

ONE
Minute Brief

1 September 2020

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Economic and political news

In South Africa (SA), trade surplus narrowed to ZAR37.42bn in July, compared to a revised surplus of ZAR45.73bn in the previous month. Additionally, growth in private sector credit demand slowed to 5.12% on an annual basis in July, compared to a revised growth of 5.63% in the prior month. Moreover, expansion in M3 money supply slowed to 10.46% in July, compared to a revised growth of 11.06% in the previous month.

President Cyril Ramaphosa stated that the African National Congress's (ANC) National Executive Committee (NEC) has decided that party officials formally charged with corruption and other serious crimes must step aside from their posts.

The Central Energy Fund (CEF) has announced that petrol prices would rise by 1c per litre while diesel would drop by 21c, with effect from 2 September.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 627,041.

ANC MP and NEC member, Bongani Bongo has been asked to step aside ahead of his corruption trial.

Key indices

	As at 31 Aug 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55476.11	▼	-580.99	-1.04	-1.04	NA	-0.44	-2.82
JSE Top 40 (ZAR)	51225.46	▼	-524.99	-1.01	-1.01	NA	-0.28	0.81
FTSE 100 (GBP)*	5963.57	▼	-36.42	-0.61	0.00	NA	1.12	-20.93
DAX 30 (EUR)	12945.38	▼	-87.82	-0.67	-0.67	NA	5.13	-2.29
CAC 40 (EUR)	4947.22	▼	-55.72	-1.11	-1.11	NA	3.42	-17.24
S&P 500 (USD)	3500.31	▼	-7.70	-0.22	-0.22	NA	7.01	8.34
Nasdaq Composite (USD)	11775.46	▲	79.83	0.68	0.68	NA	9.59	31.24
DJIA (USD)	28430.05	▼	-223.82	-0.78	-0.78	NA	7.57	-0.38
MSCI Emerging Markets (USD)	1101.50	▼	-20.10	-1.79	-1.79	NA	2.09	-1.18
MSCI Developed World (USD)	2455.51	▼	-1.34	-0.05	-0.05	NA	6.53	4.11
*Values as on 28 August 2020								

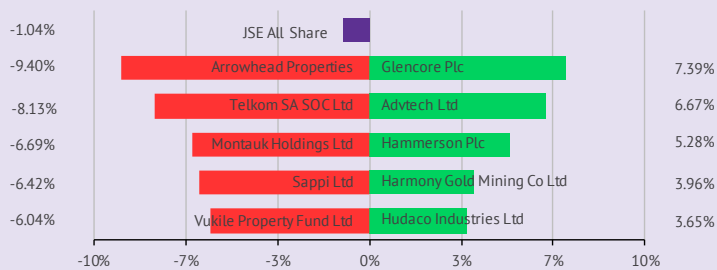
*Values as on 28 August 2020

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by sharp losses in banking sector stocks. Data indicated that SA's trade surplus narrowed in July. The JSE All Share Index fell 1.0% to close at 55,476.11.

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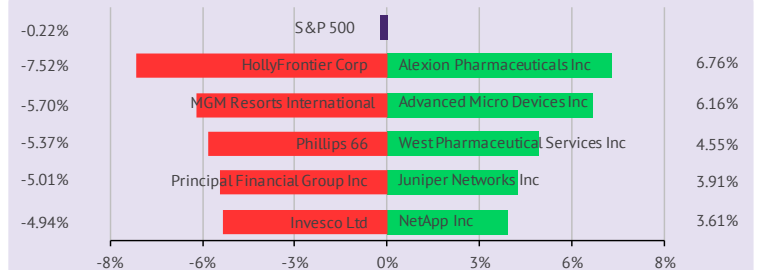


US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, amid ongoing concerns over rising coronavirus cases in the US. The S&P 500 Index fell 0.2% to close at 3,500.31. Today, the S&P 500 futures are trading in the green.

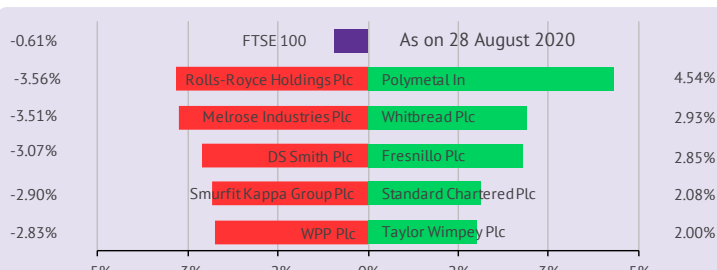
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UK Market

UK markets were closed yesterday

UK markets were closed yesterday on account of a public holiday. Today, the FTSE 100 futures are trading in negative territory.

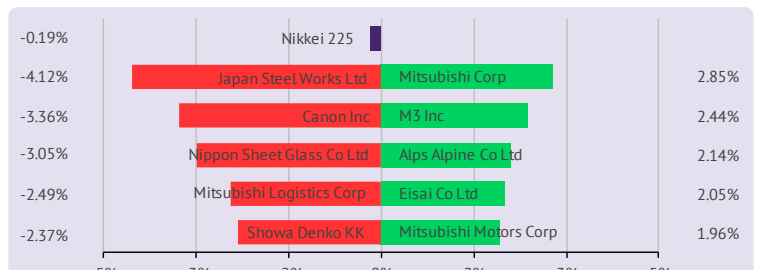


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% lower at 23,096.74.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.7% weaker against the South African Rand at R16.8190. Later today, traders will keep a close watch on the US Markit manufacturing PMI, construction spending and the ISM manufacturing PMI for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US Dallas Fed manufacturing business index improved in August. Separately, the South African Rand fell against the US Dollar, amid speculation that conflict within the ANC would prompt cabinet changes. Data indicated that SA's trade surplus narrowed in July. Additionally, growth in private sector credit demand slowed for the fourth consecutive month in July. Moreover, expansion in M3 money supply slowed in July.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.4% against the South African Rand to trade at R22.5486. Ahead in the day, traders will keep an eye on UK's Markit manufacturing PMI, consumer credit, mortgage approvals and the BRC shop price index for further indications.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.3% weaker against the South African Rand at R20.1645. Going forward, market participants will keep a tab on Eurozone's Markit manufacturing PMI, unemployment rate and the CPI along with Germany's Markit manufacturing PMI and unemployment rate for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's consumer price index (CPI) unexpectedly fell in August.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% lower against the South African Rand at R12.4536. Earlier in the session, Australia's AiG performance of manufacturing index fell in August. Additionally, the Commonwealth Bank manufacturing PMI unexpectedly dropped in August. Meanwhile, building permits unexpectedly climbed in July. Moreover, current account surplus widened in 2Q20. Elsewhere, in China, Australia's largest trading partner, the Caixin manufacturing PMI advanced in August.

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	16.8190	▲	2.08	2.08	NA	-0.76	21.01
GBPZAR	22.5486	▲	2.22	2.22	NA	1.40	22.00
EURZAR	20.1645	▲	2.34	2.34	NA	0.57	28.80
AUDZAR	12.4536	▲	2.21	2.21	NA	2.45	26.99
EURUSD	1.1989	▲	0.28	0.28	NA	1.34	6.45
GBPUSD	1.3407	▲	0.13	0.13	NA	2.18	0.85
Brent (\$/barrel)	45.8	▲	-1.16	-1.16	NA	4.04	-31.39
Gold (\$/oz)	1992.5	▲	0.19	0.19	NA	0.39	29.37
Platinum (\$/oz)	951.6	▲	-0.22	-0.22	NA	2.07	-3.45
Copper (\$/MT)*	6697.5	▲	0.85	NA	NA	4.29	8.92

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.1% higher to trade at \$1,992.50/oz.

Yesterday, gold prices rose 0.2% to close at \$1,970.50/oz, as weakness in the US Dollar increased demand for the safe haven asset.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 1.1% to trade at \$45.77/bl.

Yesterday, Brent crude oil declined 1.2% to settle at \$45.28/bl, amid continuing uncertainty over demand outlook.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.5% higher to trade at \$951.60/oz.

Yesterday, platinum prices dropped 0.2% to close at \$937.90/oz.

Major South African corporate news

African Rainbow Minerals Limited

In its FY20 results, the company announced that revenues rose to ZAR12.39bn from ZAR9.60bn posted in the previous year. Its diluted EPS rose from the same period of the prior year to ZAR20.11.

Advtech Limited

In its 1H20 results, the company announced that revenues rose 13.0% to ZAR2.83bn from ZAR2.50bn recorded in the same period of the preceding year. Its diluted EPS stood at 33.60c, compared to 44.40c recorded in the corresponding period of the previous year.

Emira Property Fund Limited

In its FY20 results, the company announced that revenues decreased to ZAR1.50bn from ZAR1.69bn posted in the previous year.

Life Healthcare Group Holdings Limited

In its trading statement, the company announced that during the period till 31 March 2020, revenues rose by 6.8% and normalised EBITDA, pre-IFRS 16, rose by 2.7%. Group results in 2H20 have, however, been significantly impacted by the pandemic. Revenue for the month of April 2020 was approximately 40.0% below April 2019 but has since improved on a monthly basis, with revenue for the month of July 2020 around 14.0% below July 2019.

RCL Foods Limited

In its FY20 results, the company announced that revenues increased to ZAR27.80bn, compared to ZAR25.89bn posted in the previous year. Its diluted loss per share stood at 102.90c, compared to 12.50c in the prior year.

Spur Corp Limited

The company announced that Chief Operating Officer (COO) and Executive Director, Mark Farrelly has resigned from the group, with effect from 31 August 2020.

Major global economic news

Asia

In Australia, the AiG performance of manufacturing index declined to 49.30 in August, compared to a level of 53.50 in the previous month.

In August, the Commonwealth Bank manufacturing PMI unexpectedly fell to 53.60 in Australia, compared to a level of 53.90 in the prior month.

In Australia, building permits unexpectedly climbed 12.0% on a monthly basis in July, compared to a revised drop of 4.2% in the previous month.

In 2Q20, current account surplus widened to AUD17.70bn in Australia, compared to a surplus of AUD8.40bn in the prior month.

In China, the Caixin manufacturing PMI advanced to 53.10 in August, compared to a level of 52.80 in the prior month.

In Japan, the Jibun Bank Manufacturing PMI rose to 47.20 in August, compared to a level of 46.60 in the previous month.

In July, unemployment rate advanced to 2.9% in Japan, less than market forecast and compared to 2.8% in the previous month.

In Japan, housing starts dropped 11.4% on an annual basis in July, less than market expectations and compared to a decline of 12.8% in the previous month.

In July, construction orders plunged 22.9% on a yearly basis in Japan, more than market anticipations and compared to a fall of 13.4% in the previous month.

In Japan, the consumer confidence index eased more-than-expected to 29.30 in August, compared to a level of 29.50 in the prior month.

US

In the US, the Dallas Fed manufacturing business index rose to 8.00 in August, compared to a level of -3.00 in the previous month.

Eurozone

In Germany, the CPI unexpectedly dropped 0.1% on a monthly basis in August, compared to a fall of 0.5% in the previous month.

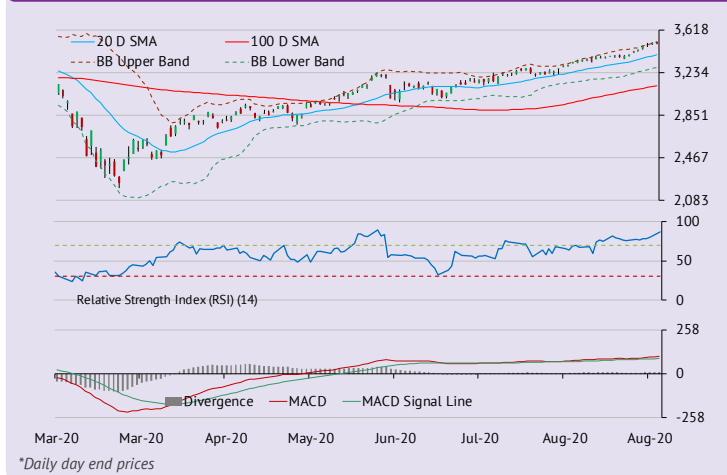
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 54,733.85, and a fall through could take it to the next support level of 53,991.58. The index is expected to find its first resistance at 56,793.38, and a rise through could take it to the next resistance level of 58,110.64.

S&P 500



The S&P 500 index is expected to find support at 3,445.84, and a fall through could take it to the next support level of 3,391.38. The index is expected to find its first resistance at 3,534.77, and a rise through could take it to the next resistance level of 3,569.24.

USD ZAR



The pair is expected to find support at 16.6245, and a fall through could take it to the next support level of 16.3074. The pair is expected to find its first resistance at 17.1839, and a rise through could take it to the next resistance level of 17.4262.

XAU USD



Gold is expected to find support at \$1,925.77/oz, and a fall through could take it to the next support level of \$1,881.03/oz. The precious metal is expected to find its first resistance at \$1,996.87/oz, and a rise through could take it to the next resistance level of \$2,023.23/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Unemployment Rate (Jul)	✓✓	2.90%*	2.80%	Monthly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Aug) (F)	✓✓✓	47.20*	45.20	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Aug)	✓✓✓	53.10*	52.80	Monthly
Italy	09:45	Markit Manufacturing PMI (Aug)	✓✓✓	51.20	51.90	Monthly
France	09:50	Markit Manufacturing PMI (Aug) (F)	✓✓✓	52.00	52.40	Monthly
Germany	09:55	Unemployment Change (Aug)	✓✓✓	43.00K	-18.00K	Monthly
Germany	09:55	Unemployment Rate s.a. (Aug)	✓✓✓	6.50%	6.40%	Monthly
Germany	09:55	Markit Manufacturing PMI (Aug) (F)	✓✓✓	50.00	51.00	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Aug) (F)	✓✓✓	51.70	51.80	Monthly
Italy	10:00	Unemployment Rate (Jul)	✓	8.60%	8.80%	Monthly
UK	10:30	Markit Manufacturing PMI (Aug) (F)	✓	55.30	53.30	Monthly
UK	10:30	Mortgage Approvals (Jul)	✓	33.90K	40.00K	Monthly
UK	10:30	Net Consumer Credit (Jul)	✓	-GBP2.34bn	-GBP0.10bn	Monthly
Eurozone	11:00	Unemployment Rate (Jul)	✓✓✓	7.70%	7.80%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Aug) (P)	✓✓✓	1.00%	1.20%	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Aug) (P)	✓✓✓	0.20%	-0.40%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	-	0.40%	Monthly
South Africa	11:00	PMI Manufacturing (Aug)	✓✓	-	51.20	Monthly
Portugal	12:00	Industrial Production (MoM) (Jul)	✓	-	11.20%	Monthly
Portugal	12:00	Industrial Production (YoY) (Jul)	✓	-	-14.60%	Monthly
US	14:55	Redbook Index (YoY) (28-Aug)	✓	-	0.60%	Weekly
US	14:55	Redbook Index s.a. (MoM) (28-Aug)	✓	-	4.10%	Weekly
Canada	15:30	RBC Canadian Manufacturing PMI (Aug)	✓✓✓	50.40	52.90	Monthly
US	15:45	Markit Manufacturing PMI (Aug) (F)	✓✓✓	53.60	50.90	Monthly
US	16:00	ISM Employment (Aug)	✓	48.30	44.30	Monthly
US	16:00	Construction Spending (MoM) (Jul)	✓✓	0.70%	-0.70%	Monthly
US	16:00	ISM Manufacturing PMI (Aug)	✓✓✓	54.00	54.20	Monthly
US	16:00	ISM Prices Paid (Aug)	✓✓	52.00	53.20	Monthly
US	16:00	ISM New Orders (Aug)	✓	53.50	61.50	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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