

# ONE Minute Brief

4 March 2020

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## Economic and political news

In South Africa (SA), gross domestic product (GDP) declined 1.4% on a quarterly basis in 4Q19, following a revised decline of 0.8% in 3Q19.

President, Cyril Ramaphosa, stated that fourth-quarter GDP data showing the country had entered recession pointed to “underlying weakness” in the domestic economy. He added that the economy is “going through a great deal of uncertainty due to the outbreak of the coronavirus, which is going to have a huge impact on growth and a major effect on economies all around the world”. Also, he underlined the urgent need to implement reforms announced in the state of the nation address.

South African trade unions have threatened to file a formal dispute if the government does not implement a three-year public-sector wage deal.

At a briefing of the South African National Editors’ Forum (Sanef) President, Cyril Ramaphosa, stated that he is open to the idea of selling some of Eskom’s power stations to private companies to run.

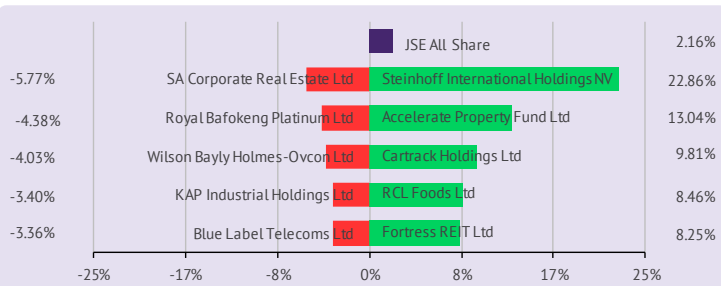
During a Q&A session in the National Council of Provinces, Deputy President, David Mabuza, stated that the government remains confident that Eskom and South African Airways (SAA) can be returned to profitability despite the current challenges the two state-owned entities (SOEs) face and the government has no intention of disposing SAA.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in gold mining and resource sector stocks. Data showed that SA’s GDP declined in 4Q19. The JSE All Share Index rose 2.2% to close at 52,957.85.

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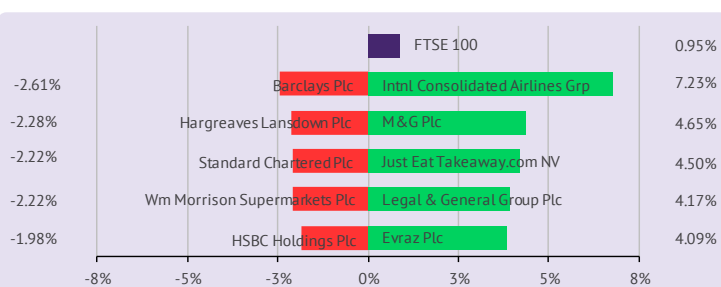


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, on hopes of additional monetary easing by global central banks to curb the impact from the fallout of the coronavirus epidemic. The FTSE 100 Index advanced 1.0% to close at 6,718.20. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

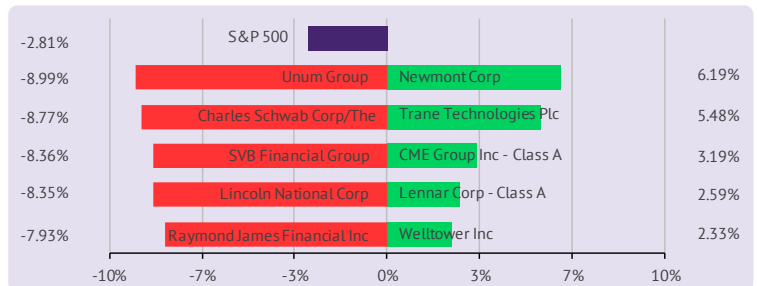
	As at 03 Mar 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	52957.85	▲ 1117.76	2.16	3.76	3.76	-8.99	-7.23
JSE Top 40 (ZAR)	47671.24	▲ 1023.04	2.19	3.97	3.97	-8.43	-6.19
FTSE 100 (GBP)	6718.20	▲ 63.31	0.95	2.09	2.09	-9.68	-10.93
DAX 30 (EUR)	11985.39	▲ 127.52	1.08	0.80	0.80	-8.41	-9.54
CAC 40 (EUR)	5393.17	▲ 59.65	1.12	1.57	1.57	-8.55	-9.78
S&P 500 (USD)	3003.37	▼ -86.86	-2.81	1.66	1.66	-8.41	-7.04
Nasdaq Composite (USD)	8684.09	▼ -268.08	-2.99	1.36	1.36	-6.38	-3.22
DJIA (USD)	25917.41	▼ -785.91	-2.94	2.00	2.00	-10.07	-9.18
MSCI Emerging Markets (USD)	1027.82	▲ 10.79	1.06	2.22	2.22	-5.35	-7.79
MSCI Developed World (USD)	2179.48	▼ -32.90	-1.49	1.79	1.79	-8.59	-7.59

## US Market ▼

### US markets closed weaker

US markets closed lower yesterday, after the US Federal Reserve’s (Fed) surprise decision to cut interest rate failed to restore confidence among investors. The S&P 500 Index dropped 2.8% to close at 3,003.37. Today, the S&P 500 futures are trading in the green.

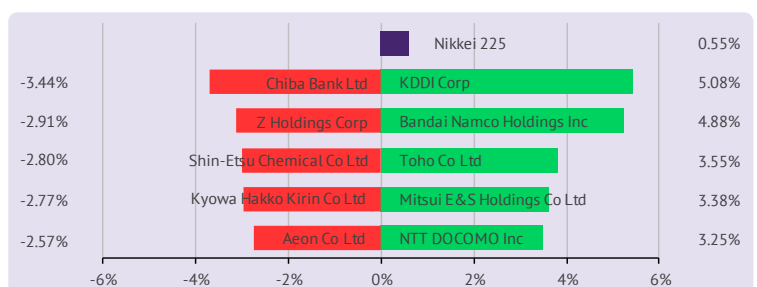
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## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.6% higher at 21,197.96.



## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% lower against the South African Rand at R15.3611. Later today, traders will keep a close watch on the US Fed's Beige Book report, ADP employment change, the Markit services PMI and the MBA mortgage approvals for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US IBD/TIPP economic optimism index dropped in February. Separately, the South African Rand fell against the US Dollar, after data indicated that the South African economy entered its second recession in two years. Data showed that SA's GDP dropped on a quarterly basis in 4Q19.

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## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.4% weaker against the South African Rand at R19.6778. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further indication.

The British Pound advanced against the South African Rand yesterday, after the US Fed announced an emergency interest rate cut in response to coronavirus damage. Data indicated that UK's Markit construction PMI advanced more-than-expected in February.

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## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.4% against the South African Rand to trade at R17.1453. Going forward, market participants will keep a tab on Eurozone's retail sales and the Markit services PMI along with Germany's retail sales and the Markit services PMI for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's producer price index (PPI) dropped on an annual basis in January. On the contrary, the preliminary consumer price index (CPI) increased on a yearly basis in the Eurozone. Meanwhile, the unemployment rate remained unchanged at its lowest since May 2008 in January.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.1414. Earlier in the session, Australia's AiG performance of construction index rose in February. Additionally, the Commonwealth Bank services PMI advanced in February. Moreover, the nation's GDP advanced on a quarterly basis in 4Q19. Elsewhere, in China, Australia's largest trading partner, the Caixin services PMI unexpectedly tumbled in February.

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	15.3611	▲	0.18	-1.62	-1.62	4.21	10.05
GBPZAR	19.6778	▲	0.64	-1.57	-1.57	1.28	6.43
EURZAR	17.1453	▲	0.53	-0.33	-0.33	3.73	9.67
AUDZAR	10.1414	▲	0.82	-0.39	-0.39	1.34	3.15
EURUSD	1.1162	▼	0.35	1.33	1.33	-0.60	-0.36
GBPUSD	1.2811	▲	0.45	-0.09	-0.09	-2.90	-3.36
Brent (\$/barrel)	52.6	▲	-0.08	4.41	4.41	-12.27	-21.42
Gold (\$/oz)	1643.7	▼	3.11	4.96	4.96	-1.02	7.96
Platinum (\$/oz)	885.3	▲	1.15	0.53	0.53	-10.11	-10.51
Copper (\$/MT)*	5646.8	▼	-0.60	0.53	0.53	1.19	-8.17

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged slightly lower to trade at \$1,643.70/oz.

Yesterday, gold prices rose 3.1% to close at \$1,644.40/oz, after the US central bank slashed its benchmark interest rate to contain the economic impact of the coronavirus outbreak and amid expectations that other major central banks would follow the Fed's action.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 1.5% to trade at \$52.64/bl, on hopes that major oil producers have moved closer to an agreement to implement deeper output cuts. The American Petroleum Institute (API) reported that crude oil inventories rose by 1.7mn bls last week.

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Yesterday, Brent crude oil declined 0.1% to settle at \$51.86/bl.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 1.8% higher to trade at \$885.30/oz.

Yesterday, platinum prices climbed 1.2% to close at \$869.30/oz.

## Major South African corporate news

### African Oxygen Limited

The company announced that following the resignation of Mr. Matthias Vogt as Group Financial Director (FD) with effect from 31 March 2020, Mr. Magnus von Stenglin, has been appointed as the group FD and Executive Director of the company, with effect from 14 April 2020.

### Attacq Limited

In its 1H20 results, the company announced that revenues rose to ZAR1.19bn from ZAR1.11bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 5.30c, compared to an EPS of 6.20c in the same period of the prior year.

### Cashbuild Limited

In its 1H20 results, the company announced that revenues declined 1.0% to ZAR5.51bn from the same period of the preceding year. Its diluted EPS stood at 747.80c, compared to 955.80c recorded in the corresponding period of the previous year.

### Delta Property Fund Limited

In its FY20 trading statement, the company announced that it expects its distributable EPS to be between 59.07c and 62.03c, compared to 73.84c recorded in the preceding year.

### Nedbank Group Limited

In its FY19 results, the company announced that interest and similar income increased to ZAR83.68bn from ZAR75.94bn posted in the previous year. Its diluted EPS fell 9.2% to ZAR24.62 from the prior year.

### Royal Bafokeng Platinum Limited

In its FY19 results, the company announced that revenues increased to ZAR7.49bn from ZAR3.63bn posted in the previous year. Its diluted EPS fell 64.1% to 26.30c from the prior year.

## Major global economic news

### Asia

In Japan, the consumer confidence index unexpectedly declined to a level of 38.40 in February, compared to a level of 39.10 in the previous month.

In February, the Jibun Bank services PMI dropped less-than-expected to 47.00 in Japan, compared to a level of 51.00 in the previous month.

In Australis, the AiG performance of construction index advanced to a level of 42.70 in February, compared to a level of 41.30 in the prior month.

In February, the Commonwealth Bank services PMI climbed to 49.00 in Australia, compared to a level of 48.40 in the previous month.

In Australia, GDP increased 0.5% on a quarterly basis in 4Q19, more than market anticipations and compared to a revised rise of 0.6% in the previous quarter.

In China, the Caixin services PMI unexpectedly plunged to 26.50 in February, compared to a reading of 51.80 in the previous month.

### Eurozone

In the Eurozone, the PPI fell 0.5% on an annual basis in January, compared to a revised fall of 0.6% in the previous month.

In February, the preliminary CPI rose 1.2% on a yearly basis in the Eurozone, in line with market anticipations and compared to a rise of 1.4% in the previous month.

In the Eurozone, the unemployment rate remained unchanged at 7.4% in January, at par with market forecast.

### US

In the US, the IBD/TIPP economic optimism index dropped more-than-expected to 53.90 in March, compared to a reading of 59.80 in the earlier month.

The US Fed, in a surprise move, slashed its benchmark interest rate by 50bps to 1.25%, its biggest single cut in more than a decade, in response to the growing concerns over the coronavirus outbreak. However, Chairman, Jerome Powell reiterated that the US economy remained "strong", but cautioned that the coronavirus posed "evolving risks" to economic activity. Further, he stated that the central bank is closely monitoring developments and would "act as appropriate" to support the economy.

### UK

In the UK, the Markit construction PMI rose to a level of 52.60 in February, more than market expectations and compared to a level of 48.40 in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
US	01:30	Fed's Evan Speech	✓	-	-	As Scheduled
Japan	02:30	Nikkei Japan Services PMI (Feb) (F)	✓✓	46.80*	51.00	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Feb) (F)	✓✓✓	47.00*	50.10	Monthly
Germany	09:00	Retail Sales (MoM) (Jan)	✓✓✓	1.00%	-3.30%	Monthly
Germany	09:00	Retail Sales (YoY) (Jan)	✓✓✓	1.20%	0.80%	Monthly
US	09:00	U.S. Federal Reserve Releases Beige Book	✓	-	-	As Scheduled
Germany	10:55	Markit Services PMI (Feb) (F)	✓✓✓	53.30	54.20	Monthly
Germany	10:55	Markit Composite PMI (Feb) (F)	✓✓✓	51.10	51.20	Monthly
Eurozone	11:00	Markit Services PMI (Feb) (F)	✓✓✓	52.80	52.50	Monthly
Eurozone	11:00	Markit Composite PMI (Feb) (F)	✓✓✓	51.60	51.30	Monthly
UK	11:30	Markit Composite PMI (Feb) (F)	✓✓✓	-	53.30	Monthly
UK	11:30	Official Reserves (Changes) (Feb)	✓✓	-	USD2162.00mn	Monthly
UK	11:30	Markit Services PMI (Feb) (F)	✓✓✓	53.30	53.90	Monthly
Eurozone	12:00	Retail Sales (YoY) (Jan)	✓✓✓	1.10%	1.30%	Monthly
Eurozone	12:00	ECB Balance sheet (24-Feb)	✓✓	-	EUR4688.30bn	Weekly
Eurozone	12:00	Retail Sales Index s.a. (Jan)	✓✓	-	107.80	Monthly
Eurozone	12:00	Retail Sales (MoM) (Jan)	✓✓✓	0.60%	-1.60%	Monthly
US	15:15	ADP Employment Change (Feb)	✓✓✓	170.00K	291.00K	Monthly
US	16:45	Markit Services PMI (Feb) (F)	✓✓✓	49.40	53.40	Monthly
US	16:45	Markit Composite PMI (Feb) (F)	✓✓✓	49.60	53.30	Monthly
US	17:00	ISM Non-Manufacturing PMI (Feb)	✓✓✓	54.90	55.50	Monthly
US	17:30	EIA Crude Oil Stocks Change (Barrels) (28-Feb)	✓✓✓	-0.08mn	0.45mn	Weekly
US	21:00	Fed's Beige Book	✓✓✓	-	-	As Scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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