

ONE Minute Brief

8 August 2019

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Economic and political news

In South Africa (SA), the SACCI business confidence index dropped to 92.00 in July, compared to a level of 93.30 in the previous month. Gross gold & forex reserves fell to USD49.36bn in July, compared to USD49.80bn in the prior month. Net gold & forex reserves slightly declined to USD43.90bn in July, compared to USD43.94bn in the previous month.

South African Reserve Bank (SARB) Governor, Lesetja Kganyago, stated that he would defend the central bank's independence if it was threatened by any government action.

Eskom, during a London road show, stated that it wants the majority of its ZAR440bn debt transferred to the South African government, as it can sustain only ZAR150bn of debt.

The Constitutional Court has rejected former Eskom Chief Executive Officer (CEO), Brian Molefe's application to appeal against the high court decision to pay back part of the ZAR30mn pension he received from the utility.

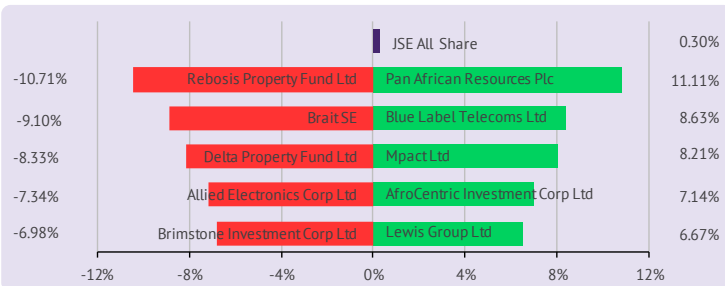
According to the Health Minister's spokesperson, Lwazi Manzi, the long-awaited National Health Insurance (NHI) Bill will be introduced today in parliament.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in gold mining sector stocks. Data indicated that SA's SACCI business confidence index fell more-than-expected in July. The JSE All Share Index rose 0.3% to close at 55,225.32.

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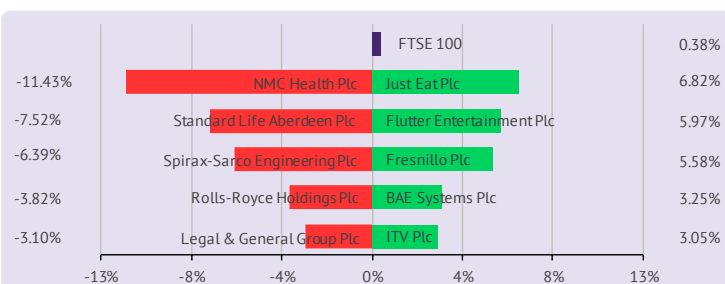


UK Market ▲

UK markets closed stronger

UK markets finished higher yesterday, as US-China trade worries eased and amid weakness in the British Pound. Data showed that UK's monthly Halifax house price index unexpectedly fell in July. The FTSE 100 Index advanced 0.4% to close at 7,198.70. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

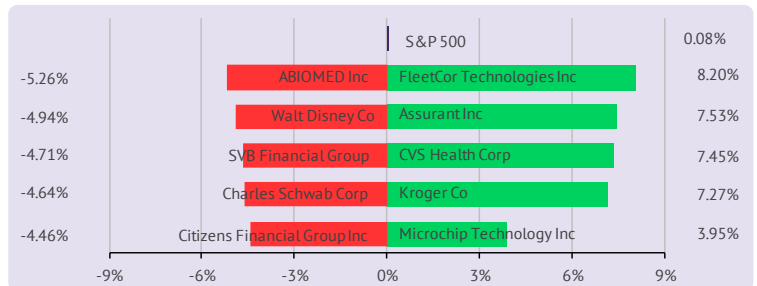
	As at 07 Aug 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	55225.32	▲	163.31	0.30	-1.86	-2.75	-2.44	4.72
JSE Top 40 (ZAR)	49253.74	▲	140.38	0.29	-2.14	-3.04	-2.68	5.41
FTSE 100 (GBP)	7198.70	▲	27.01	0.38	-2.81	-5.12	2.17	6.99
DAX 30 (EUR)	11650.15	▲	82.19	0.71	-1.87	-4.42	-1.69	10.33
CAC 40 (EUR)	5266.51	▲	31.86	0.61	-1.73	-4.57	-0.36	11.33
S&P 500 (USD)	2883.98	▲	2.21	0.08	-1.64	-3.23	1.31	15.04
Nasdaq Composite (USD)	7862.83	▲	29.56	0.38	-1.76	-3.82	2.11	18.50
DJIA (USD)	26007.07	▼	-22.45	-0.09	-1.80	-3.19	0.99	11.49
MSCI Emerging Markets (USD)	972.65	▼	-0.02	0.00	-3.10	-6.21	-1.69	0.70
MSCI Developed World (USD)	2114.05	▲	4.85	0.23	-1.67	-3.36	0.42	12.22

US Market ▲

US markets closed in the green

US markets closed mostly higher yesterday, reversing their early morning losses. Data indicated that the US consumer credit rose at a slower-than-expected pace in June. The S&P 500 Index climbed 0.1% to close at 2,883.98. Today, the S&P 500 futures are trading in the red.

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Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data showed that Japan posted a more-than-expected surplus in June. The Nikkei 225 Index is trading 0.6% higher at 20,641.74.



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 R14.9891. Later today, traders will keep a close watch on the US initial jobless claims for further indication.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US MBA mortgage applications rebounded in the week ended 2 August 2019. Meanwhile, the nation's consumer credit advanced less than market forecast in June, recording its slowest growth in three months. Separately, the South African Rand fell against the US Dollar, after SA's SACCI business confidence index declined more-than-expected in July. Additionally, gross gold & forex reserves declined more than market anticipations in July. Moreover, net gold & forex reserves fell in the same month.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.3% against the South African Rand to trade at R18.2354. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news. Data revealed that the RICS house price balance unexpectedly eased in July.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's Halifax house price index registered an unexpected decline on a monthly basis in July.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.5% against the South African Rand to trade at R16.8053. Going forward, market participants will keep a tab on the European Central Bank's economic bulletin for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's industrial production fell more than market forecast on a monthly basis in June.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% weaker against the South African Rand at R10.1528. Separately, in China, Australia's largest trading partner, trade surplus narrowed 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	14.9891	▲	0.94	1.92	5.07	1.82	5.04
GBPZAR	18.2354	▲	0.74	1.74	4.90	-2.45	-0.13
EURZAR	16.8053	▲	0.98	2.78	6.30	-0.87	2.59
AUDZAR	10.1528	▲	0.90	1.26	3.72	-0.69	0.59
EURUSD	1.1211	▲	0.00	0.82	1.11	-2.61	-2.34
GBPUSD	1.2164	▲	-0.23	-0.16	-0.13	-4.23	-4.79
Brent (\$/barrel)	57.7	▲	-4.60	-9.15	-13.56	0.48	4.52
Gold (\$/oz)	1511.2	▲	2.37	4.27	5.69	0.88	17.64
Platinum (\$/oz)	867.3	▼	2.09	2.11	-0.90	5.19	9.44
Copper (\$/MT)*	5680.0	▲	0.42	-0.42	-3.77	-1.33	-4.52

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,511.20/oz, amid global recession fears.

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Yesterday, gold prices rose 2.4% to close at \$1,507.30/oz, as ongoing US-China trade tensions and concerns over global growth, spurred demand for safe haven assets.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 2.6% to trade at \$57.71/bl.

Yesterday, Brent crude oil dropped 4.6% to settle at \$56.23/bl, after the US Energy Information Administration reported that crude oil inventories unexpectedly advanced by 2.4mn bls in the week ended 2 August 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.4% to trade at \$867.30/oz.

Yesterday, platinum prices climbed 2.1% to close at \$871.00/oz.

Major South African corporate news

Mpact Limited

In its 1H19 results, the company announced that revenues increased to ZAR5.18bn from ZAR4.98bn posted in the corresponding period of the previous year. Its diluted EPS rose to 40.00c from 29.60c recorded in the prior year. The company declared an interim gross cash dividend of 18.00c per share.

Major global economic news

Asia

In Japan, housing loans climbed 2.2% on an annual basis in 2Q19. In the prior quarter, housing loans had advanced 2.4%.

In Japan, non-seasonally adjusted current account surplus narrowed less-than-expected to JPY1211.20bn in June, compared to a surplus of JPY1594.80bn in the prior month.

Japan posted a trade surplus (BOP basis) of JPY759.30bn in June, compared to a deficit of JPY650.90bn in the previous month.

US

In the US, consumer credit registered a less-than-anticipated rise of USD14.60bn in June. Consumer credit had registered a revised rise of USD17.79bn in the previous month.

In the US, the MBA mortgage applications recorded a rise of 5.3% on a weekly basis in the week ended 2 August 2019. In the previous week, the MBA mortgage applications had dropped 1.4%.

UK

In the UK, the Halifax house price index unexpectedly fell 0.2% on a monthly basis in July, compared to a revised drop of 0.4% in the prior month.

In the UK, the RICS House price balance unexpectedly eased to -9.0% in July, compared to a reading of -1.0% in the previous month.

Eurozone

In Germany, seasonally adjusted industrial production dropped 1.5% on a monthly basis in June, more than market forecast and compared to a revised advance of 0.1% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	RICS Housing Price Balance (Jul)	✓✓✓	-9.0%*	-1.00%	Monthly
Japan	01:50	Bank Lending including Trusts (YoY) (Jul)	✓	2.30%*	2.30%	Monthly
Japan	01:50	Bank Lending ex-Trust (YoY) (Jul)	✓	2.50%*	2.40%	Monthly
Japan	01:50	Housing Loans (YoY) (Q2)	✓	2.20%*	2.40%	Quarterly
Japan	01:50	Adjusted Current Account Total (Jun)	✓	JPY1941.90bn*	JPY1305.70bn	Monthly
Japan	01:50	Current Account n.s.a. (Jun)	✓	JPY1211.20bn*	JPY1594.80bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Jun)	✓✓✓	JPY759.30bn*	-JPY650.90bn	Monthly
Japan	04:00	Tokyo Average Office Vacancies (Jul)	✓		1.72%	Monthly
China	05:04	Imports (YoY) (Jul)	✓✓	-5.60%*	-7.30%	Monthly
China	05:04	Trade Balance (Jul)	✓✓	USD45.06bn*	USD50.98bn	Monthly
China	05:04	Exports (YoY) (Jul)	✓✓	3.30%*	-1.30%	Monthly
Japan	06:30	Bankruptcies (YoY) (Jul)	✓✓	-	6.37%	Monthly
Japan	07:00	Eco Watchers Survey: Current (Jul)	✓✓	43.30	44.00	Monthly
Japan	07:00	Eco Watchers Survey: Outlook (Jul)	✓✓	45.20	45.80	Monthly
South Africa	11:30	Gold Production (YoY) (Jun)	✓	-	-24.40%	Monthly
South Africa	11:30	Mining Production (YoY) (Jun)	✓✓	-2.20%	-1.50%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Jun)	✓✓	1.60%	1.00%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Jun)	✓✓	0.40%	-1.50%	Monthly
US	14:30	Continuing Jobless Claims (27-Jul)	✓✓✓	1690.00K	1699.00K	Weekly
US	14:30	Initial Jobless Claims (03-Aug)	✓✓✓	215.00K	215.00K	Weekly
US	16:00	Wholesale Inventories (MoM) (Jun) (F)	✓✓✓	0.20%	0.20%**	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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