

ONE Minute Brief

9 September 2019

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Economic and political news

In South Africa (SA), net foreign reserves rose to USD44.23bn in August from USD43.91bn in July. Gross reserves increased to USD49.95bn in August from USD49.36bn in the previous month.

The National Prosecuting Authority (NPA) has confirmed that Economic Freedom Fighters (EFF) leader, Julius Malema and party spokesperson, Mbuyiseni Dlozi, will be prosecuted on common assault charges.

S&P Global Ratings has cautioned that talks regarding restructuring Eskom's bonds must be approached carefully to avoid disturbing the market.

Communications, Telecommunications and Postal Services Minister, Stella Ndabeni-Abrahams, announced that the first draft of the Presidential Commission's plan on the Fourth Industrial Revolution is expected to be released in October.

Denel announced that it is planning to dispose of equity stakes and exiting loss-making businesses within months as part of its turnaround strategy.

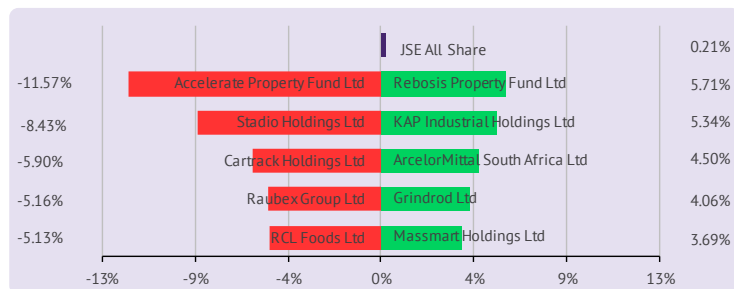
News reports indicate that the National Union of Metalworkers of SA (Numsa) and employers at the Motor Industry Bargaining Council will meet today in order to end the wage deadlock in the sector.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, amid optimism over US-China trade deal and boosted by gains in banking sector stocks. The JSE All Share Index rose 0.2% to close at 55,591.09.

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UK Market ▲

UK markets closed firmer

UK markets finished higher on Friday, as China announced new stimulus plan which eased some concerns around global growth. The FTSE 100 Index advanced 0.2% to close at 7,282.34. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

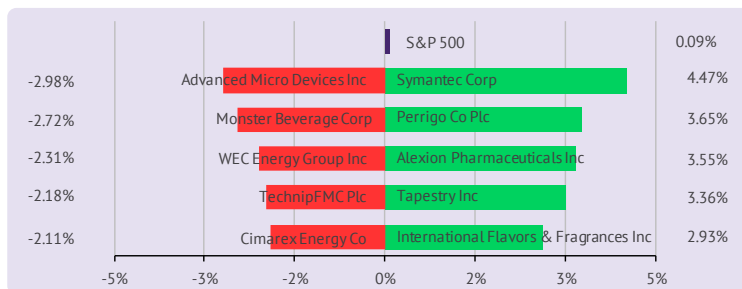
	As at 06 Sep 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	55591.09	▲	114.73	0.21	NA	0.60	-2.69	5.41
JSE Top 40 (ZAR)	49673.77	▲	97.00	0.20	NA	0.72	-2.91	6.31
FTSE 100 (GBP)	7282.34	▲	11.17	0.15	NA	1.04	-5.00	8.24
DAX 30 (EUR)	12191.73	▲	64.95	0.54	NA	2.11	-2.05	15.46
CAC 40 (EUR)	5603.99	▲	10.62	0.19	NA	2.25	-0.70	18.46
S&P 500 (USD)	2978.71	▲	2.71	0.09	NA	1.79	-1.81	18.82
Nasdaq Composite (USD)	8103.07	▼	-13.75	-0.17	NA	1.76	-2.60	22.12
DJIA (USD)	26797.46	▲	69.31	0.26	NA	1.49	-1.72	14.88
MSCI Emerging Markets (USD)	1007.96	▲	4.95	0.49	NA	2.40	-5.08	4.35
MSCI Developed World (USD)	2178.90	▲	4.63	0.21	NA	1.89	-2.24	15.66

US Market ▲

US markets closed mostly higher

US markets closed mostly firmer on Friday, as slower-than-expected US job growth raised possibilities of an interest rate cut by the Federal Reserve (Fed). Data indicated that the US monthly average hourly earnings advanced more-than-anticipated in August. The S&P 500 Index climbed 0.1% to close at 2,978.71. Today, the S&P 500 futures are trading in the green.

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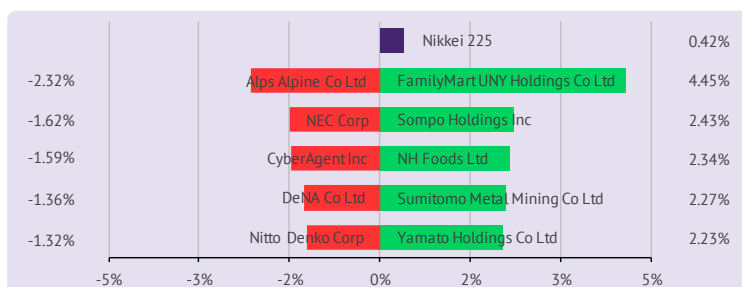


Asian Market ▲

Trading mostly firmer

Asian markets are trading mostly higher this morning, following positive developments in US-China trade talks. The Nikkei 225 Index is trading 0.4% higher at 21,289.24.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R14.7943. Later today, traders will keep a close watch on the US consumer credit for further cues.

The US Dollar fell against the South African Rand on Friday. On the data front, the US non-farm payrolls rose less than market anticipations in August. Meanwhile, the nation's average hourly earnings climbed more than market forecast on a monthly basis in August. Further, unemployment rate remained unchanged in August. Separately, in SA, both net and gross forex reserves advanced in August.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R18.1607. Ahead in the day, traders will keep an eye on UK's gross domestic product (GDP), construction output, trade balance, manufacturing and industrial production for further direction.

The British Pound declined against the South African Rand on Friday. On the macro front, UK's Halifax house prices increased more than market expectations on a monthly basis in August.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R16.3138. Going forward, market participants will keep a tab on Eurozone's Sentix investor confidence index along with Germany's trade and current account balance for further indication.

The Euro weakened against the South African Rand on Friday. Data indicated that Eurozone's GDP rose in line with market forecast on a quarterly basis in the second quarter of 2019. Separately, Germany's monthly industrial production unexpectedly declined in July.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally advanced against the South African Rand to trade at R10.1410. Earlier in the session, Australia's home loan approvals climbed more than market expectations on a monthly basis in July.

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	14.7943	▲	-0.52	NA	-2.57	5.94	3.19
GBPZAR	18.1607	▲	-0.88	NA	-1.51	5.87	-0.72
EURZAR	16.3138	▲	-0.57	NA	-2.13	5.04	-0.78
AUDZAR	10.1410	▼	-0.02	NA	-0.85	4.16	0.17
EURUSD	1.1027	▼	-0.05	NA	0.43	-0.85	-3.82
GBPUSD	1.2275	▼	-0.41	NA	1.04	-0.02	-3.69
Brent (\$/barrel)	62.1	▲	0.97	NA	3.86	-8.92	14.39
Gold (\$/oz)	1518.1	▲	-0.66	NA	-0.92	6.79	17.77
Platinum (\$/oz)	953.6	▼	-0.54	NA	2.88	6.01	20.43
Copper (\$/MT)*	5809.3	▼	-0.27	NA	2.71	-4.18	-2.35

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,518.10/oz, amid expectations of monetary policy easing by the world's major central banks.

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On Friday, gold prices fell 0.7% to close at \$1,509.00/oz, as demand for the precious yellow metal declined, following the US Fed Chairman, Jerome Powell's upbeat comments on the US economy.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.0% higher to trade at \$62.13/bl.

On Friday, Brent crude oil advanced 1.0% to settle at \$61.54/bl, after Baker Hughes reported that US oil rig count fell by 4 to 738 last week, registering its third consecutive decline.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.5% lower to trade at \$953.60/oz.

On Friday, platinum prices declined 0.5% to close at \$958.50/oz.

Major South African corporate news

Sasol Limited

The company referred to its earlier announcement regarding the delay in announcement of the company's FY19 results, which were due to be released on 19 August 2019 and that the Board expected to release them on 19 September 2019. Further, the firm stated that the Board has resolved to commission additional work under the independent review and to stipulate for in-depth investigation into certain aspects contemplated under the original scope. The Board is focused on resolving this as soon as possible and all efforts are being made to get to a swift outcome without compromising the integrity of the processes underway.

RMB Holdings Limited

In its FY19 results, the company announced that revenues increased to ZAR10.42bn from ZAR9.09bn posted in the previous year. Its diluted EPS rose 17.0% to 706.90c from 606.50c reported in the prior year. The company declared a final dividend of 198.00c per share.

Major global economic news

Asia

In Japan, current account surplus (BOP basis) widened to JPY1999.90bn in July, less than market expectations and compared to a surplus of JPY1211.20bn in the previous month.

In Japan, annualised GDP rose 0.3% on a quarterly basis in 2Q19, in line with market forecast and compared to 0.4% in the prior quarter.

Japan posted a trade deficit of JPY74.50bn in July, compared to a surplus of JPY759.30bn in the previous month.

In Australia, seasonally adjusted home loan approvals rose 4.2% on a monthly basis in July, more than market expectations. In the previous month, home loan approvals had climbed by a revised 0.6%.

US

In the US, non-farm payrolls advanced by 130.00K in August, less than market forecast and compared to a revised level of 159.00K in the previous month.

In the US, average hourly earnings of all employees advanced 0.4% on a monthly basis in August, more than market expectations and compared to a rise of 0.3% in the previous month.

In the US, unemployment rate remained unchanged at 3.7% in August.

Eurozone

In the Eurozone, seasonally adjusted final GDP advanced 0.2% on a quarterly basis in 2Q19, at par with market expectations and compared to a rise of 0.4% in the prior quarter. The preliminary figures had also indicated a rise of 0.2%.

In Germany, seasonally adjusted industrial production unexpectedly fell 0.6% on a monthly basis in July. Industrial production had recorded a revised drop of 1.1% in the prior month.

UK

In the UK, the Halifax house price index rose 0.3% on a monthly basis in August, more than market expectations. In the previous month, the index had recorded a revised gain of 0.4%.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Impala Platinum Holdings Ltd	8697	0.60	0.60	137.10
Harmony Gold Mining Co Ltd	5127	-7.72	-7.72	103.45
Sibanye Gold Ltd	1857	-11.02	-11.02	85.33
AngloGold Ashanti Ltd	31890	-7.87	-7.87	76.30
Northam Platinum Ltd	7579	-3.64	-3.64	75.20
Anglo American Platinum Ltd	87843	-5.62	-5.62	67.24
Gold Fields Ltd	8014	-11.21	-11.21	64.11
Kumba Iron Ore Ltd	41256	4.98	4.98	63.10
Pan African Resources PLC	238	-10.19	-10.19	48.75
Royal Bafokeng Platinum Ltd	3620	-2.03	-2.03	45.52
Transaction Capital Ltd	2314	4.47	4.47	37.92
Allied Electronics Corp Ltd	2437	2.35	2.35	37.88
Telkom SA SOC Ltd	8196	2.95	2.95	32.83
Pioneer Foods Group Ltd	10530	-0.19	-0.19	30.84
Investec Australia Property Fund	1532	0.79	0.79	28.95
DataTec Ltd	3420	2.49	2.49	28.85
Naspers Ltd	356500	3.22	3.22	27.12
Cartrack Holdings Ltd	1802	-4.66	-4.66	26.82
Clover Industries Ltd	2255	-0.88	-0.88	25.46
Cie Financiere Richemont SA	11724	-0.95	-0.95	25.19
Bid Corp Ltd	32175	-1.00	-1.00	22.70
MTN Group Ltd	10313	0.53	0.53	22.57
Distell Group Holdings Ltd	12991	-0.07	-0.07	22.55
Fortress REIT Ltd	2140	1.37	1.37	22.16
NEPI Rockcastle PLC	13248	-1.49	-1.49	21.43
AECI Ltd	9530	4.74	4.74	20.67
Tradehold Ltd	1149	-0.09	-0.09	19.82
Sirius Real Estate Ltd	1270	-2.91	-2.91	18.70
Alexander Forbes Group Holdings Ltd	545	4.21	4.21	18.30
African Rainbow Minerals Ltd	16403	-1.01	-1.01	17.95
Metair Investments Ltd	2198	-0.09	-0.09	17.72
Resilient REIT Ltd	6138	1.85	1.85	17.43
BHP Group PLC	31894	1.16	1.16	17.17
British American Tobacco PLC	52941	-1.09	-1.09	16.77
Reinet Investments SCA	24729	-2.42	-2.42	14.69
Lighthouse Capital Ltd	775	-1.27	-1.27	13.99
Equites Property Fund Ltd	2126	0.43	0.43	13.69
Stenprop Ltd	1903	-2.41	-2.41	11.05
Investec Property Fund Ltd	1448	0.07	0.07	10.62
Quilter PLC	2315	-0.64	-0.64	9.43
JSE All Share Index	55591	0.60	0.60	5.41

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Adjusted Current Account Total (Jul)	✓	JPY1647.10bn*	JPY1941.90bn	Monthly
Japan	01:50	Current Account n.s.a. (Jul)	✓	JPY1999.90bn*	JPY1211.20bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Jul)	✓✓✓	-JPY74.50bn*	JPY759.30bn	Monthly
Japan	01:50	Gross Domestic Product (QoQ) (Q2) (F)	✓✓	0.30%*	0.40%**	Quarterly
Japan	01:50	Gross Domestic Product Annualised (Q2) (F)	✓✓✓	1.30%*	1.80%**	Quarterly
Germany	08:00	Current Account n.s.a. (Jul)	✓	-	EUR20.60bn	Monthly
Germany	08:00	Trade Balance n.s.a. (Jul)	✓✓✓	-	EUR16.80bn	Monthly
France	08:30	Bank of France Business Sentiment (Aug)	✓✓✓	-	95.00	Monthly
UK	10:00	BOE's Vlieghe Speaks in London	✓✓	-	-	As scheduled
UK	10:30	Index of Services (3M/3M) (Jul)	✓	-	0.10%	Monthly
UK	10:30	Index of Services (MoM) (Jul)	✓	-	0.00%	Monthly
UK	10:30	Construction Output s.a. (YoY) (Jul)	✓	-	-0.20%	Monthly
UK	10:30	Trade Balance; non-EU (Jul)	✓✓✓	-	-GBP0.19bn	Monthly
UK	10:30	Visible Trade Balance (Jul)	✓✓✓	-	-GBP7.01bn	Monthly
Eurozone	10:30	Sentix Investor Confidence (Sep)	✓✓✓	-16.00	-13.70	Monthly
UK	10:30	Industrial Production (MoM) (Jul)	✓✓✓	0.00%	-0.10%	Monthly
UK	10:30	Industrial Production (YoY) (Jul)	✓✓✓	-1.00%	-0.60%	Monthly
UK	10:30	Manufacturing Production (MoM) (Jul)	✓✓✓	0.00%	-0.20%	Monthly
UK	10:30	Manufacturing Production (YoY) (Jul)	✓✓✓	-1.00%	-1.40%	Monthly
UK	10:30	Total Trade Balance (Jul)	✓✓✓	-	GBP1.78bn	Monthly
UK	10:30	Industrial Production (Jul)	✓	-	102.20	Monthly
UK	10:30	Manufacturing Production (Jul)	✓	-	102.80	Monthly
US	21:00	Consumer Credit Change (Jul)	✓✓	-	USD14.60bn	Monthly
UK	-	UK Parliamentary Vote on Brexit	✓✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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