

ONE Minute Brief

1 August 2019

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Economic and political news

In South Africa (SA), trade surplus widened to ZAR4.42bn in June, compared to a revised surplus of ZAR1.70bn in May.

The South African Revenue Service (Sars) has suspended Luther Lebelo, the group executive for employee relations, Teboho Mokoena, the chief officer for human capital and development and Hlengani Mathebula, the chief officer of governance, international relations, strategy and communications, with immediate effect, due to "serious allegations of misconduct".

Parliament's portfolio committee on justice and correctional services will discuss in September Public Protector, Busisiwe Mkhwebane's, fitness to hold office.

President, Cyril Ramaphosa, has launched a court review of Public Protector, Busisiwe Mkhwebane's Bosasa report on the CR17 election campaign.

According to a news report, the South African Treasury is planning to increase the size of its weekly bond auctions to fund Eskom's bailouts and tax deficit.

Key indices

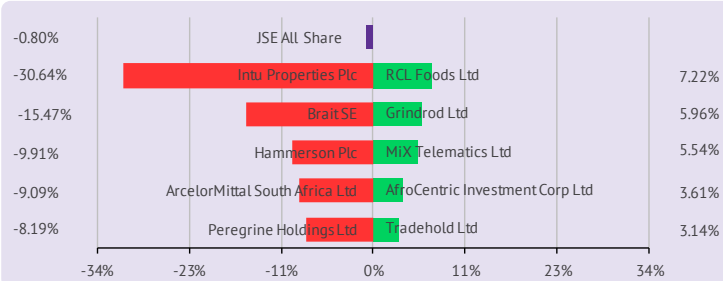
	As at 31 July 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56784.61	▼ -456.94	-0.80	-1.37	NA	-2.44	7.68
JSE Top 40 (ZAR)	50798.70	▼ -408.18	-0.80	-1.41	NA	-2.68	8.71
FTSE 100 (GBP)	7586.78	▼ -59.99	-0.78	0.50	NA	2.17	12.76
DAX 30 (EUR)	12189.04	▲ 41.80	0.34	-1.86	NA	-1.69	15.44
CAC 40 (EUR)	5518.90	▲ 7.83	0.14	-1.62	NA	-0.36	16.66
S&P 500 (USD)	2980.38	▼ -32.80	-1.09	-1.50	NA	1.31	18.89
Nasdaq Composite (USD)	8175.42	▼ -98.19	-1.19	-1.86	NA	2.11	23.21
DJIA (USD)	26864.27	▼ -333.75	-1.23	-1.21	NA	0.99	15.16
MSCI Emerging Markets (USD)	1037.01	▼ -6.14	-0.59	-1.11	NA	-1.69	7.36
MSCI Developed World (USD)	2187.56	▼ -15.84	-0.72	-1.27	NA	0.42	16.12

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in gold mining and resources sector stocks. Data showed that SA's trade surplus widened in June. The JSE All Share Index fell 0.8% to close at 56,784.61.

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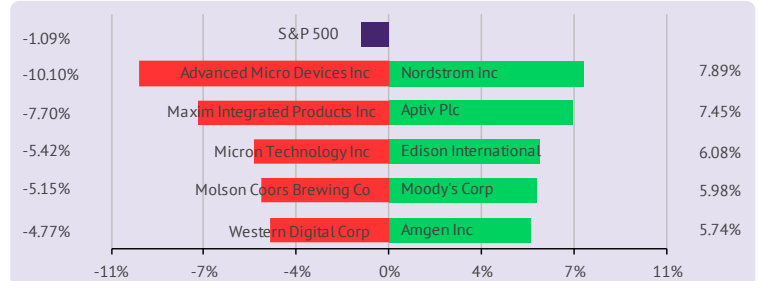


US Market ▼

US markets closed weaker

US markets closed lower yesterday, as the US Federal Reserve (Fed) Chairman, Jerome Powell, dampened expectations of future rate cuts. Data showed that the US ADP employment advanced more than market forecast in July. The S&P 500 Index dropped 1.1% to close at 2,980.38. Today, the S&P 500 futures re trading in the green.

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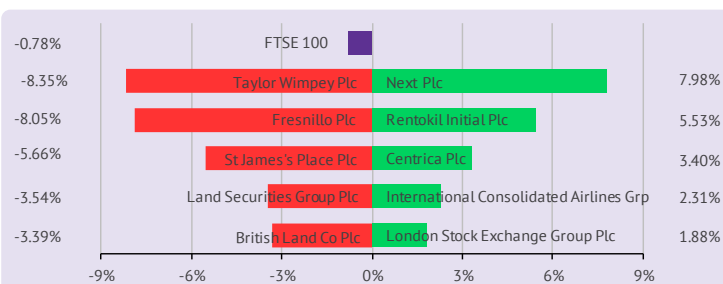


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid dismal corporate earnings report and ongoing US-China trade tensions. Data revealed that UK's monthly Nationwide house price index rose more-than-anticipated in July. The FTSE 100 Index declined 0.8% to close at 7,586.78. Today, the FTSE 100 futures are trading in negative territory.

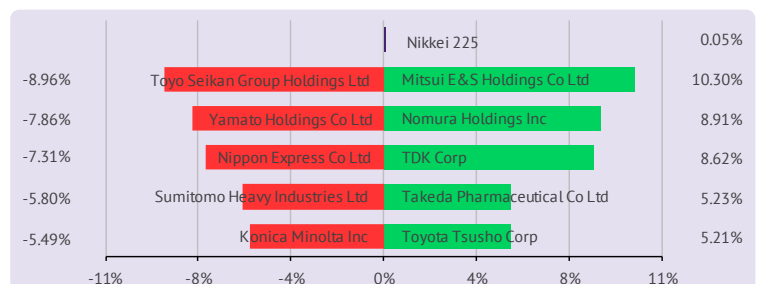
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data indicated that Japan's Nikkei manufacturing Purchasing Managers' Index (PMI) dropped in July. The Nikkei 225 Index is trading 0.1% higher at 21,531.75.



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 R14.3557. Later today, traders will keep a close watch on the US Markit manufacturing PMI, initial jobless claims, construction spending and the ISM manufacturing data for further cues.

The US Dollar rose against the South African Rand yesterday, after the Fed cut interest rates as expected and Fed Chairman, Jerome Powell, ruled out prolonged easing cycle. On the data front, the US ADP employment climbed more than market expectations in July. Meanwhile, the nation's MBA mortgage applications declined in the week ended 26 July 2019, for a fifth consecutive week. Moreover, the Chicago PMI unexpectedly dropped in July.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R17.4074. Ahead in the day, traders will keep an eye on the Bank of England's interest rate decision along with UK's Markit manufacturing PMI for further indication.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's Nationwide house price index climbed more than market anticipations on a monthly basis in July.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R15.8568. Going forward, market participants will keep a tab on the Markit manufacturing PMI across the Eurozone for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's unemployment rate declined in June. Meanwhile, the region's economy expanded at a slower pace in the second quarter of 2019. Meanwhile, the region's consumer price inflation slowed on an annual basis in July, hitting its lowest level in 17-months. Separately, Germany's unemployment rate remained unchanged in July. Further, retail sales jumped to its highest level since December 2006 on a monthly basis in June.

AUD ZAR ▼

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R9.8330. Earlier in the session, Australia's AiG performance of manufacturing index rose in July. Additionally, the CBA manufacturing PMI registered an advance in July. Meanwhile, in China, Australia's largest trading partner, the Caixin manufacturing PMI jumped more than market forecast in July.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.3557	▼	0.95	0.33	NA	1.82	-0.03
GBPZAR	17.4074	▲	1.04	-1.44	NA	-2.45	-4.79
EURZAR	15.8568	▲	0.22	-0.18	NA	-0.87	-3.49
AUDZAR	9.8330	▼	0.55	-0.62	NA	-0.69	-3.01
EURUSD	1.1046	▼	-0.71	-0.47	NA	-2.61	-3.41
GBPUSD	1.2126	▼	0.06	-1.82	NA	-4.23	-4.67
Brent (\$/barrel)	64.5	▼	0.51	2.51	NA	0.48	20.91
Gold (\$/oz)	1421.8	▼	-0.25	0.48	NA	0.88	11.30
Platinum (\$/oz)	864.6	▼	0.72	1.88	NA	5.19	10.43
Copper (\$/MT)*	5902.3	▼	-0.38	-0.65	NA	-1.33	-0.79

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.3% to trade at \$1,421.80/oz.

Yesterday, gold prices fell 0.3% to close at \$1,426.10/oz, after the US Fed cut its key interest rates for the first time since 2008.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.9% lower to trade at \$64.46/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$65.05/bl, after the Energy Information Administration reported that US crude supplies declined by 8.5mn bls in the week ended 26 July 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 1.6% lower to trade at \$864.60/oz.

Yesterday, platinum prices climbed 0.7% to close at \$878.90/oz.

Major South African corporate news

AngloGold Ashanti Limited

In its 1H19 trading update, the company announced that it expects HEPS to be between 27.00c and 31.00c and basic EPS to be between 25.00c and 29.00c. Further, the company reported that production for the period is expected to be 1.554moz compared to 1.578moz recorded in the same period of the preceding year.

Pick n Pay Stores Limited

The company announced that it has appointed Ms. Lerena Olivier as Chief Financial officer and Executive Director, with effect from 6 September 2019.

Intu Properties Plc

In its 1H19 results, the company announced that revenues fell to GBP279.90mn from GBP286.10mn posted in the corresponding period of the previous year. Its diluted loss per share stood at 61.70p, compared to 36.10p reported in the same period of the prior year.

Major global economic news

US

The Fed, in its latest monetary policy decision, slashed its benchmark interest rate by 25 basis points to a range of 2.00% to 2.25%, as widely expected and citing global economic growth concerns and muted inflation. The central bank indicated that it would "continue to monitor" how incoming information will affect the economy and "will act as appropriate to sustain" a record-long US economic expansion. Meanwhile, Federal Reserve Chairman, Jerome Powell, stated that the rate cut was a 'midcycle adjustment,' and hence he does not guarantee future rate cuts.

In the US, the MBA mortgage applications slid 1.4% on a weekly basis in the week ended 26 July 2019. The MBA mortgage applications had recorded a drop of 1.9% in the prior week.

In the US, the ADP private sector employment recorded an increase of 156.00K in July, more than market expectations. The private sector employment had registered a revised increase of 112.00K in the prior month.

In the US, the Chicago Fed PMI unexpectedly fell to 44.40 in July. The index had registered a level of 49.70 in the previous month.

Asia

In Japan, the Nikkei manufacturing PMI dropped to a level of 49.40 in July, compared to a reading of 49.60 in the previous month.

In China, the Caixin manufacturing PMI index climbed more-than-expected to 49.90 in July, compared to a reading of 49.40 in the previous month.

In Australia, the AiG performance of manufacturing index advanced to 51.30 in July. The index had recorded a reading of 49.40 in the prior month.

Eurozone

In the Eurozone, the final consumer price index (CPI) fell 1.1% on an annual basis in July. In the previous month, the CPI had climbed 1.3%. The preliminary figures had recorded a rise of 1.3%.

In the Eurozone, seasonally adjusted flash gross domestic product (GDP) rose 0.2% on a quarterly basis in 2Q19, at par with market expectations. In the prior quarter, GDP had registered a rise of 0.4%.

In June, unemployment rate dropped to 7.5% in the Eurozone, at par with market expectations and compared to a revised rate of 7.6% in the prior month.

In Germany, seasonally adjusted unemployment rate remained unchanged at 5.0% in July, at par with market expectations.

In June, retail sales rose 3.5% on a monthly basis in Germany, more-than-expected and compared to a revised fall of 1.7% in the prior month.

UK

In the UK, seasonally adjusted house prices advanced 0.3% on a monthly basis in July, more than market expectations. House prices had risen 0.1% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
China	03:45	Caixin/Markit Manufacturing PMI (Jul)	✓✓✓	49.90*	49.40	Monthly
Germany	09:55	Markit Manufacturing PMI (Jul) (F)	✓✓✓	43.10	43.10**	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Jul) (F)	✓✓✓	46.40	46.40**	Monthly
UK	10:30	Markit Manufacturing PMI (Jul)	✓✓✓	47.60	48.00	Monthly
South Africa	11:00	PMI Manufacturing (Jul)	✓✓	46.50	46.20	Monthly
UK	13:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
South Africa	13:00	Electricity Consumption (YoY) (Jun)	✓	-	-1.30%	Monthly
South Africa	13:00	Electricity Production (YoY) (Jun)	✓	-	-0.60%	Monthly
UK	13:00	Bank of England Quarterly Inflation Report	✓✓	-	-	As scheduled
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.75%	0.75%	As scheduled
UK	13:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	13:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
US	13:30	Challenger Job Cuts (YoY) (Jul)	✓	-	12.80%	Monthly
US	13:30	Challenger Job Cuts (Jul)	✓	-	41.98 K	Monthly
UK	13:30	BoE's Carney speaks at press conference in London	✓✓✓	-	-	As scheduled
US	14:30	Initial Jobless Claims (27-Jul)	✓✓✓	214.00K	206.00K	Weekly
US	15:45	Markit Manufacturing PMI (Jul) (F)	✓✓✓	50.00	50.00**	Monthly
US	16:00	ISM Employment (Jul)	✓	-	54.50	Monthly
US	16:00	ISM Employment (Aug)	✓	-	-	Monthly
US	16:00	Construction Spending (MoM) (Jun)	✓✓	0.50%	-0.80%	Monthly
US	16:00	ISM Manufacturing PMI (Jul)	✓✓✓	52.00	52.10	Monthly
US	16:00	ISM Prices Paid (Jul)	✓✓	49.00	47.90	Monthly
US	16:00	ISM Manufacturing PMI (Aug)	✓✓✓	52.00	51.70	Monthly
US	16:30	EIA Natural Gas Storage Change (26-Jul)	✓✓✓	-	36.00Bcf	Weekly
US	-	Total Vehicle Sales (Jul)	✓	-	-	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Jul)	✓	-	-	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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