

ONE Minute Brief

10 September 2019

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Economic and political news

Ratings agency, Moody's, cautioned that Eskom's load shedding is credit negative for municipalities as it reduces the operating surpluses generated by electricity sales. Further, the rating agency stated that resolving the utility's problems is difficult and it will take time for the government and the company to agree to a plan.

Democratic Alliance (DA) Chief Executive Officer, Paul Boughey, stated that the party is planning to cut jobs at its operations countrywide and will not pay bonuses this year, citing poor performance in the May general elections.

African National Congress (ANC) Chief whip, Pemmy Majodina, stated that the ANC parliamentary caucus has welcomed Finance Minister, Tito Mboweni's economic strategy plan to boost growth and create jobs.

Former South African Broadcasting Corporation (SABC) board chairperson, Ben Ngubane, in his testimony at the judicial commission of inquiry into state capture, defended Hlaudi Motsoeneng's appointment and stated that despite not having required qualifications, Motsoeneng was appointed to executive positions at the state broadcaster because of his sterling track record.

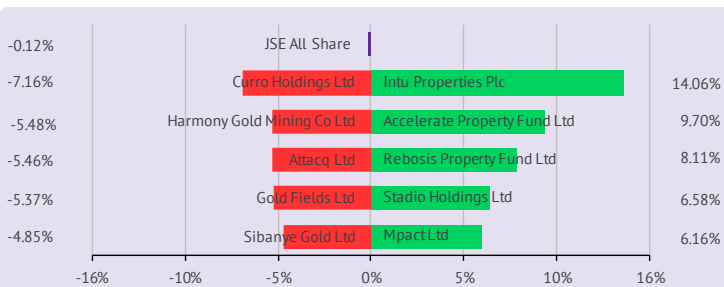
State arms firm, Denel, announced the appointment of Carmen Le Grange as its new Chief Financial Officer (CFO).

South Africa Market

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and gold mining sector stocks. The JSE All Share Index fell 0.1% to close at 55,523.07.

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UK Market

UK markets closed in the red

UK markets finished lower yesterday, as the British Pound strengthened, after stronger-than-expected economic data. Data showed that the British economy expanded more-than-expected in July. The FTSE 100 Index declined 0.6% to close at 7,235.81. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

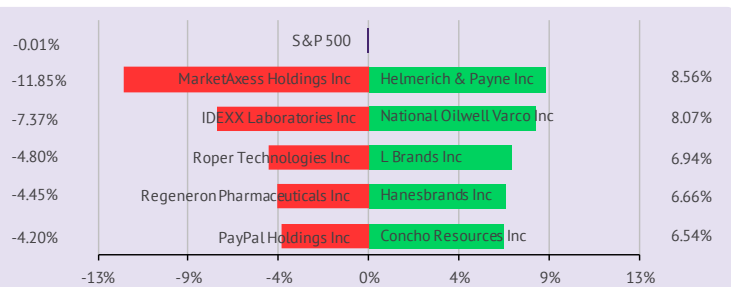
	As at 09 Sep 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55523.07	▼ -68.02	-0.12	-0.12	0.48	-2.69	5.28
JSE Top 40 (ZAR)	49602.20	▼ -71.57	-0.14	-0.14	0.57	-2.91	6.15
FTSE 100 (GBP)	7235.81	▼ -46.53	-0.64	-0.64	0.40	-5.00	7.55
DAX 30 (EUR)	12226.10	▲ 34.37	0.28	0.28	2.40	-2.05	15.79
CAC 40 (EUR)	5588.95	▼ -15.04	-0.27	-0.27	1.98	-0.70	18.14
S&P 500 (USD)	2978.43	▼ -0.28	-0.01	-0.01	1.78	-1.81	18.81
Nasdaq Composite (USD)	8087.44	▼ -15.64	-0.19	-0.19	1.56	-2.60	21.89
DJIA (USD)	26835.51	▲ 38.05	0.14	0.14	1.64	-1.72	15.04
MSCI Emerging Markets (USD)	1010.59	▲ 2.62	0.26	0.26	2.67	-5.08	4.62
MSCI Developed World (USD)	2178.41	▼ -0.49	-0.02	-0.02	1.87	-2.24	15.63

US Market

US markets closed mixed

US markets closed mixed yesterday, as expectations of interest rate cuts by the world's major central banks were offset by losses in technology and healthcare sector stocks. Data revealed that the US consumer credit rose in July. The S&P 500 Index marginally dropped to close at 2,978.43. Today, the S&P 500 futures are trading weaker.

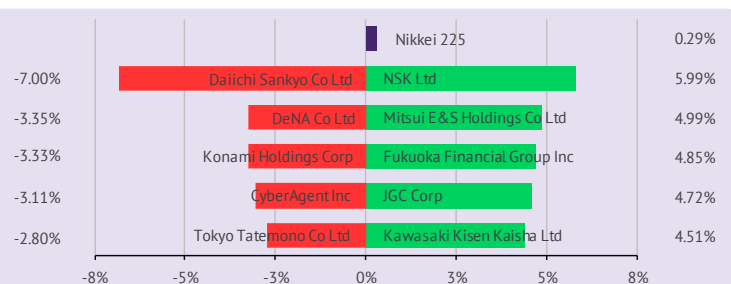
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Asian Market

Trading mostly firmer

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.3% higher at 21,379.50.



USD ZAR

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R14.7613. 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 data front, the US consumer credit climbed at its fastest pace since late 2017 in July.

GBP ZAR

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R18.2166. Ahead in the day, traders will keep an eye on UK's ILO unemployment rate and average weekly earnings for further direction.

The British Pound advanced against the South African Rand yesterday, after UK's gross domestic product (GDP) accelerated more than market forecast on a monthly basis in July. Additionally, monthly manufacturing production surprisingly advanced in July. Moreover, industrial production unexpectedly jumped on a monthly basis in July. Also, monthly construction output climbed in the same month. Further, trade deficit widened less than market anticipations in July.

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EUR ZAR

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R16.3020. Amid no major economic news across the Eurozone today, 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 improved in September. Separately, Germany's trade surplus widened more than market forecast in July. Additionally, current account surplus expanded in July.








AUD ZAR

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.2% against the South African Rand to trade at R10.1200. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index fell in the week ended. Moreover, both the NAB business conditions and business confidence indices dropped in August. Meanwhile, in China, Australia's largest trading partner, the consumer price index (CPI) surpassed market expectations on a yearly basis in August. Further, annual producer price index (PPI) declined less than market anticipations 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	14.7613		-0.24	-0.24	-2.81	5.94	2.94
GBPZAR	18.2166		0.22	0.22	-1.29	5.87	-0.50
EURZAR	16.3020		-0.08	-0.08	-2.20	5.04	-0.85
AUDZAR	10.1200		-0.03	-0.03	-0.88	4.16	0.14
EURUSD	1.1044		0.17	0.17	0.60	-0.85	-3.65
GBPUSD	1.2339		0.51	0.51	1.56	-0.02	-3.20
Brent (\$/barrel)	62.9		1.71	1.71	5.64	-8.92	16.34
Gold (\$/oz)	1497.7		-0.30	-0.30	-1.21	6.79	17.42
Platinum (\$/oz)	938.4		-0.61	-0.61	2.25	6.01	19.70
Copper (\$/MT)*	5790.0		-0.33	-0.33	2.37	-4.18	-2.67

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

Gold

Trading in the red

At 06:00 SAST, gold prices edged 0.5% lower to trade at \$1,497.70/oz, on stimulus hopes and trade optimism.

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Yesterday, gold prices fell 0.3% to close at \$1,504.50/oz, amid rise in the US treasury yields.

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Brent Crude Oil

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.4% to trade at \$62.85/bl.

Yesterday, Brent crude oil advanced 1.7% to settle at \$62.59/bl, after Saudi Arabia's new Energy Minister, Prince Abdulaziz bin Salman, pledged to continue oil production cuts.

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Platinum

Trading in negative territory

At 06:00 SAST, platinum prices dropped 1.5% to trade at \$938.40/oz.

Yesterday, platinum prices declined 0.6% to close at \$952.70/oz.

Major South African corporate news

AVI Limited

In its FY19 results, the company announced that revenues declined to ZAR13.15bn from ZAR13.44bn recorded in the previous year. Its diluted EPS fell 4.6% to 486.70c from 510.10c reported in the prior year. Further, the company declared a final gross ordinary dividend of 250.00c per share.

Major global economic news

Asia

In Australia, the ANZ Roy Morgan weekly consumer confidence index dropped to a level of 113.30 in the week ended 8 September 2019, compared to a reading of 114.40 in the previous week.

In Australia, the NAB business conditions index fell to a level of 1.00 in August. The index had recorded a revised reading of 3.00 in the previous month.

In August, the NAB business confidence index eased to 1.00 in Australia. In the previous month, the index had recorded a level of 4.00.

In China, the CPI rose 2.8% on a yearly basis in August, more than market anticipations and compared to a similar rise in the previous month.

In China, the PPI slid 0.8% on a yearly basis in August, less than market forecast and compared to a fall of 0.3% in the previous month.

Eurozone

In the Eurozone, the Sentix investor confidence index advanced to a level of -11.10 in September. The index had registered a reading of -13.70 in the previous month.

In Germany, seasonally adjusted trade surplus expanded to EUR21.40bn in July, more than market anticipations and compared to a revised surplus of EUR16.60bn in the previous month.

In Germany, non-seasonally adjusted current account surplus widened to EUR22.10bn in July, from a revised surplus of EUR20.90bn in the previous month.

UK

In the UK, GDP advanced 0.3% on a monthly basis in July, more than market expectations and compared to a flat reading in the prior month.

In the UK, manufacturing production unexpectedly climbed 0.3% on a monthly basis in July. In the prior month, manufacturing production had dropped 0.2%.

In the UK, industrial production unexpectedly rose of 0.1% on a monthly basis in July. In the previous month, industrial production had fallen 0.1%.

In the UK, construction output rose 0.5% on a monthly basis in July. Construction output had dropped 0.7% in the prior month.

In the UK, visible trade deficit widened to GBP9.14bn in July, less than market forecast and compared to a revised deficit of GBP8.92bn in the prior month.

US

In the US, consumer credit rose by USD23.29bn in July, more than market forecast and compared to a revised rise of USD13.78bn in the previous month.

Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 54,608.76, and a fall through could take it to the next support level of 53,694.44. The index is expected to find its first resistance at 56,185.76, and a rise through could take it to the next resistance level of 56,848.44.

S&P 500



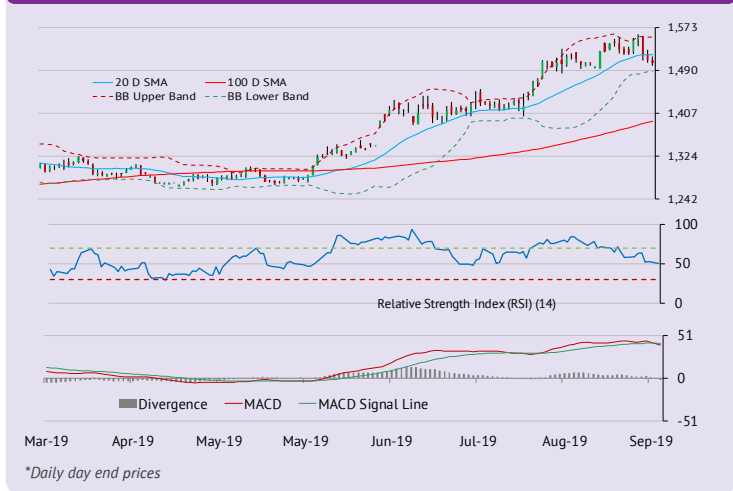
The S&P 500 index is expected to find support at 2,917.04, and a fall through could take it to the next support level of 2,855.66. The index is expected to find its first resistance at 3,014.62, and a rise through could take it to the next resistance level of 3,050.82.

USD ZAR



The pair is expected to find support at 14.5271, and a fall through could take it to the next support level of 14.2854. The pair is expected to find its first resistance at 15.1505, and a rise through could take it to the next resistance level of 15.5322.

XAU USD



Gold is expected to find support at \$1,482.47/oz, and a fall through could take it to the next support level of \$1,460.43/oz. The precious metal is expected to find its first resistance at \$1,543.17/oz, and a rise through could take it to the next resistance level of \$1,581.83/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Money Supply M3 (YoY) (Aug)	✓	2.00%*	2.00%	Monthly
Japan	01:50	Money Supply M2+CD (YoY) (Aug)	✓	2.40%*	2.40%	Monthly
Japan	02:01	Manpower Survey (Q4)	✓	26.00%*	25.00%	Quarterly
China	03:30	Consumer Price Index (YoY) (Aug)	✓✓✓	2.80%*	2.80%	Monthly
China	03:30	Producer Price Index (YoY) (Aug)	✓✓✓	-0.80%*	-0.30%	Monthly
China	03:30	Consumer Price Index (MoM) (Aug)	✓✓✓	0.70%*	0.40%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Aug) (P)	✓✓✓	-	-33.00%	Monthly
UK	10:30	Claimant Count Change (Aug)	✓✓✓	-	28.00K	Monthly
UK	10:30	Claimant Count Rate s.a. (Aug)	✓✓	-	3.20%	Monthly
UK	10:30	Employment Change (3M/3M) (Jul)	✓✓✓	-	115.00K	Monthly
UK	10:30	Average Earnings Excluding Bonus (3Mo/Yr) (Jul)	✓	3.80%	3.90%	Monthly
UK	10:30	Average Earnings Including Bonus (3Mo/Yr) (Jul)	✓✓	3.70%	3.70%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Jul)	✓✓✓	3.90%	3.90%	Monthly
US	12:00	NFIB Small Business Optimism (Aug)	✓	103.50	104.70	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Jul)	✓✓	-2.20%	-3.20%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Jul)	✓✓	-0.30%	-1.50%	Monthly
US	14:55	Redbook Index (YoY) (06-Sep)	✓	-	6.50%	Weekly
US	14:55	Redbook Index s.a. (MoM) (06-Sep)	✓	-	-1.00%	Weekly
US	16:00	JOLTs Job Openings (Jul)	✓	7300.00K	7348.00K	Monthly
China	-	Manpower Survey (Q4)	✓	-	8.00%	Quarterly

Note: ✓✓✓High ✓✓Medium ✓Low

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