

# ONE Minute Brief

18 August 2020

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## Economic and political news

The National Treasury and the Department of Public Works have signed an agreement with the Development Bank of Southern Africa (DBSA) for a ZAR100bn infrastructure fund for the next 10 years, to facilitate large development projects in the country.

The African National Congress's (ANC) economic policy Chief Enoch Godongwana stated that ANC is not proposing that pension funds be used to bail out state owned enterprises.

According to the Central Energy Fund (CEF), petrol prices are expected to fall by 9 cents per litre while diesel price are likely to go down by 7 cents per litre in September.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 589,886.

State arms manufacturer Denel has appointed Talib Sadik, who currently serves on its board of directors, as Interim Chief Executive.

The labour sector has called for another review of the ZAR200bn loan guarantee scheme to allow more companies to benefit from the COVID-19 pandemic relief initiative and save jobs.

## Key indices

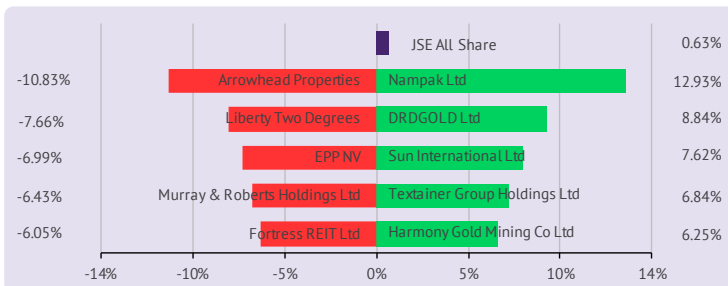
	As at 17 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57435.08	▲ 357.60	0.63	0.63	3.07	2.50	0.61
JSE Top 40 (ZAR)	53140.21	▲ 402.73	0.76	0.76	3.45	2.38	4.57
FTSE 100 (GBP)	6127.44	▲ 37.40	0.61	0.61	3.89	-4.41	-18.76
DAX 30 (EUR)	12920.66	▲ 19.32	0.15	0.15	4.93	0.02	-2.48
CAC 40 (EUR)	4971.94	▲ 9.01	0.18	0.18	3.94	-3.09	-16.83
S&P 500 (USD)	3381.99	▲ 9.14	0.27	0.27	3.39	5.51	4.68
Nasdaq Composite (USD)	11129.73	▲ 110.43	1.00	1.00	3.58	6.82	24.04
DJIA (USD)	27844.91	▼ -86.11	-0.31	-0.31	5.36	2.38	-2.43
MSCI Emerging Markets (USD)	1099.96	▲ 6.81	0.62	0.62	1.95	8.42	-1.32
MSCI Developed World (USD)	2393.97	▲ 9.77	0.41	0.41	3.86	4.69	1.51

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, led by sharp gains in gold mining and resources sector stocks. The JSE All Share Index rose 0.6% to close at 57,435.08.

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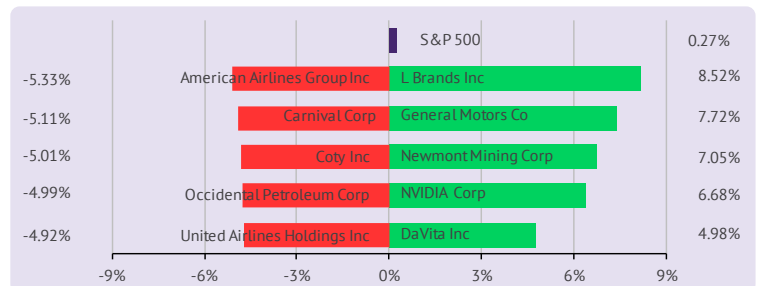


## US Market ▲

### US markets closed mostly firmer

US markets closed mostly higher yesterday, boosted by gains in technology sector stocks. The S&P 500 Index climbed 0.3% to close at 3,381.99. Today, the S&P 500 futures are trading in the red.

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## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, as mining stocks gained after China's central bank announced USD101bn of fresh stimulus. The FTSE 100 Index advanced 0.6% to close at 6,127.44. Today, the FTSE 100 futures are trading in negative territory.

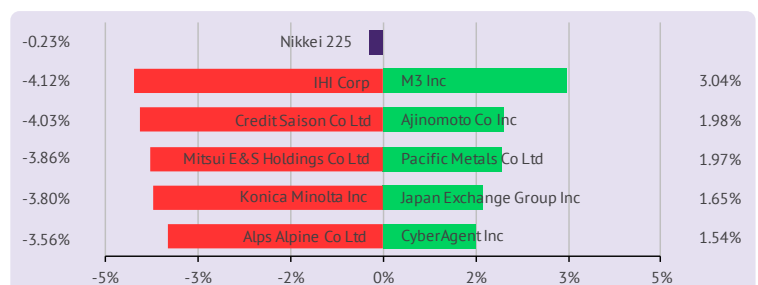
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## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% lower at 23,043.90.



## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally fell against the South African Rand to trade at R17.5101. Later today, traders will keep a close watch on the US building permits and housing starts for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US NY Empire State manufacturing index fell more-than-expected in August. Meanwhile, the NAHB housing market index advanced in August, matching the record high set in December 1998.

## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R22.9958. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday.

## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R20.8183. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.1% against the South African Rand to trade at R12.6429.

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	17.5101	▲	0.73	0.73	2.60	-1.61	25.11
GBPZAR	22.9958	▼	0.85	0.85	2.72	3.78	23.60
EURZAR	20.8183	▼	0.98	0.98	3.42	3.15	32.45
AUDZAR	12.6429	▼	1.30	1.30	3.56	1.81	28.37
EURUSD	1.1889	▲	0.24	0.24	0.78	4.84	5.86
GBPUSD	1.3132	▲	0.13	0.13	0.14	5.52	-1.16
Brent (\$/barrel)	45.2	▼	1.27	1.27	4.25	5.45	-31.26
Gold (\$/oz)	2000.1	▲	2.48	2.48	1.13	9.01	30.33
Platinum (\$/oz)	975.3	▲	0.89	0.89	5.30	9.30	-0.39
Copper (\$/MT)*	6450.8	▲	1.14	1.14	0.45	6.95	4.91

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.8% to trade at \$2,000.10/oz.

Yesterday, gold prices rose 2.5% to close at \$1,985.00/oz, amid weakness in the US Dollar and government bond yields.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$45.20/bl.

Yesterday, Brent crude oil advanced 1.3% to settle at \$45.37/bl, after the Organisation of the Petroleum Exporting Countries (OPEC) and its allies fully complied in July with their global production cut accord.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices gained 0.8% to trade at \$975.30/oz.

Yesterday, platinum prices climbed 0.9% to close at \$967.60/oz.

## Major South African corporate news

### ArcelorMittal SA

The company announced that through its wholly owned subsidiary Oakwood Trading 21 Proprietary Limited, together with other shareholders of COZA, the firm has entered into an agreement with Afrimat Limited for the sale of their 100% shareholding in COZA. Oakwood and the remaining shareholders will dispose of the Sale Shares to Afrimat in terms of a sale of shares agreement.

### Tiger Brands Limited

The company announced that it has entered into two separate sale of business agreements (SBAs) for the disposal of its value added meat products business units (VAMP), as going concerns. The two SBAs comprise (i) an agreement with Molare Proprietary Limited, in respect of the abattoir business at Olifantsfontein and (ii) an agreement with Silver Blade Abattoir Proprietary Limited, the sole shareholder of which is Country Bird Holdings Proprietary Limited, in respect of the meat processing businesses at Germiston, Polokwane and Pretoria. Molare and Country Bird are separate and unrelated purchasers.

### Sasol Limited

In its FY20 results, the company announced that working capital was managed to optimal levels, achieving an additional benefit of ZAR9.20bn relative to the firm's internal plans. HEPS decreased to ZAR11.79 compared to the prior year.

### Trencor Limited

In its 1H20 results, the company announced that profit attributable to shareholders stood at ZAR20.00mn, compared to ZAR6.00mn in the same period of the previous year. HEPS came in at 12.00c, compared to headline loss per share of 9.00c.

### The Foschini Group Limited

The group referred to an earlier announcement in which shareholders were advised of the key terms on which TFG had submitted a conditional offer to acquire certain commercially viable stores and selected assets of JET. Further, the company is pleased to announce that it has successfully negotiated and concluded a sale of assets agreement with Edcon Limited and its Business Rescue Practitioners on 14 August 2020 and on principally the same terms as those set out in the Conditional Offer. Additionally, similar sale of asset agreements in respect of the JET stores and assets located within the Republic of Botswana, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of eSwatini (ROA Stores), are expected to be finalised and executed shortly.

## Major global economic news

### Asia

In Japan, final industrial production rose 1.9% on a monthly basis in June, compared to a drop of 8.9% in the previous month. The preliminary figures had indicated a rise of 2.7%.

The Reserve Bank of Australia (RBA), in its latest monetary policy meeting minutes, indicated that it does not see a need to further ease policy for now as its package of measures were working "broadly as expected" with an economic recovery underway in most of parts of the country. However, members agreed to continue assessing the evolving situation in Australia and did not rule out adjusting the current package if circumstances warranted.

### US

In the US, the NY Empire State manufacturing index dropped to 3.70 in August, more than market expectations and compared to a level of 17.20 in the previous month.

In August, the NAHB housing market index rose more-than-expected to 78.00 in the US, compared to a level of 72.00 in the prior month.

## Technical snapshot

### JSE All Share



The JSE All Share index is expected to find support at 56,903.04, and a fall through could take it to the next support level of 56,371.01. The index is expected to find its first resistance at 57,821.80, and a rise through could take it to the next resistance level of 58,208.53.

### S&P 500



The S&P 500 index is expected to find support at 3,342.99, and a fall through could take it to the next support level of 3,303.99. The index is expected to find its first resistance at 3,404.44, and a rise through could take it to the next resistance level of 3,426.89.

### USD ZAR











The pair is expected to find support at 17.3119, and a fall through could take it to the next support level of 17.1087. The pair is expected to find its first resistance at 17.7267, and a rise through could take it to the next resistance level of 17.9383.

### XAU USD



Gold is expected to find support at \$1,899.07/oz, and a fall through could take it to the next support level of \$1,813.13/oz. The precious metal is expected to find its first resistance at \$2,043.47/oz, and a rise through could take it to the next resistance level of \$2,101.93/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Eurozone	10:00	ECB's Guindos Speech	✓	-	-	As Scheduled
 US	14:30	Building Permits (Jul)	✓✓✓	1290.00K	1241.00K	Monthly
 US	14:30	Housing Starts (Jul)	✓✓✓	1169.00K	1186.00K	Monthly
 US	14:30	Housing Starts (MoM) (Jul)	✓✓✓	-	17.30%	Monthly
 US	14:30	Building Permits (MoM) (Jul)	✓✓✓	-	2.10%	Monthly
 US	14:55	Redbook Index (YoY) (14-Aug)	✓	-	-3.40%	Weekly
 US	14:55	Redbook Index s.a. (MoM) (14-Aug)	✓	-	2.50%	Weekly
 Eurozone	15:00	Consolidated Financial Statement of the Eurosystem	✓	-	-	As Scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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