

ONE Minute Brief

3 April 2020

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Economic and political news

Health Minister, Zweli Mkhize, has confirmed that the number of Covid-19 infections in South Africa (SA) has risen to 1,462.

National Education, Health and Allied Workers' Union (Nehawu) has threatened to strike after the national lockdown, as the union expressed disappointment over the government's failure to implement a 2018 wage increase.

The International Air Transport Association (Iata) has projected that the South African airline industry could incur a loss of about ZAR40bn (\$2.29 billion).

Former SA Express Chief Executive Officer (CEO), Siza Mzimelaha has been appointed as CEO of Transnet's biggest subsidiary, Transnet Freight Rail (TFR).

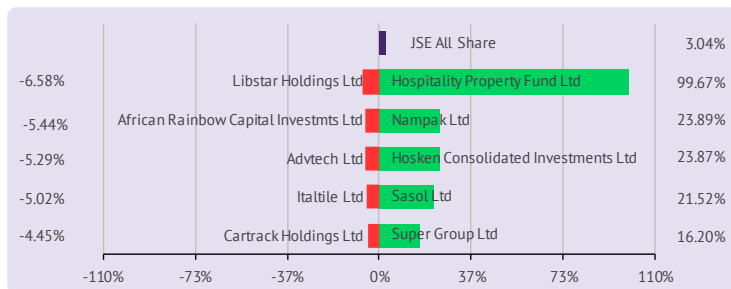
Water and Sanitation Minister, Lindiwe Sisulu, has announced the centralisation of water distribution through a Johannesburg-based command centre for the duration of the lockdown.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, helped by gains in gold mining and resource sector stocks. The JSE All Share Index rose 3.0% to close at 45,060.69.

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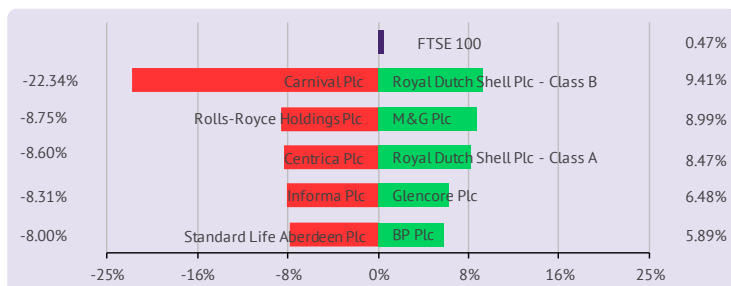


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, on the back of higher oil prices. The FTSE 100 Index advanced 0.5% to close at 5,480.22. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

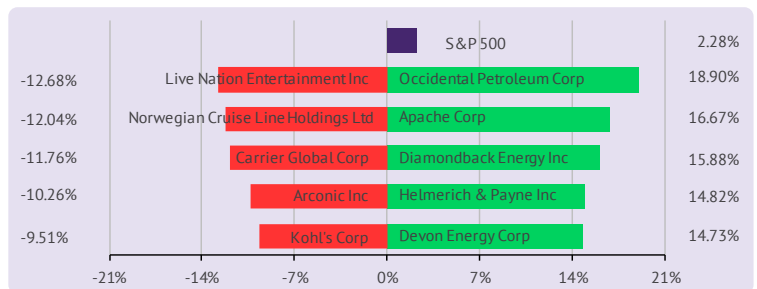
	As at 02 Apr 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	45060.69	▲	1328.25	3.04	4.92	1.28	-12.83
JSE Top 40 (ZAR)	41245.26	▲	1217.85	3.04	5.29	1.24	-11.15
FTSE 100 (GBP)	5480.22	▲	25.65	0.47	-0.55	-3.38	-13.81
DAX 30 (EUR)	9570.82	▲	26.07	0.27	-0.64	-3.67	-16.44
CAC 40 (EUR)	4220.96	▲	13.72	0.33	-3.00	-3.98	-17.21
S&P 500 (USD)	2526.90	▲	56.40	2.28	-0.57	-2.23	-12.51
Nasdaq Composite (USD)	7487.31	▲	126.73	1.72	-0.20	-2.76	-10.12
DJIA (USD)	21413.44	▲	469.93	2.24	-1.03	-2.30	-13.74
MSCI Emerging Markets (USD)	838.53	▲	11.27	1.36	-0.48	-1.18	-15.61
MSCI Developed World (USD)	1803.07	▲	21.80	1.22	-1.32	-2.68	-13.47

US Market ▲

US markets closed firmer

US markets closed higher yesterday, after the US President, Donald Trump, stated that he expects Russia and Saudi Arabia to announce a major oil output cut. The S&P 500 Index climbed 2.3% to close at 2,526.90. Today, the S&P 500 futures are trading in the red.

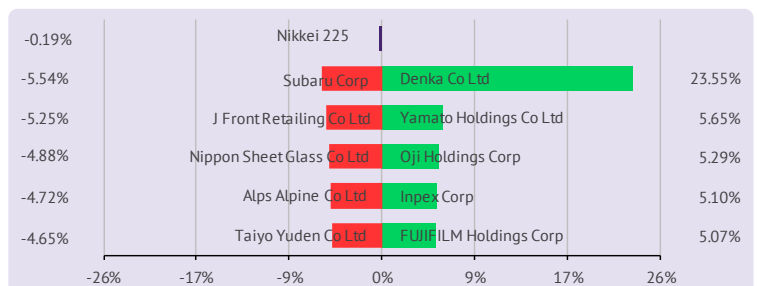
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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan's Jibun Bank services PMI dropped less than market forecast in March. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% lower at 17,784.89.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.5% against the South African Rand at R18.5681. Later today, traders will keep a close watch on the US nonfarm payrolls, average hourly earnings, unemployment rate, the Markit services PMI and ISM non-manufacturing PMI for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US seasonally adjusted initial jobless claims surged in the week ended 28 March 2020. Meanwhile, final durable goods orders advanced on a monthly basis in February. Moreover, trade deficit narrowed to its lowest level since September 2016 in February. Also, factory orders remained flat on a monthly basis in February. Separately, the South African Rand fell against the US Dollar, amid growing concerns over the Covid-19 pandemic and its impact on global economy and the financial markets.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.4% against the South African Rand to trade at R22.9786. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's seasonally adjusted house prices unexpectedly advanced in March, registering its fastest growth since January 2018.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro advanced 0.4% against the South African Rand to trade at R20.1398. Going forward, market participants will keep a tab on Eurozone's retail sales along with the Markit services PMIs across the euro area for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's producer price index (PPI) declined at a faster pace than expected in February.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.6% against the South African Rand to trade at R11.2621. Earlier in the session, Australia's AiG performance of construction index dropped in March. Additionally, the Commonwealth Bank services PMI unexpectedly declined in March. Meanwhile, seasonally adjusted retail sales advanced more-than-expected in February. Elsewhere, in China, Australia's largest trading partner, the Caixin services PMI rebounded in March.

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	18.5681	▼	1.31	4.79	3.53	13.90	31.91
GBPZAR	22.9786	▼	1.53	4.32	3.27	10.46	23.34
EURZAR	20.1398	▼	0.32	2.13	1.88	13.95	27.73
AUDZAR	11.2621	▼	1.09	2.94	2.22	7.47	13.76
EURUSD	1.0845	▼	-0.97	-2.54	-1.57	0.05	-3.17
GBPUSD	1.2373	▼	0.20	-0.51	-0.19	-3.14	-6.49
Brent (\$/barrel)	28.9	▼	21.02	20.10	13.62	-46.95	-54.64
Gold (\$/oz)	1633.3	▲	3.01	0.04	2.67	1.07	6.74
Platinum (\$/oz)	726.0	▼	1.92	-1.93	0.22	-16.23	-25.26
Copper (\$/MT)*	4879.5	▲	1.97	2.03	-1.20	-12.08	-20.65

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,633.30/oz.

Yesterday, gold prices rose 3.0% to close at \$1,625.70/oz, as surge in the US initial jobless claims increased demand for the safe haven asset.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 3.5% to trade at \$28.89/bl.

Yesterday, Brent crude oil advanced 21.0% to settle at \$29.94/bl, after the US President, Donald Trump, announced that he expects Saudi Arabia and Russia to reach a deal soon to end oil price war.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$726.00/oz.

Yesterday, platinum prices climbed 1.9% to close at \$726.00/oz.

Major South African corporate news

African Rainbow Minerals Limited

The company announced that in compliance with the nationwide lockdown, all of its mining operations including Khumani, Beeshoek, Black Rock, Modikwa, Two Rivers and Nkomati mines have been placed on temporary care and maintenance for the duration of the 21-day lockdown period. Further, the company's joint venture, Assmang (Pty) Ltd, has received authorisation from the Minister of Mineral Resources and Energy to operate its load-out stations at Khumani and Beeshoek mines in to continue loading iron ore from the mines' respective stockpiles.

Allied Electronics Corporation Limited

The company announced that as part of its strategic review, the board assessed each of the business units within Altron, to identify opportunities which have the potential to unlock further value for shareholders and to streamline operations. Moreover, the board has concluded that the true value of Bytes UK, a wholly owned subsidiary of Altron, is not reflected in the company's share price. This business has increasingly developed a growth trajectory and strategic levers that are different to the rest of the group and operates in a different geographical capital market with a highly rated peer group. Consequently, the board has resolved to pursue a potential listing and potential share offering of Bytes UK on the LSE. A secondary listing of Bytes UK on the JSE and an unbundling of the remaining Altron shareholding in Bytes UK, post the potential share offering to Altron shareholders.

Rebosis Property Fund Limited

The company announced that due to the impact of nationwide lockdown initiated as a result of the COVID-19 pandemic, the JSE has acceded to the firm's request to release the company's interim results in the last week of June 2020. Moreover, if the lockdown period be extended, the company would re-evaluate its ability to produce results by 30 June 2020.

Nampak Limited

The company referred to its earlier announcement on 28 February 2020, relating to the completion of the disposal of Nampak Glass and announced that the disposal was effective from midnight 31 March 2020 and that the proceeds were received in cash on 31 March 2020.

Major global economic news

Asia

In March, the AiG performance of construction index fell to a level of 37.90 in Australia from 42.70 in the previous month.

In Australia, the Commonwealth Bank services PMI unexpectedly dropped to 38.50 in March, compared to a reading of 39.80 in the previous month.

In February, seasonally adjusted retail sales climbed 0.5% on a monthly basis in Australia, more than market forecast and compared to a drop of 0.3% in the previous month.

In China, the Caixin services PMI advanced to 43.00 in March, compared to a reading of 26.50 in the previous month.

In Japan, the Jibun Bank services PMI fell to 33.80 in March, less than market expectations and compared to a level of 46.80 in the prior month.

UK

In UK, the seasonally adjusted Nationwide house prices unexpectedly rose 0.8% on a monthly basis in March, compared to a rise of 0.3% in the previous month.

US

In the US, seasonally adjusted initial jobless claims advanced to a level of 6648.00K in the week ended 28 March 2020, more than market anticipations and compared to a reading of 3283.00K in the previous week.

In February, trade deficit narrowed more-than-expected to USD39.90bn in the US, compared to a revised trade deficit of USD45.50bn in the prior month.






























In the US, final durable goods orders climbed 1.2% on a monthly basis in February, compared to a drop of 0.2% in the previous month. The preliminary figures had also indicated an advance of 1.2%.

In February, factory orders remained flat on a monthly basis in the US. In the prior month, factory orders had recorded a fall of 0.5%.

Eurozone

In the Eurozone, the PPI dropped 1.3% on an annual basis in February, more than market expectations and compared to a revised drop of 0.7% in January.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	02:30	Nikkei Japan Services PMI (Mar) (F)	✓✓	33.80*	46.80	Monthly
 Japan	02:30	Nikkei Japan Composite PMI (Mar) (F)	✓✓✓	36.20*	47.00	Monthly
 China	03:45	HSBC China Composite PMI (Mar)	✓✓✓	46.70*	27.50	Monthly
 China	03:45	Caixin/Markit Services PMI (Mar)	✓✓✓	43.00*	26.50	Monthly
 Italy	09:45	Markit Services PMI (Mar)	✓✓✓	22.00	52.10	Monthly
 France	09:50	Markit Services PMI (Mar) (F)	✓✓✓	29.00	52.50	Monthly
 France	09:50	Markit Composite PMI (Mar) (F)	✓✓✓	30.20	52.00	Monthly
 Germany	09:55	Markit Services PMI (Mar) (F)	✓✓✓	34.30	52.50	Monthly
 Germany	09:55	Markit Composite PMI (Mar) (F)	✓✓✓	36.80	50.70	Monthly
 Eurozone	10:00	Markit Services PMI (Mar) (F)	✓✓✓	28.40	52.60	Monthly
 Eurozone	10:00	Markit Composite PMI (Mar) (F)	✓✓✓	31.40	51.60	Monthly
 UK	10:30	Official Reserves (Changes) (Mar)	✓	-	USD1809.00mn	Monthly
 UK	10:30	Markit Services PMI (Mar) (F)	✓	34.80	53.20	Monthly
 UK	10:30	Markit Composite PMI (Mar) (F)	✓	-	53.00	Monthly
 Eurozone	11:00	Retail Sales (MoM) (Feb)	✓✓✓	0.10%	0.60%	Monthly
 Eurozone	11:00	Retail Sales (YoY) (Feb)	✓✓✓	1.70%	1.70%	Monthly
 US	14:30	Unemployment Rate (Mar)	✓✓✓	3.80%	3.50%	Monthly
 US	14:30	Average Hourly Earnings All Employees (MoM) (Mar)	✓✓	0.20%	0.30%	Monthly
 US	14:30	Average Hourly Earnings All Employees (YoY) (Mar)	✓✓	3.00%	3.00%	Monthly
 US	14:30	Average Weekly Hours All Employees (Mar)	✓	34.10	34.40	Monthly
 US	14:30	Labor Force Participation Rate (Mar)	✓✓	63.30%	63.40%	Monthly
 US	14:30	Change in Non-farm Payrolls (Mar)	✓✓✓	-100.00K	273.00K	Monthly
 US	14:30	Underemployment Rate (Mar)	✓✓	7.10%	7.00%	Monthly
 US	14:30	Change in Private Payrolls (Mar)	✓✓	-	228.00K	Monthly
 US	14:30	Change in Manufacturing Payrolls (Mar)	✓	-	15.00K	Monthly
 US	15:45	Markit Services PMI (Mar) (F)	✓✓✓	39.10	49.40	Monthly
 US	15:45	Markit Composite PMI (Mar) (F)	✓✓✓	40.50	49.60	Monthly
 US	16:00	ISM Non-Manufacturing PMI (Mar)	✓✓✓	44.00	57.30	Monthly
 US	19:00	Baker Hughes US Oil Rig Count (03-Apr)	✓	-	624.00	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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