

ONE Minute Brief

19 August 2020

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Economic and political news

Eskom has reshuffled 12 senior managers all of which would be effective from 1 September. Eskom spokesman Sikonathi Mantshantsha stated that Bheki Nxumalo has moved from his position as head of generation to the post of a group executive overseeing new projects and will be replaced on an acting basis by Rhulani Mathebula. Daniel Mashigo is moving from his position as general manager of primary energy to head up Eskom's Cluster 2 of power plants, replacing Mathebula. Separately, the power utility announced that it would implement Stage 2 load-shedding from 9am until 10pm today, due to the severe constraints in the power generation system.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in South Africa (SA) had increased to 592,144.

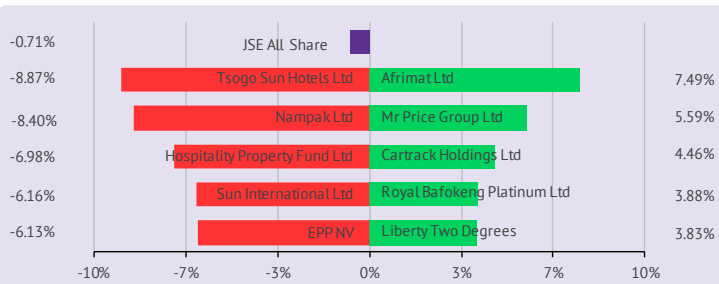
News reports indicate that the three-year wage agreement signed by unions and employer body Steel and Engineering Industries Federation of Southern Africa (Seifsa) at the Metals and Engineering Industry Bargaining Council expired on 30 June but has now been extended until 30 June 2021.

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 0.7% to close at 57,025.16.

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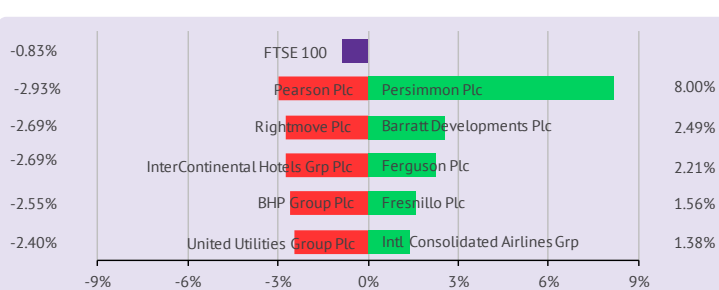


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid strength in the British Pound. The FTSE 100 Index declined 0.8% to close at 6,076.62. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

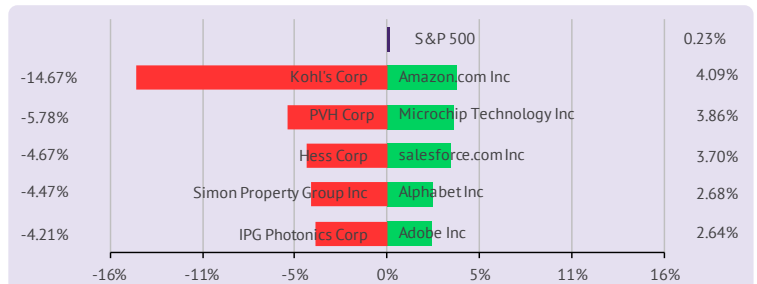
	As at 18 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57025.16	▼ -409.92	-0.71	-0.09	2.34	2.50	-0.10
JSE Top 40 (ZAR)	52738.12	▼ -402.09	-0.76	0.00	2.67	2.38	3.78
FTSE 100 (GBP)	6076.62	▼ -50.82	-0.83	-0.22	3.03	-4.41	-19.43
DAX 30 (EUR)	12881.76	▼ -38.90	-0.30	-0.15	4.62	0.02	-2.77
CAC 40 (EUR)	4938.06	▼ -33.88	-0.68	-0.50	3.23	-3.09	-17.40
S&P 500 (USD)	3389.78	▲ 7.79	0.23	0.50	3.63	5.51	4.92
Nasdaq Composite (USD)	11210.84	▲ 81.11	0.73	1.74	4.33	6.82	24.95
DJIA (USD)	27778.07	▼ -66.84	-0.24	-0.55	5.11	2.38	-2.66
MSCI Emerging Markets (USD)	1104.96	▲ 5.00	0.45	1.08	2.41	8.42	-0.87
MSCI Developed World (USD)	2399.37	▲ 5.39	0.23	0.64	4.09	4.69	1.73

US Market ▲

US markets closed mostly firmer

US markets closed mostly higher yesterday, as investors shrugged off concerns over the coronavirus relief package. The S&P 500 Index climbed 0.2% to close at 3,389.78. Today, the S&P 500 futures are trading in the green.

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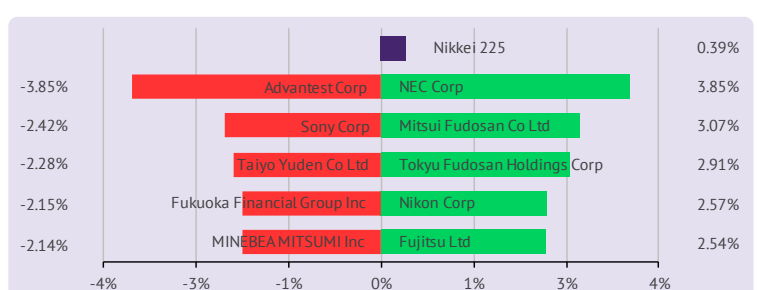


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% higher at 23,140.54.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R17.3307. Later today, traders will keep a close watch on the US MBA mortgage applications and the FOMC minutes for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US building permits climbed in July. Additionally, housing starts surged by the most since October 2016 in July. Separately, the South African Rand rose against the US Dollar, after SA eased its lockdown restrictions and moved to level 2.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound marginally rose against the South African Rand to trade at R22.9450. Ahead in the day, traders will keep an eye on UK's producer price index (PPI), the retail price index, the consumer price index (CPI) and the DCLG house price index for further indication.

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 R20.6768. Going forward, market participants will keep a tab on Eurozone's CPI and current account balance for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar slightly declined against the South African Rand to trade at R12.5417. Earlier in the session, Australia's Westpac leading index rose on a monthly basis 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	17.3307	▼	-1.12	-0.39	1.45	-1.61	23.71
GBPZAR	22.9450	▼	-0.03	0.82	2.69	3.78	23.55
EURZAR	20.6768	▼	-0.61	0.36	2.78	3.15	31.63
AUDZAR	12.5417	▲	-0.66	0.62	2.87	1.81	27.51
EURUSD	1.1931	-	0.51	0.75	1.30	4.84	6.40
GBPUSD	1.3239	-	1.04	1.17	1.18	5.52	-0.14
Brent (\$/barrel)	45.2	▼	0.20	1.47	4.46	5.45	-31.12
Gold (\$/oz)	2002.1	▲	0.73	3.22	1.86	9.01	31.27
Platinum (\$/oz)	967.5	▼	0.81	1.70	6.15	9.30	0.41
Copper (\$/MT)*	6581.0	▲	2.02	3.19	2.48	6.95	7.03

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.1% to trade at \$2,002.10/oz.

Yesterday, gold prices rose 0.7% to close at \$1,999.40/oz, amid weakness in the US Dollar and drop in government bond yields.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.7% to trade at \$45.15/bl. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories declined by 4.3mn bls last week.

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Yesterday, Brent crude oil advanced 0.2% to settle at \$45.46/bl, as high compliance from the Organisation of the Petroleum Exporting Countries (OPEC) and its allies with supply cuts eased worries over oil demand.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.8% lower to trade at \$967.50/oz.

Yesterday, platinum prices climbed 0.8% to close at \$975.40/oz.

Major South African corporate news

Fortress REIT Limited

In its 1H20 trading statement, the company announced that given the impact of Covid-19 and the decline in distributable earnings per NEPI share, the board anticipates that the distribution per share payable to A shareholders for 1H20 will be at least 15.0% lower than the 73.62c from the same period of last year.

Resilient REIT Limited

In its 1H20 trading statement, the company announced that it expects that total distribution per share (excluding any distribution from NEPI in respect of 1H20 and Lighthouse in respect of 3M20) for FY20 will be approximately 368.00c per share, being 30.7% lower than the total distribution per share of 531.06c in the same period of last year.

PPC Limited

In its FY20 trading statement, the company announced that group revenue for the year ended 31 March 2020 is expected to decrease by less than 5.0% compared to the prior year. It expects loss per share to be between 110.00c and 130.00c, compared to the restated EPS of 9.00c in same period of last year. HEPS is expected to be between 25.00c and 30.00c, compared to the restated 23.00c in previous year.

Major global economic news

US

In the US, building permits jumped 18.8% to an annual rate of 1.50mn on a monthly basis in July, compared to a revised level of 1.26mn in the previous month.

In July, housing starts surged 22.6% to an annual rate of 1.50mn on a monthly basis in the US, compared to a revised level of 1.22mn in the prior month.

Asia

In Japan, total merchandise trade balance unexpectedly reported a surplus of JPY11.60bn in July, compared to a revised deficit of JPY269.30bn in the previous month.

In Australia, the Westpac leading index rose 0.1% on a monthly basis in July, compared to a revised rise of 0.5% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Jul)	✓✓✓	-JPY34.80bn*	-JPY423.90 bn	Monthly
Japan	01:50	Machinery Orders (YoY) (Jun)	✓✓	-22.50%*	-16.30%	Monthly
Japan	01:50	Exports (YoY) (Jul)	✓✓	-19.20%*	-26.20%	Monthly
Japan	01:50	Merchandise Trade Balance Total (Jul)	✓✓✓	JPY11.60bn*	-JPY268.80bn	Monthly
Japan	01:50	Imports (YoY) (Jul)	✓✓	-22.30%*	-14.40%	Monthly
Japan	01:50	Machinery Orders (MoM) (Jun)	✓	-7.60%*	1.70%	Monthly
UK	08:00	Retail Price Index (Jul)	✓	-	292.70	Monthly
UK	08:00	Consumer Price Index (MoM) (Jul)	✓	0.00%	0.10%	Monthly
UK	08:00	Consumer Price Index (YoY) (Jul)	✓	0.60%	0.60%	Monthly
UK	08:00	Consumer Price Index Core (YoY) (Jul)	✓	1.30%	1.40%	Monthly
UK	08:00	Producer Price Index - Input n.s.a. (MoM) (Jul)	✓	1.10%	2.40%	Monthly
UK	08:00	Producer Price Index - Input n.s.a. (YoY) (Jul)	✓	-6.10%	-6.40%	Monthly
UK	08:00	Producer Price Index - Output n.s.a. (MoM) (Jul)	✓	0.20%	0.30%	Monthly
UK	08:00	Producer Price Index - Output n.s.a. (YoY) (Jul)	✓	-0.90%	-0.80%	Monthly
UK	08:00	Retail Price Index (MoM) (Jul)	✓	0.10%	0.20%	Monthly
UK	08:00	Retail Price Index (YoY) (Jul)	✓	1.20%	1.10%	Monthly
Eurozone	10:00	Current Account s.a (Jun)	✓✓✓	-	EUR8.00bn	Monthly
UK	10:30	House Price Index (YoY) (Jun)	✓	-	2.10%	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Jul) (F)	✓✓✓	-0.30%	0.30%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Jul) (F)	✓✓✓	0.40%	0.30%	Monthly
US	13:00	MBA Mortgage Applications (14-Aug)	✓	-	6.80%	Weekly
Canada	14:30	Wholesale Sales (MoM) (Jun)	✓✓✓	10.00%	5.70%	Monthly
Canada	14:30	Consumer Price Index Core (MoM) (Jul)	✓✓	-	0.40%	Monthly
Canada	14:30	Consumer Price Index Core (YoY) (Jul)	✓✓	-	1.10%	Monthly
Canada	14:30	Consumer Price Index Core s.a. (MoM) (Jul)	✓✓	-	0.20%	Monthly
Canada	14:30	Consumer Price Index n.s.a. (MoM) (Jul)	✓✓✓	0.40%	0.80%	Monthly
Canada	14:30	Consumer Price Index (YoY) (Jul)	✓✓✓	0.50%	0.70%	Monthly
Canada	14:30	Consumer Price Index s.a. (MoM) (Jul)	✓✓✓	-	1.00%	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (14-Aug)	✓✓✓	-2.48mn	-4.51mn	Weekly
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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