

ONE Minute Brief

19 July 2019

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Economic and political news

The South African Reserve Bank (SARB), in its latest policy meeting, slashed its key interest rate by 25 basis points to 6.5%, citing disappointing first quarter GDP data. Further, the central bank lowered its 2019 growth forecast to 0.6% from 1.0% and inflation forecast to 4.4% from 4.5%. However, inflation forecast for 2020 and 2021 remained steady at 5.1% and 4.6%, respectively.

News reports indicate that former President, Jacob Zuma, will return today to testify into the state-capture inquiry, after a day-long adjournment in his testimony.

President, Cyril Ramaphosa, stated that the broad-based black economic empowerment (B-BBEE) policies will not be removed as they bring real benefits to black South Africans, women and persons with disabilities.

In response to EFF leader, Julius Malema's "extraordinary attack" on Public Enterprises Minister, Pravin Gordhan, President, Cyril Ramaphosa, stated that Gordhan is a person of "commitment and integrity" and should be allowed to defend himself in a court of law.

Eskom announced that the utility and the Gauteng provincial government have agreed to work together to deal "decisively" with ongoing disruptions in electricity supply in several areas in the province.

Key indices

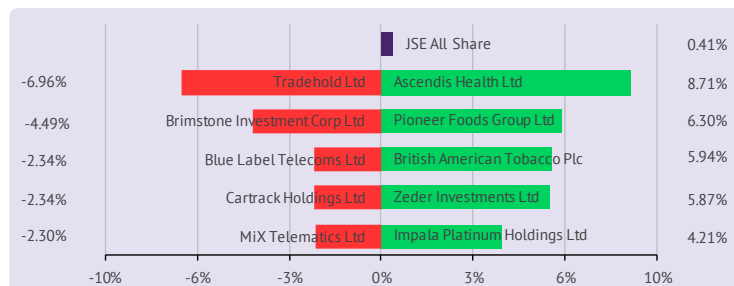
	As at 18 July 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57872.53	▲	236.52	0.41	1.04	-0.57	4.59	9.74
JSE Top 40 (ZAR)	51733.36	▲	168.20	0.33	1.06	-0.89	5.27	10.72
FTSE 100 (GBP)	7493.09	▼	-42.37	-0.56	-0.17	0.91	3.69	11.37
DAX 30 (EUR)	12227.85	▼	-113.18	-0.92	-0.77	-1.38	5.73	15.81
CAC 40 (EUR)	5550.55	▼	-21.16	-0.38	-0.40	0.21	6.36	17.33
S&P 500 (USD)	2995.11	▲	10.69	0.36	-0.62	1.81	6.89	19.48
Nasdaq Composite (USD)	8207.24	▲	22.04	0.27	-0.45	2.51	7.42	23.69
DJIA (USD)	27222.97	▲	3.12	0.01	-0.40	2.34	7.19	16.70
MSCI Emerging Markets (USD)	1051.72	▼	-3.18	-0.30	0.08	-0.30	5.70	8.88
MSCI Developed World (USD)	2198.40	▲	0.46	0.02	-0.64	0.92	6.46	16.69

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in mining sector stocks. The JSE All Share Index rose 0.4% to close at 57,872.53.

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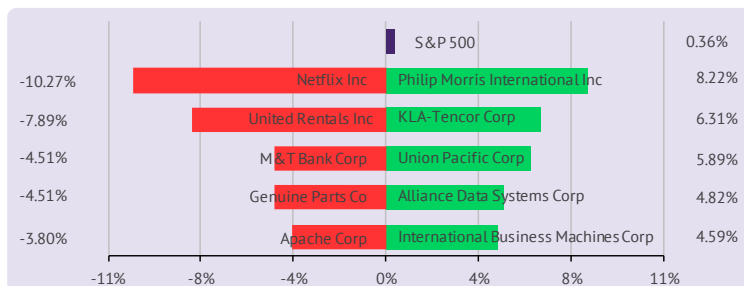


US Market ▲

US markets closed higher

US markets closed firmer yesterday, after the New York Federal Reserve President, John Williams, stated that the central bank must cut interest rates, amid signs of economic weakening. Data revealed that the US leading index unexpectedly eased in June. The S&P 500 Index climbed 0.4% to close at 2,995.11. Today, the S&P 500 futures are trading in the green.

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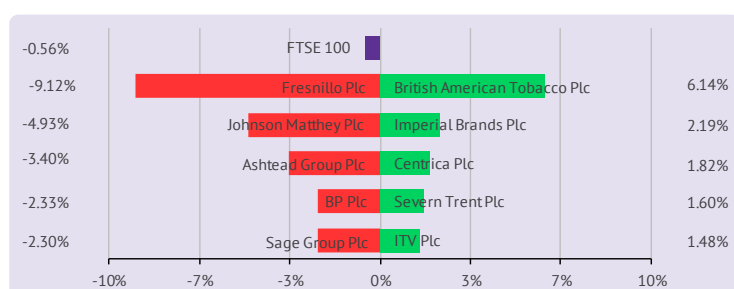


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid dismal earnings report and global economic growth concerns. Data indicated that UK's monthly retail sales unexpectedly rose in June. The FTSE 100 Index declined 0.6% to close at 7,493.09. Today, the FTSE 100 futures are trading in positive territory.

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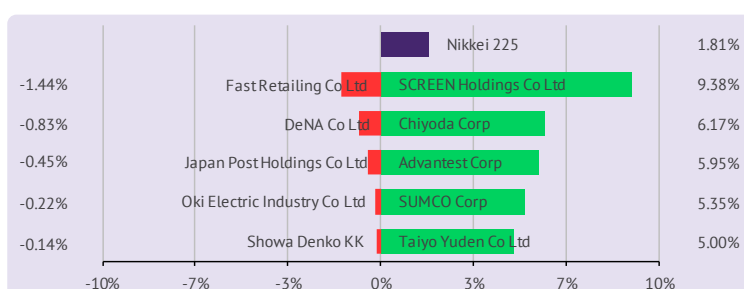


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, amid expectations that the US Federal Reserve could ease monetary policy more than expected. Data showed that Japan's annual National consumer price index (CPI) rose as expected in June. The Nikkei 225 Index is trading 1.8% higher at 21,426.57.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.1% against the South African Rand to trade at R13.8532. Later today, traders will keep a close watch on the US Michigan consumer sentiment index for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US initial jobless claims climbed in line with market expectations in the week ended 13 July 2019. Additionally, the leading index recorded an unexpected drop in June. Meanwhile, the nation's Philadelphia Fed business outlook rose more-than-anticipated in July, notching its highest level since July 2018. Separately, South African Rand rose against the US Dollar, after the SARB cut its key interest rate.

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GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R17.3822. Ahead in the day, traders will keep an eye on UK's public sector net borrowing for further indication.

The British Pound declined against the South African Rand yesterday, amid escalating tensions over no-deal Brexit. On the data front, UK's retail sales rebounded on a monthly basis in June.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading slightly weaker against the South African Rand at R15.6029. Going forward, market participants will keep a tab on Eurozone's current account balance and Germany's producer price index for further direction.

The Euro weakened against the South African Rand yesterday, amid speculation that the European Central Bank officials are considering a potential change to its inflation goal.

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AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R9.7959.

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	13.8532	▼	-1.22	-0.85	-1.74	-3.38	-3.52
GBPZAR	17.3822	▼	-0.31	-1.06	-2.88	-2.92	-5.21
EURZAR	15.6029	▲	-0.77	-0.80	-2.59	-1.65	-5.17
AUDZAR	9.7959	▼	-0.30	-0.06	-0.95	-2.20	-3.26
EURUSD	1.1263	▼	0.47	0.06	-0.84	1.83	-1.66
GBPUSD	1.2547	▼	0.93	-0.18	-1.16	0.53	-1.61
Brent (\$/barrel)	63.2	▲	-2.72	-7.18	-4.34	4.44	15.11
Gold (\$/oz)	1443.9	▲	0.34	1.13	1.02	8.26	11.46
Platinum (\$/oz)	843.7	-	0.24	1.85	0.98	5.20	6.01
Copper (\$/MT)*	5970.5	▲	0.04	0.70	-0.19	3.03	0.36

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 1.1% to trade at \$1,443.90/oz.

Yesterday, gold prices rose 0.3% to close at \$1,428.10/oz, on growing expectations of an interest rate cut by the Fed.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 2.0% higher to trade at \$63.18/bl, amid renewed tensions in the Middle East, after the US Navy destroyed an Iranian drone in the Strait of Hormuz.

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Yesterday, Brent crude oil dropped 2.7% to settle at \$61.93/bl, amid expectations of rise in crude oil production from the US Gulf of Mexico region.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally declined to trade at \$843.70/oz.

Yesterday, platinum prices climbed 0.2% to close at \$843.70/oz.

Major South African corporate news

Anglo American Platinum Limited

In its 2Q19 production report, the company announced that total platinum group metal (PGM) production increased 1.0% and owned managed mines PGM production decreased by 4.0% to 633,600oz due to lower production from Mogalakwena and Mototolo. Further, PGM sales volume were in line with the refined production but down by 8.0% year-on-year due to 154,400 4Eoz returned through toll arrangements.

Liberty Holdings Limited

In its 1H19 trading statement, the company announced that it expects its EPS to be between 664.9c and 721.3c and its HEPS is likely to be between 704.4c and 760.7c.

Kumba Iron Ore Limited

In its 1H19 production and sales report, the company indicated that total production fell by 11.0%, due to plant maintenance. Total sales advanced 1.0% to 21.30Mt, reflecting an improvement in rail performance, allowing the company to meet sustained demand for premium quality products. It expects its HEPS to be between ZAR30.52 and ZAR32.10 and its EPS to be between ZAR30.41 and ZAR31.98.

Major global economic news

US

In the US, seasonally adjusted initial jobless claims advanced to 216.00K in the week ended 13 July 2019, meeting market forecast and compared to a revised level of 208.00K in the prior week.

In June, leading indicator unexpectedly fell 0.3% on a monthly basis in the US, compared to a flat reading in the previous month.

In the US, the Philadelphia Fed manufacturing index climbed to 21.80 in July, more than market expectations. In the previous month, the index had recorded a level of 0.30.











UK

In the UK, retail sales unexpectedly advanced 1.0% on a monthly basis in June, compared to a revised drop of 0.6% in the prior month.

Asia

In Japan, the National CPI climbed 0.7% on an annual basis in June, at par with market expectations. The National CPI had registered a similar rise in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	01:30	National Consumer Price Index (YoY) (Jun)	✓✓✓	0.70%*	0.70%	Monthly
 Japan	01:30	National CPI Ex-Fresh Food (YoY) (Jun)	✓✓✓	0.60%*	0.80%	Monthly
 Japan	01:30	National CPI Ex Food, Energy (YoY) (Jun)	✓✓	0.50%*	0.50%	Monthly
 Japan	01:50	Foreign Buying Japan Bonds (12-Jul)	✓	JPY844.30bn*	JPY470.60bn	Weekly
 Japan	01:50	Foreign Buying Japan Stocks (12-Jul)	✓	-JPY93.10bn*	JPY192.20bn	Weekly
 Japan	01:50	Japan Buying Foreign Bonds (12-Jul)	✓	JPY950.00bn*	JPY297.00bn	Weekly
 Japan	01:50	Japan Buying Foreign Stocks (12-Jul)	✓	-JPY18.60bn*	JPY38.70bn	Weekly
 Japan	06:30	All Industry Activity Index (MoM) (May)	✓✓✓	0.30%*	0.90%	Monthly
 Germany	08:00	Producer Price Index (MoM) (Jun)	✓✓✓	-0.10%	-0.10%	Monthly
 Germany	08:00	Producer Price Index (YoY) (Jun)	✓✓✓	1.50%	1.90%	Monthly
 Eurozone	10:00	Current Account s.a (May)	✓✓✓	-	EUR20.90bn	Monthly
 Greece	10:00	Current Account (May)	✓	-	-EUR1.40bn	Monthly
 Italy	10:00	Current Account (May)	✓	-	EUR3.91bn	Monthly
 Eurozone	10:00	Current Account n.s.a. (May)	✓	-	EUR19.20bn	Monthly
 UK	10:30	Public Sector Net Cash Requirement (Jun)	✓✓	-	GBP10.70bn	Monthly
 UK	10:30	PSNB ex Interventions (Jun)	✓	GBP3.90bn	GBP5.10bn	Monthly
 UK	10:30	Public Sector Net Borrowing (Jun)	✓✓	GBP3.30bn	GBP4.50bn	Monthly
 US	16:00	Reuters/Michigan Consumer Sentiment Index (Jul) (P)	✓✓✓	98.80	98.20	Monthly
 US	17:05	Fed's Bullard Speaks at Central Bank Research in New York	✓✓	-	-	As scheduled
 US	22:30	Fed's Rosengren Joins Panel on Central Bank Independence	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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