

ONE Minute Brief

22 April 2020

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Economic and political news

President, Cyril Ramaphosa, has announced a ZAR500bn (USD26.3bn) economic stimulus and social relief package, equivalent to 10% of SA's GDP, in a bid to contain the economic fallout from the coronavirus pandemic. The package included a special ZAR20bn Covid-19 health budget and a ZAR200bn loan guarantee scheme to help banks extend credit to businesses and support the economy.

In South Africa (SA), the leading indicator advanced to 103.00 in February, compared to a revised reading of 102.90 in the prior month.

Eskom has warned coal suppliers that it might halt purchases of the fuel because a nationwide lockdown to deal with the coronavirus pandemic has curtailed demand for electricity.

Health Minister, Zweli Mkhize has confirmed that country's COVID-19 cases increased to 3,465, with the death toll still at 58.

News reports indicate that SA is considering bailing out the Land and Agricultural Development Bank, in the form of a recapitalisation and more guarantees on its debt.

Key indices

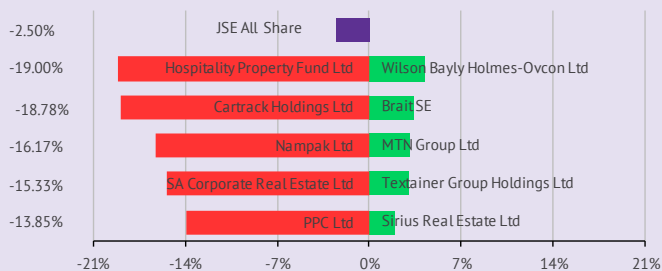
	As at 21 April 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	47628.87	▼	-1220.65	-2.50	-3.06	7.05	-12.83	-16.56
JSE Top 40 (ZAR)	43737.55	▼	-1059.37	-2.36	-2.90	7.36	-11.15	-13.93
FTSE 100 (GBP)	5641.03	▼	-171.80	-2.96	-2.52	-0.55	-13.81	-25.21
DAX 30 (EUR)	10249.85	▼	-426.05	-3.99	-3.54	3.16	-16.44	-22.64
CAC 40 (EUR)	4357.46	▼	-170.84	-3.77	-3.15	-0.88	-17.21	-27.11
S&P 500 (USD)	2736.56	▼	-86.60	-3.07	-4.80	5.88	-12.51	-15.30
Nasdaq Composite (USD)	8263.23	▼	-297.50	-3.48	-4.47	7.31	-10.12	-7.91
DJIA (USD)	23018.88	▼	-631.56	-2.67	-5.05	5.03	-13.74	-19.34
MSCI Emerging Markets (USD)	878.24	▼	-21.09	-2.34	-2.56	3.50	-15.61	-21.21
MSCI Developed World (USD)	1932.25	▼	-61.78	-3.10	-4.23	4.29	-13.47	-18.07

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid sharp losses in crude oil prices. The JSE All Share Index fell 2.5% to close at 47,628.87.

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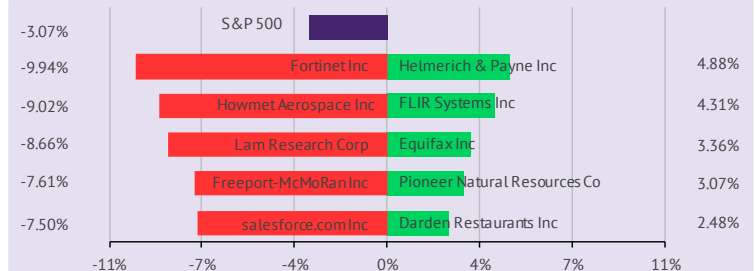


US Market ▼

US markets closed weaker

US markets closed lower yesterday, as oil prices sharply declined and led by losses in technology sector stocks. The S&P 500 Index dropped 3.1% to close at 2,736.56. Today, the S&P 500 futures are trading in the green.

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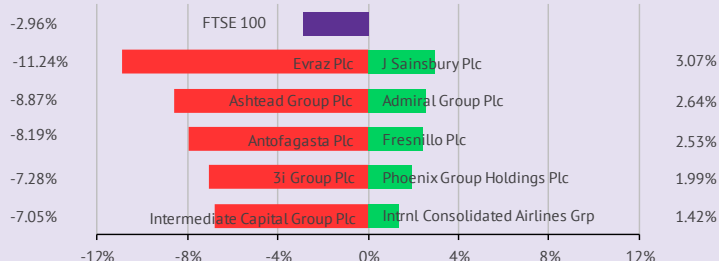


UK Market ▼

UK markets closed in the red

UK markets ended lower yesterday, after Brent crude oil prices dropped to an 18-year low and led by losses in mining sector stocks. The FTSE 100 Index declined 3.0% to close at 5,641.03. Today, the FTSE 100 futures are trading in positive territory.

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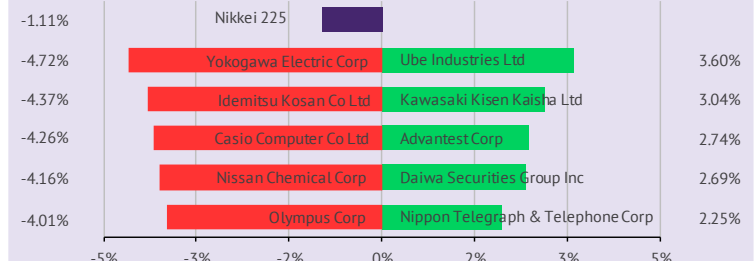


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, on the back of lower oil prices. As at 6:00 SAST, the Nikkei 225 Index is trading 1.1% lower at 19,066.53.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar gained 0.2% against the South African Rand to trade at R19.0128. Later today, traders will keep a close watch on the US MBA mortgage applications and the housing price index for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US existing home sales fell by the most since November 2015 in March. Separately, SA leading indicator advanced in February.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound advanced 0.1% against the South African Rand to trade at R23.3589. Ahead in the day, traders will keep an eye on UK's consumer price index (CPI), retail price index, producer price index (PPI) and the DCLG house price index for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's average earnings including bonus advanced less than market forecast on an annual basis in February. Additionally, the ILO unemployment rate unexpectedly rose in February.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R20.6279. Going forward, market participants will keep a tab on Eurozone's consumer confidence for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's ZEW economic sentiment index improved in April. Separately, Germany's ZEW economic sentiment index rebounded in April, hitting its highest level in nearly five years. Meanwhile, the ZEW current situation index dropped to a 11-year low level in April.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.6% against the South African Rand to trade at R11.9856. Earlier in the session, Australia's Westpac leading index dropped in March. Meanwhile, seasonally adjusted retail sales rose on a monthly basis in March.

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	19.0128	▼	0.63	0.89	6.38	13.90	35.54
GBPZAR	23.3589	▼	-0.45	-0.69	5.24	10.46	25.69
EURZAR	20.6279	▼	0.60	0.78	4.69	13.95	31.26
AUDZAR	11.9856	▼	-0.27	-0.61	8.79	7.47	21.08
EURUSD	1.0850	▼	-0.04	-0.16	-1.57	0.05	-3.17
GBPUSD	1.2285	▼	-1.23	-1.68	-1.05	-3.14	-7.30
Brent (\$/barrel)	16.9	▼	-24.40	-31.16	-26.64	-46.95	-70.71
Gold (\$/oz)	1702.8	▲	-1.38	-0.65	5.99	1.07	10.18
Platinum (\$/oz)	758.0	▼	-4.29	-2.98	4.64	-16.23	-21.97
Copper (\$/MT)*	5000.5	▼	-3.08	-3.73	1.25	-12.08	-18.68

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 1.5% to trade at \$1,702.80/oz.

Yesterday, gold prices fell 1.4% to close at \$1,678.20/oz, as investors opted for cash to cover losses in other asset classes.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 12.4% to trade at \$16.93/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose 13.2mn bls to 500mn bls for the week ended 17 April 2020.

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Yesterday, Brent crude oil declined 24.40% to settle at \$19.33/bl, amid concerns over global oversupply and falling demand for oil.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$758.00/oz.

Yesterday, platinum prices dropped 4.3% to close at \$758.00/oz.

Major South African corporate news

Liberty Holdings Limited

The company announced that it remains financially strong, notwithstanding the COVID-19 impact of declining economic activity, the complexity of operating under the enforced lockdown conditions, and the extreme volatility in financial markets across the globe. Moreover, the Solvency Capital Requirement (SCR) cover of Liberty Group Limited (LGL), remains strong at approximately the 1.9 times level, towards the upper end of the target range and only marginally below the 31 December 2019 level of 1.99 times. Further, while the impact of the COVID-19 pandemic continues to unfold, there is uncertainty regarding the impact it would have on Liberty's financial performance for the 2020 financial year.

Major global economic news

Eurozone

In the Eurozone, the ZEW economic sentiment index advanced to 25.20 in April, compared to a level of -49.50 in the prior month.

In Germany, the ZEW economic sentiment index rose to 28.20 in April. In the previous month, the economic sentiment index had recorded a level of -49.50.

In April, the ZEW current situation index dropped to a level of -91.50 in Germany, more than market consensus and compared to a level of -43.10 in the prior month.

Asia

In Australia, the Westpac leading index eased 0.8% to 96.35 in March, compared to a level of 97.17 in the previous month.

In March, seasonally adjusted retail sales advanced 8.2% on a monthly basis in Australia, compared to a rise of 0.5% in the previous month.

UK

In the UK, average earnings including bonus rose 2.8% on an annual basis in February, less than market expectations and compared to an advance of 3.1% in the previous month.

In February, the ILO unemployment rate unexpectedly advanced to 4.0% in the UK, compared to 3.9% in the previous month.

US

In the US, existing home sales dropped 8.5% to a level of 5.27mn in March, more than market forecast and compared to a revised level of 5.76mn in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
US	2:00	U.S. Treasury, General Account - Week Average (22-Apr)	✓	-	USD889.82bn	Weekly
UK	8:00	Consumer Price Index (MoM) (Mar)	✓	0.00%	0.40%	Monthly
UK	8:00	Consumer Price Index (YoY) (Mar)	✓	-	1.70%	Monthly
UK	8:00	Consumer Price Index Core (YoY) (Mar)	✓	-	1.70%	Monthly
UK	8:00	PPI Core Output n.s.a. (MoM) (Mar)	✓	0.00%	-0.10%	Monthly
UK	8:00	PPI Core Output n.s.a. (YoY) (Mar)	✓	0.50%	0.40%	Monthly
UK	8:00	Producer Price Index - Input n.s.a. (MoM) (Mar)	✓	-3.90%	-1.20%	Monthly
UK	8:00	Producer Price Index - Input n.s.a. (YoY) (Mar)	✓	-3.60%	-0.50%	Monthly
UK	8:00	Producer Price Index - Output n.s.a. (MoM) (Mar)	✓	-0.40%	-0.30%	Monthly
UK	8:00	Producer Price Index - Output n.s.a. (YoY) (Mar)	✓	-0.10%	0.40%	Monthly
UK	8:00	Retail Price Index (MoM) (Mar)	✓	-0.20%	0.50%	Monthly
UK	8:00	Retail Price Index (YoY) (Mar)	✓	2.30%	2.50%	Monthly
France	8:45	Business Climate (Apr)	✓	-	94.70	Monthly
Italy	10:00	Industrial Sales n.s.a. (YoY) (Feb)	✓	-0.30%	3.80%	Monthly
Italy	10:00	Industrial Orders n.s.a. (YoY) (Feb)	✓	-0.50%	-1.80%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Mar)	✓✓	0.80%	1.00%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Mar)	✓✓	4.50%	4.60%	Monthly
South Africa	10:00	Consumer Price Index Core (MoM) (Mar)	✓✓	-	1.20%	Monthly
South Africa	10:00	Consumer Price Index Core (YoY) (Mar)	✓✓	-	3.80%	Monthly
South Africa	10:00	Inflation Rate (Mar)	✓	-	4.60%	Monthly
UK	10:30	House Price Index (YoY) (Feb)	✓	2.20%	1.30%	Monthly
US	13:00	MBA Mortgage Applications (17-Apr)	✓	-	7.30%	Weekly
Canada	14:30	New Housing Price Index (MoM) (Mar)	✓✓	-	0.40%	Monthly
Canada	14:30	New Housing Price Index (YoY) (Mar)	✓	-	0.60%	Monthly
Canada	14:30	Consumer Price Index n.s.a. (MoM) (Mar)	✓✓✓	-0.40%	0.40%	Monthly
Canada	14:30	Consumer Price Index (YoY) (Mar)	✓✓✓	1.20%	2.20%	Monthly
Canada	14:30	Consumer Price Index s.a. (MoM) (Mar)	✓✓✓	-	0.10%	Monthly
US	15:00	Housing Price Index (MoM) (Feb)	✓	0.30%	0.30%	Monthly
Eurozone	16:00	Consumer Confidence (Apr) (P)	✓✓✓	-19.60	-11.60	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (17-Apr)	✓✓✓	-	19.25mn	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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