

ONE Minute Brief

13 September 2019

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Economic and political news

In South Africa (SA), mining production unexpectedly rose 2.4% on a yearly basis in July, compared to a revised drop of 4.1% in the previous month. Platinum production climbed 2.7% in July, compared to a decline of 6.3% in June. However, annual gold production fell 13.1% in July, compared to a drop of 16.0% in the prior month.

News reports indicate that the National Union of Metalworkers of South Africa is planning to appeal the Department of Labour's decision to make secret ballots compulsory for strikes in the Constitutional Court. Meanwhile, the South African Federation of Trade Unions (Safu) and Numsa have threatened to conduct mass protests over new labour laws.

Former VBS Mutual Bank Chief Operations Officer (COO), Robert Madzonga, has asked his lawyers to appeal against a final sequestration order against him and stated that he will not hand over his assets and properties to liquidators.

Deputy President, David Mabuza, has urged for a change in consumers behaviour on paying electricity bills in order to lower the debt burden of municipalities.

According to a news report, President, Cyril Ramaphosa, will not attend this year's UN General Assembly in order to concentrate on critical issues in the country.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, after the European Central Bank (ECB) unveiled stimulus measures to boost economic activity. Data indicated that SA's annual mining production unexpectedly rose in July. The JSE All Share Index rose 1.0% to close at 56,781.94.

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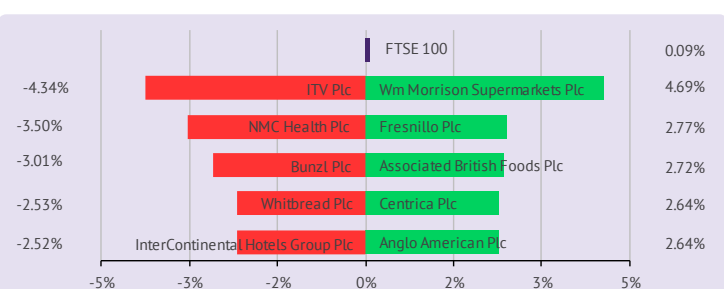


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as US-China trade tensions eased and buoyed by gains in mining sector stocks. The FTSE 100 Index advanced 0.1% to close at 7,344.67. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

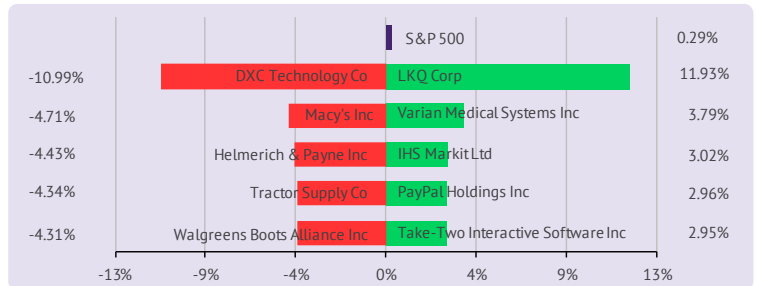
	As at 12 Sep 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	56781.94	▲	538.16	0.96	2.14	2.75	-2.69	7.67
JSE Top 40 (ZAR)	50768.84	▲	409.69	0.81	2.20	2.94	-2.91	8.65
FTSE 100 (GBP)	7344.67	▲	6.64	0.09	0.86	1.91	-5.00	9.16
DAX 30 (EUR)	12410.25	▲	51.18	0.41	1.79	3.94	-2.05	17.53
CAC 40 (EUR)	5642.86	▲	24.80	0.44	0.69	2.96	-0.70	19.28
S&P 500 (USD)	3009.57	▲	8.64	0.29	1.04	2.84	-1.81	20.05
Nasdaq Composite (USD)	8194.47	▲	24.79	0.30	1.13	2.91	-2.60	23.50
DJIA (USD)	27182.45	▲	45.41	0.17	1.44	2.95	-1.72	16.53
MSCI Emerging Markets (USD)	1022.33	▲	5.28	0.52	1.43	3.86	-5.08	5.84
MSCI Developed World (USD)	2201.81	▲	7.39	0.34	1.05	2.96	-2.24	16.87

US Market ▲

US markets closed firmer

US markets closed higher yesterday, after the US President, Donald Trump postponed China tariff increase by 2 weeks. Data revealed that the US annual consumer price index (CPI) advanced less-than-anticipated in August. The S&P 500 Index climbed 0.3% to close at 3,009.57. Today, the S&P 500 futures are trading in the green.

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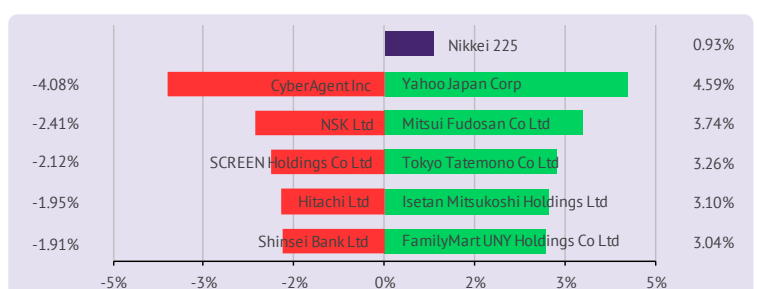


Asian Market ▲

Trading higher

Asian markets are trading firmer this morning, amid optimism over US-China trade talks. The Nikkei 225 Index is trading 0.9% higher at 21,962.73.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally rose against the South African Rand to trade at R14.5997. Later today, traders will keep a close watch on the US advance retail sales and the Michigan consumer sentiment index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US consumer price index (CPI) rose less than market forecast on an annual basis in August. Moreover, monthly budget deficit widened in August. Meanwhile, the nation's initial jobless claims dropped more than market anticipations to a 5-month low level in the week ended 7 September 2019. Separately, in SA, mining production unexpectedly climbed for the first time in nine months on a yearly basis in July. Additionally, platinum production advanced in the same month. On the other hand, the nation's gold production dropped in July.

GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R18.0150. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R16.1611. Going forward, market participants will keep a tab on Eurozone's trade balance for further indication.

The Euro weakened against the South African Rand yesterday, following the European Central Bank's (ECB) interest rate decision. On the data front, Eurozone's industrial production unexpectedly declined on a monthly basis in July. Separately, Germany's CPI rose in line with market expectations on an annual basis in August.

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AUD ZAR ▼

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.0354.

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	14.5997	▼	-0.53	-1.39	-3.92	5.94	1.76
GBPZAR	18.0150	▼	-0.57	-1.04	-2.53	5.87	-1.75
EURZAR	16.1611	▼	-0.06	-1.09	-3.19	5.04	-1.86
AUDZAR	10.0354	▼	-0.54	-1.17	-2.02	4.16	-1.01
EURUSD	1.1069	▲	0.50	0.33	0.76	-0.85	-3.51
GBPUSD	1.2339	▲	0.07	0.42	1.47	-0.02	-3.29
Brent (\$/barrel)	60.2	▼	-0.71	-1.88	1.91	-8.92	12.23
Gold (\$/oz)	1505.0	▲	0.28	-0.54	-1.46	6.79	17.13
Platinum (\$/oz)	950.1	▼	1.32	-0.62	2.24	6.01	19.69
Copper (\$/MT)*	5803.3	▲	1.12	-0.10	2.61	-4.18	-2.45

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,505.00/oz.

Yesterday, gold prices rose 0.3% to close at \$1,500.80/oz, after the ECB cut its interest rate and announced new stimulus measures.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.3% to trade at \$60.19/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$60.38/bl, after the Organization of the Petroleum Exporting Countries and its allies failed to announce bigger oil production cuts.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$950.10/oz.

Yesterday, platinum prices climbed 1.3% to close at \$952.60/oz.

Major South African corporate news

Spur Corp Limited

In its FY19 results, the company announced that revenues advanced to ZAR944.78mn from ZAR891.80mn posted in the previous year. Its diluted EPS rose 7.3% to 173.22c from 161.51c posted in the prior year. Additionally, the company stated that it has declared an interim dividend of 73.00c per share.

Major global economic news

Eurozone

The ECB, in its latest monetary policy meeting, cut its benchmark interest rate by 10 basis points to -0.5%. Further, the central bank launched a new quantitative easing (QE) program wherein the bank will make monthly asset purchases of EUR20bn for as long as required. Also, the ECB unveiled a tiering system for reserve remuneration.

In the Eurozone, seasonally adjusted industrial production unexpectedly fell 0.4% on a monthly basis in July, compared to a revised drop of 1.4% in the prior month.

In Germany, the final CPI advanced 1.4% on an annual basis in August, meeting market expectations. In the prior month, the consumer price index had climbed 1.7%. The preliminary figures had also recorded a rise of 1.4%.

US

In the US, the CPI advanced 1.7% on a yearly basis in August, less than market expectations. The CPI had climbed 1.8% in the prior month.

In the US, seasonally adjusted initial jobless claims fell to a level of 204.00K in the week ended 7 September 2019, more than market forecast and compared to a revised reading of 219.00K in the prior week.

In the US, budget deficit widened to USD200.00bn in August, compared to a deficit of USD119.70bn in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	06:30	Capacity Utilisation (MoM) (Jul)	✓	1.10%*	-2.60%	Monthly
Japan	06:30	Industrial Production (MoM) (Jul) (F)	✓✓✓	1.30%*	1.30%**	Monthly
Japan	06:30	Industrial Production (YoY) (Jul) (F)	✓✓✓	0.70%*	0.70%**	Monthly
Germany	08:00	Wholesale Price Index (MoM) (Aug)	✓	-	-0.30%	Monthly
Germany	08:00	Wholesale Price Index (YoY) (Aug)	✓	-	0.10%	Monthly
Spain	09:00	Consumer Price Index (MoM) (Aug) (F)	✓✓✓	-	-0.10%**	Monthly
Spain	09:00	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	-	0.30%**	Monthly
Spain	09:00	Harmonised Index of Consumer Prices (MoM) (Aug) (F)	✓✓✓	-	-0.10%**	Monthly
Spain	09:00	Harmonised Index of Consumer Prices (YoY) (Aug) (F)	✓✓✓	-	0.40%**	Monthly
Eurozone	09:00	EcoFin Meeting	✓✓	-	-	As scheduled
Eurozone	11:00	Labour Cost (Q2)	✓	-	2.40%	Quarterly
Eurozone	11:00	Trade Balance n.s.a. (Jul)	✓✓	-	EUR20.60 bn	Monthly
Eurozone	11:00	Trade Balance s.a. (Jul)	✓✓✓	-	EUR17.90 bn	Monthly
US	14:30	Export Price Index (YoY) (Aug)	✓	-	-0.90%	Monthly
US	14:30	Import Price Index (YoY) (Aug)	✓	-	-1.80%	Monthly
US	14:30	Export Price Index (Aug)	✓	-	126.20	Monthly
US	14:30	Import Price Index (Aug)	✓	-	125.80	Monthly
US	14:30	Advance Retail Sales (MoM) (Aug)	✓✓✓	0.20%	0.70%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (Aug)	✓✓✓	0.10%	1.00%	Monthly
US	14:30	Retail Sales Ex Auto & Gas (Aug)	✓✓✓	0.30%	0.90%	Monthly
US	14:30	Retail Sales "Control Group" (MoM) (Aug)	✓✓	0.30%	1.00%	Monthly
US	14:30	Export Price Index (MoM) (Aug)	✓	-0.50%	0.20%	Monthly
US	14:30	Import Price Index (MoM) (Aug)	✓	-	0.20%	Monthly
US	16:00	Business Inventories (Jul)	✓	0.30%	0.00%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Sep) (P)	✓✓✓	90.20	89.80	Monthly
Eurozone	-	Eurogroup Meeting	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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