

ONE Minute Brief

27 June 2019

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Economic and political news

In her testimony before the state capture inquiry, former South African Airways (SAA) CEO, Sizakele Mzimela, stated that governance issues broke down at SAA as soon as Malusi Gigaba took over as public enterprises minister in 2010. Additionally, she stated that Gigaba tried to force SAA to abandon the Johannesburg-Mumbai route to a Gupta-linked Indian airline.

National Education, Health and Allied Workers' Union (Nehawu) President, Mzwandile Makwayiba, stated that President Cyril Ramaphosa must stand by the resolutions of the ANC's Nasrec conference and nationalise the South African Reserve Bank.

The Constitutional Court will pass judgment on Thursday regarding the fitness of former senior National Prosecuting Authority (NPA) officials, Nomgcobo Jiba and Lawrence Mrwebi, to hold office.

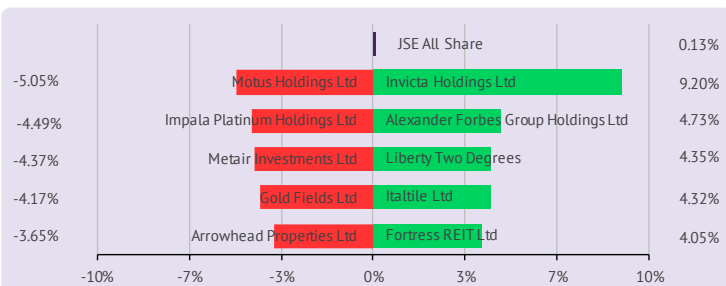
The Federal High Court in Lagos, Nigerian, has adjourned a USD2bn tax dispute between telecom company, MTN Group, and Nigeria's attorney general, until 29 October 2019.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial and financial sector stocks. The JSE All Share Index rose 0.1% to close at 58,421.72.

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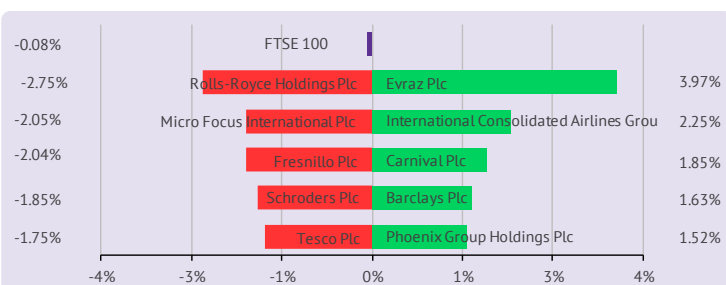


UK Market ▼

UK markets closed weaker

UK markets finished in negative territory yesterday, after the US Federal Reserve dampened rate cut expectations. The FTSE 100 Index dropped 0.1% to close at 7,416.39. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

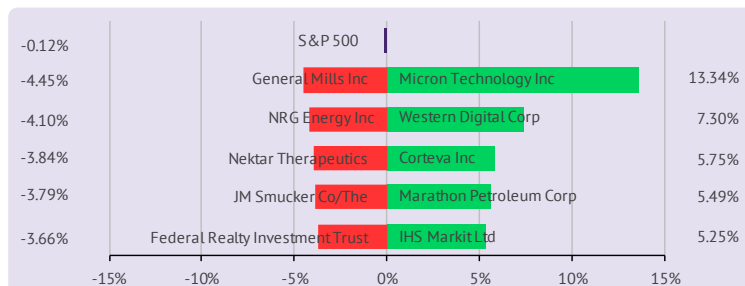
	As at 26 June 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58421.72	▲	78.49	0.13	-0.88	4.98	-4.92	10.78
JSE Top 40 (ZAR)	52407.30	▲	127.79	0.24	-0.94	5.69	-5.14	12.16
FTSE 100 (GBP)	7416.39	▼	-6.04	-0.08	0.12	3.56	-3.46	10.23
DAX 30 (EUR)	12245.32	▲	16.88	0.14	-0.77	4.42	-5.00	15.97
CAC 40 (EUR)	5500.72	▼	-13.85	-0.25	-0.50	5.63	-6.78	16.28
S&P 500 (USD)	2913.78	▼	-3.60	-0.12	-1.24	5.88	-6.58	16.23
Nasdaq Composite (USD)	7909.97	▲	25.25	0.32	-1.52	6.13	-7.93	19.21
DJIA (USD)	26536.82	▼	-11.40	-0.04	-0.68	6.94	-6.69	13.76
MSCI Emerging Markets (USD)	1047.91	▲	2.61	0.25	-0.50	5.00	-7.53	8.49
MSCI Developed World (USD)	2158.41	▼	-5.32	-0.25	-0.91	5.48	-6.08	14.57

US Market ▼

US markets closed mostly lower

US markets closed mostly lower yesterday, amid uncertainty over US-China trade deal and led by losses in healthcare sector stocks. The S&P 500 Index fell 0.1% to close at 2,913.78. Today, the S&P 500 futures are trading in the green.

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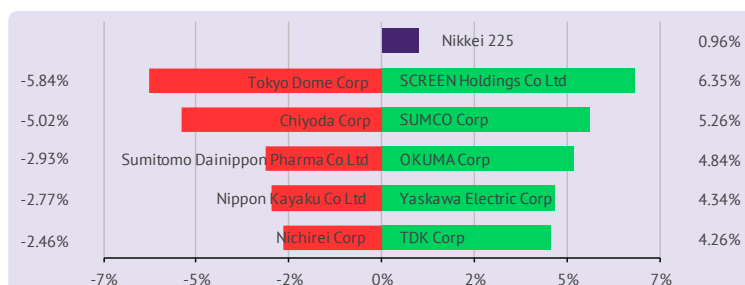


Asian Market ▲

Trading higher

Asian markets are trading firmer this morning, ahead of US-China trade talks at the G-20 summit. The Nikkei 225 Index is trading 1.0% higher at 21,289.43.

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USD ZAR ▼

USD trading slightly higher against ZAR

At 06:00 SAST, the US Dollar marginally rose against the South African Rand to trade at R14.2294. Later today, traders will keep a close watch on the US annualised gross domestic product, initial jobless claims and pending home sales for further indication.

The US Dollar fell against the South African Rand yesterday. Data indicated that the MBA mortgage applications rose in the week ended 21 June 2019. Meanwhile, durable goods orders dropped on a monthly basis in May. Additionally, advance goods trade deficit unexpectedly widened in May.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R18.0425. Amid no major economic news in the UK today, investor sentiment would be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, amid mounting fears over no-deal Brexit. On the macro front, UK's BBA loans for house purchase declined 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 R16.1596. Going forward, market participants will keep a tab on Eurozone's economic confidence index, consumer confidence index and business climate indicator along with Germany's consumer price index for further direction.

The Euro weakened against the South African Rand yesterday. Data showed that Germany's GfK consumer confidence index weakened in July.

AUD ZAR ▼

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R9.9489.

The Australian Dollar dropped against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.2294	▼	-0.88	-0.75	-2.42	1.97	-0.83
GBPZAR	18.0425	▲	-0.87	-1.14	-2.00	-1.16	-1.47
EURZAR	16.1596	▲	-0.85	-0.77	-0.71	1.58	-1.72
AUDZAR	9.9489	▼	-0.52	0.12	-1.68	0.29	-1.82
EURUSD	1.1357	▼	0.02	0.00	1.79	-0.41	-0.85
GBPUSD	1.2680	▼	0.01	-0.37	0.48	-3.09	-0.50
Brent (\$/barrel)	66.3	▼	2.21	1.98	7.26	-13.97	23.59
Gold (\$/oz)	1410.6	▼	0.04	1.38	8.39	1.56	10.47
Platinum (\$/oz)	811.2	▼	0.84	0.69	2.82	-10.93	2.60
Copper (\$/MT)*	5971.0	▼	-0.90	0.23	2.84	-9.66	0.37

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.3% to trade at \$1,410.60/oz.

Yesterday, gold prices marginally rose to close at \$1,415.40/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$66.32/bl.

Yesterday, Brent crude oil advanced 2.2% to settle at \$66.49/bl, after Energy Information Administration (EIA) reported that crude inventories fell by 12.8mn bls last week, surpassing market expectations and the most since September 2016.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.7% lower to trade at \$811.20/oz.

Yesterday, platinum prices climbed 0.8% to close at \$816.60/oz.

Major South African corporate news

Exxaro Resources Limited

In its 1H19 pre-close update, the company stated that it expects total coal production to decrease by 5.0%, due to reduced demand from Eskom at Medupi power station, resulting in decline in sales volume by 4.0%. However, the company expects its export sales volume to rise by 10.0%, driven by availability of export product from own operations.

Sibanye Gold Limited

The company announced that it has entered into acquisition agreement with Generation Mining Limited (Gen Mining) to further the development of the PGM-copper Marathon project, situated in northern Ontario, Canada. The company received upfront proceeds of CAD3.00mn in cash and 11,053,795.00 shares at CAD0.27 per share in Gen mining. Gen Mining will acquire a 51.0% interest in the Marathon project and form an unincorporated joint venture with Stillwater Canada Inc.

Northam Platinum Limited

The company announced that mining operations at the Kukama shaft situated at its Eland mine complex will recommence in FY20. The company will convert Kukama shaft into a football array in FY20. The company expects its production to rise to 100 Koz pa 4E by FY25 and steady state production of 150 Koz pa 4E is forecast from FY29.

PPC Limited

The company announced that it has appointed Roland van Wijnen as the new CEO of the company. He has signed a four-year contract and is expected to take over from Johan Claassen, the former CEO, as soon as he has received a work permit.

Major global economic news

US

In the US, the MBA mortgage applications rose 1.3% on a weekly basis in the week ended 21 June 2019, compared to a drop of 3.4% in the previous month.

In May, durable goods orders dropped 1.3% on a monthly basis in the US, compared to a revised fall of 2.8% in the earlier month.

In the US, advance goods trade deficit unexpectedly widened to USD74.50bn in May, compared to a deficit of USD72.10bn in April.

UK

In the UK, the BBA loans for house purchase dropped less-than-expected to a level of 42.38K in May, compared to a revised level of 42.90K in the previous month.

Bank of England Governor, Mark Carney, in his speech, indicated that the central bank will cut interest rates in event of no-deal Brexit. Further, he stated that market expectations of no deal have gone up in recent months and this was increasingly being reflected in the financial markets, such as in the value of the pound and the yield on government bonds. Additionally, he stated that the central bank's response to no deal would not be automatic, meaning it could raise interest rates, if required, to counter rising inflation caused by a sudden drop in the pound.

Asia





























In Japan, retail trade rose 0.3% on a monthly basis in May, less than market expectations. In the prior month, retail trade had recorded a revised drop of 0.1%.

Japan's large retailer's sales unexpectedly declined by 0.5% on a monthly basis in May, compared to a drop of 1.8% in the previous month.

Eurozone

In Germany, the GfK consumer confidence index fell more than market forecast to a level of 9.80 in July. In the prior month, the index had recorded a reading of 10.10.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Japan	01:50	Retail Trade s.a. (MoM) (May)	✓✓✓	0.30%*	0.00%	Monthly
 Japan	01:50	The BoJ releases 1Q Money Flow	✓	-	-	As scheduled
 Japan	01:50	Retail Trade (YoY) (May)	✓✓✓	1.20%*	0.50%	Monthly
 Japan	01:50	Large Retailer's Sales (May)	✓✓	-0.50%*	-1.80%	Monthly
 China	03:30	Industrial Profits (YoY) (May)	✓✓	1.10%*	-3.70%	Monthly
 Japan	03:30	BoJ Wakatabe speaks in Aomori	✓	-	-	As scheduled
 Germany	08:00	Retail Sales (YoY) (May)	✓✓✓	-	4.00%	Monthly
 Eurozone	11:00	Economic Sentiment Indicator (Jun)	✓	104.90	103.80	Monthly
 Eurozone	11:00	Business Climate Indicator (Jun)	✓✓	0.29	0.30	Monthly
 Eurozone	11:00	Consumer Confidence (Jun) (F)	✓✓✓	-7.20	-7.20**	Monthly
 Eurozone	11:00	Industrial Confidence (Jun)	✓	-3.00	-2.90	Monthly
 Eurozone	11:00	Services Sentiment Indicator (Jun)	✓	12.40	12.20	Monthly
 South Africa	11:30	Producer Price Index (MoM) (May)	✓✓	0.50%	1.30%	Monthly
 South Africa	11:30	Producer Price Index (YoY) (May)	✓✓	6.40%	6.50%	Monthly
 Germany	14:00	Consumer Price Index (MoM) (Jun) (P)	✓✓✓	0.20%	0.20%	Monthly
 Germany	14:00	Consumer Price Index (YoY) (Jun) (P)	✓✓✓	1.40%	1.40%	Monthly
 US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q1) (F)	✓✓✓	0.80%	0.80%**	Quarterly
 US	14:30	Gross Domestic Product Annualised (QoQ) (Q1) (F)	✓✓✓	3.20%	3.10%**	Quarterly
 US	14:30	Continuing Jobless Claims (15-Jun)	✓✓✓	1665.00 K	1662.00 K	Weekly
 US	14:30	Initial Jobless Claims (22-Jun)	✓✓✓	220.00 K	216.00 K	Weekly
 US	14:30	Personal Consumption (QoQ) (Q1) (F)	✓✓✓	1.30%	1.30%**	Quarterly
 US	14:30	Personal Consumption Expenditure Core (QoQ) (Q1) (F)	✓✓✓	1.00%	1.00%**	Quarterly
 US	16:00	Pending Home Sales (May)	✓	-	104.30	Monthly
 US	16:00	Pending Home Sales (MoM) (May)	✓✓	1.00%	-1.50%	Monthly
 US	16:00	Pending Home Sales (YoY) (May)	✓	0.40%	0.40%	Monthly
 US	16:30	EIA Natural Gas Storage Change (21-Jun)	✓✓✓	-	115.00 Bcf	Weekly
 US	17:00	Kansas City Fed Manufacturing Activity (Jun)	✓✓✓	1.00	4.00	Monthly
 Eurozone	18:00	ECB's Nowotny, ESM's Regling Speak at Event in Vienna	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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