

# ONE Minute Brief

27 February 2020

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## Economic and political news

Finance Minister, Tito Mboweni, in his 2020 budget speech, stated that the government has proposed to cut ZAR160.2bn from the wage bill over the next three years in order to contain a rising budget deficit. Additionally, he stated that the government is ready to establish a state bank. Moreover, he announced that ZAR60bn has been allocated to Eskom and South African Airways (SAA), of which SAA will receive ZAR16.4bn to settle guaranteed debt and interest. Further, he also highlighted that the government would increase spending on education and health care.

The National Treasury has warned that South Africa's (SA) budget deficit is projected to widen to an 18-year high next fiscal year as weak economic growth and bailouts to state companies weigh on public finances.

Pretoria's Chief Magistrate, Desmond Nair, has been provisionally suspended, with immediate effect, pending the outcome of an investigation into his fitness to hold office.

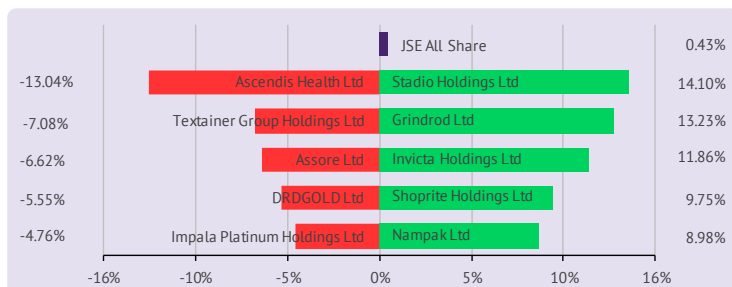
The National Treasury announced that the South African Broadcasting Corporation (SABC) will receive ZAR1.1bn bailout by the end of March.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, amid optimism over Finance Minister, Tito Mboweni's 2020 budget speech. JSE All Share Index rose 0.4% to close at 55,047.20.

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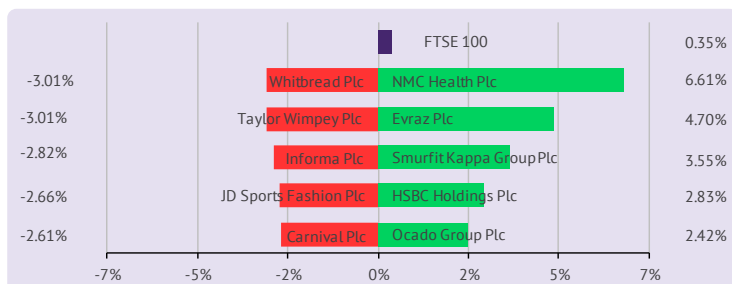


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, erasing its previous session losses. The FTSE 100 Index advanced 0.4% to close at 7,042.47. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

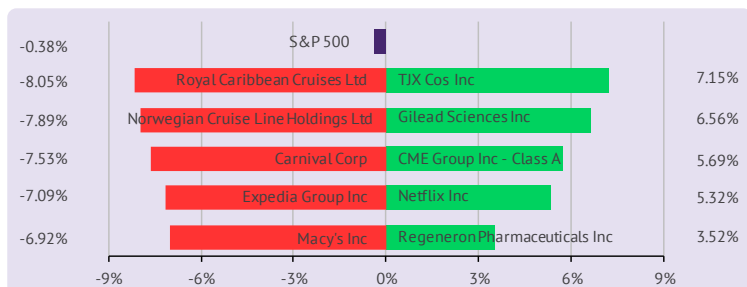
	As at 26 Feb 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55047.20	▲ 237.69	0.43	-3.99	-1.84	-1.76	-3.57
JSE Top 40 (ZAR)	49500.52	▲ 197.25	0.40	-4.04	-1.14	-1.46	-2.59
FTSE 100 (GBP)	7042.47	▲ 24.59	0.35	-4.88	-3.34	-3.40	-6.63
DAX 30 (EUR)	12774.88	▼ -15.61	-0.12	-5.92	-1.60	-2.02	-3.58
CAC 40 (EUR)	5684.55	▲ 4.87	0.09	-5.72	-2.10	-2.87	-4.91
S&P 500 (USD)	3116.39	▼ -11.82	-0.38	-6.63	-3.38	-0.16	-3.54
Nasdaq Composite (USD)	8980.77	▲ 15.16	0.17	-6.22	-1.86	1.99	0.09
DJIA (USD)	26957.59	▼ -123.77	-0.46	-7.02	-4.60	-0.99	-5.54
MSCI Emerging Markets (USD)	1043.31	▼ -13.23	-1.25	-3.77	-1.79	-4.69	-6.40
MSCI Developed World (USD)	2258.62	▼ -10.80	-0.48	-6.00	-3.58	-0.68	-4.23

## US Market ▼

### US markets closed mostly weaker

US markets closed mostly lower yesterday, on growth fears as the coronavirus spread in several countries outside China. The S&P 500 Index dropped 0.4% to close at 3,116.39. Today, the S&P 500 futures are trading in the red.

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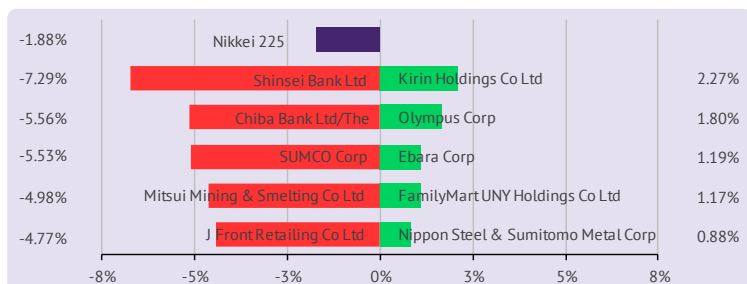


## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning, amid ongoing worries about the impact of coronavirus on global economy. As at 6:00 SAST, the Nikkei 225 Index is trading 1.9% lower at 22,005.16.

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## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.1% against the South African Rand to trade at R15.3006. Later today, traders will keep a close watch on the US gross domestic product (GDP), durable goods orders, initial jobless claims, factory orders and pending home sales for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US MBA mortgage applications rebounded on a weekly basis in the week ended 21 February 2020. Additionally, new home sales advanced to its highest level since July 2007 in January.

## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R19.7703. 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.

## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R16.6827. Going forward, market participants will keep a tab on Eurozone's consumer confidence index, industrial confidence index, business climate index and economic sentiment indicator for further cues.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▼

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand at R10.0317.

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	15.3006	▲	0.65	2.06	1.90	7.34	9.38
GBPZAR	19.7703	▼	-0.15	1.60	-0.31	6.76	6.44
EURZAR	16.6827	▼	0.67	2.37	0.09	6.08	6.17
AUDZAR	10.0317	▼	-0.24	0.80	-0.32	2.19	1.87
EURUSD	1.0903	▲	-0.01	0.31	-1.91	-1.07	-2.96
GBPUSD	1.2921	▲	-0.77	-0.46	-2.28	-0.38	-2.66
Brent (\$/barrel)	52.8	▼	-2.77	-8.67	-5.63	-14.21	-19.05
Gold (\$/oz)	1651.9	▲	-0.23	-0.09	3.80	3.93	7.88
Platinum (\$/oz)	922.3	▲	-1.88	-6.28	-4.90	-0.98	-5.83
Copper (\$/MT)*	5645.3	▼	-0.31	-1.75	1.69	-9.72	-8.19

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,651.90/oz, on rate cut hopes and concerns over the spread of coronavirus outside China.

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Yesterday, gold prices fell 0.2% to close at \$1,643.10/oz, as strength in the US dollar dented demand for the precious yellow metal.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil retreated 1.2% to trade at \$52.81/bl.

Yesterday, Brent crude oil declined 2.8% to settle at \$53.43/bl, as reports of a rise coronavirus cases in Europe and the Middle East fuelled worries about energy demand. Additionally, the US Energy Information Administration (EIA) reported that crude oil inventories rose by 0.5mn bls in the week ended 21 February 2020.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.8% higher to trade at \$922.30/oz.

Yesterday, platinum prices dropped 1.9% to close at \$914.80/oz.

## Major South African corporate news

### Grindrod Limited

In its 2H19 results, the company announced that revenues decreased to USD163.83mn from USD168.18mn posted in the corresponding period of the previous year. Diluted loss per share stood at USD0.86 compared to USD0.38 in the same period of the prior year.

























## Major global economic news

### US

In the US, the MBA mortgage applications advanced 1.5% on a weekly basis in the week ended 21 February 2020, compared to a fall of 6.4% in the previous week.

In January, new home sales climbed 7.9% to a level of 764.00K on a monthly basis in the US, more than market expectations and compared a revised reading of 708.00K in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 South Africa	11:30	Producer Price Index (MoM) (Jan)	✓✓	-	0.20%	Monthly
 South Africa	11:30	Producer Price Index (YoY) (Jan)	✓✓	4.35%	3.40%	Monthly
 Eurozone	12:00	Business Climate Indicator (Feb)	✓✓	-0.28	-0.23	Monthly
 Eurozone	12:00	Economic Sentiment Indicator (Feb)	✓	102.8	102.5	Monthly
 Eurozone	12:00	Industrial Confidence (Feb)	✓	-7.3	-7.3	Monthly
 Eurozone	12:00	Consumer Confidence (Feb) (F)	✓✓✓	-6.6	-8.1	Monthly
 South Africa	14:00	Construction Input Price Index (Jan)	✓	-	114.8	Monthly
 South Africa	14:00	Construction Input Price Index - (MoM) (Jan)	✓	-	-0.86%	Monthly
 South Africa	14:00	Construction Input Price Index - (YoY) (Jan)	✓	-	1.23%	Monthly
 US	15:30	Gross Domestic Product Annualised (QoQ) (Q4) (S)	✓✓✓	2.10%	2.10%	Quarterly
 US	15:30	Durable Goods Orders (Jan) (P)	✓✓✓	-1.50%	2.40%	Monthly
 US	15:30	Personal Consumption (QoQ) (Q4) (S)	✓✓✓	1.60%	3.20%	Quarterly
 US	15:30	Durable Goods Orders ex Transportation (Jan) (P)	✓✓	0.20%	-0.10%	Monthly
 US	15:30	Gross Domestic Purchases Price Index (QoQ) (Q4) (S)	✓✓✓	1.40%	1.80%	Quarterly
 US	15:30	Cap Goods Orders Nondef Ex Air (Jan) (P)	✓	-	-0.80%	Monthly
 US	15:30	Continuing Jobless Claims (15-Feb)	✓✓✓	1715.00K	1717.00K	Weekly
 US	15:30	Personal Consumption Expenditure Core (QoQ) (Q4) (S)	✓✓✓	1.30%	2.10%	Quarterly
 US	15:30	Cap Goods Ship Nondef Ex Air (Jan) (P)	✓	-	-0.30%	Monthly
 US	15:30	Initial Jobless Claims (22-Feb)	✓✓✓	212.00K	210.00K	Weekly
 US	17:00	Pending Home Sales (Jan)	✓	-	108.5	Monthly
 US	17:00	Pending Home Sales (MoM) (Jan)	✓✓	2.20%	-4.90%	Monthly
 US	17:00	Pending Home Sales (YoY) (Jan)	✓	8.30%	4.60%	Monthly
 US	17:30	EIA Natural Gas Storage Change (21-Feb)	✓✓✓	-	-151.00 Bcf	Weekly
 US	18:00	Kansas City Fed Manufacturing Activity (Feb)	✓✓✓	-	-1	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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