

ONE  
Minute Brief

6 August 2019


  
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## Economic and political news

In South Africa (SA), the IHS Markit's Purchasing Managers' Index (PMI) fell to 48.40 in July, compared to a level of 49.70 in the previous month.

According to the report into editorial interference at the South African Broadcasting Corporation (SABC), there was an abuse of power at the public broadcaster, which was used to terrorise staff. Additionally, the report revealed that from the year 2012 up until the year 2017, SABC executives took instructions from people with no authority in the newsroom.

Eskom has confirmed that it will increase its power supply to Zimbabwe over the next few weeks, after the Zimbabwe Electricity Supply Authority agreed to pay off its debt to the utility.

South Africa's biggest financial union, Sasbo, has threatened to conduct a strike in the banking industry next month, as it wants banks to consider options other than retrenchments and begin a program to re-skill employees whose positions are at risk.

## Key indices

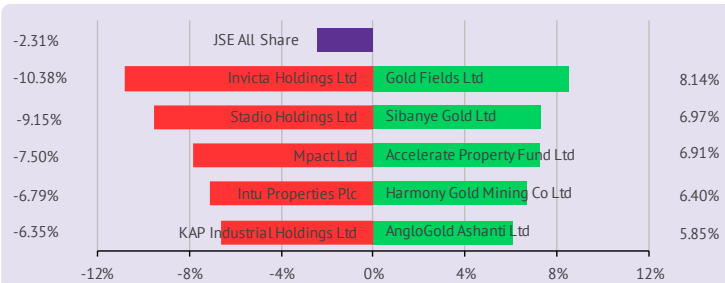
	As at 05 Aug 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54975.38	▼	-1298.54	-2.31	-2.31	-3.19	-2.44
JSE Top 40 (ZAR)	49066.14	▼	-1266.19	-2.52	-2.52	-3.41	-2.68
FTSE 100 (GBP)*	7223.85	▼	-183.21	-2.47	-2.47	-4.78	2.17
DAX 30 (EUR)	11658.51	▼	-213.93	-1.80	-1.80	-4.35	-1.69
CAC 40 (EUR)	5241.55	▼	-117.45	-2.19	-2.19	-5.03	-0.36
S&P 500 (USD)*	2844.74	▼	-87.31	-2.98	-2.98	-4.55	1.31
Nasdaq Composite (USD)	7726.04	▼	-278.03	-3.47	-3.47	-5.50	2.11
DJIA (USD)*	25717.74	▼	-767.27	-2.90	-2.90	-4.27	0.99
MSCI Emerging Markets (USD)	973.00	▼	-30.76	-3.06	-3.06	-6.17	-1.69
MSCI Developed World (USD)	2097.32	▼	-52.67	-2.45	-2.45	-4.13	0.42

## South Africa Market ▼

## South African markets closed lower

South African markets closed in the red yesterday, amid ongoing US-China trade tensions and led by losses in industrial and banking sector stocks. The JSE All Share Index fell 2.3% to close at 54,975.38.

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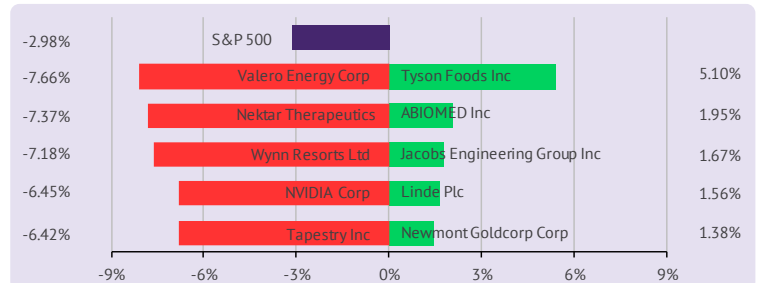


## US Market ▼

## US markets closed lower

US markets closed in the red yesterday, after the Chinese government devalued its currency to a more-than-10-year low against the dollar. The S&P 500 Index dropped 3.0% to close at 2,844.74. Today, the S&P 500 futures are trading weaker.

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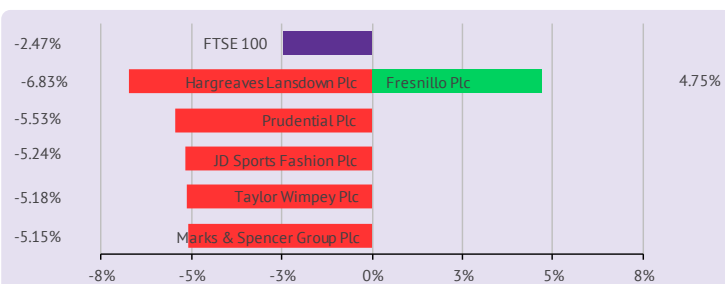


## UK Market ▼

## UK markets closed weaker

UK markets finished lower yesterday, amid escalating trade worries between the US and China. The FTSE 100 Index declined 2.5% to close at 7,223.85. Today, the FTSE 100 futures are trading in negative territory.

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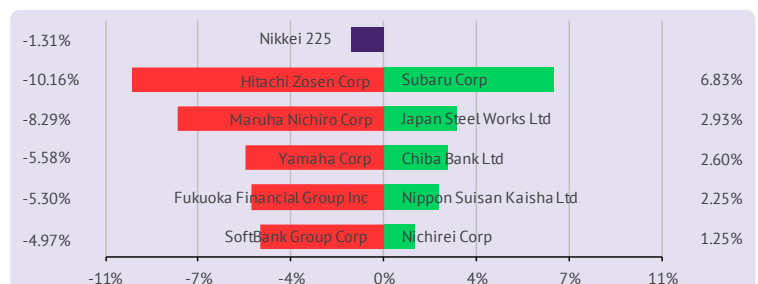


## Asian Market ▼

## Trading weaker

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 1.3% lower at 20,449.40.

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## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% lower against the South African Rand at R14.8402. Later today, traders will keep a close watch on the US JOLTS job openings for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US Markit services PMI recorded a rise in July. Meanwhile, the nation's the ISM non-manufacturing index unexpectedly dropped in July, marking its lowest level since August 2016. Separately, in SA, the IHS Markit PMI declined for a third consecutive month in July.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.4% lower against the South African Rand at R18.0428. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news. Data revealed that UK's BRC like-for-like sales registered a less-than-expected advance on a yearly basis in July.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's Markit services PMI jumped more than market forecast in July, notching its highest level in nine months.

## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.4% against the South African Rand to trade at R16.6359. Going forward, market participants will keep a tab on Germany's factory orders and the Markit construction PMI for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's Sentix investor confidence index fell more than market anticipations in August, hitting its lowest level since August 2012. Additionally, the Markit services PMI declined more-than-expected in July. Separately, Germany's Markit services PMI dropped more than market forecast in July.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar marginally dropped against the South African Rand to trade at R10.0752. Earlier in the session, Australia's trade surplus widened in June. On the other hand, the ANZ Roy Morgan weekly consumer confidence index fell in the week ended 4 August 2019.

The Australian Dollar rose against the South African Rand yesterday.

## Key currencies & commodities

	Current <sup>#</sup>		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.8402	▲	0.87	0.87	3.99	1.82	3.96
GBPZAR	18.0428	▲	0.71	0.71	3.84	-2.45	-1.13
EURZAR	16.6359	▲	1.70	1.70	5.18	-0.87	1.51
AUDZAR	10.0752	▲	0.21	0.21	2.65	-0.69	-0.44
EURUSD	1.1209	▲	0.86	0.86	1.15	-2.61	-2.30
GBPUSD	1.2158	▲	-0.16	-0.16	-0.13	-4.23	-4.79
Brent (\$/barrel)	60.3	▲	-3.36	-3.36	-8.06	0.48	11.17
Gold (\$/oz)	1475.4	▲	1.31	1.31	2.70	0.88	14.31
Platinum (\$/oz)	859.0	▲	0.57	0.57	-2.39	5.19	7.79
Copper (\$/MT)*	5660.3	▼	-0.76	-0.76	-4.10	-1.33	-4.85

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.7% to trade at \$1,475.40/oz.

Yesterday, gold prices rose 1.3% to close at \$1,464.60/oz, amid rising US-China trade tensions.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.8% higher to trade at \$60.28/bbl.

Yesterday, Brent crude oil dropped 3.4% to settle at \$59.81/bbl, as concerns over global economic growth and energy demand increased, amid mounting US-China trade war worries.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$859.00/oz.

Yesterday, platinum prices climbed 0.6% to close at \$857.90/oz.

## Major South African corporate news

### Hyprop Investments Limited

The company announced that it has entered into an agreement with AttAfrica Limited to dispose of its interests in Manda Hill Shopping Centre in Zambia. The 42,000m sq mall is owned 50.0% by Hyprop Investments (Mauritius) Limited and 50.0% by AttAfrica, in which Hyprop owns a 37.5% stake.

### SA Corporate Real Estate Limited

The company announced that it has entered into an agreement with Mr. Mackey with immediate effect, whereby he will continue in his capacity as Managing Director of the company for one year, extendable by mutual agreement. The company also appointed Mr. E Seedat as Chairman of the Risk and Compliance Committee effective from 1 August 2019.

## Major global economic news

### Eurozone

In the Eurozone, the Sentix investor confidence index dropped to -13.70 in August, more than market forecast and compared to a reading of -5.80 in the prior month.

In the Eurozone, the final Markit services PMI recorded a drop to 53.20 in July, more-than-anticipated and compared to a reading of 53.60 in the prior month. The preliminary figures had recorded a fall to 53.30.

In Germany, the final Markit services PMI eased to 54.50 in July, more than market expectations. In the prior month, Markit services PMI had registered a level of 55.80. The preliminary figures had recorded a drop to 55.40.

### Asia

In Australia, seasonally adjusted trade surplus widened to AUD8036.00mn in June, following a revised surplus of AUD6173.00mn in the previous month.

In Australia, the ANZ Roy Morgan weekly consumer confidence index dropped to a level of 115.80 in the week ended 4 August 2019, compared to a reading of 118.50 in the prior week.

The Reserve Bank of Australia (RBA), in its latest monetary policy, kept its key interest rate unchanged at 1.0%, as widely expected. Further, the central bank expressed concerns over ongoing geopolitical trade tensions and indicated that it would make changes in the policy if needed, after assessing the economic conditions.

### US

In the US, the final Markit services PMI climbed to 53.00 in July. In the previous month, the Markit services PMI had recorded a reading of 51.50. The preliminary figures had indicated an advance to 52.20.

In the US, the ISM non-manufacturing index unexpectedly fell to 53.70 in July. In the prior month, the ISM non-manufacturing PMI had recorded a reading of 55.10.

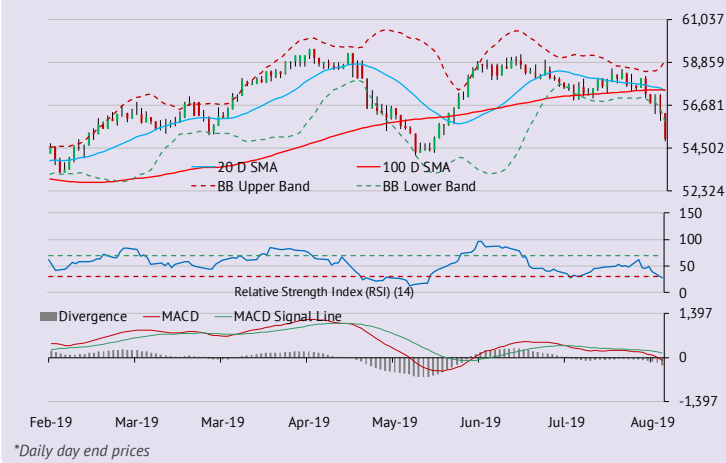
### UK

In the UK, the Markit services PMI advanced more-than-expected to 51.40 in July. In the previous month, the Markit services PMI had recorded a level of 50.20.

In July, retail sales across all sectors rose 0.1% on an annual basis in the UK, less than market expectations. Retail sales across all sectors had recorded a drop of 1.6% in the prior month.

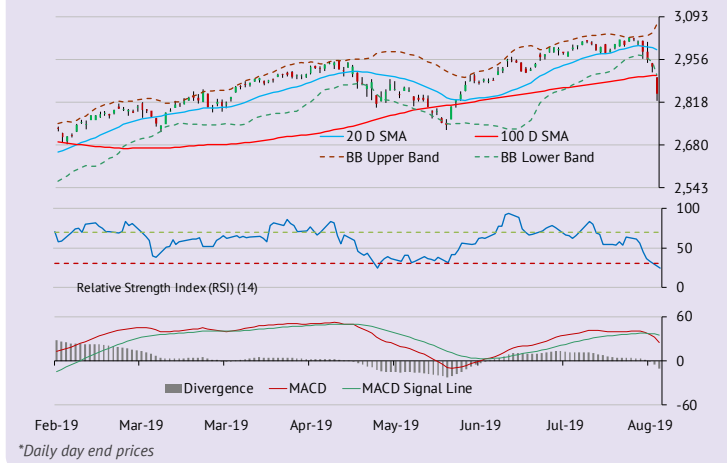
## Technical snapshot

### JSE All Share



The JSE All Share index is expected to find support at 53,834.20, and a fall through could take it to the next support level of 52,693.03. The index is expected to find its first resistance at 57,137.81, and a rise through could take it to the next resistance level of 59,300.25.

### S&P 500



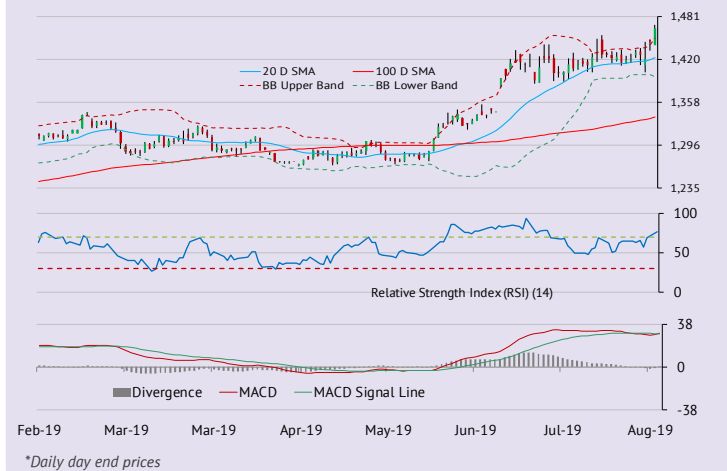
The S&P 500 index is expected to find support at 2,772.11, and a fall through could take it to the next support level of 2,699.47. The index is expected to find its first resistance at 2,967.39, and a rise through could take it to the next resistance level of 3,090.03.

### USD ZAR



The pair is expected to find support at 14.3496, and a fall through could take it to the next support level of 13.7847. The pair is expected to find its first resistance at 15.2229, and a rise through could take it to the next resistance level of 15.5313.

### XAU USD



Gold is expected to find support at \$1,420.43/oz, and a fall through could take it to the next support level of \$1,376.27/oz. The precious metal is expected to find its first resistance at \$1,489.23/oz, and a rise through could take it to the next resistance level of \$1,513.87/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Jul)	✓✓✓	0.10%*	-1.60%	Monthly
Japan	01:30	Household Spending (YoY) (Jun)	✓✓	2.70%*	4.00%	Monthly
Japan	01:30	Labour Cash Earnings (YoY) (Jun)	✓✓	0.40%*	-0.20%	Monthly
Japan	07:00	Coincident Index (Jun) (P)	✓	100.40	103.40	Monthly
Japan	07:00	Leading Economic Index (Jun) (P)	✓✓✓	93.50	94.90	Monthly
Germany	08:00	Factory Orders n.s.a. (YoY) (Jun)	✓✓✓	-	-8.60%	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Jun)	✓✓	0.50%	-2.20%	Monthly
US	14:55	Redbook Index (YoY) (23-Jul)	✓	-	4.90%	Weekly
US	14:55	Redbook Index s.a. (MoM) (23-Jul)	✓	-	1.10%	Weekly
US	16:00	JOLTs Job Openings (Jun)	✓	7400.00 K	7323.00 K	Monthly
US	18:00	Fed's Bullard speech	✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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