

ONE Minute Brief

28 February 2020

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Economic and political news

In South Africa (SA), the producer price index (PPI) rose 4.6% on an annual basis in January, compared to a rise of 3.4% in the previous month.

News reports indicate that Eskom has started restoring power to the Western Cape train service after the Passenger Rail Agency of SA (Prasa) settled its bill worth ZAR6.5mn.

News reports indicate that the African National Congress's (ANC) national working committee has called an emergency meeting on 02 March to discuss the government's plans to re its wage bill.

In its research report, Moody's, indicated that any negotiations on a moderation in public sector wages with unions will likely be challenging given SA's socio-economic realities and would represent a significant departure from the outcome of previous negotiations.

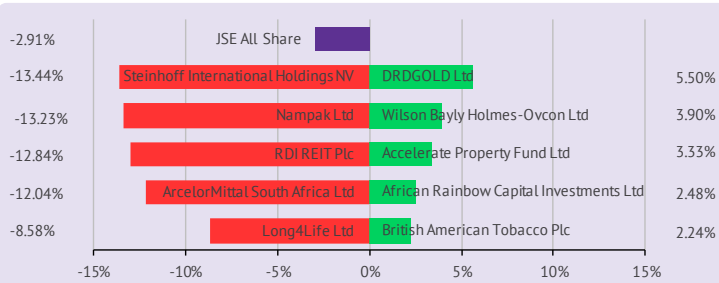
The Public Servants Association and the Federation of Unions of South Africa (FEDUSA) has criticised government plans to cut the civil service wage bill and demanded that the issue must be taken immediately to the Public Sector Coordinating Bargaining Council (PSCBC).

South Africa Market

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking, financial and retail sector stocks. The JSE All Share Index fell 2.9% to close at 53,444.83.

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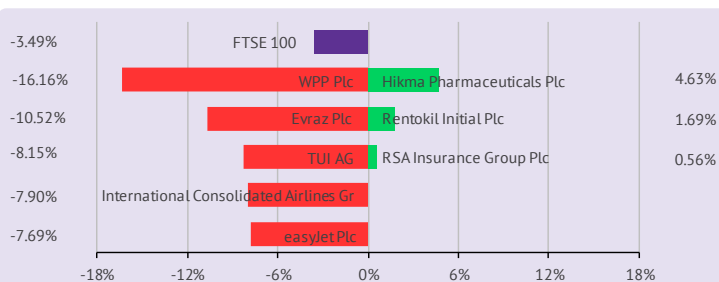


UK Market

UK markets closed in the red

UK markets finished significantly lower yesterday, after a sharp rise in the number of coronavirus cases outside China increased worries of a global pandemic. The FTSE 100 Index declined 3.5% to close at 6,796.40. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

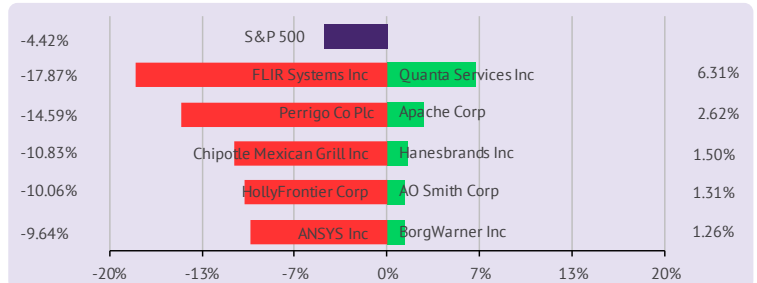
	As at 27 Feb 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53444.83	▼ -1602.37	-2.91	-6.79	-4.70	-1.76	-6.38
JSE Top 40 (ZAR)	48032.83	▼ -1467.69	-2.96	-6.88	-4.07	-1.46	-5.48
FTSE 100 (GBP)	6796.40	▼ -246.07	-3.49	-8.21	-6.72	-3.40	-9.89
DAX 30 (EUR)	12367.46	▼ -407.42	-3.19	-8.92	-4.73	-2.02	-6.65
CAC 40 (EUR)	5495.60	▼ -188.95	-3.32	-8.86	-5.35	-2.87	-8.07
S&P 500 (USD)	2978.76	▼ -137.63	-4.42	-10.76	-7.65	-0.16	-7.80
Nasdaq Composite (USD)	8566.48	▼ -414.30	-4.61	-10.55	-6.39	1.99	-4.53
DJIA (USD)	25766.64	▼ -1190.95	-4.42	-11.13	-8.81	-0.99	-9.71
MSCI Emerging Markets (USD)	1030.67	▼ -12.64	-1.21	-4.94	-2.98	-4.69	-7.54
MSCI Developed World (USD)	2177.25	▼ -81.37	-3.60	-9.39	-7.05	-0.68	-7.68

US Market

US markets closed weaker

US markets closed sharply lower for the sixth consecutive session yesterday, amid fears that the coronavirus might impact global growth and disrupt international trade. The S&P 500 Index dropped 4.4% to close at 2,978.76. Today, the S&P 500 futures are trading in the red.

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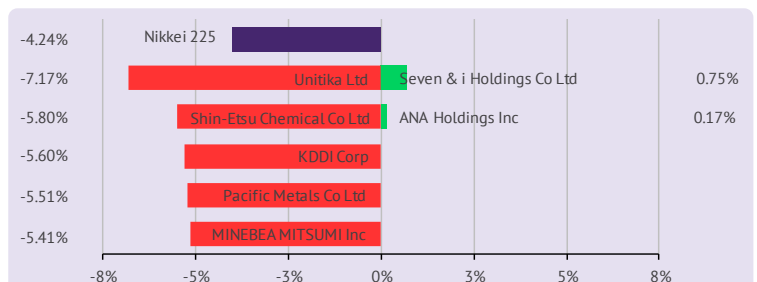


Asian Market

Trading lower

Asian markets are trading sharply lower this morning, amid growing concerns over the spread of the coronavirus outside China. Data showed that Japan's jobless rate rose in January. As at 6:00 SAST, the Nikkei 225 Index is trading 4.2% lower at 21,018.44.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar advanced 0.7% against the South African Rand to trade at R15.5884. Later today, traders will keep a close watch on the US personal income, personal spending, goods trade balance, the Chicago Purchasing Managers' Index and the Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, real gross domestic product (GDP) climbed in 4Q19, unchanged from the estimate provided last month. Additionally, pending home sales advanced on a monthly basis in January. Moreover, the Kansas City Fed manufacturing activity index unexpectedly rose in February. Moreover, flash durable goods orders declined less than market forecast in January. Meanwhile, seasonally adjusted initial jobless claims increased in the week ended 21 February 2020. Separately, the South African Rand fell against the US Dollar, amid persistent concerns over the spread of coronavirus. Data indicated that SA's PPI rose on an annual basis in January.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.5% firmer against the South African Rand at R20.0609. Ahead in the day, traders will keep an eye on UK's Nationwide house price index for further indication. Data indicated that UK's GfK consumer confidence index climbed in February, marking its highest level since August 2018.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.6% against the South African Rand to trade at R17.1293. Going forward, market participants will keep a tab on Germany's unemployment rate and the consumer price index for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's final consumer confidence index advanced in line with market expectations in February. Additionally, the business climate indicator unexpectedly rose in February. Moreover, the economic sentiment indicator climbed to its highest level in nine months in February. However, M3 money supply rose less than market forecast on an annual basis in January.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R10.1867.

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	15.5884	▼	1.11	3.19	3.03	7.34	10.60
GBPZAR	20.0609	▼	0.98	2.59	0.67	6.76	7.48
EURZAR	17.1293	▼	2.20	4.63	2.29	6.08	8.51
AUDZAR	10.1867	▼	1.48	2.29	1.15	2.19	3.37
EURUSD	1.0988	▼	1.10	1.42	-0.83	-1.07	-1.89
GBPUSD	1.2871	▼	-0.14	-0.59	-2.42	-0.38	-2.79
Brent (\$/barrel)	51.0	▼	-2.34	-10.80	-7.84	-14.21	-20.94
Gold (\$/oz)	1643.0	▲	-0.04	-0.13	3.77	3.93	7.84
Platinum (\$/oz)	885.0	▼	-1.02	-7.23	-5.86	-0.98	-6.78
Copper (\$/MT)*	5598.3	▼	-0.83	-2.57	0.85	-9.72	-8.96

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices slightly rose to trade at \$1,643.00/oz.

Yesterday, gold prices marginally fell to close at \$1,642.50/oz, amid profit booking.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 2.2% lower to trade at \$51.01/bl.

Yesterday, Brent crude oil declined 2.3% to settle at \$52.18/bl, as rise in the coronavirus cases outside China spurred fears that the fast spreading outbreak could slow down the global economy.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 2.3% to trade at \$885.00/oz.

Yesterday, platinum prices dropped 1.0% to close at \$905.50/oz.

Major South African corporate news

Hyprop Investments Limited

In its 1H20 results, the company announced that revenues fell 2.3% to ZAR1.59bn from the same period of the preceding year. Diluted loss per share stood at 109.40c, compared to an EPS of 71.20c recorded in the corresponding period of the previous year.

Massmart Holdings Limited

In its FY19 results, the company announced that revenue advanced 2.9% from the preceding year to ZAR93.84bn. Diluted loss per share stood at 397.00c, compared to an EPS of 401.90c recorded in the previous year.

Impala Platinum Holdings Limited

In its 1H20 results, the company announced that revenues increased to ZAR28.02bn from ZAR23.52bn posted in the corresponding period of the previous year. Diluted EPS stood at 416.00c. The company has declared an interim cash dividend of 125.00c per share.

MTN Group Limited

In the FY19 results of its Ghana subsidiary, the company announced that revenues rose 22.1% to GH¢4.24bn from the preceding year. Its diluted EPS stood at GH¢0.09, compared to GH¢0.04 recorded in the previous year.

Liberty Holdings Limited

In its FY19 results, the company announced that total income increased to ZAR84.45bn from ZAR50.50bn posted in the previous year. Its diluted EPS rose from the prior year to ZAR11.12.

Steinhoff International Holdings NV

In its 1Q20 trading update, the company announced that revenues rose 7.0% to EUR3.44mn from EUR3.21mn in the same period of the prior year, with growth being driven by the performances of Pepco Group and Pepkor Africa. Revenues from Conforama and Mattress Firm once again confirm their strong market positions.

Major global economic news

US

In the US, seasonally adjusted initial jobless claims rose to a level of 219.00K in the week ended 22 February 2020. In the prior week, initial jobless claims had registered a revised level of 211.00K.

In January, flash durable goods orders fell 0.2% on a monthly basis in the US, less than market forecast and compared to a revised rise of 2.9% in the previous month.

In the US, annualised gross domestic product (GDP) advanced by 2.1% on a quarterly basis in 4Q19, in line with market expectations. The preliminary figures had also indicated an advance of 2.1%.

In January, pending home sales climbed 5.2% on a monthly basis in the US, compared to a revised fall of 4.3% in the prior month.

In the US, the Kansas City Fed manufacturing index unexpectedly rose to a level of 5.00 in February, compared to a level of -1.00 in the prior month.

Eurozone

In the Eurozone, the final consumer confidence index climbed to -6.60 in February, in line with market expectations and compared to a revised level of -8.10 in the previous month.

In February, the business climate indicator unexpectedly rose to -0.04 in the Eurozone, compared to a revised level of -0.19 in the previous month.

In the Eurozone, the economic sentiment indicator advanced to a level of 103.50 in February, more than market forecast and compared a revised level of 102.60 in the previous month.

In January, M3 money supply increased 5.2% on an annual basis in the Eurozone, less than market consensus and compared to a revised rise of 4.9% in the previous month.

Asia

In Japan, industrial production unexpectedly rose 0.8% on a monthly basis in January, compared to a rise of 1.2% in the previous month.

In January, the unemployment rate advanced to 2.4% in Japan, compared to 2.2% in the previous month.

In Japan, retail trade fell 0.4% on a year basis in January, less than market forecast and compared to a drop of 2.6% in the previous month.

UK

In the UK, the GfK consumer confidence index advanced to a level of -7.00 in February, more than market expectations and compared to a level of -9.00 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Industrial Production (MoM) (Jan) (P)	✓✓✓	-2.50%*	-3.10%	Monthly
Japan	01:30	Industrial Production (YoY) (Jan) (P)	✓✓✓	0.80%*	1.20%	Monthly
Japan	07:00	Annualised Housing Starts (Jan)	✓✓	-	0.85 mn units	Monthly
Japan	07:00	Housing Starts (YoY) (Jan)	✓	-6.10%	-7.90%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Jan)	✓	4.26%	6.19%	Monthly
Germany	09:00	Import Price Index s.a. (MoM) (Jan)	✓✓	-	0.20%	Monthly
Germany	09:00	Import Price Index n.s.a. (YoY) (Jan)	✓✓	-	-0.70%	Monthly
Germany	09:00	Import Price Index (Jan)	✓	-	101.7	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Feb)	✓✓✓	0.40%	0.50%	Monthly
Germany	10:00	CPI Saxony (YoY) (Feb)	✓✓✓	-	1.80%	Monthly
Germany	10:55	Unemployment Change (Feb)	✓✓✓	3.00K	-2.00K	Monthly
Germany	10:55	Unemployment Rate s.a. (Feb)	✓✓	5.00%	5.00%	Monthly
Germany	11:00	Bavaria Consumer Price Index (MoM) (Feb)	✓	-	-0.80%	Monthly
South Africa	14:00	Trade Balance (Jan)	✓✓	-	ZAR14.85bn	Monthly
Germany	15:00	Consumer Price Index (YoY) (Feb) (P)	✓✓✓	1.70%	1.70%	Monthly
Germany	15:00	Consumer Price Index (MoM) (Feb) (P)	✓✓✓	0.30%	-0.60%	Monthly
Germany	15:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Feb) (P)	✓✓✓	0.40%	-0.80%	Monthly
Germany	15:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Feb) (P)	✓✓✓	1.70%	1.60%	Monthly
US	15:30	Personal Income (MoM) (Jan)	✓✓	-	0.20%	Monthly
US	15:30	Personal Spending (Jan)	✓✓	0.30%	0.30%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Feb) (F)	✓✓✓	-	99.8	Monthly
US	20:00	Baker Hughes US Rig Count (28-Feb)	PPP	-	791	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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