

ONE  
Minute Brief

20 March 2020

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## Economic and political news

The South African Reserve Bank (SARB), in its latest interest rate decision, slashed its key interest rate by 100bps to 5.25% and expects to lower it more this year, to support the economy. Meanwhile, the central bank expects the economy to contract by 0.2% in 2020 and to rise to 1.0% in 2021 and to 1.6% in 2022.

During a question-and-answer session with doctors in Pretoria, Health Minister, Zweli Mkhize, stated that about 60% to 70% of South Africans are likely to contract the virus, but only about 20% of those will be serious cases.

Eskom has ordered to investigate allegations of "corruption and victimisation" levelled against the utility's Chief Operating Officer, Jan Oberholzer.

The Electoral Court has granted the Electoral Commission of South Africa's (IEC) urgent application to postpone the by-elections scheduled for March, April and May.

News reports indicate that South Africa is planning to install a 40-kilometer (25 mile) fence on its land border crossing with Zimbabwe to prevent undocumented migrants and people infected with the coronavirus from entering, as part of emergency measures to contain the spread of the disease.

## Key indices

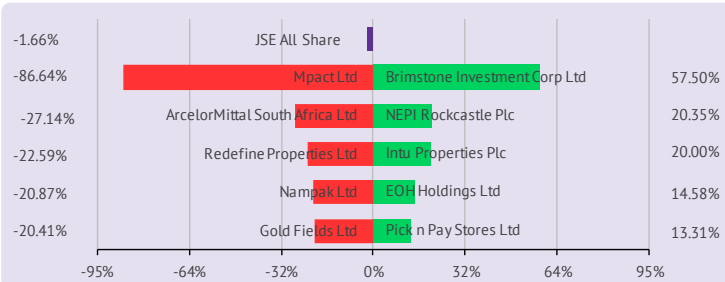
|                             | As at 19 Mar 2020 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR)         | 37963.01          | ▼         | -641.87   | -1.66     | -14.07    | -25.62            | -8.99     |
| JSE Top 40 (ZAR)            | 34239.30          | ▼         | -476.34   | -1.37     | -13.27    | -25.33            | -8.43     |
| FTSE 100 (GBP)              | 5151.61           | ▲         | 71.03     | 1.40      | -4.00     | -21.72            | -9.68     |
| DAX 30 (EUR)                | 8610.43           | ▲         | 168.72    | 2.00      | -6.73     | -27.58            | -8.41     |
| CAC 40 (EUR)                | 3855.50           | ▲         | 100.66    | 2.68      | -6.38     | -27.39            | -8.55     |
| S&P 500 (USD)               | 2409.39           | ▲         | 11.29     | 0.47      | -11.13    | -18.44            | -8.41     |
| Nasdaq Composite (USD)      | 7150.58           | ▲         | 160.73    | 2.30      | -9.20     | -16.54            | -6.38     |
| DJIA (USD)                  | 20087.19          | ▲         | 188.27    | 0.95      | -13.36    | -20.95            | -10.07    |
| MSCI Emerging Markets (USD) | 766.41            | ▼         | -21.40    | -2.72     | -14.00    | -23.78            | -5.35     |
| MSCI Developed World (USD)  | 1694.45           | ▲         | 12.20     | 0.73      | -9.95     | -20.86            | -8.59     |

## South Africa Market ▼

## South African markets closed lower

South African markets closed in the red yesterday, led by sharp losses in banking and gold mining sector stocks. The JSE All Share Index fell 1.7% to close at 37,963.01.

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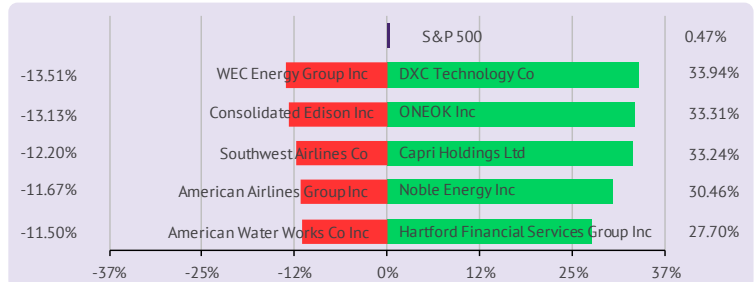


## US Market ▲

## US markets closed firmer

US markets closed higher yesterday, as policymakers around the world took stimulus measures to contain the economic fallout from the coronavirus outbreak. The S&P 500 Index climbed 0.5% to close at 2,409.39. Today, the S&P 500 futures are trading in the red.

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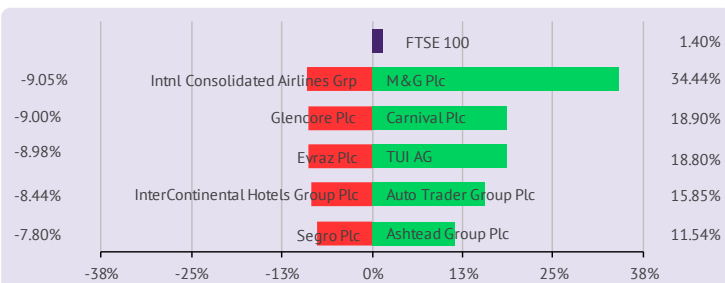


## UK Market ▲

## UK markets closed in the green

UK markets finished higher yesterday, after the Bank of England (BoE) cut interest rates to a record low and announced bond-buying programme to contain the impact of the coronavirus crisis. The FTSE 100 Index advanced 1.4% to close at 5,151.61. Today, the FTSE 100 futures are trading in negative territory.

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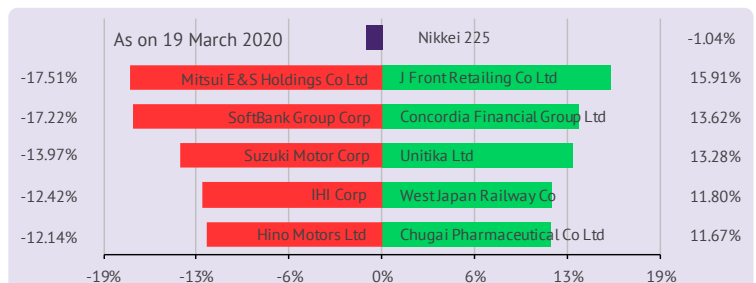


## Asian Market ▲

## Trading mostly higher

Asian markets are trading mostly higher this morning, as risk appetite returned among investors. Markets in Japan are closed today on account of a public holiday.

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## USD ZAR

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.6% against the South African Rand to trade at R17.3675. Later today, traders will keep a close watch on the US existing home sales for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US initial jobless claims advanced to its highest level in 2.5 years on a weekly basis in the week ended 13 March 2020. Moreover, current account deficit narrowed less than market forecast in 4Q19. Meanwhile, the Philadelphia Fed manufacturing index unexpectedly eased in March, hitting its lowest level since summer 2012. Separately, the South African Rand fell against the US Dollar, after SA's central bank reduced its key interest rate to a six-year low.

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## GBP ZAR

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.7% firmer against the South African Rand at R20.1933. Ahead in the day, traders will keep an eye on UK's public sector net borrowings and consumer inflation expectations for further indications.

The British Pound advanced against the South African Rand yesterday, after the BoE lowered its key interest rate in a surprise move and boost its quantitative easing programme.

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## EUR ZAR

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R18.6447. Going forward, market participants will keep a tab on Eurozone's current account balance and Germany's producer price index (PPI) for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted construction output rebounded on a monthly basis in January. On the other hand, Germany's preliminary Ifo business climate index sharply dropped to its lowest level since August 2009 in March. Additionally, the flash Ifo current assessment index eased in March. Likewise, the preliminary Ifo business expectations index declined in March.

## AUD ZAR

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 1.7% against the South African Rand to trade at R10.2021.

The Australian Dollar rose against the South African Rand yesterday.

## Key currencies & commodities

|                   | Current <sup>#</sup> |   | 1 D %<br>Chg | WTD %<br>Chg | MTD %<br>Chg | Prev. month<br>% Chg | YTD %<br>Chg |
|-------------------|----------------------|---|--------------|--------------|--------------|----------------------|--------------|
| USDZAR            | 17.3675              |  | 2.17         | 7.32         | 11.53        | 4.21                 | 24.76        |
| GBPZAR            | 20.1933              |  | 0.94         | 0.40         | -0.05        | 1.28                 | 8.08         |
| EURZAR            | 18.6447              |  | 0.08         | 3.43         | 8.09         | 3.73                 | 18.94        |
| AUDZAR            | 10.2021              |  | 1.67         | -0.23        | -1.52        | 1.34                 | 1.99         |
| EURUSD            | 1.0737               |  | -2.04        | -3.74        | -3.03        | -0.60                | -4.65        |
| GBPUSD            | 1.1623               |  | -1.06        | -6.46        | -10.43       | -2.90                | -13.37       |
| Brent (\$/barrel) | 29.1                 |  | 14.43        | -15.89       | -42.68       | -12.27               | -56.86       |
| Gold (\$/oz)      | 1485.9               |  | 0.09         | -2.47        | -5.58        | -1.02                | -2.88        |
| Platinum (\$/oz)  | 612.8                |  | -1.36        | -19.77       | -30.98       | -10.11               | -38.56       |
| Copper (\$/MT)*   | 4820.3               |  | 1.92         | -11.52       | -14.19       | 1.19                 | -21.61       |

\*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 \$1,485.90/oz.

Yesterday, gold prices rose 0.1% to close at \$1,479.30/oz.

## Brent Crude Oil

### Trading stronger

At 06:00 SAST, Brent crude oil advanced 2.2% to trade at \$29.10/bl.

Yesterday, Brent crude oil advanced 14.4% to settle at \$28.47/bl, amid speculation that the US President, Donald Trump, might intervene in the price war between Saudi Arabia and Russia at an "appropriate time."

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## Platinum

### Trading in positive territory

At 06:00 SAST, platinum prices edged 2.7% higher to trade at \$612.80/oz.

Yesterday, platinum prices dropped 1.4% to close at \$596.80/oz.

## Major South African corporate news

### EOH Holdings Limited

In its 1H20 trading statement, the company announced that it expects loss per share of no more than 600.00c, compared to a loss of 1,706.00c per share in the same period of the preceding year. It expects its headline loss per share to be no more than 500.00c, compared to a loss of 844.00c per share in the prior year.

### Metair Investments Limited

In its FY19 results, the company announced that revenues rose to ZAR11.24bn from ZAR10.28bn reported in the previous year. Its EPS dropped 4.0% to 325.00c, compared to the previous year. The company has declared a gross cash dividend of 120.00c per share.

## Major global economic news

### Eurozone

In Germany, the preliminary Ifo business climate index declined to a level of 87.70 in March, compared to a revised level of 96.00 in the previous month.

In March, the flash Ifo current assessment index dropped to 93.80 in the Germany, compared to a revised level of 99.00 in the previous month.

In Germany, the preliminary Ifo business expectations index fell to a reading of 82.00 in March, compared to a revised level of 93.20 in the previous month.

In the Eurozone, seasonally adjusted construction output climbed 3.6% on a monthly basis in January, more than market expectations and compared to a revised drop of 1.8% in the previous month.

### US

In the US, initial jobless claims rose to 281.00K on a weekly basis in the week ended 13 March 2020, more than market expectations and compared to a level of 211.00K in the previous week.

In 4Q19, current account deficit narrowed to USD109.80bn in the US, less than market anticipations and compared to a revised deficit of USD125.40bn in the previous quarter.

In March, the Philadelphia Fed manufacturing index unexpectedly slid to a level of -12.70 in the US, compared to reading of 36.70 in February.

### UK

The Bank of England (BoE), in its latest monetary policy decision, cut down its benchmark interest rate by 15bps to 0.1%, in an effort to offset the economic impact of the coronavirus outbreak. Moreover, the central bank announced that it would make additional bond purchases worth GBP200bn effectively printing new money to push into the financial system.

### Asia

The People's Bank of China (PBoC), in its interest rate decision, unexpectedly kept its key interest rate unchanged at 4.05% and kept the five-year rate unchanged at 4.75%.

## Economic calendar

| Country  | SAST  | Economic indicator                       | Relevance | Consensus | Previous    | Frequency    |
|----------|-------|--|-----------|-----------|-------------|--------------|
| Germany  | 07:00 | Producer Price Index (MoM) (Feb)         | ✓✓✓       | -0.10%    | 0.80%       | Monthly      |
| Germany  | 07:00 | Producer Price Index (YoY) (Feb)         | ✓✓✓       | 0.20%     | 0.20%       | Monthly      |
| Germany  | 07:00 | Producer Price Index (Feb)               | ✓✓        | -         | 105.30      | Monthly      |
| Eurozone | 09:00 | Current Account s.a (Jan)                | ✓✓✓       | -         | EUR33.00bn  | Monthly      |
| Italy    | 09:00 | Current Account (Jan)                    | ✓         | -         | EUR4.83bn   | Monthly      |
| Spain    | 09:00 | Trade Balance (Jan)                      | ✓✓✓       | -         | -EUR2.09bn  | Monthly      |
| UK       | 09:30 | Public Sector Net Cash Requirement (Feb) | ✓✓        | -         | -GBP18.75bn | Monthly      |
| UK       | 09:30 | Public Sector Net Borrowing (Feb)        | ✓✓        | GBP0.85bn | -GBP10.54bn | Monthly      |
| UK       | 09:30 | PSNB ex Interventions (Feb)              | ✓         | -         | -GBP9.81bn  | Monthly      |
| Japan    | 12:00 | Convenience Store Sales (YoY) (Feb)      | ✓         | -         | 0.40%       | Monthly      |
| UK       | 12:00 | BoE Quarterly Bulletin                   | ✓         | -         | -           | As Scheduled |
| Canada   | 12:30 | Retail Sales (MoM) (Jan)                 | ✓✓        | 0.30%     | 0.00%       | Monthly      |
| Canada   | 12:30 | Retail Sales ex Autos (MoM) (Jan)        | ✓         | 0.20%     | 0.50%       | Monthly      |
| US       | 14:00 | Existing Home Sales (Feb)                | ✓✓✓       | 5.50mn    | 5.46mn      | Monthly      |
| US       | 14:00 | Existing Home Sales (MoM) (Feb)          | ✓✓✓       | 0.70%     | -1.30%      | Monthly      |
| US       | 17:00 | Baker Hughes US Rig Count (20-Mar)       | ✓✓✓       | -         | 792.00      | Weekly       |
| US       | 17:00 | Baker Hughes US Oil Rig Count (20-Mar)   | ✓         | -         | 683.00      | Weekly       |
| US       | 17:00 | Baker Hughes US Gas Rig Count (20-Mar)   | ✓         | -         | 107.00      | Weekly       |

Note: ✓✓✓High    ✓✓Medium    ✓Low

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