

ONE Minute Brief

16 August 2019

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Economic and political news

The Pretoria High Court has ordered Public Protector, Busisiwe Mkhwebane to pay 85.0% of the legal costs of the Democratic Alliance (DA) and Council for the Advancement of the South African Constitution (Casac) in her official capacity and 7.5% in her personal capacity, after finding that Mkhwebane failed to properly investigate numerous irregularities relating to the Gupta-linked, Estina dairy farm project.

President, Cyril Ramaphosa, has signed into law the National Credit Amendment Bill which contains provisions strongly opposed by the banking industry and the DA.

The former head of the Free State department of agriculture, Peter Thabethe, in his testimony on state capture inquiry, stated that he had been summoned by the Public Protector, Busisiwe Mkhwebane's office last week to provide evidence about the Estina dairy farm case.

The International Monetary Fund's (IMF) resident representative, Montfort Mlachila, stated that there is no need for IMF to support South Africa (SA) as the institution does not see a balance-of-payments problem in the country.

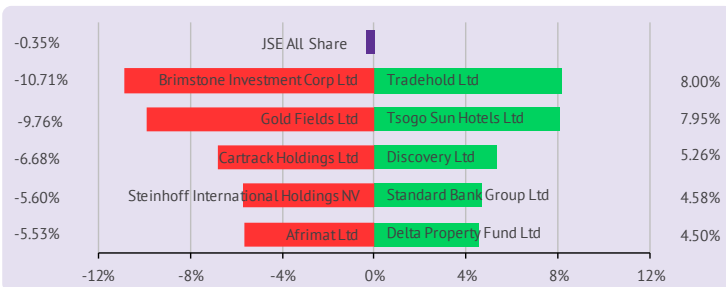
Visitors from Qatar, Saudi Arabia, the UAE, and New Zealand have been granted visa-free access to South Africa, to boost tourism.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid ongoing trade tensions and led by losses in resources sector stocks. The JSE All Share Index fell 0.4% to close at 53,840.93.

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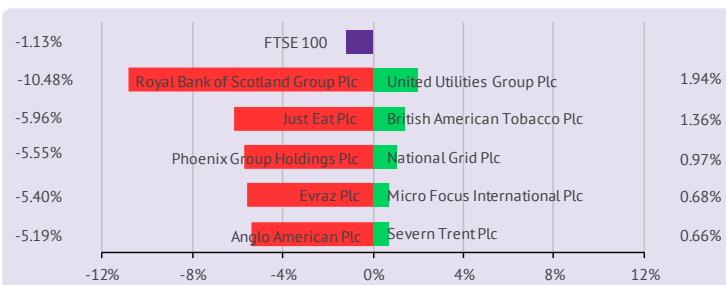


UK Market ▼

UK markets closed weaker

UK markets finished lower yesterday, after China warned that it would retaliate against the latest US tariffs. Data showed that UK's retail sales unexpectedly rose on a monthly basis in July. The FTSE 100 Index declined 1.1% to close at 7,067.01. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

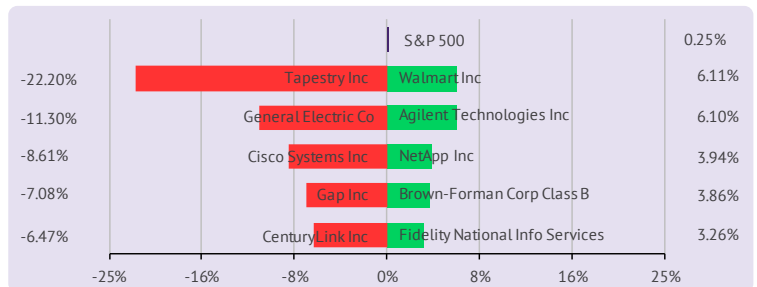
	As at 15 Aug 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53840.93	▼ -188.50	-0.35	-3.05	-5.18	-2.44	2.09
JSE Top 40 (ZAR)	48116.97	▼ -160.85	-0.33	-3.03	-5.28	-2.68	2.98
FTSE 100 (GBP)	7067.01	▼ -80.87	-1.13	-2.58	-6.85	2.17	5.04
DAX 30 (EUR)	11412.67	▼ -79.99	-0.70	-2.40	-6.37	-1.69	8.09
CAC 40 (EUR)	5236.93	▼ -14.37	-0.27	-1.71	-5.11	-0.36	10.70
S&P 500 (USD)	2847.60	▲ 7.00	0.25	-2.43	-4.46	1.31	13.59
Nasdaq Composite (USD)	7766.62	▼ -7.32	-0.09	-2.42	-5.00	2.11	17.05
DJIA (USD)	25579.39	▲ 99.97	0.39	-2.69	-4.78	0.99	9.65
MSCI Emerging Markets (USD)	963.52	▼ -0.91	-0.09	-1.80	-7.09	-1.69	-0.25
MSCI Developed World (USD)	2082.84	▼ -3.42	-0.16	-2.46	-4.79	0.42	10.56

US Market ▲

US markets closed mostly firmer

US markets closed mostly higher yesterday, as strong US retail sales data overshadowed fears of global recession. The S&P 500 Index climbed 0.3% to close at 2,847.60. Today, the S&P 500 futures are trading in the green.

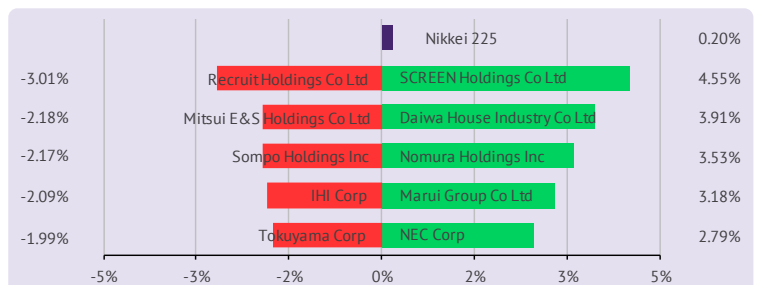
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.2% higher at 20,447.08.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.2% against the South African Rand to trade at R15.2432. Later today, traders will keep a close watch on the US housing starts, building permits and the Michigan consumer sentiment index for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US monthly industrial production unexpectedly declined in July. Additionally, manufacturing production fell more than market anticipations on a monthly basis in the same month. Moreover, initial jobless claims recorded a more-than-expected advance in the week ended 10 August 2019. Further, business inventories recorded a flat reading in June. On the other hand, the nation's advance retail sales climbed more than market forecast on a monthly basis in July. Moreover, both the NY Empire State manufacturing index and the NAHB housing market index unexpectedly rose in August.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R18.4263. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's retail sales unexpectedly advanced on a monthly basis in July.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.3% weaker against the South African Rand at R16.9230. Going forward, market participants will keep a tab on Eurozone's trade balance for further indication.

The Euro weakened against the South African Rand yesterday, following dovish comments from the European Central Bank Governing Council member, Olli Rehn.

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AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly lower against the South African Rand at R10.3498.

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	15.2432	▲	-0.90	0.16	6.52	1.82	6.49
GBPZAR	18.4263	▲	-0.69	0.62	5.83	-2.45	0.76
EURZAR	16.9230	▲	-1.19	-0.67	6.83	-0.87	3.10
AUDZAR	10.3498	▲	-0.50	-0.01	5.43	-0.69	2.26
EURUSD	1.1101	▼	-0.29	-0.83	0.28	-2.61	-3.14
GBPUSD	1.2088	-	0.23	0.46	-0.58	-4.23	-5.22
Brent (\$/barrel)	58.8	▲	-2.10	-0.51	-10.48	0.48	8.23
Gold (\$/oz)	1531.1	▲	0.24	1.54	6.56	0.88	18.60
Platinum (\$/oz)	840.5	▼	-0.71	-2.52	-4.20	5.19	5.79
Copper (\$/MT)*	5727.3	▼	-0.20	-0.08	-2.96	-1.33	-3.73

*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 \$1,531.10/oz.

Yesterday, gold prices rose 0.2% to close at \$1,519.60/oz, amid rising fears over slowdown in global economic growth and uncertainty about US-China trade deal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.9% to trade at \$58.75/bl.

Yesterday, Brent crude oil dropped 2.1% to settle at \$58.23/bl, amid concerns that escalating trade tensions and recession fears could weigh on crude oil demand.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$840.50/oz.

Yesterday, platinum prices declined 0.7% to close at \$842.00/oz.

Major South African corporate news

Gold Fields Limited

In its 1H19 results, the company announced that revenues increased to USD1.38bn from USD1.35bn posted in the corresponding period of the previous year. Its diluted EPS stood at 8.00c, compared to a loss of 44.00c per share recorded in the prior year. The company declared a gross interim dividend of 60.00c per share.

Harmony Gold Mining Co Limited

In its FY19 trading statement, the company announced that it expects HEPS to be between 191.00c and 226.00c, which is 12.0% to 32.0% higher from the previous year. Further, the company anticipates loss per share to be between 447.00c and 547.00c, compared to a loss of 1,003.00c per share recorded in the previous year.

Impala Platinum Holdings Limited

In its FY19 trading statement, the company announced that it expects HEPS to be between 406.00c and 440.00c, compared to headline loss per share of 171.00c reported in the corresponding period of the previous year. Further, the company expects its basic EPS to be between 181.00c and 230.00c.

RCL Foods Limited

In its FY19 trading statement, the company announced that it expects HEPS to be between 32.00c and 44.00c, compared to 96.80c recorded in the same period of the preceding year. Further, it expects loss per share to be between 8.00c and 18.00c.

Truworths International Limited

In its FY19 results, the company announced that revenues advanced 1.7% to ZAR19.58bn from ZAR19.25bn recorded in the same period of the preceding year. Its diluted EPS fell to 203.10c, from 611.80c recorded in the previous year. The company declared a cash dividend of 135.00c per share.

Major global economic news

US

In the US, advance retail sales advanced 0.7% on a monthly basis in July, more than market expectations and compared to a revised advance of 0.3% in the prior month.

In the US, industrial production unexpectedly dropped 0.2% on a monthly basis in July. Industrial production had registered a revised rise of 0.2% in the prior month.

In the US, manufacturing production slid 0.4% on a monthly basis in July, more than market expectations. Manufacturing production had registered a revised rise of 0.6% in the previous month.

In the US, seasonally adjusted initial jobless claims rose more-than-expected to 220.00K in the week ended 10 August 2019. In the previous week, initial jobless claims had recorded a revised level of 211.00K.

In the US, the NY Empire State manufacturing index unexpectedly rose to 4.80 in August. In the previous month, the index had registered a reading of 4.30.

In the US, business inventories remained flat on a monthly basis in June. In the previous month, business inventories had climbed 0.3%.












In the US, the NAHB housing market index unexpectedly advanced to a level of 66.00 in August. The index had recorded a level of 65.00 in the previous month.

In the US, the Philadelphia Fed manufacturing index fell to a level of 16.80 in August, less than market expectations. In the prior month, the index had recorded a level of 21.80.

UK

In the UK, retail sales unexpectedly rose 0.2% on a monthly basis in July, compared to a revised rise of 0.9% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	01:50	Foreign Buying Japan Bonds (09-Aug)	✓	JPY545.50 bn*	JPY179.90bn	Weekly
 Japan	01:50	Foreign Buying Japan Stocks (09-Aug)	✓	-JPY187.00 bn*	-JPY339.90bn	Weekly
 Japan	01:50	Japan Buying Foreign Bonds (09-Aug)	✓	JPY173.10 bn*	JPY286.20bn	Weekly
 Japan	01:50	Japan Buying Foreign Stocks (09-Aug)	✓	JPY62.00 bn*	JPY95.30bn	Weekly
 Eurozone	11:00	Trade Balance n.s.a. (Jun)	✓✓	-	EUR23.00bn	Monthly
 Eurozone	11:00	Trade Balance s.a. (Jun)	✓✓✓	EUR18.50bn	EUR20.20bn	Monthly
 US	14:30	Building Permits (MoM) (Jul)	✓✓✓	3.10%	-6.10%	Monthly
 US	14:30	Building Permits (Jul)	✓✓✓	1270.00K	1220.00K	Monthly
 US	14:30	Housing Starts (Jul)	✓✓✓	1257.00K	1253.00K	Monthly
 US	14:30	Housing Starts (MoM) (Jul)	✓✓✓	0.30%	-0.90%	Monthly
 US	16:00	Reuters/Michigan Consumer Sentiment Index (Aug) (P)	✓✓✓	97.00	98.40	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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