

ONE
Minute Brief

2 April 2020

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Economic and political news

In South Africa (SA), the Absa manufacturing PMI rose to a level of 48.10 in March, compared to a level of 44.30 in the prior month. Meanwhile, new vehicle sales plunged 30% to 33,545 units in March, compared to 43,485 units reported in the same period last year.

Fitch Ratings and Moody's have downgraded SA's five largest banks, Standard Bank, Absa, Investec, FirstRand and Nedbank to "junk" status. Fitch and Moody's have lowered their ratings to 'BB' and 'Baa3', respectively with a negative outlook.

Health Minister, Zweli Mkhize, announced that the number of confirmed Covid-19 cases in SA has risen to 1,380. However, he stated that the true number of infections is likely to be far higher.

The South African Wind Energy Association has questioned the legality of Eskom's decision to temporarily suspend power supply from their companies during the current national lockdown and argued that the decision was taken without consulting the industry.

The Economic Freedom Fighters (EFF) spokesperson, Delisile Ngwenya, has confirmed that Gauteng EFF leader, Mandisa Mashego, has resigned as the party's caucus leader in the provincial legislature.

Key indices

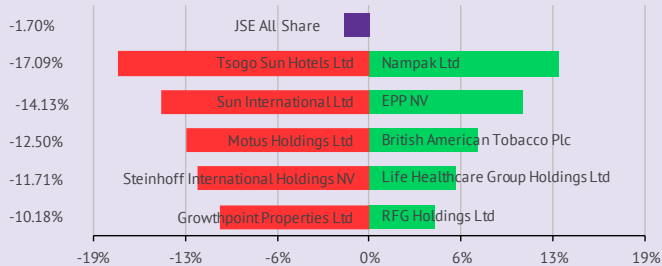
	As at 01 Apr 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	43732.44	▼ -757.87	-1.70	1.83	-1.70	-12.83	-23.39
JSE Top 40 (ZAR)	40027.41	▼ -711.16	-1.75	2.18	-1.75	-11.15	-21.23
FTSE 100 (GBP)	5454.57	▼ -217.39	-3.83	-1.01	-3.83	-13.81	-27.68
DAX 30 (EUR)	9544.75	▼ -391.09	-3.94	-0.91	-3.94	-16.44	-27.96
CAC 40 (EUR)	4207.24	▼ -188.88	-4.30	-3.31	-4.30	-17.21	-29.62
S&P 500 (USD)	2470.50	▼ -114.09	-4.41	-2.79	-4.41	-12.51	-23.53
Nasdaq Composite (USD)	7360.58	▼ -339.52	-4.41	-1.89	-4.41	-10.12	-17.97
DJIA (USD)	20943.51	▼ -973.65	-4.44	-3.20	-4.44	-13.74	-26.61
MSCI Emerging Markets (USD)	827.26	▼ -21.32	-2.51	-1.81	-2.51	-15.61	-25.78
MSCI Developed World (USD)	1781.27	▼ -71.46	-3.86	-2.51	-3.86	-13.47	-24.47

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in resources, gold and platinum mining sector stocks. The JSE All Share Index fell 1.7% to close at 43,732.44.

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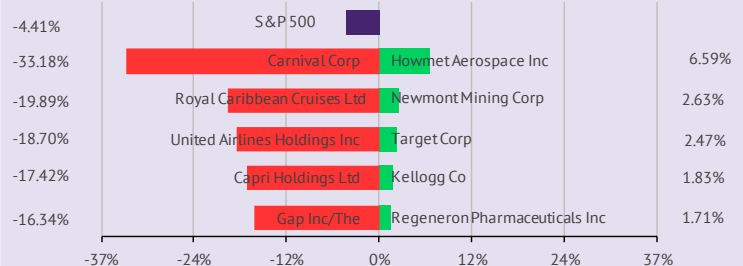


US Market ▼

US markets closed weaker

US markets closed lower yesterday, after the US President, Donald Trump, issued a warning over the rising US death toll due the coronavirus pandemic and its economic impact. The S&P 500 Index dropped 4.4% to close at 2,470.50. Today, the S&P 500 futures are trading in the green.

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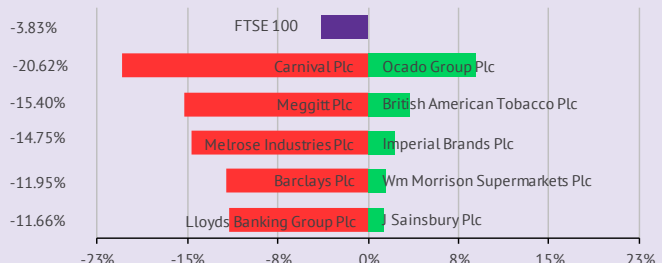


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, as banking stocks sharply fell after several banks in Britain cancelled dividend payments and suspended buybacks. The FTSE 100 Index declined 3.8% to close at 5,454.57. Today, the FTSE 100 futures are trading in negative territory.

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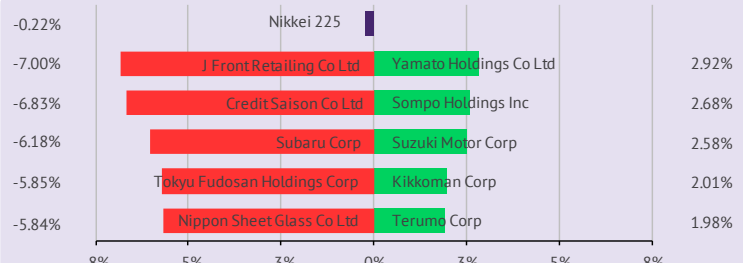


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, taking cues from their global peers. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% lower at 18,024.90.

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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 R18.2491. Later today, traders will keep a close watch on the US initial jobless claims, trade balance, durable goods orders and factory orders for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US final Markit manufacturing PMI dropped to its lowest level since August 2009 in March. Additionally, construction spending unexpectedly eased on a monthly basis in February. Meanwhile, the ISM manufacturing activity index dropped less-than-expected in March. Moreover, the MBA mortgage applications advanced on a weekly basis in the week ended 27 March 2020. Separately, the South African Rand fell against the US Dollar, amid growing concerns over economic slowdown caused by the coronavirus pandemic. Data indicated that SA's manufacturing PMI advanced to a five-month high level in March. On the other hand, vehicle sales declined in March.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R22.6011. 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 final manufacturing PMI fell to a 3-month low level in March.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R19.9608. Going forward, market participants will keep a tab on Eurozone's producer price index (PPI) for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's unemployment rate unexpectedly eased in February, reaching its lowest rate since March 2008. Meanwhile, the final manufacturing PMI dropped to its lowest reading in 92 months in March. Separately, Germany's retail sales rose on a monthly basis in February. Meanwhile, the final manufacturing PMI declined more-than-expected in March.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% higher against the South African Rand at R11.1037.

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	18.2491	▼	2.19	3.43	2.19	13.90	30.21
GBPZAR	22.6011	▼	1.71	2.75	1.71	10.46	21.48
EURZAR	19.9608	▲	1.55	1.81	1.55	13.95	27.32
AUDZAR	11.1037	▼	1.11	1.83	1.11	7.47	12.54
EURUSD	1.0938	▼	-0.61	-1.59	-0.61	0.05	-2.22
GBPUSD	1.2383	▲	-0.39	-0.71	-0.39	-3.14	-6.68
Brent (\$/barrel)	26.2	▲	-6.11	-0.76	-6.11	-46.95	-62.52
Gold (\$/oz)	1598.9	▲	-0.33	-2.88	-0.33	1.07	3.62
Platinum (\$/oz)	712.3	▼	-1.67	-3.78	-1.67	-16.23	-26.67
Copper (\$/MT)*	4785.3	▼	-3.11	0.06	-3.11	-12.08	-22.18

*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 \$1,598.90/oz, as concerns over global economic slowdown increased demand for the safe haven asset.

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Yesterday, gold prices fell 0.3% to close at \$1,578.20/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 5.7% higher to trade at \$26.15/bl.

Yesterday, Brent crude oil declined 6.1% to settle at \$24.74/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories rose by 13.8mn bls in the week ended 27 March 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$712.30/oz.

Yesterday, platinum prices dropped 1.7% to close at \$712.30/oz.

Major South African corporate news

Naspers Limited

The company announced that its independent Non-Executive Director and Lead Independent Director, Mr Fred Phaswana, has retired from the board and Mr Hendrik du Toit has been appointed as the Lead Independent Director, with effect from 1 April 2020.

Vukile Property Fund Limited

The company announced that despite taking into account the impact of the COVID-19 pandemic in Southern Africa and Spain, FY20 distributable EPS is expected to remain within the guidance of 3.0% to 5.0% growth, compared to the prior year. Meanwhile, in order to maintain maximum operational and financial flexibility, the company's FY20 DPS guidance has been withdrawn.

Major global economic news

US

In the US, the final Markit manufacturing PMI eased to a level of 48.50 in March, compared to a reading of 50.70. The preliminary figures had indicated a fall to 49.20.

In March, the ISM manufacturing activity index fell to a level of 49.10 in the US, less than market forecast and compared to a reading of 50.10 in the previous month.

In the US, construction spending unexpectedly declined 1.3% on a monthly basis in February. Construction spending had recorded a revised rise of 2.8% in the previous month.

In the US, the MBA mortgage applications jumped 15.3% on a weekly basis in the week ended 27 March 2020, compared to plunge of 29.4% in the previous week.

Eurozone

In the Eurozone, the unemployment rate unexpectedly dropped to 7.3% in February, compared to 7.4% in the prior month.

In March, the final manufacturing PMI dropped to 44.50 in the Eurozone, compared to a reading of 49.20 in the previous month. The preliminary figures had recorded a drop to 44.80.

In Germany, retail sales advanced 1.2% on a monthly basis in February, compared to a revised advance of 1.0% in the prior month.

In March, the final manufacturing PMI slid to 45.40 in Germany, compared to a level of 48.00 in the previous month. The preliminary figures had recorded a drop to 45.70.

UK

In the UK, the final manufacturing PMI dropped to a level 47.80 in March, compared to a level of 51.70 in the previous month. The preliminary figures had indicated a fall to 48.00.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Monetary Base (YoY) (Mar)	✓	2.80%*	3.60%	Monthly
Japan	01:50	Japan Buying Foreign Bonds (27-Mar)	✓	-JPY1.70bn*	-JPY65.70bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (27-Mar)	✓	JPY879.60bn*	JPY392.00bn	Weekly
Japan	01:50	Foreign Buying Japan Bonds (27-Mar)	✓	-JPY3490.20bn*	-JPY2381.90bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (27-Mar)	✓	-JPY1421.90bn*	-JPY1462.10bn	Weekly
Switzerland	08:30	Consumer Price Index (MoM) (Mar)	✓✓	0.10%	0.10%	Monthly
Switzerland	08:30	Consumer Price Index (YoY) (Mar)	✓✓	-0.50%	-0.10%	Monthly
Switzerland	08:30	Harmonised Index of Consumer Prices (HICP) (MoM) (Mar)	✓✓	-	-0.10%	Monthly
Switzerland	08:30	Harmonised Index of Consumer Prices (HICP) (YoY) (Mar)	✓✓	-	-0.20%	Monthly
Eurozone	10:30	Exchange of views with Thierry BRETON, Commissioner for Internal Mar-	✓	-	-	As Scheduled
Eurozone	11:00	Producer Price Index (MoM) (Feb)	✓✓✓	-0.20%	0.40%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Feb)	✓✓✓	-0.70%	-0.50%	Monthly
US	13:30	Challenger Job Cuts (YoY) (Mar)	✓	-	-26.30%	Monthly
Canada	14:30	International Merchandise Trade (Feb)	✓✓✓	-	-CAD1.47bn	Monthly
US	14:30	Trade Balance (Feb)	✓✓✓	-USD40.00bn	-USD45.30bn	Monthly
US	14:30	Initial Jobless Claims (28-Mar)	✓✓✓	3500.00K	3283.00K	Weekly
US	14:30	Continuing Jobless Claims (21-Mar)	✓✓✓	4882.00K	1803.00K	Weekly
US	16:00	Factory Orders (MoM) (Feb)	✓✓✓	0.20%	-0.50%	Monthly
US	16:00	Durable Goods Orders (Feb) (F)	✓✓✓	-	-0.20%	Monthly
US	16:00	Durable Goods Orders ex Transportation (Feb) (F)	✓✓	-	0.60%	Monthly
US	16:00	Cap Goods Orders Nondef Ex Air (Feb) (F)	✓	-	1.10%	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Feb) (F)	✓	-	1.00%	Monthly
US	16:30	EIA Natural Gas Storage Change (27-Mar)	✓✓✓	-	-29.00 Bcf	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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