

ONE Minute Brief

19 June 2019

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Economic and political news

The presidency stated that President, Cyril Ramaphosa, will announce more measures to help Eskom recover and achieve financial and operational sustainability.

The Gauteng High Court has ordered Gupta-linked consultancy, Trillian, to return almost ZAR600mn in fees to Eskom, citing the payments to be unlawful and invalid.

The Economic Freedom Fighters (EFF) stated that it would petition the Supreme Court of Appeal, after the High Court in Johannesburg dismissed its application for leave to appeal against a judgment ordering the party to pay ZAR500,000 to former Finance Minister, Trevor Manuel, for defaming him.

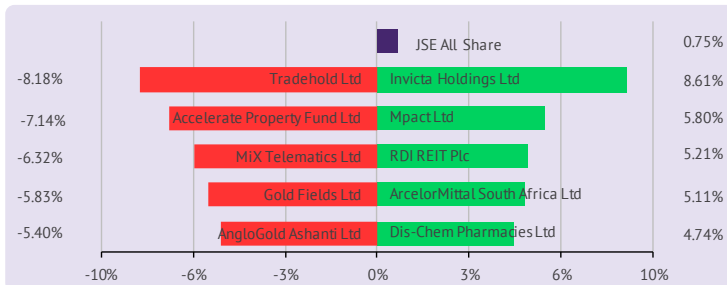
The EFF has rejected the demand by lobby group, AfriForum, to remove the nation's ambassador to Denmark, Zindzi Mandela, over her recent controversial tweets.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and retail sector stocks. The JSE All Share Index rose 0.8% to close at 58,629.09.

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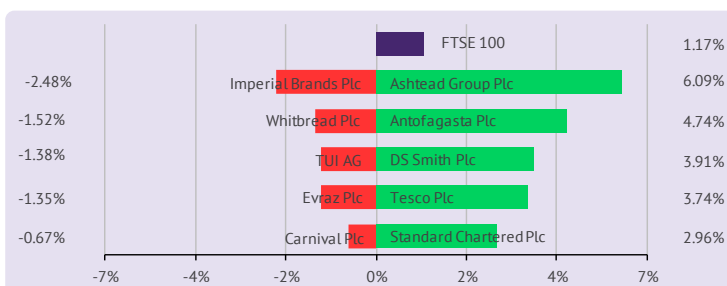


UK Market ▲

UK markets closed firmer

UK markets finished higher yesterday, after the European Central Bank President (ECB), Mario Draghi, promised stimulus, if required. The FTSE 100 Index advanced 0.2% to close at 7,443.04. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

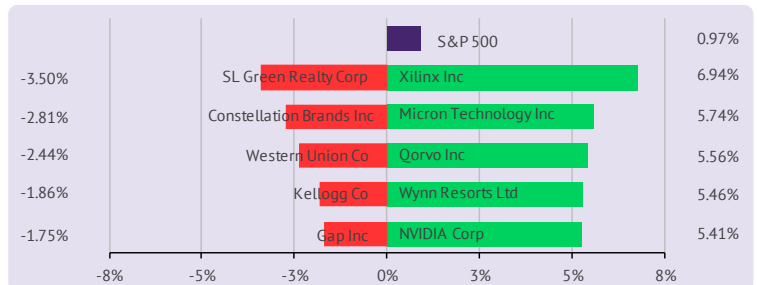
	As at 18 June 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58629.09	▲ 435.31	0.75	0.75	5.35	-4.92	11.17
JSE Top 40 (ZAR)	52593.97	▲ 427.29	0.82	0.82	6.06	-5.14	12.56
FTSE 100 (GBP)	7443.04	▲ 85.73	1.17	1.32	3.93	-3.46	10.63
DAX 30 (EUR)	12331.75	▲ 245.93	2.03	1.95	5.16	-5.00	16.79
CAC 40 (EUR)	5509.73	▲ 118.78	2.20	2.65	5.80	-6.78	16.47
S&P 500 (USD)	2917.75	▲ 28.08	0.97	1.07	6.02	-6.58	16.39
Nasdaq Composite (USD)	7953.88	▲ 108.86	1.39	2.02	6.72	-7.93	19.87
DJIA (USD)	26465.54	▲ 353.01	1.35	1.44	6.65	-6.69	13.45
MSCI Emerging Markets (USD)	1023.91	▲ 12.94	1.28	0.87	2.60	-7.53	6.00
MSCI Developed World (USD)	2150.91	▲ 20.05	0.94	0.94	5.12	-6.08	14.17

US Market ▲

US markets closed higher

US markets closed higher yesterday, amid renewed hopes over US-China trade deal, following comments from the US President, Donald Trump. Separately, data revealed that US monthly housing starts dropped in May. The S&P 500 Index climbed 1.0% to close at 2,917.75. Today, the S&P 500 futures are trading in the green.

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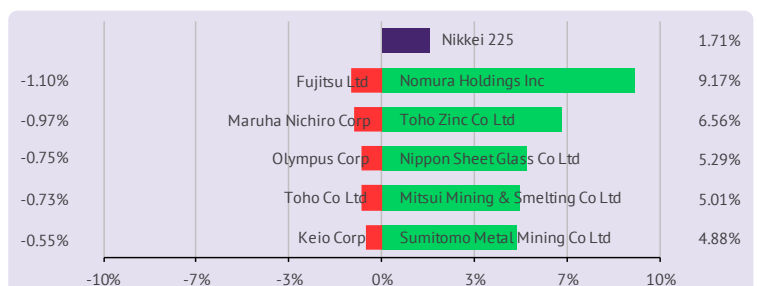


Asian Market ▲

Trading in the green

Asian markets are trading higher this morning, amid optimism over US-China trade deal. Data showed that Japan swung to a trade deficit in May. The Nikkei 225 Index is trading 1.7% higher at 21,330.74.

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USD ZAR ▼

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R14.5631. Later today, traders will keep a close watch on the FOMC interest rate decision for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US housing starts recorded a drop on a monthly basis in May. Meanwhile, the nation's monthly building permits jumped more than market forecast in the same month.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R18.2621. Ahead in the day, traders will keep an eye on UK's CBI total trend orders for further cues.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.2% against the South African Rand to trade at R16.2963. Going forward, market participants will keep a tab on the ECB President, Mario Draghi's speech, the Eurozone's current account balance and construction output data along with Germany's producer price index for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, the Eurozone's consumer price index (CPI) advanced at par with market forecast on an annual basis in May. Meanwhile, the region's trade surplus narrowed more than market expectations in April, marking its lowest level since November 2018. Moreover, the ZEW survey economic sentiment index registered a decline in June. Separately, Germany's ZEW survey current situation index recorded a less-than-anticipated fall in the same month. However, the nation's ZEW survey expectations index dropped to its lowest level since November 2018 in June.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.1% against the South African Rand to trade at R9.9977. Earlier in the session, Australia's Westpac leading index declined on a monthly basis in May.

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	14.5631	▼	-1.96	-2.02	-0.39	1.97	1.23
GBPZAR	18.2621	▼	-1.73	-2.21	-0.99	-1.16	-0.45
EURZAR	16.2963	▼	-2.16	-2.13	-0.19	1.58	-1.20
AUDZAR	9.9977	▼	-1.56	-1.88	-1.18	0.29	-1.31
EURUSD	1.1194	▼	-0.21	-0.12	0.22	-0.41	-2.38
GBPUSD	1.2562	▲	0.19	-0.25	-0.56	-3.09	-1.54
Brent (\$/barrel)	62.1	▼	1.97	0.21	0.24	-13.97	15.50
Gold (\$/oz)	1347.8	▲	0.59	0.49	3.12	1.56	5.10
Platinum (\$/oz)	801.2	▼	0.93	-0.34	0.98	-10.93	0.77
Copper (\$/MT)*	5925.0	▲	1.84	2.19	2.05	-9.66	-0.40

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,347.80/oz.

Yesterday, gold prices rose 0.6% to close at \$1,346.60/oz, as weakness in the US Dollar ahead of the FOMC meeting minutes dented demand for the safe haven asset.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil marginally dropped to trade at \$62.13/bl. Meanwhile, the American Petroleum Institute reported that crude oil inventories declined by 812,000bbls in the week ended 14 June 2019.

Yesterday, Brent crude oil advanced 2.0% to settle at \$62.14/bl, as concerns over energy demand eased, amid progress in US-China trade talks.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.1% to trade at \$801.20/oz.

Yesterday, platinum prices climbed 0.9% to close at \$802.00/oz.

Major South African corporate news

Brait SE

In its FY19 results, the company announced that its investment losses stood at ZAR10.81bn compared with loss of ZAR9.19bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 2,219.00c, compared with 2,092.00c recorded in the corresponding period of the previous year.

Old Mutual Limited

The company announced that Chief Executive Officer (CEO), Mr. Peter Moyo, has been given notice of termination of employment. His conflicting interest in the NMT group of companies was declared upon his employment and was governed by a specific protocol to regulate the conflict of interest. One of the concerns raised during the process involved two declarations of ordinary dividends by NMT Capital during 2018 worth ZAR115.00mn. The resultant benefit to Mr. Moyo and his own personal investment company was ZAR30.60mn. Consecutively, the company decided that it was appropriate to suspend Mr. Moyo.

Major global economic news

Eurozone

The ECB President, Mario Draghi, stated that it could cut interest rates again or provide further asset purchases, if inflation does not reach its target. Further, the central bank chief reassured that if the economic conditions continue to weaken in the coming months the central bank would announce additional stimulus.

In the Eurozone, the final CPI rose 1.2% on a yearly basis in May, in line with market expectations. The CPI had advanced 1.7% in the previous month. The preliminary figures had also recorded a rise of 1.2%.

In the Eurozone, seasonally adjusted trade surplus narrowed more-than-expected to EUR15.30bn in April, compared to a revised surplus of EUR18.60bn in the prior month.

In June, the ZEW survey economic sentiment index recorded a drop to -20.20 in the Eurozone. The index had registered a reading of -1.60 in the prior month.

In Germany, the ZEW survey current situation index dropped less-than-anticipated to 7.80 in June. The current situation index had recorded a reading of 8.20 in the previous month.

In June, the ZEW survey economic sentiment index declined to 21.10 in Germany. In the prior month, the index had registered a reading of -2.10.

US

In the US, housing starts eased 0.9% to an annual rate of 1269.00K on a monthly basis in May, compared to a revised level of 1281.00K in the previous month.

In the US, building permits climbed 0.3% to an annual rate of 1294.00K on a monthly basis in May, more than market expectations. Building permits had registered a revised level of 1290.00K in the previous month.

Asia

Japan reported a merchandise (total) trade deficit of JPY967.10bn in May, compared to a surplus of JPY60.40bn in the previous month.

In Australia, the Westpac leading index slid 0.08% on a monthly basis in May. In the previous month, the Westpac leading index had registered a revised drop of 0.05%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (May)	✓✓✓	-JPY609.10bn*	-JPY110.90bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (May)	✓✓✓	-JPY967.10bn*	JPY60.40bn	Monthly
Germany	08:00	Producer Price Index (MoM) (May)	✓✓✓	-	0.50%	Monthly
Germany	08:00	Producer Price Index (YoY) (May)	✓✓✓	2.10%	2.50%	Monthly
Japan	08:36	BoJ Eto speaks in Tokyo	✓	-	-	As scheduled
Eurozone	10:00	Current Account s.a (Apr)	✓✓✓	-	EUR24.70bn	Monthly
South Africa	10:00	Consumer Price Index (YoY) (May)	✓✓	4.40%	4.40%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (May)	✓✓	0.30%	0.60%	Monthly
UK	10:30	Consumer Price Index (MoM) (May)	✓✓✓	0.30%	0.60%	Monthly
UK	10:30	Consumer Price Index (YoY) (May)	✓✓✓	2.00%	2.10%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (YoY) (May)	✓✓	1.70%	2.10%	Monthly
UK	10:30	Retail Price Index Ex Mort Int.Payments (YoY) (May)	✓✓	2.90%	3.00%	Monthly
Eurozone	10:30	European Commission President Jean-Claude Juncker speaks in Sintra	✓✓✓	-	-	As scheduled
UK	10:30	Retail Price Index (May)	✓	288.80	288.20	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (MoM) (May)	✓	0.20%	1.10%	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (YoY) (May)	✓	0.80%	3.80%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (MoM) (May)	✓	0.20%	0.30%	Monthly
Eurozone	11:00	Construction Output s.a. (MoM) (Apr)	✓✓✓	-	-0.30%	Monthly
UK	12:00	CBI Trends Selling Prices (Jun)	✓✓	-3.00	-1.00	Monthly
US	13:00	MBA Mortgage Applications (14-Jun)	✓	-	26.80%	Weekly
Eurozone	16:00	ECB President Draghi Gives Closing Remarks at Sintra Forum	✓✓✓	-	-	As scheduled
US	20:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled
US	20:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
US	20:00	Fed Interest Rate Decision	✓✓✓	2.50%	2.50%	As scheduled
US	20:30	FOMC Press Conference	✓✓✓	-	-	As scheduled
US	20:30	Fed Chair Powell Holds Press Conference After FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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