

ONE Minute Brief

6 January 2020

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Economic and political news

Yesterday, Eskom stated that it would end power cuts at 11 p.m. local time (2100 GMT) and does not expect to implement rotational power cuts on Monday. Meanwhile the Democratic Alliance (DA) has demanded “full transparency” and forensic audits at the firm, following the latest round of rotational blackouts.

The National Energy Regulator of South Africa’s (NERSA) full time acting member, Nomfundo Maseti, filed an urgent application in the Pretoria High Court over Eskom’s demand for a further ZAR69bn bailout and has accused Eskom of hiding the true extent of its own inefficiencies as well as maladministration. Separately, news reports indicate that despite posting a net loss of in excess of ZAR20bn last year, Eskom intends to pay workers ZAR1.8bn in performance bonuses.

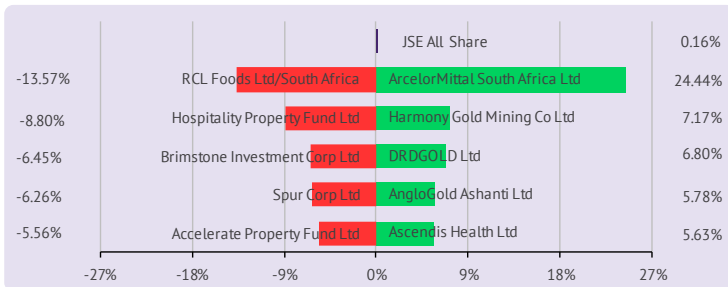
The African National Congress (ANC) has described the killing of General Soleimani, Commander of Iran’s elite Quds Force, in a series of airstrikes by the United States, as an attack on the sovereignty and self-determination of the people of Iran. Separately, International Relations Minister, Naledi Pandor, called for calm and avoiding exacerbating the already fragile situation.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in platinum mining and resource sector stocks. The JSE All Share Index rose 0.2% to close at 57,810.00.

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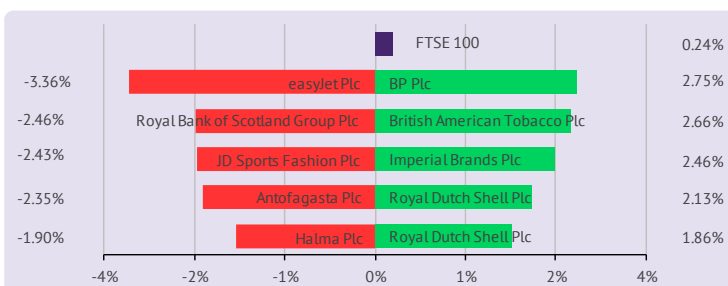


UK Market ▲

UK markets closed in the green

UK markets finished higher on Friday, as oil prices surged following a US air strike in Iraq. The FTSE 100 Index advanced 0.2% to close at 7,622.40. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

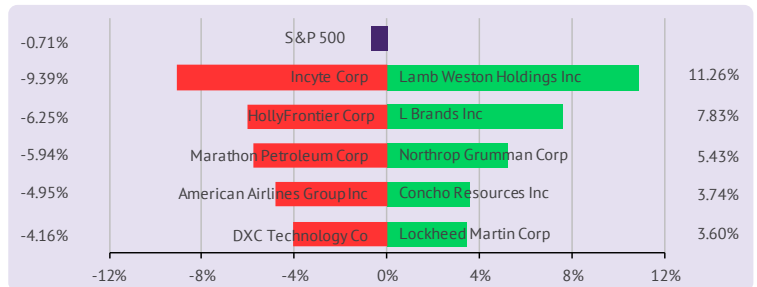
	As at 03 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57810.00	▲ 92.00	0.16	NA	1.27	3.13	1.27
JSE Top 40 (ZAR)	51536.50	▲ 98.46	0.19	NA	1.42	3.51	1.42
FTSE 100(GBP)	7622.40	▲ 18.10	0.24	NA	1.06	2.67	1.06
DAX 30 (EUR)	13219.14	▼ -166.79	-1.25	NA	-0.23	0.10	-0.23
CAC 40 (EUR)	6044.16	▲ 2.66	0.04	NA	1.11	1.23	1.11
S&P 500 (USD)	3234.85	▼ -23.00	-0.71	NA	0.13	2.86	0.13
Nasdaq Composite (USD)	9020.77	▼ -71.42	-0.79	NA	0.54	3.54	0.54
DJIA (USD)	28634.88	▼ -233.92	-0.81	NA	0.34	1.74	0.34
MSCI Emerging Markets (USD)	1123.87	▼ -4.15	-0.37	NA	0.83	7.17	0.83
MSCI Developed World (USD)	2363.12	▼ -12.82	-0.54	NA	0.20	2.89	0.20

US Market ▼

US markets closed weaker

US markets closed lower on Friday, after a US air strike in Iraq killed a top Iranian commander, stoking fears of conflict in the Middle East. The S&P 500 Index dropped 0.7% to close at 3,234.85. Today, the S&P 500 futures are trading in the red.

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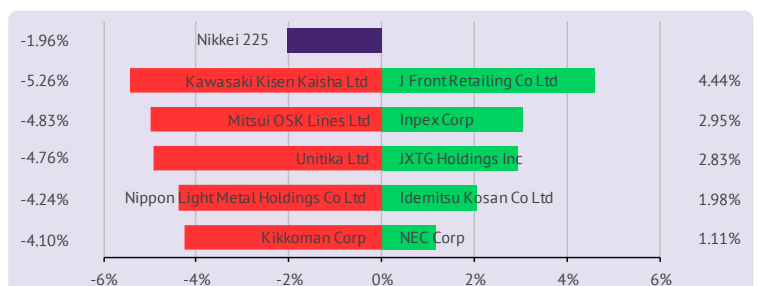


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid heightened geopolitical tensions in the Middle East. As at 6:00 SAST the Nikkei 225 Index is trading 2.0% lower at 23,192.51.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R14.3151. Later today, traders will keep a close watch on the US Markit services PMI for further direction.

The US Dollar rose against the South African Rand on Friday. On the macro front, the US construction spending rose more than market consensus on a monthly basis in November. Meanwhile, the ISM manufacturing activity index unexpectedly dropped December. Separately, South African Rand fell against US Dollar after US air strike on Iran killed a top Iranian military commander.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R18.7281. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further indications.

The British Pound advanced against the South African Rand on Friday. Data indicated that UK's seasonally adjusted Nationwide house prices advanced on a monthly basis in December, marking its highest level since November 2018. Moreover, the number of mortgage approvals for house purchase unexpectedly climbed in November. Meanwhile, the Markit construction PMI unexpectedly dropped in December. Moreover, net consumer credit eased more than market expectations in November.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R15.9849. Going forward, market participants will keep a tab on Eurozone's producer price index (PPI), the Sentix investor confidence index and the Markit services PMI along with Germany's retail sales and the Markit services PMI for further cues.

The Euro strengthened against the South African Rand on Friday. On the data front, Eurozone's M3 money supply rose less than market forecast on an annual basis in November. Separately, in Germany the preliminary consumer price index (CPI) advanced on a yearly basis in December. Meanwhile, unemployment rate remained steady in line with market expectations in December.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R9.9369. Data showed that Australia's AiG performance of manufacturing index rose in December. Additionally, the Commonwealth Bank services PMI increased in the same month. Elsewhere, in China, Australia's largest trading partner, the Markit services PMI eased in December.

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	14.3151	▼	1.51	NA	2.16	-4.57	2.16
GBPZAR	18.7281	▼	1.09	NA	0.78	-2.05	0.78
EURZAR	15.9849	▼	1.44	NA	1.70	-2.82	1.70
AUDZAR	9.9369	▲	0.98	NA	1.10	-0.77	1.10
EURUSD	1.1166	▲	-0.10	NA	-0.46	1.77	-0.46
GBPUSD	1.3082	▼	-0.47	NA	-1.31	2.57	-1.31
Brent (\$/barrel)	70.7	▲	3.55	NA	3.94	9.11	3.94
Gold (\$/oz)	1580.5	▲	1.59	NA	1.92	3.92	1.92
Platinum (\$/oz)	985.8	▲	0.60	NA	1.35	7.89	1.35
Copper (\$/MT)*	6104.0	▼	-0.97	NA	-0.73	5.23	-0.73

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 1.8% to trade at \$1,580.50/oz.

On Friday, gold prices rose 1.6% to close at \$1,552.40/oz, after an Iranian military leader was killed in an air strike authorised by the US.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 3.0% higher to trade at \$70.68/bl.

On Friday, Brent crude oil advanced 3.6% to settle at \$68.60/bl, after US air strike in Iran killed Iranian military leader, fuelling fears of an escalation of tensions in the Middle East that could disrupt the crude supply. Additionally, Baker Hughes reported that US oil rig count fell by 7 to 670 in the week ended 03 January 2020. Furthermore, the US Energy Information Administration (EIA) reported that crude oil inventories fell by 11.46mn bls in the week ended 03 January 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$985.80/oz..

On Friday, platinum prices climbed 0.6% to close at \$984.50/oz.

Major South African corporate news

Nampak Limited

The company announced the resignation of Mr. AM de Ruyter and the appointment of Mr. EE Smuts as Chief Executive Officer (CEO) and Executive Director of the company, with immediate effect.

Major global economic news

In the UK, seasonally adjusted Nationwide house prices advanced 1.4% on a monthly basis in December, at par with market forecast and compared to a rise of 0.8% in the previous month.

In the UK, the number of mortgage approvals for house purchase unexpectedly climbed to 64.99K in November, compared to a revised reading of 64.66K in the prior month.

In December, the Markit construction PMI unexpectedly declined to a level of 44.40 in the UK, compared to a level of 45.30 in the previous month.

In the UK, net consumer credit fell to GBP0.56bn in November, more than market forecast. In the prior month, net consumer credit had recorded a revised level of GBP1.34bn.

Asia

In Japan, the Jibun Bank manufacturing PMI eased to a level of 48.40 in December, compared to a reading of 48.90 in the previous month. The preliminary figures had indicated a fall to a level of 48.80.

In China, the Markit services PMI dropped to a level of 52.50 in December, compared to 53.50 in the previous month.

In Australia, the AiG performance of manufacturing index rose to 48.3 in December, compared to 48.1 in the prior month.

Australia's Commonwealth Bank services PMI increased to 49.8 in December, compared to 49.5 in November.

Eurozone

In the Eurozone, M3 money supply advanced 5.6% on an annual basis in November, less than market anticipations and compared to a revised rise of 5.7% in the previous month.

In Germany, unemployment rate remained steady at 5.0% in December, in line with market expectations.

In December, the preliminary CPI climbed 1.5% on a yearly basis in Germany, more than market forecast and compared to an advance of 1.1% in the previous month.

US

The Federal Open Market Committee (FOMC), in its December meeting minutes, indicated that monetary policy was likely to remain appropriate "for a time" with interest rates likely remain on "hold". However, a few members suggested that keeping interest rates low over a long period might encourage excessive risk-taking and could exacerbate imbalances in the financial sector.

In the US, the ISM manufacturing activity index unexpectedly declined to a level of 47.20 in December, compared to a level of 48.10 in the previous month.

In November, construction spending advanced 0.6% on a monthly basis in the US, more than market anticipations and compared to a revised rise of 0.1%.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
ArcelorMittal South Africa Ltd	168	40.00	41.18	41.18
Ascendis Health Ltd	169	12.67	11.18	11.18
Harmony Gold Mining Co Ltd	5530	12.44	8.01	8.01
PPC Ltd	267	1.91	6.80	6.80
Rebosis Property Fund Ltd	34	9.68	6.25	6.25
MiX Telematics Ltd	765	7.75	6.25	6.25
AngloGold Ashanti Ltd	33610	8.85	6.19	6.19
Texton Property Fund Ltd	289	-0.34	5.09	5.09
Grindrod Ltd	528	2.72	4.97	4.97
Aspen Pharmacare Holdings Ltd	12490	4.10	4.76	4.76
Pan African Resources PLC	226	12.44	4.63	4.63
British American Tobacco PLC	62209	3.66	4.14	4.14
Quilter PLC	3051	3.42	4.13	4.13
Rhodes Food Group Pty Ltd	1550	2.24	3.96	3.96
Sirius Real Estate Ltd	1661	5.80	3.81	3.81
KAP Industrial Holdings Ltd	435	4.07	3.57	3.57
Reinet Investments SCA	28708	2.63	3.45	3.45
Impala Platinum Holdings Ltd	14843	3.34	3.42	3.42
Glencore PLC	4480	2.24	3.27	3.27
Peregrine Holdings Ltd	1952	6.96	3.17	3.17
Northam Platinum Ltd	12751	3.67	3.15	3.15
Sibanye Gold Ltd	3701	7.59	3.12	3.12
Sasol Ltd	31200	-0.29	2.81	2.81
Naspers Ltd	235400	1.62	2.76	2.76
Anglo American Platinum Ltd	134308	0.58	2.73	2.73
Blue Label Telecoms Ltd	265	5.16	2.71	2.71
Murray & Roberts Holdings Ltd	1094	-0.18	2.63	2.63
SA Corporate Real Estate Ltd	313	0.97	2.29	2.29
Investec Ltd	8464	1.09	2.03	2.03
Investec PLC	8352	0.99	1.90	1.90
Hammerson PLC	5760	0.10	1.89	1.89
Dis-Chem Pharmacies Ltd	2700	1.24	1.89	1.89
Cie Financiere Richemont SA	11157	1.10	1.86	1.86
Bid Corp Ltd	33582	1.26	1.70	1.70
Anglo American PLC	40559	1.22	1.69	1.69
African Rainbow Capital Investments Ltd	424	0.95	1.68	1.68
NEPI Rockcastle PLC	12588	-0.40	1.66	1.66
Woolworths Holdings Ltd/South Africa	4940	0.61	1.65	1.65
Discovery Ltd	12260	0.85	1.63	1.63
Alexander Forbes Group Holdings Ltd	564	1.81	1.62	1.62
JSE All Share Index	57810	0.66	1.27	1.27

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Dec) (F)	✓✓✓	48.40*	48.80**	Monthly
China	03:45	Caixin/Markit Services PMI (Dec)	✓✓✓	52.50*	53.50	Monthly
China	03:45	Caixin China Composite PMI (Dec)	✓✓✓	52.60*	53.20	Monthly
Italy	10:45	Markit Services PMI (Dec)	✓✓✓	51.10	50.40	Monthly
UK	11:00	New Car Registrations (YoY) (Dec)	✓	-	-1.30%	Monthly
UK	11:30	Official Reserves (Changes) (Dec)	✓✓	-	USD49.00 mn	Monthly
Eurozone	11:30	Sentix Investor Confidence (Jan)	✓✓✓	-4.90	0.70	Monthly
Eurozone	12:00	Producer Price Index (MoM) (Nov)	✓✓✓	-	0.10%	Monthly
Greece	12:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Dec)	✓	-	0.50%	Monthly
Greece	12:00	Consumer Price Index (YoY) (Dec)	✓✓	-	0.20%	Monthly
Eurozone	12:00	Producer Price Index (YoY) (Nov)	✓✓✓	-1.60%	-1.90%	Monthly
US	16:45	Markit Composite PMI (Dec) (F)	✓✓✓	52.20	52.20**	Monthly
Japan	-	Japan Foreign Reserves (Dec)	✓	-	-	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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