

ONE Minute Brief

9 July 2019

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Economic and political news

In his testimony before the commission of inquiry into state capture, Jerry Matjila, former director-general of the Department of International Relations and Cooperation, stated that he became aware of the use of the Waterkloof military airbase for a Gupta family wedding in 2013 through the media and that no formal diplomatic engagements were concluded prior to the landing. Separately, former head of state protocol, Bruce Koloane, denied any wrongdoing in the landing, claiming that it was an issue of pure misunderstanding.

United Democratic Movement leader, Bantu Holomisa, has accused ex-Public Investment Corporation head, Dan Matjila, of receiving a ZAR2.5mn personal loan from VBS Mutual Bank, without declaring it.

The Democratic Alliance (DA) has accused Communications Minister, Stella Ndabeni-Abrahams, of misleading parliament regarding Finance Minister, Tito Mboweni's refusal to provide a guarantee to the South African Broadcasting Corporation (SABC).

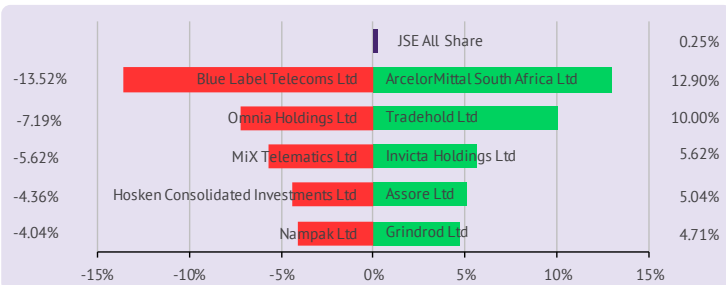
News reports indicate that South African platinum miners have armed themselves with cash and sufficient metal incase of a strike ahead of wage negotiations.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in mining and resources sector stocks. The JSE All Share Index rose 0.3% to close at 57,731.40.

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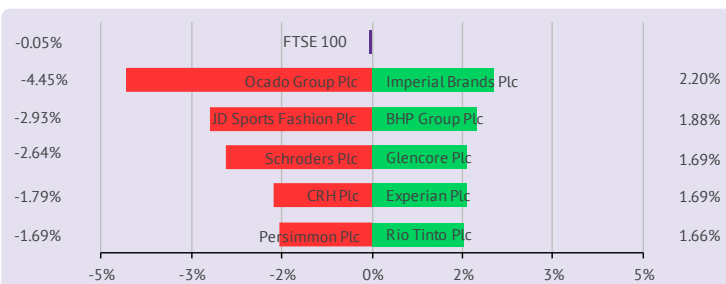


UK Market ▼

UK markets closed lower

UK markets finished lower yesterday, as expectations of an interest rate cut by the US Federal Reserve (Fed) dimmed. Data revealed that UK's annual BRC like-for-like sales fell more-than-expected in June. The FTSE 100 Index declined 0.1% to close at 7,549.27. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

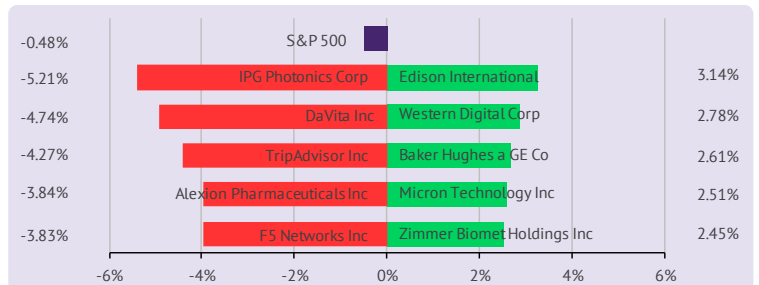
	As at 8 July 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57731.40	▲ 141.58	0.25	0.25	-0.81	4.59	9.47
JSE Top 40 (ZAR)	51649.36	▲ 110.06	0.21	0.21	-1.05	5.27	10.54
FTSE 100 (GBP)	7549.27	▼ -3.87	-0.05	-0.05	1.67	3.69	12.20
DAX 30 (EUR)	12543.51	▼ -25.02	-0.20	-0.20	1.17	5.73	18.79
CAC 40 (EUR)	5589.19	▼ -4.53	-0.08	-0.08	0.91	6.36	18.15
S&P 500 (USD)	2975.95	▼ -14.46	-0.48	-0.48	1.16	6.89	18.71
Nasdaq Composite (USD)	8098.38	▼ -63.41	-0.78	-0.78	1.15	7.42	22.05
DJIA (USD)	26806.14	▼ -115.98	-0.43	-0.43	0.78	7.19	14.91
MSCI Emerging Markets (USD)	1046.25	▼ -13.68	-1.29	-1.29	-0.82	5.70	8.31
MSCI Developed World (USD)	2194.62	▼ -10.95	-0.50	-0.50	0.75	6.46	16.49

US Market ▼

US markets closed weaker

US markets closed lower yesterday, weighed down by losses in technology sector stocks. Data showed that the US consumer credit advanced in May. The S&P 500 Index dropped 0.5% to close at 2,975.95. Today, the S&P 500 futures are trading weaker.

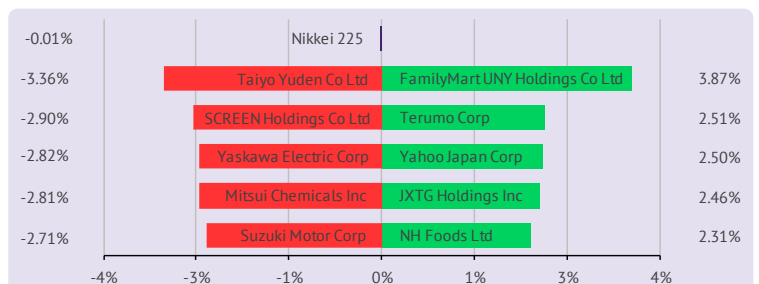
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Asian Market ▼

Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading marginally lower at 21,531.58.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.2% against the South African Rand to trade at R14.2013. Later today, traders will keep a close watch on the US NFIB small optimism index and the JOLTS job openings for further indication.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US consumer credit rose for a second consecutive month in May.

GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R17.7661. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news. Data showed that UK's BRC like-for-like sales declined more than market forecast on a yearly basis in June.

The British Pound declined against the South African Rand yesterday, amid escalating fears over no-deal Brexit.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R15.9224. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's Sentix investor confidence index unexpectedly declined in July, marking its lowest level since November 2014. Separately, Germany's industrial production rebounded on a monthly basis in May. Additionally, trade surplus widened more than market forecast in May. Further, current account surplus narrowed in May.

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 R9.8773. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index recorded a drop in the week ended 7 July 2019. Moreover, the NAB business conditions index eased in June. Meanwhile, the nation's NAB business confidence index advanced in June.

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	14.2013	▼	-0.02	-0.02	0.62	-3.38	-1.21
GBPZAR	17.7661	▼	-0.06	-0.06	-0.75	-2.92	-3.13
EURZAR	15.9224	▼	-0.12	-0.12	-0.77	-1.65	-3.40
AUDZAR	9.8773	▲	-0.09	-0.09	-0.04	-2.20	-2.37
EURUSD	1.1212	▼	-0.10	-0.10	-1.40	1.83	-2.21
GBPUSD	1.2510	▼	-0.05	-0.05	-1.43	0.53	-1.87
Brent (\$/barrel)	63.9	▼	-0.19	-0.19	-0.97	4.44	19.16
Gold (\$/oz)	1396.9	▼	-0.01	-0.01	-0.97	8.26	9.26
Platinum (\$/oz)	814.3	-	1.13	1.13	-2.54	5.20	2.31
Copper (\$/MT)*	5873.3	▼	-0.29	-0.29	-1.82	3.03	-1.27

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.2% to trade at \$1,396.90/oz.

Yesterday, gold prices marginally fell to close at \$1,400.00/oz, amid speculation that the Fed will not aggressively cut interest rates.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.3% to trade at \$63.90/bl.

Yesterday, Brent crude oil dropped 0.2% to settle at \$64.11/bl, amid worries over the outlook for demand.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell marginally to trade at \$814.30/oz.

Yesterday, platinum prices climbed 1.1% to close at \$814.30/oz.

Major South African corporate news

DataTec Limited

The company announced that its subsidiary, Logicalis SA (Pty) Ltd, has acquired Mars Technologies which has offices in Cape Town, Johannesburg, Port Elizabeth, Durban and East London.

Steinhoff International Holdings NV

The company announced that Philip Dieperink would step down, from both his membership of the Management Board and as Chief Financial Officer (CFO) on 31 August 2019. He will be succeeded as CFO by Theodore de Klerk, currently Operations Director and member of the Board.

Impala Platinum Holdings Limited

In its FY19 trading statement, the company indicated that it expects its refined platinum production to increase to 1,526.00koz compared to 1,468.00koz recorded in the same period of the preceding year.

Major global economic news

Eurozone

In the Eurozone, the Sentix investor confidence index unexpectedly dropped to a level of -5.80 in July. In the previous month, the index had recorded a reading of -3.30.

In Germany, seasonally adjusted industrial production registered a less-than-expected rise of 0.3% on a monthly basis in May. In the previous month, industrial production had recorded a revised drop of 2.0%.

In Germany, seasonally adjusted trade surplus expanded more-than-expected to EUR18.70bn in May, following a revised surplus of EUR16.90bn in the previous month.

In Germany, non-seasonally adjusted current account surplus narrowed to EUR16.50bn in May, compared to a surplus of EUR22.60bn in the prior month.

Asia

In Australia, the ANZ Roy Morgan weekly consumer confidence index dropped to a level of 117.60 in the week ended 7 July 2019, compared to a reading of 118.90 in the prior week.

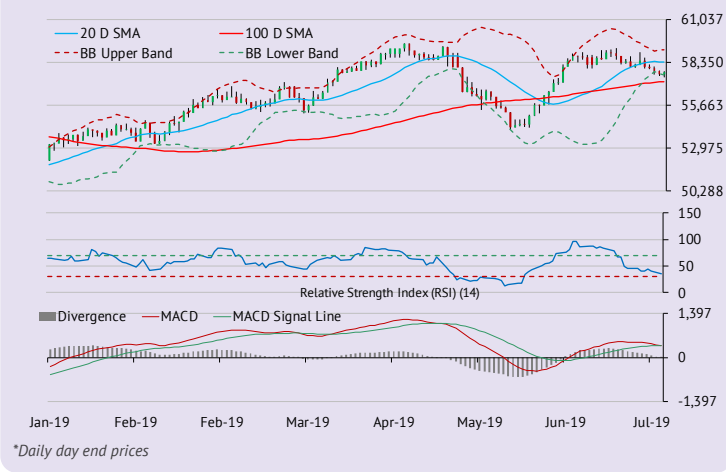
In Australia, the NAB business confidence index dropped to 2.00 in June, compared to a level of 7.00 in the previous month.

UK

In the UK, retail sales across all sectors recorded a drop of 1.6% on an annual basis in June, more than market expectations. Retail sales across all sectors had dropped 3.0% in the previous month.

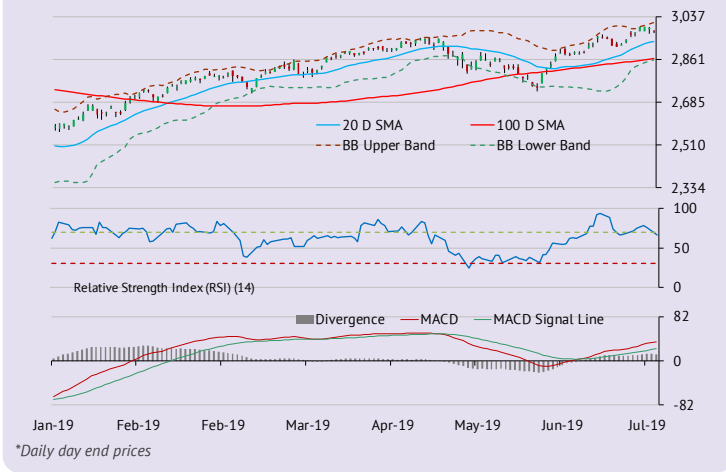
Technical snapshot

JSE All Share



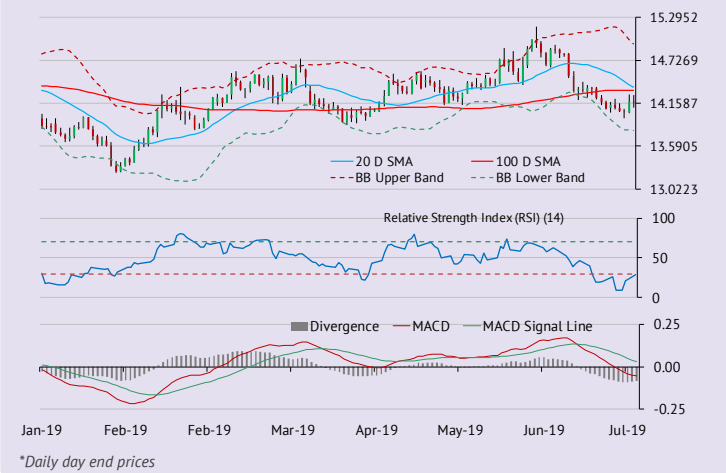
The JSE All Share index is expected to find support at 57,199.41, and a fall through could take it to the next support level of 56,667.43. The index is expected to find its first resistance at 58,466.11, and a rise through could take it to the next resistance level of 59,200.83.

S&P 500



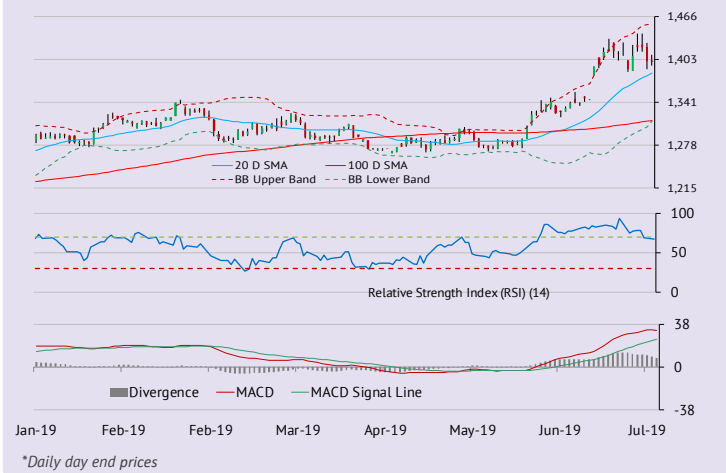
The S&P 500 index is expected to find support at 2,955.97, and a fall through could take it to the next support level of 2,935.98. The index is expected to find its first resistance at 2,995.89, and a rise through could take it to the next resistance level of 3,015.82.

USD ZAR



The pair is expected to find support at 13.9953, and a fall through could take it to the next support level of 13.8169. The pair is expected to find its first resistance at 14.3144, and a rise through could take it to the next resistance level of 14.4551.

XAU USD



Gold is expected to find support at \$1,377.13/oz, and a fall through could take it to the next support level of \$1,354.27/oz. The precious metal is expected to find its first resistance at \$1,431.93/oz, and a rise through could take it to the next resistance level of \$1,463.87/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Jun)	✓✓✓	-1.60%*	-3.00%	Monthly
Japan	01:30	Labour Cash Earnings (YoY) (May)	✓✓	-0.20%*	-0.10%	Monthly
Japan	01:50	Money Supply M3 (YoY) (Jun)	✓	2.00%*	2.30%	Monthly
Japan	01:50	Money Supply M2+CD (YoY) (Jun)	✓	2.30%*	2.60%	Monthly
Switzerland	07:45	Unemployment Rate n.s.a. (Jun)	✓✓	2.20%	2.30%	Monthly
Switzerland	07:45	Unemployment Rate s.a. (Jun)	✓✓	2.40%	2.40%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Jun) (P)	✓✓✓	-	-27.30%	Monthly
Italy	10:00	Retail Sales n.s.a. (YoY) (May)	✓✓	-0.60%	4.20%	Monthly
Eurozone	10:00	ECB's Visco at Central Bank Event on Late Governor Ciampi	✓	-	-	As scheduled
Eurozone	10:00	ECB's Villeroy speaks in Paris	✓	-	-	As scheduled
US	12:00	NFIB Small Business Optimism (Jun)	✓	103.10	105.00	Monthly
Canada	14:15	Housing Starts s.a. (Jun)	✓✓✓	208.60K	202.30K	Monthly
Canada	14:30	Building Permits (MoM) (May)	✓	-10.00%	14.70%	Monthly
US	14:45	Fed's Chair Powell speech	✓✓✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (05-Jul)	✓	-	5.50%	Weekly
US	14:55	Redbook Index s.a. (MoM) (05-Jul)	✓	-	-2.40%	Weekly
US	16:00	JOLTs Job Openings (May)	✓	7473.00K	7449.00K	Monthly
US	16:10	Fed's Bullard to Make Welcoming Comments in St. Louis	✓	-	-	As scheduled
Eurozone	16:15	ECB's Lane Comments in Twitter Q&A	✓	-	-	As scheduled
US	20:00	Fed's Bostic Speaks at Washington University in St. Louis	✓	-	-	As scheduled
US	20:00	Fed's Quarles speech	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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