

# ONE Minute Brief

26 March 2020

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## Economic and political news

The South African Reserve Bank (SARB) announced that it would begin buying an unspecified amount of government bonds as part of additional emergency policy measures in a bid to tackle the liquidity crisis linked to the coronavirus outbreak. Separately, the central bank has re-appointed Kuben Naidoo as a deputy governor for a second five-year term.

Yesterday, Health Minister, Zweli Mkhize stated that the number of coronavirus cases increased to 709 from 554 and warned that infections were expected to rise further.

Eskom has indicated that it does not expect to implement any stage of load shedding during the nationwide 21-day coronavirus lockdown.

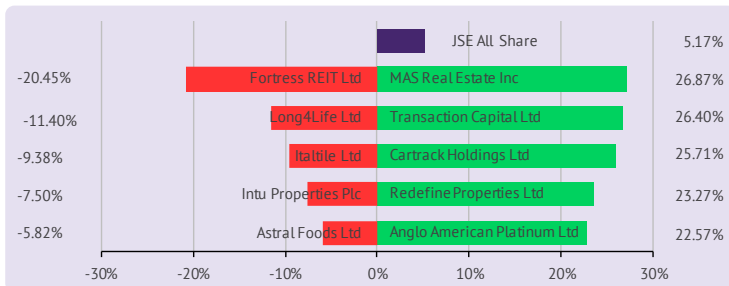
Communications & Digital Technologies Minister, Stella Ndabeni-Abrahams, stated that the South African government is planning to issue new frequency spectrum or airwave capacity to the country's telecom operators on a temporary basis as millions of people switch to home working, testing networks and driving up data traffic.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, after the SARB announced a quantitative easing programme and boosted by gains in property and platinum mining sector stocks. The JSE All Share Index rose 5.2% to close at 43,278.25.

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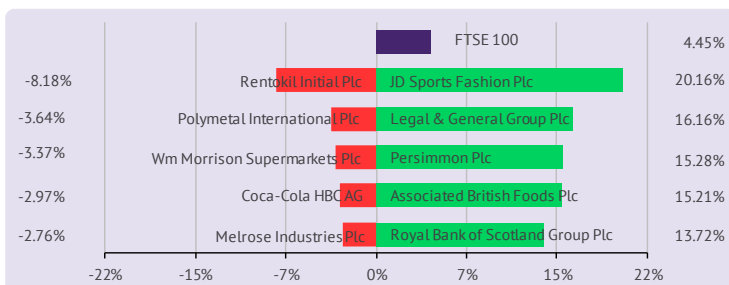


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, after the US senators neared a vote on a USD2tn (GBP1.7tn) coronavirus stimulus package. The FTSE 100 Index advanced 4.5% to close at 5,688.20. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

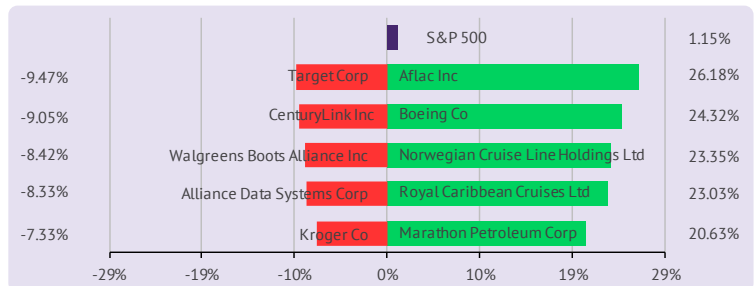
	As at 25 Mar 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	43278.25	▲	2128.90	5.17	7.46	-15.20	-8.99	-24.19
JSE Top 40 (ZAR)	39493.22	▲	1942.50	5.17	8.79	-13.87	-8.43	-22.28
FTSE 100 (GBP)	5688.20	▲	242.19	4.45	9.58	-13.56	-9.68	-24.58
DAX 30 (EUR)	9874.26	▲	173.69	1.79	10.59	-16.96	-8.41	-25.47
CAC 40 (EUR)	4432.30	▲	189.60	4.47	9.47	-16.53	-8.55	-25.86
S&P 500 (USD)	2475.56	▲	28.23	1.15	7.40	-16.20	-8.41	-23.38
Nasdaq Composite (USD)	7384.30	▼	-33.56	-0.45	7.34	-13.81	-6.38	-17.70
DJIA (USD)	21200.55	▲	495.64	2.39	10.57	-16.56	-10.07	-25.71
MSCI Emerging Markets (USD)	836.54	▲	34.88	4.35	4.15	-16.81	-5.35	-24.95
MSCI Developed World (USD)	1785.99	▲	43.38	2.49	8.18	-16.59	-8.59	-24.27

## US Market ▲

### US markets closed mostly firmer

US markets closed mostly higher yesterday, after the US lawmakers and the White House reached an agreement on a USD2tn stimulus package to support businesses. The S&P 500 Index climbed 1.2% to close at 2,475.56. Today, the S&P 500 futures are trading in the red.

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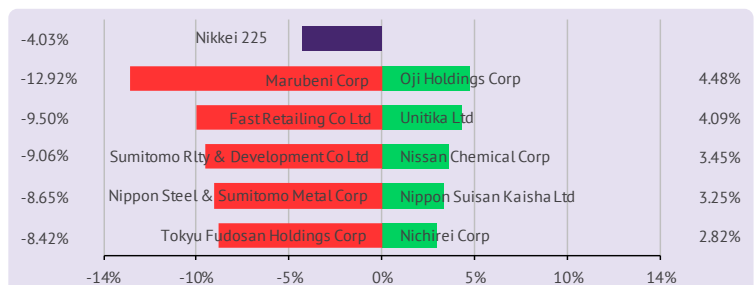


## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning, as investors turned cautious over the US stimulus package. As at 6:00 SAST, the Nikkei 225 Index is trading 4.0% lower at 18,758.10.

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## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R17.3680. Later today, traders will keep a close watch on the US goods trade balance, initial jobless claims, the Kansas Fed manufacturing activity index and annualised gross domestic product (GDP) for further directions.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications plunged on a weekly basis in the week ended 20 March 2020. Meanwhile, durable goods orders unexpectedly climbed in February. Moreover, the housing price index advanced in line with market forecast in January. Separately, the South African Rand rose against the US Dollar, after the US legislators agreed on a economic package to curb the impact of the coronavirus pandemic.

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## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R20.5965. Ahead in the day, traders will keep an eye on UK's retail sales and the Bank of England's (BoE) interest rate decision for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's consumer price inflation slowed as expected in February, reaching its lowest since mid-2016. Additionally, the retail price index slowed in February. Further, the CBI distributive trades survey dropped on a monthly basis in March. Moreover, non-seasonally adjusted output producer price index (PPI) climbed less-than-expected in February. Meanwhile, the DCLG house price index unexpectedly increased in January.

## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.5% against the South African Rand to trade at R18.9560. Going forward, market participants will keep a tab on Germany's GfK consumer confidence index for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's Ifo business climate index unexpectedly dropped in March, hitting its lowest level since July 2009. Additionally, the Ifo current assessment index declined more-than-expected in March. Moreover, the Ifo business expectations index fell more than market forecast in March.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.5% against the South African Rand to trade at R10.2777.

The Australian Dollar fell against the South African Rand yesterday.

## Key currencies & commodities

	Current <sup>#</sup>		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	17.3680	▼	-1.07	-1.56	10.69	4.21	23.82
GBPZAR	20.5965	▲	0.09	0.60	2.68	1.28	11.02
EURZAR	18.9560	▼	-0.21	0.38	9.21	3.73	20.17
AUDZAR	10.2777	▲	-1.03	1.27	1.39	1.34	5.00
EURUSD	1.0916	▲	0.87	1.82	-1.31	-0.60	-2.95
GBPUSD	1.1860	▼	0.99	2.14	-7.37	-2.90	-10.40
Brent (\$/barrel)	27.3	▼	0.88	1.52	-44.86	-12.27	-58.50
Gold (\$/oz)	1631.9	▼	-1.65	10.02	4.26	-1.02	7.24
Platinum (\$/oz)	729.3	▼	6.24	19.76	-13.79	-10.11	-23.26
Copper (\$/MT)*	4846.2	▲	0.73	0.85	-13.73	1.19	-21.19

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,631.90/oz.

Yesterday, gold prices fell 1.7% to close at \$1,633.40/oz, as concerns over rising coronavirus cases outweighed hopes of a US government stimulus package.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$27.28/bl.

Yesterday, Brent crude oil advanced 0.9% to settle at \$27.39/bl, amid optimism surrounding the USD2.00tn economic stimulus package in the US to contain the impact of the coronavirus outbreak. Separately, the US Energy Information Administration (EIA) reported that crude oil inventories rose by 1.6mn bls in the week ended 20 March 2020.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices fell 2.2% to trade at \$729.30/oz.

Yesterday, platinum prices climbed 6.2% to close at \$745.50/oz.

## Major South African corporate news

### Emira Property Fund

In its COVID-19 update, the company announced that it is taking on this crisis with a strong balance sheet, sustainable debt levels and a sound liquidity position. Further, following the uncertainty surrounding the financial impact of the COVID-19 pandemic on Emira, the Board feels that it is no longer appropriate for the 1H20 dividend guidance to remain in place, as given on 19 February 2020. The Board will provide further guidance once there is clarity and certainty on the impact of the COVID-19 pandemic on its operations.

### Wilson Bayly Holmes-Ovcon Limited

The company announced that it has decided to withdraw the cash dividend of 80.00c per share, with a payment date of 20 April 2020. Further, the company has implemented necessary measures to ensure the start-up and continuity of the South African operations post the lockdown period. Following the uncertain conditions, the protection of cash reserves is deemed necessary by the board.

### Sappi Limited

The company has declared force majeure on the Dissolving Pulp ("Vulindlela") expansion and upgrade project at its Saiccor Mill in alignment with the South African government's declaration of a nationwide lockdown to combat the COVID-19 epidemic. Further, the company does not expect any material cost increases from the declaration of force majeure. Meanwhile, future cash flows will be aligned to the revised project timelines.

## Major global economic news

### UK

In UK, the consumer price index (CPI) rose 1.7% on an annual basis in February, in line with market expectations and compared to a rise of 1.8% in the previous month.

In February, the retail price index climbed 2.5% on an annual basis in UK, at par with market anticipations and compared to an advance of 2.7% in the prior month.

In UK, the non-seasonally adjusted output producer price index (PPI) advanced 0.4% on an annual basis in February, less than market forecast and compared to a revised rise of 1.0% in the prior month.

In January, the DCLG house price index unexpectedly increased 1.3% on an annual basis in UK, compared to a revised rise of 1.7% in the earlier month.

In the UK, the CBI distributive trades survey declined 3.0% on a monthly basis in March, compared to an advance of 1.0% in the previous month.

### Eurozone

In Germany, the Ifo business climate index unexpectedly eased to a level of 86.10 in March, compared to a level of 87.70 in the previous month.

In March, the Ifo current assessment index fell to 93.00 in Germany, more than market forecast and compared to a level of 93.80 in February.

In Germany, the Ifo business expectations index declined to a level of 79.70 in March, more than market consensus and compared to a reading of 82.00 in the prior month.

### US

In the US, the MBA mortgage applications plunged 29.4% on a weekly basis in the week ended 20 March 2020, compared to a fall of 8.4% in the previous week.

In February, durable goods orders unexpectedly advanced 1.2% in the US, compared to a revised rise of 0.1% in the previous month.

In the US, the housing price index rose 0.3% on a monthly basis in January, at par with market expectations and compared to an advance of 0.6% in December.

### Asia

In Japan, the corporate service price index increased 2.1% on an annual basis in February, less than market forecast and compared to a rise of 2.3% in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (Feb)	✓	2.10%*	2.30%	Monthly
Japan	01:50	Japan Buying Foreign Bonds (20-Mar)	✓	-JPY65.70bn*	-JPY595.10 bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (20-Mar)	✓	JPY392.00bn*	JPY77.70 bn	Weekly
Japan	01:50	Foreign Buying Japan Bonds (20-Mar)	✓	-JPY2381.90bn*	JPY309.40 bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (20-Mar)	✓	-JPY1462.10bn*	-JPY1242.90 bn	Weekly
Eurozone	02:00	M3 Money Supply (YoY) (Feb)	✓	5.20%	5.20%	Monthly
US	03:30	Fed's Bullard Speaks at Monetary Policy Forum at the ECB	✓	-	-	As Scheduled
Germany	09:00	GfK Consumer Confidence Survey (Apr)	✓✓✓	7.10	9.80	Monthly
UK	09:00	Retail Sales (MoM) (Feb)	✓✓✓	0.20%	0.90%	Monthly
UK	09:00	Retail Sales (YoY) (Feb)	✓✓✓	0.80%	0.80%	Monthly
UK	09:00	Retail Sales ex-Fuel (MoM) (Feb)	✓✓✓	-0.20%	1.60%	Monthly
UK	09:00	Retail Sales ex-Fuel (YoY) (Feb)	✓✓✓	1.10%	1.20%	Monthly
France	09:45	Business Climate (Mar)	✓	-	105.40	Monthly
Eurozone	11:00	ECB Publishes Economic Bulletin	✓✓	-	-	As Scheduled
South Africa	12:30	Producer Price Index (YoY) (Feb)	✓✓	4.40%	4.60%	Monthly
South Africa	12:30	Producer Price Index (MoM) (Feb)	✓✓	0.20%	0.30%	Monthly
UK	14:00	Monetary Policy Summary	✓✓✓	-	-	As Scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	-	GBP435.00bn	As Scheduled
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As Scheduled
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.25%	0.10%	As Scheduled
US	14:30	Gross Domestic Product Annualised (QoQ) (Q4) (F)	✓✓✓	2.10%	2.10%	Quarterly
US	14:30	Personal Consumption (QoQ) (Q4) (F)	✓✓✓	-	3.20%	Quarterly
US	14:30	Advance Goods Trade Balance (Feb)	✓	-	-USD65.50bn	Monthly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q4) (F)	✓✓✓	-	1.80%	Quarterly
US	14:30	Wholesale Inventories (MoM) (Feb) (P)	✓✓✓	0.00%	-0.40%	Monthly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q4) (F)	✓✓✓	-	2.10%	Quarterly
US	14:30	Initial Jobless Claims (21-Mar)	✓✓✓	1000.00K	281.00K	Weekly
US	14:30	Continuing Jobless Claims (14-Mar)	✓✓✓	1708.00K	1701.00K	Weekly
US	16:30	EIA Natural Gas Storage Change (20-Mar)	✓✓✓	33.00 Bcf	-9.00 Bcf	Weekly
US	17:00	Kansas City Fed Manufacturing Activity (Mar)	✓✓✓	-	5.00	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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