

# ONE Minute Brief

14 August 2020

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## Economic and political news

In South Africa (SA), mining production slid 28.2% on an annual basis in June, compared to a revised fall of 27.6% in the previous month. Additionally, gold production declined 17.0% on a yearly basis in June, compared to a revised fall of 21.8% in the prior month. Moreover, platinum production plunged 42.5% on an annual basis in June, compared to a revised drop of 26.4% in the previous month.

Eskom has resumed load shedding by cutting 2,000 megawatts from the grid and warned that shortages may deepen because of its unreliable plants. Further, the utility indicated that load shedding may intensify to about 3,000 megawatts so-called Stage 3 due to lower capacity and breakdowns.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 572,865.

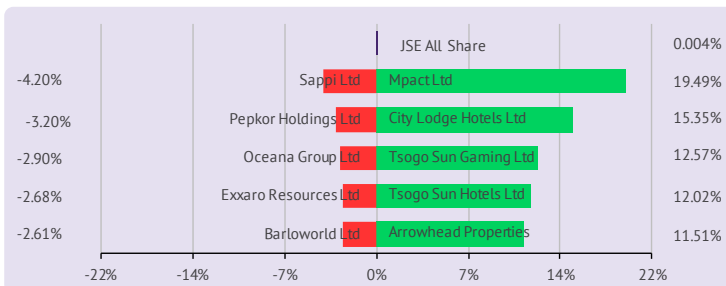
News reports indicate that SA's government has laid out an economic recovery plan focusing heavily on infrastructure development.

## South Africa Market ▲

### South African markets closed almost flat

South African markets ended almost flat yesterday, as uncertainty over US stimulus deal was outweighed by speculations related to Level 2 lockdown restrictions. The JSE All Share Index rose 2.18 points to close at 57,419.46.

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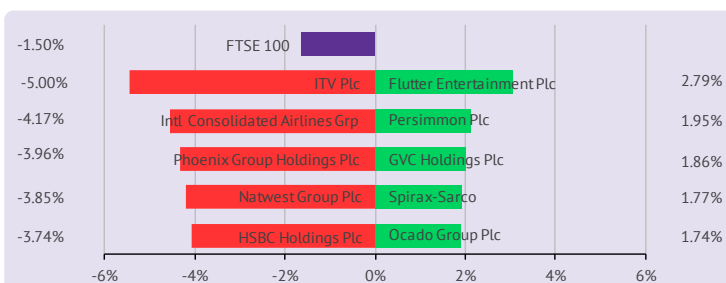


## UK Market ▼

### UK markets closed in the red

UK markets finished lower yesterday, amid strength in the British pound and after a number of stocks traded ex-dividend. The FTSE 100 Index declined 1.5% to close at 6,185.62. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

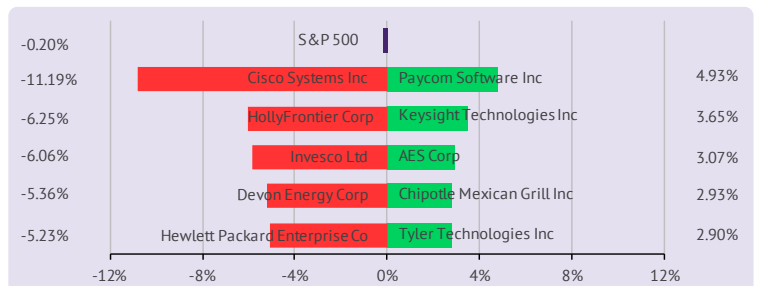
	As at 13 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57419.46	▲ 2.18	0.00	1.17	3.05	2.50	0.59
JSE Top 40 (ZAR)	53082.08	▼ -44.46	-0.08	1.23	3.34	2.38	4.46
FTSE 100 (GBP)	6185.62	▼ -94.50	-1.50	2.54	4.88	-4.41	-17.99
DAX 30 (EUR)	12993.71	▼ -64.92	-0.50	2.52	5.53	0.02	-1.93
CAC 40 (EUR)	5042.38	▼ -30.93	-0.61	3.13	5.41	-3.09	-15.65
S&P 500 (USD)	3373.43	▼ -6.92	-0.20	0.66	3.13	5.51	4.42
Nasdaq Composite (USD)	11042.50	▲ 30.26	0.27	0.29	2.77	6.82	23.07
DJIA (USD)	27896.72	▼ -80.12	-0.29	1.69	5.56	2.38	-2.25
MSCI Emerging Markets (USD)	1096.18	▲ 2.21	0.20	0.63	1.60	8.42	-1.66
MSCI Developed World (USD)	2390.09	▼ -1.71	-0.07	1.45	3.69	4.69	1.34

## US Market ▼

### US markets closed mostly weaker

US markets closed mostly lower yesterday, amid deadlock over fresh US coronavirus aid package. The S&P 500 Index dropped 0.2% to close at 3,373.43. Today, the S&P 500 futures are trading in the green.

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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 marginally higher at 23,255.50.



## USD ZAR ▼

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R17.4324. Later today, traders will keep a close watch on the US retail sales, industrial production, business inventories 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 initial jobless claims dropped on a weekly basis in the week ended 07 August 2020, thereby registering a drop below 1 million for the first time since March 21. Separately, data indicated that SA's mining production declined on an annual basis in June. Additionally, both, gold production and platinum production plunged in June.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading slightly weaker against the South African Rand at R22.7596. 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.

## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R20.5872. Going forward, market participants will keep a tab on Eurozone's trade balance and gross domestic product (GDP) for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's final consumer price index (CPI) dropped as initially estimated in July.

## AUD ZAR ▼

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R12.4579. Earlier in the session, in China, Australia's largest trading partner, house price index advanced in July. Meanwhile, industrial production rose less-than-anticipated in July. Additionally, retail sales unexpectedly dropped in July.

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	17.4324	▼	-0.29	-1.26	2.02	-1.61	24.40
GBPZAR	22.7596	▲	-0.01	-1.10	1.92	3.78	22.63
EURZAR	20.5872	▼	-0.07	-1.01	2.34	3.15	31.07
AUDZAR	12.4579	▼	-0.43	-1.34	2.14	1.81	26.60
EURUSD	1.1810	▼	0.25	0.23	0.31	4.84	5.36
GBPUSD	1.3058	▼	0.25	0.11	-0.14	5.52	-1.43
Brent (\$/barrel)	45.1	▲	-1.03	1.26	3.31	5.45	-31.88
Gold (\$/oz)	1957.9	▲	1.13	-2.66	-0.31	9.01	28.47
Platinum (\$/oz)	970.0	▼	2.48	1.30	6.98	9.30	1.19
Copper (\$/MT)*	6263.5	▼	-2.66	-0.71	-2.47	6.95	1.86

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,957.90/oz.

Yesterday, gold prices rose 1.1% to close at \$1,956.70/oz, amid weakness in the US Dollar and slow recovery in the US labour market.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 0.2% to trade at \$45.07/bl, amid optimism over recovery in fuel demand.

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Yesterday, Brent crude oil declined 1.0% to settle at \$44.96/bl, after the International Energy Agency cut its forecast for global crude demand in 2020.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 1.3% lower to trade at \$970.00/oz.

Yesterday, platinum prices climbed 2.5% to close at \$983.00/oz.

## Major South African corporate news

### Exxaro Resources Limited

In its 1H20 results, the company announced that revenues increased to ZAR14.08bn from ZAR11.96bn posted in the corresponding period of the previous year. Its diluted EPS rose to ZAR17.13 from the same period of the prior year.

## Major global economic news

### Asia

In China, the house price index rose 4.8% in July, compared to a rise of 4.9% in the previous month.

In July, industrial production advanced 4.8% on an annual basis in China, less than market anticipations and compared to a similar rise in the prior month.

In China, retail sales unexpectedly dropped 1.1% on a yearly basis in July, compared to a drop of 1.8% in the previous month.

Reserve Bank of Australia's (RBA) Governor, Philip Lowe, in his speech, reiterated that economic growth is unlikely to lift until 4Q20 and RBA expects economic growth to contract by 7% in the June quarter. He further stated that funding is needed to generate jobs and pull the economy out of its deepest recession in about a century. Meanwhile, Lowe did not rule out the possibility of negative interest rates however, stated that it is extraordinary unlikely.

### Eurozone

In Germany, the final CPI fell 0.1% on an annual basis in July, compared to a decline of 0.9% in the previous month. The preliminary figures had also indicated a drop of 0.1%.

### US

In the US, seasonally adjusted number of initial jobless claims dropped to 963.00K on a weekly basis in the week ended 07 August 2020, compared to a revised reading of 1191.00K in the prior week.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	04:00	Industrial Production (YoY) (Jul)	✓✓	4.80%*	4.80%	Monthly
China	04:00	Industrial Production YTD (YoY) (Jul)	✓✓	-0.40%*	-1.30%	Monthly
China	04:00	Retail Sales (YoY) (Jul)	✓✓✓	-1.10%*	-1.80%	Monthly
China	04:00	Retail Sales YTD (YoY) (Jul)	✓	-9.90%*	-11.40%	Monthly
China	04:00	Industrial Production (MoM) (Jul)	✓	1.00%*	1.30%	Monthly
China	04:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Jul)	✓	-1.60%*	-3.10%	Monthly
China	04:00	NBS Press Conference	✓✓	-	-	As Scheduled
Japan	06:30	Tertiary Industry Index (MoM) (Jun)	✓✓	7.90%*	-2.10%	Monthly
France	08:45	Consumer Price Index (EU norm) (MoM) (Jul) (F)	✓✓✓	0.40%	0.10%	Monthly
France	08:45	Consumer Price Index (EU norm) (YoY) (Jul) (F)	✓✓✓	0.90%	0.20%	Monthly
France	08:45	Consumer Price Index (MoM) (Jul) (F)	✓✓✓	-	0.10%	Monthly
France	08:45	Consumer Price Index (YoY) (Jul) (F)	✓✓✓	-	0.20%	Monthly
Portugal	10:30	Gross Domestic Product (QoQ) (Q2) (P)	✓	-	-3.80%	Quarterly
Portugal	10:30	Gross Domestic Product (YoY) (Q2) (P)	✓	-	-2.30%	Quarterly
Eurozone	11:00	Employment Change (QoQ) (Q2) (P)	✓✓✓	-1.70%	-0.20%	Quarterly
Eurozone	11:00	Employment Change (YoY) (Q2) (P)	✓✓	-1.70%	0.40%	Quarterly
Eurozone	11:00	Trade Balance n.s.a. (Jun)	✓✓	-	EUR9.40 bn	Monthly
Eurozone	11:00	Trade Balance s.a. (Jun)	✓✓✓	-	EUR8.00 bn	Monthly
US	14:30	Non-Farm Productivity (Q2) (P)	✓	1.50%	-0.90%	Quarterly
US	14:30	Unit Labour Costs (Q2) (P)	✓	6.20%	5.10%	Quarterly
US	14:30	Advance Retail Sales (MoM) (Jul)	✓✓✓	1.90%	7.50%	Monthly
US	14:30	Retail Sales Ex Auto & Gas (Jul)	✓✓✓	-	6.70%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (Jul)	✓✓✓	1.30%	7.30%	Monthly
US	14:30	Retail Sales "Control Group" (MoM) (Jul)	✓✓	0.80%	5.60%	Monthly
US	15:15	Capacity Utilisation (Jul)	✓	70.30%	68.60%	Monthly
US	15:15	Industrial Production (MoM) (Jul)	✓✓✓	3.00%	5.40%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Jul)	✓✓✓	-	7.20%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Aug) (P)	✓✓✓	72.00	72.50	Monthly
US	16:00	Business Inventories (Jun)	✓	-1.20%	-2.30%	Monthly
US	19:00	Baker Hughes US Oil Rig Count (14-Aug)	✓	-	176.00	Weekly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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