

ONE  
Minute Brief

30 July 2019

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## Economic and political news

In South Africa (SA), growth in private sector credit demand slowed to 6.91% in June from 7.66% in the previous month. M3 money supply contracted to 8.99% in June from 9.07% in May.

The Pretoria High Court has suspended Public Protector, Busisiwe Mkhwebane's orders for disciplinary action against Public Enterprises Minister, Pravin Gordhan. Meanwhile, Busisiwe Mkhwebane stated that she will appeal the court judgment for suspending her remedial action against Gordhan.

Public Enterprises Minister, Pravin Gordhan, has appointed Jabu Mabuza as Eskom's interim Chief Executive Officer (CEO) for the next 3 months.

Trade union, Solidarity, has threatened to take legal action against state arms firm, Denel, after the company informed workers that their July salary might not be paid on time.

Former Passenger Rail Agency of South Africa CEO, Lucky Montana, has agreed to testify at the state capture commission of inquiry.

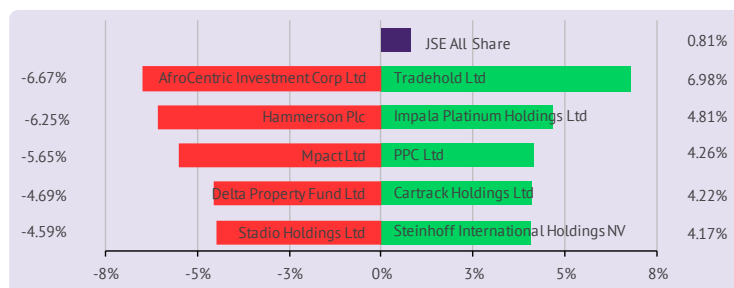
Statistics South Africa has indicated that the nation's mid-year population has increased to 58.8 million from 57.9 million in 2018, an increase of 1.55%. Women account for 51.2% and 28.8% are aged younger than 15 years.

## South Africa Market ▲

## South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining and banking sector stocks. Data revealed that SA's annual private sector credit demand slowed in June. The JSE All Share Index rose 0.8% to close at 58,034.77.

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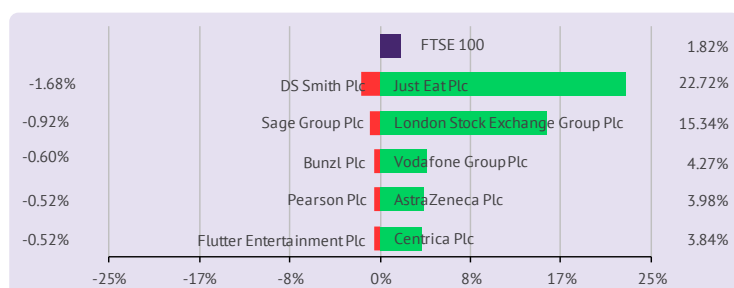


## UK Market ▲

## UK markets closed firmer

UK markets finished higher yesterday, following merger & acquisition news and as the British Pound fell on no-deal Brexit fears. Data indicated that UK's net consumer credit growth slowed in June. The FTSE 100 Index advanced 1.8% to close at 7,686.61. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

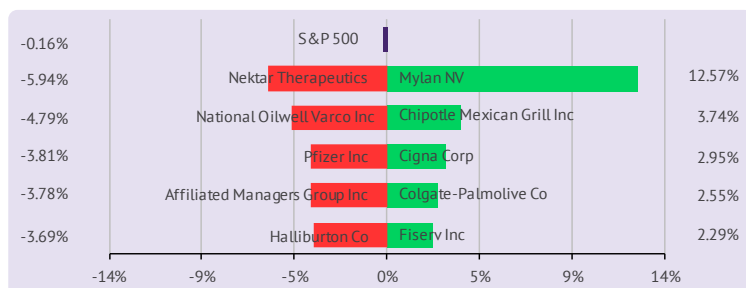
	As at 29 July 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58034.77	▲	464.23	0.81	0.81	-0.29	4.59	10.05
JSE Top 40 (ZAR)	51977.41	▲	454.72	0.88	0.88	-0.42	5.27	11.24
FTSE 100 (GBP)	7686.61	▲	137.55	1.82	1.82	3.51	3.69	14.25
DAX 30 (EUR)	12417.47	▼	-2.43	-0.02	-0.02	0.15	5.73	17.60
CAC 40 (EUR)	5601.10	▼	-8.95	-0.16	-0.16	1.12	6.36	18.40
S&P 500 (USD)	3020.97	▼	-4.89	-0.16	-0.16	2.69	6.89	20.51
Nasdaq Composite (USD)	8293.33	▼	-36.88	-0.44	-0.44	3.59	7.42	24.99
DJIA (USD)	27221.35	▲	28.90	0.11	0.11	2.34	7.19	16.69
MSCI Emerging Markets (USD)	1045.73	▼	-2.94	-0.28	-0.28	-0.87	5.70	8.26
MSCI Developed World (USD)	2212.50	▼	-3.20	-0.14	-0.14	1.57	6.46	17.44

## US Market ▼

## US markets closed lower

US markets closed weaker yesterday, weighed down by losses in technology sector stocks and ahead of the Federal Reserve's (Fed) policy meeting. Data showed that the US Dallas Fed manufacturing index rose in July. The S&P 500 Index dropped 0.2% to close at 3,020.97. Today, the S&P 500 futures are trading in the green.

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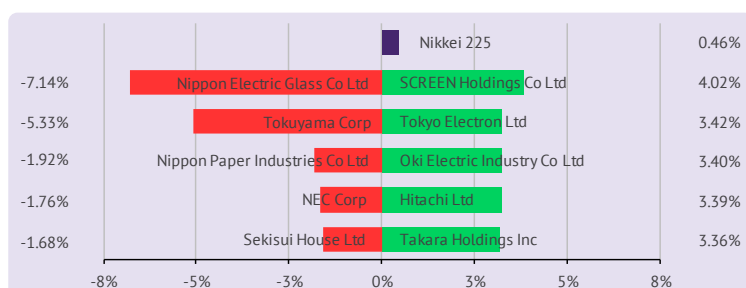


## Asian Market ▲

## Trading higher

Asian markets are trading firmer this morning, after Bank of Japan (BoJ) kept its interest rates unchanged. Data revealed that Japan's jobless rate fell in June. The Nikkei 225 Index is trading 0.5% higher at 21,716.26.

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## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R14.1453. Later today, traders will keep a close watch on the US consumer confidence index, pending home sales, personal income and spending data for further indication.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Dallas Fed manufacturing index recorded a rise in July. Separately, in SA, private sector credit demand slowed for a second consecutive month on an annual basis in June. Additionally, yearly M3 money supply growth contracted in June.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.6% weaker against the South African Rand at R17.2001. Ahead in the day, traders will keep an eye on UK's GfK consumer confidence index and the BRC shop price index for further cues.

The British Pound declined against the South African Rand yesterday, after the British Prime Minister, Boris Johnson, stated that Britain is prepared to leave the European Union without a deal on 31 October, unless the European Union renegotiated. On the data front, UK's net consumer credit growth slowed to a five-year low level in June. Meanwhile, the nation's mortgage approvals climbed more than market forecast in June, notching its highest level since January 2019.

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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 R15.7616. Going forward, market participants will keep a tab on Eurozone's business climate indicator, economic and consumer confidence indices along with Germany's consumer price index and the GfK consumer confidence index for further direction.

The Euro weakened against the South African Rand yesterday.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R9.7649. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index climbed in the week ended 28 July 2019. Meanwhile, the nation's building approvals unexpectedly declined 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	14.1453	▲	-0.92	-0.92	0.55	-3.38	-1.27
GBPZAR	17.2001	▲	-2.22	-2.22	-3.22	-2.92	-5.54
EURZAR	15.7616	▲	-0.79	-0.79	-1.48	-1.65	-4.09
AUDZAR	9.7649	▲	-1.06	-1.06	-1.12	-2.20	-3.43
EURUSD	1.1142	▼	0.15	0.15	-2.00	1.83	-2.81
GBPUSD	1.2160	▼	-1.33	-1.33	-3.76	0.53	-4.19
Brent (\$/barrel)	64.0	▲	0.39	0.39	-1.59	4.44	18.42
Gold (\$/oz)	1437.6	▲	0.08	0.08	0.47	8.26	10.86
Platinum (\$/oz)	881.5	▼	2.23	2.23	5.55	5.20	10.81
Copper (\$/MT)*	6000.0	▲	0.99	0.99	0.30	3.03	0.86

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 1.2% to trade at \$1,437.60/oz.

Yesterday, gold prices rose 0.1% to close at \$1,420.40/oz, ahead of the Fed's interest rate decision.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.5% to trade at \$64.03/bl.

Yesterday, Brent crude oil advanced 0.4% to settle at \$63.71/bl, amid optimism over US-China trade talks and prospects of an interest rate cut by the Fed.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$881.50/oz.

Yesterday, platinum prices climbed 2.2% to close at \$881.90/oz.

## Major South African corporate news

### ArcelorMittal South Africa Limited

In its 1H19 trading statement, the company announced that it expects to report a headline loss per share in the range of 53.00c and 63.00c. Further, it anticipates to report a loss per share of between 54.00c and 64.00c.

## Major global economic news

### Asia

The Bank of Japan (BoJ), in its latest monetary policy meeting kept its key interest rate unchanged at -0.10%, as widely expected. The central bank stated that it would take additional measures if the economy loses momentum towards achieving its inflation target rate of 2%. The BoJ indicated that it intends to maintain the “current extremely low levels” of short and long-term interest rates for an extended period of time, at least through around spring 2020. Meanwhile, the central bank lowered its inflation forecast for fiscal 2019 to 1.0% from 1.1% and also downgraded its growth outlook for the fiscal 2019 to 0.7% from 0.8%.

In Japan, unemployment rate unexpectedly dropped to 2.3% in June, compared to 2.4% in the previous month.

In Japan, flash industrial production dropped 3.6% on a monthly basis in June, more than market expectations. In the prior month, industrial production had risen 2.0%.

In Australia, the ANZ Roy Morgan weekly consumer confidence index rose to a level of 118.50 in the week ended 28 July 2019, compared to a reading of 116.30 in the previous month.

In Australia, seasonally adjusted building approvals unexpectedly drop 1.2% on a monthly basis in June, compared to a revised advance of 0.3% in the prior month.

### UK

In the UK, net consumer credit growth advanced to GBP1.00bn in June. Net consumer credit had registered a reading of GBP0.90bn in the prior month.

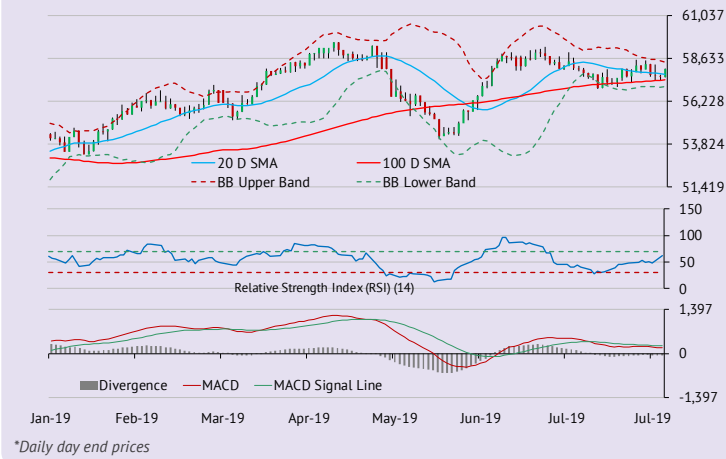
In the UK, number of mortgage approvals for house purchases recorded a more-than-expected rise to 66.40K in June. In the previous month, number of mortgage approvals for house purchases had registered a revised level of 65.60K.

### US

In the US, the Dallas Fed manufacturing business index climbed to -6.30 in July, compared to a level of -12.10 in the previous month.

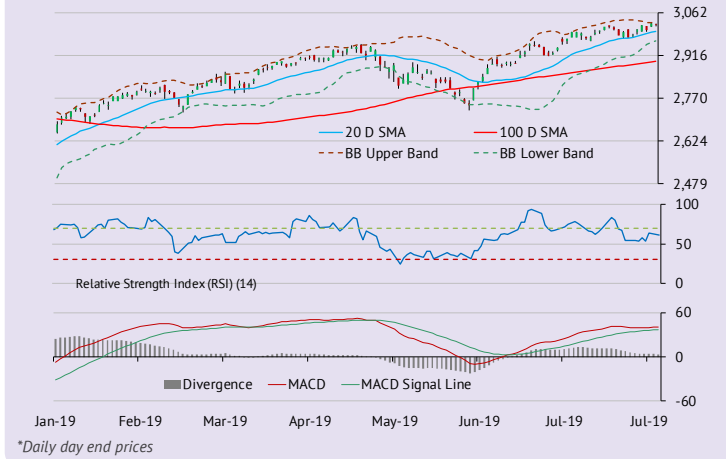
## Technical snapshot

### JSE All Share



The JSE All Share index is expected to find support at 57,455.82, and a fall through could take it to the next support level of 56,876.87. The index is expected to find its first resistance at 58,570.92, and a rise through could take it to the next resistance level of 59,107.07.

### S&P 500



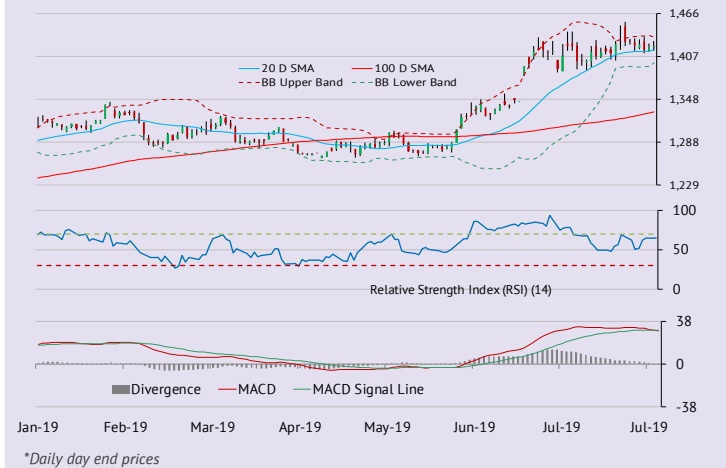
The S&P 500 index is expected to find support at 2,997.03, and a fall through could take it to the next support level of 2,973.08. The index is expected to find its first resistance at 3,036.45, and a rise through could take it to the next resistance level of 3,051.92.

### USD ZAR



The pair is expected to find support at 13.9023, and a fall through could take it to the next support level of 13.6407. The pair is expected to find its first resistance at 14.3724, and a rise through could take it to the next resistance level of 14.5809.

### XAU USD



Gold is expected to find support at \$1,409.63/oz, and a fall through could take it to the next support level of \$1,398.87/oz. The precious metal is expected to find its first resistance at \$1,432.63/oz, and a rise through could take it to the next resistance level of \$1,444.87/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Job-To-Applicant Ratio (Jun)	✓	1.61*	1.62	Monthly
Japan	01:30	Unemployment Rate (Jun)	✓✓	2.30%*	2.40%	Monthly
Japan	01:50	Industrial Production (MoM) (Jun) (P)	✓✓✓	-3.60%*	2.00%	Monthly
Japan	01:50	Industrial Production (YoY) (Jun) (P)	✓✓✓	-4.10%*	-2.10%	Monthly
Japan	01:50	Industrial Production Index (Jun)	✓	101.10*	104.90	Monthly
Japan	04:00	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	04:00	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled
Japan	04:00	BoJ Outlook Report (Q2)	✓✓	-	-	As scheduled
France	07:30	Gross Domestic Product (QoQ) (Q2) (P)	✓✓✓	0.30%	0.30%	Quarterly
France	07:30	Gross Domestic Product (YoY) (Q2) (P)	✓✓✓	1.40%	1.20%	Quarterly
Germany	08:00	Gfk Consumer Confidence Survey (Aug)	✓✓✓	9.70	9.80	Monthly
Eurozone	11:00	Consumer Confidence (Jul) (F)	✓✓✓	-6.60	-6.60**	Monthly
Eurozone	11:00	Business Climate Indicator (Jul)	✓✓	0.08	0.17	Monthly
Eurozone	11:00	Economic Sentiment Indicator (Jul)	✓	102.60	103.30	Monthly
Eurozone	11:00	Industrial Confidence (Jul)	✓	-7.00	-5.60	Monthly
Eurozone	11:00	Services Sentiment Indicator (Jul)	✓	10.60	11.00	Monthly
South Africa	11:30	Unemployment Rate (Q2)	✓✓	27.70%	27.60%	Quarterly
Germany	14:00	Consumer Price Index (MoM) (Jul) (P)	✓✓✓	0.30%	0.30%	Monthly
Germany	14:00	Consumer Price Index (YoY) (Jul) (P)	✓✓✓	1.50%	1.60%	Monthly
South Africa	14:00	Budget Balance (Jun)	✓	-	-ZAR17.50bn	Monthly
US	14:30	Personal Spending (Jun)	✓✓	0.30%	0.40%	Monthly
US	14:30	Personal Income (MoM) (Jun)	✓✓	0.40%	0.50%	Monthly
US	16:00	Consumer Confidence (Jul)	✓✓✓	125.00	121.50	Monthly
US	16:00	Pending Home Sales (MoM) (Jun)	✓✓	0.50%	1.10%	Monthly
US	16:00	Pending Home Sales (YoY) (Jun)	✓	0.70%	-0.80%	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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