

# ONE Minute Brief

26 August 2019

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## Economic and political news

News reports indicate that in an internal presentation to executives, Eskom stated that the planned legal separation of its business units into generation, transmission and distribution could take up to 4 years in total and a proposal to separate its transmission business unit into a separate state-owned company could take up to 5 years.

The Department of Public Enterprises indicated that the South African government will soon publish a paper outlining its plans to put Eskom on a path to long-term stability.

News reports indicate that the Association of Monitoring and Advocacy of Government Pensions would strongly oppose South Africa's plans to use state workers' pension funds to enhance investment and revive economic growth.

Olive Shisana, special advisor to President, Cyril Ramaphosa, on social policy, stated that South Africa (SA) plans to raise annual spending on a new National Health Insurance (NHI) programme gradually to ZAR33bn by 2025/26 in order to take a fiscally responsible approach.

Inkatha Freedom Party (IFP) has elected Velenkosini Hlabisa as its President following the resignation of Mangosuthu Buthelezi, who led the party since its inception.

## Key indices

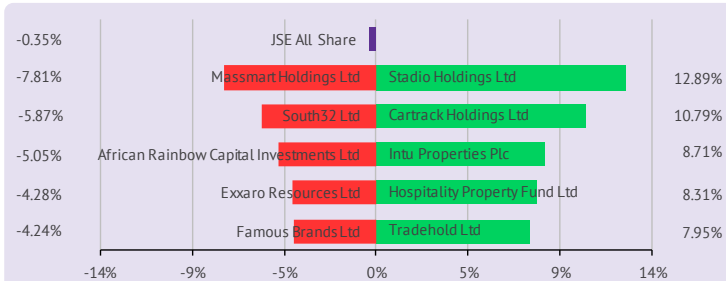
	As at 23 Aug 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53995.82	▼ -192.11	-0.35	NA	-4.91	-2.44	2.39
JSE Top 40 (ZAR)	48247.95	▼ -187.09	-0.39	NA	-5.02	-2.68	3.26
FTSE 100(GBP)	7094.98	▼ -33.20	-0.47	NA	-6.48	2.17	5.45
DAX 30 (EUR)	11611.51	▼ -135.53	-1.15	NA	-4.74	-1.69	9.97
CAC 40 (EUR)	5326.87	▼ -61.38	-1.14	NA	-3.48	-0.36	12.60
S&P 500 (USD)	2847.11	▼ -75.84	-2.59	NA	-4.47	1.31	13.57
Nasdaq Composite (USD)	7751.77	▼ -239.62	-3.00	NA	-5.18	2.11	16.83
DJIA (USD)	25628.90	▼ -623.34	-2.37	NA	-4.60	0.99	9.87
MSCI Emerging Markets (USD)	973.66	▼ -2.00	-0.20	NA	-6.11	-1.69	0.80
MSCI Developed World (USD)	2094.63	▼ -37.04	-1.74	NA	-4.25	0.42	11.18

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red on Friday, amid rising US-China trade tensions and led by losses in platinum mining and retail sector stocks. The JSE All Share Index fell 0.4% to close at 53,995.82.

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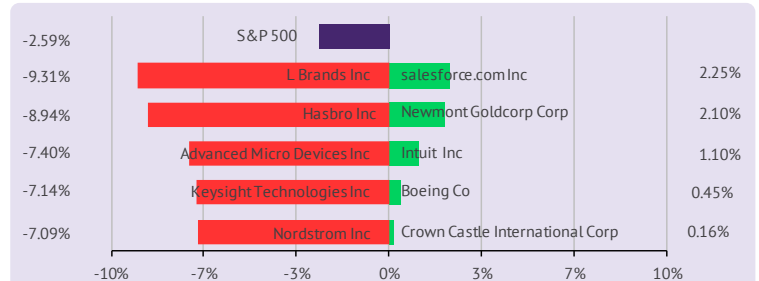


## US Market ▼

### US markets closed in the red

US markets closed lower on Friday, after Donald Trump tweeted that the US manufacturers should shut operations in China. Data revealed that the US monthly home sales fell in July. The S&P 500 Index dropped 2.6% to close at 2,847.11. Today, the S&P 500 futures are trading weaker.

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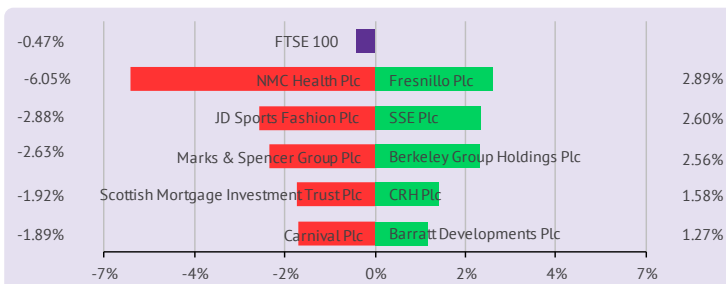


## UK Market ▼

### UK markets closed weaker

UK markets finished lower on Friday, led by losses in mining and banking sector stocks, following the US President, Donald Trump's negative comments on twitter. The FTSE 100 Index declined 0.5% to close at 7,094.98. Today, the FTSE 100 futures are trading in negative territory.

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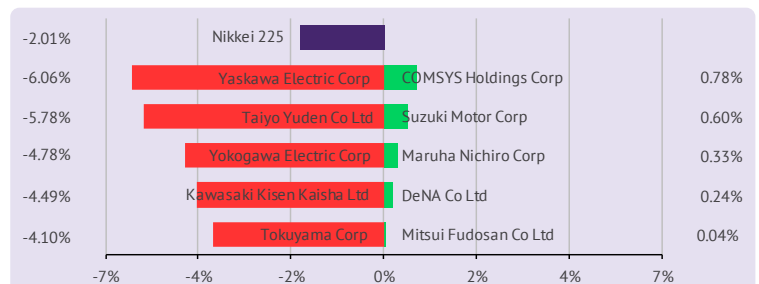


## Asian Market ▼

### Trading weaker

Asian markets are trading lower this morning, as trade worries between US and China escalated. The Nikkei 225 Index is trading 2.0% lower at 20,295.10.

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## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.5% against the South African Rand to trade at R15.3235. Later today, traders will keep a close watch on the US durable goods orders, the Chicago Fed National Activity Index and the Dallas Fed manufacturing index for further direction.

The US Dollar rose against the South African Rand on Friday. On the data front, the US new home sales declined on a monthly basis in July.

## GBP ZAR ▼

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.4% firmer against the South African Rand at R18.8073. Amid no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand on Friday.

## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.5% against the South African Rand to trade at R17.0745. Amid no major economic news in the Eurozone today, market sentiment will be determined by Germany's IFO survey indices.

The Euro strengthened against the South African Rand on Friday.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% firmer against the South African Rand at R10.3333.

The Australian Dollar fell against the South African Rand on Friday.

## Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	15.3235	▼	0.01	NA	6.32	1.82	6.29
GBPZAR	18.8073	▼	0.29	NA	7.43	-2.45	2.28
EURZAR	17.0745	▼	0.56	NA	6.96	-0.87	3.23
AUDZAR	10.3333	▼	-0.02	NA	4.91	-0.69	1.75
EURUSD	1.1142	▼	0.58	NA	0.61	-2.61	-2.82
GBPUSD	1.2273	▲	0.12	NA	0.88	-4.23	-3.83
Brent (\$/barrel)	58.8	▼	-0.97	NA	-8.78	0.48	10.30
Gold (\$/oz)	1548.9	▲	1.96	NA	7.05	0.88	19.14
Platinum (\$/oz)	863.8	▲	-0.77	NA	-2.69	5.19	7.46
Copper (\$/MT)*	5613.0	▼	-0.84	NA	-4.90	-1.33	-5.65

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices climbed 1.5% to trade at \$1,548.90/oz.

On Friday, gold prices climbed 2.0% to close at \$1,526.60/oz, amid escalating trade worries between the US and China.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.9% lower to trade at \$58.80/bl.

On Friday, Brent crude oil dropped 1.0% to settle at \$59.34/bl, as concerns about the global economy and demand outlook grew, after China announced that it would impose retaliatory tariffs on USD75bn worth of imports from the US including a levy on crude. Meanwhile, Baker Hughes reported that the number of active US oil rigs declined by 16 to 754 last week.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 1.0% higher to trade at \$863.80/oz.

On Friday, platinum prices declined 0.8% to close at \$855.30/oz.

## Major South African corporate news

### Exxaro Resources Limited

In its 1H19 results, the company announced that revenues decreased to ZAR11.96bn from ZAR12.26bn posted in the corresponding period of the previous year. Its diluted EPS rose 36.5% to 1,335.00c from 978.00c reported in the prior year. The company approved an interim dividend of 864.00c per share.

### Northam Platinum Limited

In its FY19 abridged audited results, the company announced that revenues advanced 41.0% to ZAR10.60bn from ZAR7.60bn reported in the same period of the preceding year. Its EPS stood at 17.20c, compared with loss per share of 201.50c recorded in the corresponding period of the previous year.

### Grindrod Limited

In its 1H19 results, the company announced that revenues increased to ZAR1.86bn from ZAR1.62bn posted in the corresponding period of the previous year. Its diluted EPS stood at 20.00c, compared to loss per share of 55.20c recorded in the prior year. The company declared an interim dividend of 5.00c per share.

### Sun International Limited

In its 1H19 trading statement, the company announced that it expects basic EPS to be between 126.00c and 137.00c compared to 109.00c reported in the same period of the previous year. The company expects its HEPS to be between 121.00c and 134.00c, compared to 123.00c reported in the prior year.

### Murray & Roberts Holdings Limited

In its FY19 trading statement, the company announced that it expects diluted EPS to be between 78.00c and 88.00c, compared to an EPS of 66.00c recorded in the last year. The company expects its diluted HEPS to be between 74.00c and 82.00c, compared to HEPS of 46.00c reported in the corresponding period of preceding year.

## Major global economic news

### US

The Federal Reserve (Fed) Chairman, Jerome Powell, in his annual remarks at the Jackson Hole Symposium, stated that the global economic outlook “has been deteriorating” and there is no “rulebook” on trade wars. Additionally, he cautioned that the escalating trade war between the US and China, due to Trump’s trade policy is contributing to the slowdown. Meanwhile, he pledged that the Fed “will act as appropriate” to sustain the US economic expansion.

In the US, new home sales dropped 12.8% to a level of 635.00K on monthly basis in July, compared to a revised reading of 728.00K in the previous month.

## 40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Harmony Gold Mining Co Ltd	5249	17.17	42.13	108.29
Impala Platinum Holdings Ltd	7581	6.77	-1.63	106.68
Sibanye Gold Ltd	2027	3.10	11.25	102.30
AngloGold Ashanti Ltd	33646	6.69	32.56	86.01
Gold Fields Ltd	8937	12.26	17.53	81.79
Pan African Resources Plc	260	7.44	31.98	62.50
Anglo American Platinum Ltd	81862	3.03	-2.84	55.85
Kumba Iron Ore Ltd	38567	-6.65	-13.16	52.47
Northam Platinum Ltd	5914	4.14	-6.17	36.71
Allied Electronics Corp Ltd	2412	-0.74	-13.49	36.47
Cartrack Holdings Ltd	1900	0.00	-7.27	33.72
Transaction Capital Ltd	2223	-1.64	-3.35	32.50
Telkom SA SOC Ltd	8121	-3.68	-5.75	31.61
Pioneer Foods Group Ltd	10485	-0.05	1.62	30.28
Clover Industries Ltd	2335	3.41	1.52	29.91
Investec Australia Property Fund	1530	0.07	6.18	28.78
Cie Financiere Richemont SA	11860	2.91	-3.34	26.64
DataTec Ltd	3361	0.69	-0.27	26.62
Distell Group Holdings Ltd	13100	2.34	-1.18	23.58
Royal Bafokeng Platinum Ltd	3049	0.96	-10.64	22.57
British American Tobacco Plc	55431	-1.06	8.18	22.27
Fortress REIT Ltd	2141	1.95	0.2	22.22
Naspers Ltd	341900	1.45	-2.52	21.91
NEPI Rockcastle Plc	13200	3.28	1.80	20.99
Sirius Real Estate Ltd	1290	3.61	11.79	20.57
Tradehold Ltd	1140	0.00	-0.87	18.89
MTN Group Ltd	10051	-4.29	-10.84	17.14
Alexander Forbes Group Holdings Ltd	539	-4.60	-4.60	17.00
Metair Investments Ltd	2176	-2.42	-8.76	16.54
Resilient REIT Ltd	6330	5.03	2.89	15.94
Reinet Investments SCA	25323	0.52	0.22	15.92
Lighthouse Capital Ltd	777	2.24	5.28	14.28
Bid Corp Ltd	29914	0.58	-0.30	14.08
AECI Ltd	9106	0.79	-2.09	13.31
Stenprop Ltd	1930	2.44	2.17	12.62
African Rainbow Minerals Ltd	15587	-2.87	-12.41	12.08
Investec Property Fund Ltd	1464	-0.41	-2.27	11.84
BHP Group Plc	31557	-3.10	-8.13	11.69
Afrimat Ltd	3050	-4.63	-12.36	11.23
Equites Property Fund Ltd	2059	3.05	0.59	10.11
<b>JSE All Share Index</b>	<b>53996</b>	<b>0.23</b>	<b>-4.91</b>	<b>2.39</b>

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Japan	07:00	Coincident Index (Jun) (F)	✓	-	100.40**	Monthly
Japan	07:00	Leading Economic Index (Jun) (F)	✓✓✓	-	93.30**	Monthly
Spain	09:00	Producer Price Index (MoM) (Jul)	✓	-	-0.80%	Monthly
Spain	09:00	Producer Price Index (YoY) (Jul)	✓	-	-0.60%	Monthly
Germany	10:00	Ifo - Business Climate (Aug)	✓✓✓	95.50	95.70	Monthly
Germany	10:00	Ifo - Current Assessment (Aug)	✓✓	99.00	99.40	Monthly
Germany	10:00	Ifo - Expectations (Aug)	✓✓	91.80	92.20	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Jul) (P)	✓	-	0.30%	Monthly
US	14:30	Chicago Fed National Activity Index (Jul)	✓✓✓	-	-0.02	Monthly
US	14:30	Cap Goods Orders Nondef Ex Air (Jul) (P)	✓	0.10%	1.50%	Monthly
US	14:30	Durable Goods Orders (Jul) (P)	✓✓✓	1.30%	1.90%	Monthly
US	14:30	Durable Goods Orders ex Transportation (Jul) (P)	✓✓	0.10%	1.00%	Monthly
US	16:30	Dallas Fed Manufacturing Business Index (Aug)	✓✓✓	-1.00	-6.30	Monthly
Eurozone	-	Group of Seven Summit in Biarritz, France (Day 3)	✓✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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