

ONE
Minute Brief

19 March 2020

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Economic and political news

In South Africa (SA), the consumer price index (CPI) unexpectedly climbed 4.6% on an annual basis in February, compared to a rise of 4.5% in the previous month. Additionally, retail sales advanced 1.2% on a yearly basis in January, compared to a drop of 0.4% in the previous month.

News reports indicate that the number of coronavirus cases in SA climbed to 116.

The South African Federation of Trade Union (Safu) wants Eskom's Chief Operating Officer, Jan Oberholzer, to resign from his position.

The National Education, Health and Allied Workers' Union (Nehawu) has threatened to embark a strike action after government declared a freeze on its employees' salaries.

South African Airways (SAA) announced that it has cancelled 162 international and regional flights until the end of this month, due to low demand and restrictions linked to the coronavirus.

Transport Minister, Fikile Mbalula, stated that the country had imposed a "total ban" on cruise ships from March 18 because of risks associated with the coronavirus outbreak.

Key indices

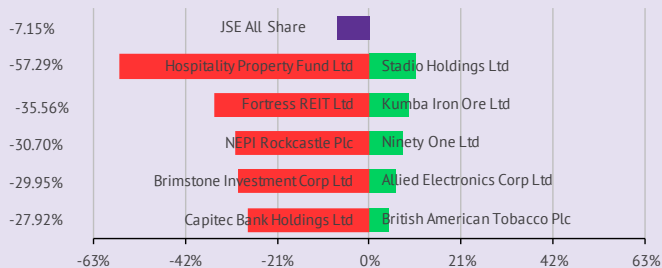
	As at 18 Mar 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	38604.88	▼	-2974.70	-7.15	-12.61	-24.36	-8.99	-32.37
JSE Top 40 (ZAR)	34715.64	▼	-2659.69	-7.12	-12.06	-24.29	-8.43	-31.68
FTSE 100 (GBP)	5080.58	▼	-214.32	-4.05	-5.32	-22.79	-9.68	-32.64
DAX 30 (EUR)	8441.71	▼	-497.39	-5.56	-8.56	-29.00	-8.41	-36.28
CAC 40 (EUR)	3754.84	▼	-236.94	-5.94	-8.83	-29.29	-8.55	-37.19
S&P 500 (USD)	2398.10	▼	-131.09	-5.18	-11.54	-18.82	-8.41	-25.77
Nasdaq Composite (USD)	6989.84	▼	-344.94	-4.70	-11.24	-18.41	-6.38	-22.10
DJIA (USD)	19898.92	▼	-1338.46	-6.30	-14.18	-21.69	-10.07	-30.27
MSCI Emerging Markets (USD)	787.81	▼	-38.87	-4.70	-11.60	-21.65	-5.35	-29.32
MSCI Developed World (USD)	1682.25	▼	-90.68	-5.11	-10.60	-21.43	-8.59	-28.67

South Africa Market ▼

South African markets closed lower

South African markets closed sharply lower yesterday, as risk aversion returned among investors after data showed that coronavirus cases surged in SA. The JSE All Share Index fell 7.2% to close at 38,604.88.

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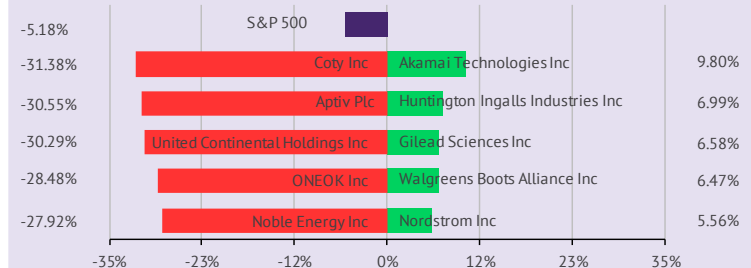


US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid growing concerns about the impact of the coronavirus outbreak on global economy. The S&P 500 Index dropped 5.2% to close at 2,398.10. Today, the S&P 500 futures are trading in the red.

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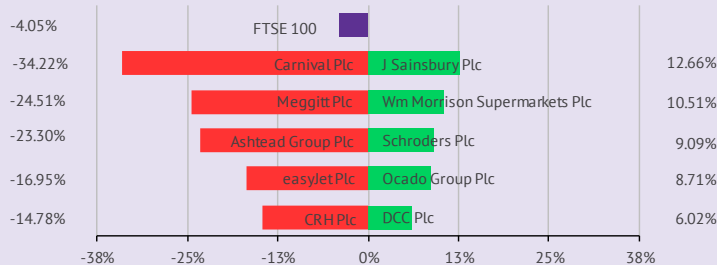


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid fears that the coronavirus outbreak would severely hurt corporate earnings. The FTSE 100 Index declined 4.1% to close at 5,080.58. Today, the FTSE 100 futures are trading in negative territory.

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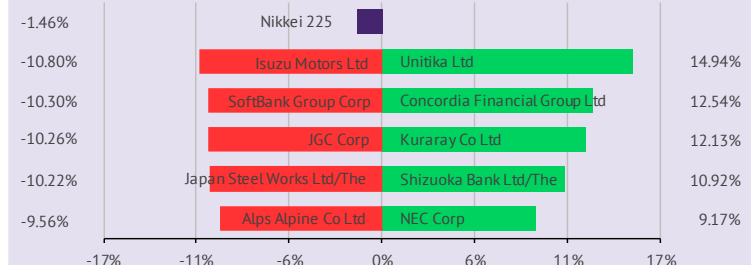


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid persistent worries about the economic impact of the coronavirus pandemic. As at 6:00 SAST, the Nikkei 225 Index is trading 1.5% lower at 16,482.35.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 2.1% against the South African Rand to trade at R17.4498. Later today, traders will keep a close watch on the US initial jobless claims, current account balance and the Philadelphia Fed manufacturing index for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US MBA mortgage applications declined on a weekly basis in the week ended 13 March 2020. Moreover, building permits declined more-than-expected in February. Meanwhile, housing starts dropped less than market forecast on a monthly basis in February. Separately, SA's consumer inflation advanced to a 15-month high level in February. Additionally, retail sales climbed to a 12-year high level in January.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 1.0% against the South African Rand to trade at R20.0689. 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.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro gained 1.9% against the South African Rand to trade at R19.0142. Going forward, market participants will keep a tab on Eurozone's construction output for further indication.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted trade surplus unexpectedly narrowed in January. Additionally, the nation's consumer price inflation slowed as initially estimated in February.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 1.5% weaker against the South African Rand at R9.7185. Earlier in the session, Australia's seasonally adjusted unemployment rate unexpectedly dropped 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	17.4498	▼	2.86	5.03	9.16	4.21	22.11
GBPZAR	20.0689	▼	-0.66	-0.53	-0.98	1.28	7.07
EURZAR	19.0142	▼	2.10	3.35	8.01	3.73	18.85
AUDZAR	9.7185	▲	-0.87	-1.87	-3.13	1.34	0.32
EURUSD	1.0900	▼	-0.75	-1.73	-1.01	-0.60	-2.66
GBPUSD	1.1502	▼	-3.71	-5.46	-9.48	-2.90	-12.44
Brent (\$/barrel)	25.2	▲	-13.40	-26.50	-49.91	-12.27	-62.30
Gold (\$/oz)	1472.4	▼	-3.14	-2.56	-5.67	-1.02	-2.97
Platinum (\$/oz)	610.8	▲	-9.06	-18.67	-30.03	-10.11	-37.72
Copper (\$/MT)*	4729.5	▼	-7.78	-13.18	-15.80	1.19	-23.09

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped 0.4% to trade at \$1,472.40/oz.

Yesterday, gold prices fell 3.1% to close at \$1,477.90/oz, as investors opted for cash after additional stimulus measures by the US Federal Reserve failed to ease investor worries.

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Brent Crude Oil ▲

Trading weaker

At 06:00 SAST, Brent crude oil rose 1.2% to trade at \$25.18/bl.

Yesterday, Brent crude oil declined 13.4% to settle at \$24.88/bl, after countries all over the world accelerated lockdowns to curb the coronavirus pandemic. Moreover, the US Energy Information Administration (EIA) reported that crude oil inventories rose by 1.9mn bls to 453.7mn in the week ended 13 March 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.0% higher to trade at \$610.80/oz.

Yesterday, platinum prices dropped 9.1% to close at \$605.00/oz.

Major South African corporate news

Adcock Ingram Holdings Limited

The company announced that it has concluded a share purchase agreement to acquire 100% of the shares of Plush Professional Leather Care Proprietary Limited payable in cash with a confidential purchase price. The acquisition is firmly in line with Adcock Ingram's strategy of diversifying into less regulated product classes in the consumer sector.

Harmony Gold Mining Company Limited

The company announced that it has immediately rolled out risk management strategies including the implementation of strict COVID-19 prevention measures across all of its operations.

Metair Investments Limited

In its FY19 results, the company announced that revenues rose to ZAR11.24bn from ZAR10.28bn recorded in the preceding year. Its diluted EPS stood at 324.00c, compared to 336.00c in the prior year. The company declared a cash dividend of 120.00c per share.

Rebosis Property Fund Limited

The company announced that the Board of Directors supports the action taken by government in containing the impact of COVID-19. In terms of its business continuity process and response plan, the Board has mandated a task team led by Rebosis' Executive Management to monitor the situation and provide feedback to the Board on an ongoing basis.

Royal Bafokeng Platinum Limited

The company referred to the force majeure declared by Anglo American Platinum Limited (Amplats) and announced that an arrangement has been agreed to in principle between Amplats, Rustenburg Platinum Mines Limited (RPM), RBPlat and Royal Bafokeng Resources Proprietary Limited (RBR). In terms of the arrangement, currently being finalised with Amplats and RPM, RBR has begun delivery of its concentrate to RPM and RPM accepts the delivery of the concentrate. Ownership would pass to RPM on materially the same terms and conditions as the pre-existing Disposal of Concentrate Agreement but with delayed payment terms.

Major global economic news

Asia

The Bank of Japan (BoJ), in its monetary policy meeting minutes, revealed that most members agreed that it was appropriate to continue with the current monetary easing policy, in wake of the coronavirus outbreak. However, one official suggested that negative rate could affect investor sentiment by making households, firms more pessimistic about economic outlook. Meanwhile, a policymaker cautioned that the central bank must brace for the risk of another recession by strengthening cooperation with the government's fiscal policy.

In Japan, the CPI rose 0.4% on an annual basis in February, less than market forecast and compared to an advance of 0.7% in the previous month.

In Australia, seasonally adjusted unemployment rate unexpectedly fell to 5.1% in February, compared to a rate of 5.3% in the previous month.

The Reserve Bank of Australia (RBA), in its latest interest rate decision, slashed its key interest rate by 25bps to 0.25% to curb the economic impact of the coronavirus outbreak. Further, the central bank stated that it would purchase government bonds in the secondary market and keep the yield on 3-year bonds at around 0.25%.

US

In the US, the MBA mortgage applications dropped 8.4% on a weekly basis in the week ended 13 March 2020, compared to a surge of 55.4% in the previous week.

In February, building permits declined 5.5% to an annual rate of 1.46mn on a monthly basis in the US, more than market forecast and compared to a revised level of 1.55mn in the previous month.

In the US, housing starts fell 1.5% to an annual rate of 1.59mn on a monthly basis in February, less than market anticipations and compared to a revised level of 1.62mn in the previous month.

Eurozone

In the Eurozone, seasonally adjusted trade surplus unexpectedly narrowed to EUR17.30bn in January, compared to a revised surplus of EUR21.5bn in the previous month.

In February, the CPI rose 1.2% on an annual basis in the Eurozone, in line with preliminary estimates. In the prior month, the CPI had recorded a rise of 1.4%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	National CPI Ex Food, Energy (YoY) (Feb)	✓✓	0.60%*	0.80%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Feb)	✓✓✓	0.40%*	0.70%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Feb)	✓✓✓	0.60%*	0.80%	Monthly
Japan	01:50	Foreign Buying Japan Stocks (13-Mar)	✓	-JPY1242.9bn*	-JPY514.80bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (13-Mar)	✓	-JPY595.10bn*	JPY4240.30bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (13-Mar)	✓	JPY77.70bn*	JPY157.70bn	Weekly
Japan	01:50	Foreign Buying Japan Bonds (13-Mar)	✓	JPY309.40bn*	JPY1097.20bn	Weekly
Japan	05:00	Bank of Japan Interest Rate Decision	✓✓✓	-	-0.10%	As Scheduled
Japan	05:00	BoJ Monetary Policy Statement	✓✓✓	-	-	As Scheduled
Japan	06:30	All Industry Activity Index (MoM) (Jan)	✓✓✓	0.20%	0.00%	Monthly
Japan	08:00	BoJ Press Conference	✓✓✓	-	-	As Scheduled
Switzerland	09:00	Exports (MoM) (Feb)	✓	-	4.56%	Monthly
Switzerland	09:00	Imports (MoM) (Feb)	✓	-	0.48%	Monthly
Switzerland	09:00	Trade Balance s.a. (Feb)	✓✓	-	-	Monthly
Switzerland	09:30	SNB Monetary Policy Assessment	✓✓✓	-	-	As Scheduled
Switzerland	10:30	SNB Interest Rate Decision	✓✓✓	-0.75%	-0.75%	As Scheduled
Eurozone	12:00	Construction Output s.a. (MoM) (Jan)	✓✓✓	0.30%	-3.10%	Monthly
Eurozone	12:00	Construction Output w.d.a. (YoY) (Jan)	✓	1.30%	-3.70%	Monthly
UK	14:00	CBI Industrial Trends Survey - Orders (Mar)	✓	-	-	Monthly
UK	14:00	CBI Trends Selling Prices (Mar)	✓✓	-	-	Monthly
US	14:30	Philadelphia Fed Manufacturing Survey (Mar)	✓✓	-	36.70	Monthly
US	14:30	Current Account Balance (Q4)	✓✓	-USD109.00bn	-USD124.10bn	Quarterly
US	14:30	Initial Jobless Claims (14-Mar)	✓✓✓	220.00K	211.00K	Weekly
US	14:30	Continuing Jobless Claims (07-Mar)	✓✓✓	1725.00K	1722.00K	Weekly
South Africa	16:00	SARB Interest Rate Decision	✓✓	5.75%	6.25%	As Scheduled
US	16:00	Leading Indicator (MoM) (Feb)	✓✓✓	-	0.80%	Monthly
US	16:30	EIA Natural Gas Storage Change (13-Mar)	✓✓✓	-	-48.00Bcf	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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