

# ONE Minute Brief

28 June 2019

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## Economic and political news

In South Africa (SA), producer price inflation slowed to 6.4% on an annual basis in May, compared to a level of 6.5% in the prior month. Foreign direct investment inflows stood at ZAR11.7bn in the first quarter of 2019, compared to outflows of ZAR8.2bn in the previous quarter. Additionally, portfolio investment inflows stood at ZAR29.2bn from January to March, compared to outflows of ZAR33.9bn in the prior quarter.

Yesterday, President, Cyril Ramaphosa, submitted his response to Public Protector, Busisiwe Mkhwebane's Bosasa probe.

South African Reserve Bank (SARB) Deputy Governor, Daniel Mminele, will retire from his position when his second five-year term ends, on 30 June 2019.

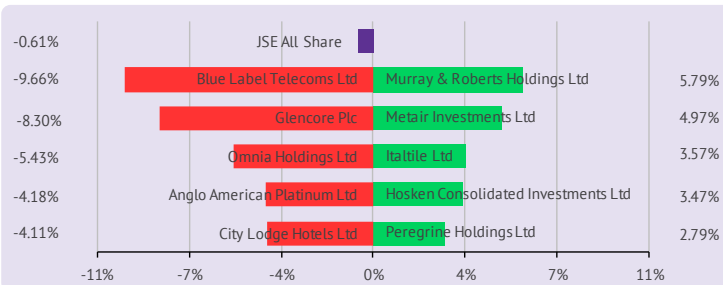
The Constitutional Court has ruled that former senior National Prosecuting Authority (NPA) officials, Nomgcobo Jiba and Lawrence Mrwebi, can continue practising as advocates. Meanwhile, President, Cyril Ramaphosa, stated that his decision to remove Jiba and Mrwebi still stands.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in platinum mining and banking sector stocks. Data revealed that SA's annual producer price inflation eased in May. The JSE All Share Index fell 0.6% to close at 58,066.65.

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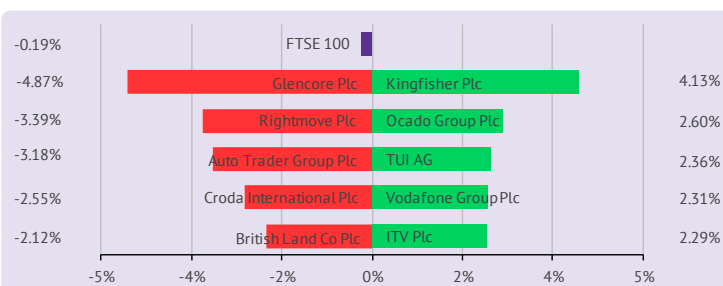


## UK Market ▼

### UK markets closed weaker

UK markets finished lower yesterday, amid ongoing uncertainty regarding the upcoming 31 October Brexit deadline and US-China trade tensions. The FTSE 100 Index declined 0.2% to close at 7,402.33. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

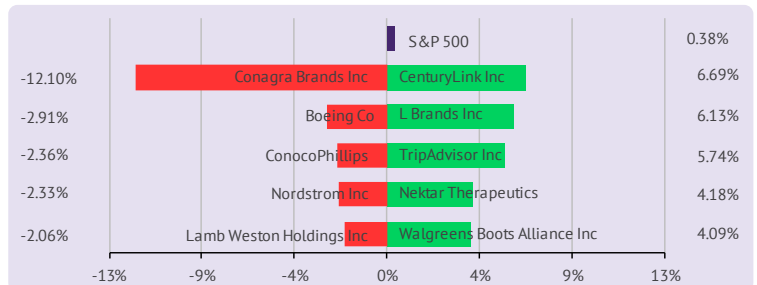
	As at 27 June 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58066.65	▼ -355.07	-0.61	-1.48	4.34	-4.92	10.11
JSE Top 40 (ZAR)	52056.36	▼ -350.94	-0.67	-1.60	4.98	-5.14	11.41
FTSE 100 (GBP)	7402.33	▼ -14.06	-0.19	-0.07	3.36	-3.46	10.02
DAX 30 (EUR)	12271.03	▲ 25.71	0.21	-0.56	4.64	-5.00	16.21
CAC 40 (EUR)	5493.61	▼ -7.11	-0.13	-0.63	5.49	-6.78	16.13
S&P 500 (USD)	2924.92	▲ 11.14	0.38	-0.87	6.28	-6.58	16.68
Nasdaq Composite (USD)	7967.76	▲ 57.79	0.73	-0.80	6.90	-7.93	20.08
DJIA (USD)	26526.58	▼ -10.24	-0.04	-0.72	6.90	-6.69	13.71
MSCI Emerging Markets (USD)	1054.86	▲ 6.95	0.66	0.16	5.70	-7.53	9.21
MSCI Developed World (USD)	2166.48	▲ 8.07	0.37	-0.54	5.88	-6.08	15.00

## US Market ▲

### US markets closed mostly higher

US markets closed mostly higher yesterday, boosted by gains in banking sector stocks and amid hopes of US-China trade progress. Data indicated that the US annualised gross domestic product (GDP) growth remained steady in 1Q19. The S&P 500 Index climbed 0.4% to close at 2,924.92. Today, the S&P 500 futures are trading in the green.

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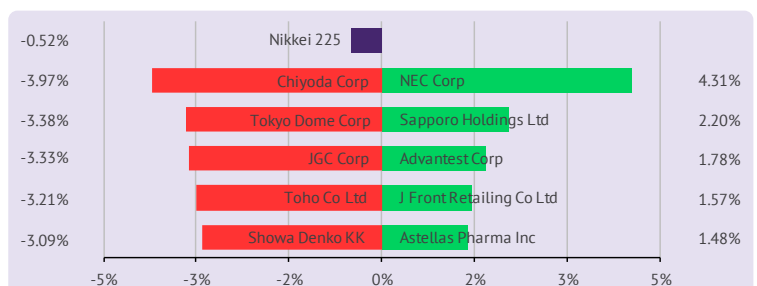


## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, amid persistent worries surrounding US-China trade deal. Data showed that Japan's jobless rate remained unchanged in May. The Nikkei 225 Index is trading 0.5% lower at 21,226.56.

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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 R14.1714. Later today, traders will keep a close watch on the US Chicago Purchasing Managers' Index (PMI) and the Michigan consumer sentiment index for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US annualised GDP growth rose less than expected on a quarterly basis in the first quarter of 2019. Further, pending home sales rebounded on a monthly basis in May. Meanwhile, the nation's initial jobless claims climbed more than market forecast in the week ended 22 June 2019. Separately, in SA, producer price inflation slowed on an annual basis in May.

## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading slightly higher against the South African Rand at R17.9595. Ahead in the day, traders will keep an eye on UK's GDP and current account balance for further indication. Data indicated that UK's GfK consumer confidence index declined more than market anticipations in June.

The British Pound declined against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R16.1066. Going forward, market participants will keep a tab on Eurozone's consumer price index (CPI) for further cues.

The Euro weakened against the South African Rand yesterday. On the macro front, Eurozone's economic confidence index registered a more-than-expected decline in June. Additionally, business climate indicator dropped more than market anticipations in the same month. Meanwhile, the region's consumer confidence index recorded an unchanged reading in June. Separately, Germany's CPI jumped more than market forecast on a yearly basis in June.

## AUD ZAR ▼

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R9.9337. Earlier in the session, Australia's private sector credit demand advanced in line with market forecast 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	14.1714	▼	-0.41	-1.16	-2.82	1.97	-1.24
GBPZAR	17.9595	▼	-0.55	-1.68	-2.54	-1.16	-2.01
EURZAR	16.1066	▲	-0.40	-1.17	-1.11	1.58	-2.12
AUDZAR	9.9337	▼	-0.08	0.04	-1.76	0.29	-1.90
EURUSD	1.1365	▼	0.00	0.00	1.79	-0.41	-0.85
GBPUSD	1.2672	▼	-0.13	-0.49	0.36	-3.09	-0.63
Brent (\$/barrel)	66.3	▼	0.09	2.07	7.36	-13.97	23.70
Gold (\$/oz)	1422.3	▲	-0.24	1.13	8.13	1.56	10.20
Platinum (\$/oz)	816.5	▲	-0.49	0.20	2.32	-10.93	2.10
Copper (\$/MT)*	5976.5	▲	0.09	0.32	2.94	-9.66	0.46

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,422.30/oz.

Yesterday, gold prices fell 0.2% to close at \$1,412.00/oz, amid optimism over US-China trade deal.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$66.28/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$66.55/bl, ahead of the G20 Summit and supported by easing US-Iran trade tensions.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.5% to trade at \$816.50/oz.

Yesterday, platinum prices declined 0.5% to close at \$812.60/oz.

## Major South African corporate news

### PPC Limited

In its reviewed FY19 results, the company announced that revenues increased to ZAR10.41bn from ZAR10.27bn posted in the previous year. Further, its diluted EPS surged 60.0% to 16.00c from 10.00c in the prior year.

## Major global economic news

### Eurozone

In the Eurozone, the economic sentiment indicator fell more-than-expected to 103.30 in June, compared to a revised reading of 105.20 in the previous month.

In June, business climate indicator eased to 0.17 in the Eurozone, more than market forecast and compared to a reading of 0.30 in the prior month.

In June, the final consumer confidence index dropped to -7.20 in the Eurozone, at par with market expectations. The index had recorded a level of -6.50 in the prior month. The preliminary figures had also indicated a drop to -7.20.

In Germany, the preliminary CPI climbed 1.6% on an annual basis in June, surpassing market expectations. In the prior month, the CPI had registered a rise of 1.4%.

### US

In the US, final annualised GDP recorded a less-than-anticipated rise of 3.1% on a quarterly basis in 1Q19, compared to an advance of 2.20% in the prior quarter. The preliminary figures had also indicated an advance of 3.1%.

In the US, pending home sales advanced 1.1% on a monthly basis in May, more-than-expected and compared to a fall of 1.5% in the prior month.

In the US, seasonally adjusted initial jobless claims advanced more-than-anticipated to 227.00K in the week ended 22 June 2019, compared to a revised reading of 217.00K in the previous week.

### Asia

In Japan, the Tokyo CPI registered a rise of 1.1% on a yearly basis in June, beating market expectations. The Tokyo CPI had registered a similar rise in the previous month.

In Japan, unemployment rate remained unchanged at 2.4% in May, at par with market expectations.

In Japan, preliminary industrial production recorded a more-than-expected rise of 2.3% on a monthly basis in May, compared to a rise of 0.6% in the prior month.

In Australia, private sector credit demand climbed 0.2% on a monthly basis in May, at par with market expectations. In the prior month, private sector credit demand had registered a similar rise.

### UK

In the UK, the GfK consumer confidence index dropped to -13.00 in June, more than market expectations. The index had registered a level of -10.00 in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	Lloyds Business Barometer (Jun)	✓	13.00%*	10.00%	Monthly
UK	01:01	GfK Consumer Confidence (Jun)	✓✓✓	-13.00*	-10.00	Monthly
Japan	01:30	Unemployment Rate (May)	✓✓	2.40%*	2.40%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (Jun)	✓✓✓	1.10%*	1.10%	Monthly
Japan	01:50	Industrial Production (MoM) (May) (P)	✓✓✓	2.30%*	0.60%	Monthly
Japan	01:50	Industrial Production (YoY) (May) (P)	✓✓✓	-1.80%*	-1.10%	Monthly
Japan	06:00	Vehicle Production (YoY) (Apr)	✓	-	-4.10%	Monthly
Japan	07:00	Construction Orders (YoY) (May)	✓	-	-19.90%	Monthly
Japan	07:00	Housing Starts (YoY) (May)	✓	-4.20%	-5.70%	Monthly
Japan	07:00	Annualised Housing Starts (May)	✓✓	0.95mn units	0.93mn units	Monthly
South Africa	08:00	M3 Money Supply (YoY) (May)	✓	8.78%	8.77%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (May)	✓	7.70%	7.95%	Monthly
Eurozone	09:30	ECB's Lautenschlager speech	✓✓	-	-	As scheduled
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.50%	0.20%**	Quarterly
UK	10:30	Gross Domestic Product s.a. (YoY) (Q1) (F)	✓✓✓	1.80%	1.30%**	Quarterly
UK	10:30	Current Account (Q1)	✓✓	-GBP32.00bn	-GBP23.70bn	Quarterly
Eurozone	11:00	Consumer Price Index (YoY) (Jun) (P)	✓✓✓	1.20%	1.20%	Monthly
Italy	11:00	Consumer Price Index (YoY) (Jun) (P)	✓✓✓	0.70%	0.80%	Monthly
South Africa	14:00	Trade Balance (May)	✓✓	ZAR0.70bn	-ZAR3.40bn	Monthly
US	14:30	Personal Income (MoM) (May)	✓✓	0.30%	0.50%	Monthly
US	14:30	Personal Spending (May)	✓✓	0.50%	0.30%	Monthly
US	15:45	Chicago PMI (Jun)	✓✓✓	53.50	54.20	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Jun) (F)	✓✓✓	98.00	97.90**	Monthly
US	21:20	Fed's Daly speech	✓✓	-	-	As scheduled
Japan	-	First Day of G20 Summit in Osaka, Japan	✓✓✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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