

ONE Minute Brief

26 August 2020

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Economic and political news

In South Africa (SA), the leading indicator rose to a level of 94.10 in June, compared to a revised level of 91.60 in the prior month.

The Gauteng High Court in Johannesburg has ruled that the ZAR100mn auction of Bosasa's assets in December last year by provisional liquidators was unlawful.

In court papers filed in the High Court in Pretoria challenging her demotion to an ordinary board member, SA Post Office (Sapo) chair Colleen Makhubele argued that "improper considerations" were behind her removal from the role she had occupied since October 2019 and has accused Communications Minister Stella Ndabeni-Abrahams of misusing her powers and acting unconstitutionally.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 613,017.

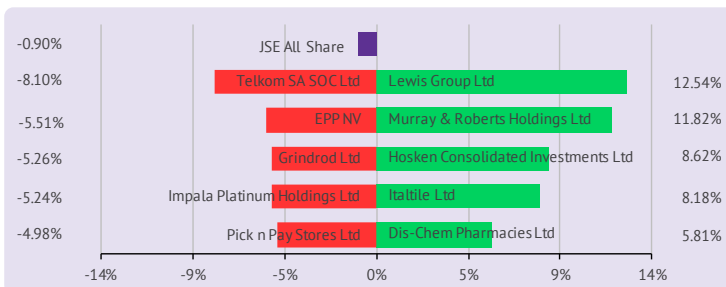
Public Works Minister Patricia De Lille is facing calls from Democratic Alliance MPs to step down following findings detailing the irregular procurement process for the construction of a ZAR40mn fence at the Beitbridge border.

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. The JSE All Share Index fell 0.9% to close at 56,114.23.

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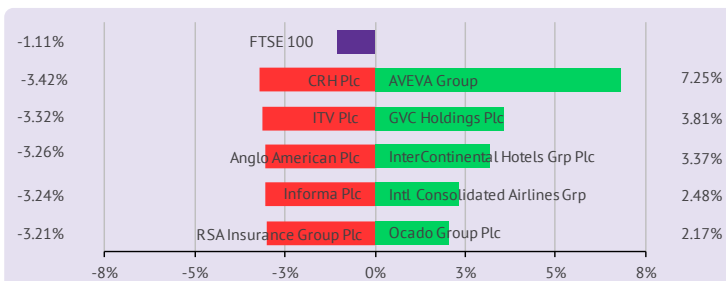


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid strength in the British Pound and led by losses in mining sector stocks. The FTSE 100 Index declined 1.1% to close at 6,037.01. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

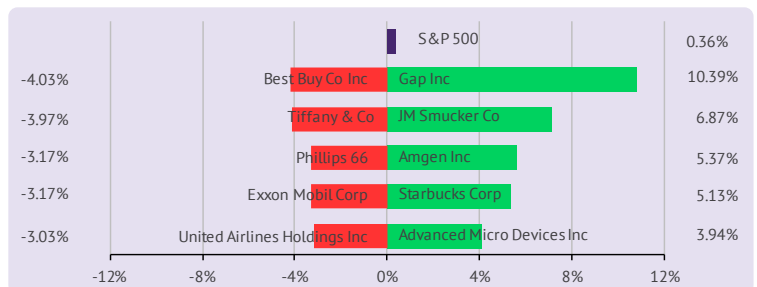
	As at 25 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56114.23	▼ -511.19	-0.90	0.29	0.70	2.50	-1.70
JSE Top 40 (ZAR)	51767.88	▼ -488.96	-0.94	0.19	0.78	2.38	1.87
FTSE 100 (GBP)	6037.01	▼ -67.72	-1.11	0.59	2.36	-4.41	-19.96
DAX 30 (EUR)	13061.62	▼ -4.92	-0.04	2.33	6.08	0.02	-1.41
CAC 40 (EUR)	5008.27	▲ 0.38	0.01	2.29	4.69	-3.09	-16.22
S&P 500 (USD)	3443.62	▲ 12.34	0.36	1.37	5.27	5.51	6.59
Nasdaq Composite (USD)	11466.47	▲ 86.75	0.76	1.37	6.71	6.82	27.79
DJIA (USD)	28248.44	▼ -60.02	-0.21	1.14	6.89	2.38	-1.02
MSCI Emerging Markets (USD)	1114.72	▲ 6.49	0.59	2.09	3.32	8.42	0.01
MSCI Developed World (USD)	2422.95	▲ 5.89	0.24	1.29	5.12	4.69	2.73

US Market ▲

US markets closed mostly firmer

US markets closed mostly higher yesterday, after the US and Chinese officials reaffirmed their commitment to a Phase 1 trade deal signed in January. The S&P 500 Index climbed 0.4% to close at 3,443.62. Today, the S&P 500 futures are trading in the red.

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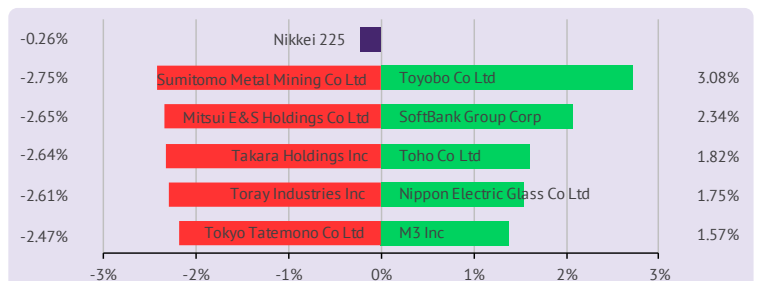


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, amid concerns about the broader economic outlook. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% lower at 23,235.05.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% lower against the South African Rand at R16.7946. Later today, traders will keep a close watch on the US MBA mortgage applications and durable goods orders for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US new home sales climbed in July, marking its highest level since December 2006. Additionally, the Richmond Fed manufacturing index improved in August. Moreover, the housing price index rose on a monthly basis in June. Meanwhile, the CB consumer confidence index dropped for the second consecutive month in August, recording its lowest level since 2014. Separately, data indicated that SA's leading indicator advanced in June, rising for the first time since March.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.5% against the South African Rand to trade at R22.0607. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's CBI distributive trade survey's retail sales balance unexpectedly dropped on a monthly basis in August.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.5% lower against the South African Rand at R19.8503. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's economy contracted less than initially estimated on a quarterly basis in 2Q20. Moreover, both, the Ifo current assessment index and the business climate index advanced more than market forecast in August. Meanwhile, the Ifo business expectations index rose less-than-anticipated in August.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.3% against the South African Rand to trade at R12.0767.

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	16.7946	▲	-0.67	-1.75	-1.26	-1.61	20.40
GBPZAR	22.0607	▲	-0.03	-1.31	-0.77	3.78	19.39
EURZAR	19.8503	▲	-0.25	-1.41	-0.76	3.15	27.10
AUDZAR	12.0767	▲	-0.34	-1.41	-0.67	1.81	23.12
EURUSD	1.1820	▼	0.40	0.32	0.48	4.84	5.55
GBPUSD	1.3135	▼	0.68	0.47	0.51	5.52	-0.79
Brent (\$/barrel)	46.0	▲	1.62	3.40	5.38	5.45	-30.52
Gold (\$/oz)	1932.0	▲	-0.82	-1.18	-2.60	9.01	25.52
Platinum (\$/oz)	935.1	▲	1.03	0.85	1.64	9.30	-3.85
Copper (\$/MT)*	6546.3	▲	0.19	0.53	1.93	6.95	6.46

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.1% higher to trade at \$1,932.00/oz.

Yesterday, gold prices fell 0.8% to close at \$1,911.80/oz, amid optimism surrounding a potential COVID-19 vaccine and signs of easing trade tensions between the US and China.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$46.00/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 4.5mn bls last week.

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Yesterday, Brent crude oil advanced 1.6% to settle at \$45.86/bl, as US producers shut down most of their offshore output in the Gulf of Mexico ahead of Hurricane Laura.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$935.10/oz.

Yesterday, platinum prices climbed 1.0% to close at \$934.00/oz.

Major South African corporate news

Imperial Logistics Limited

In its FY20 results, the company announced that revenues rose to ZAR46.38bn from ZAR44.04bn posted in the previous year. Its diluted EPS from continuing operations stood at 22.00c, compared to a loss per share of 120.00c in the prior year.

Super Group Limited

In its FY20 trading statement, the company announced that it expects HEPS to decline between 142.00c and 160.70c, compared to a HEPS of 373.80c in the last year. It expects loss per share of between 79.40c and 97.40c, compared to an EPS of 360.80c in the previous year.

Nedbank Group Limited

The company announced that Raisibe Morathi has resigned as the Chief Financial Officer (CFO) and Executive Director with effect from 30 September 2020. Moreover, she will remain employed by the company until the end of October to ensure an orderly handover.

Sun International Limited

In its 1H20 trading statement, the company announced that it expects basic loss per share to be between 882.00c and 908.00c, compared to an EPS of 132.00c in the same period last year. It expects its headline loss per share to be between 220.00c and 245.00c, compared to a HEPS of 128.00c.

Major global economic news

Eurozone

In Germany, final gross domestic product (GDP) dropped 9.7% on a quarterly basis in 2Q20, compared to a revised fall of 2.0% in the previous quarter. The preliminary figures had indicated a decline of 10.1%.

In August, the Ifo business expectations index rose to a level of 97.50 in Germany, less than market forecast and compared to a revised level of 96.70 in the previous month.

In Germany, the Ifo current assessment index advanced more-than-expected to 87.90 in August, compared to a level of 84.50 in the prior month.

In August, the business climate index climbed to a level of 92.60 in Germany, more than market anticipations and compared to a revised level of 90.40 in the previous month.

US

In the US, new home sales climbed 13.9% to 0.90mn on a monthly basis in July, compared to a revised level of 0.79mn in the prior month.

In August, the CB consumer confidence index fell to a level of 84.80 in the US, compared to a revised level of 91.70 in the previous month.

In the US, the Richmond Fed manufacturing index advanced to 18.00 in August, compared to a level of 10.00 in the previous month.

In June, the housing price index rose 0.9% on a monthly basis in the US, compared to a revised drop of 0.2% in the prior month.

UK

In the UK, the CBI distributive trade survey's retail sales balance unexpectedly fell to -6.0% in August, compared to a rise of 4.0% in the previous month.

Asia

In Japan, the corporate service price index rose 1.2% on an annual basis in July, compared to a revised rise of 0.9% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Japan	7:00	Leading Economic Index (Jun) (F)	✓✓✓	85.00	78.30	Monthly
France	8:45	Consumer Confidence (Aug)	✓✓✓	94.00	94.00	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Jul)	✓✓	1.20%	0.50%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Jul)	✓✓	3.10%	2.20%	Monthly
South Africa	10:00	Consumer Price Index Core (MoM) (Jul)	✓✓	-	0.30%	Monthly
South Africa	10:00	Consumer Price Index Core (YoY) (Jul)	✓✓	3.00%	3.00%	Monthly
Switzerland	11:00	ZEW Survey - Expectations (Aug)	✓✓	-	42.40	Monthly
Eurozone	12:00	ECB Balance sheet (17-Aug)	✓✓	-	EUR6404.66bn	Weekly
US	13:00	MBA Mortgage Applications (21-Aug)	✓	-	-3.30%	Weekly
US	14:30	Cap Goods Orders Nondef Ex Air (Jul) (P)	✓	-	3.40%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Jul) (P)	✓	-	3.30%	Monthly
US	14:30	Durable Goods Orders (Jul) (P)	✓✓✓	4.30%	7.60%	Monthly
US	14:30	Durable Goods Orders ex Transportation (Jul) (P)	✓✓	2.10%	3.60%	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (21-Aug)	✓✓✓	-3.83mn	-1.63mn	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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