

ONE Minute Brief

14 June 2019

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Economic and political news

In South Africa (SA), the BER business confidence index remained unchanged at a level of 28.00 in 2Q19, at par with market expectations. Mining production dropped 1.5% on a yearly basis in April, compared to a revised fall of 0.7% in the prior month. Gold production plunged 19.5% on an annual basis in April, compared to a revised fall of 18.3% in the prior month. Platinum production advanced 1.7% on an annual basis in April, compared to a drop of 0.5% in the previous month.

South African Reserve Bank Governor, Lesetja Kganyago, stated that the central bank is committed to its primary mandate of maintaining price stability in the interest of balanced and sustainable economic growth. Additionally, he stated that the central bank's forecasting model suggests that there might be room for interest rate cuts in the near future.

President, Cyril Ramaphosa, has requested Public Protector, Busisiwe Mkhwebane, for the right to cross-examine Bosasa Chief Executive Officer, Gavin Watson and Democratic Alliance leader, Mmusi Maimane, in relation to the Bosasa probe.

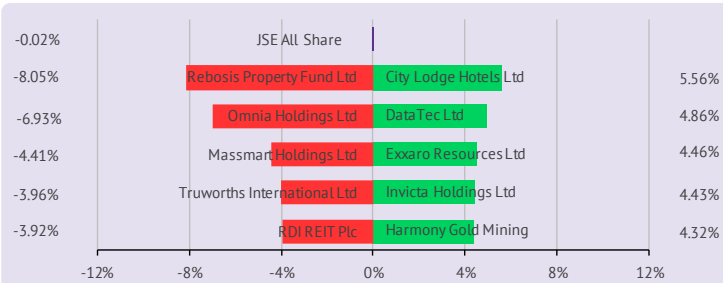
Former labour minister, Mildred Oliphant, has resigned as an MP from the parliament.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in retail sector stocks and following dismal economic data. Data revealed that SA's BER business confidence index remained unchanged in 2Q19. The JSE All Share Index marginally fell to close at 58,697.63.

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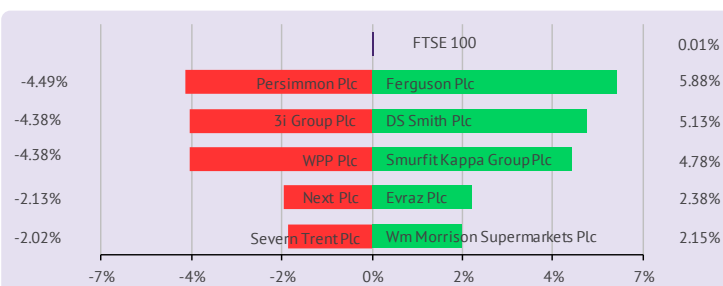


UK Market ▲

UK markets closed higher

UK markets finished higher yesterday, buoyed by gains in oil producers. The FTSE 100 Index slightly advanced to close at 7,368.57. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

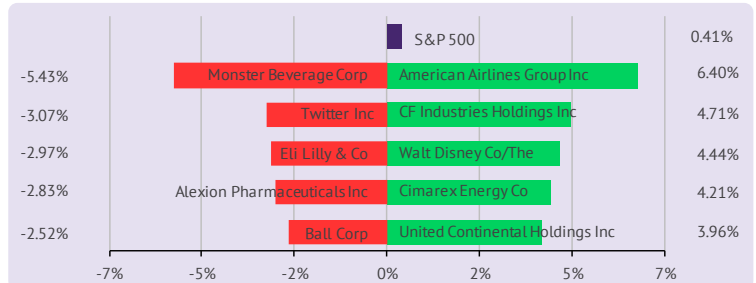
	As at 13 June 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58697.63	▼	-12.92	-0.02	1.03	5.48	-4.92	11.30
JSE Top 40 (ZAR)	52592.43	▼	-27.00	-0.05	1.18	6.06	-5.14	12.55
FTSE 100 (GBP)	7368.57	▲	0.95	0.01	0.50	2.89	-3.46	9.52
DAX 30 (EUR)	12169.05	▲	53.37	0.44	1.03	3.77	-5.00	15.25
CAC 40 (EUR)	5375.63	▲	0.71	0.01	0.22	3.23	-6.78	13.63
S&P 500 (USD)	2891.64	▲	11.80	0.41	0.64	5.07	-6.58	15.35
Nasdaq Composite (USD)	7837.13	▲	44.41	0.57	1.23	5.15	-7.93	18.11
DJIA (USD)	26106.77	▲	101.94	0.39	0.47	5.21	-6.69	11.91
MSCI Emerging Markets (USD)	1022.08	▼	-4.15	-0.40	1.46	2.41	-7.53	5.81
MSCI Developed World (USD)	2136.96	▲	2.54	0.12	0.47	4.43	-6.08	13.43

US Market ▲

US markets closed higher

US markets closed higher yesterday, boosted by gains in energy sector stocks. Data showed that the US initial jobless claims unexpectedly advanced in the week ended 8 June 2019. The S&P 500 Index climbed 0.4% to close at 2,891.64. Today, the S&P 500 futures are trading in the green.

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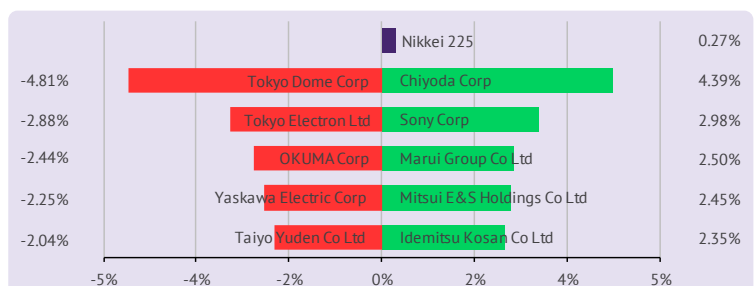


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan's monthly industrial production advanced in April. The Nikkei 225 Index is trading 0.3% higher at 21,087.75.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R14.8712. Later today, traders will keep a close watch on the US advance retail sales, the Michigan consumer sentiment index, business inventories, manufacturing and industrial production.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US initial jobless claims registered an unexpected rise in the week ended 8 June 2019. Separately, in SA, the BER business confidence index remained unchanged at a 2-year low level in the second quarter of 2019. Further, annual mining production declined more than market forecast for sixth consecutive month in April. Additionally, gold production recorded a drop on a yearly basis in April. On the other hand, the nation's platinum production climbed on an annual basis in the same month.

GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound marginally advanced against the South African Rand to trade at R18.8492. Ahead in the day, traders will keep an eye on the Bank of England Governor, Mark Carney's speech for further direction.

The British Pound declined against the South African Rand yesterday, after MPs voted against a motion to block no-deal Brexit.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading slightly lower against the South African Rand at R16.7641. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's industrial production dropped at its fastest pace in four months on a monthly basis in April. Separately, Germany's consumer price index (CPI) eased as estimated on an annual basis in May.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R10.2607.

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	14.8712	▼	-0.03	-0.56	1.97	1.97	3.63
GBPZAR	18.8492	▼	-0.11	-1.05	2.32	-1.16	2.87
EURZAR	16.7641	▲	-0.11	-1.04	2.94	1.58	1.89
AUDZAR	10.2607	▲	-0.18	-1.83	1.73	0.29	1.59
EURUSD	1.1272	▼	-0.10	-0.51	0.96	-0.41	-1.67
GBPUSD	1.2673	▼	-0.12	-0.49	0.36	-3.09	-0.63
Brent (\$/barrel)	61.6	▲	2.23	-3.13	-1.10	-13.97	13.96
Gold (\$/oz)	1349.6	▲	0.55	-0.15	2.56	1.56	4.52
Platinum (\$/oz)	813.0	▲	0.04	0.41	1.91	-10.93	1.70
Copper (\$/MT)*	5830.5	▲	0.13	0.91	0.42	-9.66	-1.99

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,349.60/oz.

Yesterday, gold prices rose 0.6% to close at \$1,339.20/oz, amid expectations of an interest rate cut by the US Federal Reserve and geopolitical tensions.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$61.62/bl.

Yesterday, Brent crude oil advanced 2.2% to settle at \$61.31/bl, after an attack on two oil tankers near the Strait of Hormuz stoked worries over a potential disruption to the global oil flow.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.4% to trade at \$813.00/oz.

Yesterday, platinum prices marginally advanced to close at \$809.40/oz.

Major South African corporate news

Trustco Group Holdings Limited

In its FY19 results, the company announced that revenues increased to NAD1.48bn from NAD0.80bn posted in the corresponding period of the previous year. Its diluted EPS jumped 73.9% to 40.81c from the same period of the prior year.

Major global economic news

Eurozone

In the Eurozone, seasonally adjusted industrial production fell 0.5% on a monthly basis in April, in line with market expectations. In the previous month, industrial production had recorded a revised drop of 0.4%.

In Germany, the final CPI recorded a drop of 1.4% on an annual basis in May, at par with market expectations and confirming the preliminary print. In the previous month, the CPI had registered a rise of 2.0%.

US

In the US, seasonally adjusted initial jobless claims unexpectedly advanced to a level of 222.00K in the week ended 8 June 2019, compared to a revised level of 219.00K in the previous week.

Asia

In Japan, final industrial production advanced 0.6% on a monthly basis in April. Industrial production had recorded a drop of 0.6% in the prior month. The preliminary figures had also indicated a rise of 0.6%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	6:30	Industrial Production (MoM) (Apr) (F)	✓✓✓	-0.60%*	0.60%**	Monthly
Japan	6:30	Industrial Production (YoY) (Apr) (F)	✓✓✓	-1.10%*	-1.10%**	Monthly
Germany	8:00	Wholesale Price Index (YoY) (May)	✓	-	2.10%	Monthly
China	9:00	Retail Sales YTD (YoY) (May)	✓	8.00%	8.00%	Monthly
Eurozone	12:00	ECB's Lautenschläger speech	✓✓	-	-	As scheduled
Eurozone	12:15	Bank of Italy DG Panetta Attends Conference in Frankfurt	✓	-	-	As scheduled
US	14:30	Advance Retail Sales (MoM) (May)	✓✓✓	0.60%	-0.20%	Monthly
US	14:30	Retail Sales Ex Auto & Gas (May)	✓✓✓	0.40%	-0.20%	Monthly
US	14:30	Retail Sales "Control Group" (MoM) (May)	✓✓	0.40%	0.00%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (May)	✓✓✓	0.40%	0.10%	Monthly
UK	14:55	BoE Governor Mark Carney speaks in London	✓✓✓	-	-	As scheduled
US	15:15	Capacity Utilisation (May)	✓	78.00%	77.90%	Monthly
US	15:15	Industrial Production (MoM) (May)	✓✓✓	0.20%	-0.50%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (May)	✓✓✓	0.10%	-0.50%	Monthly
US	16:00	Business Inventories (Apr)	✓	0.50%	0.00%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Jun) (P)	✓✓✓	98.00	100.00	Monthly
Eurozone	-	ECB's De Guindos speech	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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