

ONE
Minute Brief

16 April 2020



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Economic and political news

Ratings agency, Moody's has cut its 2020 growth forecast for South Africa's (SA) economy to 2.5%, citing the impact of a nationwide lockdown. Moreover, the agency forecasted the country's fiscal deficit to rise to a record 8.5% of GDP in 2020 and the debt-to-GDP ratio to climb 22 percentage points over the next four fiscal years.

According to the International Monetary Fund, SA is resilient enough to overcome the impact of coronavirus pandemic as long as its policies are recalibrated towards economic growth once the crisis has passed.

Eskom's Chief Operating Officer (COO), Jan Oberholzer, has been cleared of any wrongdoing, following an independent investigation.

Health Minister, Zweli Mkhize, has confirmed that SA's Covid-19 cases increased to 2,506, with death toll at 34.

According to the Minerals Council SA, job cuts could rise to more than 45,000, or about 10% of the total number of people employed in the mining sector, due to extended lockdown.

The Democratic Alliance (DA) Federal Executive has resolved to make a financial contribution of ZAR1.5mn to the Solidarity Fund.

Key indices

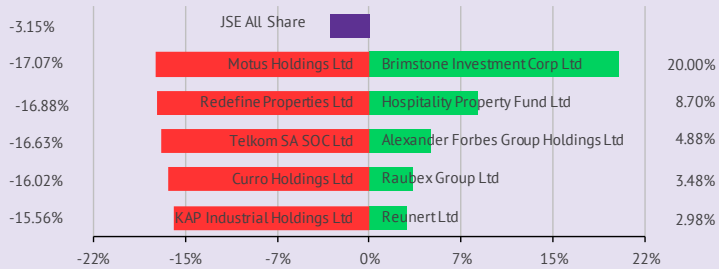
	As at 15 April 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	48301.28	▼	-1573.23	-3.15	0.60	8.57	-12.83
JSE Top 40 (ZAR)	44202.90	▼	-1378.01	-3.02	0.83	8.50	-11.15
FTSE 100 (GBP)	5597.65	▼	-193.66	-3.34	-4.19	-1.31	-13.81
DAX 30 (EUR)	10279.76	▼	-416.80	-3.90	-2.70	3.46	-16.44
CAC 40 (EUR)	4353.72	▼	-170.19	-3.76	-3.40	-0.96	-17.21
S&P 500 (USD)	2783.36	▼	-62.70	-2.20	-0.23	7.69	-12.51
Nasdaq Composite (USD)	8393.18	▼	-122.56	-1.44	2.94	9.00	-10.12
DJIA (USD)	23504.35	▼	-445.41	-1.86	-0.91	7.24	-13.74
MSCI Emerging Markets (USD)	888.14	▼	-8.14	-0.91	0.00	4.66	-15.61
MSCI Developed World (USD)	1960.20	▼	-46.60	-2.32	-0.60	5.80	-13.47

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking, retail and platinum mining sector stocks. The JSE All Share Index fell 3.2% to close at 48,301.28.

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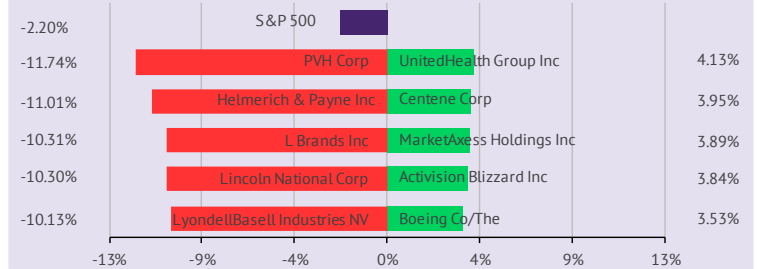


US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid disappointing US economic data and corporate earnings reports. The S&P 500 Index dropped 2.2% to close at 2,783.36. Today, the S&P 500 futures are trading in the red.

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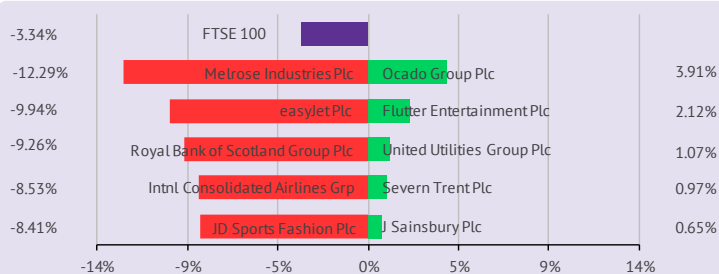


UK Market ▼

UK markets closed in the red

UK markets finished weaker yesterday, on the back of lower oil prices and bleak predictions about global growth. The FTSE 100 Index declined 3.3% to close at 5,597.65. Today, the FTSE 100 futures are trading in negative territory.

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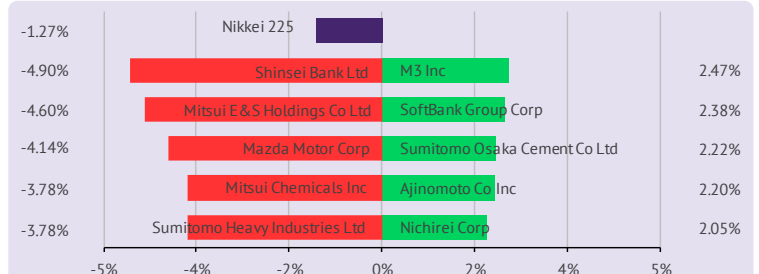


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, amid growing concerns over the scale of economic damage caused due to the coronavirus pandemic. As at 6:00 SAST, the Nikkei 225 Index is trading 1.3% lower at 19,302.35.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R18.7119. Later today, traders will keep a close watch on the US initial jobless claims, building permits, housing starts 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 business inventories fell in line with market anticipations on a monthly basis in February. Additionally, the NAHB housing market index fell in April, hitting its lowest level since June 2012. Moreover, industrial production dropped in March, marking its biggest monthly decrease since January 1946. Furthermore, advance retail sales declined more than market expectations in the same month. Also, the NY Empire State manufacturing index dropped to a record low in April. Meanwhile, the MBA mortgage applications climbed on a weekly basis in the week ended 10 April 2020. Separately, the South African Rand fell against the US Dollar, amid fears of global economic recession.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.4% against the South African Rand to trade at R23.3308. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's BRC retail sales dropped on an annual basis in March, registering its sharpest fall since records began in 1995.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.3% lower against the South African Rand at R20.3457. Going forward, market participants will keep a tab on Eurozone's industrial production along with Germany's consumer price index (CPI) for further indication.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.6% against the South African Rand to trade at R11.7453. Earlier in the session, Australia's consumer inflation expectations advanced in April. Additionally, seasonally adjusted unemployment rate rose less-than-expected in March. Elsewhere, in China, Australia's largest trading partner, the house price index advanced in March.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	18.7119	▼	2.04	4.10	4.82	13.90	33.56
GBPZAR	23.3308	▲	1.37	4.78	5.63	10.46	26.16
EURZAR	20.3457	▲	1.42	3.61	3.67	13.95	29.98
AUDZAR	11.7453	▲	0.22	3.37	7.89	7.47	20.08
EURUSD	1.0873	▼	-0.64	-0.25	-1.10	0.05	-2.70
GBPUSD	1.2468	▼	-0.83	0.51	0.79	-3.14	-5.57
Brent (\$/barrel)	28.2	▲	-6.45	-12.04	5.09	-46.95	-58.05
Gold (\$/oz)	1743.9	▲	-1.68	-0.52	9.08	1.07	13.40
Platinum (\$/oz)	800.6	▼	-1.85	7.52	10.52	-16.23	-17.58
Copper (\$/MT)*	5082.0	▼	-1.01	1.78	2.90	-12.08	-17.35

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.0% higher to trade at \$1,743.90/oz.

Yesterday, gold prices fell 1.7% to close at \$1,727.20/oz, as the US Dollar strengthened and amid profit booking.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.7% higher to trade at \$28.15/bl.

Yesterday, Brent crude oil declined 6.5% to settle at \$27.69/bl, amid rise in weekly US oil inventories and after International Energy Agency projected a record fall in oil demand in April. Additionally, the US Energy Information Administration (EIA) reported that US crude oil inventories jumped by 19.2mn bls in the week ended 10 April 2020, marking its 12th consecutive weekly rise.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$800.60/oz.

Yesterday, platinum prices dropped 1.9% to close at \$800.60/oz.

Major South African corporate news

Attacq Limited

In its COVID-19 update, the company announced that cost saving measures were implemented by reducing non-essential expenditure and that it expects to save a minimum of 6.0% of operating expenses, excluding property expenses, for the full financial year when compared to the budget. With regard to its Waterfall development portfolio, the company is actively collaborating with contractors and joint venture developers, to ensure effective management of the operations during the lockdown period. Meanwhile, presently there is no construction activity at any of the sites.

Major global economic news

US

In the US, business inventories slid 0.4% on a monthly basis in February, in line with market expectations. In the prior month, business inventories had recorded a revised drop of 0.3%.

In April, the NAHB housing market index dropped to a level of 30.00 in the US, more than market anticipations and compared to a level of 72.00 in the prior month.

In the US, industrial production fell 5.4% on a monthly basis in March, more than market forecast and compared to a revised rise of 0.5% in the prior month.

In April, the NY Empire State manufacturing index plummeted to a level of -78.20 in the US, more than market consensus and compared to a reading of -21.50 in the previous month.

In the US, advance retail sales tumbled 8.7% on a monthly basis in March, compared to a revised drop of 0.4% in February.

In the week ended 10 April 2020, the MBA mortgage applications advanced 7.3% on a weekly basis in the US, compared to a drop of 17.9% in the previous week.

The US Federal Reserve (Fed), in its latest Beige Book, revealed that the US economic activity contracted "sharply and abruptly" across all regions as a result of the coronavirus outbreak. The leisure, retail and hospitality sectors were most affected with severe job cuts. Looking ahead, the central bank warned that the near-term outlook was for even more job cuts in the coming months.

UK

In the UK, the BRC retail sales declined 3.5% on an annual basis in March, compared to a drop of 0.4% in the previous month.

Asia

In Australia, the consumer inflation expectations rose to 4.6% in April, compared to 4.0% in the prior month.

In March, the seasonally adjusted unemployment rate advanced to 5.2% in Australia, less than market forecast and compared to 5.1% in the previous month.

In China, the house price index climbed 5.3% in March, compared to an advance of 5.8% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Mar)	✓	-3.50%*	-0.40%	Monthly
Japan	01:50	Japan Buying Foreign Bonds (10-Apr)	✓	-JPY201.30bn*	-JPY1056.40bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (10-Apr)	✓	JPY450.10bn*	JPY568.60bn	Weekly
Japan	01:50	Foreign Buying Japan Bonds (10-Apr)	✓	-JPY302.60bn*	JPY494.60bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (10-Apr)	✓	-JPY15.50bn*	JPY422.70bn	Weekly
UK	02:00	BoE Credit Conditions Survey	✓	-	-	As Scheduled
Japan	06:00	Tokyo Condominium Sales (YoY) (Mar)	✓	-	-35.70%	Monthly
Germany	08:00	Wholesale Price Index (YoY) (Mar)	✓	-	-0.90%	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Mar) (F)	✓✓✓	0.10%	0.60%	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Mar) (F)	✓✓✓	1.30%	1.70%	Monthly
Germany	08:00	Consumer Price Index (MoM) (Mar) (F)	✓✓✓	0.10%	0.40%	Monthly
Germany	08:00	Consumer Price Index (YoY) (Mar) (F)	✓✓✓	1.40%	1.70%	Monthly
Germany	08:00	Wholesale Price Index (MoM) (Mar)	✓	-	-0.90%	Monthly
Switzerland	08:30	Producer and Import Prices (MoM) (Mar)	✓	-0.50%	-0.90%	Monthly
Switzerland	08:30	Producer and Import Prices (YoY) (Mar)	✓	-2.50%	-2.10%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Feb)	✓✓✓	-2.00%	-1.90%	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (Feb)	✓✓✓	-0.20%	2.30%	Monthly
Canada	14:30	Manufacturing Sales (MoM) (Feb)	✓✓	-0.10%	-0.20%	Monthly
US	14:30	Continuing Jobless Claims (04-Apr)	✓✓✓	5573.00K	7455.00K	Weekly
US	14:30	Building Permits (Mar)	✓✓✓	1300.00K	1464.00K	Monthly
US	14:30	Building Permits (MoM) (Mar)	✓✓✓	-	-5.50%	Monthly
US	14:30	Housing Starts (Mar)	✓✓✓	1300.00K	1599.00K	Monthly
US	14:30	Philadelphia Fed Manufacturing Survey (Apr)	✓✓	-30.00	-12.70	Monthly
US	14:30	Housing Starts (MoM) (Mar)	✓✓✓	-	-1.50%	Monthly
US	14:30	Initial Jobless Claims (11-Apr)	✓✓✓	5500.00K	6606.00K	Weekly
UK	15:30	BoE's Tenreyro speech	✓	-	-	As Scheduled
US	16:30	EIA Natural Gas Storage Change (10-Apr)	✓✓✓	24.00Bcf	38.00Bcf	Weekly
US	21:00	Fed's Williams speech	✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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