Association of Mineworkers and Construction Union (Amcu) has called on more whistle-blowers to come forward with reliable information and strengthen its legal case against miner Samancor over alleged fraud and profit shifting.

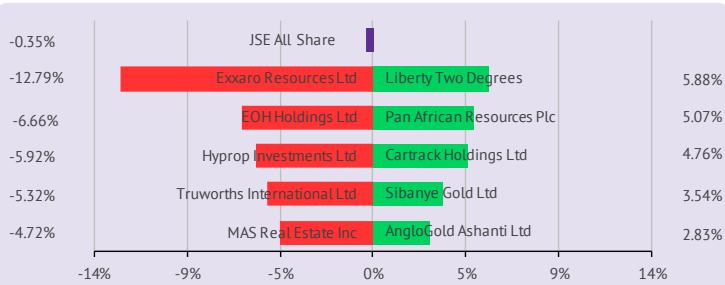
Communications Minister, Stella Ndabeni-Abrahams, has terminated the appointments of most of the board of the SA Post Office and the National Electronic Media Institute of SA (Nemisa).

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in industrial sector stocks. Data showed that SA's business confidence index improved in September. The JSE All Share Index fell 0.4% to close at 54,339.47.

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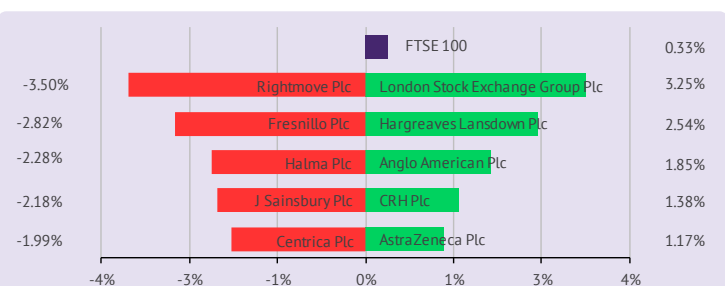


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, after China indicated that it was open to a "partial trade deal" with the US. The FTSE 100 Index rose 0.3% to close at 7,166.50. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

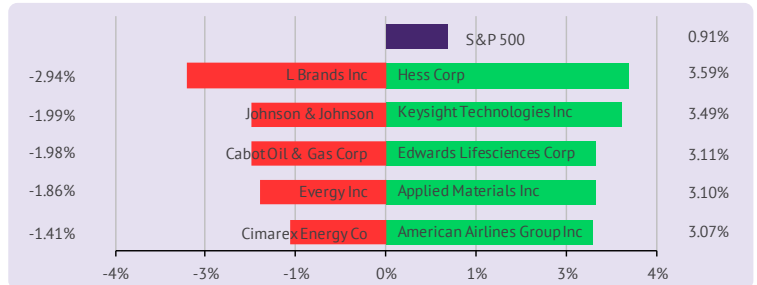
	As at 09 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54339.47	▼ -193.21	-0.35	0.64	-0.89	-0.79	3.04
JSE Top 40 (ZAR)	48310.69	▼ -154.63	-0.32	0.70	-1.03	-1.03	3.39
FTSE 100 (GBP)	7166.50	▲ 23.35	0.33	0.16	-3.26	2.79	6.52
DAX 30 (EUR)	12094.26	▲ 124.06	1.04	0.68	-2.69	4.09	14.54
CAC 40 (EUR)	5499.14	▲ 42.52	0.78	0.20	-3.15	3.60	16.24
S&P 500 (USD)	2919.40	▲ 26.34	0.91	-1.10	-1.93	1.72	16.46
Nasdaq Composite (USD)	7903.74	▲ 79.97	1.02	-0.99	-1.20	0.46	19.12
DJIA (USD)	26346.01	▲ 181.97	0.70	-0.86	-2.12	1.95	12.94
MSCI Emerging Markets (USD)	993.01	▼ -0.94	-0.09	-0.36	-0.80	1.69	2.80
MSCI Developed World (USD)	2137.62	▲ 13.47	0.63	-0.75	-1.94	1.94	13.47

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid renewed optimism over US-China trade deal, following reports that China is ready to accept a partial trade deal if no more tariffs are imposed by President, Donald Trump. The S&P 500 Index climbed 0.9% to close at 2,919.40. Today, the S&P 500 futures are trading weaker.

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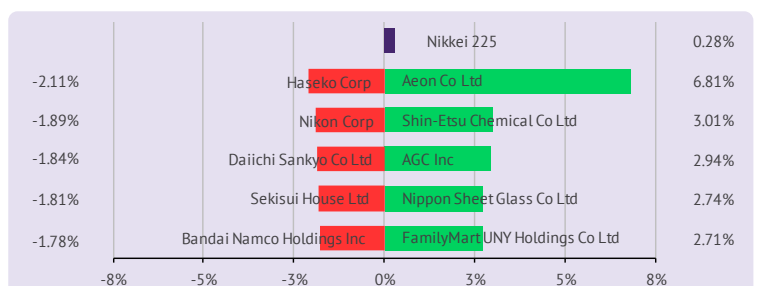


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly firmer this morning, amid positive developments in US-China trade talks. Data showed that Japan's annual producer price index (PPI) fell less-than-expected in September. The Nikkei 225 Index is trading 0.3% higher at 21,517.52.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.2% against the South African Rand to trade at R15.1406. Later today, traders will keep a close watch on the US consumer price index, initial jobless claims and monthly budget statement for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US JOLTS job openings unexpectedly declined in August, marking its lowest level since March 2018. On the other hand, the nation's MBA mortgage applications climbed in the week ended 04 October 2019. Separately, in SA, the SACCI business confidence index improved in September.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose marginally against the South African Rand to trade at R18.5186. Ahead in the day, traders will keep an eye on UK's gross domestic product, trade balance, industrial and manufacturing production for further cues. Data indicated that UK's RICS housing price balance unexpectedly climbed in September.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R16.6374. Going forward, market participants will keep a tab on the European Central Bank monetary policy meeting minutes along with Germany's trade and current account balance for further direction.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R10.2195. Earlier in the session, Australia's consumer inflation expectations rose in October. Additionally, home loan approvals increased on a monthly basis in August.

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	15.1406	▲	-0.71	0.81	0.24	-0.39	5.75
GBPZAR	18.5186	▼	-0.82	-0.29	-0.50	0.78	1.07
EURZAR	16.6374	▲	-0.58	0.74	0.91	-1.13	1.14
AUDZAR	10.2195	▼	-0.76	0.14	-0.14	-0.10	0.79
EURUSD	1.0988	▲	0.13	-0.07	0.66	-0.76	-4.33
GBPUSD	1.2230	▲	-0.11	-1.01	-0.68	1.09	-4.30
Brent (\$/barrel)	58.2	▼	0.14	-0.09	-1.57	0.00	8.40
Gold (\$/oz)	1513.8	▲	0.59	-0.01	2.76	-3.76	17.54
Platinum (\$/oz)	891.9	▼	0.75	1.16	0.96	-5.18	12.06
Copper (\$/MT)*	5651.3	▲	0.18	0.77	-0.77	0.70	-5.01

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,513.80/oz.

Yesterday, gold prices rose 0.6% to close at \$1,506.10/oz, after FOMC minutes showed that Fed officials had become more worried about the US economy.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$58.21/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$58.32/bl, after Turkey launched a military action against Kurdish fighters in northeast Syria. Meanwhile, the US Energy Information Administration reported that crude oil inventories climbed for a fourth consecutive week by 2.9mn bls for the week ended 04 October 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$891.90/oz.

Yesterday, platinum prices climbed 0.8% to close at \$891.90/oz.

Major South African corporate news

Adcorp Holdings Limited

The company announced the resignation of Chief Executive Officer (CEO), Innocent Dutiuro, with effect from 8 October 2019. Meanwhile, Ms. Cheryl-Jane Kujenga, the company's Chief Financial Officer (CFO), would serve as interim CEO while the Board evaluates a successor.

Capitec Bank Holdings Limited

The company announced that all the required regulatory approvals have been received regarding the purchase of Mercantile Bank Holdings and all contractual conditions have been fulfilled. The purchase price would amount to ZAR3.20bn, adjusted for the change in the net asset value of Mercantile from 30 April 2018 to 31 August 2019.

Major global economic news

US

The FOMC meeting minutes revealed that the officials expressed concerns over the US economic growth, amid ongoing trade tensions between the US and its counterparts. Also, few members expressed concerns about market expectations for rate cuts. Moreover, the minutes showed that risks to the economic growth outlook had increased since their July meeting. Further, it indicated the likelihood of a recession in the medium term had increased due to risks associated with the trade war and geopolitical tensions.

The Fed Chairman, Jerome Powell, in his speech, stated that the central bank would soon start expanding the size of its balance sheet, adding bank reserves to the financial system to avoid a recurrence of the unexpected turmoil in money markets last month.

In the US, the MBA mortgage applications rose 5.4% on a weekly basis in the week ended 04 October 2019. The MBA mortgage applications had advanced 8.1% in the prior week.

In the US, the JOLTs job openings unexpectedly dropped to a level of 7051.00K in August. In the previous month, the JOLTs job openings had registered a revised level of 7174.00K.

UK

In the UK, the RICS house price balance unexpectedly rose to -2.0% in September, compared to -4.0% in the previous month.

Asia

In Australia, the consumer inflation expectations advanced to 3.6% in October. In the prior month, the consumer inflation expectations had recorded a level of 3.1%.

In Australia, seasonally adjusted home loan approvals advanced 0.7% on a monthly basis in August, compared to a revised rise of 4.4% in the previous month.

In Japan, the PPI dropped 1.1% on a yearly basis in September, less than market expectations and compared to a drop of 0.9% in the previous month.

In Japan, machinery orders eased 2.4% on a monthly basis in August, less than market expectations. Machinery orders had recorded a revised fall of 6.6% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	RICS Housing Price Balance (Sep)	✓✓✓	-2.00%*	-4.00%	Monthly
Japan	01:50	Machinery Orders (MoM) (Aug)	✓	-2.40%*	-6.60%	Monthly
Germany	08:00	Trade Balance n.s.a. (Aug)	✓✓✓	-	EUR21.40bn	Monthly
Germany	08:00	Current Account n.s.a. (Aug)	✓	EUR18.10bn	EUR22.10bn	Monthly
UK	10:30	Index of Services (MoM) (Aug)	✓	-	0.30%	Monthly
UK	10:30	Manufacturing Production (MoM) (Aug)	✓✓✓	-	0.30%	Monthly
UK	10:30	Construction Output s.a. (YoY) (Aug)	✓	-	0.30%	Monthly
UK	10:30	Industrial Production (Aug)	✓	-	102.30	Monthly
UK	10:30	Manufacturing Production (Aug)	✓	-	103.10	Monthly
UK	10:30	Index of Services (3M/3M) (Aug)	✓	0.10%	0.20%	Monthly
UK	10:30	Industrial Production (MoM) (Aug)	✓✓✓	-0.10%	0.10%	Monthly
UK	10:30	Industrial Production (YoY) (Aug)	✓✓✓	-0.90%	-0.90%	Monthly
UK	10:30	Manufacturing Production (YoY) (Aug)	✓✓✓	-0.70%	-0.60%	Monthly
UK	10:30	Trade Balance; non-EU (Aug)	✓✓✓	GBP2.80bn	-GBP9.93bn	Monthly
UK	10:30	Visible Trade Balance (Aug)	✓✓✓	GBP10.00bn	-GBP9.14bn	Monthly
South Africa	11:30	Gold Production (YoY) (Aug)	✓	-	-13.10%	Monthly
South Africa	11:30	Mining Production (YoY) (Aug)	✓✓	-	2.40%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Aug)	✓✓	-	0.40%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Aug)	✓✓	-2.40%	-1.10%	Monthly
Eurozone	13:30	ECB Monetary Policy Meeting Accounts	✓	-	-	As scheduled
Eurozone	13:30	ECB Accounts of September Policy Meeting	✓	-	-	As scheduled
US	14:30	Consumer Price Index (MoM) (Sep)	✓✓✓	0.10%	0.10%	Monthly
US	14:30	Consumer Price Index (YoY) (Sep)	✓✓✓	1.80%	1.70%	Monthly
US	14:30	Continuing Jobless Claims (28-Sep)	✓✓✓	1653.00K	1651.00K	Weekly
US	14:30	Initial Jobless Claims (05-Oct)	✓✓✓	219.00K	219.00K	Weekly
US	20:00	Monthly Budget Statement (Sep)	✓✓✓	-	-USD119.12bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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