

# ONE Minute Brief

30 August 2019

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## Economic and political news

In South Africa (SA), producer price inflation slowed to 4.9% on a yearly basis in July, compared to a level of 5.8% in the prior month.

Public Protector, Busisiwe Mkhwebane, has withdrawn her application to the Constitutional Court to force President, Cyril Ramaphosa, to take disciplinary action against Public Enterprises Minister, Pravin Gordhan, over the SA Revenue Service (Sars) rogue unit.

The Congress of South African Trade Unions has rejected the National Treasury's growth plan to revive the country's economy and announced plans for a nationwide strike on 7 October to protest against job losses.

News reports indicate that Eskom has rejected the National Treasury's suggestion that the utility should sell some of its coal-fired power stations to reduce its debt burden.

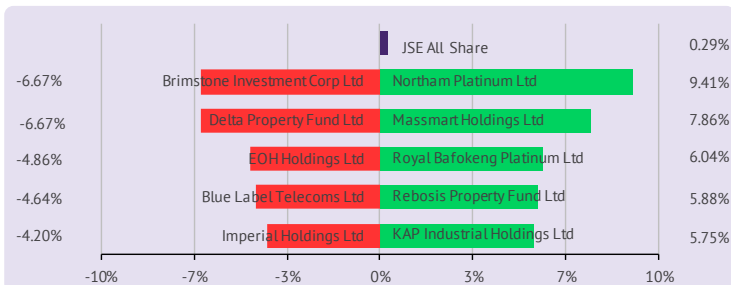
Health Minister, Zweli Mkhize, has indicated that the government will initiate the national health insurance plan at an affordable pace and ensure that it does not lead to an increase in the nation's debt or financial risk. Meanwhile, acting Chief State Law Advisor, Ayesha Joaar, stated that the National Health Insurance (NHI) Bill was constitutionally certified before it was submitted to Parliament.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, amid easing US-China trade tensions and boosted by gains in platinum mining sector. Data indicated that SA's producer price inflation slowed in July. The JSE All Share Index rose 0.3% to close at 54,411.47.

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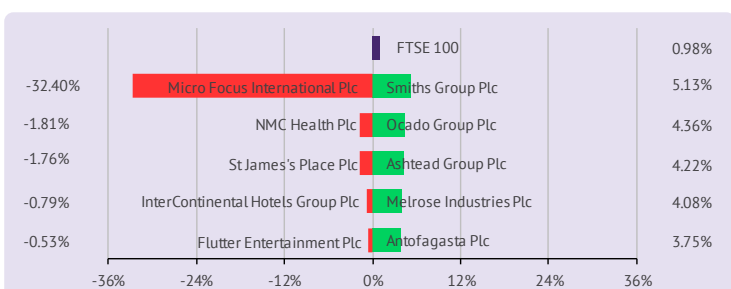


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, amid renewed hopes for progress in the trade dispute between the US and China. The FTSE 100 Index advanced 1.0% to close at 7,184.32. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

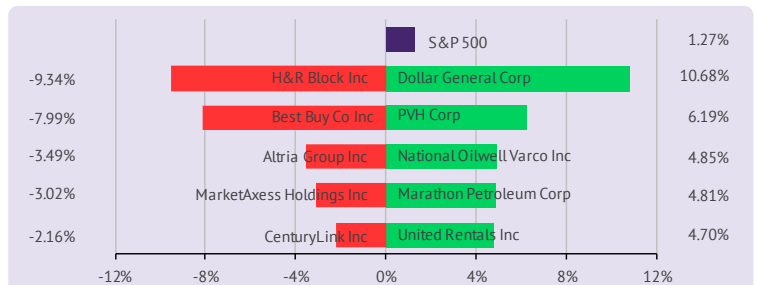
	As at 29 Aug 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	54411.47	▲	155.85	0.29	0.77	-4.18	-2.44	3.18
JSE Top 40 (ZAR)	48561.36	▲	132.01	0.27	0.65	-4.40	-2.68	3.93
FTSE 100 (GBP)	7184.32	▲	69.61	0.98	1.26	-5.30	2.17	6.78
DAX 30 (EUR)	11838.88	▲	137.86	1.18	1.96	-2.87	-1.69	12.12
CAC 40 (EUR)	5449.97	▲	81.17	1.51	2.31	-1.25	-0.36	15.20
S&P 500 (USD)	2924.58	▲	36.64	1.27	2.72	-1.87	1.31	16.66
Nasdaq Composite (USD)	7973.39	▲	116.51	1.48	2.86	-2.47	2.11	20.17
DJIA (USD)	26362.25	▲	326.15	1.25	2.86	-1.87	0.99	13.01
MSCI Emerging Markets (USD)	970.08	▲	4.73	0.49	-0.37	-6.45	-1.69	0.43
MSCI Developed World (USD)	2133.08	▲	21.16	1.00	1.84	-2.49	0.42	13.23

## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, after technology and industrial sector stocks gained, as China raised hopes on trade negotiations with the US. The S&P 500 Index climbed 1.3% to close at 2,924.58. Today, the S&P 500 futures are trading in the green.

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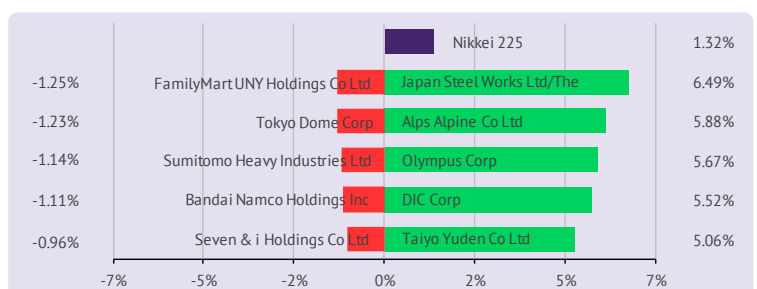


## Asian Market ▲

### Trading higher

Asian markets are trading firmer this morning, as US-China trade tensions faded, after China hinted that it will not impose retaliatory tariffs on the US for now. The Nikkei 225 Index is trading 1.3% higher at 20,730.11.

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## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.2% against the South African Rand to trade at R15.3378. Later today, traders will keep a close watch on the US personal income and spending data, the Chicago Purchasing Managers' Index and the Michigan consumer sentiment index for further cues.

The US Dollar fell against the South African Rand yesterday. On the data front, the US initial jobless claims climbed more than market forecast in the week ended 24 August 2019. Moreover, monthly pending home sales unexpectedly declined in July, recording its biggest drop since early 2018. On the flipside, the nation's gross domestic product (GDP) rose in line with market expectations on a quarterly basis in the second quarter of 2019. Additionally, advance goods trade deficit narrowed in July. Separately, in SA, the producer price inflation slowed to a 5-month low level on a yearly basis in July.

## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.1% against the South African Rand to trade at R18.6749. Ahead in the day, traders will keep an eye on UK's consumer credit data, mortgage approvals and the Nationwide house price index for further direction. On the macro front, UK's GfK consumer confidence index fell more than market forecast to a 6-year low level in August.

The British Pound declined against the South African Rand yesterday, after Queen Elizabeth approved British Prime Minister, Boris Johnson's request to suspend Parliament before Brexit.

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## EUR ZAR ▼

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R16.9396. Going forward, market participants will keep a tab on Eurozone's consumer price index (CPI) and unemployment rate along with Germany's retail sales for further indication.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's consumer confidence index declined in line with market expectations in August. Meanwhile, the region's economic sentiment improved in August. Additionally, business climate indicator surprisingly rose in the same month. Separately, Germany's CPI climbed on an annual basis in August, while the nation's unemployment rate remained unchanged in August.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R10.3018. Earlier in the session, Australia's building approvals unexpectedly dropped on a monthly basis in July. Meanwhile, the nation's monthly private sector credit demand climbed at par with market anticipations 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	15.3378	▼	-0.66	0.41	6.76	1.82	6.73
GBPZAR	18.6749	▼	-0.88	-0.47	6.93	-2.45	1.81
EURZAR	16.9396	▼	-0.86	-0.36	6.58	-0.87	2.86
AUDZAR	10.3018	▲	-0.61	0.13	5.04	-0.69	1.88
EURUSD	1.1045	▼	-0.19	-0.78	-0.17	-2.61	-3.58
GBPUSD	1.2177	▼	-0.25	-0.69	0.18	-4.23	-4.49
Brent (\$/barrel)	61.2	▲	0.98	2.93	-6.10	0.48	13.53
Gold (\$/oz)	1533.4	▲	-0.80	0.26	7.32	0.88	19.45
Platinum (\$/oz)	919.2	▼	1.22	7.56	4.68	5.19	15.59
Copper (\$/MT)*	5710.3	▲	0.66	1.73	-3.25	-1.33	-4.01

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,533.40/oz.

Yesterday, gold prices fell 0.8% to close at \$1,530.50/oz, as trade tensions between the US and China subsided.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$61.17/bl.

Yesterday, Brent crude oil advanced 1.0% to settle at \$61.08/bl, as US-China trade war fears eased, following positive comments from China.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$919.20/oz.

Yesterday, platinum prices climbed 1.2% to close at \$920.00/oz.

## Major South African corporate news

### Advtech Limited

In its 1H19 results, the company announced that revenues advanced 15.0% to ZAR2.50bn from ZAR2.18bn reported in the same period of the preceding year. Its diluted EPS stood at 44.40c, up from 33.60c recorded in the corresponding period of the previous year. The company declared an interim dividend of 15.00c per share.

### Aveng Limited

In its FY19 results, the company announced that revenues fell to ZAR25.68bn from ZAR30.58bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 5.80c, compared to 192.40c recorded in the same period of the prior year.

### Massmart Holdings Limited

In its 1H19 results, the company announced that revenues advanced 5.3% to ZAR43.90bn from ZAR41.69bn reported in the same period of the preceding year. Its diluted loss per share stood at 378.30c, compared to an EPS of 89.00c recorded in the corresponding period of the previous year.

### PPC Limited

In its operational update for the four months ended 30 July 2019, the company indicated that its EBITDA rose between 5.0% and 10.0% on account of continued selling price momentum in South Africa. Lime revenues increased by 5.0% and 10.0% whereas aggregates and readymix revenues decreased due to constrained demand and challenging pricing environment.

### Santam Limited

In its 1H19 results, the company announced that net income increased to ZAR14.16bn from ZAR12.97bn posted in the corresponding period of the previous year. Its diluted EPS fell 2.0% to 986.00c from 1,009.00c reported in the same period of the prior year. The company declared a dividend of 392.00c per share.

### Sibanye Gold Limited

In its 1H19 results, the company announced that revenues decreased to ZAR23.54bn, from ZAR23.91bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 11.00c, compared to an EPS of 3.00c recorded in the same period of the prior year.

## Major global economic news

### Asia

In Japan, Tokyo CPI climbed 0.6% on an annual basis in August, in line with market expectations and compared to a rise of 0.9% in July.

In Japan, unemployment rate unexpectedly dropped to 2.2% in July, compared to 2.3% in the previous month.

In Japan, preliminary industrial production rose 1.3% on a monthly basis in July, more than market expectations. In the previous month, industrial production had dropped 3.3%.

In Japan, retail trade dropped 2.3% on a monthly basis in July, more than market forecast. In the previous month, retail trade had recorded a flat reading.

In Australia, seasonally adjusted building approvals unexpectedly fell 9.7% on a monthly basis in July, compared to a revised drop of 0.8% in the prior month.

In Australia, private sector credit demand rose 0.2% on a monthly basis in July, as expected and compared to an advance of 0.1% in June.

### US

In the US, the second estimate of annualised GDP climbed 2.0% on a quarterly basis in 2Q19, at par with market expectations. The annualised GDP had recorded a rise of 3.1% in the previous quarter. The preliminary figures had indicated a rise of 2.1%.

In the US, advance goods trade deficit narrowed to USD72.30bn in July, compared to a deficit of USD74.20bn in the previous month.

In the US, seasonally adjusted initial jobless claims rose to a level of 215.00K in the week ended 24 August 2019, more than market expectations and compared to a revised level of 211.00K.

In the US, pending home sales unexpectedly dropped 2.5% on a monthly basis in July. Pending home sales had recorded a rise of 2.8% in the prior month.

### Eurozone

In the Eurozone, the economic sentiment indicator unexpectedly rose to a level of 103.10 in August, compared to a level of 102.70 in the prior month.

In August, the final consumer confidence index dropped to -7.10 in the Eurozone, at par with market expectations. In the prior month, the index had registered a reading of -6.60. The preliminary figures had also recorded a fall to -7.10.

In the Eurozone, the business climate indicator unexpectedly advanced to 0.11 in August, compared to a revised level of -0.11 in July.

In Germany, the preliminary CPI climbed 1.4% on a yearly basis in August, less than market expectations. In the previous month, the CPI had registered a rise of 1.7%.

In Germany, seasonally adjusted unemployment rate remained unchanged at 5.0% in August, in line with market expectations.

### UK

In the UK, the GfK consumer confidence index dropped to -14.00 in August, more than market forecast and compared to a level of -11.00 in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	GfK Consumer Confidence (Aug)	✓✓✓	-14.00*	-11.00	Monthly
Japan	01:30	Unemployment Rate (Jul)	✓✓	2.20%*	2.30%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (Aug)	✓✓✓	0.60%*	0.90%	Monthly
Japan	01:50	Industrial Production (MoM) (Jul) (P)	✓✓✓	1.30%*	-3.30%	Monthly
Japan	01:50	Industrial Production (YoY) (Jul) (P)	✓✓✓	0.70%*	-3.80%	Monthly
Japan	06:00	Vehicle Production (YoY) (Jul)	✓	-1.50%*	9.30%	Monthly
Japan	07:00	Construction Orders (YoY) (Jul)	✓	-	-4.20%	Monthly
Japan	07:00	Annualised Housing Starts (Jul)	✓✓	0.90mn units	0.92mn units	Monthly
Japan	07:00	Housing Starts (YoY) (Jul)	✓	-5.00%	0.30%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Jul)	✓	8.75%	8.99%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Jul)	✓	7.25%	6.91%	Monthly
UK	08:00	Nationwide House Prices n.s.a. (YoY) (Aug)	✓✓	0.70%	0.30%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Aug)	✓✓✓	0.10%	0.30%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Aug)	✓✓✓	0.10%	0.30%	Monthly
Germany	08:00	Retail Sales (YoY) (Jul)	✓✓✓	3.30%	-1.60%	Monthly
Germany	08:00	Retail Sales (MoM) (Jul)	✓✓✓	-1.30%	3.50%	Monthly
UK	10:30	Net Consumer Credit (Jul)	✓✓	GBP1.00bn	GBP1.00bn	Monthly
UK	10:30	Net Lending Sec. on Dwellings (Jul)	✓✓	GBP3.70bn	GBP3.70bn	Monthly
UK	10:30	Mortgage Approvals (Jul)	✓✓✓	66.10K	66.40K	Monthly
Eurozone	11:00	Unemployment Rate (Jul)	✓✓✓	7.50%	7.50%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	1.00%	1.10%**	Monthly
South Africa	14:00	Trade Balance (Jul)	✓✓	ZAR2.90bn	ZAR4.40bn	Monthly
US	14:30	Personal Income (MoM) (Jul)	✓✓	0.30%	0.40%	Monthly
US	14:30	Personal Spending (Jul)	✓✓	0.50%	0.30%	Monthly
US	15:45	Chicago PMI (Aug)	✓✓✓	47.50	44.40	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Aug) (F)	✓✓✓	92.30	92.10**	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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