

ONE Minute Brief

11 October 2019

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Economic and political news

In South Africa (SA), manufacturing production fell 1.8% on a yearly basis in August, compared to a revised decline of 0.7% in July. Annual mining production declined 3.2% in August, compared to a revised rise of 1.4% in the previous month, while gold production dropped 5.4% in August, following a revised drop of 13.4% in July. Yearly platinum production slumped 12.5% in August, compared to a revised rise of 2.9% in the previous month.

The US Department of the Treasury has imposed sanctions on three members of the Gupta family and their business associate, Salim Essa, citing that they had profited from corruption.

During his replies to questions in the National Council of Provinces, President Ramaphosa indicated that Eskom would not be privatised. He also announced that the government would spend aggressively on expansion of public works projects and focus on job creation.

Communications and Digital Technologies Minister, Stella Ndabeni-Abrahams, will announce a new board for the SA Post Office this month.

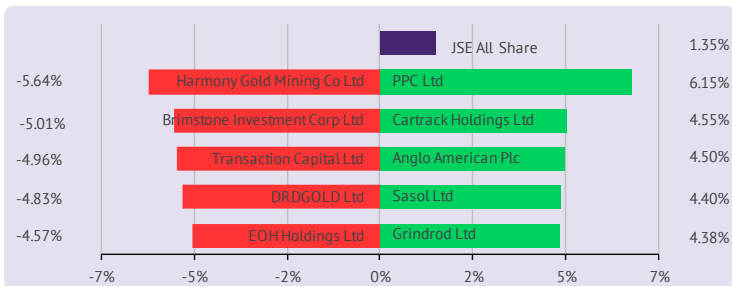
Ratings agency, Moody's Investors Service, has lowered Transnet's outlook to negative from stable, amid a weakened liquidity position, while maintaining its current ratings.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid renewed hopes on US-China trade deal and boosted by gains in banking and resource sector stocks. The JSE All Share Index rose 1.4% to close at 55,071.77.

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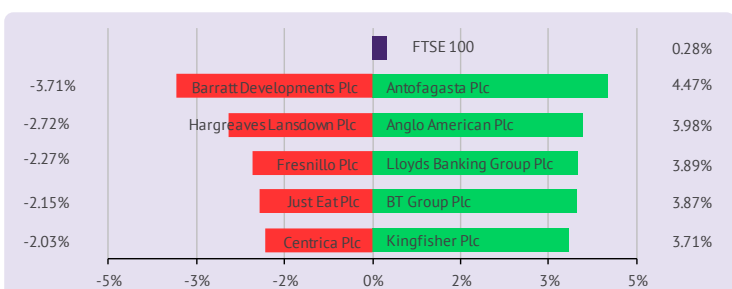


UK Market ▲

UK markets closed in positive territory

UK markets finished higher yesterday, led by US-China trade deal optimism and amid hopes of a possible Brexit deal, following positive talks between British Prime Minister, Boris Johnson and Irish Prime Minister, Leo Varadkar. The FTSE 100 Index advanced 0.3% to close at 7,186.36. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

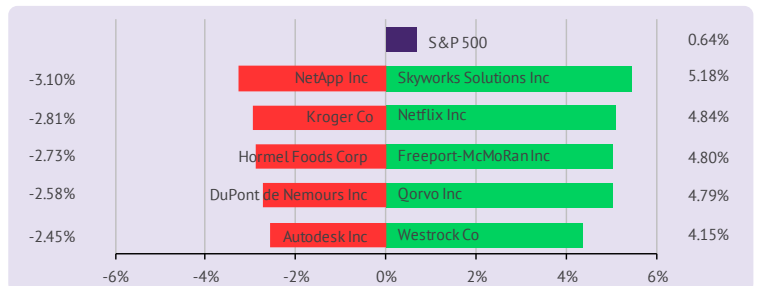
	As at 10 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	55071.77	▲	732.30	1.35	2.00	0.45	-0.79	4.43
JSE Top 40 (ZAR)	49032.54	▲	721.85	1.49	2.20	0.45	-1.03	4.93
FTSE 100 (GBP)	7186.36	▲	19.86	0.28	0.43	-2.99	2.79	6.81
DAX 30 (EUR)	12164.20	▲	69.94	0.58	1.26	-2.12	4.09	15.20
CAC 40 (EUR)	5569.05	▲	69.91	1.27	1.47	-1.92	3.60	17.72
S&P 500 (USD)	2938.13	▲	18.73	0.64	-0.47	-1.30	1.72	17.20
Nasdaq Composite (USD)	7950.78	▲	47.04	0.60	-0.40	-0.61	0.46	19.83
DJIA (USD)	26496.67	▲	150.66	0.57	-0.29	-1.56	1.95	13.59
MSCI Emerging Markets (USD)	996.50	▲	3.49	0.35	-0.01	-0.45	1.69	3.16
MSCI Developed World (USD)	2150.16	▲	12.54	0.59	-0.17	-1.37	1.94	14.13

US Market ▲

US markets closed in the green

US markets closed higher yesterday, after the US President, Donald Trump, tweeted that he will meet the Chinese Vice Premier, Liu He, today. Data showed that the US annual consumer price index (CPI) remained unchanged in September. The S&P 500 Index climbed 0.6% to close at 2,938.13. Today, the S&P 500 futures are trading in the green.

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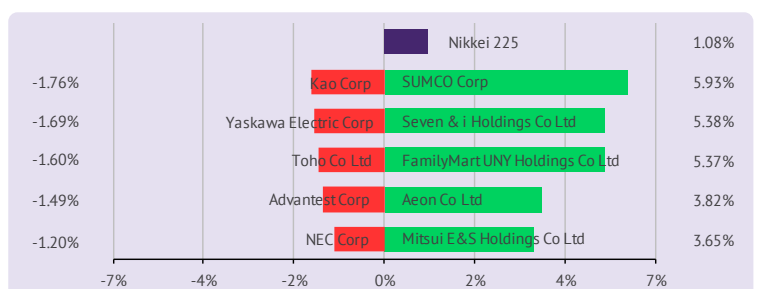


Asian Market ▲

Trading higher

Asian markets are trading firmer this morning, following positive developments on US-China trade front. The Nikkei 225 Index is trading 1.1% higher at 21,784.44.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R15.0287. Later today, traders will keep a close watch on the US Michigan consumer sentiment index for further indication.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US CPI remained unchanged at its lowest level since January 2019 on a yearly basis in September. Meanwhile, the nation's initial jobless claims declined more than market forecast in the week ended 05 October 2019. Separately, in SA, manufacturing production dropped for a third consecutive month on an annual basis in August. Additionally, annual mining production declined in August. Moreover, gold production plunged for a consecutive 23rd month on a yearly basis in August. Also, annual platinum production fell in August.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R18.6932. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, after the British Prime Minister, Boris Johnson and Irish Prime Minister, Leo Varadkar raised prospects of a possible Brexit deal stating that there could be a pathway to an orderly exit of Britain from the European Union. Data indicated that UK's gross domestic product (GDP) growth contracted on a monthly basis in August. Additionally, monthly industrial production dropped more than market anticipation in August. Moreover, manufacturing production declined on a monthly basis in August. On the other hand, the nation's trade deficit narrowed in August. Further, construction output advanced on a monthly basis in August.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading slightly weaker against the South African Rand at R16.5542. Going forward, market participants will keep a tab on Germany's CPI for further direction.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's trade surplus narrowed in August. Also, current account surplus narrowed more than market forecast in the same month.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.1862.

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	15.0287	▲	-0.81	-0.01	-0.57	-0.39	4.90
GBPZAR	18.6932	▲	1.15	0.86	0.64	0.78	2.24
EURZAR	16.5542	▲	-0.50	0.23	0.40	-1.13	0.63
AUDZAR	10.1862	▼	-0.23	-0.09	-0.37	-0.10	0.56
EURUSD	1.1015	▲	0.31	0.24	0.97	-0.76	-4.03
GBPUSD	1.2438	▼	1.94	0.91	1.25	1.09	-2.44
Brent (\$/barrel)	59.4	▲	1.34	1.25	-0.25	0.00	9.85
Gold (\$/oz)	1499.8	▲	-0.75	-0.76	1.99	-3.76	16.66
Platinum (\$/oz)	903.1	▼	1.26	2.43	2.23	-5.18	13.47
Copper (\$/MT)*	5749.5	▲	1.74	2.52	0.95	0.70	-3.35

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,499.80/oz.

Yesterday, gold prices fell 0.8% to close at \$1,494.80/oz, as risk appetite amongst investors improved following hopes of trade talks between US and China.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.5% to trade at \$59.38/bl.

Yesterday, Brent crude oil advanced 1.3% to settle at \$59.10/bl, after the Organisation of the Petroleum Exporting Countries (OPEC) Secretary-General, Mohammad Barkindo, indicated that the organisation could take actions to balance oil markets & support oil prices. Further, the OPEC indicated that it will take decision on oil supply for next year in December. Meanwhile, the OPEC, in its monthly report, cut its forecast for world oil-demand growth for 2019 but left its outlook unchanged for 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$903.10/oz.

Yesterday, platinum prices climbed 1.3% to close at \$903.10/oz.

Major South African corporate news

Astral Foods Limited

In its FY19 trading update, the company announced that it expects EPS to be at least 1,476.00c, compared to 3,691.00c in the same period of the preceding year and its HEPS to be at least 1,485.00c, compared to 3,712.00c in the corresponding period. Additionally, the company absorbed costs related to Widespread electricity load shedding in 2Q19 and disruption of water supply to the poultry processing plant in the Lekwa municipal district during 3Q19.

PPC Limited

The company announced that Ms. Ramano will step down as the Chief Financial Officer and as Director, with effect from 31 October 2019.

Major global economic news

UK

In the UK, GDP dropped 0.1% on a monthly basis in August. In the previous month, GDP had registered a rise of 0.3%.

In the UK, non-EU trade deficit of GBP2.21bn in August, from a revised deficit of GBP2.54bn in the previous month.

In August, industrial production dropped 0.6% on a monthly basis in the UK, more than market expectations. In the prior month, industrial production had advanced 0.1%.

In the UK, manufacturing production fell 0.7% on a monthly basis in August. In the prior month, manufacturing production had risen by a revised 0.4%.

In the UK, construction output rose 0.2% on a monthly basis in August. In the prior month, construction output had registered a revised rise of 1.8%.

Eurozone

The European Central Bank (ECB), in its latest monetary policy meeting minutes, revealed that one third of the officials opposed the decision for reviving bond purchase programme in the last meeting, threatening effectiveness of the policy. Further, the minutes confirmed that the former IMF Chief, Christine Lagarde, will be appointed as the ECB President, succeeding Mario Draghi, with effect from 1 November 2019.

In Germany, seasonally adjusted trade surplus narrowed to EUR18.10bn in August, compared to a revised surplus of EUR20.50bn in the prior month.

In August, non-seasonally adjusted current account surplus narrowed to EUR16.90bn in Germany, more than market forecast and compared to a revised surplus of EUR21.30bn in the prior month.

US

In the US, the CPI remained unchanged at 1.7% on an annual basis in September. In the prior month, the CPI had registered a similar rise.

In the US, seasonally adjusted initial jobless claims dropped to 210.00K in the week ended 05 October 2019, more than market expectations and compared to a revised level of 220.00K in the prior week.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
US	00:30	Fed's Bostic Speaking at Rainbow Push Coalition Conference	✓	-	-	As scheduled
Japan	01:50	Money Supply M3 (YoY) (Sep)	✓	2.00%*	2.00%	Monthly
Japan	01:50	Money Supply M2+CD (YoY) (Sep)	✓	2.40%*	2.40%	Monthly
Germany	08:00	Consumer Price Index (MoM) (Sep) (F)	✓✓✓	-	0.00%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	1.20%	1.20%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Sep) (F)	✓✓✓	-0.10%	-0.10%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Sep) (F)	✓✓✓	0.90%	0.90%**	Monthly
Spain	09:00	Consumer Price Index (MoM) (Sep) (F)	✓✓✓	-	0.00%**	Monthly
Spain	09:00	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	0.10%	0.10%**	Monthly
Spain	09:00	Harmonised Index of Consumer Prices (MoM) (Sep) (F)	✓✓✓	0.40%	0.40%**	Monthly
Spain	09:00	Harmonised Index of Consumer Prices (YoY) (Sep) (F)	✓✓✓	0.20%	0.20%**	Monthly
Spain	09:00	Harmonised Index of Consumer Prices (YoY) (Sep) (F)	✓✓✓	0.20%	0.20%**	Monthly
Portugal	10:00	Bank of Portugal's Costa Speaks at Conference in Lisbon	✓	-	-	As scheduled
Eurozone	11:30	ECB's President Draghi speech	✓✓✓	-	-	As scheduled
Eurozone	12:30	ECB's De Guindos speech	✓✓	-	-	As scheduled
US	14:00	Fed's Kashkari Speaks in Moderated Q&A on Economy in New York	✓	-	-	As scheduled
US	14:30	Export Price Index (MoM) (Sep)	✓	-	-0.60%	Monthly
US	14:30	Import Price Index (MoM) (Sep)	✓	-	-0.50%	Monthly
US	14:30	Export Price Index (Sep)	✓	-	125.50	Monthly
US	14:30	Import Price Index (Sep)	✓	-	125.10	Monthly
US	14:30	Export Price Index (YoY) (Sep)	✓	-1.50%	-1.40%	Monthly
US	14:30	Import Price Index (YoY) (Sep)	✓	-1.80%	-2.00%	Monthly
US	16:00	Michigan Consumer Sentiment Index (Oct) (P)	✓✓✓	92.00	93.20	Monthly
US	19:15	Fed's Rosengren Speaks at Event in Madison	✓	-	-	As scheduled
US	21:00	Fed's Kaplan speaks at Dallas	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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