

ONE Minute Brief

19 September 2019

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Economic and political news

In South Africa (SA), the consumer price index (CPI) rose 4.3% on an annual basis in August, compared to a rise of 4.0% in July. Annual retail sales climbed 2.0% in July, compared to an advance of 2.4% in June.

The Constitutional Court has dismissed President, Cyril Ramaphosa's application to set aside a High Court ruling that the president is legally obliged to provide reasons for Cabinet reshuffles.

News reports indicate that South African Airways (SAA) is expected to receive a government cash injection of ZAR5.5bn for the 2019/20 financial year at the end of the month and the firm is seeking more cash injections to stabilise its finances.

The Special Investigating Unit (SIU) stated that it is trying to recover around ZAR560mn that the South African Broadcasting Corporation (SABC) lost due to irregularly awarded contracts by former directors.

News reports indicate that union leader, Joseph Mathunjwa, is expected to retain his position as President of the Association of Mineworkers and Construction Union (Amcu) during this week's election.

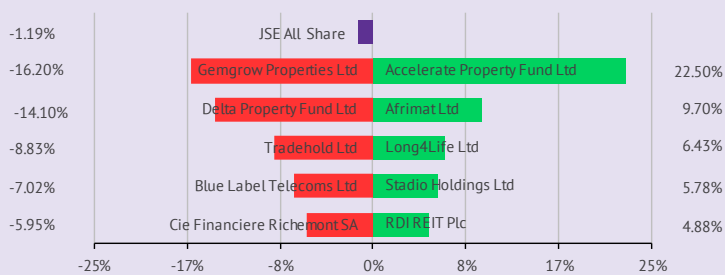
Yesterday, President, Cyril Ramaphosa, allocated ZAR1.1bn in additional funding in the current fiscal year to fight against gender-based violence and femicide.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in industrial and resource sector stocks. Data revealed that SA's annual CPI climbed in August. The JSE All Share Index fell 1.2% to close at 56,220.41

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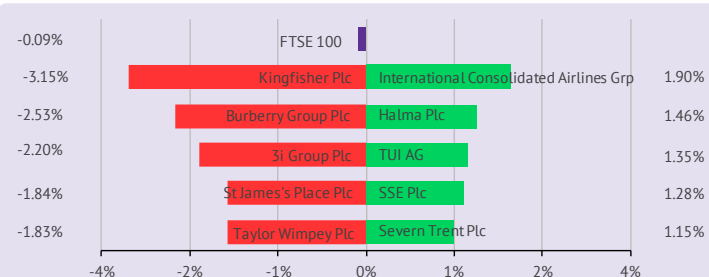


UK Market ▼

UK markets closed weaker

UK markets finished lower yesterday, as shares in Kingfisher fell, amid weak earnings report. Data indicated that UK's annual consumer price inflation slowed in August. The FTSE 100 Index declined 0.1% to close at 7,314.05. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

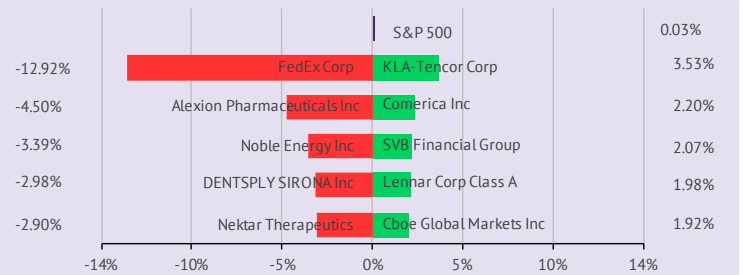
	As at 18 Sep 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56220.41	▼ -674.82	-1.19	-1.58	1.74	-2.69	6.61
JSE Top 40 (ZAR)	50134.23	▼ -739.68	-1.45	-1.98	1.65	-2.91	7.29
FTSE 100 (GBP)	7314.05	▼ -6.35	-0.09	-0.72	1.48	-5.00	8.71
DAX 30 (EUR)	12389.62	▲ 17.01	0.14	-0.63	3.77	-2.05	17.34
CAC 40 (EUR)	5620.65	▲ 5.14	0.09	-0.62	2.56	-0.70	18.81
S&P 500 (USD)	3006.73	▲ 1.03	0.03	-0.02	2.74	-1.81	19.94
Nasdaq Composite (USD)	8177.39	▼ -8.62	-0.11	0.01	2.69	-2.60	23.24
DJIA (USD)	27147.08	▲ 36.28	0.13	-0.27	2.82	-1.72	16.37
MSCI Emerging Markets (USD)	1021.36	▲ 2.44	0.24	-0.51	3.76	-5.08	5.74
MSCI Developed World (USD)	2201.03	▼ -0.74	-0.03	-0.22	2.92	-2.24	16.83

US Market ◀▶

US markets closed mixed

US markets closed mixed yesterday, after the Federal Reserve (Fed) cut its key interest rate but signalled uncertainty over policy outlook. Data showed that US monthly building permits advanced in August. The S&P 500 Index marginally climbed to close at 3,006.73. Today, the S&P 500 futures are trading weaker.

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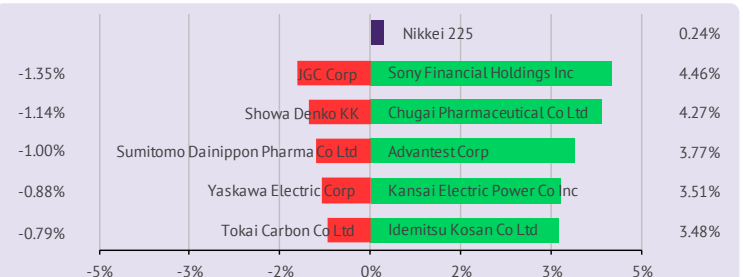


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly firmer this morning, after the US Fed slashed its interest rate. The Nikkei 225 Index is trading 0.2% higher at 22,013.39.

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USD ZAR ▼

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R14.7229. Later today, traders will keep a close watch on the US Philadelphia Fed manufacturing index, current account balance, initial jobless claims and existing home sales 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 13 September 2019. On the flipside, the nation's building permits increased on a monthly basis in August. Additionally, monthly housing starts jumped more than market anticipations in August. Separately, in SA, the CPI surpassed market expectations on a yearly basis in August. Meanwhile, the nation's annual retail sales advanced less than market forecast in July.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound advanced 0.2% against the South African Rand to trade at R18.3637. Ahead in the day, traders will keep an eye on the Bank of England's (BoE) interest rate decision along with UK's retail sales for further direction.

The British Pound declined against the South African Rand yesterday, after UK's annual consumer price inflation slowed to a 32-month low level in August. Further, the producer price index (PPI) rose less than market expectations on a yearly basis in August. On the other hand, the nation's retail price index climbed on a monthly basis in August.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.3% against the South African Rand to trade at R16.2519. Going forward, market participants will keep a tab on Eurozone's current account balance for further cues.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's CPI jumped at par with market forecast on an annual basis in August. On the flipside, the region's monthly construction output unexpectedly declined in July.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.3% against the South African Rand to trade at R9.9992. Earlier in the session, Australia's unemployment rate rose in line with market forecast in August.

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	14.7229	▼	-0.17	0.74	-3.34	5.94	2.37
GBPZAR	18.3637	▼	-0.38	0.54	-0.79	5.87	0.01
EURZAR	16.2519	▼	-0.58	0.34	-2.90	5.04	-1.56
AUDZAR	9.9992	▲	-0.72	0.03	-1.94	4.16	-0.93
EURUSD	1.1038	▲	-0.39	-0.39	0.44	-0.85	-3.81
GBPUSD	1.2473	▲	-0.22	-0.23	2.60	-0.02	-2.21
Brent (\$/barrel)	63.7	▲	-1.47	5.61	7.34	-8.92	18.22
Gold (\$/oz)	1502.0	▼	0.15	1.09	-0.91	6.79	17.78
Platinum (\$/oz)	928.9	▼	-1.02	-1.85	0.31	6.01	17.43
Copper (\$/MT)*	5779.8	▼	-0.17	-2.85	2.19	-4.18	-2.85

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped 0.5% to trade at \$1,502.00/oz, as the Fed failed to provide clarity on future monetary policy decisions.

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Yesterday, gold prices rose 0.2% to close at \$1,509.10/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$63.68/bl.

Yesterday, Brent crude oil dropped 1.5% to settle at \$63.60/bl, after Saudi Arabia pledged that it would restore full production, following the attacks on its facilities. Additionally, the US Energy Information Administration reported that crude oil inventories unexpectedly rose by 1.1mn bls in the week ended 13 September 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.6% lower to trade at \$928.90/oz.

Yesterday, platinum prices declined 1.0% to close at \$934.60/oz.

Major South African corporate news

Pan African Resources Plc

In its 1Q19 results, the company announced that revenues advanced 49.1% to USD217.37mn from USD145.83mn posted in the same period of the preceding year. Its diluted EPS stood at 1.97c, compared to a loss per share of 6.79c recorded in the corresponding period of the previous year.

Afrimat Limited

In its FY19 trading statement, the company announced that it expects its EPS to be in the range of 168.50c and 187.20c compared with 93.60c recorded in the preceding year. Further, the company expects its HEPS to be between 167.60c and 186.20c, compared to 93.10c reported in the last year.

Major global economic news

US

The Fed, in its latest monetary policy decision, cut its benchmark interest rate by 25 basis point to a range of 1.75% to 2.00%, as widely expected. However, the central bank did not provide clarity on its future course of action related to policy decision. Additionally, the Fed raised its GDP growth forecast slightly to 2.2% for 2019 from 2.1% forecasted in June.

In the US, building permits advanced by 7.7% to an annual rate of 1419.00K on monthly basis in August, compared to a revised level of 1317.00K in the prior month.

In August, housing starts advanced 12.3% to an annual rate of 1364.00K on monthly basis in the US, more than market expectations. In the previous month, housing starts had registered a revised level of 1215.00K.

In the US, the MBA mortgage applications slid 0.1% on a weekly basis in the week ended 13 September 2019. In the previous week, the MBA mortgage applications had recorded a rise of 2.0%.

UK

In the UK, consumer price inflation slowed to 1.7% on a yearly basis in August, compared to a revised level of 2.1% in the previous month.

In the UK, the non-seasonally adjusted output PPI rose 1.6% on a yearly basis in August, less than market forecast and compared to a revised rise of 1.9% in the previous month.

In the UK, the retail price index rose 0.8% on monthly basis in August. In the previous month, the index had registered a flat reading.

In July, the house price index rose 0.7% on an annual basis in the UK, less than market expectations. The index had recorded a revised advance of 1.4% in the prior month.

Eurozone

In the Eurozone, the final CPI advanced 1.0% on an annual basis in August, in line with market expectations. The CPI had registered a similar rise in the prior month. The preliminary figures had also indicated an advance of 1.0%.

In the Eurozone, seasonally adjusted construction output unexpectedly eased 0.7% on a monthly basis in July, compared to a revised rise of 0.6% in the prior month.

Asia

The Bank of Japan (BoJ), in its latest monetary policy decision, kept its interest rate unchanged at -0.1%, as widely expected and pledged to guide 10-year government bond yields around 0%. Further, the central bank highlighted the possibility of expanding stimulus as early as October.

In Australia, seasonally adjusted unemployment rate rose to 5.3% in August, at par with market expectations. In the previous month, unemployment rate stood at 5.2%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Japan	05:00	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	06:30	All Industry Activity Index (MoM) (Jul)	✓✓✓	-	-0.80%	Monthly
Japan	08:00	BoJ Press Conference	✓✓✓	-	-	As scheduled
Eurozone	10:00	Current Account s.a (Jul)	✓✓✓	EUR27.30bn	EUR18.40bn	Monthly
UK	10:30	Retail Sales (MoM) (Aug)	✓✓✓	-	0.20%	Monthly
UK	10:30	Retail Sales (YoY) (Aug)	✓✓✓	-	3.30%	Monthly
UK	10:30	Retail Sales ex-Fuel (MoM) (Aug)	✓✓✓	-	0.20%	Monthly
UK	10:30	Retail Sales ex-Fuel (YoY) (Aug)	✓✓✓	2.60%	2.90%	Monthly
Eurozone	12:00	ECB's Coeure, ESM's Regling Speak in Frankfurt	✓	-	-	As scheduled
UK	13:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.75%	0.75%	As scheduled
UK	13:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
Eurozone	14:00	ECB's Lautenschläger speech	✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (07-Sep)	✓✓✓	1672.00K	1670.00K	Weekly
US	14:30	Initial Jobless Claims (14-Sep)	✓✓✓	213.00K	204.00K	Weekly
US	14:30	Philadelphia Fed Manufacturing Survey (Sep)	✓✓	11.00	16.80	Monthly
US	14:30	Current Account Balance (Q2)	✓✓	USD127.80bn	-USD130.40bn	Quarterly
US	16:00	Leading Indicator (MoM) (Aug)	✓✓✓	-	0.50%	Monthly
US	16:00	Existing Home Sales (Aug)	✓✓✓	5.37mn	5.42mn	Monthly
US	16:00	Existing Home Sales (MoM) (Aug)	✓✓✓	-0.40%	2.50%	Monthly
US	16:30	EIA Natural Gas Storage Change (13-Sep)	✓✓✓	79.00Bcf	78.00Bcf	Weekly
South Africa	-	SARB Interest Rate Decision	✓✓	6.50%	6.50%	As scheduled
South Africa	-	SARB Interest Rate Decision	✓✓	6.50%	6.50%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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