

ONE Minute Brief

28 November 2019

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), the BER business confidence index increased to 26 in 4Q19, compared to a reading of 21 in the previous quarter.

Business magazine, the Financial Mail and amaBhungane Centre for Investigative Journalism have lodged a joint application in the North Gauteng High Court seeking access to former President, Jacob Zuma's tax records and have challenged the constitutionality of tax secrecy provisions.

The National Union of Metalworkers of SA (Numsa) stated that employees at South African Airways (SAA) have only been paid 50% of their November salaries and have been assured that the balance would be paid on Monday.

The National Prosecuting Authority (NPA) has charged Economic Freedom Fighters (EFF) leader Julius Malema and security official Adriaan Snyman for 'discharging a firearm' at an EFF rally in 2018. Further, the NPA has also charged the party's Deputy President, Floyd Shivambu for his assault on a journalist last year.

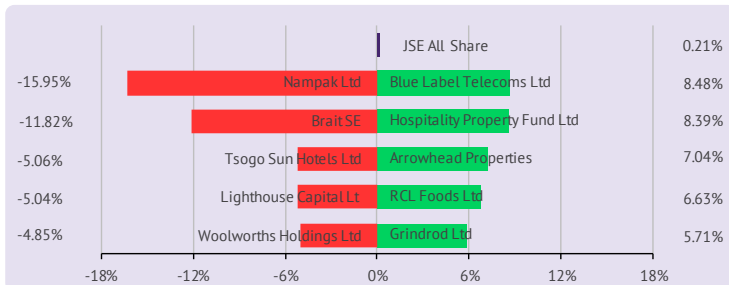
Department of Trade & Industry officials have warned that expropriation of foreign-owned land without compensation might be illegal.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in financial sector stocks. Data revealed that SA's business confidence index improved in 4Q19. The JSE All Share Index rose 0.2% to close at 56,173.86.

To Read More Click [Here](#)

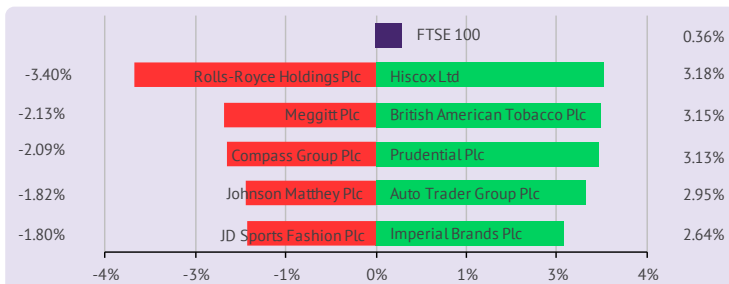


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid renewed hopes over the US-China trade deal. The FTSE 100 Index advanced 0.4% to close at 7,429.78. Today, the FTSE 100 futures are trading in negative territory.

To Read More Click [Here](#)



Key indices

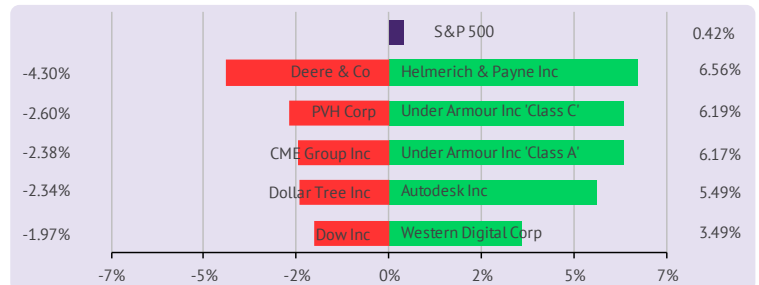
	As at 27 Nov 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	56173.86	▲	120.48	0.21	-1.03	-0.45	2.92	6.52
JSE Top 40 (ZAR)	49910.57	▲	92.15	0.18	-1.14	-0.51	2.78	6.81
FTSE 100 (GBP)	7429.78	▲	26.64	0.36	1.41	2.50	-2.16	10.43
DAX 30 (EUR)	13287.07	▲	50.65	0.38	0.94	3.27	3.53	25.84
CAC 40 (EUR)	5926.84	▼	-2.78	-0.05	0.57	3.44	0.92	25.28
S&P 500 (USD)	3153.63	▲	13.11	0.42	1.39	3.82	2.04	25.80
Nasdaq Composite (USD)	8705.18	▲	57.24	0.66	2.17	4.98	3.66	31.20
DJIA (USD)	28164.00	▲	42.32	0.15	1.03	4.13	0.48	20.73
MSCI Emerging Markets (USD)	1052.93	▲	5.09	0.49	0.42	1.05	4.09	9.01
MSCI Developed World (USD)	2302.67	▲	7.89	0.34	1.27	3.10	2.45	22.23

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid better-than-expected US economic data and ongoing optimism over the US-China trade deal. Data revealed that US economy grew more than initially estimated in 3Q19. The S&P 500 Index climbed 0.4% to close at 3,153.63. Today, the S&P 500 futures are trading in the red.

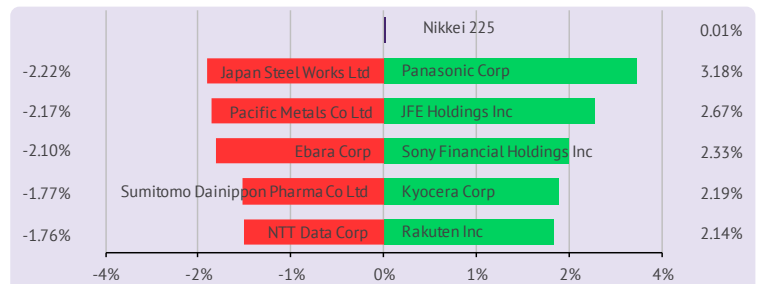
To Read More Click [Here](#)



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that Japan's retail trade declined more than market expectations on a yearly basis in October. The Nikkei 225 Index is trading marginally higher at 23,440.78.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar marginally dropped against the South African Rand to trade at R14.7590. With no major economic releases in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US annualised gross domestic product (GDP) climbed on a quarterly basis in 3Q19. Additionally, personal spending advanced in line with market anticipations on a monthly basis in October. Further, initial jobless claims dropped more than market expectations in the week ended 22 November 2019. Moreover, the preliminary durable goods orders unexpectedly rose on a monthly basis in October. Meanwhile, personal income remained flat on a monthly basis in October. Additionally, pending home sales advanced less than market consensus on an annual basis in October.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R19.0802. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R16.2440. Going forward, market participants will keep a tab on Eurozone's consumer confidence index, business climate index and economic sentiment indicator along with Germany's consumer price index for further direction.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.2% against the South African Rand to trade at R9.9823.

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	14.7590	▲	-0.28	0.31	-2.25	-0.23	2.89
GBPZAR	19.0802	▼	0.13	0.91	-2.40	4.97	4.08
EURZAR	16.2440	▼	-0.49	0.11	-3.61	2.09	-1.36
AUDZAR	9.9823	▲	-0.47	0.15	-3.91	1.86	-1.22
EURUSD	1.1005	▲	-0.20	-0.20	-1.37	2.32	-4.08
GBPUSD	1.2928	▲	0.43	0.68	-0.16	5.31	1.31
Brent (\$/barrel)	63.9	▼	-0.33	1.06	7.45	0.62	19.07
Gold (\$/oz)	1462.3	▲	-0.47	-0.70	-4.05	3.35	13.43
Platinum (\$/oz)	895.0	▼	-1.79	0.31	-4.10	5.69	12.50
Copper (\$/MT)*	5925.5	▲	0.30	1.50	2.70	1.30	-0.40

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,462.30/oz, as President Donald Trump's move to sign legislation supporting Hong Kong protesters stoked worries over the possibility of a trade deal.

To Read More Click [Here](#)

Yesterday, gold prices fell 0.5% to close at \$1,453.40/oz, amid growing optimism over the US-China trade pact.

To Read More Click [Here](#)

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.3% to trade at \$63.86/bl.

Yesterday, Brent crude oil declined 0.3% to settle at \$64.06/bl, after the US Energy Information Administration (EIA) reported that US crude oil inventories unexpectedly rose by 1.6mn bls last week.

To Read More Click [Here](#)

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged slightly lower to trade at \$895.00/oz.

Yesterday, platinum prices dropped 1.8% to close at \$895.40/oz.

Major South African corporate news

Arrowhead Properties Limited

In its FY19 results, the company announced that revenues advanced 6.0% to ZAR2.42bn from ZAR2.28bn posted in the preceding year. Its diluted loss per share stood at 169.67c, compared to 42.87c recorded in the previous year.

Santam Limited

In its 10M19 operational update, the company announced that conventional insurance business segment achieved strong underwriting results. Commercial and Personal intermediated business continued to experience strained gross written premium growth in the current difficult economic climate.

Brait SE

In its 1H20 results, the company announced that loss for the period narrowed to ZAR1.48bn from ZAR3.39bn posted in the corresponding period of the previous year. Its basic headline loss per share stood at 313.00c, compared with 668.00c in the same period of the prior year.

Woolworths Holdings Limited

In its trading update for 20 weeks ended 17 November 2019, the company announced that sales rose 2.2% compared to the same period last year. Food sales increased by 8.8% and beauty and home sales rose by 2.8%.

Nampak Limited

In its FY19 results, the company announced that revenues declined 8.3% to ZAR14.64bn from ZAR15.96bn reported in the preceding year. Its diluted EPS stood at 42.00c, compared to 175.90c recorded last year.

Major global economic news

US

The US Federal Reserve's (Fed) Beige Book report showed that the US economy expanded "modestly" from October through mid-November and highlighted an optimistic outlook for the economy. Further, the book revealed that although labour market remained tight across the country, employment continued to rise slightly. With regard to inflation, the report indicated that prices rose at a modest pace during the reporting period.

In the US, annualised GDP rose 2.1% on a quarterly basis in 3Q19, compared to an advance of 2.0% in the previous quarter. The preliminary figures had indicated an advance of 1.9%.

In the US, seasonally adjusted initial jobless claims dropped to 213.00K in the week ended 22 November 2019, more than market expectations and compared to a revised level of 228.00K in the prior week.

In October, personal spending increased 0.3% on a monthly basis in the US, in line with market anticipations. In the previous month, personal spending had recorded a rise of 0.2%.

In the US, personal income remained flat on a monthly basis in October, compared to a rise of 0.3% in the prior month.

In October, the preliminary durable goods orders unexpectedly rose 0.6% on a monthly basis in the US. In the previous month, durable goods orders had registered a revised drop of 1.4%.

In the US, the MBA mortgage application rose 1.5% on a weekly basis in the week ended 22 November 2019. The MBA mortgage applications had dropped 2.2% in the prior week.

In October, pending home sales advanced 4.4% on an annual basis in the US, less than market anticipations. Pending home sales had recorded an advance of 3.9% in the previous month.

Asia

In Japan, retail trade declined 7.1% on a yearly basis in October, more than market consensus. Retail trade jumped 9.1% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Retail Trade s.a. (MoM) (Oct)	✓✓✓	-14.40%*	7.10%	Monthly
Japan	01:50	Foreign Buying Japan Bonds (22-Nov)	✓	JPY458.90bn*	-JPY432.40bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (22-Nov)	✓	JPY131.70bn*	JPY111.00bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (22-Nov)	✓	-JPY115.20bn*	JPY123.40bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (22-Nov)	✓	-JPY63.50bn*	-JPY64.70bn	Weekly
Japan	01:50	Retail Trade (YoY) (Oct)	✓✓✓	-7.10%*	9.10%	Monthly
Eurozone	05:30	ECB's Villeroy speaks in Tokyo	✓	-	-	As scheduled
UK	09:00	Nationwide House Prices n.s.a. (YoY) (Nov)	✓✓	-	0.40%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Nov)	✓✓✓	-	0.20%	Monthly
Eurozone	11:00	M3 Money Supply (YoY) (Oct)	✓	5.50%	5.50%	Monthly
Eurozone	11:00	M3 Money Supply (3m) (Oct)	✓	5.70%	5.50%	Monthly
Eurozone	11:00	Private Loans (YoY) (Oct)	✓	3.50%	3.40%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Oct)	✓✓	0.35%	0.20%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Oct)	✓✓	3.05%	4.10%	Monthly
Eurozone	12:00	Services Sentiment Indicator (Nov)	✓	8.80	9.00	Monthly
Eurozone	12:00	Consumer Confidence (Nov) (F)	✓✓✓	-7.20	-7.20**	Monthly
Eurozone	12:00	Industrial Confidence (Nov)	✓	-9.10	-9.50	Monthly
Eurozone	12:00	Business Climate Indicator (Nov)	✓✓	-0.14	-0.19	Monthly
Eurozone	12:00	Economic Sentiment Indicator (Nov)	✓	101.00	100.80	Monthly
Germany	15:00	Consumer Price Index (MoM) (Nov) (P)	✓✓✓	-0.60%	0.10%	Monthly
Germany	15:00	Consumer Price Index (YoY) (Nov) (P)	✓✓✓	1.30%	1.10%	Monthly
Germany	15:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Nov) (P)	✓✓✓	-0.70%	0.10%	Monthly
Germany	15:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Nov) (P)	✓✓✓	1.20%	0.90%	Monthly
Eurozone	17:30	ECB's Hernandez de Cos speaks in Colombia	✓	-	-	As scheduled
Eurozone	18:35	ECB Board Member Coeure Speaks in Paris	✓	-	-	As scheduled
Eurozone	22:00	ECB Chief Economist Lane Speaks in Dublin	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

formerly Grant Thornton Capital

a GTC, The Wanderers Office Park,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2116

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

An Authorised Financial
Services Provider
FSP no. 731

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

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services