

ONE
Minute Brief

28 August 2020

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Economic and political news

In South Africa (SA), the producer price index (PPI) rose 1.9% on an annual basis in July, compared to a rise of 0.5% in the previous month.

Health Minister Zweli Mkhize had made public Ministerial Advisory Committee (MAC) advisories he commissioned on COVID-19. Separately, he confirmed that the number of cases in the country had increased to 618,286.

News reports indicate that SA may sign a deal to help produce a Covid-19 vaccine, potentially boosting access to immunisation on a continent with limited manufacturing capacity.

While responding to questions in the National Assembly, President Cyril Ramaphosa stated that the government is looking into establishing special courts, in a bid to tackle corruption allegations related to COVID-19 procurement.

According to the head of the Presidency's Investment and Infrastructure Office, SA's ZAR100bn (USD5.9bn) infrastructure fund will offer a range of instruments to attract private investors.

Key indices

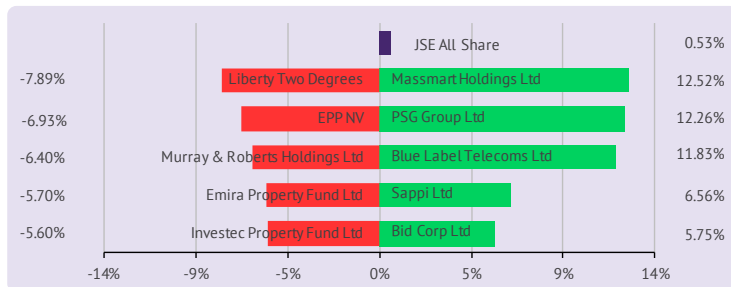
	As at 27 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56869.67	▲	297.43	0.53	1.64	2.50	-0.38
JSE Top 40 (ZAR)	52583.70	▲	326.85	0.63	1.77	2.37	3.48
FTSE 100 (GBP)	5999.99	▼	-45.61	-0.75	-0.03	1.73	-20.45
DAX 30 (EUR)	13096.36	▼	-93.79	-0.71	2.60	6.36	-1.15
CAC 40 (EUR)	5015.97	▼	-32.46	-0.64	2.44	4.86	-3.09
S&P 500 (USD)	3484.55	▲	5.82	0.17	2.57	6.52	7.85
Nasdaq Composite (USD)	11625.34	▼	-39.72	-0.34	2.77	8.19	29.56
DJIA (USD)	28492.27	▲	160.35	0.57	2.01	7.81	-0.16
MSCI Emerging Markets (USD)	1117.22	▼	-2.12	-0.19	2.32	3.55	8.42
MSCI Developed World (USD)	2442.79	▼	-3.26	-0.13	2.12	5.98	4.69

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial and banking sector stocks. The JSE All Share Index rose 0.5% to close at 56,869.67.

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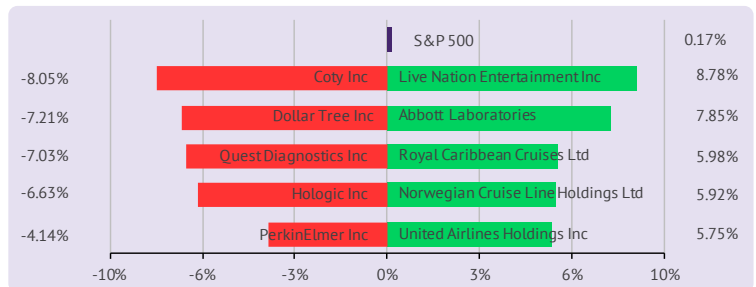


US Market ▲

US markets closed mostly firmer

US markets closed mostly higher yesterday, after the Federal Reserve Chairman Jerome Powell unveiled a new strategy to restore employment and inflation to healthier levels. The S&P 500 Index climbed 0.2% to close at 3,484.55. Today, the S&P 500 futures are trading in the green.

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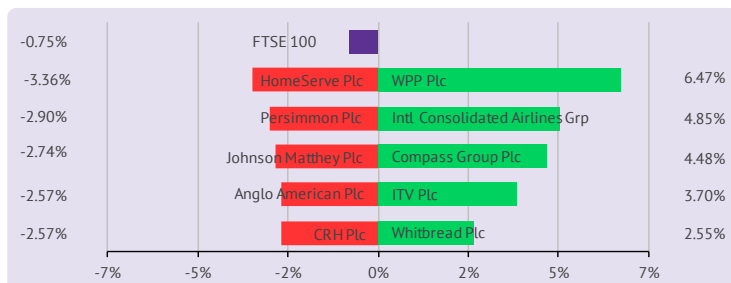


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, as disappointing earnings report from firms like Rolls-Royce highlighted the extent of damage caused by the coronavirus pandemic. The FTSE 100 Index declined 0.8% to close at 5,999.99. Today, the FTSE 100 futures are trading in positive territory.

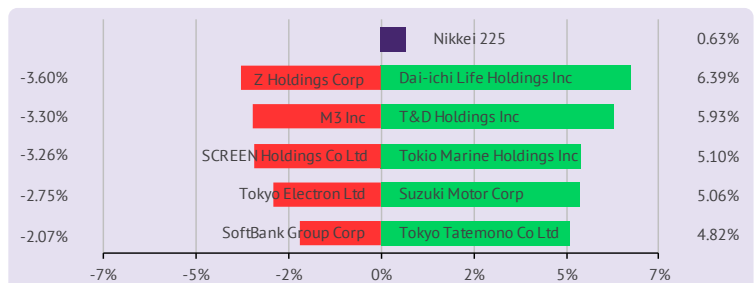
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.6% higher at 23,354.67.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.3% against the South African Rand to trade at R16.9749. Later today, traders will keep a close watch on the US personal income, personal spending, goods trade balance, the Chicago Purchasing Managers' Index and the Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday, after the Fed outlined a policy shift to raise US employment and inflation. On the macro front, the US gross domestic product (GDP) plunged on a quarterly basis in 2Q20. Additionally, initial jobless claims dropped less-than-expected on a weekly basis in the week ended 21 August 2020. Meanwhile, the Kansas City Fed manufacturing activity index advanced in August. Moreover, pending home sales rose more than market forecast in July. Separately, data indicated that SA's producer price inflation jumped to a four-month high level in July.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally retreated against the South African Rand to trade at R22.4885. Ahead in the day, traders will keep an eye on Bank of England (BoE) Governor, Andrew Bailey's speech for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R20.1272. Going forward, market participants will keep a tab on Eurozone's services sentiment index, the consumer confidence index, the industrial confidence index, the business climate index and the economic sentiment indicator along with Germany's GfK consumer confidence index for further cues.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R12.3725.

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	16.9749	▲	0.94	-0.72	-0.23	-1.61	21.66
GBPZAR	22.4885	▲	0.93	0.18	0.73	3.78	21.20
EURZAR	20.1272	▲	0.87	-0.48	0.17	3.15	28.29
AUDZAR	12.3725	▲	1.44	0.78	1.53	1.81	25.86
EURUSD	1.1858	▲	-0.07	0.21	0.37	4.84	5.43
GBPUSD	1.3247	▲	-0.07	0.85	0.89	5.52	-0.42
Brent (\$/barrel)	45.1	▲	-1.21	1.67	3.61	5.45	-31.68
Gold (\$/oz)	1945.5	▲	-0.81	-0.50	-1.93	9.01	26.39
Platinum (\$/oz)	939.3	▲	-1.24	0.22	1.00	9.30	-4.46
Copper (\$/MT)*	6640.8	▲	0.39	1.98	3.41	6.95	8.00

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 1.1% to trade at \$1,945.50/oz.

Yesterday, gold prices fell 0.8% to close at \$1,925.00/oz, amid profit booking.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil slightly rose to trade at \$45.11/bl.

Yesterday, Brent crude oil declined 1.2% to settle at \$45.09/bl, amid expectations of quick recovery in production following a hurricane in the Gulf of Mexico.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.2% higher to trade at \$939.30/oz.

Yesterday, platinum prices dropped 1.2% to close at \$928.10/oz.

Major South African corporate news

Aspen Pharmacare Holdings Limited

In its FY20 trading statement, the company announced that reported revenue growth from Commercial Pharmaceuticals is expected to be between 5.0% and 7.0% and constant exchange rates growth is likely to be between 1.0% and 2.0%. It expects its HEPS to be between ZAR12.39 and ZAR12.86, compared to ZAR11.58 in the last year.

Grindrod Limited

In its 1H20 results, the company announced that revenues fell to ZAR1.77bn from ZAR1.86bn posted in the corresponding period of the previous year. Its diluted EPS decreased 78.1% to 5.30c from the same period of the prior year.

Blue Label Telecoms Limited

In its FY20 results, the company announced that revenues declined 10.5% to ZAR21.14bn from ZAR23.60bn recorded in the same period of the preceding year. Its diluted EPS stood at 13.89c.

Massmart Holdings Limited

In its 1H20 results, the company announced that revenues decreased to ZAR39.71bn from ZAR43.91bn posted in the same period of the previous year. Its diluted loss per share stood at 534.20c, compared to 378.30c in the prior year.

Major global economic news

US

In the US, the Kansas City Fed manufacturing activity index jumped to 23.00 in August, compared to a level of 7.00 in the previous month.

In July, pending home sales climbed 5.9% on a monthly basis in the US, more than market expectations and compared to a revised rise of 15.8% in the previous month.

In the US, the second estimate of annualised GDP plunged -31.7% on a quarterly basis in 2Q20, compared to a drop of 5.0% in the prior quarter. The preliminary figures had indicated a fall of 32.9%.

In the week ended 22 August 2020, initial jobless claims dropped to 1006.00K on a weekly basis in the US, less than market forecast and compared to a revised level of 1104.0K in the prior week.

US Federal Reserve Chairman, Jerome Powell, in his speech, at an annual symposium in Jackson Hole, announced a “robust updating” of Fed policy, which will allow “average inflation targeting”, which means the Fed will allow inflation to run “moderately” above the Fed’s 2.0% goal “for some time”. In addition to the shift on inflation, the Fed also announced a policy tweak that changes the approach to employment. The new language says the approach to the jobs situation will be informed by the Fed’s “assessments of the shortfalls of employment from its maximum level.

Asia

In August, the Tokyo consumer price index (CPI) rose 0.3% on an annual basis in Japan, less than market anticipations and compared to a rise of 0.6% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Tokyo Consumer Price Index (YoY) (Aug)	✓✓✓	0.30%*	0.60%	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Sep)	✓✓✓	1.20	-0.30	Monthly
France	08:45	Consumer Price Index (MoM) (Aug) (P)	✓✓✓	-	0.40%	Monthly
France	08:45	Producer Price Index (MoM) (Jul)	✓✓	1.20%	0.70%	Monthly
France	08:45	Consumer Price Index (YoY) (Aug) (P)	✓✓✓	-	0.80%	Monthly
France	08:45	Gross Domestic Product (QoQ) (Q2) (F)	✓✓✓	-13.80%	-5.90%	Quarterly
France	08:45	Gross Domestic Product (YoY) (Q2) (F)	✓✓✓	-	-5.70%	Quarterly
Spain	09:00	Retail Sales (YoY) (Jul)	✓✓✓	-	-4.70%	Monthly
Italy	10:00	Manufacturing Confidence (Aug)	✓✓✓	88.90	85.20	Monthly
Italy	10:00	Consumer Confidence (Aug)	✓✓✓	100.00	100.00	Monthly
Italy	10:00	Economic Sentiment Index (Aug)	✓✓✓	-	76.70	Monthly
Portugal	10:30	Economic Climate Indicator (Aug)	✓	-	-2.90	Monthly
Portugal	10:30	Consumer Confidence (Aug)	✓	-	-28.30	Monthly
Eurozone	11:00	Consumer Confidence (Aug) (F)	✓✓✓	-14.70	-15.00	Monthly
Eurozone	11:00	Economic Sentiment Indicator (Aug)	✓	85.00	82.30	Monthly
Eurozone	11:00	Industrial Confidence (Aug)	✓	-14.30	-16.20	Monthly
Eurozone	11:00	Services Sentiment Indicator (Aug)	✓	-24.40	-26.10	Monthly
South Africa	14:00	Budget Balance (Jul)	✓	-	-ZAR22.30bn	Monthly
Canada	14:30	Gross Domestic Product (MoM) (Jun)	✓✓✓	5.60%	4.50%	Monthly
Canada	14:30	Gross Domestic Product (YoY) (Jun)	✓✓✓	-	-13.80%	Monthly
Canada	14:30	Gross Domestic Product Annualised (QoQ) (Q2)	✓✓✓	-39.60%	-8.20%	Quarterly
US	14:30	Wholesale Inventories (MoM) (Jul) (P)	✓✓✓	-	-1.40%	Monthly
US	14:30	Advance Goods Trade Balance (Jul)	✓	-	-USD70.64bn	Monthly
US	14:30	Personal Income (MoM) (Jul)	✓✓	-0.20%	-1.10%	Monthly
US	14:30	Personal Spending (Jul)	✓✓	-	5.60%	Monthly
UK	15:05	BoE Governor Bailey Speech	✓	-	-	As Scheduled
US	15:45	Chicago PMI (Aug)	✓✓✓	52.00	51.90	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Aug) (F)	✓✓✓	-	72.50	Monthly
US	19:00	Baker Hughes US Oil Rig Count (28-Aug)	✓	-	183.00	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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