

ONE Minute Brief

21 August 2020

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Economic and political news

According to a National Treasury report, consumer debt owed to municipalities rose to ZAR191.50bn by the end the financial year through 30 June, from ZAR181.30bn in the previous quarter.

The National Education, Health and Allied Workers' Union (Nehawu) has confirmed that it will hold a national shutdown of all members on 10 September in which they would down tools across the variety of industries within which they are employed.

Eskom has indicated that it was reducing load-shedding to Stage 1 from 9am today, as four of its generation units returned to service and supply constraints eased.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in South Africa (SA) had increased to 599,940.

The finance ministry indicated that South African banks have given voluntary relief on loans to individuals and corporates of up to ZAR537bn (USD31bn) during the coronavirus pandemic so far.

Key indices

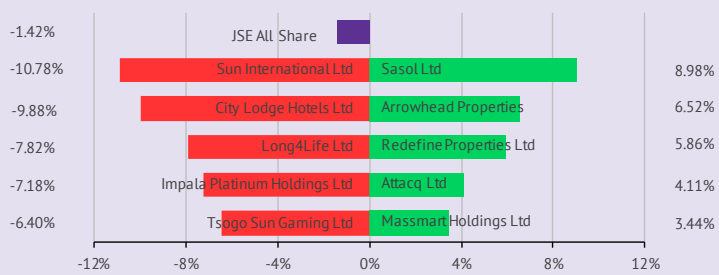
	As at 20 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55629.98	▼ -803.30	-1.42	-2.54	-0.16	2.50	-2.55
JSE Top 40 (ZAR)	51380.02	▼ -757.84	-1.45	-2.57	0.02	2.38	1.11
FTSE 100 (GBP)	6013.34	▼ -98.64	-1.61	-1.26	1.96	-4.41	-20.27
DAX 30 (EUR)	12830.00	▼ -147.33	-1.14	-0.55	4.20	0.02	-3.16
CAC 40 (EUR)	4911.24	▼ -65.99	-1.33	-1.04	2.67	-3.09	-17.85
S&P 500 (USD)	3385.51	▲ 10.66	0.32	0.38	3.50	5.51	4.79
Nasdaq Composite (USD)	11264.95	▲ 118.49	1.06	2.23	4.84	6.82	25.55
DJIA (USD)	27739.73	▲ 46.85	0.17	-0.68	4.96	2.38	-2.80
MSCI Emerging Markets (USD)	1080.54	▼ -18.88	-1.72	-1.15	0.15	8.42	-3.06
MSCI Developed World (USD)	2389.15	▼ -5.32	-0.22	0.21	3.65	4.69	1.30

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in platinum mining, banking and financial sector stocks. The JSE All Share Index fell 1.4% to close at 55,629.98.

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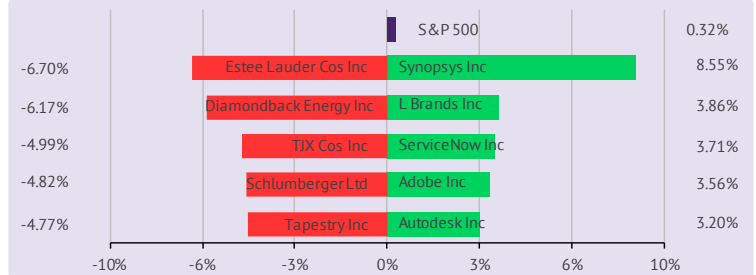


US Market ▲

US markets closed firmer

US markets closed higher yesterday, boosted by gains in technology sector stocks. The S&P 500 Index climbed 0.3% to close at 3,385.51. Today, the S&P 500 futures are trading in the green.

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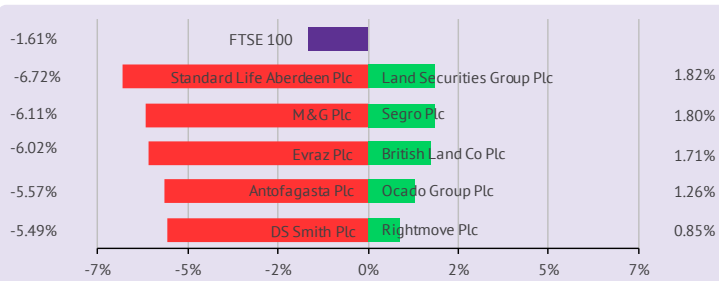


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, following the US Federal Reserve's (Fed) grim economic outlook and after several big companies went ex-dividend. The FTSE 100 Index declined 1.6% to close at 6,013.34. Today, the FTSE 100 futures are trading in negative territory.

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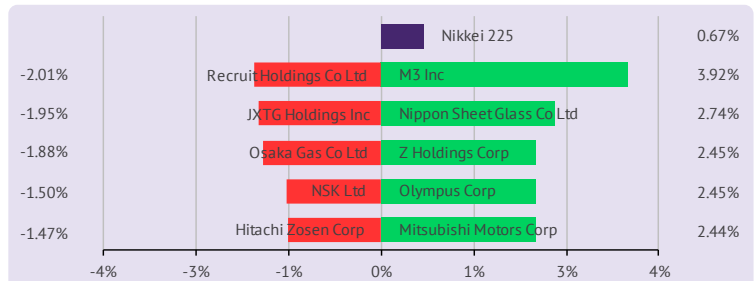


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 0.7% higher at 23,033.92.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.2% against the South African Rand to trade at R17.2331. Later today, traders will keep a close watch on the US existing home sales, the Markit manufacturing and services PMIs for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US seasonally adjusted number of initial jobless claims unexpectedly advanced in the week ended 14 August 2020. Additionally, the Philadelphia Fed manufacturing index fell for the second consecutive month in August.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound marginally declined against the South African Rand to trade at R22.8066. Ahead in the day, traders will keep an eye on UK's public sector net borrowing, retail sales, the Markit manufacturing and services PMIs for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's GfK consumer confidence index remained steady in August.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R20.4620. Going forward, market participants will keep a tab on Eurozone's consumer confidence index along with the Markit manufacturing and services PMIs across the euro area for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted construction output rose in June. Separately, Germany's producer price index (PPI) dropped less than market forecast in July.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R12.4088. Earlier in the session, Australia's both, the Commonwealth Bank manufacturing PMI and the Commonwealth Bank services PMI fell in August. Meanwhile, retail sales advanced on a monthly basis in July.

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	17.2331	▲	-0.02	-0.67	1.17	-1.61	23.37
GBPZAR	22.8066	▲	0.82	0.27	2.13	3.78	22.88
EURZAR	20.4620	▲	0.13	-0.56	1.85	3.15	30.44
AUDZAR	12.4088	▲	0.07	-0.41	1.81	1.81	26.20
EURUSD	1.1874	▲	0.19	0.15	0.70	4.84	5.77
GBPUSD	1.3234	▲	0.89	0.98	0.99	5.52	-0.32
Brent (\$/barrel)	45.0	▲	-1.04	0.22	3.17	5.45	-31.97
Gold (\$/oz)	1956.4	▲	-1.27	-0.17	-1.48	9.01	26.96
Platinum (\$/oz)	933.0	▲	-3.07	-3.36	0.87	9.30	-4.58
Copper (\$/MT)*	6617.8	▼	-1.21	3.76	3.05	6.95	7.62

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.2% higher to trade at \$1,956.40/oz, as weak US jobs data stoked worries about slow economic recovery.

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Yesterday, gold prices fell 1.3% to close at \$1,933.80/oz, amid strength in the US Dollar.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$45.04/bl, following major oil producers' commitments to hold back output.

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Yesterday, Brent crude oil declined 1.0% to settle at \$44.90/bl, as disappointing US jobless claims data renewed concerns over demand outlook.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.7% higher to trade at \$933.00/oz.

Yesterday, platinum prices dropped 3.1% to close at \$926.90/oz.

Major South African corporate news

Advtech Limited

In its 1H20 trading statement, the company announced that it expects HEPS to be between 38.60c and 40.80c, compared to 43.40c in the comparative period last year. Further, EPS is likely to be between 32.40c and 34.60c, compared to 44.40c in the same period of last year.

Gold Fields Limited

In its 1H20 results, the company announced that revenues advanced 27.3% to USD1.75bn from ZAR1.37bn recorded in the same period of the preceding year. Its diluted EPS stood at 18.00c, compared with 8.00c recorded in the corresponding period of the previous year.

Impala Platinum Holdings Limited

In its FY20 trading statement, the company announced that it expects HEPS to be between ZAR20.07 and ZAR20.84, compared to 423.00c in the same period of last year. It expects EPS of between ZAR20.34 and ZAR20.72, compared to 205.00c recorded in prior year.

KAP Industrial Holdings Limited

In its FY20 results, the company announced that revenues fell to ZAR22.17bn from ZAR25.60bn posted in the previous year. Its diluted loss per share stood at 82.40c, compared to a diluted EPS of 41.30c in the prior year.

Massmart Holdings Limited

In its 1H20 trading statement, the company announced that total sales from South African stores for the 26-week period decreased by 10.6%, while comparable sales decreased by 10.5%. It expects its headline loss per share to be between 483.30c and 519.90c, compared with 366.60c in the same period of last year and its basic loss per share is likely to be between 515.10c and 553.30c.

Nedbank Group Limited

In its 1H20 trading statement, the company announced that it expects its HEPS to be between 402.00c and 474.00c and its EPS to be between 227.0c and 298.00c.

Major global economic news

Asia

In Australia, the Commonwealth Bank manufacturing PMI eased to 53.90 in August, compared to a level of 54.00 in the previous month.

In August, the Commonwealth Bank services PMI dropped to 48.10 in Australia, compared to a level of 58.20 in the prior month.

In Australia, retail sales advanced 3.3% on a monthly basis in July, compared to a rise of 2.7% in the previous month.

In Japan, the national consumer price index (CPI) rose 0.3% on an annual basis in July, compared to a rise of 0.1% in the previous month.

In August, the Jibun Bank manufacturing PMI climbed to 46.60 in Japan, compared to a level of 45.20 in the previous month.

Eurozone

In the Eurozone, seasonally adjusted construction output advanced 4.0% on a monthly basis in June, compared to a revised surge of 29.4% in the prior month.

In Germany, the PPI fell 1.7% on an annual basis in July, less than market anticipations and compared to a drop of 1.8% in the previous month.

The European Central Bank (ECB), in its July monetary policy meeting accounts, warned that the Eurozone is likely to suffer a sharp increase in unemployment this autumn even as the economic recovery from the coronavirus pandemic takes hold. Moreover, the ECB policymakers expressed uncertainty about the economic outlook and the extent to which they would have to deploy monetary stimulus.

US

In the US, seasonally adjusted number of initial jobless claims unexpectedly rose to a level of 1106.00K in the week ended 14 August 2020, compared to a revised level of 971.00K in the prior week.

In August, the Philadelphia Fed manufacturing index fell to 17.20 in the US, more than market expectations and compared to a level of 24.10 in the previous month.

UK

In the UK, the GfK consumer confidence index unexpectedly remained unchanged at -27.00 in August.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	GfK Consumer Confidence (Aug) (P)	✓	-27.00*	-	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Jul)	✓✓✓	0.30%*	0.10%	Monthly
UK	08:00	Retail Sales (MoM) (Jul)	✓	2.00%	13.90%	Monthly
UK	08:00	Retail Sales (YoY) (Jul)	✓	0.00%	-1.60%	Monthly
UK	08:00	Public Sector Net Borrowing (Jul)	✓	GBP29.30bn	GBP34.80bn	Monthly
France	09:15	Markit Manufacturing PMI (Aug) (P)	✓✓✓	53.70	52.40	Monthly
France	09:15	Markit Services PMI (Aug) (P)	✓✓✓	56.30	57.30	Monthly
France	09:15	Markit Composite PMI (Aug) (P)	✓✓✓	57.20	57.30	Monthly
Germany	09:30	Markit Manufacturing PMI (Aug) (P)	✓✓✓	52.50	51.00	Monthly
Germany	09:30	Markit Services PMI (Aug) (P)	✓✓✓	55.10	55.60	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Aug) (P)	✓✓✓	52.90	51.80	Monthly
Eurozone	10:00	Markit Services PMI (Aug) (P)	✓✓✓	54.50	54.70	Monthly
UK	10:30	Markit Manufacturing PMI (Aug) (P)	✓	53.80	53.30	Monthly
UK	10:30	Markit Services PMI (Aug) (P)	✓	57.00	56.50	Monthly
UK	12:00	CBI Industrial Trends Survey - Orders (Aug)	✓	-35.00	-46.00	Monthly
Canada	12:30	Retail Sales (MoM) (Jun)	✓✓	24.50%	18.70%	Monthly
Canada	12:30	Retail Sales ex Autos (MoM) (Jun)	✓	15.00%	10.60%	Monthly
Canada	14:30	New Housing Price Index (YoY) (Jul)	✓	-	1.30%	Monthly
Canada	14:30	New Housing Price Index - House (Jul)	✓	-	103.70	Monthly
US	15:45	Markit Manufacturing PMI (Aug) (P)	✓✓✓	51.90	50.90	Monthly
US	15:45	Markit Services PMI (Aug) (P)	✓✓✓	51.00	50.00	Monthly
Eurozone	16:00	Consumer Confidence (Aug) (P)	✓✓✓	-15.00	-15.00	Monthly
US	16:00	Existing Home Sales (Jul)	✓✓✓	5.38mn	4.72mn	Monthly
US	16:00	Existing Home Sales (MoM) (Jul)	✓✓✓	14.70%	20.70%	Monthly
US	19:00	Baker Hughes US Oil Rig Count (21-Aug)	✓	-	172.00	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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