

ONE Minute Brief

6 November 2019

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Economic and political news

In South Africa (SA), the BER consumer confidence index dropped to -7.00 in 3Q19, compared to a reading of 5.00 in the previous quarter. Meanwhile, the IHS Markit's Purchasing Managers' Index (PMI) rose to 49.40 in October, compared to a reading of 49.20 in September.

Rating agency, Moody's, has lowered Eskom's long-term corporate family rating, or unguaranteed debt, to "B2" from "B3", with a negative outlook, citing difficulty in the implementation of a government plan to restructure the utility without adequate cabinet support. Separately, Eskom indicated that its electricity system would remain constrained until at least Thursday, but the possibility of load shedding was low.

The Energy Department announced that petrol prices will decrease by 0.8% or 13c to ZAR16.08 per litre, while diesel prices will fall by 16c to ZAR14.68 per litre, with effect from today.

In a media interview, President Ramaphosa indicated that the nation is making tremendous progress in implementing reforms.

News reports indicate that former President, Jacob Zuma, will not testify at the Zondo commission of inquiry next week, after his lawyers informed the commission that "he is ill".

Key indices

	As at 05 Nov 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	57246.91	▲	318.04	0.56	1.05	1.46	2.92	8.55
JSE Top 40 (ZAR)	50984.38	▲	310.65	0.61	1.10	1.63	2.78	9.11
FTSE 100 (GBP)	7388.08	▲	18.39	0.25	1.17	1.93	-2.16	9.81
DAX 30 (EUR)	13148.50	▲	12.22	0.09	1.45	2.19	3.53	24.52
CAC 40 (EUR)	5846.89	▲	22.59	0.39	1.48	2.04	0.92	23.59
S&P 500 (USD)	3074.62	▼	-3.65	-0.12	0.25	1.22	2.04	22.65
Nasdaq Composite (USD)	8434.68	▲	1.48	0.02	0.58	1.72	3.66	27.12
DJIA (USD)	27492.63	▲	30.52	0.11	0.53	1.65	0.48	17.86
MSCI Emerging Markets (USD)	1071.22	▲	6.67	0.63	2.10	2.81	4.09	10.90
MSCI Developed World (USD)	2259.26	▼	-2.19	-0.10	0.32	1.15	2.45	19.92

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and financial sector stocks. Data showed that SA's consumer confidence index dropped to a 2-year low level in 3Q19. The JSE All Share Index rose 0.6% to close at 57,246.91.

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US Market ▲

US markets closed mostly firmer

US markets closed mostly higher yesterday, amid robust US economic data and positive developments related to the US-China trade agreement. Data revealed that the US ISM services PMI climbed more than expected in October. The S&P 500 Index dropped 0.1% to close at 3,074.62. Today, the S&P 500 futures are trading in the red.

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UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid gains in energy sector stocks and optimism over US-China trade deal. Data revealed that UK's Markit services PMI rose more than market forecast in October. The FTSE 100 Index advanced 0.3% to close at 7,388.08. Today, the FTSE 100 futures are trading in negative territory.

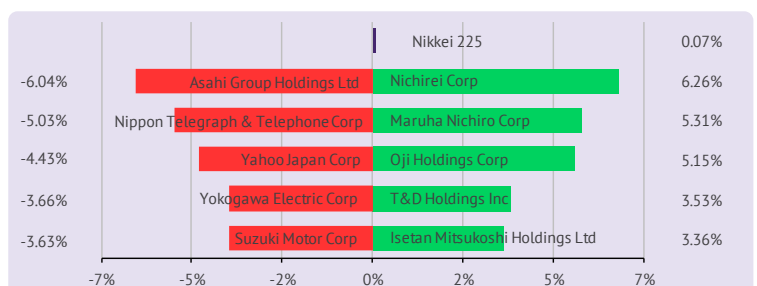
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Asian Market ▲

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.1% higher at 23,268.08.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R14.7375. Later today, traders will keep a close watch on the US MBA mortgage applications for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Markit services PMI declined in October. Additionally, the JOLTS job openings dropped more than market expectations to an 18-month low level in September. Meanwhile, the nation's trade deficit narrowed in line with market forecast in September, recording its biggest drop in eight months. Moreover, the ISM non-manufacturing PMI advanced in October. Separately, in SA, the BER consumer confidence index dropped in the third quarter of 2019, marking its lowest level since the fourth quarter of 2017. On the other hand, the IHS Markit PMI improved in October.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R18.9860. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's Markit services PMI rose more than market forecast in October.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R16.3220. Going forward, market participants will keep a tab on Eurozone's retail sales data, the Markit services PMI across the Eurozone along with Germany's factory orders for further indication.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's producer price index (PPI) fell in line with market consensus on annual basis in September, recording its biggest decline since September 2016.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R10.1635.

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	14.7375	▲	-0.42	-1.91	-2.32	-0.23	2.82
GBPZAR	18.9860	▲	-0.40	-2.26	-2.72	4.97	3.74
EURZAR	16.3220	▲	-0.89	-2.68	-2.99	2.09	-0.73
AUDZAR	10.1635	▲	-0.27	-2.18	-2.29	1.86	0.45
EURUSD	1.1076	▲	-0.48	-0.81	-0.69	2.32	-3.42
GBPUSD	1.2884	-	0.00	-0.48	-0.45	5.31	1.02
Brent (\$/barrel)	62.5	▼	1.34	2.06	5.60	0.62	17.03
Gold (\$/oz)	1488.2	▲	-1.81	-1.83	-2.05	3.35	15.80
Platinum (\$/oz)	928.5	▼	-0.86	-2.45	-0.33	5.69	16.92
Copper (\$/MT)*	5914.0	▲	1.03	1.49	2.50	1.30	-0.59

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,488.20/oz.

Yesterday, gold prices fell 1.8% to close at \$1,483.70/oz, on hopes of US-China trade deal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.7% to trade at \$62.54/bl, after the American Petroleum Institute reported that crude oil inventories advanced by 4.3mn bls in the week ended 1 November 2019.

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Yesterday, Brent crude oil advanced 1.3% to settle at \$62.96/bl, amid progress towards US-China trade pact.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$928.50/oz.

Yesterday, platinum prices declined 0.9% to close at \$930.60/oz.

Major South African corporate news

Telkom SA SOC Limited

In its 1H19 trading statement, the company announced that it expects EPS to be between 165.60c and 193.20c, compared to an EPS of 276.00c recorded in the corresponding period of the previous year. The company expects its HEPS to be between 172.80c and 201.60c, compared to a HEPS of 288.00c in the prior year.

Major global economic news

US

In the US, trade deficit narrowed to USD52.50bn in September, following a revised trade deficit of USD55.00bn in the prior month.

In the US, the Markit services PMI dropped to 50.60 in October, compared to a level of 50.90 in the previous month. The preliminary figures had indicated an advance to 51.00.

In the US, the ISM non-manufacturing PMI advanced to 54.70 in October, more than market forecast and compared to a level of 52.60 in the previous month.

In the US, the JOLTs job openings dropped more-than-expected to 7024.00K in September. In the previous month, the JOLTs job openings had recorded a revised level of 7301.00K.

UK

In the UK, the Markit services PMI rose to 50.00 in October, more than market expectations. The services PMI had recorded a level of 49.50 in the prior month.

Asia

The Bank of Japan (BoJ) in its latest monetary policy meeting minutes debated the feasibility of additional easing in September, wherein officials agreed that it was appropriate to continue with the current monetary easing. However, members cautioned over downside risks to economic activity.

In Japan, the Nikkei services PMI fell to a level of 49.70 in October, less than market expectations. In the previous month, the services PMI had registered a reading of 52.80.

Eurozone

In the Eurozone, the PPI declined 1.2% on an annual basis in September, in line with market expectations. In the previous month, the PPI had recorded a drop of 0.8%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
US	01:00	Fed's Kashkari Speaks in Minneapolis	✓	-	-	As scheduled
Japan	01:50	BoJ Monetary Policy Meeting Minutes	✓✓✓	-	-	As scheduled
Japan	02:30	Nikkei Japan Services PMI (Oct)	✓✓	49.70*	52.80	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Sep)	✓✓	0.10%	-0.60%	Monthly
Germany	09:00	Factory Orders n.s.a. (YoY) (Sep)	✓✓✓	-6.20%	-6.70%	Monthly
Spain	10:00	Industrial Output s.a. (YoY) (Sep)	✓✓	-	1.70%	Monthly
Spain	10:00	Industrial Output n.s.a. (YoY) (Sep)	✓✓	-	-0.50%	Monthly
Spain	10:15	Markit Services PMI (Oct)	✓✓✓	52.80	53.30	Monthly
Italy	10:45	Markit Services PMI (Oct)	✓✓✓	51.00	51.40	Monthly
France	10:50	Markit Services PMI (Oct) (F)	✓✓✓	52.90	52.90**	Monthly
Germany	10:55	Markit Services PMI (Oct) (F)	✓✓✓	52.50	51.20**	Monthly
Eurozone	11:00	Markit Composite PMI (Oct) (F)	✓✓✓	-	50.20**	Monthly
Eurozone	11:00	ECB Vice-President Guindos Speaks in Frankfurt	✓	-	-	As scheduled
Eurozone	11:00	Markit Services PMI (Oct) (F)	✓✓✓	51.80	51.80**	Monthly
Eurozone	11:15	SSM's Enria Speaks in Frankfurt	✓	-	-	As scheduled
Eurozone	11:30	ECB's Mersch Speaks in Panel in Frankfurt	✓	-	-	As scheduled
Eurozone	12:00	Retail Sales Index s.a. (Sep)	✓✓	-	108.40	Monthly
Eurozone	12:00	Retail Sales (MoM) (Sep)	✓✓✓	0.10%	0.30%	Monthly
Eurozone	12:00	Retail Sales (YoY) (Sep)	✓✓✓	2.50%	2.10%	Monthly
Portugal	13:00	Unemployment Rate (Q3)	✓	-	6.30%	Quarterly
US	14:00	MBA Mortgage Applications (01-Nov)	✓	-	0.60%	Weekly
US	15:00	Fed's Evans speech	✓✓	-	-	As scheduled
US	15:30	Non-Farm Productivity (Q3) (P)	✓	0.90%	2.30%	Quarterly
US	15:30	Unit Labour Costs (Q3) (P)	✓	2.20%	2.60%	Quarterly
US	16:30	Fed's Williams speech	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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