

# ONE Minute Brief

31 August 2020

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## Economic and political news

The African National Congress' (ANC) Deputy Secretary-General Jessie Duarte confirmed that President Cyril Ramaphosa will appear before the ANC's integrity commission over controversial campaign donations.

The Banking Association of South Africa (BASA) stated on Friday that it expects disbursements of the government-backed coronavirus loan scheme for small businesses to reach just ZAR24.4bn (USD1.45bn) by January amid weak demand.

News reports indicated that President Cyril Ramaphosa is considering making changes to his cabinet after he meets the ANC's leadership this weekend.

Health Minister Zweli Mkhize confirmed that the number of Covid-19 cases in the country had increased to 625,056.

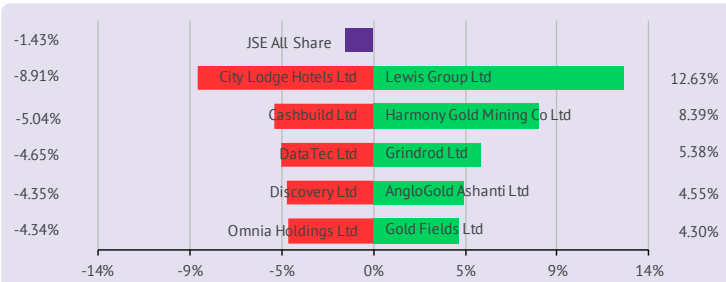
Analysis by South Africa's Council for Scientific and Industrial Research (CSIR) revealed that SA has endured its worst power cuts on record this year with 1,498 Gigawatt hours (GWh) of energy being shed so far in the first eight months of 2020.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red on Friday, weighed down by losses in banking and industrial sector stocks. The JSE All Share Index fell 1.4% to close at 56,057.10.

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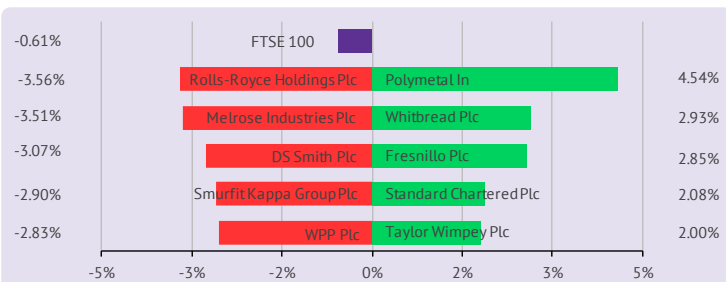


## UK Market ▼

### UK markets closed in the red

UK markets finished lower on Friday, amid strength in the British pound and mounting concerns over post-pandemic economic recovery. The FTSE 100 Index declined 0.6% to close at 5,963.57. Today, markets are closed on account of a public holiday.

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## Key indices

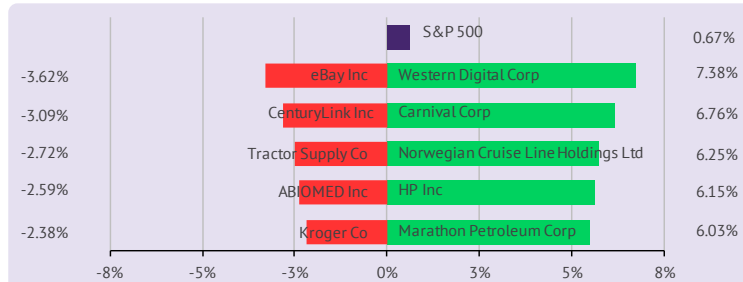
|                                | As at 28<br>Aug 2020 |   | 1 Day<br>Chg | 1 D %<br>Chg | WTD %<br>Chg | MTD %<br>Chg | Prev. month<br>% Chg | YTD %<br>Chg |
|--------------------------------|----------------------|---|--------------|--------------|--------------|--------------|----------------------|--------------|
| JSE All Share<br>(ZAR)         | 56057.10             | ▼ | -812.57      | -1.43        | NA           | 0.60         | 2.50                 | -1.80        |
| JSE Top 40 (ZAR)               | 51750.45             | ▼ | -833.25      | -1.58        | NA           | 0.74         | 2.38                 | 1.84         |
| FTSE 100(GBP)                  | 5963.57              | ▼ | -36.42       | -0.61        | NA           | 1.12         | -4.41                | -20.93       |
| DAX 30 (EUR)                   | 13033.20             | ▼ | -63.16       | -0.48        | NA           | 5.85         | 0.02                 | -1.63        |
| CAC 40 (EUR)                   | 5002.94              | ▼ | -13.03       | -0.26        | NA           | 4.58         | -3.09                | -16.31       |
| S&P 500 (USD)                  | 3508.01              | ▲ | 23.46        | 0.67         | NA           | 7.24         | 5.51                 | 8.58         |
| Nasdaq<br>Composite (USD)      | 11695.63             | ▲ | 70.29        | 0.60         | NA           | 8.84         | 6.82                 | 30.35        |
| DIJA (USD)                     | 28653.87             | ▲ | 161.60       | 0.57         | NA           | 8.42         | 2.38                 | 0.40         |
| MSCI Emerging<br>Markets (USD) | 1121.60              | ▲ | 4.38         | 0.39         | NA           | 3.96         | 8.42                 | 0.62         |
| MSCI Developed<br>World (USD)  | 2456.86              | ▲ | 14.07        | 0.58         | NA           | 6.59         | 4.69                 | 4.17         |

## US Market ▲

### US markets closed firmer

US markets closed higher on Friday, boosted by gains in technology sector stocks and expectations that Federal Reserve (Fed) will maintain lower interest rates for prolonged period. The S&P 500 Index climbed 0.7% to close at 3,508.01. Today, the S&P 500 futures are trading in the green.

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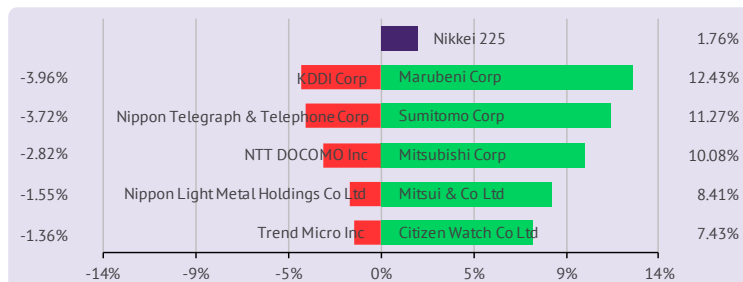


## Asian Market ▲

### Trading in the green

Asian markets are trading higher this morning, amid expectations of more fiscal stimulus measures from central banks in various countries. As at 6:00 SAST, the Nikkei 225 Index is trading 1.8% higher at 23,286.15.

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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 R16.5522. Later today, traders will keep a close watch on the US Dallas Fed manufacturing business index for further direction.

The US Dollar fell against the South African Rand on Friday, after the US Fed's new policy framework suggested that interest rates would remain low. On the macro front, the US final Michigan consumer sentiment index climbed in August. Additionally, both, personal income and personal spending advanced more-than-expected in August. Meanwhile, the Chicago Fed Purchasing Managers' Index (PMI) unexpectedly fell in August.

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## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R22.1034. 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 on Friday.

## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.2% against the South African Rand to trade at R19.7135. Going forward, market participants will keep a tab on Germany's consumer price index (CPI) for further cues.

The Euro weakened against the South African Rand on Friday. On the data front, Eurozone's economic sentiment indicator improved more-than-anticipated in August. Additionally, both, the services sentiment indicator and the industrial confidence index advanced more than market forecast in August. Moreover, the final consumer confidence index rose in August. Meanwhile, the business climate indicator advanced less than market expectations in August. On the other hand, Germany's GfK consumer confidence index unexpectedly fell in September.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R12.1905. Earlier in the session, Australia's private sector credit advanced on an annual basis in July. Elsewhere, in China, Australia's largest trading partner, the NBS manufacturing PMI dropped less-than-expected in August. Moreover, the non-manufacturing PMI unexpectedly rose in August.

The Australian Dollar fell against the South African Rand on Friday.

## Key currencies & commodities

|                   | Current <sup>#</sup> |   | 1 D %<br>Chg | WTD %<br>Chg | MTD %<br>Chg | Prev. month<br>% Chg | YTD %<br>Chg |
|-------------------|----------------------|---|--------------|--------------|--------------|----------------------|--------------|
| USDZAR            | 16.5522              | ▲ | -2.57        | NA           | -2.79        | -1.61                | 18.54        |
| GBPZAR            | 22.1034              | ▲ | -1.52        | NA           | -0.80        | 3.78                 | 19.35        |
| EURZAR            | 19.7135              | ▲ | -1.90        | NA           | -1.73        | 3.15                 | 25.85        |
| AUDZAR            | 12.1905              | ▲ | -1.28        | NA           | 0.23         | 1.81                 | 24.24        |
| EURUSD            | 1.1910               | ▲ | 0.69         | NA           | 1.06         | 4.84                 | 6.15         |
| GBPUSD            | 1.3355               | ▲ | 1.15         | NA           | 2.05         | 5.52                 | 0.72         |
| Brent (\$/barrel) | 46.1                 | ▲ | 1.60         | NA           | 5.26         | 5.45                 | -30.59       |
| Gold (\$/oz)      | 1978.1               | ▲ | 2.17         | NA           | 0.20         | 9.01                 | 29.13        |
| Platinum (\$/oz)  | 946.2                | ▲ | 1.28         | NA           | 2.30         | 9.30                 | -3.23        |
| Copper (\$/MT)*   | 6697.5               | ▲ | 0.85         | NA           | 4.29         | 6.95                 | 8.92         |

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.6% to trade at \$1,978.10/oz.

On Friday, gold prices rose 2.2% to close at \$1,966.80/oz, amid weakness in the US Dollar and expectations that the US Fed would keep interest rates lower for a prolonged period.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.6% higher to trade at \$46.10/bl, amid production concerns after Hurricane Laura shut down about 84% of offshore production.

On Friday, Brent crude oil advanced 1.6% to settle at \$45.81/bl, after Baker Hughes reported that US oil rig count fell by 3 to 180 last week.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.7% higher to trade at \$946.20/oz.

On Friday, platinum prices climbed 1.3% to close at \$940.00/oz.

## Major South African corporate news

### Discovery Limited

In its FY20 trading statement, the company announced that it expects HEPS to be between 0.00c and 78.90c compared to 789.00c in the previous year. The company expects basic EPS to be 50.10c and -50.10c, compared to ZAR10.01 in the prior year.

### Grindrod Limited

In its 1H20 results, the company announced that revenues dropped to USD167.15mn from USD167.22mn posted in the corresponding period of the previous year. Its diluted loss per share stood at USD0.55, compared to USD0.99 in the same period of the prior year.

### Northam Platinum Limited

In its FY20 results, the company announced that revenues advanced to ZAR17.81bn from ZAR10.65bn recorded in the same period of the preceding year. Its diluted EPS stood at 584.70c, compared with 17.20c recorded in the corresponding period of the previous year.

### Steinhoff International Holdings NV

In its 9M20 trading update, the company announced that revenues declined 6.0% to EUR6.76bn, compared to EUR7.19bn in the same period last year.

## Major global economic news

### Eurozone

In the Eurozone, the services sentiment indicator improved to -17.20 in August, more than market anticipations and compared to a revised level of -26.20 in the previous month.

In August, the economic sentiment indicator advanced to 87.70 in the Eurozone, more than market forecast and compared to a revised level of 82.40 in the previous month.

In the Eurozone, the industrial confidence index rose to -12.70 in August, less than market expectations and compared to a level of -16.20 in the previous month.

In August, the final consumer confidence index advanced to -14.70 in the Eurozone, compared to a level of -15.00 in the previous month. The preliminary figures had also indicated a rise to -14.70.

In the Eurozone, the business climate indicator rose to -1.33 in August, less than market consensus and compared to a level of -1.80 in the prior month.

In Germany, the GfK consumer confidence index unexpectedly dropped to -1.80 in September, compared to a revised level of -0.20 in the previous month.

### US

In the US, the final Michigan consumer sentiment index climbed to 74.10 in August, compared to a level of 72.50 in the previous month. The preliminary figures had recorded a rise to 72.80.

In August, the Chicago Fed PMI unexpectedly dropped to a level of 51.20 in the US, compared to a level of 51.90 in the prior month.

In the US, personal income rose 0.4% on a monthly basis in July, more than market expectations and compared to a revised drop of 1.0% in the previous month.

In July, personal spending advanced 1.9% on a monthly basis in the US, compared to a revised rise of 6.2% in the previous month.

### Asia

In Japan, industrial production rose 8.0% on a monthly basis in July, more than market anticipations and compared to a rise of 1.9% in the previous month.

In July, seasonally adjusted retail trade unexpectedly dropped 3.3% on a monthly basis in Japan, compared to an advance of 13.1% in the previous month.

In Australia, private sector credit advanced 2.4% on an annual basis in July, compared to a rise of 2.9% in the previous month.

In China, the NBS manufacturing PMI fell to 51.00 in August, less than market forecast and compared to a level of 51.10 in the previous month.

In August, the non-manufacturing PMI unexpectedly advanced to 55.20 in China, compared to a level of 54.20 in the prior month.

### UK

The Bank of England (BoE) Governor, Andrew Bailey, in his speech at the Jackson Hole central bank symposium, argued that with the GBP200bn bond-buying operation which the central bank unleashed in March had shown the value of “going big and fast” with quantitative easing. Further, he suggested that it might be necessary for the central bank to start unwinding its asset purchase programme before it raised rates, to make sure it had enough “headroom” to intervene decisively with a rapid burst of quantitative easing when the next crisis struck.

## 40 best performers on the All Share Index

| Company name                          | Last close   | 1 Week % change | MTD % change | YTD % change |
|---------------------------------------|--------------|-----------------|--------------|--------------|
| Pan African Resources PLC             | 530          | 0.76            | -7.50        | 145.37       |
| Gold Fields Ltd                       | 21965        | 2.94            | -1.30        | 131.37       |
| Harmony Gold Mining Co Ltd            | 10640        | 5.29            | -3.26        | 107.81       |
| AngloGold Ashanti Ltd                 | 49843        | 2.75            | -10.15       | 58.36        |
| Kumba Iron Ore Ltd                    | 54829        | 2.10            | 3.30         | 44.52        |
| Naspers Ltd                           | 313972       | 3.55            | -0.24        | 37.06        |
| African Rainbow Minerals Ltd          | 20668        | 2.67            | 6.46         | 33.38        |
| Royal Bafokeng Platinum Ltd           | 6411         | -1.10           | 27.81        | 29.20        |
| Rebosis Property Fund Ltd             | 41           | 10.81           | 28.13        | 28.13        |
| Northam Platinum Ltd                  | 15506        | 2.15            | 15.69        | 25.43        |
| Cartrack Holdings Ltd                 | 2939         | 4.26            | 16.67        | 25.20        |
| Blue Label Telecoms Ltd               | 315          | 17.54           | 14.55        | 22.09        |
| Reinet Investments SCA                | 32824        | 8.31            | 2.53         | 19.68        |
| BHP Group PLC                         | 37990        | -2.28           | 2.71         | 19.24        |
| Vodacom Group Ltd                     | 13059        | -2.54           | 1.68         | 16.92        |
| Steinhoff International Holdings NV   | 98           | 3.16            | -2.00        | 16.67        |
| Aspen Pharmacare Holdings Ltd         | 13650        | 4.10            | 3.07         | 14.49        |
| Afrimat Ltd                           | 3776         | 12.72           | 11.06        | 13.77        |
| Stenprop Ltd                          | 2611         | -1.21           | -1.84        | 13.50        |
| Zeder Investments Ltd                 | 236          | 4.89            | -2.88        | 12.93        |
| Exxaro Resources Ltd                  | 13910        | -1.74           | 3.54         | 12.08        |
| Investec Australia Property Fund      | 1587         | 4.41            | 8.33         | 12.06        |
| Coronation Fund Managers Ltd          | 4294         | 3.97            | 9.26         | 12.06        |
| Quilter PLC                           | 3164         | -1.56           | -3.65        | 11.34        |
| Peregrine Holdings Ltd                | 2033         | -0.34           | 0.69         | 11.15        |
| Impala Platinum Holdings Ltd          | 15620        | -2.65           | 3.53         | 10.66        |
| AfroCentric Investment Corp Ltd       | 355          | 1.43            | -4.05        | 9.84         |
| JSE Ltd                               | 12059        | -5.05           | 3.96         | 9.48         |
| Trencor Ltd                           | 531          | 7.71            | 6.20         | 9.12         |
| Oceana Group Ltd                      | 6451         | -0.15           | -9.08        | 6.35         |
| Sirius Real Estate Ltd                | 1653         | -1.96           | 1.60         | 5.42         |
| Anglo American PLC                    | 40609        | -3.13           | -1.79        | 5.41         |
| Discovery Ltd                         | 12500        | 1.88            | 12.79        | 4.88         |
| Net 1 UEPS Technologies Inc           | 5399         | 5.39            | 7.98         | 4.69         |
| Rand Merchant Investment Holdings Ltd | 3149         | -2.57           | -1.01        | 4.24         |
| Raubex Group Ltd                      | 2491         | 0.69            | -1.54        | 3.83         |
| Allied Electronics Corp Ltd           | 2350         | 8.65            | 16.51        | 3.00         |
| Mondi PLC                             | 32412        | -1.71           | 8.43         | 2.25         |
| Cie Financiere Richemont SA           | 11051        | 0.06            | 3.73         | 0.89         |
| Italtile Ltd                          | 1290         | 20.11           | 30.30        | 0.27         |
| <b>JSE All Share Index</b>            | <b>56057</b> | <b>0.19</b>     | <b>0.60</b>  | <b>-1.80</b> |

## Economic calendar

| Country      | SAST  | Economic indicator                            | Relevance | Consensus/<br>*Actual | Previous   | Frequency |
|--------------|-------|-----------------------------------------------|-----------|-----------------------|------------|-----------|
| China        | 3:00  | NBS Manufacturing PMI (Aug)                   | ✓✓        | 51.00*                | 51.10      | Monthly   |
| China        | 3:00  | NBS Non-manufacturing PMI (Aug)               | ✓         | 55.20*                | 54.20      | Monthly   |
| Japan        | 6:00  | Vehicle Production (YoY) (Jun)                | ✓         | -                     | -61.10%    | Monthly   |
| Japan        | 7:00  | Construction Orders (YoY) (Jul)               | ✓         | -8.80%                | -13.40%    | Monthly   |
| Japan        | 7:00  | Consumer Confidence Index (Aug)               | ✓✓        | 29.40                 | 29.50      | Monthly   |
| Japan        | 7:00  | Annualised Housing Starts (Jul)               | ✓✓        | -                     | 0.79mn     | Monthly   |
| Japan        | 7:00  | Housing Starts (YoY) (Jul)                    | ✓         | -13.70%               | -12.80%    | Monthly   |
| South Africa | 8:00  | M3 Money Supply (YoY) (Jul)                   | ✓         | 9.94%                 | 11.07%     | Monthly   |
| South Africa | 8:00  | Private Sector Credit (YoY) (Jul)             | ✓         | 5.94%                 | 5.64%      | Monthly   |
| Spain        | 9:00  | Consumer Price Index (MoM) (Aug) (P)          | ✓✓✓       | -0.10%                | -0.90%     | Monthly   |
| Spain        | 9:00  | Consumer Price Index (YoY) (Aug) (P)          | ✓✓✓       | -0.70%                | -0.60%     | Monthly   |
| Italy        | 10:00 | Gross Domestic Product s.a. (QoQ) (Q2) (F)    | ✓✓✓       | -12.40%               | -5.40%     | Quarterly |
| Italy        | 10:00 | Gross Domestic Product s.a. (YoY) (Q2) (F)    | ✓✓        | -17.30%               | -5.50%     | Quarterly |
| Portugal     | 10:30 | Consumer Price Index (MoM) (Aug) (F)          | ✓         | -                     | -1.29%     | Monthly   |
| Portugal     | 10:30 | Consumer Price Index (MoM) (Aug) (P)          | ✓         | -                     | -1.29%     | Monthly   |
| Portugal     | 10:30 | Consumer Price Index (YoY) (Aug) (P)          | ✓         | -                     | 0.14%      | Monthly   |
| Italy        | 11:00 | Consumer Price Index (MoM) (Aug) (P)          | ✓✓✓       | 0.10%                 | -0.20%     | Monthly   |
| Italy        | 11:00 | Consumer Price Index (YoY) (Aug) (P)          | ✓✓✓       | -0.10%                | -0.40%     | Monthly   |
| South Africa | 11:30 | Unemployment Rate (Q2)                        | ✓✓        | 30.30%                | 30.10%     | Quarterly |
| South Africa | 11:30 | Non-Farm Payrolls (QoQ) (Q2)                  | ✓         | -                     | 0.00%      | Quarterly |
| Portugal     | 12:00 | Gross Domestic Product (QoQ) (Q2) (F)         | ✓         | -                     | -3.80%     | Quarterly |
| Portugal     | 12:00 | Gross Domestic Product (YoY) (Q2) (F)         | ✓         | -                     | -2.30%     | Quarterly |
| Germany      | 14:00 | Consumer Price Index (MoM) (Aug) (P)          | ✓✓✓       | -0.20%                | -0.50%     | Monthly   |
| Germany      | 14:00 | Consumer Price Index (YoY) (Aug) (P)          | ✓✓✓       | 0.20%                 | -0.10%     | Monthly   |
| South Africa | 14:00 | Trade Balance (Jul)                           | ✓✓        | -                     | ZAR46.63bn | Monthly   |
| US           | 16:30 | Dallas Fed Manufacturing Business Index (Aug) | ✓✓✓       | -                     | -3.00      | Monthly   |

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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