

ONE
Minute Brief

30 March 2020



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Economic and political news

Ratings agency, Moody's, has cut South Africa's (SA) sovereign credit rating to "junk" status, downgrading the rating down to 'Ba1' from 'Baa3' and maintained a negative outlook, citing continued deterioration in fiscal strength and weak economic growth.

According to the Automobile Association (AA), petrol prices would drop by around ZAR2.00 per litre and diesel by around ZAR1.65 per litre, with effect from 1 April 2020.

Health Minister, Zweli Mkhize, announced that the number of confirmed coronavirus cases in SA has increased to 1,280.

News reports indicate that SA might approach the International Monetary Fund (IMF) and World Bank for financial assistance to deal with the fallout from the coronavirus outbreak.

SA's National Treasury has introduced a new tax subsidy of ZAR500 per month for each worker to employers for the next four months to curb financial losses suffered by firms due to the coronavirus.

Eskom has asked some of its workforce to stay home and has delayed some maintenance as demand for electricity plummeted due to a national lockdown.

Key indices

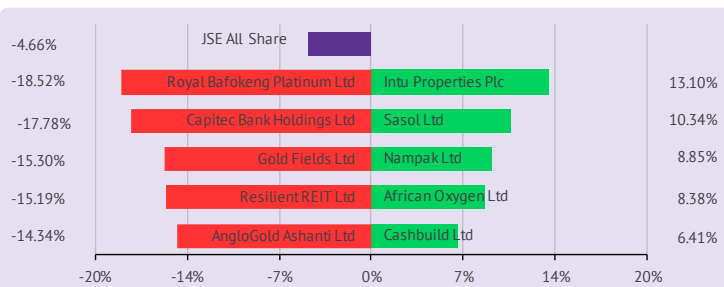
	As at 27 Mar 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	42946.83	▼	-4.66	NA	-15.85	-8.99	-24.77
JSE Top 40 (ZAR)	39172.39	▼	-4.71	NA	-14.57	-8.43	-22.91
FTSE 100 (GBP)	5510.33	▼	-5.25	NA	-16.26	-9.68	-26.94
DAX 30 (EUR)	9632.52	▼	-3.68	NA	-18.99	-8.41	-27.30
CAC 40 (EUR)	4351.49	▼	-4.23	NA	-18.05	-8.55	-27.21
S&P 500 (USD)	2541.47	▼	-3.37	NA	-13.97	-8.41	-21.34
Nasdaq Composite (USD)	7502.38	▼	-3.79	NA	-12.43	-6.38	-16.39
DJIA (USD)	21636.78	▼	-4.06	NA	-14.85	-10.07	-24.18
MSCI Emerging Markets (USD)	842.54	▼	-1.03	NA	-16.21	-5.35	-24.41
MSCI Developed World (USD)	1827.17	▼	-2.58	NA	-14.66	-8.59	-22.53

South Africa Market ▼

South African markets closed lower

South African markets closed lower on Friday, ending its winning streak of three consecutive sessions, after Moody's downgraded SA's credit ratings to "junk" status. The JSE All Share Index fell 4.7% to close at 42,946.83.

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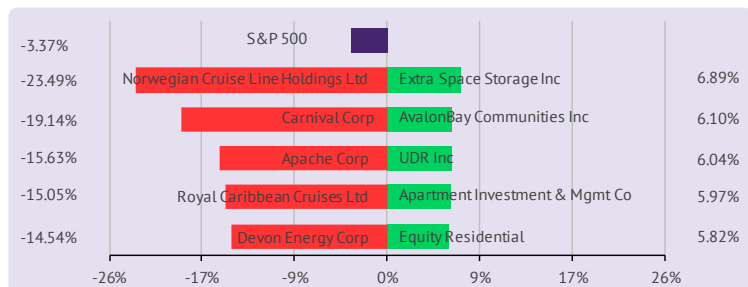


US Market ▼

US markets closed weaker

US markets closed lower on Friday, amid mounting concerns over the state of the US economy and after country reported a surge in coronavirus cases. The S&P 500 Index dropped 3.4% to close at 2,541.47. Today, the S&P 500 futures are trading in the red.

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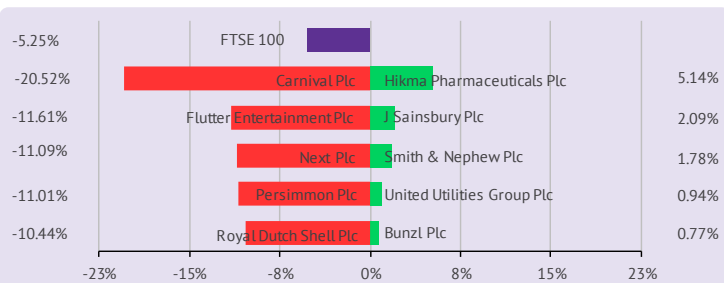


UK Market ▼

UK markets closed in the red

UK markets finished lower on Friday, after British Prime Minister, Boris Johnson, tested positive for coronavirus. The FTSE 100 Index declined 5.3% to close at 5,510.33. Today, the FTSE 100 futures are trading in negative territory.

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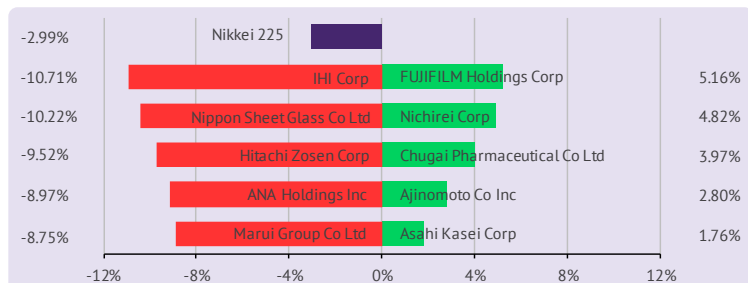


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, as investors assessed the economic impact of the coronavirus pandemic. As at 6:00 SAST, the Nikkei 225 Index is trading 3.0% lower at 18,808.73.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 1.9% firmer against the South African Rand at R17.9579. Later today, traders will keep a close watch on the US pending home sales data and the Dallas Fed manufacturing index for further direction.

The US Dollar rose against the South African Rand on Friday. On the macro front, the US personal income rose more than market expectations on a monthly basis in February. Additionally, personal spending advanced in line with market consensus in February. Meanwhile, the Michigan consumer sentiment index dropped to its lowest level since October 2016 in March. Separately, the South African Rand fell against the US Dollar, after the country reported its first two deaths from the coronavirus and amid sharp rise in coronavirus cases.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 1.3% against the South African Rand to trade at R22.2245. Ahead in the day, traders will keep an eye on UK's Nationwide house price index, consumer credit, mortgage approvals and the GfK consumer confidence index for further indication.

The British Pound advanced against the South African Rand on Friday.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro climbed 1.3% against the South African Rand to trade at R19.8958. Going forward, market participants will keep a tab on Eurozone's consumer confidence index, business climate index and economic sentiment indicator along with Germany's consumer price index for further cues.

The Euro strengthened against the South African Rand on Friday.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 1.4% higher against the South African Rand at R11.0241.

The Australian Dollar rose against the South African Rand on Friday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	17.9579	▼	1.71	NA	12.54	4.21	25.89
GBPZAR	22.2245	▼	3.79	NA	9.34	1.28	18.23
EURZAR	19.8958	▼	2.73	NA	13.66	3.73	25.06
AUDZAR	11.0241	▼	3.54	NA	6.72	1.34	10.52
EURUSD	1.1081	▼	0.99	NA	1.04	-0.60	-0.64
GBPUSD	1.2377	▼	2.11	NA	-2.83	-2.90	-6.01
Brent (\$/barrel)	23.4	▼	-5.35	NA	-49.81	-12.27	-62.23
Gold (\$/oz)	1646.0	▲	-1.59	NA	3.72	-1.02	6.69
Platinum (\$/oz)	710.9	▼	0.43	NA	-14.39	-10.11	-23.79
Copper (\$/MT)*	4782.5	▼	-0.13	NA	-14.86	1.19	-22.22

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.3% higher to trade at \$1,646.00/oz.

On Friday, gold prices fell 1.6% to close at \$1,625.00/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 6.1% to trade at \$23.40/bl.

On Friday, Brent crude oil declined 5.4% to settle at \$24.93/bl, amid slowdown in global energy demand. Meanwhile, Baker Hughes reported that US oil rig count fell by 40 to 624 last week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 4% lower to trade at \$710.90/oz.

On Friday, platinum prices climbed 0.4% to close at \$740.30/oz.

Major South African corporate news

AECI Limited

The company announced that the effects of COVID-19 in China in January 2020 and its rapid spread thereafter was identified as a new and serious concern by the firm. Further, given the lockdown across the country in SA, the company has stress tested multiple solvency and liquidity scenarios. No loan covenants were breached in any of those scenarios. Notwithstanding the confirmation of AECI's robust financial position in terms of liquidity, the board has considered it prudent and in the best interests of the company and all its stakeholders to postpone the payment of the dividend that was scheduled for Monday, 6 April 2020.

KAP Industrial Holdings Limited

In its operational update and trading statement, the company announced that its Integrated Timber division has performed well for the year to date up to 28 February 2020 and demand for its products has remained buoyant. Further, in view of the continued weakness in global polymer margins and potential asset impairment relating thereto, as well as the economic impacts related to the coronavirus, it is expected that the earnings would be more than 20.0% lower than in the previous reporting period.

Anglo American Plc

The company announced that during the 21-day lockdown period in SA, Sishen and Kolomela mines continue to operate with an approximately 50% level of workforce. Meanwhile, the firm expects a 2020 production volume impact of 2.00-3.00mt at Kumba Iron Ore (based on approximately 50% reduction in the workforce) and 1.50-2.00mt of export thermal coal.

Kumba Iron Ore Limited

The company announced that during the lockdown period, Kumba will continue with a c.50% level of workforce. The rail and port logistics infrastructure to support the export of iron ore is expected to continue to service the operations. Meanwhile, shareholders are advised that scaling down operations would impact the company's 2020 production guidance of between 41.50Mt and 42.50Mt, as announced in the FY19 annual results presentation.

AngloGold Ashanti Limited

The company announced that as a precaution against the potential effects of the COVID-19 pandemic on the ability to secure spares and consumables, the company's supply chain teams have proactively placed orders to build increased safety stocks on critical items at its operations. Moreover, firm has temporarily suspended mining activities at SA's Mponeng, and partial suspended mining activities at Mine Waste Solutions and Surface Operations. Meanwhile, the rest of AngloGold Ashanti's mines in its diversified portfolio of 14 assets in nine countries, continue to operate.

Vodacom Group Limited

The company announced that Mr.Jabu Moleketi, Chairman of Vodacom Group, would retire and step down from the Board at the forthcoming annual general meeting to be held on Tuesday 21 July 2020. Moreover, the Board is pleased to announce the appointment of Mr. Saki Macozoma, current Lead independent Non-Executive Director, to the role of Chairman of the company with effect from Wednesday 22 July 2020. Additionally, Mr. Thomas Reisten has resigned from the Board, with effect from 31 March 2020.

Major global economic news

US

In the US, personal income advanced 0.6% on a monthly basis in February, more than market expectations and compared to a similar rise in the previous month.

In February, personal spending rose 0.2% in the US, in line with market forecast and compared to a similar rise in the prior month.

In the US, the Michigan consumer sentiments index fell to a level of 89.10 in March, compared to a level of 101.00 in the previous month. The preliminary figures had recorded a drop to 95.90.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Steinhoff International Holdings NV	99	25.32	-26.12	17.86
Net 1 UEPS Technologies Inc	5884	6.98	8.96	14.10
Assore Ltd	29000	0.59	70.87	9.05
Naspers Ltd	243837	13.15	2.41	6.44
AngloGold Ashanti Ltd	33374	26.56	20.82	6.03
Pioneer Foods Group Ltd	10991	0.00	0.86	2.07
Gold Fields Ltd	9652	24.45	5.69	1.67
Vodacom Group Ltd	11600	-2.82	5.77	0.61
Pick n Pay Stores Ltd	6380	4.23	15.50	-0.14
Clicks Group Ltd	25063	2.66	6.42	-1.12
Rhodes Food Group Pty Ltd	1443	20.35	3.07	-1.59
Shoprite Holdings Ltd	12086	11.55	9.26	-2.71
Pan African Resources PLC	210	-16.00	-11.76	-2.78
Dis-Chem Pharmacies Ltd	2548	-0.16	17.85	-3.85
British American Tobacco PLC	55446	6.15	-6.84	-5.20
JSE Ltd	10288	11.63	11.63	-6.60
Reinet Investments SCA	25900	-3.46	-19.66	-6.67
Montauk Holdings Ltd	3500	-25.53	-18.41	-7.89
Cartrack Holdings Ltd	2189	-8.72	-8.79	-8.93
SPAR Group Ltd/The	17902	-0.82	9.16	-9.36
Oceana Group Ltd	5574	4.38	1.90	-9.44
Trencor Ltd	820	2.37	-5.31	-9.89
RCL Foods Ltd/South Africa	989	-1.10	-9.85	-10.50
Tiger Brands Ltd	18432	8.75	21.74	-10.69
Cie Financiere Richemont SA	9555	-1.68	-8.30	-12.76
Zeder Investments Ltd	415	-0.48	-2.12	-12.82
Libstar Holdings Ltd	660	-1.49	-7.82	-13.04
Mondi PLC	27942	5.29	-8.59	-14.36
AfroCentric Investment Corp Ltd	290	1.75	-3.33	-14.45
Santam Ltd	24006	1.21	-0.88	-14.59
Peregrine Holdings Ltd	1550	-8.98	-13.84	-15.26
MiX Telematics Ltd	599	22.24	-25.13	-16.40
Astral Foods Ltd	17690	-9.00	-5.75	-16.88
Quilter PLC	2426	10.93	-16.43	-17.20
Harmony Gold Mining Co Ltd	4215	13.40	-24.12	-17.68
Tradehold Ltd	975	0.00	2.63	-18.55
Sirius Real Estate Ltd	1300	9.52	-18.44	-18.75
Stenprop Ltd	1921	-12.68	-23.16	-18.84
BHP Group PLC	25811	10.86	-4.89	-18.98
Brimstone Investment Corp Ltd	625	-0.79	-10.71	-19.35
JSE All Share Index	42947	6.64	-15.85	-24.77

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
US	07:00	Fed's Kaplan Speaks in Beaumont, Texas	✓	-	-	As Scheduled
South Africa	08:00	M3 Money Supply (YoY) (Feb)	✓	8.22%	7.02%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Feb)	✓	4.63%	5.01%	Monthly
Spain	09:00	Retail Sales (YoY) (Feb)	✓✓✓	2.20%	1.70%	Monthly
Switzerland	09:00	KOF Economic Barometer (Mar)	✓✓	82.50	100.90	Monthly
Switzerland	10:00	Domestic Sight Deposits (CHF) (27-Mar)	✓	-	CHF512400.00mn	Weekly
Switzerland	10:00	Total Sight Deposits (CHF) (27-Mar)	✓	-	CHF608800.00mn	Weekly
UK	10:30	Net Consumer Credit (Feb)	✓✓	GBP1.10bn	GBP1.23bn	Monthly
UK	10:30	Net Lending Sec. on Dwellings (Feb)	✓✓	-	GBP4.01bn	Monthly
UK	10:30	Mortgage Approvals (Feb)	✓✓✓	68.10K	70.89K	Monthly
UK	10:30	Net Lending to Individuals (Feb)	✓✓	-	GBP5.20bn	Monthly
UK	10:30	M4 Money Supply (MoM) (Feb)	✓	0.40%	0.60%	Monthly
UK	10:30	M4 Money Supply (YoY) (Feb)	✓	-	4.70%	Monthly
UK	10:30	M4 Ex IOFCs 3M Annualised (Feb)	✓	-	5.60%	Monthly
Eurozone	11:00	Economic Sentiment Indicator (Mar)	✓	90.60	103.50	Monthly
Eurozone	11:00	Industrial Confidence (Mar)	✓	-12.50	-6.10	Monthly
Eurozone	11:00	Business Climate Indicator (Mar)	✓✓	-0.05	-0.04	Monthly
Eurozone	11:00	Services Sentiment Indicator (Mar)	✓	10.60	11.20	Monthly
Eurozone	11:00	Consumer Confidence (Mar) (F)	✓✓✓	-	-6.60	Monthly
Germany	14:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Mar) (P)	✓✓✓	0.10%	0.60%	Monthly
Germany	14:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Mar) (P)	✓✓✓	1.40%	1.70%	Monthly
Germany	14:00	Consumer Price Index (MoM) (Mar) (P)	✓✓✓	0.10%	0.40%	Monthly
Germany	14:00	Consumer Price Index (YoY) (Mar) (P)	✓✓✓	1.40%	1.70%	Monthly
South Africa	14:00	Budget Balance (Feb)	✓	-	-ZAR42.30 bn	Monthly
US	16:00	Pending Home Sales (MoM) (Feb)	✓✓	-0.30%	5.20%	Monthly
US	16:00	Pending Home Sales (YoY) (Feb)	✓	1.70%	5.70%	Monthly
US	16:30	Dallas Fed Manufacturing Business Index (Mar)	✓✓✓	6.20	1.20	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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