

ONE Minute Brief

7 November 2019

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Economic and political news

About ZAR360bn of investment pledges have been secured at South Africa's (SA) annual conference to promote new investment opportunities. President Ramaphosa stated that these investments were a vote of confidence in SA and its economy and that the priority of the government was to return the nation to a sustainable fiscal path.

Managing Director for S&P Global Sub-Saharan Africa, Konrad Reuss, has warned that the ratings agency may further downgrade SA later in November.

The National Union of Mineworkers (NUM) and the National Union of Metalworkers of SA (Numsa) will meet on 8 November to finalise their strategy on Eskom's restructuring plans.

Yesterday, the National Assembly adopted the Promotion of Access to Information Amendment Bill (PAIA) under which political parties will be required to disclose private funders who donate more than ZAR100,000 to them.

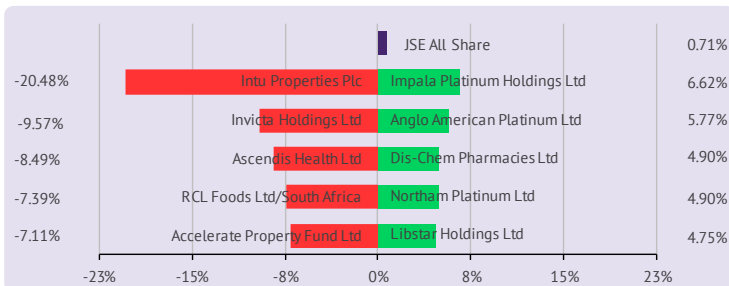
State-owned entity, Transnet, has lodged civil claims amounting to more than ZAR400mn against former executives and Gupta-linked companies.

South Africa Market ▲

South African markets closed stronger

South African markets closed higher for the sixth consecutive session yesterday, boosted by gains in platinum mining and resource sector stocks. The JSE All Share Index rose 0.7% to close at 57,652.58.

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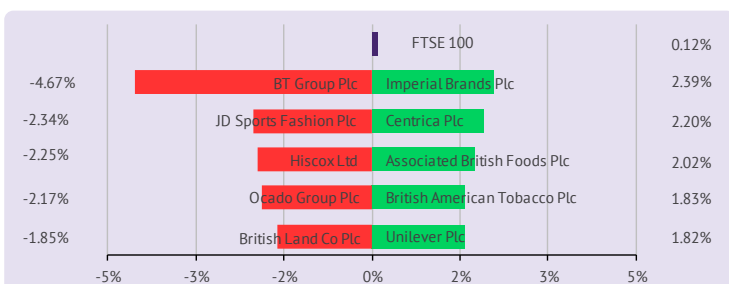


UK Market ▲

UK markets closed in the green

UK markets finished higher for the fourth straight session yesterday, as the British Pound weakened, ahead of the Bank of England's (BoE) interest rate decision on Thursday. The FTSE 100 Index advanced 0.1% to close at 7,396.65. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

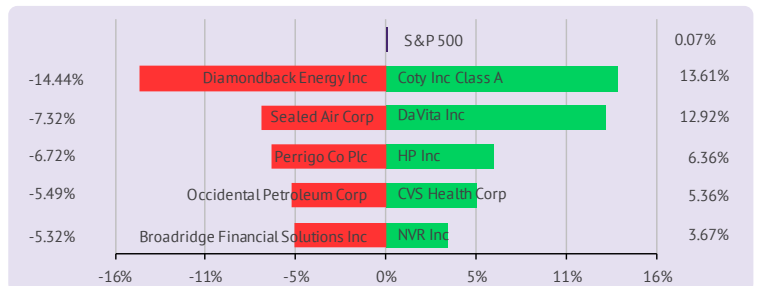
	As at 06 Nov 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57652.58	▲ 405.67	0.71	1.77	2.18	2.92	9.32
JSE Top 40 (ZAR)	51410.32	▲ 425.94	0.84	1.95	2.48	2.78	10.02
FTSE 100 (GBP)	7396.65	▲ 8.57	0.12	1.29	2.05	-2.16	9.94
DAX 30 (EUR)	13179.89	▲ 31.39	0.24	1.69	2.43	3.53	24.82
CAC 40 (EUR)	5866.74	▲ 19.85	0.34	1.82	2.39	0.92	24.01
S&P 500 (USD)	3076.78	▲ 2.16	0.07	0.32	1.29	2.04	22.73
Nasdaq Composite (USD)	8410.63	▼ -24.05	-0.29	0.29	1.43	3.66	26.76
DJIA (USD)	27492.56	▼ -0.07	0.00	0.53	1.65	0.48	17.85
MSCI Emerging Markets (USD)	1068.87	▼ -2.36	-0.22	1.88	2.58	4.09	10.66
MSCI Developed World (USD)	2261.37	▲ 2.11	0.09	0.41	1.25	2.45	20.03

US Market ◀▶

US markets closed mixed

US markets closed mixed yesterday, as gains in healthcare sector stocks overshadowed concerns over US-China trade deal. Data revealed that the US MBA mortgage applications fell in November. The S&P 500 Index climbed 0.1% to close at 3,076.78. Today, the S&P 500 futures are trading in the red.

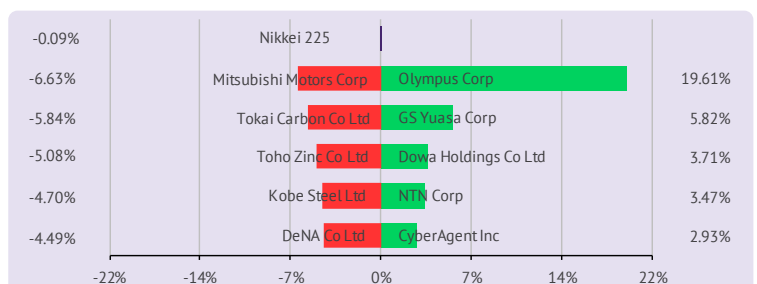
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Asian Market ▼

Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.1% lower at 23,282.69.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.2% against the South African Rand to trade at R14.8417. Later today, traders will keep a close watch on the US consumer credit data and initial jobless claims for further cues.

The US Dollar rose against the South African Rand yesterday. On the data front, the US MBA mortgage applications dropped in the week ended 1 November 2019.

GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R19.0619. Ahead in the day, traders will keep an eye on the BoE interest rate decision and BoE Governor, Mark Carney's speech along with UK's Halifax house prices for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R16.4126. Going forward, market participants will keep a tab on Germany's industrial production for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's Markit services PMI climbed more than market consensus in October. Additionally, retail sales increased in line with market forecast on a monthly basis in September. Separately, Germany's Markit services PMI advanced in October. Moreover, factory orders rebounded on a monthly basis in September.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R10.1875. Earlier in the session, Australia's AiG performance of construction index rose in October. Moreover, trade surplus widened 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	14.8417	▼	0.43	-1.48	-1.90	-0.23	3.26
GBPZAR	19.0619	▼	0.21	-2.05	-2.51	4.97	3.96
EURZAR	16.4126	▼	0.36	-2.34	-2.65	2.09	-0.38
AUDZAR	10.1875	▲	0.31	-1.88	-1.99	1.86	0.76
EURUSD	1.1059	▼	-0.08	-0.90	-0.77	2.32	-3.50
GBPUSD	1.2843	▼	-0.23	-0.70	-0.67	5.31	0.79
Brent (\$/barrel)	61.7	▼	-1.94	0.08	3.56	0.62	14.76
Gold (\$/oz)	1492.8	▼	0.63	-1.21	-1.43	3.35	16.53
Platinum (\$/oz)	933.7	▲	0.12	-2.34	-0.21	5.69	17.06
Copper (\$/MT)*	5888.5	▼	-0.43	1.06	2.06	1.30	-1.02

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices marginally dropped to trade at \$1,492.80/oz.

Yesterday, gold prices rose 0.6% to close at \$1,493.10/oz, amid reports that the US-China trade deal could be delayed.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$61.69/bl.

Yesterday, Brent crude oil dropped 1.9% to settle at \$61.74/bl, after the US Energy Information Administration reported that crude oil inventories jumped by 7.9mn in the week ended 1 November 2019.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$933.70/oz.

Yesterday, platinum prices climbed 0.1% to close at \$931.70/oz.

Major South African corporate news

Intu Properties Plc

In its trading update from 1 July 2019 to 5 November 2019, the company announced that it faced challenging market conditions along with the rest of the sector. While letting activity has been slower in 3Q19 as some customers delayed decisions due to continued political and economic uncertainty, it is still signing a good number of new deals with great brands. Meanwhile, the company indicated that it is in advanced stages of selling two of its Spanish assets, through to raising equity.

MTN Limited

The company announced that it is planning to invest ZAR10.00bn a year into its South African operations over the coming five years – a period which coincides with government's goal of attracting more than ZAR1.00tn of fixed investment into the underperforming economy.

Major global economic news

Eurozone

The International Monetary Fund (IMF) downgraded its 2019 global growth forecast to 3.0%, the slowest pace since the 2008 financial crisis and down from a 3.8% pace seen in 2017. However, the organisation projected global growth to improve to 3.4% in 2020. Moreover, the IMF lowered Eurozone's growth forecast to 1.2% in 2019 and to 1.4% in 2020, amid concerns over slowdown in the region's manufacturing sector and global trade tensions. Further, the IMF now expects the US economy to grow by 2.1% next year, but considerably weaker than the 4% President Donald Trump promised earlier in his presidency.

In the Eurozone, the Markit services PMI rose to 52.20 in October, more than market expectations and compared to a reading of 51.60 in the previous month. The preliminary figures had indicated a rise to a level of 51.80.

In the Eurozone, seasonally adjusted retail sales rose 0.1% on a monthly basis in September, at par with the market expectations. In the previous month, retail sales had recorded a revised advance of 0.6%.

In Germany, seasonally adjusted factory orders rose 1.3% on a monthly basis in September, more than market expectations. In the previous month, factory orders had recorded a revised drop of 0.4%.

In Germany, the Markit services PMI rose more than market forecast to 51.60 in October, compared to a reading of 51.40 in the previous month. The preliminary figures had indicated a fall to a level of 51.20.

Asia

In Australia, the AiG performance of construction index advanced to 43.90 in October, compared to a reading of 42.60 in the prior month.

In Australia, seasonally adjusted trade surplus widened to AUD7180.00mn in September, compared to a surplus of AUD5926.00mn in the previous month.

US

In the US, the MBA mortgage applications dropped 0.1% on a weekly basis for the week ended 01 November 2019. In the previous week, mortgage applications rose 0.6%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	04:00	Tokyo Average Office Vacancies (Oct)	✓	1.63%*	1.64%	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Oct)	✓	-	USD44.06bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Oct)	✓	-	USD54.86bn	Monthly
Switzerland	09:00	UBS Real Estate Bubble Index (Q3)	✓✓	-	0.78	Quarterly
Germany	09:00	Industrial Production n.s.a. and w.d.a. (YoY) (Sep)	✓✓✓	-2.90%	-4.00%	Monthly
Germany	09:00	Industrial Production s.a. (MoM) (Sep)	✓✓✓	-0.40%	0.30%	Monthly
Switzerland	10:00	Foreign Currency Reserves (Oct)	✓✓✓	-	CHF777.00bn	Monthly
UK	10:30	Halifax House Prices (3m/YoY) (Oct)	✓	1.40%	1.10%	Monthly
UK	10:30	Halifax House Prices (MoM) (Oct)	✓	0.30%	-0.40%	Monthly
Eurozone	11:00	ECB Publishes Economic Bulletin	✓✓	-	-	As scheduled
South Africa	11:30	SACCI Business Confidence Index (Oct)	✓	-	92.40	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Sep)	✓✓	-	-1.80%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Sep)	✓✓	-	1.30%	Monthly
UK	14:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	14:00	BoE Interest Rate Decision	✓✓✓	-	0.75%	As scheduled
UK	14:00	BoE Quarterly Inflation Report (Q3)	✓✓✓	-	-	Quarterly
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	14:00	Bank of England Inflation Report	✓✓	-	-	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
UK	14:30	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
UK	14:30	BoE's Carney speaks at press conference in London	✓✓	-	-	As scheduled
US	15:30	Initial Jobless Claims (02-Nov)	✓✓✓	-	218.00K	Weekly
US	20:15	Dallas Fed's Kaplan Speaks in Dallas	✓✓	-	-	As scheduled
US	22:00	Consumer Credit Change (Sep)	✓✓	USD15.00bn	USD17.90bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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formerly Grant Thornton Capital

a GTC, The Wanderers Office Park,

52 Corlett Drive, Illovo, 2196

p P O Box 55118, Illovo, 2116

GTC is nationally represented in Johannesburg, Cape Town and Durban.

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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