

ONE
Minute Brief

2 September 2020

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Economic and political news

In South Africa (SA), the Absa manufacturing PMI rose to 57.30 in August, compared to 51.20 in July. Meanwhile, new vehicle sales dropped by 26.3% to 33,515 units in August, from 45,484 units in the same period prior year.

In a presentation to parliament, the National Treasury revealed that the South African Post Office had requested ZAR4.9bn in support, the South African Broadcasting Corporation (SABC) had requested ZAR1.5bn and the Airports Company of SA (ACSA) had applied for an equity injection of ZAR3.5bn because of the impact of Covid-19 pandemic. Additionally, the National Treasury indicated that Denel was forecast to have had a negative equity position of ZAR3.3bn (USD196.7mn) as of March 2020 and faces the risk of being placed under a local form of bankruptcy protection or even liquidation.

Eskom has indicated that it will continue to implement Stage 2 load shedding from 8am until 10pm today after 10 generation units at broke down in last 48 hours due to "unreliable and aged" infrastructure.

President Cyril Ramaphosa has appointed Lusanda Mxenge as the acting director-general in the Presidency and secretary of the Cabinet, with effect from 01 September 2020.

Key indices

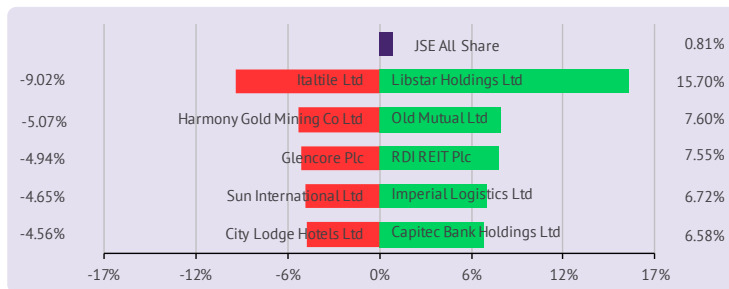
	As at 01 Sept 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55927.69	▲	451.58	0.81	-0.23	0.81	-0.44	-2.03
JSE Top 40 (ZAR)	51704.10	▲	478.64	0.93	-0.09	0.93	-0.28	1.75
FTSE 100 (GBP)	5862.05	▼	-101.52	-1.70	-1.70	-1.70	1.12	-22.28
DAX 30 (EUR)	12974.25	▲	28.87	0.22	-0.45	0.22	5.13	-2.07
CAC 40 (EUR)	4938.10	▼	-9.12	-0.18	-1.30	-0.18	3.42	-17.40
S&P 500 (USD)	3526.65	▲	26.34	0.75	0.53	0.75	7.01	9.16
Nasdaq Composite (USD)	11939.67	▲	164.21	1.39	2.09	1.39	9.59	33.07
DJIA (USD)	28645.66	▲	215.61	0.76	-0.03	0.76	7.57	0.38
MSCI Emerging Markets (USD)	1120.02	▲	18.52	1.68	-0.14	1.68	2.09	0.48
MSCI Developed World (USD)	2467.25	▲	11.74	0.48	0.42	0.48	6.53	4.61

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and insurance sector stocks. Data indicated that SA's Absa manufacturing PMI advanced in August. The JSE All Share Index rose 0.8% to close at 55,927.69.

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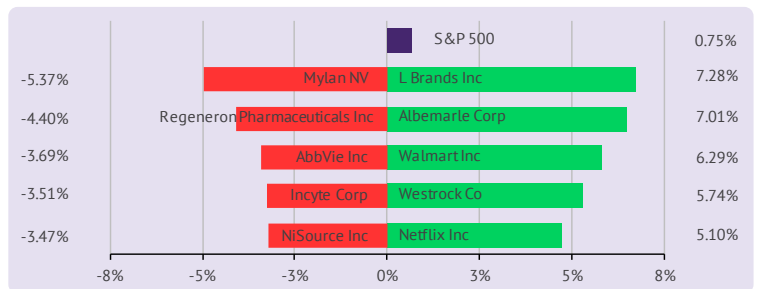


US Market ▲

US markets closed firmer

US markets closed higher yesterday, boosted by gains in technology sector stocks and amid positive US manufacturing data. The S&P 500 Index climbed 0.8% to close at 3,526.65. Today, the S&P 500 futures are trading in the green.

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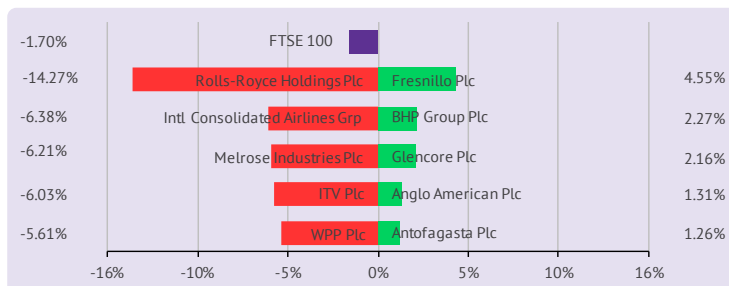


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid strength in the British Pound and led by losses in financial sector stocks. The FTSE 100 Index declined 1.7% to close at 5,862.05. Today, the FTSE 100 futures are trading in positive territory.

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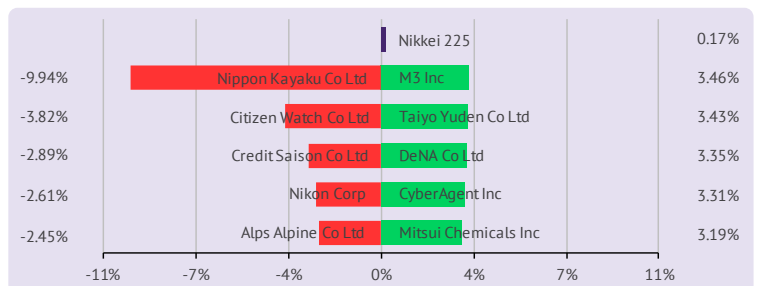


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, as encouraging manufacturing surveys from China and the US fuelled hopes for a smooth economic recovery. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% higher at 23,176.30.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R16.6517. Later today, traders will keep a close watch on the US MBA mortgage applications, the ADP unemployment change, factory orders and Fed's Beige Book for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US ISM manufacturing PMI as well as the final Markit manufacturing PMI advanced in August. Meanwhile, construction spending rose less-than-expected in July. Separately, data indicated that SA's Absa manufacturing PMI advanced in August, recording its highest level since March 2007. On the other hand, new vehicle sales declined on an annual basis in August.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R22.2783. Ahead in the day, traders will keep an eye on UK's Nationwide house price index for further indications. Data indicated that UK's BRC shop price index dropped on a yearly basis in July.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's final Markit manufacturing PMI advanced to a 30-month high in August. Moreover, the number of mortgage approvals for house purchases rose to a five-month high in July. Additionally, net consumer credit advanced more-than-anticipated in July.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R19.8229. Going forward, market participants will keep a tab on Eurozone's producer price index (PPI) along with Germany's retail sales for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's unemployment rate rose less than market forecast in July. On the contrary, the consumer price index declined for the first time since May 2016 in August. Additionally, the final Markit manufacturing PMI fell in August. Separately, Germany's final Markit manufacturing PMI advanced in August. Meanwhile, seasonally adjusted unemployment rate remained steady in August.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.3% against the South African Rand to trade at R12.2423. Earlier in the session, Australia's economy contracted in 2Q20, suffering its biggest contraction since records began in 1959.

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	16.6517	▲	-1.71	0.34	-1.71	-0.76	18.95
GBPZAR	22.2783	▲	-1.58	0.60	-1.58	1.40	20.07
EURZAR	19.8229	▲	-1.89	0.41	-1.89	0.57	26.37
AUDZAR	12.2423	▲	-1.75	0.43	-1.75	2.45	24.77
EURUSD	1.1904	▼	-0.20	0.08	-0.20	1.34	6.23
GBPUSD	1.3379	▼	0.10	0.23	0.10	2.18	0.96
Brent (\$/barrel)	45.9	▲	0.66	-0.50	0.66	4.04	-30.94
Gold (\$/oz)	1970.2	▼	0.02	0.20	0.02	0.39	29.39
Platinum (\$/oz)	946.2	▼	1.58	1.35	1.58	2.07	-1.93
Copper (\$/MT)*	6708.8	▲	0.17	0.17	0.17	4.29	9.10

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices slightly declined to trade at \$1,970.20/oz.

Yesterday, gold prices marginally rose to close at \$1,970.80/oz, amid weakness in the US Dollar.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.8% to trade at \$45.93/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 6.4mn bls to 501.2mn bls last week.

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Yesterday, Brent crude oil advanced 0.7% to settle at \$45.58/bl, as upbeat US manufacturing data renewed hopes for a post-pandemic economic recovery.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.7% to trade at \$946.20/oz.

Yesterday, platinum prices climbed 1.6% to close at \$937.70/oz.

Major South African corporate news

Cashbuild Limited

In its FY20 results, the company announced that revenues declined 7.0% to ZAR10.09bn from ZAR10.82bn recorded in the same period of the preceding year. Its diluted EPS stood at ZAR11.76, compared to ZAR18.81 recorded in the corresponding period of the previous year.

Old Mutual Limited

In its 1H20 results, the company announced that gross insurance premium revenue increased to ZAR39.74bn from ZAR38.65bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 125.90c, compared to an EPS of 122.90c in the same period of the prior year.

Pan African Resources Plc

In its FY20 trading statement, the company announced that it expects HEPS to be between 2.23c and 2.35c, compared to 1.19c in the last year. Further, the company expects its EPS to be between 2.20c and 2.40c, compared to 1.97c in the prior year.

Major global economic news

Eurozone

In the Eurozone, the unemployment rate rose less-than-expected to 7.9% in July, compared to a revised rate of 7.7% in the previous month.

In August, the preliminary CPI unexpectedly fell 0.2% on an annual basis in the Eurozone, compared to a rise of 0.4% in the previous month.

In the Eurozone, the final Markit manufacturing PMI eased to 51.70 in August, compared to a level of 51.80 in the previous month. The preliminary figures had also indicated a fall to 51.70.

In Germany, the final Markit manufacturing PMI rose to 52.20 in August, compared to a level of 51.00 in the prior month. The preliminary figures had recorded an advance to 53.00.

In August, the seasonally adjusted unemployment rate remained steady at 6.4% in Germany.

UK

In the UK, the final Markit manufacturing PMI advanced to 55.20 in August, compared to a level of 53.30 in the prior month. The preliminary figures had indicated a rise to a level of 55.30.

In July, net consumer credit increased by GBP1.20bn in the UK, compared to a revised fall of GBP0.38bn in the previous month.

In the UK, number of mortgage approvals for house purchases advanced to 66.30K in July, more than market anticipations and compared to a revised level of 39.90K in the previous month.

In July, the BRC shop price index dropped 1.6% on an annual basis in the UK, compared to a fall of 1.3% in the previous month.

US

In the US, the ISM manufacturing PMI climbed to 56.00 in August, compared to a level of 54.20 in the prior month.

In August, the final Markit manufacturing PMI advanced to a level of 53.10 in the US, compared to a level of 50.90 in the previous month. The preliminary figures had recorded an advance to 53.60.

In the US, construction spending rose 0.1% on a monthly basis in July, less than market forecast and compared to a revised drop of 0.5% in the prior month.

Asia

In Australia, gross domestic product (GDP) declined 7.0% on a quarterly basis in 2Q20, more than market anticipations and compared to a drop of 0.3% in the previous quarter.

The Reserve Bank of Australia (RBA), in its latest monetary policy decision, kept its key interest rate unchanged at 0.25%, as widely expected. Further, the RBA has decided to increase the size of the Term Funding Facility and make the facility available for longer. Moreover, the central bank hinted at additional policy measures to support the economy.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	1:01	BRC Shop Price Index (YoY) (Aug)	✓	-1.60%*	-1.30%	Monthly
Japan	1:50	Monetary Base (YoY) (Aug)	✓	11.50%*	9.80%	Monthly
Germany	8:00	Retail Sales (MoM) (Jul)	✓✓✓	0.50%	-1.60%	Monthly
Germany	8:00	Retail Sales (YoY) (Jul)	✓✓✓	3.00%	5.90%	Monthly
Germany	8:00	Retail Sales Index (Jul)	✓	-	115.00	Monthly
UK	8:00	Nationwide House Prices n.s.a. (YoY) (Aug)	✓	2.10%	1.50%	Monthly
Spain	9:00	Unemployment Change (Aug)	✓✓✓	-	-89.80K	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Jul)	✓✓✓	0.50%	0.70%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Jul)	✓✓✓	-3.40%	-3.70%	Monthly
Eurozone	12:00	ECB Balance sheet (24-Aug)	✓✓	-	EUR6424.04bn	Weekly
US	13:00	MBA Mortgage Applications (28-Aug)	✓	-	-6.50%	Weekly
US	14:15	ADP Employment Change (Aug)	✓✓✓	900.00K	167.00K	Monthly
US	16:00	Durable Goods Orders (Jul) (F)	✓✓✓	-	7.70%	Monthly
US	16:00	Durable Goods Orders ex Transportation (Jul) (F)	✓✓	-	4.00%	Monthly
US	16:00	Factory Orders (MoM) (Jul)	✓✓✓	6.00%	6.20%	Monthly
US	16:00	Factory Orders (Jul)	✓	-	437213.00mn	Monthly
US	16:30	EIA Crude Oil Stocks Change (Bls) (28-Aug)	✓✓✓	-	-4.69mn	Weekly
US	20:00	Fed's Beige Book	✓✓✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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