

# ONE Minute Brief

31 July 2019

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## Economic and political news

In South Africa (SA), unemployment rate rose to 29.0% in 2Q19, compared to 27.6% in the previous quarter.

The African National Congress (ANC) officials assured that the party's plan to nationalise the central bank would be implemented responsibly and would not affect the institution's mandate or independence.

President, Cyril Ramaphosa, has extended the deadline for the submission of the final report on the Public Investment Corporation (PIC) commission of inquiry, by an additional three months until 31 October 2019.

Public Enterprises Minister, Pravin Gordhan, has appointed former Treasury Accountant-General, Freeman Nomvalo, as Eskom's Chief Restructuring Officer (CRO).

Eskom has indicated that it expects to make a loss of around ZAR20bn in FY2019/20. Separately, news reports indicate that Eskom has concluded a ZAR213.3mn deal with Zimbabwe to supply 400MW of power.

## Key indices

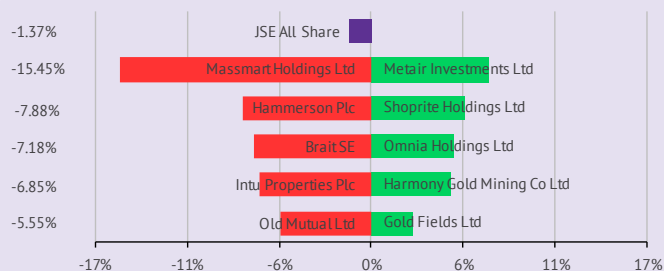
	As at 30 July 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57241.55	▼ -793.22	-1.37	-0.57	-1.65	4.59	8.54
JSE Top 40 (ZAR)	51206.88	▼ -770.53	-1.48	-0.61	-1.90	5.27	9.59
FTSE 100 (GBP)	7646.77	▼ -39.84	-0.52	1.29	2.98	3.69	13.65
DAX 30 (EUR)	12147.24	▼ -270.23	-2.18	-2.20	-2.03	5.73	15.04
CAC 40 (EUR)	5511.07	▼ -90.03	-1.61	-1.76	-0.50	6.36	16.50
S&P 500 (USD)	3013.18	▼ -7.79	-0.26	-0.42	2.43	6.89	20.20
Nasdaq Composite (USD)	8273.61	▼ -19.71	-0.24	-0.68	3.34	7.42	24.69
DJIA (USD)	27198.02	▼ -23.33	-0.09	0.02	2.25	7.19	16.59
MSCI Emerging Markets (USD)	1043.15	▼ -2.58	-0.25	-0.53	-1.11	5.70	7.99
MSCI Developed World (USD)	2203.40	▼ -9.10	-0.41	-0.56	1.15	6.46	16.96

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, amid renewed US-China trade tensions and led by losses in banking and financial sector stocks. Data showed that SA's unemployment rate rose to a 10-year high in 2Q19. The JSE All Share Index fell 1.4% to close at 57,241.55.

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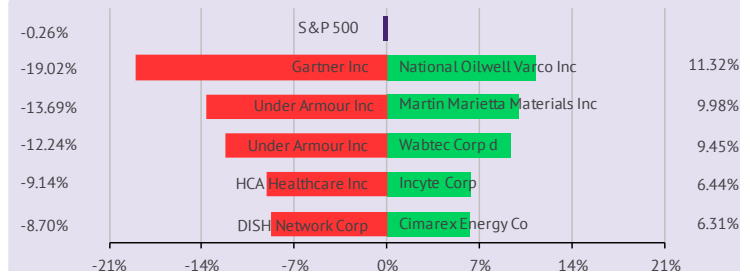


## US Market ▼

### US markets closed in the red

US markets closed lower yesterday, after US President Donald Trump warned of difficulties in trade talks with China. Data indicated that the US consumer confidence index rose more-than-anticipated in July. The S&P 500 Index dropped 0.3% to close at 3,013.18. Today, the S&P 500 futures are trading in the green.

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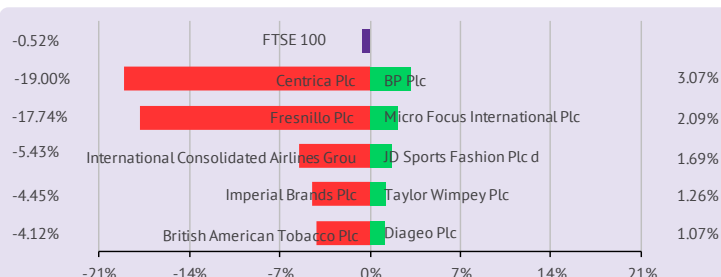


## UK Market ▼

### UK markets closed lower

UK markets finished weaker yesterday, as banking sector stocks fell, following the Bank of England's (BoE) new plan to resolve potential banking crisis. The FTSE 100 Index declined 0.5% to close at 7,646.77. Today, the FTSE 100 futures are trading in positive territory.

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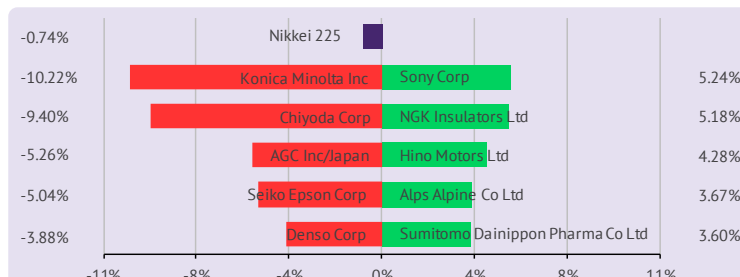


## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, amid pessimism surrounding US-China trade talks. The Nikkei 225 Index is trading 0.7% lower at 21,548.47.

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## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R14.1858. Later today, traders will keep a close watch on the FOMC interest rate decision along with the US MBA mortgage applications, the ADP employment change and the Chicago Purchasing Managers' Index for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US consumer confidence index recorded a more-than-expected rise in July. Additionally, pending home sales advanced surpassing market expectations on a monthly basis in June. Moreover, personal income increased for a fourth consecutive month in June. Meanwhile, the nation's personal spending slowed in the same month. Separately, in SA, unemployment rate climbed in the second quarter of 2019, recording highest its rate since the start of 2008.

## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R17.2397. Ahead in the day, traders will keep an eye on UK's Nationwide house price index for further cues.

The British Pound declined against the South African Rand yesterday, after the European Union refused to renegotiate the Brexit deal. On the macro front, UK's GfK consumer confidence index improved in July. Meanwhile, the nation's BRC shop price index declined on an annual basis in July.

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## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.2% against the South African Rand to trade at R15.8229. Going forward, market participants will keep a tab on Eurozone's consumer price index (CPI), gross domestic product and unemployment rate along with Germany's unemployment rate and retail sales for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's business climate indicator fell to a six-year low level in July. Additionally, the economic confidence index declined to its lowest level since March 2016 in July. Moreover, the consumer confidence index dropped in line with market forecast in July. Separately, Germany's CPI advanced more than market anticipations on a yearly basis in July. On the other hand, the nation's GfK consumer confidence index eased in August, reaching its lowest level since April 2017.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R9.7759. Earlier in the session, Australia's CPI jumped more than market forecast on an annual basis in 2Q19. On the flipside, the nation's monthly private sector credit demand rose less-than-anticipated in June. Meanwhile, in China, Australia's largest trading partner, the manufacturing PMI climbed more than market expectations in July.

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	14.1858	▲	0.31	-0.61	0.86	-3.38	-0.97
GBPZAR	17.2397	▲	-0.24	-2.46	-3.45	-2.92	-5.77
EURZAR	15.8229	▲	0.40	-0.39	-1.08	-1.65	-3.70
AUDZAR	9.7759	▼	-0.11	-1.17	-1.24	-2.20	-3.54
EURUSD	1.1154	▼	0.09	0.24	-1.92	1.83	-2.72
GBPUSD	1.2153	▲	-0.55	-1.87	-4.28	0.53	-4.72
Brent (\$/barrel)	65.2	▲	1.59	1.99	-0.03	4.44	20.30
Gold (\$/oz)	1440.6	▲	0.65	0.73	1.13	8.26	11.58
Platinum (\$/oz)	880.7	▲	-1.05	1.15	4.44	5.20	9.64
Copper (\$/MT)*	5925.0	▼	-1.25	-0.27	-0.95	3.03	-0.40

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,440.60/oz.

Yesterday, gold prices rose 0.7% to close at \$1,429.70/oz, amid expectations of an interest rate cut by the US Federal Reserve.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.8% to trade at \$65.24/bl.

Yesterday, Brent crude oil advanced 1.6% to settle at \$64.72/bl, after the American Petroleum Institute reported that crude oil inventories declined by 6.02mn bls in the week ended 26 July 2019.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.9% to trade at \$880.70/oz.

Yesterday, platinum prices declined 1.1% to close at \$872.60/oz.

## Major South African corporate news

### Invicta Holdings Limited

The company announced the appointment of Steven Joffe as the successor to CEO, Arnold Goldstone, with effect from 1 January 2020.

### Massmart Holdings Limited

In its 1H19 trading statement, the company announced that sales rose 5.5% to ZAR43.8bn. The company expects to report operating loss during 1H19 due to softer than expected sales, margin weakness and expense growth. The company expects headline loss per share between 240.50c and 249.80c and its basic loss per share to be between 264.30c and 273.20c.

### JSE Limited

In its 1H19 results, the company announced that its operating revenues fell to ZAR1.07bn from ZAR1.14bn posted in the corresponding period of the previous year. Its EPS decreased 29.0% to 467.00c from the same period of the prior year. Separately, it announced that Nicky Newton-King would retire as Chief Executive Officer (CEO) of the company on 30 September 2019 and has appointed Dr Leila Fourie as Group CEO, effective 1 October 2019.

### Shoprite Holdings Limited

In its FY19 trading and operational update, the company indicated that turnover increased 3.2% to ZAR150.60bn. The company's supermarkets increased the number of customers served by 2.3% and product volumes sold by 1.2%. It expects basic EPS to be between 762.80c and 819.00c and basic HEPS to be between 774.20c and 832.50c.

## Major global economic news

### Eurozone

In the Eurozone, the business climate indicator fell to a level of -0.12 in July, compared to a reading of 0.17 in the previous month.

In July, the economic sentiment indicator eased to 102.70 in the Eurozone, at par with market forecast. The economic sentiment indicator had registered a level of 103.30 in the prior month.

In the Eurozone, the final consumer confidence index recorded a rise to -6.60 in July, meeting market expectations and compared to a level of -7.20 in the previous month. The preliminary figures had also recorded a rise to -6.60.

In Germany, the flash CPI advanced 1.7% on an annual basis in July, more than market expectations. The CPI had advanced 1.6% in the previous month.

In Germany, the GfK consumer confidence index dropped to 9.70 in August, in line with market expectations. The consumer confidence index had registered a level of 9.80 in the previous month.

### US

In the US, the CB consumer confidence index advanced more-than-anticipated to 135.70 in July. The index had registered a revised level of 124.30 in the prior month.

In June, pending home sales climbed 2.8% on a monthly basis in the US, more than market forecast and compared to a rise of 1.1% in the prior month.

In June, personal income recorded a rise of 0.4% on a monthly basis in the US, at par with market expectations. In the previous month, personal income had registered a revised similar rise.

In the US, personal spending slowed to 0.3% on a monthly basis in June, meeting market expectations. In the prior month, personal spending had advanced by a revised 0.5%.

### Asia

In Australia, private sector credit demand rose less-than-expected by 0.1% on a monthly basis in June, compared to a revised similar rise in the prior month.

In Australia, the CPI registered a more-than-expected rise of 1.6% on a yearly basis in 2Q19. In the previous quarter, the CPI had registered a rise of 1.3%.

In China, the NBS manufacturing PMI rose to 49.70 in July, more than market forecast and compared to a reading of 49.40 in the previous month.

### UK

In the UK, the GfK consumer confidence index unexpectedly climbed to a level of -11.00 in July. The index had recorded a level of -13.00 in the prior month.

In the UK, the BRC shop price index dropped 0.1% on an annual basis in July. In the previous month, the index had registered a similar fall.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Jul)	✓✓✓	-0.10%*	-0.10%	Monthly
UK	01:01	GfK Consumer Confidence (Jul)	✓✓✓	-11.00*	-13.00	Monthly
China	03:00	NBS Manufacturing PMI (Jul)	✓✓	49.70*	49.40	Monthly
Japan	06:00	Vehicle Production (YoY) (May)	✓	-	4.70%	Monthly
Japan	07:00	Annualised Housing Starts (Jun)	✓✓	0.90 mn units	0.90 mn units	Monthly
Japan	07:00	Construction Orders (YoY) (Jun)	✓	-	-16.90%	Monthly
Japan	07:00	Consumer Confidence Index (Jul)	✓✓	38.40	38.70	Monthly
Germany	08:00	Retail Sales (MoM) (Jun)	✓✓✓	0.50%	-0.60%	Monthly
Germany	08:00	Retail Sales (YoY) (Jun)	✓✓✓	-	4.00%	Monthly
UK	08:00	Nationwide House Prices n.s.a. (YoY) (Jul)	✓✓	0.10%	0.50%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Jul)	✓✓✓	0.20%	0.10%	Monthly
Germany	09:55	Unemployment Change (Jul)	✓✓✓	2.00 K	-1.00 K	Monthly
Germany	09:55	Unemployment Rate s.a. (Jul)	✓✓✓	5.00%	5.00%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Jul) (P)	✓✓✓	1.00%	1.10%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Jul) (F)	✓✓✓	1.10%	1.20%**	Monthly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q2) (P)	✓✓✓	0.20%	0.40%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q2) (P)	✓✓	1.00%	1.20%	Quarterly
Eurozone	11:00	Unemployment Rate (Jun)	✓✓✓	7.50%	7.50%	Monthly
US	15:00	MBA Mortgage Applications (26-Jul)	✓	-	-1.90%	Weekly
US	14:15	ADP Employment Change (Jul)	✓✓✓	150.00 K	102.00 K	Monthly
US	14:30	Employment Cost Index (QoQ) (Q2)	✓✓	0.70%	0.70%	Quarterly
US	15:45	Chicago PMI (Jul)	✓✓✓	51.10	49.70	Monthly
US	20:00	Fed Interest Rate Decision	✓✓✓	2.25%	2.50%	As scheduled
US	20:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled
US	20:30	Fed Chair Powell Holds Press Conference After FOMC Meeting	✓✓✓	-	-	As scheduled
US	20:30	FOMC Press Conference	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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