

ONE Minute Brief

17 September 2019

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Economic and political news

The Democratic Alliance (DA) has threatened to sue President, Cyril Ramaphosa, if he appoints former cabinet minister, Bathabile Dlamini, as an ambassador for South Africa (SA).

News reports indicate that Eskom is seeking advisors help implement a government bailout in order to manage its finances and debt.

The Johannesburg High Court has declared the Regulation of Interception of Communications and Provision of Communication-Related Information Act (Rica), which governs the ability of the state to spy on the electronic communications of South African citizens as "unlawful and invalid".

News reports indicate that Public Protector, Busisiwe Mkhwebane, will challenge the Estina Dairy Farm High Court ruling.

According to a news report, the New Development Bank, set up by members of the BRICS group of countries, has extended its first local currency loan worth ZAR7bn to the SA National Roads Agency.

News reports indicate that a plan formulated by Meridian Economics to establish the world's largest green energy financing initiative worth ZAR160bn is being considered by the SA government.

Key indices

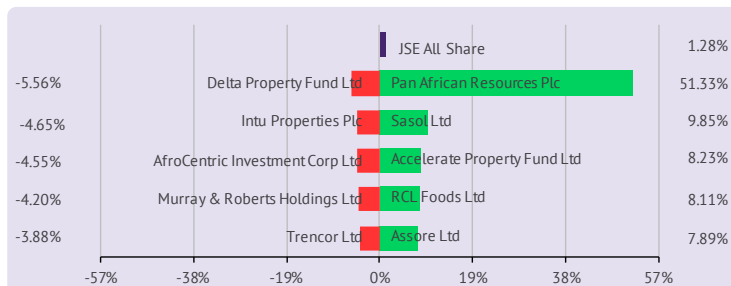
	As at 16 Sep 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57853.90	▲	730.12	1.28	1.28	4.69	-2.69	9.70
JSE Top 40 (ZAR)	51801.53	▲	655.97	1.28	1.28	5.03	-2.91	10.86
FTSE 100 (GBP)	7321.41	▼	-46.05	-0.63	-0.63	1.58	-5.00	8.82
DAX 30 (EUR)	12380.31	▼	-88.22	-0.71	-0.71	3.69	-2.05	17.25
CAC 40 (EUR)	5602.23	▼	-53.23	-0.94	-0.94	2.22	-0.70	18.42
S&P 500 (USD)	2997.96	▼	-9.43	-0.31	-0.31	2.44	-1.81	19.59
Nasdaq Composite (USD)	8153.54	▼	-23.17	-0.28	-0.28	2.39	-2.60	22.88
DJIA (USD)	27076.82	▼	-142.70	-0.52	-0.52	2.55	-1.72	16.07
MSCI Emerging Markets (USD)	1027.08	▲	0.47	0.05	0.05	4.34	-5.08	6.33
MSCI Developed World (USD)	2195.88	▼	-9.93	-0.45	-0.45	2.68	-2.24	16.56

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by gains in banking and financial sector stocks. The JSE All Share Index rose 1.3% to close at 57,853.90.

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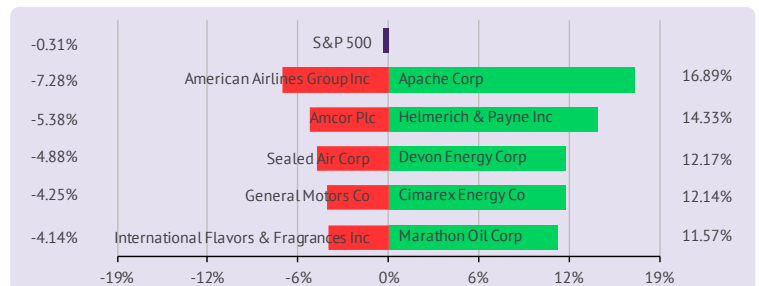


US Market ▼

US markets closed in the red

US markets closed lower yesterday, as attacks on Saudi Arabia's oil facilities increased geopolitical tensions and raised fears of global economic growth amid surging oil prices. The S&P 500 Index dropped 0.3% to close at 2,997.96. Today, the S&P 500 futures are trading weaker.

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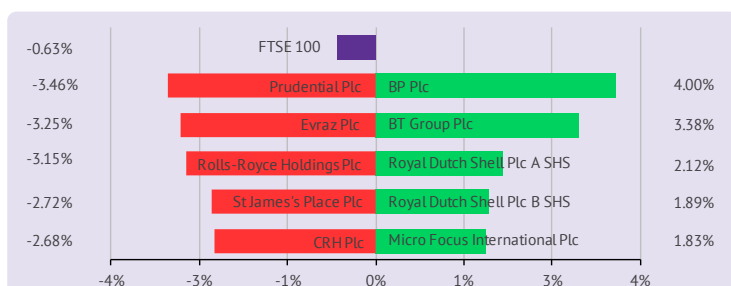


UK Market ▼

UK markets closed lower

UK markets finished weaker yesterday, as attacks on Saudi Arabian oil production facilities raised concerns over economic growth. The FTSE 100 Index declined 0.6% to close at 7,321.41. Today, the FTSE 100 futures are trading in negative territory.

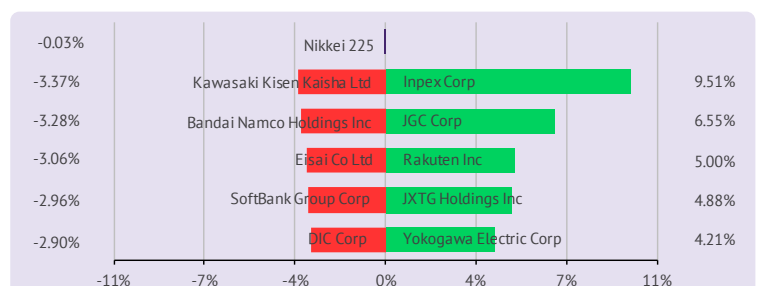
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Asian Market ▼

Trading mostly weaker

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading marginally lower at 21,981.25.



USD ZAR ▼

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R14.7087. Later today, traders will keep a close watch on the US industrial production and the NAHB housing market index for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US NY Empire state manufacturing index dropped more than market forecast in September.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R18.2581. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.4% higher against the South African Rand at R16.1942. Going forward, market participants will keep a tab on the ZEW survey indices in the Eurozone and Germany for further indication.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.0604. Earlier in the session, Australia's house price index fell less than market expectations on a quarterly basis in the second quarter of 2019.

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	14.7087	▼	0.56	0.56	-3.52	5.94	2.19
GBPZAR	18.2581	▼	0.01	0.01	-1.31	5.87	-0.52
EURZAR	16.1942	▼	-0.11	-0.11	-3.33	5.04	-2.00
AUDZAR	10.0604	▲	0.41	0.41	-1.58	4.16	-0.56
EURUSD	1.1010	▲	-0.65	-0.65	0.17	-0.85	-4.06
GBPUSD	1.2413	▼	-0.56	-0.56	2.26	-0.02	-2.53
Brent (\$/barrel)	68.3	▼	14.61	14.61	16.49	-8.92	28.29
Gold (\$/oz)	1505.4	▲	0.80	0.80	-1.20	6.79	17.44
Platinum (\$/oz)	940.5	▲	-1.37	-1.37	0.80	6.01	18.00
Copper (\$/MT)*	5844.0	▼	-1.77	-1.77	3.33	-4.18	-1.77

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices are trading slightly higher at \$1,505.40/oz.

Yesterday, gold prices rose 0.8% to close at \$1,504.80/oz, as tensions in the Middle East boosted demand for the safe haven asset.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 1.1% to trade at \$68.27/bl.

Yesterday, Brent crude oil rallied 14.6% to settle at \$69.02/bl, after an weekend attack on major crude facilities in Saudi Arabia reduced the production in half and raised fears of retaliation in the Middle East.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.1% to trade at \$940.50/oz.

Yesterday, platinum prices declined 1.4% to close at \$939.20/oz.

Major South African corporate news

African Oxygen Limited

In its 1H19 results, the company announced that revenues increased to ZAR3.00bn from ZAR2.90bn posted in the corresponding period of the previous year. Its diluted EPS rose 7.2% to 111.30c from 103.80c posted in the prior year. The company declared a cash dividend of 55.00c per share.

Major global economic news

Asia



The Reserve Bank of Australia (RBA), in its September monetary policy meeting, indicated that the central bank would consider further interest rate cuts if needed to support economic growth and to achieve its 2.0% to 3.0% inflation target. However, the RBA indicated that "it was reasonable" to expect an extended period of low interest rates in Australia to meet employment and inflation goals. The officials discussed the uncertainties around US-China trade tensions and its impact on the global growth.

In Australia, the house price index dropped less than expected by 0.7% on a quarterly basis in 2Q19. In the previous quarter, the index had fallen 3.0%.

US

In the US, the NY Empire State manufacturing index eased more-than-expected to 2.00 in September, following a level of 4.80 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/	Previous	Frequency
 Japan	06:00	Tokyo Condominium Sales (YoY) (Aug)	✓	21.10%*	-35.30%	Monthly
 Switzerland	07:45	SECO September 2019 Economic Forecasts	✓✓	-	-	As scheduled
 Eurozone	11:00	ZEW Survey - Economic Sentiment (Sep)	✓✓	-	-43.60	Monthly
 Germany	11:00	ZEW Survey - Current Situation (Sep)	✓✓	-15.00	-13.50	Monthly
 Germany	11:00	ZEW Survey - Economic Sentiment (Sep)	✓✓✓	-38.00	-44.10	Monthly
 Eurozone	11:40	ECB's Villeroy speaks in London	✓	-	-	As scheduled
 Canada	14:30	Manufacturing Sales (MoM) (Jul)	✓✓	-1.70%	-1.20%	Monthly
 US	14:55	Redbook Index (YoY) (13-Sep)	✓	-	6.40%	Weekly
 US	14:55	Redbook Index s.a. (MoM) (13-Sep)	✓	-	-0.40%	Weekly
 US	15:15	Capacity Utilisation (Aug)	✓	77.60%	77.50%	Monthly
 US	15:15	Manufacturing (SIC) Production (MoM) (Aug)	✓✓✓	-	-0.40%	Monthly
 US	15:15	Industrial Production (MoM) (Aug)	✓✓✓	0.20%	-0.20%	Monthly
 US	16:00	NAHB Housing Market Index (Sep)	✓	66.00	66.00	Monthly
 Eurozone	18:30	ECB's François Villeroy de Galhau Speaks in London	✓	-	-	As scheduled
 Eurozone	18:35	ECB Chief Economist Lane Speaks in Luxembourg	✓	-	-	As scheduled
 Eurozone	19:10	ECB Executive Board member Coeure Speaks in Luxembourg	✓	-	-	As scheduled
 US	22:00	Net Long-Term TIC Flows (Jul)	✓✓	-	USD99.10bn	Monthly
 US	22:00	Total Net TIC Flows (Jul)	✓	-	USD1.70bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 55,514.47, and a fall through could take it to the next support level of 53,175.03. The index is expected to find its first resistance at 59,023.62, and a rise through could take it to the next resistance level of 60,193.33.

S&P 500



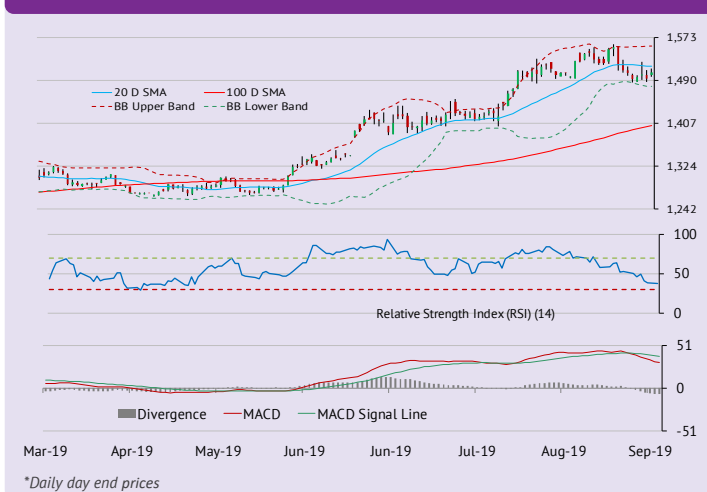
The S&P 500 index is expected to find support at 2,963.07, and a fall through could take it to the next support level of 2,928.17. The index is expected to find its first resistance at 3,026.80, and a rise through could take it to the next resistance level of 3,055.63.

USD ZAR



The pair is expected to find support at 14.5164, and a fall through could take it to the next support level of 14.3715. The pair is expected to find its first resistance at 14.7946, and a rise through could take it to the next resistance level of 14.9279.

XAU USD



Gold is expected to find support at \$1,485.20/oz, and a fall through could take it to the next support level of \$1,465.60/oz. The precious metal is expected to find its first resistance at \$1,524.90/oz, and a rise through could take it to the next resistance level of \$1,545.00/oz.

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