

ONE Minute Brief

25 August 2020

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Economic and political news

Spokesperson Sam Mkokeli stated that the Department of Public Enterprises (DPE) had received more than 10 offers of “unsolicited interest” from both local and international investors, for the revival of South African Airways (SAA) and its subsidiaries, and is currently weighing its options.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in South Africa (SA) had increased to 611,450.

The Democratic Alliance (DA) has asked Parliament to take disciplinary steps against Communications Minister Stella Ndabeni-Abrahams for defying the National Assembly by not appointing the full list of nominees for the Independent Communications Authority of South Africa (Icasa) council.

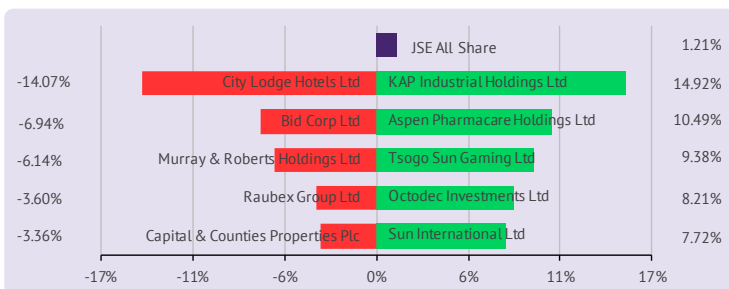
During a briefing, Salim Abdool Karim, the Chairman of the Ministerial Advisory Committee on the outbreak, stated that SA’s coronavirus epidemic is on a downward curve, with new infections, hospital admissions and the positivity rate all showing declines.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, tracking gains in their global peers and helped by gains in financial and banking sector stocks. The JSE All Share Index rose 1.2% to close at 56,625.42.

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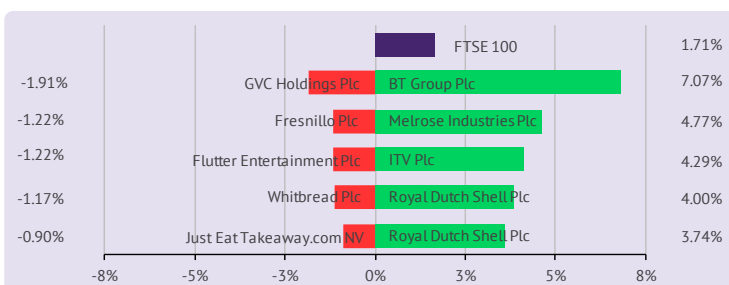


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, on positive developments related to the Covid-19 treatment and amid reports that the Trump administration was considering fast-tracking AstraZeneca’s experimental coronavirus vaccine. The FTSE 100 Index advanced 1.7% to close at 6,104.73. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

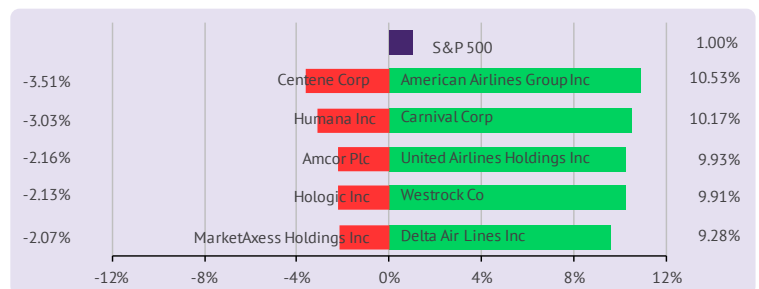
| | As at 24 Aug 2020 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR) | 56625.42 | ▲ 675.50 | 1.21 | 1.21 | 1.62 | 2.50 | -0.80 |
| JSE Top 40 (ZAR) | 52256.84 | ▲ 587.66 | 1.14 | 1.14 | 1.73 | 2.38 | 2.84 |
| FTSE 100 (GBP) | 6104.73 | ▲ 102.84 | 1.71 | 1.71 | 3.51 | -4.41 | -19.06 |
| DAX 30 (EUR) | 13066.54 | ▲ 301.74 | 2.36 | 2.36 | 6.12 | 0.02 | -1.38 |
| CAC 40 (EUR) | 5007.89 | ▲ 111.56 | 2.28 | 2.28 | 4.69 | -3.09 | -16.23 |
| S&P 500 (USD) | 3431.28 | ▲ 34.12 | 1.00 | 1.00 | 4.90 | 5.51 | 6.21 |
| Nasdaq Composite (USD) | 11379.72 | ▲ 67.92 | 0.60 | 0.60 | 5.90 | 6.82 | 26.83 |
| DJIA (USD) | 28308.46 | ▲ 378.13 | 1.35 | 1.35 | 7.11 | 2.38 | -0.81 |
| MSCI Emerging Markets (USD) | 1108.23 | ▲ 16.38 | 1.50 | 1.50 | 2.72 | 8.42 | -0.58 |
| MSCI Developed World (USD) | 2417.05 | ▲ 24.95 | 1.04 | 1.04 | 4.86 | 4.69 | 2.48 |

US Market ▲

US markets closed firmer

US markets closed higher yesterday, after the US Food and Drug Administration approved the emergency use of blood plasma to treat COVID-19 patients. The S&P 500 Index climbed 1.0% to close at 3,431.28. Today, the S&P 500 futures are trading in the green.

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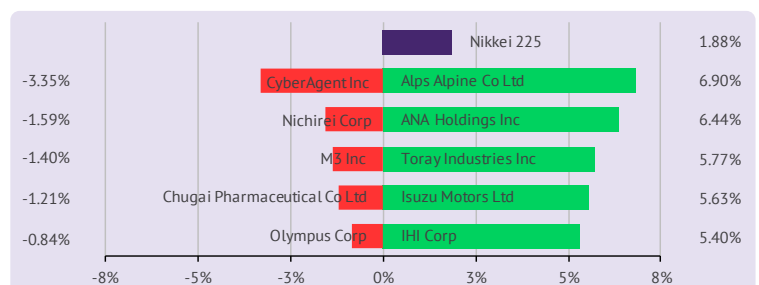


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street and amid signs of progress in US-China trade negotiations. As at 6:00 SAST, the Nikkei 225 Index is trading 1.9% higher at 23,418.28.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R16.9274. Later today, traders will keep a close watch on the US Richmond Fed manufacturing index, the housing price index, new home sales and the consumer confidence index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Chicago Fed National Activity Index dropped more-than-expected in July.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R22.1955. Ahead in the day, traders will keep an eye on UK's CBI distributive trades survey for further indication.

The British Pound declined against the South African Rand yesterday, amid lack of progress in Brexit negotiations.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R19.9943. Going forward, market participants will keep a tab on Germany's gross domestic product (GDP) and the Ifo survey indices for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R12.1448.

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 | 16.9274 | ▲ | -1.08 | -1.08 | -0.60 | -1.61 | 21.21 |
| GBPZAR | 22.1955 | ▼ | -1.28 | -1.28 | -0.74 | 3.78 | 19.43 |
| EURZAR | 19.9943 | ▲ | -1.16 | -1.16 | -0.52 | 3.15 | 27.41 |
| AUDZAR | 12.1448 | ▲ | -1.08 | -1.08 | -0.34 | 1.81 | 23.54 |
| EURUSD | 1.1812 | ▲ | -0.08 | -0.08 | 0.08 | 4.84 | 5.13 |
| GBPUSD | 1.3112 | ▲ | -0.21 | -0.21 | -0.17 | 5.52 | -1.46 |
| Brent (\$/barrel) | 45.3 | ▲ | 1.76 | 1.76 | 3.70 | 5.45 | -31.62 |
| Gold (\$/oz) | 1942.7 | ▲ | -0.36 | -0.36 | -1.79 | 9.01 | 26.56 |
| Platinum (\$/oz) | 935.6 | ▲ | -0.17 | -0.17 | 0.61 | 9.30 | -4.83 |
| Copper (\$/MT)* | 6533.8 | ▲ | 0.34 | 0.34 | 1.74 | 6.95 | 6.26 |

*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 \$1,942.70/oz.

Yesterday, gold prices fell 0.4% to close at \$1,927.70/oz, amid optimism over a potential coronavirus treatment.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$45.25/bl.

Yesterday, Brent crude oil advanced 1.8% to settle at \$45.13/bl, as a pair of tropical storms closed in on the Gulf of Mexico shutting more than half of the region's offshore production.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 1.2% to trade at \$935.60/oz.

Yesterday, platinum prices dropped 0.2% to close at \$924.50/oz.

Major South African corporate news

Cashbuild Limited

In its FY20 trading statement, the company announced that it expects EPS to be between ZAR11.10 and ZAR12.04, compared to ZAR18.81 and its HEPS to be between ZAR11.27 and ZAR12.23, compared to ZAR19.10 in the last year.

Old Mutual Limited

In its 1H20 trading statement, the company announced that it expects HEPS to be between 89.70c and 102.50c, compared to 128.10c and loss per share is likely to be between 128.50c and 154.20c, compared to an EPS of 127.30c in the same period of last year.

Famous Brands Limited

The company announced that the group has sold its controlling 51.0% stake in boutique café brand, tashas to the founding Sideris family, who hold the remaining 49.0%. The sale is in line with the group's three year -strategic roadmap which includes a narrower focus of investment of resources in the Signature brands portfolio, which includes tasha.

Major global economic news

US

In the US, the Chicago Fed National Activity Index dropped to 1.18 in July, more than market expectations and compared to a revised level of 5.33 in the previous month.

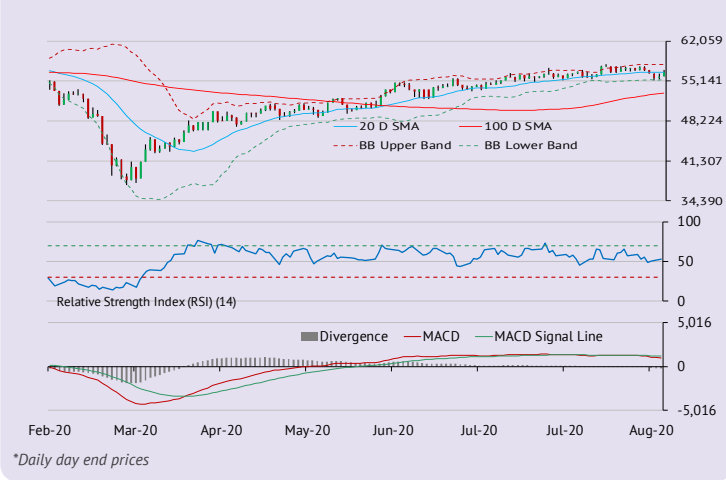
Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus | Previous | Frequency |
|--|-------|---|-----------|-----------|----------|--------------|
|  Germany | 8:00 | Gross Domestic Product s.a. (QoQ) (Q2) (F) | ✓✓✓ | -10.10% | -2.00% | Quarterly |
|  Germany | 8:00 | Gross Domestic Product w.d.a. (YoY) (Q2) (F) | ✓✓ | -11.70% | -2.30% | Quarterly |
|  Germany | 8:00 | Government Spending (QoQ) (Q2) | ✓ | - | 0.20% | Quarterly |
|  Germany | 8:00 | Gross Domestic Product n.s.a. (YoY) (Q2) (F) | ✓✓ | - | -1.80% | Quarterly |
|  South Africa | 9:00 | Leading Indicator (Jun) | ✓ | - | 95.69 | Monthly |
|  Spain | 9:00 | Producer Price Index (MoM) (Jul) | ✓ | - | 2.00% | Monthly |
|  Spain | 9:00 | Producer Price Index (YoY) (Jul) | ✓ | - | -6.10% | Monthly |
|  Germany | 10:00 | Ifo - Business Climate (Aug) | ✓✓✓ | 92.00 | 90.50 | Monthly |
|  Germany | 10:00 | Ifo - Current Assessment (Aug) | ✓✓ | 87.00 | 84.50 | Monthly |
|  Germany | 10:00 | Ifo - Expectations (Aug) | ✓✓ | 98.10 | 97.00 | Monthly |
|  UK | 12:00 | CBI Distributive Trades Survey - Realised (Aug) | ✓ | 8.00% | 4.00% | Monthly |
|  US | 14:55 | Redbook Index (YoY) (21-Aug) | ✓ | - | -2.80% | Weekly |
|  US | 14:55 | Redbook Index s.a. (MoM) (21-Aug) | ✓ | - | 2.80% | Weekly |
|  Eurozone | 15:00 | Consolidated Financial Statement of the Euro system | ✓ | - | - | As Scheduled |
|  US | 15:00 | Housing Price Index (MoM) (Jun) | ✓ | - | -0.30% | Monthly |
|  US | 15:00 | S&P/Case-Shiller Home Price Index (Jun) | ✓ | - | 218.87 | Monthly |
|  US | 15:00 | House Price Purchase Index (QoQ) (Q2) | ✓✓ | - | 1.70% | Quarterly |
|  US | 16:00 | Consumer Confidence (Aug) | ✓✓✓ | - | 92.60 | Monthly |
|  US | 16:00 | New Home Sales (Jul) | ✓✓✓ | 750.00K | 776.00K | Monthly |
|  US | 16:00 | New Home Sales (MoM) (Jul) | ✓✓✓ | 4.00% | 13.80% | Monthly |
|  US | 16:00 | Richmond Fed Manufacturing Index (Aug) | ✓ | - | 10.00 | Monthly |

Note: ✓✓✓High ✓✓Medium ✓Low

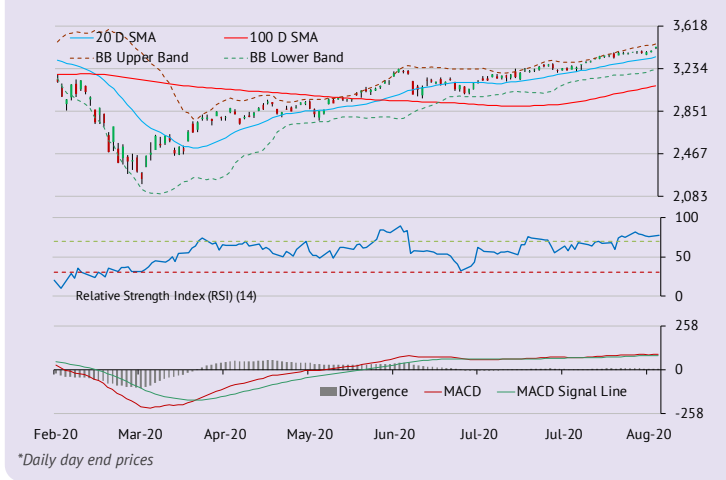
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 55,373.80, and a fall through could take it to the next support level of 54,122.18. The index is expected to find its first resistance at 57,770.64, and a rise through could take it to the next resistance level of 58,915.86.

S&P 500



The S&P 500 index is expected to find support at 3,379.95, and a fall through could take it to the next support level of 3,328.62. The index is expected to find its first resistance at 3,457.35, and a rise through could take it to the next resistance level of 3,483.42.

USD ZAR



The pair is expected to find support at 16.7334, and a fall through could take it to the next support level of 16.4970. The pair is expected to find its first resistance at 17.3717, and a rise through could take it to the next resistance level of 17.7736.

XAU USD



Gold is expected to find support at \$1,890.13/oz, and a fall through could take it to the next support level of \$1,852.57/oz. The precious metal is expected to find its first resistance at \$1,984.03/oz, and a rise through could take it to the next resistance level of \$2,040.37/oz.

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