

ONE Minute Brief

4 October 2019

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Economic and political news

In South Africa (SA), the IHS Markit's Purchasing Managers' Index (PMI) fell to 49.2 in September from 49.7 in August. Electricity consumption fell 4.7% on a yearly basis in August, compared to a drop of 1.9% in the previous month. Annual electricity production dropped 2.4% in August, compared to a fall of 0.6% in July.

Mineral Resources and Energy Minister, Gwede Mantashe, stated that he was in talks with Eskom's suppliers to reduce coal prices in order to lower energy costs and boost the mining sector.

The Institute of International Finance, in its report, indicated that SA's public debt could rise up to 95.0% of gross domestic product by 2024 if the government does not restructure Eskom and implement a national growth plan.

Yesterday, SA and Nigeria signed 32 bilateral agreements and memoranda of understanding, encompassing trade and industry, science and technology, defence, agriculture and energy.

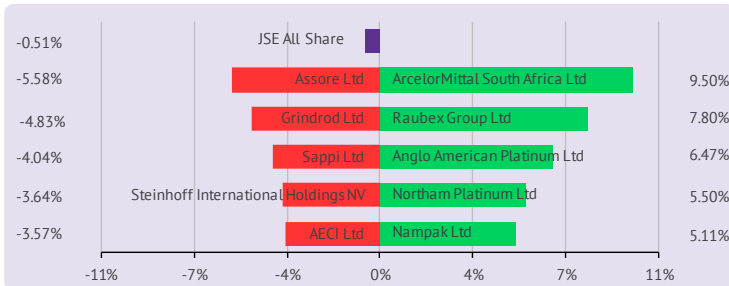
South Africa Airways has suspended its general manager of human resources, Vuyi Raseroka, pending a disciplinary hearing.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid growing concerns over global economic growth and led by losses in resource sector stocks. Data indicated that SA's IHS PMI declined for a fifth consecutive month in September. The JSE All Share Index fell 0.5% to close at 53,727.29.

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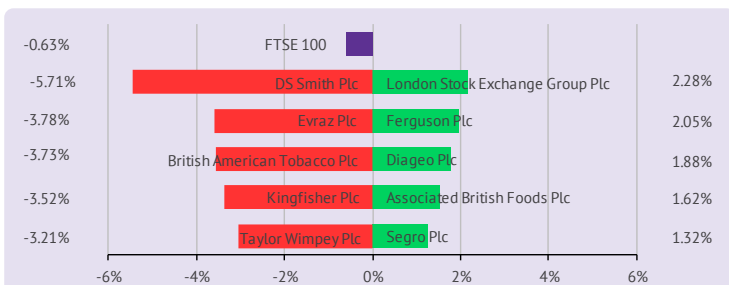


UK Market ▼

UK markets closed in the negative territory

UK markets finished lower for the fourth consecutive session yesterday, amid fears over global economic slowdown and weighed down by losses in energy sector stocks. Data revealed that UK's Markit services PMI fell more-than-expected in September. The FTSE 100 Index declined 0.6% to close at 7,077.64. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

	As at 03 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53727.29	▼ -276.53	-0.51	-2.68	-2.00	-0.79	1.88
JSE Top 40 (ZAR)	47743.89	▼ -261.52	-0.54	-2.90	-2.19	-1.03	2.18
FTSE 100 (GBP)	7077.64	▼ -44.90	-0.63	-4.69	-4.46	2.79	5.19
DAX 30 (EUR)*	11925.25	▼ -338.58	-2.76	-3.68	-4.05	4.09	12.94
CAC 40 (EUR)	5438.77	▲ 16.00	0.30	-3.58	-4.21	3.60	14.97
S&P 500 (USD)	2910.63	▲ 23.02	0.80	-1.73	-2.22	1.72	16.11
Nasdaq Composite (USD)	7872.27	▲ 87.02	1.12	-0.85	-1.59	0.46	18.64
DJIA (USD)	26201.04	▲ 122.42	0.47	-2.31	-2.66	1.95	12.32
MSCI Emerging Markets (USD)	992.28	▲ 3.08	0.31	-0.92	-0.87	1.69	2.73
MSCI Developed World (USD)	2131.36	▲ 9.89	0.47	-2.03	-2.23	1.94	13.13

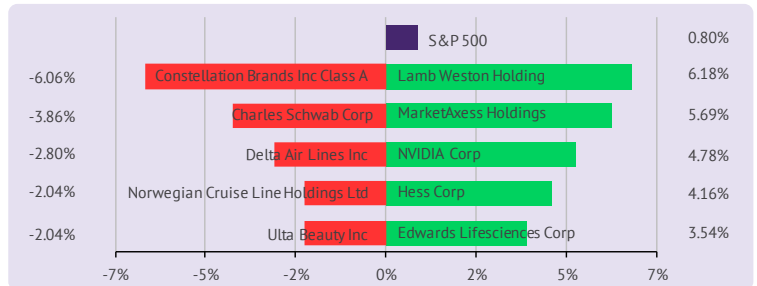
* Values as on 2 October 2019

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid expectations that the US Federal Reserve (Fed) would lower interest rates to boost economic growth. Data showed that the US Markit services PMI remained unchanged in September. The S&P 500 Index climbed 0.8% to close at 2,910.63. Today, the S&P 500 futures are trading weaker.

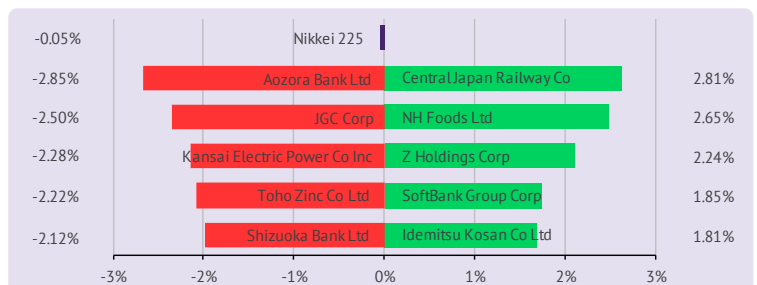
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Asian Market ▼

Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.1% lower at 21,330.51.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.2% against the South African Rand to trade at R15.1223. Later today, traders will keep a close watch on the US unemployment rate, nonfarm payrolls, average hourly earnings and trade balance for further direction.

The US Dollar fell against the South African Rand yesterday, amid dismal US ISM services data. On the data front, the US initial jobless claims unexpectedly advanced to one-month high level in the week ended 27 September 2019. Meanwhile, the nation's Markit services PMI climbed at par with market anticipations in September. Moreover, monthly durable goods orders jumped in August. Further, factory orders fell less than market forecast on a monthly basis in August. Separately, in SA, electricity production declined on a yearly basis in August. Additionally, annual electricity consumption dropped in the same month. Moreover, the IHS PMI fell in September.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R18.6663. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's Markit services PMI dropped in September, reaching its lowest level in 6 months.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.6007. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday, after Eurozone's Markit services PMI deteriorated more than market forecast in September, recording its lowest reading since January 2019. Moreover, the producer price index (PPI) declined more than market anticipations on an annual basis in August. On the other hand, the region's monthly retail sales rebounded in August. Separately, Germany's Markit services PMI declined in September, recording its lowest level since September 2016.

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AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally climbed against the South African Rand to trade at R10.2146. Earlier in the session, Australia's retail sales advanced less than market forecast on a monthly basis 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	15.1223	▲	-0.94	0.14	0.08	-0.39	5.59
GBPZAR	18.6663	▲	-0.69	0.48	0.37	0.78	1.96
EURZAR	16.6007	▲	-0.89	0.36	0.70	-1.13	0.93
AUDZAR	10.2146	▼	-0.43	-0.21	-0.04	-0.10	0.88
EURUSD	1.0977	▲	0.05	0.23	0.61	-0.76	-4.38
GBPUSD	1.2343	▲	0.24	0.33	0.35	1.09	-3.31
Brent (\$/barrel)	57.9	▲	0.03	-6.78	-2.60	0.00	7.27
Gold (\$/oz)	1515.4	▲	0.41	0.53	2.82	-3.76	17.62
Platinum (\$/oz)	889.0	-	0.08	-4.51	0.63	-5.18	11.70
Copper (\$/MT)*	5628.3	▼	-0.26	-1.88	-1.18	0.70	-5.39

*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 \$1,515.40/oz.

Yesterday, gold prices rose 0.4% to close at \$1,507.10/oz, as disappointing ISM services data boosted demand for the safe haven asset.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$57.93/bl.

Yesterday, Brent crude oil marginally advanced to settle at \$57.71/bl, amid growing concerns about global economic growth and energy demand.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally declined to trade at \$889.00/oz.

Yesterday, platinum prices climbed 0.1% to close at \$889.00/oz.

Major South African corporate news

Anglo American Plc

The company announced that rough diamond sales value for De Beers' eighth sales cycle of 2019 stood at USD295.00mn, compared to USD287.00mn in the same period of the preceding year.

DataTec Limited

In its 1H20 trading update, the company announced that it expects EPS to be between 2.50c and 3.00c, compared to an EPS of 0.70c in the corresponding period of the previous year. It expects HEPS to be between 2.00c and 2.50c, compared to an EPS of 0.70c posted in the last year.

Major global economic news

US

In the US, the final Markit services PMI rose to 50.90 in September, in line with market forecast and compared to a reading of 50.70 in the prior month. The preliminary figures had also recorded a rise to 50.90.

In the US, seasonally adjusted initial jobless claims unexpectedly climbed to 219.00K in the week ended 27 September 2019, compared to a revised level of 215.00K in the prior week.

In the US, factory orders dropped 0.1% on a monthly basis in August, less than market expectations. Factory orders had climbed 1.4% in the prior month.

In the US, final durable goods orders advanced 0.2% on a monthly basis in August. In the prior month, durable goods orders had registered a rise of 2.0%. The preliminary figures had also recorded a rise of 0.2%.

In the US, the ISM non-manufacturing index fell more-than-expected to a level of 52.60 in September, compared to a level of 56.40 in the previous month.

Eurozone

In the Eurozone, the PPI fell 0.8% on an annual basis in August, more than market expectations. In the previous month, the PPI had registered a revised rise of 0.1%.

In August, seasonally adjusted retail sales rose 0.3% on a monthly basis in the Eurozone, in line with market forecast and compared to a revised fall of 0.5% in the previous month.

In September, the final Markit services PMI dropped to 51.60 in the Eurozone, more than market expectations. In the prior month, the Markit services PMI had registered a reading of 53.50. The preliminary figures had indicated a fall to 52.00.

In Germany, the final Markit services PMI fell to 51.40 in September, more than market expectations. In the previous month, the Markit services PMI had registered a level of 54.80. The preliminary figures had recorded a fall to 52.50.

UK

In the UK, the Markit services PMI dropped to 49.50 in September, more than market expectations and compared to a level of 50.60 in the prior month.

Asia

In Australia, seasonally adjusted retail sales climbed 0.4% on a monthly basis in August, less than market expectations. In the prior month, retail sales had registered a revised flat reading.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
US	0:35	Fed's Clarida speech	✓✓	-	-	As scheduled
France	8:45	Budget Balance (Aug)	✓	-	-EUR109.70bn	Monthly
UK	10:00	New Car Registrations (YoY) (Sep)	✓	-	-1.60%	Monthly
Italy	10:00	Deficit to GDP (YTD) (Q2)	✓	3.10%	4.10%	Quarterly
Eurozone	13:25	ECB's De Guindos speech	✓✓	-	-	As scheduled
US	14:30	Change in Household Employment (Sep)	✓	-	590.00K	Monthly
US	14:30	Change in Manufacturing Payrolls (Sep)	✓	-	3.00K	Monthly
US	14:30	Change in Private Payrolls (Sep)	✓✓	-	96.00K	Monthly
US	14:30	Underemployment Rate (Sep)	✓✓	-	7.20%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Sep)	✓✓	0.30%	0.40%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Sep)	✓✓	3.20%	3.20%	Monthly
US	14:30	Average Weekly Hours All Employees (Sep)	✓	34.40	34.40	Monthly
US	14:30	Change in Non-farm Payrolls (Sep)	✓✓✓	145.00K	130.00K	Monthly
US	14:30	Trade Balance (Aug)	✓✓✓	-USD54.50bn	-USD54.00bn	Monthly
US	14:30	Unemployment Rate (Sep)	✓✓✓	3.70%	3.70%	Monthly
US	14:30	Fed's Rosengren speech	✓✓	-	-	As scheduled
US	20:00	Fed's Chair Powell speech	✓✓	-	-	As scheduled
US	20:10	Fed's Brainard speech	✓✓	-	-	As scheduled
US	21:45	Fed's George speech	✓✓	-	-	As scheduled
US	22:00	Fed's Quarles speech	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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