

# ONE Minute Brief

21 February 2020

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## Economic and political news

News reports indicate that the National Union of Metalworkers of South Africa (NUMSA) and the South African Cabin Crew Association (SACCA) would petition the labour appeal court after losing a court case over potential retrenchments at the South African Airways (SAA).

Yesterday, Eskom indicated that it would implement Stage 2 load shedding until 6am on Sunday, due to the loss of three additional units.

In his speech to lawmakers, President, Cyril Ramaphosa, stated that the government will go ahead with plans to distribute more land to the black majority, warning that a failure to do so would perpetuate an injustice that dates back to apartheid rule and constrain the economy.

Former Intelligence Chief, Mo Shaik, has formally resigned as a special advisor to Human Settlements, Water and Sanitation Minister, Lindiwe Sisulu.

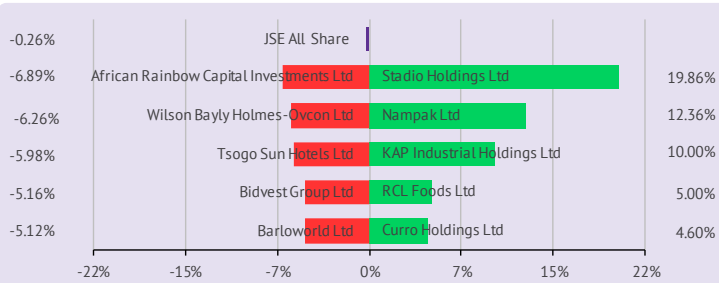
While speaking at a briefing on his remarks during the State of the Nation Address, Mineral Resources and Energy Minister, Gwede Mantashe, stated that he will open a new bid window for projects by independent power producers (IPPs) of renewable energy as soon as SA's energy's regulator completes the final step in the regulatory process.

## South Africa Market

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and platinum mining sector stocks. The JSE All Share Index fell 0.3% to close at 57,793.03.

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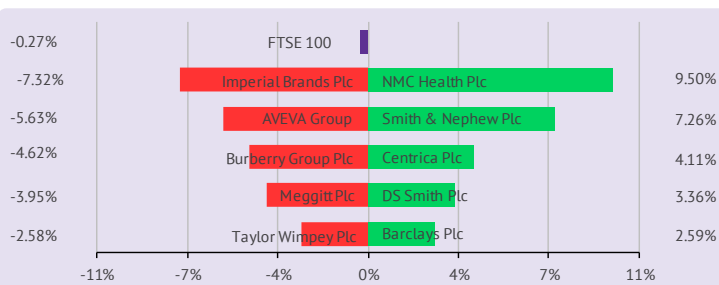


## UK Market

### UK markets closed in the red

UK markets finished lower yesterday, amid continuing worries about the impact of the coronavirus epidemic and led by losses in shares of Imperial Brands. The FTSE 100 Index declined 0.3% to close at 7,436.64. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

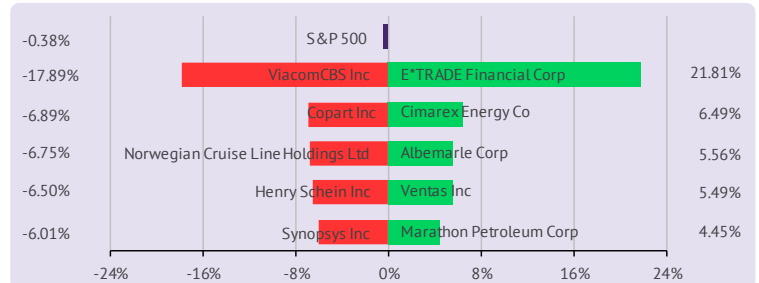
|                             | As at 20 Feb 2020 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR)         | 57793.03          | ▼ -147.94 | -0.26     | -0.12     | 3.06      | -1.76             | 1.24      |
| JSE Top 40 (ZAR)            | 52033.26          | ▼ -93.32  | -0.18     | -0.03     | 3.92      | -1.46             | 2.40      |
| FTSE 100 (GBP)              | 7436.64           | ▼ -20.38  | -0.27     | 0.37      | 2.07      | -3.40             | -1.40     |
| DAX 30 (EUR)                | 13664.00          | ▼ -125.00 | -0.91     | -0.58     | 5.25      | -2.02             | 3.13      |
| CAC 40 (EUR)                | 6062.30           | ▼ -48.94  | -0.80     | -0.12     | 4.41      | -2.87             | 1.41      |
| S&P 500 (USD)               | 3373.23           | ▼ -12.92  | -0.38     | -0.21     | 4.58      | -0.16             | 4.41      |
| Nasdaq Composite (USD)      | 9750.97           | ▼ -66.22  | -0.67     | 0.20      | 6.56      | 1.99              | 8.67      |
| DJIA (USD)                  | 29219.98          | ▼ -128.05 | -0.44     | -0.61     | 3.41      | -0.99             | 2.39      |
| MSCI Emerging Markets (USD) | 1095.32           | ▼ -8.38   | -0.76     | -0.99     | 3.10      | -4.69             | -1.74     |
| MSCI Developed World (USD)  | 2420.21           | ▼ -11.02  | -0.45     | -0.46     | 3.32      | -0.68             | 2.62      |

## US Market

### US markets closed weaker

US markets closed lower yesterday, weighed down by losses in technology sector stocks and amid uncertainty about the impact of China's coronavirus outbreak. The S&P 500 Index dropped 0.4% to close at 3,373.23. Today, the S&P 500 futures are trading in the red.

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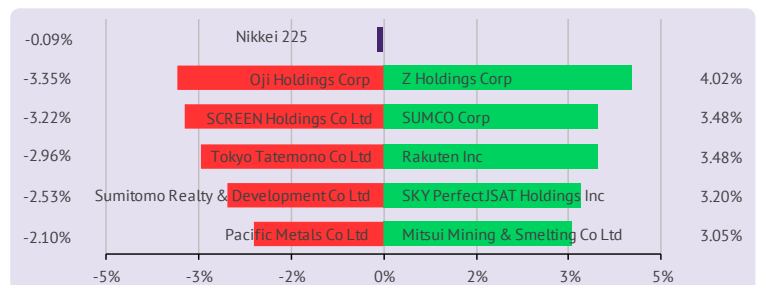


## Asian Market

### Trading lower

Asian markets are trading lower this morning, after reports indicated that the virus spread in South Korea and Japan. As at 6:00 SAST, the Nikkei 225 Index is trading 0.1% lower at 23,457.33.

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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 R15.1135. Later today, traders will keep a close watch on the US existing home sales, the Markit manufacturing and services PMI for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US Philadelphia Fed manufacturing index unexpectedly advanced to its highest level in three years in February. Meanwhile, seasonally adjusted initial jobless claims rose in line with market expectations in the week ended 14 February 2020. Separately, the South African Rand fell against the US dollar, ahead of Finance Minister Tito Mboweni's budget speech next week and a Moody's rating review next month.

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## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound slightly dropped against the South African Rand to trade at R19.4847. Ahead in the day, traders will keep an eye on UK's Markit manufacturing and services PMI for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's retail sales rebounded on a monthly basis in January. Moreover, the CBI balance of firms reporting total order book above normal increased more than market anticipations in February.

## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R16.3077. Going forward, market participants will keep a tab on the Markit manufacturing and services PMI across the Eurozone as well as Eurozone's consumer price index (CPI).

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's flash consumer confidence index unexpectedly advanced in February. Separately, Germany's producer price index (PPI) unexpectedly rose on an annual basis in January. Meanwhile, the GfK consumer confidence index eased in line with market forecast in March.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R9.9805.

The Australian Dollar rose against the South African Rand yesterday.

## Key currencies & commodities

|                   | Current# |   | 1 D %<br>Chg | WTD %<br>Chg | MTD %<br>Chg | Prev. month<br>% Chg | YTD %<br>Chg |
|-------------------|----------|---|--------------|--------------|--------------|----------------------|--------------|
| USDZAR            | 15.1135  | ▲ | 0.97         | 1.45         | 0.67         | 7.34                 | 8.06         |
| GBPZAR            | 19.4847  | ▲ | 0.68         | 0.16         | -1.66        | 6.76                 | 5.00         |
| EURZAR            | 16.3077  | ▲ | 0.81         | 1.01         | -2.02        | 6.08                 | 3.93         |
| AUDZAR            | 9.9805   | ▲ | 0.00         | -0.11        | -0.53        | 2.19                 | 1.65         |
| EURUSD            | 1.0790   | ▲ | -0.19        | -0.42        | -2.78        | -1.07                | -3.82        |
| GBPUSD            | 1.2892   | ▲ | -0.29        | -1.26        | -2.45        | -0.38                | -2.83        |
| Brent (\$/barrel) | 59.0     | ▼ | 0.32         | 3.47         | 4.75         | -14.21               | -10.14       |
| Gold (\$/oz)      | 1627.4   | ▲ | 0.57         | 2.14         | 2.13         | 3.93                 | 6.14         |
| Platinum (\$/oz)  | 982.8    | ▲ | -2.54        | 1.05         | 1.78         | -0.98                | 0.78         |
| Copper (\$/MT)*   | 5708.0   | ▼ | -0.66        | -0.74        | 2.82         | -9.72                | -7.17        |

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 0.7% to trade at \$1,627.40/oz.

Yesterday, gold prices rose 0.6% to close at \$1,616.60/oz, as rise in the number of new coronavirus cases in South Korea and Japan renewed concerns about the global economic impact of the outbreak.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil fell 0.6% to trade at \$58.96/bl.

Yesterday, Brent crude oil advanced 0.3% to settle at \$59.31/bl, after the US government reported a less-than-expected weekly rise in crude supplies. The US Energy Information Administration (EIA) reported that crude oil inventories rose by 0.4mn bls in the week ended 14 February 2020.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$982.80/oz.

Yesterday, platinum prices dropped 2.5% to close at \$979.00/oz.

## Major South African corporate news

### Bidvest Group Limited

In its 1H20 trading statement, the company announced that it expects EPS to be between 475.00c and 502.00c, compared to 660.00c in the same period of the preceding year. The company expects its HEPS to be between 560.00c and 591.00c, compared to 629.10c in the prior year.

### Imperial Logistics Limited

In its 1H20 trading statement, the company announced that it expects EPS to be between 210.00c and 236.0c, compared to 2,978.00c in the corresponding period of last year. Further, the company expects its HEPS to be between 176.00c and 202.00c, compared to 836.00c in the previous year.

## Major global economic news

### Eurozone

In the Eurozone, the flash consumer confidence index unexpectedly rose to a level of -6.60 in February, compared to a level of -8.10 in the previous month.

In Germany, the PPI unexpectedly climbed 0.2% on an annual basis in January, compared to a drop of 0.2% in the previous month.

In March, the GfK consumer confidence index eased to a level of 9.80 in Germany, in line with market consensus and compared to a level of 9.90 in the prior month.

### Asia

In Japan, the national CPI advanced 0.7% on a yearly basis January, meeting market expectations. The CPI had climbed 0.8% in the prior month.

In February, the Jibun Bank flash manufacturing PMI unexpectedly declined to a level of 47.60 in Japan, compared to a level of 48.80 in the previous month.

In Japan, the Jibun Bank preliminary services PMI dropped to a level of 46.70 in February, compared to 51.00 in the prior month.

### UK

In the UK, retail sales rose 0.9% on a monthly basis in January, compared to a revised drop of 0.5% in the previous month.

In February, the CBI balance of firms reporting total order book above normal advanced to a level of -18.00 in the UK, more than market expectations and compared to a level of -22.00 in the previous month.

### US

In the US, the Philadelphia Fed manufacturing index unexpectedly advanced to 36.70 in February. In the prior month, the index had recorded a reading of 17.00.

In the week ended 15 February 2020, seasonally adjusted initial jobless claims climbed to 210.00K in the US, at par with market forecast and compared to a revised reading of 206.00K in the previous week.

## Economic calendar

| Country  | SAST  | Economic indicator                            | Relevance | Consensus/<br>*Actual | Previous/<br>**Previous est. | Frequency    |
|----------|-------|---|-----------|-----------------------|------------------------------|--------------|
| Japan    | 01:30 | National CPI Ex-Fresh Food (YoY) (Jan)        | ✓✓✓       | 0.80%*                | 0.70%                        | Monthly      |
| Japan    | 01:30 | National Consumer Price Index (YoY) (Jan)     | ✓✓✓       | 0.70%*                | 0.80%                        | Monthly      |
| Japan    | 02:30 | Nikkei Japan Composite PMI (Feb) (P)          | ✓✓✓       | 47.00*                | 50.10                        | Monthly      |
| Japan    | 02:30 | Nomura/ JIMMA Manufacturing PMI (Feb) (P)     | ✓✓✓       | 47.60*                | 48.80                        | Monthly      |
| Japan    | 06:30 | All Industry Activity Index (MoM) (Dec)       | ✓✓✓       | -                     | 0.90%                        | Monthly      |
| Japan    | 07:30 | Nationwide Department Store Sales (YoY) (Jan) | ✓         | -                     | -5.00%                       | Monthly      |
| Japan    | 07:30 | Tokyo Department Store Sales (YoY) (Jan)      | ✓         | -                     | -3.20%                       | Monthly      |
| Germany  | 10:30 | Markit Manufacturing PMI (Feb) (P)            | ✓✓✓       | 44.80                 | 45.30                        | Monthly      |
| Germany  | 10:30 | Markit Services PMI (Feb) (P)                 | ✓✓✓       | 53.80                 | 54.20                        | Monthly      |
| Eurozone | 11:00 | Markit Composite PMI (Feb) (P)                | ✓✓✓       | -                     | 51.30                        | Monthly      |
| Eurozone | 11:00 | Markit Manufacturing PMI (Feb) (P)            | ✓✓✓       | -                     | 47.90                        | Monthly      |
| Eurozone | 11:00 | Markit Services PMI (Feb) (P)                 | ✓✓✓       | -                     | 52.50                        | Monthly      |
| UK       | 11:30 | PSNB ex Interventions (Jan)                   | ✓         | -                     | GBP4.80bn                    | Monthly      |
| UK       | 11:30 | Public Sector Net Cash Requirement (Jan)      | ✓✓        | -                     | GBP16.60bn                   | Monthly      |
| UK       | 11:30 | Markit Manufacturing PMI (Feb) (P)            | ✓✓✓       | 49.70                 | 50.00                        | Monthly      |
| UK       | 11:30 | Public Sector Net Borrowing (Jan)             | ✓✓        | -GBP12.05bn           | -GBP4.04bn                   | Monthly      |
| UK       | 11:30 | Markit Services PMI (Feb) (P)                 | ✓✓✓       | 53.40                 | 53.90                        | Monthly      |
| Eurozone | 12:00 | Consumer Price Index (MoM) (Jan) (F)          | ✓✓✓       | -                     | -1.00%**                     | Monthly      |
| Eurozone | 12:00 | Consumer Price Index - Core (YoY) (Jan) (F)   | ✓✓✓       | 1.10%                 | 1.10%**                      | Monthly      |
| Eurozone | 12:00 | Consumer Price Index (YoY) (Jan) (F)          | ✓✓✓       | 1.40%                 | 1.30%**                      | Monthly      |
| US       | 16:45 | Markit Composite PMI (Feb) (P)                | ✓✓✓       | -                     | 53.30                        | Monthly      |
| US       | 16:45 | Markit Manufacturing PMI (Feb) (P)            | ✓✓✓       | 51.50                 | 51.90                        | Monthly      |
| US       | 16:45 | Markit Services PMI (Feb) (P)                 | ✓✓✓       | 53.00                 | 53.40                        | Monthly      |
| US       | 17:00 | Existing Home Sales (MoM) (Jan)               | ✓✓✓       | -                     | 3.60%                        | Monthly      |
| US       | 17:00 | Existing Home Sales (Jan)                     | ✓✓✓       | 5.43mn                | 5.54mn                       | Monthly      |
| US       | 18:00 | Fed's Monetary Policy Statement               | ✓✓✓       | -                     | -                            | As scheduled |

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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