

ONE Minute Brief

13 June 2019

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Economic and political news

In South Africa (SA), retail sales advanced 2.4% on a yearly basis in April, compared to a revised rise of 0.1% in the previous month.

The Competition Tribunal has rejected an application by banks implicated in the manipulation of currencies to dismiss the case against them. Further, the Tribunal has ordered the Competition Commission to clarify the charges within 40 days, especially with respect to foreign banks it has no jurisdiction over.

Public Protector, Busisiwe Mkhwebane, confirmed that President, Cyril Ramaphosa, has been served an implication notice regarding the ZAR500,000 donation he received from Bosasa Chief Executive Officer, Gavin Watson, for his African National Congress presidential campaign in 2017 and has been given 10 days to respond.

The Democratic Alliance has requested President, Cyril Ramaphosa, to send the controversial Copyright Amendment Bill back to parliament for amendments and further consideration.

The South African Broadcasting Corporation has removed Thobela FM Executive Producer, Sam Mochichila, after finding him guilty of soliciting a bribe in exchange for a job contract extension.

Key indices

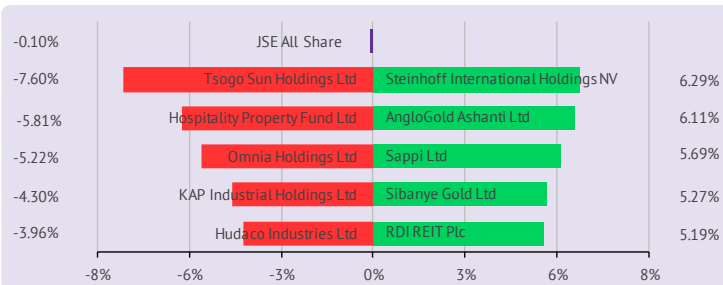
	As at 12 June 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58710.55	▼ -57.08	-0.10	1.05	5.50	-4.92	11.33
JSE Top 40 (ZAR)	52619.43	▼ -36.90	-0.07	1.24	6.11	-5.14	12.61
FTSE 100 (GBP)	7367.62	▼ -30.83	-0.42	0.49	2.88	-3.46	9.50
DAX 30 (EUR)	12115.68	▼ -40.13	-0.33	0.58	3.32	-5.00	14.74
CAC 40 (EUR)	5374.92	▼ -33.53	-0.62	0.20	3.21	-6.78	13.62
S&P 500 (USD)	2879.84	▼ -5.88	-0.20	0.23	4.64	-6.58	14.88
Nasdaq Composite (USD)	7792.72	▼ -29.85	-0.38	0.65	4.56	-7.93	17.44
DJIA (USD)	26004.83	▼ -43.68	-0.17	0.08	4.79	-6.69	11.48
MSCI Emerging Markets (USD)	1026.24	▼ -5.62	-0.54	1.87	2.83	-7.53	6.24
MSCI Developed World (USD)	2134.42	▼ -5.32	-0.25	0.35	4.31	-6.08	13.30

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and industrial sector stocks. Data showed that SA's annual retail sales rose more-than-expected in April. The JSE All Share Index fell 0.1% to close at 58,710.55.

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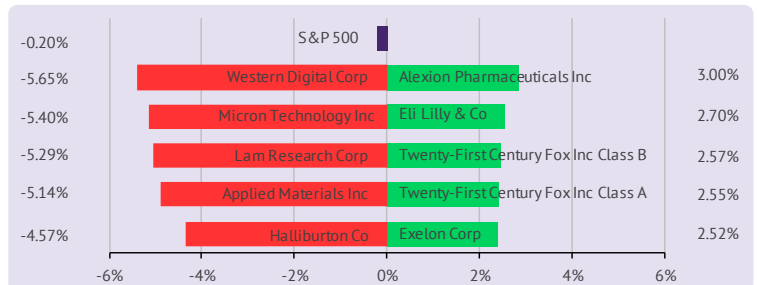


US Market ▼

US markets closed lower

US markets closed lower yesterday, led by losses in technology and banking sector stocks. Data revealed that the US annual consumer price index (CPI) rose less-than-anticipated in May. The S&P 500 Index dropped 0.2% to close at 2,879.84. Today, the S&P 500 futures are trading weaker.

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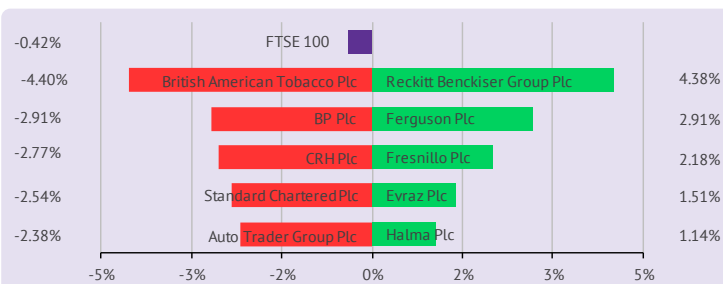


UK Market ▼

UK markets closed lower

UK markets finished lower yesterday, amid ongoing US-China trade tensions and slump in oil prices. The FTSE 100 Index declined 0.4% to close at 7,367.62. Today, the FTSE 100 futures are trading in negative territory.

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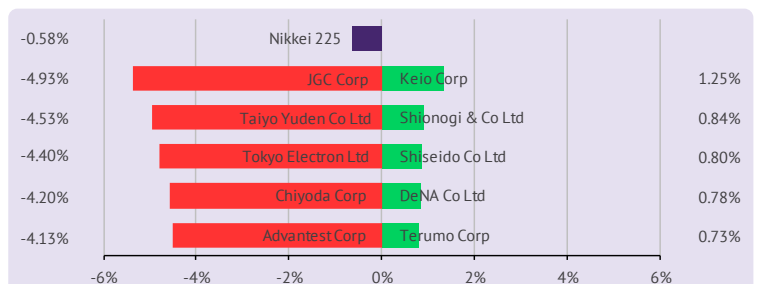


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 0.6% lower at 21,007.63.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R14.9018. Later today, traders will keep a close watch on the US initial jobless claims for further indication.

The US Dollar rose against the South African Rand yesterday, ahead of interest rate decision by the US Federal Reserve. Data indicated that the US MBA mortgage applications advanced in the week ended 7 June 2019, notching its highest level since September 2016. Additionally, average hourly earnings climbed on a yearly basis in May. On the flipside, the nation's CPI recorded a less-than-expected rise on an annual basis in May. Moreover, monthly budget deficit widened more than market forecast in May. Separately, in SA, retail sales climbed more than market expectations on an annual basis in April.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.2% against the South African Rand to trade at R18.9073. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that UK's RICS house price balance advanced more-than-anticipated in May.

The British Pound advanced against the South African Rand yesterday, after Britain's Labour opposition indicated that it would try to introduce parliamentary legislation to block a no-deal Brexit.

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EUR ZAR ▼

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R16.8282. Going forward, market participants will keep a tab on Eurozone's industrial production and Germany's CPI for further direction.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R10.2944. Earlier in the session, Australia's consumer inflation expectations recorded an unchanged reading in June. Further, unemployment rate remained unchanged in May.

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	14.9018	▼	1.39	-0.53	2.00	1.97	3.66
GBPZAR	18.9073	▼	1.10	-0.94	2.43	-1.16	2.99
EURZAR	16.8282	▼	1.05	-0.93	3.05	1.58	2.00
AUDZAR	10.2944	▲	0.90	-1.65	1.92	0.29	1.78
EURUSD	1.1292	▼	-0.34	-0.41	1.06	-0.41	-1.57
GBPUSD	1.2688	▼	-0.28	-0.38	0.48	-3.09	-0.51
Brent (\$/barrel)	59.9	▼	-3.72	-5.25	-3.26	-13.97	11.47
Gold (\$/oz)	1338.0	▲	0.41	-0.69	2.00	1.56	3.95
Platinum (\$/oz)	809.1	▼	-0.64	0.37	1.88	-10.93	1.66
Copper (\$/MT)*	5823.0	▼	-0.59	0.78	0.29	-9.66	-2.12

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,338.00/oz.

Yesterday, gold prices rose 0.4% to close at \$1,331.90/oz, amid escalating US-China trade worries and expectations of interest rate cut in the US.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$59.92/bl.

Yesterday, Brent crude oil dropped 3.7% to settle at \$59.97/bl, after the Energy Information Administration reported that the US crude stockpiles climbed for a second consecutive week by 2.2mn bls in the week ended 7 June 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$809.10/oz.

Yesterday, platinum prices declined 0.6% to close at \$809.10/oz.

Major South African corporate news

Coronation Fund Managers Limited

The company announced the retirement of Mr John Snalam as Chief Financial Officer (CFO) and Financial Director. Further, the company announced that Ms Mary-Anne Musekiwa has been appointed as the new CFO and Financial Director, with effect from 12 June 2019.

Naspers Limited

In its FY19 trading statement, the company stated that the group distributed its interest in its video-entertainment business, MultiChoice Group Limited to its shareholders as a pro rata distribution in specie. Further, the company expects its EPS to decrease between USD1.03 and USD1.05 and its HEPS to rise between 491.00c and 503.00c.

Major global economic news

US

In the US, the CPI climbed 1.8% on a yearly basis in May, less-than-expected. In the previous month, the CPI had climbed 2.00%.

In the US, the MBA mortgage applications jumped 26.8% on a weekly basis in the week ended 07 June 2019. The MBA mortgage applications had registered a rise of 1.5% in the previous week.

In the US, average hourly earnings recorded a rise of 1.3% on an annual basis in May, compared to 1.2% in the previous month.

In the US, budget deficit widened more-than-expected to USD207.80bn, following a revised deficit of USD146.80bn in the prior month.

Asia

In Australia, the consumer inflation expectations remained unchanged at 3.3% in June.

In Australia, unemployment rate remained steady at 5.2% in May.

Eurozone

European Central Bank (ECB) President, Mario Draghi, in his speech, expressed concerns over the problems arising from increased trade barriers and tariffs. He stated that the Central and Eastern European business model has become “vulnerable to shocks to international trade and financial conditions”. Further, he warned that the global trade dispute could create headwinds for all and could get worse.

UK

In the UK, the RICS house price balance climbed to -10.0% in May, more than market expectations. In the prior month, house price balance had registered a level of -23.0%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	RICS Housing Price Balance (May)	✓✓✓	-10.00%*	-23.00%	Monthly
Japan	01:50	BSI Large Manufacturing (QoQ) (Q2)	✓✓	-10.40%*	-7.30%	Quarterly
Japan	01:50	Foreign Buying Japan Bonds (07-Jun)	✓	JPY589.5bn*	JPY685.80bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (07-Jun)	✓	-JPY148.00bn*	-JPY285.90bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (07-Jun)	✓	JPY1736.00bn*	JPY441.70bn	Weekly
Japan	06:30	Tertiary Industry Index (MoM) (Apr)	✓✓	0.80%*	-0.40%	Monthly
Germany	08:00	Wholesale Price Index (MoM) (May)	✓	-	0.60%	Monthly
Germany	08:00	Wholesale Price Index (YoY) (May)	✓	-	2.10%	Monthly
Germany	08:00	Consumer Price Index (MoM) (May) (F)	✓✓✓	0.20%	0.20%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (May) (F)	✓✓✓	1.40%	1.40%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (MoM) (May) (F)	✓✓✓	0.30%	0.30%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (YoY) (May) (F)	✓✓✓	1.30%	1.30%**	Monthly
Eurozone	11:00	Industrial Production (May)	✓	-	105.30	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (Apr)	✓✓✓	-0.50%	-0.30%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Apr)	✓✓✓	-0.60%	-0.60%	Monthly
South Africa	11:30	Gold Production (YoY) (Apr)	✓	-	-17.70%	Monthly
South Africa	11:30	Mining Production (YoY) (Apr)	✓✓	-0.50%	-1.10%	Monthly
South Africa	12:00	BER Business Confidence Index (Q2)	✓	28.00	28.00	Quarterly
US	14:30	Continuing Jobless Claims (01-Jun)	✓✓✓	1668.00K	1682.00K	Weekly
US	14:30	Initial Jobless Claims (08-Jun)	✓✓✓	215.00K	218.00K	Weekly
Eurozone	-	Eurogroup Meeting	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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