

ONE Minute Brief

17 July 2019

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Economic and political news

Former President, Jacob Zuma, during his testimony at the Zondo Commission of Inquiry into State Capture, denied that the Guptas had any influence in the appointment of his Cabinet ministers. He also stated that he knew nothing about the Guptas allegedly offering a former lawmaker a ministerial position. He added that he had received a death threat after his testimony the previous day.

Human Settlements, Water and Sanitation Minister, Lindiwe Sisulu, has indicated that South Africa's water department will propose a water transformation bill to eliminate "glaring inequalities" in the industry and draft new conservation regulations.

The Government Employees Pension Fund announced that it is planning to invest around ZAR2tn in offshore companies and in unlisted assets to reduce risk of overexposure to locally traded companies.

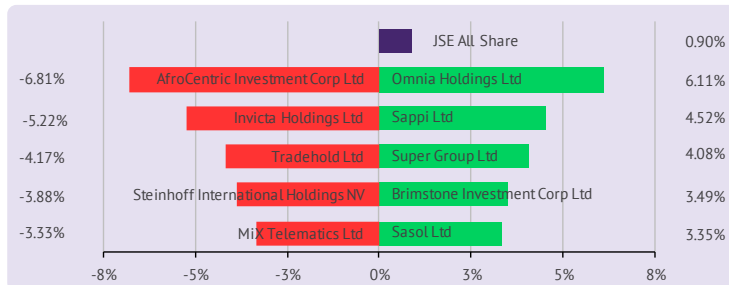
The judicial commission of inquiry into state capture has appointed Bridgitte Shabalala as its new Acting Secretary, from 16 July until end of August.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by gains in banking and financial sector stocks. The JSE All Share Index rose 0.9% to close at 58,052.72.

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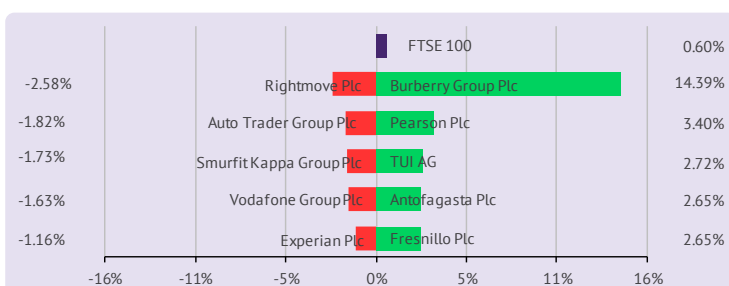


UK Market ▲

UK markets closed firmer

UK markets finished higher yesterday, as the British Pound weakened on fears of no-deal Brexit. Data indicated that UK's ILO unemployment rate remained steady at 45-year low in three months ended May. The FTSE 100 Index advanced 0.6% to close at 7,577.20. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

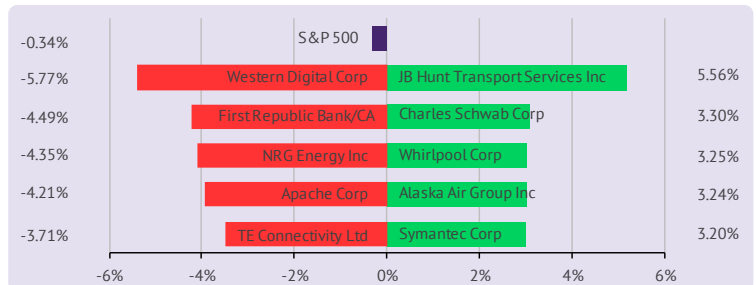
	As at 16 July 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58052.72	▲	515.49	0.90	1.35	-0.26	4.59
JSE Top 40 (ZAR)	51958.04	▲	510.79	0.99	1.50	-0.46	5.27
FTSE 100 (GBP)	7577.20	▲	45.48	0.60	0.95	2.04	3.69
DAX 30 (EUR)	12430.97	▲	43.63	0.35	0.87	0.26	5.73
CAC 40 (EUR)	5614.38	▲	36.17	0.65	0.75	1.36	6.36
S&P 500 (USD)	3004.04	▼	-10.26	-0.34	-0.32	2.12	6.89
Nasdaq Composite (USD)	8222.80	▼	-35.39	-0.43	-0.26	2.70	7.42
DJIA (USD)	27335.63	▼	-23.53	-0.09	0.01	2.77	7.19
MSCI Emerging Markets (USD)	1060.38	▲	2.63	0.25	0.90	0.52	5.70
MSCI Developed World (USD)	2208.09	▼	-6.25	-0.28	-0.21	1.37	6.46

US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid dismal quarterly results from banks and negative comments from US President, Donald Trump, on trade. Data revealed that the US monthly advance retail sales rose more than-expected in June. The S&P 500 Index dropped 0.3% to close at 3,004.04. Today, the S&P 500 futures are trading in the green.

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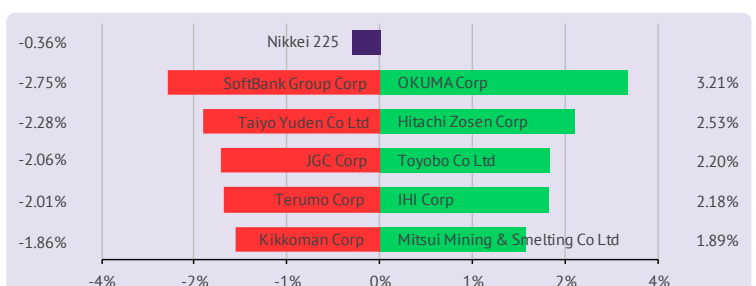


Asian Market ▼

Trading lower

Asian markets are trading weaker this morning, amid renewed concerns over US-China trade negotiations. The Nikkei 225 Index is trading 0.4% lower at 21,457.35.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R13.9796. Later today, traders will keep a close watch on the US MBA mortgage applications, housing starts and building permits for further cues.

The US Dollar rose against the South African Rand yesterday, after the US advance retail sales climbed more than market forecast on a monthly basis in June. Additionally, manufacturing production jumped for a second consecutive month in June. Moreover, business inventories advanced in line with market anticipations in May. Meanwhile, the nation's monthly industrial production recorded a flat reading in June.

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GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.3% firmer against the South African Rand at R17.3549. Ahead in the day, traders will keep an eye on UK's consumer price index (CPI), the producer price index and the house price index for further indication.

The British Pound declined against the South African Rand yesterday, amid growing fears of a no-deal Brexit. On the macro front, UK's ILO unemployment rate remained unchanged in the March-May 2019 period, recording its lowest level in 45 years. Further, average weekly earnings recorded a more-than-expected advance in the March-May 2019 period.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R15.6767. Going forward, market participants will keep a tab on Eurozone's CPI and construction output for further direction.

The Euro weakened against the South African Rand yesterday, amid deterioration in confidence among German investors. Data indicated that Eurozone's trade surplus widened more than market expectations in May. Meanwhile, the region's ZEW survey economic sentiment index registered a decline in July. Separately, Germany's ZEW survey current situation index declined in July. Moreover, the ZEW survey expectations index fell more-than-anticipated to its lowest level since October 2018 in the same month.

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AUD ZAR ▼

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R9.8010. Earlier in the session, Australia's Westpac leading index eased on a monthly basis in June.

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	13.9796	▼	0.33	-0.07	-0.98	-3.38	-2.77
GBPZAR	17.3549	▼	-0.55	-1.40	-3.22	-2.92	-5.54
EURZAR	15.6767	▼	-0.08	-0.58	-2.38	-1.65	-4.97
AUDZAR	9.8010	▼	-0.06	-0.17	-1.06	-2.20	-3.37
EURUSD	1.1215	▲	-0.42	-0.52	-1.42	1.83	-2.23
GBPUSD	1.2416	▲	-0.87	-1.31	-2.28	0.53	-2.72
Brent (\$/barrel)	64.5	▲	-3.20	-3.55	-0.60	4.44	19.61
Gold (\$/oz)	1406.4	▼	-0.16	-0.07	-0.18	8.26	10.14
Platinum (\$/oz)	841.5	▲	0.24	1.58	0.72	5.20	5.73
Copper (\$/MT)*	6000.0	▲	0.40	1.20	0.30	3.03	0.86

*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 \$1,406.40/oz.

Yesterday, gold prices fell 0.2% to close at \$1,411.20/oz, as the US Dollar strengthened, following upbeat US retail sales data.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.2% to trade at \$64.51/bl.

Yesterday, Brent crude oil dropped 3.2% to settle at \$64.35/bl, as Iran tensions eased, after the US Secretary of State, Mike Pompeo, stated that Iran is ready to negotiate on the missile program. Meanwhile, the American Petroleum Institute reported that the US crude supplies fell by 1.4mn bls in the week ended 12 July 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$841.50/oz.

Yesterday, platinum prices declined 0.2% to close at \$841.50/oz.

Major South African corporate news

Anglo American Platinum Limited

In its 1H19 trading statement, the company announced that it expects its HEPS to increase between 2,671c and 2,924c, compared to HEPS of 1,282c in the same period of the previous year. It expects its basic EPS to rise between 2,690c and 2,854c during the period, which is 224.0% and 243.0% higher from the EPS of 832.00c in the previous year. The increase is due to a higher ZAR PGM basket price, and a stock count adjustment gain of ZAR1.00bn in the period, compared to a stock count adjustment loss of ZAR0.50bn in the comparative period.

Major global economic news

US

In the US, advance retail sales climbed 0.4% on a monthly basis in June, more-than-anticipated and compared to a revised similar rise in the prior month.

In the US, industrial production remained flat on a monthly basis in June, compared to an advance of 0.4% in the previous month.

In the US, manufacturing production registered a more-than-expected rise of 0.4% on a monthly basis in June. In the prior month, manufacturing production had recorded a rise of 0.2%.

In July, the NAHB housing market index registered an unexpected rise to a level of 65.00 in the US, compared to a level of 64.00 in the previous month.

In the US, business inventories registered a rise of 0.3% on a monthly basis in May, meeting market forecast and compared to an advance of 0.5% in the prior month.

UK

In the UK, the ILO unemployment rate remained unchanged at 3.8% in the March-May 2019 period, in line with market expectations.

In the UK, average earnings including bonus climbed 3.4% on an annual basis in the March-May 2019 period, more than market expectations. In the February-April 2019 period, the average earnings including bonus had recorded a revised advance of 3.2%.

Eurozone

In the Eurozone, seasonally adjusted trade surplus widened to EUR20.20bn in May, more than market expectations. The Eurozone had reported a revised trade surplus of EUR15.70bn in the prior month.

In the Eurozone, the ZEW survey economic sentiment index fell to a level of -20.30 in July. The index had recorded a level of -20.20 in the previous month.

In Germany, the ZEW survey current situation index recorded a drop to -1.10 in July. In the prior month, the index had recorded a level of 7.80.

In Germany, the ZEW survey economic sentiment index dropped more-than-expected to -24.50 in July, compared to a revised reading of -21.10 in the previous month.

Asia

In Australia, the Westpac leading index dropped 0.08% on a monthly basis in June. The index had recorded a revised drop of 0.07% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
 Eurozone	08:00	EU 27 New Car Registrations (YoY) (Jun)	✓	-	0.10%	Monthly
 Eurozone	09:30	ECB's Cœuré speech	✓✓	-	-	As scheduled
 UK	10:30	Retail Price Index (Jun)	✓	-	289.20	Monthly
 UK	10:30	Consumer Price Index (MoM) (Jun)	✓✓✓	0.00%	0.30%	Monthly
 UK	10:30	Consumer Price Index (YoY) (Jun)	✓✓✓	2.00%	2.00%	Monthly
 UK	10:30	Producer Price Index - Output n.s.a. (MoM) (Jun)	✓	0.10%	0.30%	Monthly
 UK	10:30	Producer Price Index - Output n.s.a. (YoY) (Jun)	✓✓	1.70%	1.80%	Monthly
 UK	10:30	Producer Price Index - Input n.s.a. (MoM) (Jun)	✓	-0.50%	0.00%	Monthly
 UK	10:30	Producer Price Index - Input n.s.a. (YoY) (Jun)	✓	0.30%	1.30%	Monthly
 UK	10:30	Retail Price Index (MoM) (Jun)	✓✓✓	0.10%	0.30%	Monthly
 UK	10:30	Retail Price Index (YoY) (Jun)	✓✓	2.90%	3.00%	Monthly
 UK	10:30	Retail Price Index Ex Mort Int.Payments (YoY) (Jun)	✓✓	2.90%	3.00%	Monthly
 Eurozone	11:00	Construction Output s.a. (MoM) (May)	✓✓✓	-	-0.80%	Monthly
 Eurozone	11:00	Construction Output w.d.a. (YoY) (May)	✓	-	3.90%	Monthly
 Eurozone	11:00	Consumer Price Index (MoM) (Jun)	✓✓✓	0.10%	0.10%	Monthly
 Eurozone	11:00	Consumer Price Index (YoY) (Jun) (F)	✓✓✓	1.20%	1.20%**	Monthly
 Germany	12:00	German Buba President Weidmann speech	✓✓	-	-	As scheduled
 US	13:00	MBA Mortgage Applications (12-Jul)	✓	-	-2.40%	Weekly
 South Africa	13:00	Retail Sales (MoM) (May)	✓✓	0.50%	0.80%	Monthly
 South Africa	13:00	Retail Sales (YoY) (May)	✓✓	1.70%	2.40%	Monthly
 US	14:30	Housing Starts (MoM) (Jun)	✓✓✓	-0.70%	-0.90%	Monthly
 US	14:30	Building Permits (MoM) (Jun)	✓✓✓	0.10%	0.30%	Monthly
 US	14:30	Building Permits (Jun)	✓✓✓	1300.00K	1294.00K	Monthly
 US	14:30	Housing Starts (Jun)	✓✓✓	1260.00K	1269.00K	Monthly
 US	20:00	U.S. Federal Reserve Releases Beige Book	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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