

ONE
Minute Brief

7 April 2020

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Economic and political news

The South African Reserve Bank (SARB), in its bi-annual Monetary Policy Review, forecasted that South Africa's (SA) economy may contract by between 2% and 4% in 2020, due to the coronavirus pandemic. Additionally, the central bank warned that growth was unlikely to exceed 1% in 2021, job losses this year could reach 370,000 and business insolvencies would likely increase by 1,600. Separately, the SARB has urged banks to cease dividend payouts and bonuses to boost capital and continue lending to businesses and households hit by the national lockdown.

Health Minister, Zweli Mkhize, has confirmed that the Covid-19 cases in SA rose to 1,686, with 12 confirmed deaths.

The African National Congress (ANC) and its alliance partners stated that Finance Minister, Tito Mboweni, should not approach the International Monetary Fund or World Bank for funding.

Agriculture, Land Reform and Rural Development Minister, Thoko Didiza, stated that the department has set aside ZAR1.2bn to assist small-scale farmers and to ensure food security for the next six months.

Key indices

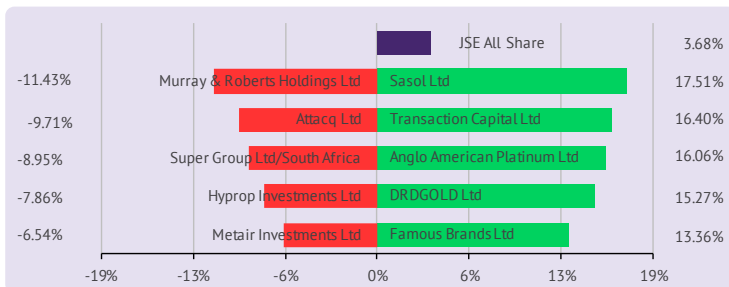
	As at 06 April 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	46240.35	▲	1641.65	3.68	3.68	-12.83	-19.00
JSE Top 40 (ZAR)	42534.54	▲	1661.13	4.06	4.06	-11.15	-16.30
FTSE 100 (GBP)	5582.39	▲	166.89	3.08	3.08	-13.81	-25.99
DAX 30 (EUR)	10075.17	▲	549.40	5.77	5.77	-16.44	-23.96
CAC 40 (EUR)	4346.14	▲	191.56	4.61	4.61	-17.21	-27.30
S&P 500 (USD)	2663.68	▲	175.03	7.03	7.03	-12.51	-17.55
Nasdaq Composite (USD)	7913.24	▲	540.16	7.33	7.33	-10.12	-11.81
DJIA (USD)	22679.99	▲	1627.46	7.73	7.73	-13.74	-20.53
MSCI Emerging Markets (USD)	853.83	▲	22.11	2.66	2.66	-15.61	-23.40
MSCI Developed World (USD)	1881.48	▲	104.62	5.89	5.89	-13.47	-20.22

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, financial and resources sector stocks. The JSE All Share Index rose 3.7% to close at 46,240.35.

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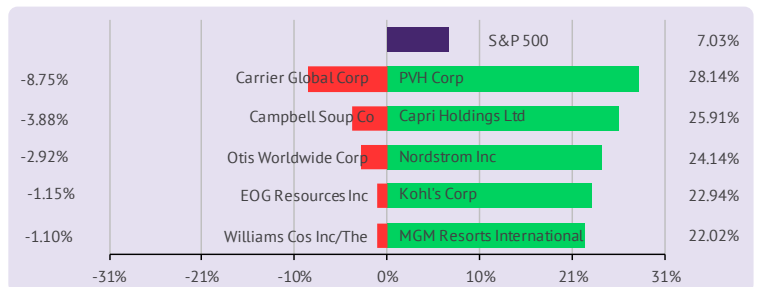


US Market ▲

US markets closed firmer

US markets closed higher yesterday, as drop in the daily death toll in New York fuelled optimism that the coronavirus outbreak may stabilise soon. The S&P 500 Index jumped 7.0% to close at 2,663.68. Today, the S&P 500 futures are trading in the red.

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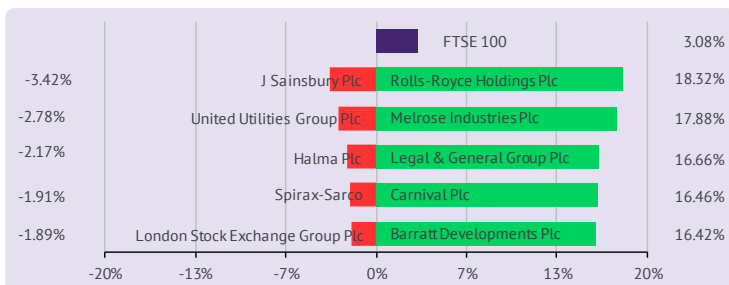


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid signs of slowdown in coronavirus related deaths in the hotspots of western Europe. The FTSE 100 Index advanced 3.1% to close at 5,582.39. Today, the FTSE 100 futures are trading in negative territory.

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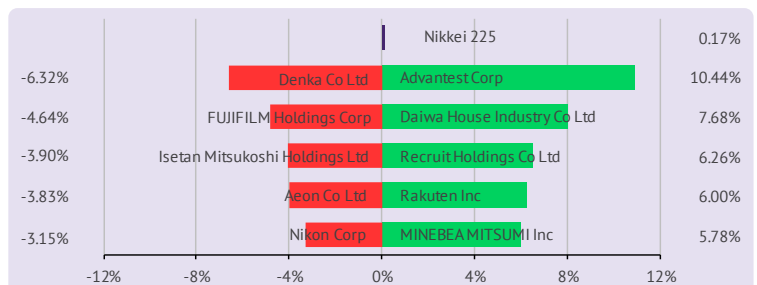


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, after data showed a slowdown in coronavirus cases in the US and Europe. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% higher at 18,607.79.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand at R18.6866. Later today, traders will keep a close watch on the US JOLTS job openings and the economic optimism index for further direction.

The US Dollar fell against the South African Rand yesterday.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.3% against the South African Rand to trade at R22.9164. Ahead in the day, traders will keep an eye on UK's Halifax house price index for further indication.

The British Pound declined against the South African Rand yesterday, after news reports indicated that British Prime Minister, Boris Johnson, has been moved into intensive care due to persistent COVID-19 symptoms. Data indicated that UK's Markit construction PMI fell to its lowest level since April 2009 in March.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro advanced 0.4% against the South African Rand to trade at R20.2257. Going forward, market participants will keep a tab on Germany's industrial production for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's Sentix investor confidence index declined to a record low in April. Separately, Germany's seasonally adjusted factory orders dropped less-than-expected on a monthly basis in February.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 0.6% against the South African Rand to trade at R11.4306. Earlier in the session, Australia's trade surplus narrowed in February.

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	18.6866	▼	-1.98	-1.98	4.63	13.90	33.32
GBPZAR	22.9164	▼	-2.20	-2.20	3.00	10.46	23.02
EURZAR	20.2257	▼	-2.05	-2.05	2.36	13.95	28.34
AUDZAR	11.4306	▼	-0.44	-0.44	3.79	7.47	15.52
EURUSD	1.0814	▲	-0.07	-0.07	-2.16	0.05	-3.75
GBPUSD	1.2262	▲	-0.31	-0.31	-1.52	-3.14	-7.74
Brent (\$/barrel)	33.9	▲	-3.11	-3.11	25.43	-46.95	-49.92
Gold (\$/oz)	1710.5	▲	2.65	2.65	5.91	1.07	10.10
Platinum (\$/oz)	728.0	▼	1.95	1.95	0.50	-16.23	-25.06
Copper (\$/MT)*	4870.0	▲	0.95	0.95	-1.39	-12.08	-20.80

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 2.0% to trade at \$1,710.50/oz.

Yesterday, gold prices rose 2.7% to close at \$1,677.00/oz, as mounting concerns over the spread of coronavirus increased demand for the safe haven asset.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 2.5% to trade at \$33.88/bl.

Yesterday, Brent crude oil declined 3.1% to settle at \$33.05/bl, amid uncertainty surrounding the potential deal to cut oil production.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally retreated to trade at \$728.00/oz.

Yesterday, platinum prices climbed 2.0% to close at \$728.00/oz.

Major South African corporate news

Grindrod Limited

The company announced that its Port and Terminals businesses expect revenues to decline during April as a result of the lockdown in SA and closure of the border with Mozambique. Further, it has established a special task team to monitor the specific requirements and recommendations of governments and their health agencies.

Woolworths Holdings Limited

The company announced that the impact of the COVID-19 is being felt across all markets where the group operates. Moreover, the company is actively pursuing operational steps and considering strategic options to best mitigate the impact of the pandemic and to ensure the appropriate robust response in this rapidly evolving situation. Meanwhile, the temporary closure of non-food stores in accordance with applicable law and regulation, decline in foot traffic and consequent loss of trade are expected to have a substantial impact on earnings and cashflow in 2H20.

Major global economic news

Asia

In Japan, overall household spending declined 0.3% on an annual basis in February, less than market consensus and compared to a drop of 3.9% in the previous month.

In March, the consumer confidence index dropped to 30.90 in Japan, compared to a level of 38.40 in the prior month.

In Australia, trade surplus narrowed to AUD4.36bn in February, compared to a surplus of AUD5.21bn in the previous month.

Eurozone

In the Eurozone, the Sentix investor confidence index dropped to a level of -42.90 in April, more than market expectations and compared to a level of -17.10 in the previous month.

In Germany, seasonally adjusted factory orders fell 1.4% on a monthly basis in February, less than market anticipations and compared to a revised rise of 4.8% in January.

UK

In the UK, the Markit construction PMI declined to a level of 39.30 in March, compared to a reading of 52.60 in the previous month.

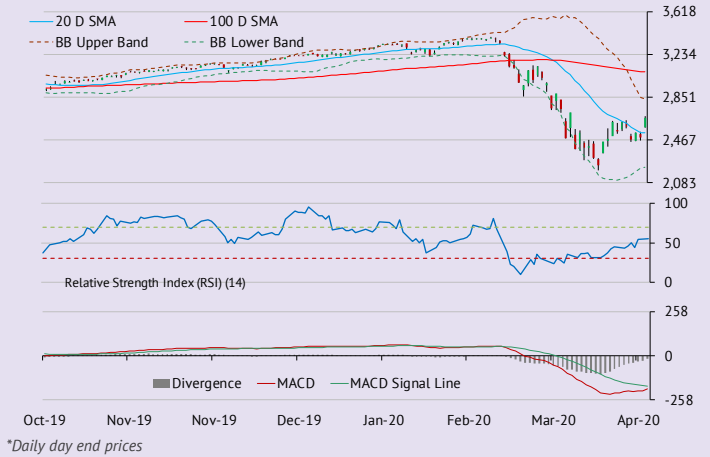
Technical snapshot

JSE All Share



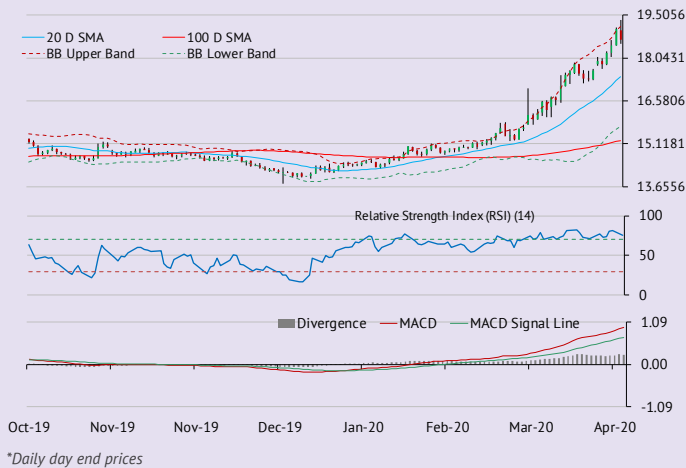
The JSE All Share index is expected to find support at 43,937.53, and a fall through could take it to the next support level of 41,634.72. The index is expected to find its first resistance at 47,552.75, and a rise through could take it to the next resistance level of 48,865.16.

S&P 500



The S&P 500 index is expected to find support at 2,515.16, and a fall through could take it to the next support level of 2,366.65. The index is expected to find its first resistance at 2,744.52, and a rise through could take it to the next resistance level of 2,825.37.

USD ZAR



The pair is expected to find support at 17.7753, and a fall through could take it to the next support level of 16.8863. The pair is expected to find its first resistance at 19.4520, and a rise through could take it to the next resistance level of 20.2397.

XAU USD



Gold is expected to find support at \$1,599.10/oz, and a fall through could take it to the next support level of \$1,521.20/oz. The precious metal is expected to find its first resistance at \$1,725.80/oz, and a rise through could take it to the next resistance level of \$1,774.60/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	1:30	Labour Cash Earnings (YoY) (Feb)	✓✓	1.00%*	1.50%	Monthly
Japan	1:30	Household Spending (YoY) (Feb)	✓✓	-0.30%*	-3.90%	Monthly
Japan	7:00	Leading Economic Index (Feb) (P)	✓✓✓	90.40	90.50	Monthly
Japan	7:00	Coincident Index (Feb) (P)	✓	95.10	95.20	Monthly
Germany	8:00	Industrial Production n.s.a. and w.d.a. (YoY) (Feb)	✓✓✓	-3.90%	-1.30%	Monthly
Germany	8:00	Industrial Production s.a. (MoM) (Feb)	✓✓✓	-1.00%	3.00%	Monthly
South Africa	8:00	Gross Gold & Forex Reserve (Mar)	✓	USD54.80bn	USD54.70bn	Monthly
South Africa	8:00	Net Gold & Forex Reserve (Mar)	✓	USD45.18bn	USD45.40bn	Monthly
France	8:45	Trade Balance (Feb)	✓✓✓	-	-EUR5.89bn	Monthly
France	8:45	Current Account (Feb)	✓✓	-	-EUR2.80bn	Monthly
Switzerland	9:00	Foreign Currency Reserves (Mar)	✓	-	CHF769.00bn	Monthly
UK	9:30	Halifax House Prices (3m/YoY) (Mar)	✓	-	2.80%	Monthly
UK	9:30	Halifax House Prices (MoM) (Mar)	✓	-	0.30%	Monthly
China	10:00	Foreign Exchange Reserves (Mar)	✓	-	USD3107.00bn	Monthly
Italy	10:00	Retail Sales s.a. (MoM) (Feb)	✓✓✓	-	0.00%	Monthly
Italy	10:00	Retail Sales n.s.a. (YoY) (Feb)	✓✓	0.20%	1.40%	Monthly
UK	10:30	Unit Labour Costs (YoY) (Q4)	✓	-	3.60%	Quarterly
Canada	14:30	Building Permits (Feb)	✓✓	-	CAD9245.70mn	Monthly
US	14:55	Redbook Index (YoY) (03-Apr)	✓	-	6.30%	Weekly
US	14:55	Redbook Index s.a. (MoM) (03-Apr)	✓	-	1.30%	Weekly
Canada	16:00	Ivey PMI s.a. (Mar)	✓✓✓	-	54.10	Monthly
Canada	16:00	Ivey PMI n.s.a. (Mar)	✓✓	-	53.20	Monthly
US	16:00	JOLTs Job Openings (Feb)	✓	6476.00K	6963.00K	Monthly
US	21:00	Consumer Credit Change (Feb)	✓✓	-	USD12.02bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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