

ONE Minute Brief

1 April 2020

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Economic and political news

In South Africa (SA), non-farm payrolls rose 0.2% in a quarterly basis in 4Q19, compared to a revised drop of 0.2% in the prior quarter. Moreover, SA reported a trade surplus of ZAR14.15bn in February, compared to a revised trade deficit of ZAR2.72bn in the prior month.

Health Minister, Zweli Mkhize, has confirmed that SA's coronavirus death toll rose to 5 and the number of infections increased to 1,353.

Eskom's spokesman, Sikonathi Mantshantsha stated that the utility has told independent producers of wind-generated power that it would declare force majeure on their power purchase contracts due to low demand for electricity during the country's 21-day lockdown.

The Economic Freedom Fighters (EFF) has criticised the government's intention to take loans from the International Monetary Fund (IMF) and World Bank as part of efforts to finance the battle against coronavirus.

Key indices

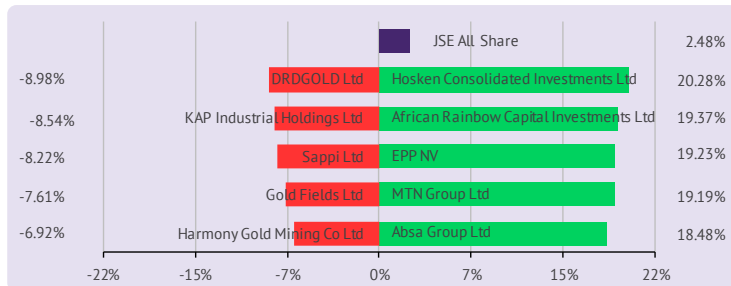
	As at 31 Mar 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	44490.31	▲	1076.68	2.48	3.59	NA	-12.83
JSE Top 40 (ZAR)	40738.57	▲	981.83	2.47	4.00	NA	-11.15
FTSE 100 (GBP)	5671.96	▲	108.22	1.95	2.93	NA	-13.81
DAX 30 (EUR)	9935.84	▲	119.87	1.22	3.15	NA	-16.44
CAC 40 (EUR)	4396.12	▲	17.61	0.40	1.03	NA	-17.21
S&P 500 (USD)	2584.59	▼	-42.06	-1.60	1.70	NA	-12.51
Nasdaq Composite (USD)	7700.10	▼	-74.05	-0.95	2.64	NA	-10.12
DJIA (USD)	21917.16	▼	-410.32	-1.84	1.30	NA	-13.74
MSCI Emerging Markets (USD)	848.58	▲	16.55	1.99	0.72	NA	-15.61
MSCI Developed World (USD)	1852.73	▼	-17.75	-0.95	1.40	NA	-13.47

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by gains in banking and financial sector stocks. The JSE All Share Index rose 2.5% to close at 44,490.31.

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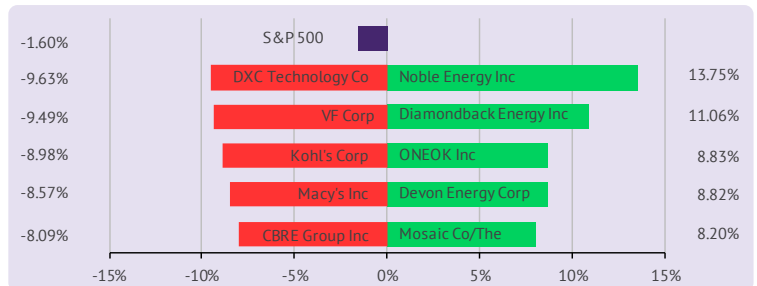


US Market ▼

US markets closed weaker

US markets closed lower yesterday, on continuing worries over economic fallout from the coronavirus pandemic. Data indicated that the US CB consumer confidence index dropped in March. The S&P 500 Index dropped 1.6% to close at 2,584.59. Today, the S&P 500 futures are trading in the red.

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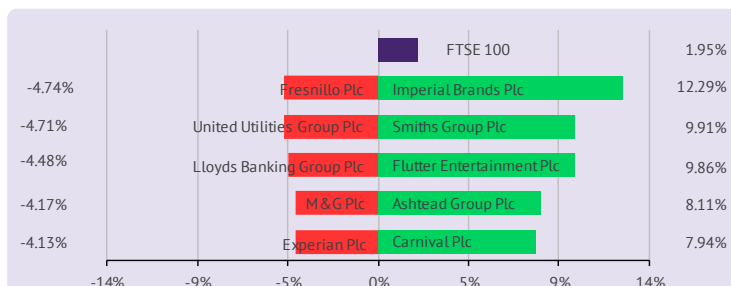


UK Market ▲

UK markets closed in the green

UK markets closed higher yesterday, as rebound in oil prices and an unexpected expansion in China's factory activity renewed investors' confidence in equity markets. The FTSE 100 Index rose 2.0% to close at 5,671.96. Today, the FTSE 100 futures are trading in negative territory.

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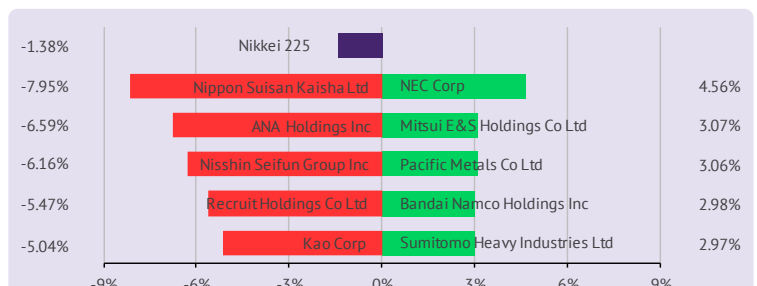


Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning, as upbeat Chinese manufacturing data overshadowed ongoing worries about coronavirus. As at 6:00 SAST, the Nikkei 225 Index is trading 1.4% lower at 18,656.17.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.3% against the South African Rand to trade at R17.8832. Later today, traders will keep a close watch on the US ADP employment change, the MBA mortgage applications, the Markit manufacturing PMI, the ISM manufacturing PMI and construction spending data for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US CB consumer confidence index dropped in March. Additionally, the Chicago Purchasing Managers' Index eased less-than-expected in March. Separately, the South African Rand rose against the US Dollar, after SA reported its biggest trade surplus in 14 months in February. Additionally, non-farm payrolls advanced on a quarterly basis in 4Q19.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R22.1454. Ahead in the day, traders will keep an eye on UK's Markit manufacturing PMI for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's current account deficit narrowed in 4Q19. Meanwhile, the final gross domestic product (GDP) remained flat on a quarterly basis in 4Q19. Moreover, the BRC shop price index declined on a yearly basis in February.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.2% against the South African Rand to trade at R19.7156. Going forward, market participants will keep a tab on Eurozone's unemployment rate and Germany's retail sales along with the Markit manufacturing PMIs across the euro area.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's consumer price inflation slowed more-than-expected in March. Separately, Germany's unemployment rate remained unchanged in March.

AUD ZAR ▼

AUD trading slightly higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R10.9510. Earlier in the session, Australia's AiG performance of manufacturing index advanced in March. Additionally, building permits jumped more than market anticipations in the same month. Meanwhile, the Commonwealth Bank manufacturing PMI dropped in March. Elsewhere, in China, Australia's largest trading partner, the Caixin manufacturing PMI rebounded 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	17.8832	▼	-0.55	1.21	NA	13.90	27.41
GBPZAR	22.1454	▲	-0.49	1.02	NA	10.46	19.43
EURZAR	19.7156	▼	-0.70	0.25	NA	13.95	25.38
AUDZAR	10.9510	▼	-1.08	0.71	NA	7.47	11.30
EURUSD	1.1024	▼	-0.15	-0.99	NA	0.05	-1.62
GBPUSD	1.2383	▼	0.05	-0.32	NA	-3.14	-6.31
Brent (\$/barrel)	25.9	▼	15.77	5.70	NA	-46.95	-60.08
Gold (\$/oz)	1596.8	▲	-2.38	-2.56	NA	1.07	3.96
Platinum (\$/oz)	724.4	*	0.07	-2.15	NA	-16.23	-25.43
Copper (\$/MT)*	4938.8	▲	3.74	3.27	NA	-12.08	-19.68

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,596.80/oz.

Yesterday, gold prices fell 2.4% to close at \$1,583.40/oz, as strength in the US Dollar and strong Chinese data boosted investors' risk appetite.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.8% lower to trade at \$25.87/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose by 10.5mn bls in the week ended 27 March 2020.

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Yesterday, Brent crude oil advanced 15.8% to settle at \$26.35/bl, after the US President, Donald Trump and Russian President, Vladimir Putin agreed to discuss stabilising energy markets.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$724.40/oz.

Yesterday, platinum prices climbed 0.1% to close at \$724.40/oz.

Major South African corporate news

Sanlam Limited

The company announced that Mr. Paul Hanratty has been appointed as the Group Chief Executive Officer (CEO) and Ms. Abigail Mukhuba has been appointed as the Group Financial Director.

Trencor Limited

In its FY19 results, the company announced that revenues from continuing operations stood at ZAR54.00mn compared to ZAR2,731.00mn in the previous year. Loss per share came in at 263.00c, compared to an EPS of 1,610.00c in the previous year. The board declared a gross cash dividend of 185.00c per share out of distributable reserves.

Major global economic news

Asia

In Japan, construction orders unexpectedly climbed 0.7% on an annual basis in February, compared to a plunge of 17.0% in the prior month.

In February, housing starts slid 12.3% on an annual basis in Japan, less than market forecast and compared to a drop of 10.1% in the previous month.

In Japan, the Jibun Bank manufacturing PMI eased to a level of 44.80 in March, in line with market expectations and compared to a revised reading of 47.80 in the previous month.

In Australia, the AiG performance of manufacturing index climbed to 53.70 in March, compared to a level of 44.30 in February.

In March, the Commonwealth Bank manufacturing PMI fell to a reading of 49.70 in Australia, compared to 50.10 in the previous month.

In Australia, building permits jumped 19.9% on a monthly basis in February, more than market forecast and compared to a revised fall of 15.1% in the previous month.

In China, the Caixin manufacturing PMI climbed to 50.10 in March, more than market anticipations and compared to a level of 40.30 in the previous month.

The Reserve Bank of Australia (RBA), in its latest monetary policy meeting minutes, indicated that members do not favour negative interest rates and it is likely that the cash rate would remain at a very low level for an extended period. The central bank cautioned that the economy would witness a "very material contraction" due to coronavirus and could potentially continue beyond the June quarter. Also, officials indicated that there would be significant job losses over the months ahead.

UK

In UK, current account deficit narrowed more-than-expected to GBP5.60bn in 4Q19, compared to a deficit of GBP19.90bn in the prior quarter.

In 4Q19, the final GDP remained flat on a quarterly basis in UK, compared to a rise of 0.4% in the prior quarter. The preliminary figures had also indicated a flat reading.

In UK, the BRC shop price index eased 0.8% on a yearly basis in February, compared to a drop of 0.6% in the previous month.

US

In the US, the CB consumer confidence index fell to a level of 120.00 in March. In the prior month, the index had recorded a revised reading of 132.60.

In March, the Chicago Purchasing Managers' Index dropped to 47.80 in the US, less than market expectations and compared to a level of 49.00 in the prior month.

Eurozone

In the Eurozone, the preliminary CPI advanced 0.7% in March, less than market anticipations and compared to an advance of 1.2% in the previous month.

In March, seasonally adjusted unemployment rate unexpectedly remained unchanged at 5.0% in Germany.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Mar)	✓✓✓	-0.80%*	-0.60%	Monthly
Japan	01:50	Tankan Non - Manufacturing Index (Q1)	✓✓	8.00*	20.00	Quarterly
Japan	01:50	Tankan Large Manufacturing Outlook (Q1)	✓✓	-11.00*	0.00	Quarterly
Japan	01:50	Tankan Non - Manufacturing Outlook (Q1)	✓✓	-1.00*	18.00	Quarterly
Japan	01:50	Tankan Large All Industry Capex (Q1)	✓✓	1.80%*	6.80%	Quarterly
Japan	01:50	Tankan Large Manufacturing Index (Q1)	✓✓	-8.00	0	Quarterly
US	02:00	U.S. Treasury, General Account - Week Average (01-Apr)	✓	-	USD390.25bn	Weekly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Mar) (F)	✓✓✓	44.80*	47.80	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Mar)	✓✓✓	50.10*	40.30	Monthly
Japan	07:00	Vehicle Sales (YoY) (Mar)	✓	-	-10.70%	Monthly
Switzerland	09:30	SVME - PMI (Mar)	✓✓	40.00	49.50	Monthly
France	09:50	Markit Manufacturing PMI (Mar) (F)	✓✓✓	42.90	49.80	Monthly
Germany	09:55	Markit Manufacturing PMI (Mar) (F)	✓✓✓	45.50	48.00	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Mar) (F)	✓✓✓	44.70	49.20	Monthly
UK	10:30	Markit Manufacturing PMI (Mar) (F)	✓✓✓	47.00	51.70	Monthly
Eurozone	11:00	Unemployment Rate (Feb)	✓✓✓	7.40%	7.40%	Monthly
South Africa	11:00	PMI Manufacturing (Mar)	✓✓	-	44.30	Monthly
Eurozone	12:00	ECB Balance sheet (23-Mar)	✓✓	-	EUR4927.27bn	Weekly
US	13:00	MBA Mortgage Applications (27-Mar)	✓	-	-29.40%	Weekly
US	14:15	ADP Employment Change (Mar)	✓✓✓	-154.00K	183.00K	Monthly
Canada	15:30	RBC Canadian Manufacturing PMI (Mar)	✓✓✓	53.30	51.80	Monthly
US	15:45	Markit Manufacturing PMI (Mar) (F)	✓✓✓	49.20	50.70	Monthly
US	16:00	Construction Spending (MoM) (Feb)	✓✓	0.60%	1.80%	Monthly
US	16:00	ISM Manufacturing PMI (Mar)	✓✓✓	45.00	50.10	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (27-Mar)	✓✓✓	-	1.62mn	Weekly
US	16:30	DOE Gasoline Inventories (27-Mar)	✓✓✓	-	-1537.00K	Weekly
US	16:30	DOE Distillate Inventory (27-Mar)	✓✓✓	-	-678.00K	Weekly
US	16:30	DOE Cushing OK Crude Inventory (Barrels) (27-Mar)	✓✓✓	-	858.00K	Weekly
Italy	18:00	New Car Registration (YoY) (Mar)	✓	-	-8.80%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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