

ONE Minute Brief

2 October 2019

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Economic and political news

In South Africa (SA), the Absa manufacturing PMI dropped to 41.60 in September, compared to a reading of 45.70 in the prior month. Additionally, annual new-vehicle sales fell 0.9% to 49,191 in September.

Ratings agency, Fitch Ratings, has downgraded Eskom's stand-alone rating to "CCC-" from "CCC", while affirming its long-term local-currency issuer default rating at "BB-", with a negative outlook, citing higher primary energy costs and lower tariff increases.

In its latest monetary policy review publication, the South African Reserve Bank (SARB) indicated that the key risks to the nation's growth are the stress on the fiscal and the slowdown in global trade. The bank also warned that cutting interest rates could have limited positive impact in the current situation.

The Association of Mineworkers and Construction Union stated that it has referred the ongoing platinum wage talks with Anglo American Platinum and Sibanye-Stillwater to the Commission for Conciliation, Mediation and Arbitration.

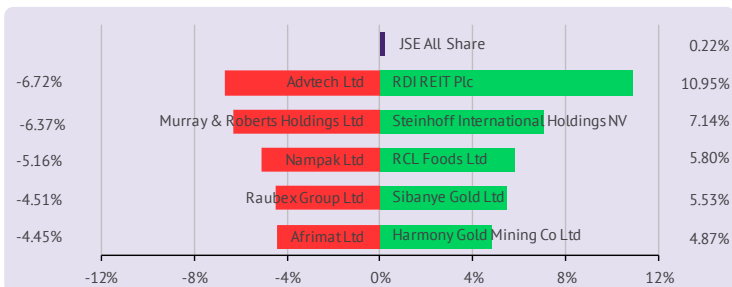
The Democratic Alliance has launched an internal probe against party leader Mmusi Maimane regarding his housing and a sponsored car.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in mining and resource sector stocks. The JSE All Share Index rose 0.2% to close at 54,945.89.

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UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid losses in banking sector stocks and fears over global economic slowdown. Data showed that UK's monthly Nationwide house prices unexpectedly fell in September. The FTSE 100 Index declined 0.7% to close at 7,360.32. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

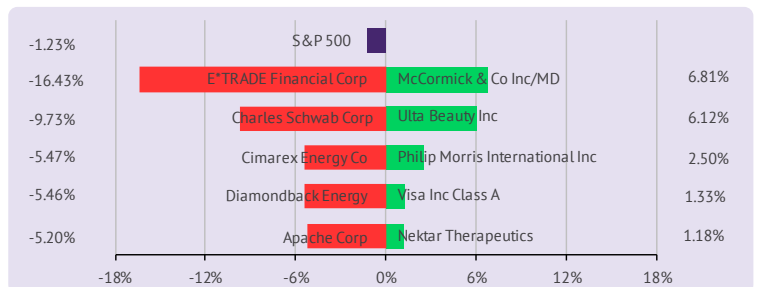
	As at 01 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54945.89	▲ 120.92	0.22	-0.48	0.22	-0.79	4.19
JSE Top 40 (ZAR)	48938.16	▲ 124.57	0.26	-0.47	0.26	-1.03	4.73
FTSE 100 (GBP)	7360.32	▼ -47.89	-0.65	-0.89	-0.65	2.79	9.40
DAX 30 (EUR)	12263.83	▼ -164.25	-1.32	-0.95	-1.32	4.09	16.15
CAC 40 (EUR)	5597.63	▼ -80.16	-1.41	-0.76	-1.41	3.60	18.33
S&P 500 (USD)	2940.25	▼ -36.49	-1.23	-0.73	-1.23	1.72	17.29
Nasdaq Composite (USD)	7908.69	▼ -90.65	-1.13	-0.39	-1.13	0.46	19.19
DJIA (USD)	26573.04	▼ -343.79	-1.28	-0.92	-1.28	1.95	13.91
MSCI Emerging Markets (USD)	998.48	▼ -2.51	-0.25	-0.30	-0.25	1.69	3.37
MSCI Developed World (USD)	2158.47	▼ -21.55	-0.99	-0.78	-0.99	1.94	14.57

US Market ▼

US markets closed weaker

US markets closed lower yesterday, as dismal US manufacturing data fuelled worries about the US economic growth. The S&P 500 Index dropped 1.2% to close at 2,940.25. Today, the S&P 500 futures are trading in the green.

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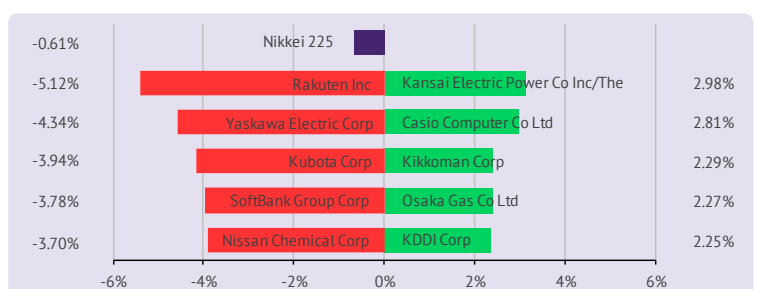


Asian Market ▼

Trading weaker

Asian markets are trading lower this morning, as global growth concerns resurfaced. The Nikkei 225 Index is trading 0.6% lower at 21,751.09.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R15.3181. Later today, traders will keep a close watch on the US ADP employment change and the MBA mortgage applications for further cues.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US Markit manufacturing PMI climbed in September, notching its highest level in five months. Meanwhile, the nation's ISM manufacturing index unexpectedly dropped in the same month. Further, construction spending advanced less than market anticipations on a monthly basis in August. Separately, the South African Rand fell against the US Dollar, amid rising global growth concerns. Additionally, the Absa manufacturing PMI fell to its lowest level in a decade in September. Moreover, new vehicle sales dropped in the same month.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.3% lower against the South African Rand at R18.8147. Ahead in the day, traders will keep an eye on UK's Markit construction PMI for further direction. Data indicated that UK's BRC shop price index fell on a yearly basis in August, recording its highest rate of decline since May 2018.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's Markit manufacturing PMI jumped to a 4-month high level in September. On the other hand, the nation's Nationwide house prices unexpectedly dropped on a monthly basis in September.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.7529. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's consumer price inflation slowed to a 3-year low level on an annual basis in September. Meanwhile, the Markit manufacturing PMI declined less than market forecast in September, marking its lowest level since October 2012. Separately, Germany's Markit manufacturing PMI dropped less than market anticipations in September, hitting its lowest level in more than 10 years.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.2891.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	15.3181	▲	1.31	1.37	1.31	-0.39	6.89
GBPZAR	18.8147	▲	1.39	1.49	1.39	0.78	2.99
EURZAR	16.7529	▲	1.63	1.29	1.63	-1.13	1.86
AUDZAR	10.2891	▼	0.63	0.46	0.63	-0.10	1.56
EURUSD	1.0936	▲	0.31	-0.06	0.31	-0.76	-4.66
GBPUSD	1.2281	▼	0.11	0.08	0.11	1.09	-3.54
Brent (\$/barrel)	59.3	▲	-0.61	-4.88	-0.61	0.00	9.46
Gold (\$/oz)	1483.3	▲	1.11	-1.14	1.11	-3.76	15.66
Platinum (\$/oz)	878.7	▼	-0.43	-5.52	-0.43	-5.18	10.52
Copper (\$/MT)*	5655.3	▼	-0.70	-1.41	-0.70	0.70	-4.94

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,483.30/oz.

Yesterday, gold prices rose 1.1% to close at \$1,482.00/oz, as US equities fell, after the country's Markit manufacturing PMI fell to a decade low level.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$59.30/bl, after the American Petroleum Institute reported that crude oil inventories declined by 5.9mn bls in the ended 27 September 2019.

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Yesterday, Brent crude oil dropped 0.6% to settle at \$58.89/bl, as disappointing US manufacturing data stoked worries over a slowdown in demand for the commodity.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$878.70/oz.

Yesterday, platinum prices declined 0.4% to close at \$879.60/oz.

Major South African corporate news

Murray & Roberts Holdings Limited

News reports indicated that German investment house, Aton, has abandoned its hostile bid to buy Murray & Roberts (M&R), amid opposition from the M&R board and Competition Commission's ruling against the proposed merger.

Major global economic news

UK

In the UK, the Markit manufacturing PMI unexpectedly advanced to a level of 48.30 in September. In the previous month, the Markit manufacturing PMI had registered a reading of 47.40.

In the UK, seasonally adjusted house prices unexpectedly fell 0.2% on a monthly basis in September. House prices had recorded a flat reading in the prior month.

In September, the BRC shop price index dropped 0.6% on a yearly basis in the UK, following a drop of 0.4% in the previous month.

US

In the US, the final Markit manufacturing PMI advanced to 51.10 in September, compared to a reading of 50.30 in the prior month. The preliminary figures had indicated a rise to 51.00.

In the US, the ISM manufacturing activity index unexpectedly fell to 47.80 in October. In the previous month, the ISM manufacturing activity index had recorded a level of 49.10.

In the US, construction spending rose 0.1% on a monthly basis in August, less than market expectations. Construction spending had recorded a revised flat reading in the prior month.

Eurozone

In the Eurozone, preliminary consumer price inflation slowed to 0.9% on an annual basis in September, compared to a level 1.0% in the previous month.

In the Eurozone, the final Markit manufacturing PMI dropped to 45.70 in September, less than market expectations and compared to a reading of 47.00 in the prior month. The preliminary figures had recorded a drop to 45.60.

In Germany, the final Markit manufacturing PMI dropped to 41.70 in September, less than market forecast and compared to a reading of 43.50 in the previous month. The preliminary figures had indicated a drop to 41.40.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Sep)	✓✓✓	-0.60%*	-0.40%	Monthly
Japan	01:50	Loans & Discounts Corp (YoY) (Aug)	✓	2.44%*	2.40%	Monthly
Japan	01:50	Monetary Base (Sep)	✓✓✓	JPY520.40tn*	JPY515.90tn	Monthly
Japan	01:50	Japan Foreign Reserves (Sep)	✓	-	USD1331.58 bn	Monthly
Japan	01:50	Monetary Base (YoY) (Sep)	✓	3.00%*	2.80%	Monthly
Japan	07:00	Consumer Confidence Index (Sep)	✓✓	36.90	37.10	Monthly
Switzerland	08:30	Harmonised Index of Consumer Prices (HICP) (MoM) (Sep)	✓✓	-	0.10%	Monthly
Switzerland	08:30	Harmonised Index of Consumer Prices (HICP) (YoY) (Sep)	✓✓	-	0.50%	Monthly
Switzerland	08:30	Consumer Price Index (MoM) (Sep)	✓✓	0.10%	0.00%	Monthly
Switzerland	08:30	Consumer Price Index (YoY) (Sep)	✓✓	0.30%	0.30%	Monthly
Spain	09:00	Unemployment Change (Sep)	✓✓✓	-	54.40 K	Monthly
Spain	09:00	Total Mortgage Lending (YoY) (Jul)	✓	-	-11.70%	Monthly
Spain	09:00	House Mortgage Approvals (YoY) (Jul)	✓	-	-2.50%	Monthly
UK	10:30	Markit Construction PMI (Sep)	✓✓✓	45.00	45.00	Monthly
US	13:00	MBA Mortgage Applications (27-Sep)	✓	-	-10.10%	Weekly
US	14:15	ADP Employment Change (Sep)	✓✓✓	140.00K	195.00K	Monthly
US	16:50	Fed's Williams speech	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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