

ONE
Minute Brief

18 March 2020

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Economic and political news

South Africa (SA) has extended a travel ban to all foreign nationals who have travelled through France and Switzerland in a bid to control the spread of the coronavirus.

Health Minister, Zweli Mkhize, announced that the South African government has confirmed its first cases of local transmission of Covid-19, with the total number rising to 85.

The Johannesburg High Court has dismissed an urgent application by former Old Mutual Chief Executive Officer, Peter Moyo, to stop the company from hiring a new chief executive on a permanent basis pending the appeal of a January ruling that found his dismissal was lawful.

Eskom has suspended the process of attaching Emfuleni Municipality's assets, after the municipality committed to pay ZAR50mn of its ZAR1.8bn debt. Additionally, the municipality has also promised to pay its current monthly electricity account of about ZAR183mn per month on time.

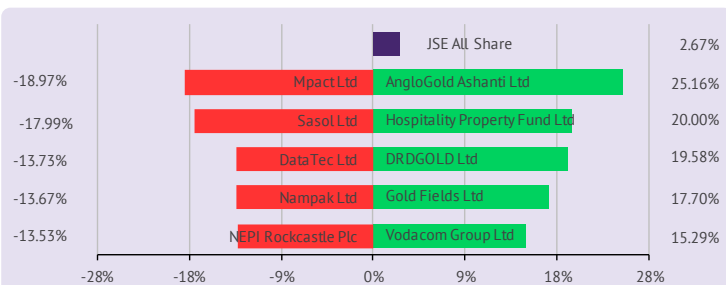
News reports indicate that the National Assembly will suspend all activities from late Thursday until further notice.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, tracking gains in global equity markets and boosted by gains in gold mining and resources sector stocks. The JSE All Share Index rose 2.7% to close at 41,579.58.

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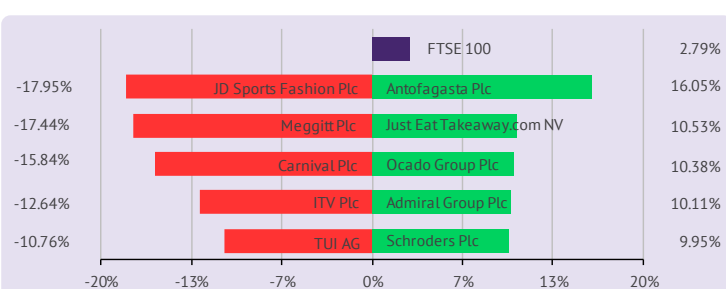


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as the US Federal Reserve's (Fed) decision to purchase short-term corporate debt and Britain's expected rescue package to help coronavirus-hit businesses renewed investors' confidence. The FTSE 100 Index advanced 2.8% to close at 5,294.90. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

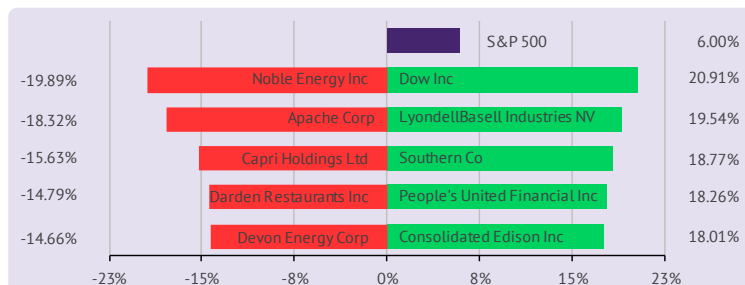
	As at 17 Mar 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	41579.58	▲ 1079.35	2.67	-5.88	-18.53	-8.99	-27.16
JSE Top 40 (ZAR)	37375.33	▲ 1073.52	2.96	-5.32	-18.49	-8.43	-26.45
FTSE 100 (GBP)	5294.90	▲ 143.82	2.79	-1.33	-19.54	-9.68	-29.80
DAX 30 (EUR)	8939.10	▲ 196.85	2.25	-3.17	-24.82	-8.41	-32.53
CAC 40 (EUR)	3991.78	▲ 110.32	2.84	-3.07	-24.82	-8.55	-33.23
S&P 500 (USD)	2529.19	▲ 143.06	6.00	-6.71	-14.39	-8.41	-21.72
Nasdaq Composite (USD)	7334.78	▲ 430.19	6.23	-6.86	-14.39	-6.38	-18.25
DJIA (USD)	21237.38	▲ 1048.86	5.20	-8.40	-16.42	-10.07	-25.58
MSCI Emerging Markets (USD)	826.68	▼ -6.50	-0.78	-7.24	-17.79	-5.35	-25.84
MSCI Developed World (USD)	1772.94	▲ 70.15	4.12	-5.78	-17.20	-8.59	-24.83

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid news that the Trump administration is planning to inject USD1tn into the US economy. The S&P 500 Index climbed 6.0% to close at 2,529.19. Today, the S&P 500 futures are trading in the red.

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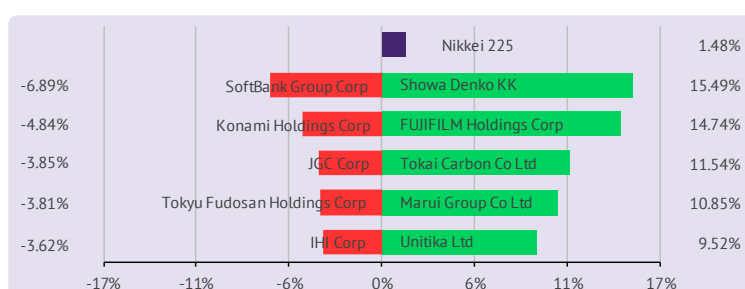


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 1.5% higher at 17,264.04.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.3% against the South African Rand to trade at R16.5766. Later today, traders will keep a close watch on the US MBA mortgage applications, building permit and housing starts for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US retail sales unexpectedly fell on a monthly basis in February. Additionally, business inventories declined in line with market forecast in January. Moreover, the NAHB housing market index dropped more than market anticipations in March. Meanwhile, the JOLTS job openings advanced more-than-anticipated in January. Also, industrial production rebounded in February.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.4% firmer against the South African Rand at R20.0833. 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. Data indicated that UK's seasonally adjusted ILO unemployment rate unexpectedly advanced in January. Meanwhile, average earnings including bonus advanced more than market forecast in January.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro slightly rose against the South African Rand to trade at R18.2792. Going forward, market participants will keep a tab on the Eurozone's trade balance and consumer price index (CPI) for further indication.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's ZEW economic sentiment indicator unexpectedly dropped in March. Separately, Germany's ZEW economic sentiment indicator unexpectedly eased in March.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.2% against the South African Rand to trade at R9.9716. Earlier in the session, Australia's Westpac leading index dropped on a monthly basis in February.

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	16.5766	▲	-0.50	2.12	6.13	4.21	18.72
GBPZAR	20.0833	▼	-2.34	0.14	-0.31	1.28	7.79
EURZAR	18.2792	▼	-2.16	1.23	5.79	3.73	16.40
AUDZAR	9.9716	▼	-2.49	-1.01	-2.28	1.34	1.20
EURUSD	1.1027	▲	-1.66	-0.99	-0.26	-0.60	-1.93
GBPUSD	1.2115	▲	-1.76	-1.82	-5.99	-2.90	-9.07
Brent (\$/barrel)	29.1	▲	-4.39	-15.13	-42.16	-12.27	-56.47
Gold (\$/oz)	1531.4	▲	2.64	0.60	-2.61	-1.02	0.18
Platinum (\$/oz)	678.7	▲	1.16	-10.57	-23.06	-10.11	-31.51
Copper (\$/MT)*	5128.5	▼	-2.80	-5.86	-8.70	1.19	-16.60

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,531.40/oz.

Yesterday, gold prices rose 2.6% to close at \$1,525.80/oz, after the US Fed announced plans to relaunch purchases of short-term corporate debt.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.2% higher to trade at \$29.08/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 0.4mn bls for the week ended 13 March 2020.

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Yesterday, Brent crude oil declined 4.4% to settle at \$28.73/bl, as the coronavirus pandemic slowed global economic growth and oil demand.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 2.0% higher to trade at \$678.70/oz..

Yesterday, platinum prices climbed 1.2% to close at \$665.30/oz.

Major South African corporate news

KAP Industrial Holdings Limited

The company announced that to date there are no confirmed cases of COVID-19 in any of operations and the situation is being monitored on an on-going basis. The management is putting controls in place in order to prevent and minimise potential infections and transmissions of the virus inside the workplace. Further to date COVID-19 has not affected the group's sales and the group has not experienced any significant operational or supply chain disruptions.

Remgro Limited

In its 1H20 results, the company announced that revenues advanced 4.1% to ZAR31.56bn from ZAR30.3bn recorded in the same period of the preceding year. Its diluted EPS stood at 762.70c, compared to 346.80c recorded in the corresponding period of the previous year.

Vodacom Group Limited

The company announced that in reference to the announcement by the South African Government declaring a national state of disaster in response to the Covid-19 pandemic, it is closely monitoring the latest guidance from the WHO, national, regional and local health authorities. It has well developed business continuity plans in place for dealing with such events. Moreover, the data, voice and connectivity services, will allow customers to continue to stay connected while reducing social contact, thereby assisting in containing the spread of the virus.

Sun International Limited

In its FY19 results, the company announced that revenues advanced 3.7% to ZAR17.23bn from ZAR16.6bn the preceding year. Its diluted EPS stood at 518.00c, compared to a loss per share of 6.00c recorded in the previous year.

Major global economic news

US

In the US, retail sales unexpectedly declined -0.5% on a monthly basis in February, compared to a revised rise of 0.6% in the previous month.

In February, industrial production climbed 0.6% on a monthly basis in the US, more than market forecast and compared to a revised fall of -0.5% in the previous month.

In the US, business inventories dropped -0.1% in January, in line with market expectations and compared to a revised flat reading in the previous month.

In the US, the NAHB housing market index fell to a level of 72 in March, more than market consensus and compared to a level of 74 in the previous month.

In January, the JOLTS job openings rose to 6.96mn in the US, more than market anticipations and compared to a revised reading of 6.55mn in the previous month.

Eurozone

In the Eurozone, the ZEW economic sentiment indicator unexpectedly declined to a level of -49.5 in March, compared to a level of 10.4 in the previous month.

In Germany, the ZEW economic sentiment indicator unexpectedly dropped to a level of -49.5 in March, compared to a level of 8.7 in the previous month.

UK

In the UK, seasonally adjusted ILO unemployment rate rose 3.9% in three months ended in January, more than market expectations and compared to an advance of 3.8% in the previous quarter.

In January, average earnings including bonus advanced 3.1% in the UK, more than market anticipations and compared to a rise of 2.9% in the previous month.

Asia

In Australia, the Westpac leading index eased to -0.42% on a monthly basis in February, compared to a revised rise of 0.03% in the previous month.

In Japan, total merchandise trade surplus stood at JPY1109.8bn in February, compared to a revised deficit of JPY1313.2bn in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Feb)	✓✓✓	JPY198.30bn*	-JPY1312.60bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Feb)	✓✓✓	JPY1109.80bn*	-JPY1312.60bn	Monthly
Japan	01:50	Exports (YoY) (Feb)	✓✓	-1.00%*	-2.60%	Monthly
Japan	01:50	Imports (YoY) (Feb)	✓✓	-14.00%*	-3.60%	Monthly
US	02:00	U.S. Treasury, General Account - Week Average (18-Mar)	✓	-	USD380.56bn	Weekly
South Africa	10:00	Consumer Price Index (YoY) (Feb)	✓✓	4.40%	4.50%	Monthly
South Africa	10:00	Consumer Price Index Core (YoY) (Feb)	✓✓	-	3.70%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Feb)	✓✓	0.30%	0.30%	Monthly
South Africa	10:00	Consumer Price Index Core (MoM) (Feb)	✓✓	-	0.10%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Feb) (F)	✓✓✓	1.20%	1.40%	Monthly
Eurozone	12:00	Trade Balance s.a. (Jan)	✓✓✓	EUR22.00bn	EUR22.20bn	Monthly
Eurozone	12:00	Trade Balance n.s.a. (Jan)	✓✓	EUR3.90bn	EUR23.10bn	Monthly
South Africa	13:00	Retail Sales (YoY) (Jan)	✓✓	0.90%	-0.40%	Monthly
South Africa	13:00	Retail Sales (MoM) (Jan)	✓✓	-	-3.10%	Monthly
US	13:00	MBA Mortgage Applications (13-Mar)	✓	-	55.40%	Weekly
Japan	14:00	Tokyo Department Store Sales (YoY) (Feb)	✓	-	-2.40%	Monthly
Japan	14:00	Nationwide Department Store Sales (YoY) (Feb)	✓	-	-5.00%	Monthly
Canada	14:30	Consumer Price Index (YoY) (Feb)	✓✓✓	2.10%	2.40%	Monthly
Canada	14:30	Consumer Price Index (Feb)	✓✓	-	136.80	Monthly
Canada	14:30	Consumer Price Index Core (YoY) (Feb)	✓✓	1.70%	1.80%	Monthly
Canada	14:30	Teranet - National Bank House Price Index (YoY) (Feb)	✓	-	2.07%	Monthly
Canada	14:30	Consumer Price Index s.a. (MoM) (Feb)	✓✓✓	-	0.10%	Monthly
Canada	14:30	Consumer Price Index n.s.a. (MoM) (Feb)	✓✓✓	0.40%	0.30%	Monthly
US	14:30	Housing Starts (MoM) (Feb)	✓✓✓	-4.90%	-3.60%	Monthly
US	14:30	Building Permits (Feb)	✓✓✓	1500.00K	1551.00K	Monthly
US	14:30	Building Permits (MoM) (Feb)	✓✓✓	-0.80%	9.20%	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (13-Mar)	✓✓✓	2.93mn	7.66mn	Weekly
US	20:30	FOMC Press Conference	✓✓✓	-	-	As Scheduled
US	20:30	Powell Holds Post-FOMC Meeting Press Conference	✓	-	-	As Scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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