

ONE
Minute Brief

24 April 2020

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Economic and political news

President, Cyril Ramaphosa announced that the government would implement a partial easing of the current Covid-19 lockdown, moving from level 5 to level 4, on May 1.

South African Airways (SAA) business rescue practitioners (BRPs), Les Matuson and Siviwe Dongwana warned that the airline could either face retrenchment or total liquidation as they do not have sufficient funds to continue honouring the obligations of SAA to its employees beyond 30 April 2020 and to bear the costs of the wind-down process.

Health Minister, Zweli Mkhize confirmed that South Africa's (SA) COVID-19 cases increased to 3,953, with the death toll at 75.

News reports indicate that the Supreme Court of Appeal (SCA) is set to hear former President, Jacob Zuma's latest legal challenge after it was ruled that he cannot get government funding for his legal defence in his corruption trial.

Solidarity Fund's Chief Executive Officer, Nomkhitha Nqweni stated that the fund has received ZAR2.6bn in pledges from various individuals and companies.

Key indices

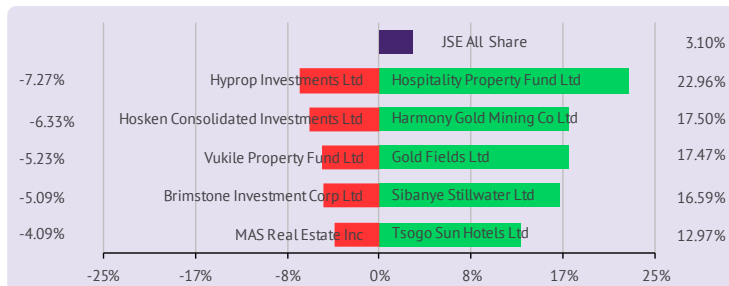
	As at 23 April 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	49601.82	▲ 1493.33	3.10	0.95	11.49	-12.83	-13.11
JSE Top 40 (ZAR)	45661.96	▲ 1413.14	3.19	1.37	12.09	-11.15	-10.14
FTSE 100 (GBP)	5826.61	▲ 55.98	0.97	0.69	2.73	-13.81	-22.75
DAX 30 (EUR)	10513.79	▲ 98.76	0.95	-1.05	5.82	-16.44	-20.64
CAC 40 (EUR)	4451.00	▲ 39.20	0.89	-1.07	1.25	-17.21	-25.54
S&P 500 (USD)	2797.80	▼ -1.51	-0.05	-2.67	8.25	-12.51	-13.40
Nasdaq Composite (USD)	8494.75	▼ -0.63	-0.01	-1.80	10.32	-10.12	-5.33
DJIA (USD)	23515.26	▲ 39.44	0.17	-3.00	7.29	-13.74	-17.60
MSCI Emerging Markets (USD)	891.81	▲ 3.18	0.36	-1.05	5.10	-15.61	-19.99
MSCI Developed World (USD)	1974.38	▲ 6.11	0.31	-2.14	6.57	-13.47	-16.29

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid rebound in oil prices and boosted by gains in gold mining, banking and resources sector stocks. The JSE All Share Index rose 3.1% to close at 49,601.82.

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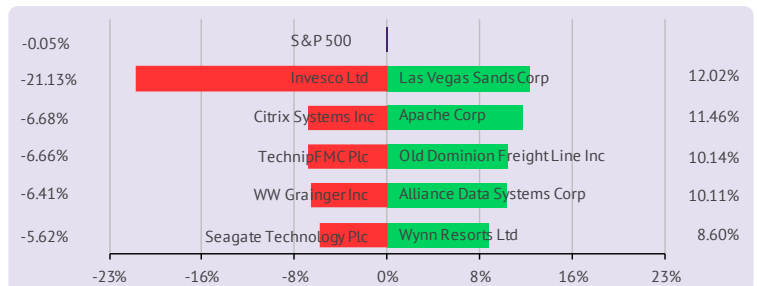


US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, amid reports that an experimental antiviral drug intended to be used to treat coronavirus failed in its first clinical trial. The S&P 500 Index dropped 0.1% to close at 2,797.80. Today, the S&P 500 futures are trading in the red.

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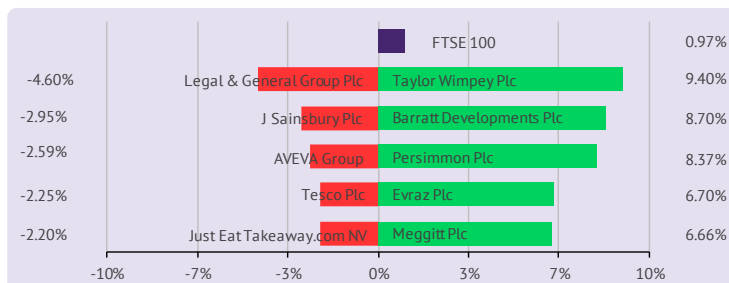


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as oil prices recovered and amid signs that UK homebuilders were planning to restart construction work in the coming weeks. The FTSE 100 Index advanced 1.0% to close at 5,826.61. Today, the FTSE 100 futures are trading in negative territory.

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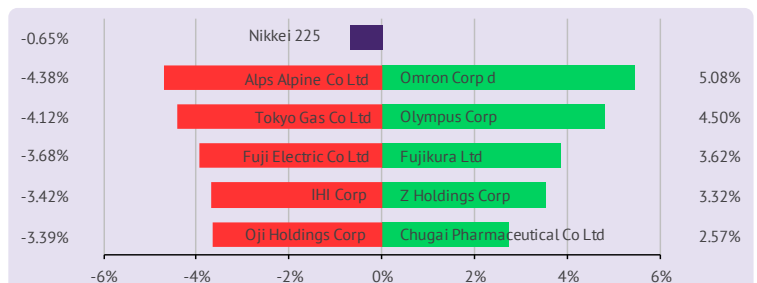


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, amid uncertainty related to a potential coronavirus treatment. As at 6:00 SAST, the Nikkei 225 Index is trading 0.7% lower at 19,303.89.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R19.0668. Later today, traders will keep a close watch on the US durable goods orders and the Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, new home sales declined on a monthly basis in March. Moreover, the Markit services PMI eased in April, indicating its most rapid contraction since the series started in October 2009. Further, the Markit manufacturing PMI dropped to a 11-year low level in April. Also, seasonally adjusted initial jobless claims declined less than market forecast on a weekly basis in the week ended 17 April 2020.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R23.5556. Ahead in the day, traders will keep an eye on UK's retail sales data for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's CBI balance of firms reporting total order book above normal declined more than market anticipations in April. Additionally, the Markit manufacturing PMI fell in April, hitting its lowest score since the survey began in January 1992. Moreover, the Markit services PMI dropped in April, registering its sharpest reduction since the survey began in July 1996. Furthermore, public sector net borrowing deficit widened more than market consensus in March.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand at R20.5382. Going forward, market participants will keep a tab on Germany's Ifo survey indices for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's Markit manufacturing PMI dropped to a 134-month low level in April. Additionally, the Markit services PMI declined more than market expectations in April. Separately, Germany's Markit manufacturing PMI fell in April, hitting its lowest level in 133-months. Moreover, the Markit services PMI declined more-than-anticipated in April. Additionally, the GfK consumer confidence index plunged to a historic low level in May.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% weaker against the South African Rand at R12.1277.

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	19.0668	▲	0.34	1.45	6.97	13.90	36.30
GBPZAR	23.5556	▲	0.55	0.43	6.43	10.46	27.12
EURZAR	20.5382	▲	-0.10	0.58	4.48	13.95	30.99
AUDZAR	12.1277	▲	1.20	1.56	11.17	7.47	23.73
EURUSD	1.0771	▼	-0.43	-0.90	-2.30	0.05	-3.89
GBPUSD	1.2354	▲	0.08	-1.24	-0.61	-3.14	-6.89
Brent (\$/barrel)	22.5	▲	4.71	-24.04	-19.05	-46.95	-67.68
Gold (\$/oz)	1744.8	▲	0.27	2.61	9.47	1.07	13.80
Platinum (\$/oz)	787.6	▼	2.97	0.81	8.72	-16.23	-18.92
Copper (\$/MT)*	5135.5	▲	0.51	-1.13	3.98	-12.08	-16.48

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,744.80/oz.

Yesterday, gold prices rose 0.3% to close at \$1,733.30/oz, on expectations of additional stimulus from major central banks.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 5.6% higher to trade at \$22.52/bl.

Yesterday, Brent crude oil advanced 4.7% to settle at \$21.33/bl, after major oil-producing nations announced plans to accelerate planned production cuts and amid escalating Middle East tensions.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$787.60/oz.

Yesterday, platinum prices climbed 3.0% to close at \$787.60/oz.

Major South African corporate news

Clicks Group Limited

In its 1H20 results, the company announced that revenues advanced 10.3% to ZAR17.92bn from ZAR16.2bn recorded in the same period of the preceding year. Its diluted EPS stood at 338.00c, compared to 296.10c recorded in the corresponding period of the previous year.

Sasol Limited

In its 9M20 production and sales metrics, the company announced that it aims to sustain liquidity headroom above USD1.00bn for the foreseeable future considering that it has no significant debt maturities before May 2021. Meanwhile, the COVID-19 impact would have a significant negative effect on operating cash flows. Its FY19 productivity is expected to range between 1,130 and 1,180 tonnes per continuous miner per shift, without taking into account any potential effects of the COVID-19 spread amongst the workforce and the subsequent impact on operations.

Gold Fields Limited

In its 1Q20 operational update, the company announced that group attributable equivalent gold production was 537.00koz, taking into account production is not evenly weighted between quarters. Further, all in cost for the group was \$1,060/oz, and all in cost excluding expenditure on Salares Norte was \$1,019/oz. While most of its operations have continued to operate largely as normal, production at South Deep and Cerro Corona would likely be impacted by COVID-19 related stoppages in 2Q20.

Sibanye Stillwater Limited

In its COVID-19 impact update, the company announced that as per the Amended Disaster Regulations announced by the SA Government on 16 April 2020, South African mines might conduct operations at a reduced capacity of 50.0% of normal production during the period of the lockdown, thereafter increasing productive capacity as determined by the SA Minister for Mineral Resources and Energy. Further, the company announced that following the completion of the Lonmin (now Marikana operations) integration into the SA PGM portfolio, Robert van Niekerk would move into a Group role heading up the Technical Services function. Wayne Robinson has been appointed EVP: SA PGM operations.

Major global economic news

Eurozone

In the Eurozone, the flash Markit manufacturing PMI dropped to 33.60 in April, compared a reading of 44.50 in the previous month.

In April, the flash Markit services PMI declined to a level of 11.70 in the Eurozone, more than market expectations. In the previous month, services PMI had registered a level of 26.40.

In Germany, the flash Markit services PMI dropped more-than-expected to 15.90 in April, compared to a level of 31.70 in the previous month.

In April, the flash Markit manufacturing PMI slid to 34.40 in Germany, compared to a reading of 45.40 in the previous month.

In Germany, the GfK consumer confidence index plunged to a level of -23.40 in May, more than market forecast and compared to a revised reading of 2.30 in the previous month.

UK

In the UK, CBI balance of firms reporting total order book above normal dropped to -56.00 in April, compared to a reading of -29.00 in the prior month.

In March, the public sector net borrowing deficit widened GBP2.33bn in the UK, more than market anticipations and compared to a revised deficit of GBP0.07bn in the prior month.

In the UK, the flash Markit manufacturing PMI declined to a level of 32.90 in April, more than market consensus. In the prior month, the manufacturing PMI had registered a level of 47.80.

In April, the preliminary Markit services PMI eased to 12.30 in the UK, compared to a level of 34.50 in March.

US

In March, new home sales dropped 15.4% to a level of 627.00K on a monthly basis in the US, compared to a revised level of 741.00K in the previous month.

In April, the preliminary Markit services PMI eased to 27.00 in the US, more than market anticipations. In the prior month, the Markit services PMI had registered a reading of 39.80.

In the US, the preliminary Markit manufacturing PMI fell to a level of 36.90 in April, more than market forecast and compared to a reading of 48.50 in the previous month.

In the week ended 17 April 2020, seasonally adjusted initial jobless claims declined less-than-expected to 4427.00K on a weekly basis in the US. In the previous week, number of initial jobless claims had recorded a revised level of 5237.00K.

Asia

In Japan, the final leading economic index rose to 91.70 in February, compared to a revised reading of 90.70 in the previous month. The preliminary figures had recorded a rise to 92.10.

In March, the national consumer price index rose 0.4% on an annual basis in Japan, compared to a similar rise in the previous month.

In Japan, the corporate service price index advanced 1.6% on a yearly basis in March, compared to a rise of 2.1% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	National CPI Ex Food, Energy (YoY) (Mar)	✓✓	0.60%*	0.60%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Mar)	✓✓✓	0.40%*	0.40%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Mar)	✓✓✓	0.40%*	0.60%	Monthly
Japan	01:50	Corporate Service Price (YoY) (Mar)	✓	1.60%*	2.10%	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Feb)	✓✓✓	-0.60%*	0.80%	Monthly
UK	08:00	Retail Sales ex-Fuel (MoM) (Mar)	✓	-3.50%	-0.50%	Monthly
UK	08:00	Retail Sales ex-Fuel (YoY) (Mar)	✓	-4.70%	0.50%	Monthly
UK	08:00	Retail Sales (MoM) (Mar)	✓	-4.00%	-0.30%	Monthly
UK	08:00	Retail Sales (YoY) (Mar)	✓	-4.70%	0.00%	Monthly
Spain	09:00	Producer Price Index (MoM) (Mar)	✓	-	-1.20%	Monthly
Spain	09:00	Producer Price Index (YoY) (Mar)	✓	-	-2.20%	Monthly
Germany	10:00	IFO - Business Climate (Apr) (F)	✓✓✓	80.00	86.10	Monthly
Germany	10:00	IFO - Expectations (Apr) (F)	✓✓	75.00	79.70	Monthly
Germany	10:00	IFO - Current Assessment (Apr) (F)	✓✓	81.00	93.00	Monthly
Italy	10:00	Consumer Confidence (Apr)	✓✓✓	90.00	101.00	Monthly
Italy	10:00	Manufacturing Confidence (Apr)	✓✓✓	-	89.50	Monthly
Italy	10:00	Economic Sentiment Index (Apr)	✓✓✓	-	81.70	Monthly
US	14:30	Durable Goods Orders (Mar) (P)	✓✓✓	-11.90%	1.20%	Monthly
US	14:30	Durable Goods Orders ex Transportation (Mar) (P)	✓✓	-5.80%	-0.60%	Monthly
US	14:30	Cap Goods Orders Nondef Ex Air (Mar) (P)	✓	-	-0.90%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Mar) (P)	✓	-6.00%	-0.80%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Apr) (F)	✓✓✓	-	89.10	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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