

# ONE Minute Brief

22 August 2019

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## Economic and political news

In South Africa (SA), consumer price inflation slowed to 4.0% on an annual basis in July, from 4.5% in June.

The South African Revenue Service (Sars) stated that it has placed IT head, Mmamathe Makhekhe-Mokhuane, on precautionary suspension, pending the conclusion of a disciplinary action.

The parliamentary process to confirm or revoke President, Cyril Ramaphosa's decision to remove senior National Prosecuting Authority (NPA) officials, Nomgcobo Jiba and Lawrence Mrwebi, has been postponed until 19 September.

The South African High Court has set aside Judge Willie Seriti's findings that there was no evidence of corruption or wrongdoing by politicians or government officials in the late 1990s arms deal linked to former President, Jacob Zuma.

Public Protector, Busisiwe Mkhwebane, has filed an application to the Constitutional Court for leave to appeal a High Court ruling relating to the suspension of her remedial action against Public Enterprises Minister, Pravin Gordhan.

## Key indices

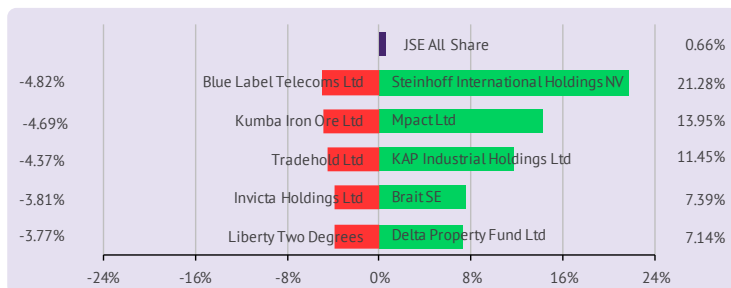
	As at 21 Aug 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54638.03	▲	357.23	0.66	1.42	-3.78	-2.44	3.61
JSE Top 40 (ZAR)	48837.01	▲	291.38	0.60	1.41	-3.86	-2.68	4.52
FTSE 100 (GBP)	7203.97	▲	78.97	1.11	1.22	-5.05	2.17	7.07
DAX 30 (EUR)	11802.85	▲	151.67	1.30	2.08	-3.17	-1.69	11.78
CAC 40 (EUR)	5435.48	▲	90.84	1.70	2.54	-1.51	-0.36	14.90
S&P 500 (USD)	2924.43	▲	23.92	0.82	1.24	-1.88	1.31	16.66
Nasdaq Composite (USD)	8020.21	▲	71.65	0.90	1.57	-1.90	2.11	20.87
DJIA (USD)	26202.73	▲	240.29	0.93	1.22	-2.46	0.99	12.33
MSCI Emerging Markets (USD)	983.14	▲	3.03	0.31	1.33	-5.19	-1.69	1.78
MSCI Developed World (USD)	2135.53	▲	15.95	0.75	1.28	-2.38	0.42	13.35

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining, banking and retail sector stocks. Data revealed that SA's annual consumer price inflation slowed in July. The JSE All Share Index rose 0.7% to close at 54,638.03.

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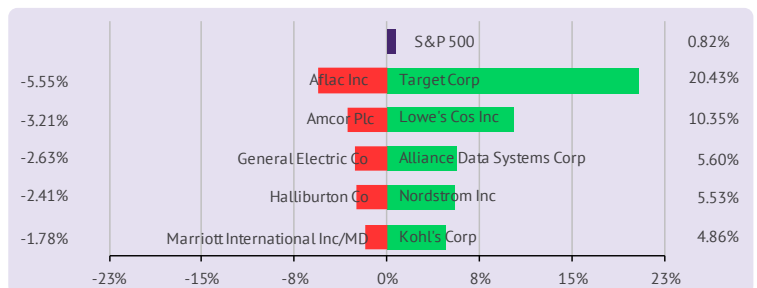


## US Market ▲

### US markets closed stronger

US markets closed higher yesterday, amid upbeat earnings report from retailers. Data indicated that the US monthly home sales rose in July. The S&P 500 Index climbed 0.8% to close at 2,924.43. Today, the S&P 500 futures are trading weaker.

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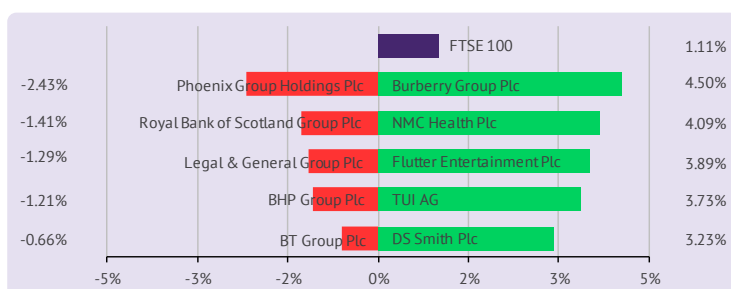


## UK Market ▲

### UK markets closed in positive territory

UK markets finished higher yesterday, amid gains in energy sector stocks and led by weakness in the British pound. Data showed that UK's public sector net borrowing posted a surplus in July. The FTSE 100 Index advanced 1.1% to close at 7,203.97. Today, the FTSE 100 futures are trading in negative territory.

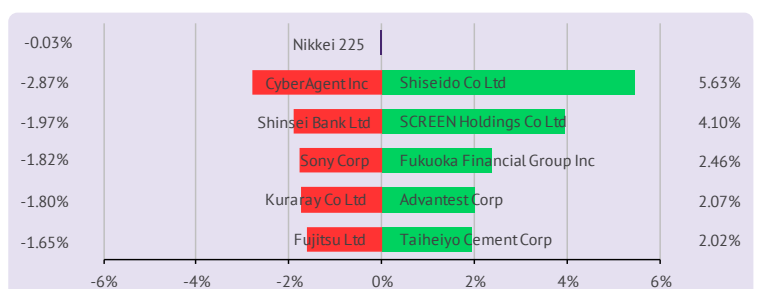
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## Asian Market ▼

### Trading lower

Asian markets are trading weaker this morning. Data showed that Japan's Nikkei manufacturing PMI rose less-than-expected in August. The Nikkei 225 Index is trading marginally lower at 20,611.42.



## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.4% against the South African Rand to trade at R15.2413. Later today, traders will keep a close watch on the US Markit manufacturing and services PMIs along with initial jobless claims and the leading index for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US MBA mortgage applications dropped in the week ended 16 August 2019. Meanwhile, the nation's existing home sales rebounded on a monthly basis in July. Separately, in SA, the annual consumer price inflation slowed to its lowest level in six months in July.

## GBP ZAR ▼

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.5% firmer against the South African Rand at R18.4860. 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, amid rising speculation of no-deal Brexit. Data indicated that UK's public sector net borrowing recorded a surplus in July.

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## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.4% higher against the South African Rand at R16.8979. Going forward, market participants will keep a tab on Eurozone's consumer confidence index along with the Markit manufacturing and services PMIs across the Eurozone for further direction.

The Euro weakened against the South African Rand yesterday, amid rising fears over German recession.

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## AUD ZAR ▼

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.3115. Earlier in the session, Australia's CBA manufacturing PMI fell in August. Additionally, the CBA services PMI recorded a drop in the same month.

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	15.2413	▼	-1.19	-0.81	5.85	1.82	5.82
GBPZAR	18.4860	▼	-1.60	-1.01	5.48	-2.45	0.43
EURZAR	16.8979	▼	-1.36	-0.91	5.93	-0.87	2.23
AUDZAR	10.3115	▼	-1.11	-0.75	4.88	-0.69	1.72
EURUSD	1.1086	▲	-0.14	-0.05	0.08	-2.61	-3.33
GBPUSD	1.2126	▼	-0.33	-0.16	-0.24	-4.23	-4.89
Brent (\$/barrel)	60.2	▼	0.45	2.83	-7.30	0.48	12.08
Gold (\$/oz)	1511.2	▲	0.00	-0.52	5.50	0.88	17.43
Platinum (\$/oz)	851.3	▼	0.62	0.78	-2.37	5.19	7.82
Copper (\$/MT)*	5706.8	▲	0.42	-0.22	-3.31	-1.33	-4.07

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,511.20/oz.

Yesterday, gold prices remained unchanged to close at \$1,504.60/oz.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$60.22/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$60.30/bl, after the Energy Information Administration reported that the US crude supplies fell by 2.7mn bls in the week ended 16 August 2019, recording its first decline in 3 weeks.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.8% lower to trade at \$851.30/oz.

Yesterday, platinum prices climbed 0.6% to close at \$858.10/oz.

## Major South African corporate news

### Advtech Limited

In its 1H19 trading statement, the company announced that it expects EPS to be between 42.00c and 45.40c, compared with 33.60c posted in the corresponding period of the previous year. The company expects HEPS to be between 42.30c and 45.60c for the period, compared to 33.80c in the prior year.

### Omnia Holdings Limited

The company announced that the current Group Finance Director, Seelan Gobalsamy, has been appointed as Chief Executive Officer of the firm, with effect from 21 August 2019. Seelan will be replacing Adriaan de Lange who resigned and will be available for advisory purpose.

### Assore Limited

In its FY19 trading statement, the company announced that it expects HEPS to be between ZAR59.33 and ZAR63.31, compared to ZAR49.53 recorded in the prior year. The company expects attributable EPS to be between ZAR55.16 and ZAR58.85, compared with ZAR49.63 recorded in the previous year.

## Major global economic news

### US

The Federal Reserve (Fed), in its latest monetary policy meeting, indicated that the central bank intends to remain flexible regarding future interest rate cuts. Regarding the last month's rate cut, the minutes revealed that some officials preferred a 50 basis point rate cut in July rather than a 25 basis point cut to address the low inflation. The rate cut was described as a "mid-cycle adjustment," with members hoping to avoid any appearance of following a preset course. Meanwhile, some policymakers expressed concerns over the persistent inversion of 3-month/10-year yield curve.

In the US, existing home sales rose 2.5% to a level of 5.42mn on monthly basis in July. Existing home sales had registered a revised reading of 5.29mn in the previous month.

In the US, the MBA mortgage applications fell 0.9% on a weekly basis in the week ended 16 August 2019, compared to a rise of 21.7% in the previous week.

### Asia

In Australia, the preliminary CBA manufacturing PMI dropped to 51.30 in August, compared to a reading of 51.60 in the previous month.

In Australia, the preliminary CBA services PMI declined to 49.20 in August. In the prior month, the CBA services PMI recorded a level of 52.30.

In Japan, the preliminary Nikkei manufacturing PMI rose less-than-expected to 49.50 in August, compared to a level of 49.40 in the previous month.

### UK

In the UK, public sector net borrowing reported a surplus of GBP2.00bn in July, compared to a revised deficit of GBP5.70bn in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	06:30	All Industry Activity Index (MoM) (Jun)	✓✓✓	-0.80%*	0.30%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Jul) (F)	✓✓✓	-	-33.00%**	Monthly
Japan	08:00	Machine Tool Orders (Jul)	✓	-	JPY9882900000.00	Monthly
Switzerland	08:30	Industrial Production (YoY) (Q2)	✓✓	-	4.30%	Quarterly
France	09:15	Markit Manufacturing PMI (Aug) (P)	✓✓✓	49.50	49.70	Monthly
France	09:15	Markit Services PMI (Aug) (P)	✓✓✓	52.50	52.60	Monthly
Germany	09:30	Markit Manufacturing PMI (Aug) (P)	✓✓✓	43.00	43.20	Monthly
Germany	09:30	Markit Services PMI (Aug) (P)	✓✓✓	54.00	54.50	Monthly
Eurozone	10:00	Markit Composite PMI (Aug) (P)	✓✓✓	51.20	51.50	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Aug) (P)	✓✓✓	46.20	46.50	Monthly
Eurozone	10:00	Markit Services PMI (Aug) (P)	✓✓✓	53.00	53.20	Monthly
UK	12:00	CBI Distributive Trades Survey - Realised (Aug)	✓✓	-15.00%	-16.00%	Monthly
Eurozone	13:30	ECB Monetary Policy Meeting Accounts	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (10-Aug)	✓✓✓	1707.00K	1726.00K	Weekly
US	14:30	Initial Jobless Claims (17-Aug)	✓✓✓	216.00K	220.00K	Weekly
US	15:45	Markit Composite PMI (Aug) (P)	✓✓✓	-	52.60	Monthly
US	15:45	Markit Manufacturing PMI (Aug) (P)	✓✓✓	50.50	50.40	Monthly
US	15:45	Markit Services PMI (Aug) (P)	✓✓✓	52.80	53.00	Monthly
US	16:00	Annual Federal Reserve Policy Symposium in Jackson Hole (Day 1)	✓✓	-	-	As scheduled
US	16:00	Leading Indicator (MoM) (Jul)	✓✓✓	0.20%	-0.30%	Monthly
Eurozone	16:00	Consumer Confidence (Aug) (P)	✓✓✓	-7.00	-6.60	Monthly
US	17:00	Kansas City Fed Manufacturing Activity (Aug)	✓✓✓	2.00	-1.00	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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