

ONE Minute Brief

10 June 2019

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Economic and political news

In South Africa (SA), gross gold & forex reserves fell to a level of USD48.33bn in May, compared to USD49.54bn in the prior month. Net gold & forex reserves dropped to USD43.18bn in May, compared to a reading of USD43.25bn in the prior month.

S&P Global Ratings warned that compromising the independence of the South African Reserve Bank (SARB) could affect the country's rating.

South African Airways (SAA) announced that it has appointed Zukisa Ramasia as its interim Chief Executive Officer and has requested the government for a ZAR4bn bailout for the current financial year.

Democratic Alliance (DA) Federal Executive Chairman, James Selfe announced that he would step down in October.

National Treasury Director General, Dondo Mogajane, stated that SA has no option but to increase financial support for Eskom.

According to a news report, the Gauteng High Court will on 11 and 12 June review the findings of Seriti commission which was set up to look into allegations of fraud, corruption, impropriety or irregularity in the Arms Deal.

Key indices

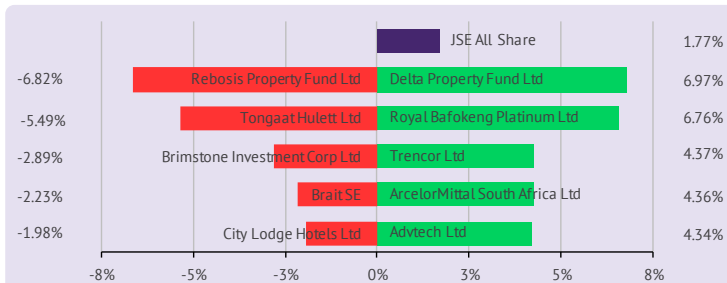
	As at 7 June 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58099.84	▲ 1009.31	1.77	NA	4.40	-4.92	10.17
JSE Top 40 (ZAR)	51976.89	▲ 988.45	1.94	NA	4.82	-5.14	11.24
FTSE 100(GBP)	7331.94	▲ 72.09	0.99	NA	2.38	-3.46	8.97
DAX 30 (EUR)	12045.38	▲ 92.24	0.77	NA	2.72	-5.00	14.08
CAC 40 (EUR)	5364.05	▲ 85.62	1.62	NA	3.00	-6.78	13.39
S&P 500 (USD)	2873.34	▲ 29.85	1.05	NA	4.41	-6.58	14.62
Nasdaq Composite (USD)	7742.10	▲ 126.55	1.66	NA	3.88	-7.93	16.68
DJIA (USD)	25983.94	▲ 263.28	1.02	NA	4.71	-6.69	11.39
MSCI Emerging Markets (USD)	1007.39	▲ 4.64	0.46	NA	0.94	-7.53	4.29
MSCI Developed World (USD)	2126.88	▲ 22.70	1.08	NA	3.94	-6.08	12.90

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in platinum and resource mining sector stocks. Data showed that SA's net gold & forex reserves fell in line with expectations in May. The JSE All Share Index rose 1.8% to close at 58,099.84.

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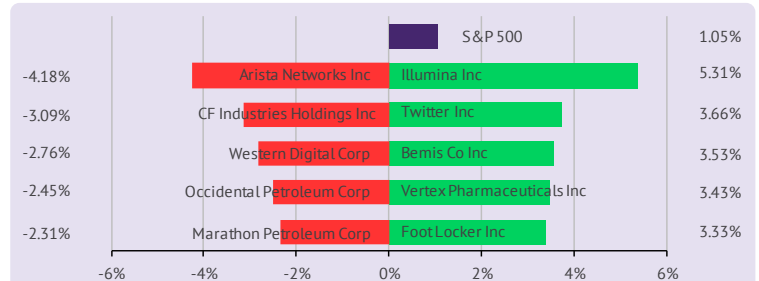


US Market ▲

US markets closed higher

US markets closed higher on Friday, on trade optimism and as weaker-than-expected US jobs report raised hopes of Fed rate cuts. Data indicated that the US non-farm payrolls rose less-than-expected in May. The S&P 500 Index climbed 1.1% to close at 2,873.34. Today, the S&P 500 futures are trading in the green.

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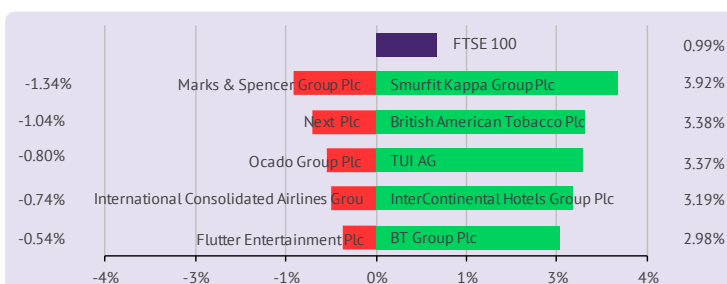


UK Market ▲

UK markets closed higher

UK markets finished higher on Friday, amid expectations of an interest rate cut by the US Federal Reserve (Fed). Data revealed that UK's monthly Halifax house price index surprisingly rose in May. The FTSE 100 Index advanced 1.0% to close at 7,331.94. Today, the FTSE 100 futures are trading in positive territory.

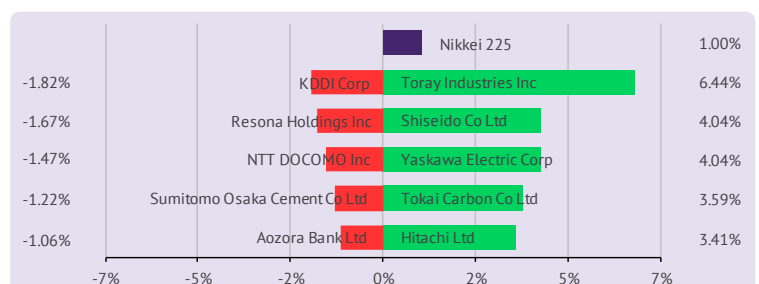
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Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data showed that Japan's final quarterly gross domestic product (GDP) rose in 1Q19. The Nikkei 225 Index is trading 1.0% higher at 21,094.59.



USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R14.9611. Later today, traders will keep a close watch on the US JOLTS job openings for further direction.

The US Dollar fell against the South African Rand on Friday, after the US non-farm payrolls advanced less than market expectations in May. Also, the nation's average hourly earnings recorded a less-than-anticipated rise on a monthly basis in May. Further, unemployment rate recorded an unchanged reading in May. Meanwhile, the nation's consumer credit climbed more than market forecast to a five-month high level in April. Separately, in SA, gross gold & forex reserves declined in May. Additionally, net gold & forex reserves dropped in the same month.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R19.0255. Ahead in the day, traders will keep an eye on UK's GDP, construction output, trade balance, industrial and manufacturing production for further indication.

The British Pound advanced against the South African Rand on Friday, amid ongoing political uncertainty. Data indicated that UK's Halifax house price index unexpectedly advanced on a monthly basis in May.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R16.9234. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand on Friday. On the macro front, Germany's monthly industrial production fell more-than-anticipated in April. Additionally, both trade surplus and current account surplus narrowed in April.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% weaker against the South African Rand at R10.4328. Separately, in China, Australia's largest trading partner, trade surplus widened more-than-expected in May.

The Australian Dollar rose against the South African Rand on Friday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.9611	▼	-0.29	NA	2.55	1.97	4.22
GBPZAR	19.0255	▲	0.07	NA	3.40	-1.16	3.97
EURZAR	16.9234	▲	0.21	NA	4.02	1.58	2.96
AUDZAR	10.4328	▲	0.12	NA	3.63	0.29	3.49
EURUSD	1.1311	▲	0.51	NA	1.48	-0.41	-1.16
GBPUSD	1.2714	▲	0.34	NA	0.86	-3.09	-0.13
Brent (\$/barrel)	63.6	▲	2.63	NA	2.10	-13.97	17.64
Gold (\$/oz)	1333.4	▼	0.27	NA	2.71	1.56	4.67
Platinum (\$/oz)	806.2	▼	0.42	NA	1.62	-10.93	1.40
Copper (\$/MT)*	5777.8	▼	-0.22	NA	-0.49	-9.66	-2.88

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.6% to trade at \$1,333.40/oz.

Yesterday, gold prices rose 0.3% to close at \$1,341.20/oz, as the US Dollar declined, following disappointing US jobs data.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$63.57/bl.

Yesterday, Brent crude oil advanced 2.6% to settle at \$63.29/bl, amid hopes of progress in US-Mexico trade talks and expectations that major oil producers would extend their crude oil production cuts beyond this month's expiration. Additionally, Baker Hughes reported that the number of the US oil rigs fell by 11 to 789 this week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.1% to trade at \$806.20/oz.

Yesterday, platinum prices climbed 0.3% to close at \$806.10/oz.

Major South African corporate news

Bidvest Group Limited

In its business update for ten months ended April 2019, the company announced that trading profit continued to grow at a slower pace than previous year. The company's growth and investment aspirations, both locally and internationally remained steady. However, the investment portfolios have delivered lower returns due to weak equity markets.

Major global economic news

US

In the US, non-farm payrolls rose less-than-expected by 75.00K in May, compared to a revised advance of 224.00K in the previous month.

In the US, unemployment rate remained unchanged at 3.6% in May, in line with market expectations.

In April, consumer credit recorded a more-than-anticipated rise of USD17.50bn in the US, compared to a revised advance of USD11.03bn in the previous month.

In May, average hourly earnings of all employees climbed 0.2% on a monthly basis in the US, less-than-expected and compared to a similar rise in the prior month.

Asia

In Japan, final annualized GDP recorded a rise of 2.2% on a quarterly basis in 1Q19, compared to a revised rise of 1.6% in the previous quarter. The preliminary figures had indicated a rise of 2.1%.

Japan recorded a (BOP basis) trade deficit of JPY98.20bn in April, compared to a surplus of JPY700.10bn in the prior month.

In Japan, non-seasonally adjusted current account surplus widened more-than-expected to JPY1707.40bn in April, compared to a surplus of JPY2847.90bn in the previous month.

In China, trade surplus widened more-than-anticipated to \$41.65bn in May, compared to a surplus of \$13.84bn in the previous month.

Eurozone

In Germany, non-seasonally adjusted current account surplus narrowed to EUR22.60bn in April, compared to a revised surplus of EUR30.90bn in the previous month.

In Germany, seasonally adjusted trade surplus narrowed more-than-expected to EUR17.90bn in April, compared to a surplus of EUR22.70bn in the previous month.

In Germany, seasonally adjusted industrial production dropped 1.9% on a monthly basis in April, more than market expectations. Industrial production had registered a rise of 0.5% in the prior month.

















UK

In the UK, the Halifax house price index registered an unexpected rise of 0.5% on a monthly basis in May, compared to a revised advance of 1.2% in the previous month.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Net 1 UEPS Technologies Inc	11500	0.00	0.00	128.86
Impala Platinum Holdings Ltd	6550	12.93	12.93	78.57
Lonmin PLC	1480	7.71	7.71	76.40
Kumba Iron Ore Ltd	45800	3.61	3.61	68.78
Gold Fields Ltd	7577	15.79	15.79	54.13
Telkom SA SOC Ltd	9670	5.43	5.43	52.79
Sibanye Gold Ltd	1483	7.78	7.78	48.00
Anglo American Platinum Ltd	78700	7.40	7.40	47.79
Northam Platinum Ltd	6180	9.75	9.75	42.86
Allied Electronics Corp Ltd	2485	0.81	0.81	40.60
Assore Ltd	38632	1.2	1.21	37.04
DataTec Ltd	3649	1.64	1.64	33.37
Royal Bafokeng Platinum Ltd	3315	16.32	16.32	33.26
Libstar Holdings Ltd	900	4.65	4.65	32.13
Metair Investments Ltd	2435	3.40	3.40	30.41
Cartrack Holdings Ltd	1850	-4.64	-4.64	29.37
Exxaro Resources Ltd	17223	1.38	1.38	29.22
African Rainbow Minerals Ltd	17695	7.27	7.27	27.24
Cie Financiere Richemont SA	11875	11.59	11.59	26.80
MTN Group Ltd	10855	5.76	5.76	26.51
British American Tobacco PLC	57140	12.70	12.70	23.76
Naspers Ltd	345975	5.62	5.62	23.36
AngloGold Ashanti Ltd	22311	14.60	14.60	23.35
BHP Group PLC	34850	6.31	6.31	23.34
Distell Group Holdings Ltd	12999	1.81	1.81	22.63
Quilter PLC	2614	7.84	7.84	21.88
Pan African Resources PLC	193	7.22	7.22	20.63
Hospitality Property Fund Ltd	1055	0.48	0.48	20.57
AECI Ltd	9669	1.78	1.78	20.31
Ascendis Health Ltd	500	0.00	0.00	20.19
Bid Corp Ltd	31459	3.37	3.37	19.97
Barloworld Ltd	13261	1.6	1.65	19.91
Tradehold Ltd	1199	18.01	18.01	19.30
Anglo American PLC	37690	8.2	8.26	19.29
Stenprop Ltd	2101	1.30	1.30	18.93
Investec Australia Property Fund	1407	2.7	2.78	18.42
Grindrod Ltd	714	0.00	0.00	18.27
Alexander Forbes Group Holdings Ltd	579	7.82	7.82	16.99
Transaction Capital Ltd	1955	-0.80	-0.80	16.52
Astral Foods Ltd	16900	5.14	5.14	16.20
JSE All Share Index	58100	4.40	4.40	10.17

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Japan	1:50	Adjusted Current Account Total (Apr)	✓	JPY1600.10bn*	JPY1271.00bn	Monthly
 Japan	1:50	Current Account n.s.a. (Apr)	✓	JPY1707.40bn*	JPY2847.90bn	Monthly
 Japan	1:50	Trade Balance - BOP Basis (Apr)	✓✓✓	-JPY98.20bn*	JPY700.10bn	Monthly
 Japan	1:50	Gross Domestic Product (QoQ) (Q1) (F)	✓✓	0.60%*	0.50%**	Quarterly
 Japan	1:50	Gross Domestic Product Annualised (Q1) (F)	✓✓✓	2.20%*	2.10%**	Quarterly
 Japan	1:50	Gross Domestic Product Deflator (YoY) (Q1) (F)	✓	0.10.%*	0.20%**	Quarterly
 Japan	1:50	Nominal Gross Domestic Product (QoQ) (Q1) (F)	✓✓	0.80%*	0.80%**	Quarterly
 UK	10:30	Industrial Production (YoY) (Apr)	✓✓✓	1.00%	1.30%	Monthly
 UK	10:30	Manufacturing Production (MoM) (Apr)	✓✓✓	-0.80%	0.90%	Monthly
 UK	10:30	Manufacturing Production (YoY) (Apr)	✓✓✓	2.40%	2.60%	Monthly
 UK	10:30	Construction Output s.a. (YoY) (Apr)	✓	3.30%	3.20%	Monthly
 UK	10:30	Industrial Production (Apr)	✓	-	104.20	Monthly
 UK	10:30	Manufacturing Production (Apr)	✓	-	106.10	Monthly
 UK	10:30	Total Trade Balance (Apr)	✓✓✓	-GBP4.20bn	-GBP5.41bn	Monthly
 UK	10:30	Trade Balance; non-EU (Apr)	✓✓✓	-GBP4.50bn	-GBP4.36bn	Monthly
 UK	10:30	Visible Trade Balance (Apr)	✓✓✓	-GBP12.70bn	-GBP13.65bn	Monthly
 US	16:00	JOLTs Job Openings (Apr)	✓	7496.00K	7488.00K	Monthly
 UK	19:00	BoE's Saunders speech	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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