

ONE
Minute Brief

9 April 2020

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Economic and political news

In South Africa (SA), the SACCI business confidence index dropped to a level of 89.90 in March, compared to 92.70 in the previous month.

Health Minister, Zweli Mkhize, has confirmed that SA's Covid-19 cases increased to 1,845 and the number of deaths rose to 18.

President, Cyril Ramaphosa has suspended Communications and Digital Technologies Minister, Stella Ndabeni-Abrahams for two months, including one unpaid, after she was caught having lunch with former deputy higher education minister, Mduzuzi Manana and his family, in violation of national lockdown. Meanwhile, the Economic Freedom Fighters (EFF) has called for the removal of Stella Ndabeni-Abrahams for breaching lockdown regulations.

The Association of Mineworkers and Construction Union (Amcu) has proposed setting up a joint task team from the department of minerals and energy, Minerals Council SA and unions, to agree on a set safety standards.

Key indices

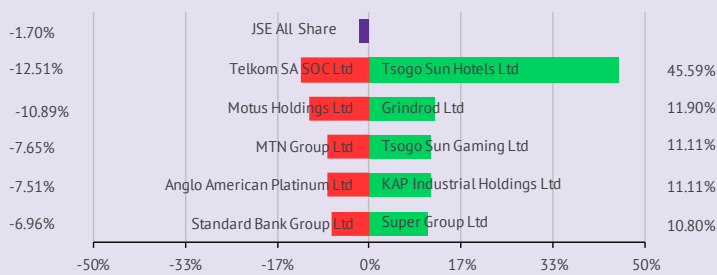
	As at 08 April 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	46689.90	▼	-806.82	-1.70	4.69	4.94	-12.83	-18.21
JSE Top 40 (ZAR)	42772.20	▼	-817.80	-1.88	4.65	4.99	-11.15	-15.83
FTSE 100 (GBP)	5677.73	▼	-26.72	-0.47	4.84	0.10	-13.81	-24.72
DAX 30 (EUR)	10332.89	▼	-23.81	-0.23	8.47	4.00	-16.44	-22.01
CAC 40 (EUR)	4442.75	▲	4.48	0.10	6.94	1.06	-17.21	-25.68
S&P 500 (USD)	2749.98	▲	90.57	3.41	10.50	6.40	-12.51	-14.88
Nasdaq Composite (USD)	8090.90	▲	203.64	2.58	9.74	5.08	-10.12	-9.83
DJIA (USD)	23433.57	▲	779.71	3.44	11.31	6.92	-13.74	-17.89
MSCI Emerging Markets (USD)	873.85	▼	-4.30	-0.49	5.06	2.98	-15.61	-21.60
MSCI Developed World (USD)	1940.08	▲	45.04	2.38	9.19	4.71	-13.47	-17.74

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in platinum mining and resources sector stocks. Data indicated that SA's business confidence index dropped to a 7-month low level in March. The JSE All Share Index fell 1.7% to close at 46,689.90.

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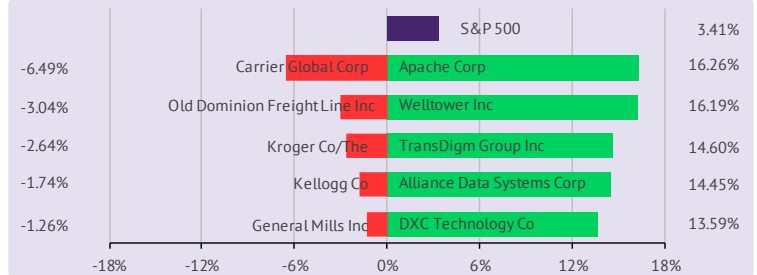


US Market ▲

US markets closed firmer

US markets closed higher yesterday, on hopes of additional stimulus measures from the US Federal Reserve (Fed) and after Bernie Sanders withdrew from 2020 presidential campaign. The S&P 500 Index climbed 3.4% to close at 2,749.98. Today, the S&P 500 futures are trading in the red.

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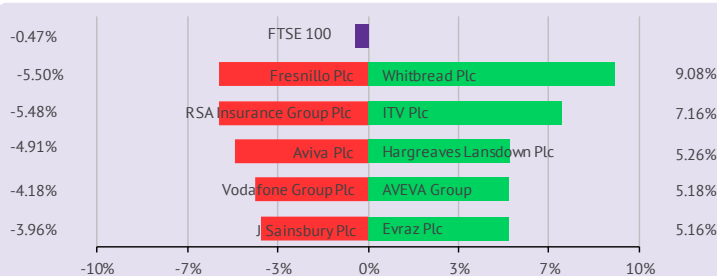


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid concerns over rising number of global deaths due to the coronavirus outbreak and led by losses in insurance sector stocks. The FTSE 100 Index declined 0.5% to close at 5,677.73. Today, the FTSE 100 futures are trading in positive territory.

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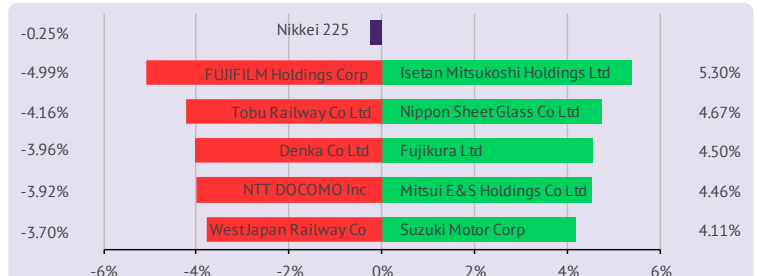


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% lower at 19,305.52,

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USD ZAR ▲

USD trading a tad lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R18.1839. Later today, traders will keep a close watch on the US producer price index (PPI), initial jobless claims and the Michigan consumer sentiment index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications declined on weekly basis in the week ended 3 April 2020. Separately, data showed that SA's business confidence index fell in March, hitting its lowest level since August 2019.

GBP ZAR ▼

GBP trading slightly higher against ZAR

At 06:00 SAST, the British Pound marginally rose against the South African Rand to trade at R22.5360. Ahead in the day, traders will keep an eye on UK's total trade balance, gross domestic product, manufacturing production, industrial production and the NIESR GDP estimate for further indication. Data indicated that the RICS housing price balance dropped more than market anticipations in March.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading slightly firmer against the South African Rand at R19.7597. Going forward, market participants will keep a tab on Eurozone's monetary policy meeting accounts along with Germany's trade balance and current account balance for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar marginally rose against the South African Rand to trade at R11.3353.

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	18.1839	▲	-0.70	-4.46	1.99	13.90	29.94
GBPZAR	22.5360	▼	-0.27	-3.51	1.62	10.46	21.37
EURZAR	19.7597	▼	-1.00	-3.97	0.35	13.95	25.82
AUDZAR	11.3353	▼	0.34	-0.73	3.49	7.47	15.18
EURUSD	1.0867	▲	-0.31	0.53	-1.57	0.05	-3.17
GBPUSD	1.2395	▲	0.41	0.93	-0.30	-3.14	-6.59
Brent (\$/barrel)	33.3	▲	3.04	-3.72	24.63	-46.95	-50.24
Gold (\$/oz)	1684.5	▲	0.04	1.94	5.18	1.07	9.34
Platinum (\$/oz)	738.4	▲	-1.54	2.17	0.72	-16.23	-24.89
Copper (\$/MT)*	4978.2	▼	-0.81	3.20	0.80	-12.08	-19.04

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 1.1% to trade at \$1,684.50/oz.

Yesterday, gold prices marginally rose to close at \$1,665.40/oz, as concerns over the rising coronavirus death toll worsened.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 1.4% to trade at \$33.30/bl.

Yesterday, Brent crude oil advanced 3.0% to settle at \$32.84/bl, amid expectations that major oil producers would agree on output cuts this week. Additionally, the US Energy Information Administration (EIA) reported that crude oil production fell by 600,000 bls to 12.4mn bls in the week ended 3 April 2020. However, crude oil inventories rose by 15.2mn bls last week.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.2% higher to trade at \$738.40/oz.

Yesterday, platinum prices dropped 1.5% to close at \$729.60/oz.

Major South African corporate news

Ascendis Health Limited

In its update relating to the impact of COVID-19, the company announced that there is a significant increase in demand for Chloroquine, however it is too early to speculate the positive impact of the increased demand on Remedica's financial performance. Meanwhile, the Medical Devices businesses are expected to be negatively impacted in the fight against COVID-19, specifically where elective surgeries have been cancelled or postponed as hospitals are increasingly focusing on converting wings used for elective surgeries to COVID-19 ready facilities.

Super Group Limited

The company announced that the South African commodity operations have been slightly affected by the lockdown and are performing adequately. Additionally, the consumer and convenience businesses have been negatively affected to varying degrees, most notably the businesses exposed to the Quick Services Restaurant sector. Amid the high level of uncertainty due to the unpredictable outcomes of this disease, and the volatility this pandemic has created in the marketplace, it is not possible to quantify the earnings impact of the COVID-19 pandemic.

Sasol Limited

The company announced that the national COVID-19 lockdown has resulted in an unprecedented decline in fuel demand. Following the steep decline in fuels demand, a decision was made by the company to reduce daily production rates at its Secunda Synfuels Operations (SSO) by approximately 25.0% to meet the current market demand, while maintaining optimal inventory levels. Meanwhile, liquid fuels sales volumes are expected to be approximately 50.00mn and 51.00mn barrels against the previously guided 57.00mn and 58.00mn barrels for FY20.

Tiger Brands Limited

The company announced that although most of its manufacturing and distribution sites have been identified as essential services and have continued to operate through the lockdown period, certain facilities and offices have been closed based on the current regulatory requirements or demand dynamics. However, arrangements have been made to ensure maximisation of remote working where possible and the firm has put in place dedicated and regulated staff transport arrangements where required.

Major global economic news

US

In the US, the MBA mortgage applications dropped 17.9% on weekly basis in the week ended 3 April 2020, compared to an advance of 15.3% in the previous week.

The Federal Open Market Committee (FOMC), in its March meeting minutes, indicated that all members were of the opinion that the near-term US economic outlook has deteriorated sharply in recent weeks. Also, the members expressed concern about the economic impact of COVID-19. In terms of the economic outlook, the Fed stated that interest rates would remain at their current level until the US economy has weathered the coronavirus downturn.

UK

In UK, the RICS housing price balance eased to 11.0% in March, more than market expectations and compared to a level of 29.0% in the previous month.

Asia

Bank of Japan (BoJ) Governor, Haruhiko Kuroda, warned that uncertainty over the country's economic outlook was "extremely high" with corporate funding strains worsening. Moreover, he stated that the coronavirus outbreak is having a "serious impact" on the Japanese economy. Also, he stated that the central bank would take additional easing measures without hesitation if necessary.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	RICS Housing Price Balance (Mar)	✓	11.00%*	29.00%	Monthly
Japan	02:30	BoJ's Governor Kuroda speech	✓✓✓	-	-	As Scheduled
Japan	07:00	Consumer Confidence Index (Mar)	✓✓	-	38.40	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Mar) (P)	✓✓✓	-	-29.60%	Monthly
UK	08:00	Manufacturing Production (YoY) (Feb)	✓	-4.00%	-3.60%	Monthly
UK	08:00	Gross Domestic Product s.a. (MoM) (Feb)	✓	0.10%	0.00%	Monthly
UK	08:00	Visible Trade Balance (Feb)	✓	-GBP6.00bn	-GBP3.72bn	Monthly
UK	08:00	Construction Output s.a. (MoM) (Feb)	✓	-	-0.80%	Monthly
UK	08:00	Trade Balance; non-EU (Feb)	✓	-GBP0.50bn	GBP2.23bn	Monthly
UK	08:00	Total Trade Balance (Feb)	✓	-	GBP4.21bn	Monthly
UK	08:00	Index of Services (3M/3M) (Feb)	✓	0.10%	0.00%	Monthly
UK	08:00	Industrial Production (MoM) (Feb)	✓	0.10%	-0.10%	Monthly
UK	08:00	Industrial Production (YoY) (Feb)	✓	-2.90%	-2.90%	Monthly
UK	08:00	Manufacturing Production (MoM) (Feb)	✓	0.10%	0.20%	Monthly
UK	08:00	Construction Output s.a. (YoY) (Feb)	✓	-	1.60%	Monthly
Germany	09:00	Trade Balance n.s.a. (Feb)	✓✓✓	EUR17.50bn	EUR18.50bn	Monthly
Germany	09:00	Current Account n.s.a. (Feb)	✓	-	EUR16.60bn	Monthly
South Africa	11:30	Gold Production (YoY) (Feb)	✓	-	4.90%	Monthly
South Africa	13:00	Manufacturing Production (YoY) (Feb)	✓✓	-	-2.00%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Feb)	✓✓	-	2.50%	Monthly
South Africa	13:00	Manufacturing Sales (Feb)	✓	-	ZAR167950582.00	Monthly
Eurozone	13:30	ECB Monetary Policy Meeting Accounts	✓✓✓	-	-	As Scheduled
Canada	14:30	Net Change in Employment (Mar)	✓✓	-350.00K	30.30K	Monthly
Canada	14:30	Full Time Employment Change (Mar)	✓✓	-	37.60K	Monthly
Canada	14:30	Unemployment Rate (Mar)	✓✓	7.20%	5.60%	Monthly
US	14:30	Initial Jobless Claims (04-Apr)	✓✓✓	5250.00K	6648.00K	Weekly
US	14:30	Continuing Jobless Claims (28-Mar)	✓✓✓	8000.00K	3029.00K	Weekly
US	14:30	Producer Price Index (MoM) (Mar)	✓✓✓	-0.40%	-0.60%	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (Mar)	✓✓	-	-0.30%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (Mar)	✓✓	1.20%	1.40%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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