

ONE  
Minute Brief

4 September 2020

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## Economic and political news

In South Africa (SA), the IHS Markit Purchasing Managers' Index rose to 45.30 in August, compared to 44.90 in July. Meanwhile, electricity production dropped 4.5% on an annual basis in July, compared to a fall of 5.8% in June. Additionally, electricity consumption fell 3.5% on a yearly basis in July, compared to a drop of 4.9% in the previous month.

Eskom stated that it would reduce power cuts to Stage 3 today starting from 8 am to 10pm, due to lower demand and improved weather conditions, however blackouts are expected to continue into the weekend. Separately, Eskom stated that it has suspended the managers of the Kendal and Tutuka plants and has asked the acting managers of the Kriel and Duvha plants to return to their original positions.

While responding to oral questions in the National Council of Provinces, Deputy President David Mabuza assured that SA's power crisis will soon be resolved and that the process of restructuring or unbundling Eskom into three separate entities should be completed by 2022.

Lawyer, Eric Mabuza confirmed that former President Jacob Zuma would not be able to attend the State Capture Inquiry between 21 and 25 September.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 633,015.

## Key indices

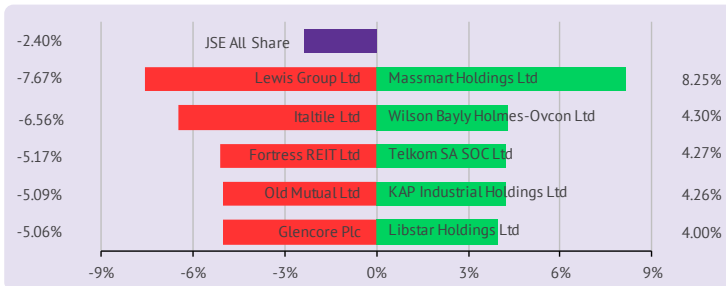
	As at 03 Sept 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54522.35	▼	-1339.53	-2.40	-2.74	-1.72	-0.44
JSE Top 40 (ZAR)	50319.16	▼	-1359.14	-2.63	-2.77	-1.77	-0.28
FTSE 100 (GBP)	5850.86	▼	-90.09	-1.52	-1.89	-1.89	1.12
DAX 30 (EUR)	13057.77	▼	-185.66	-1.40	0.19	0.87	5.13
CAC 40 (EUR)	5009.52	▼	-22.22	-0.44	0.13	1.26	3.42
S&P 500 (USD)	3455.06	▼	-125.78	-3.51	-1.51	-1.29	7.01
Nasdaq Composite (USD)	11458.10	▼	-598.34	-4.96	-2.03	-2.70	9.59
DJIA (USD)	28292.73	▼	-807.77	-2.78	-1.26	-0.48	7.57
MSCI Emerging Markets (USD)	1108.85	▼	-10.05	-0.90	-1.14	0.67	2.09
MSCI Developed World (USD)	2425.78	▼	-68.32	-2.74	-1.26	-1.21	6.53
							2.85

## South Africa Market ▼

## South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in resources, banking and mining sector stocks. The JSE All Share Index fell 2.4% to close at 54,522.35.

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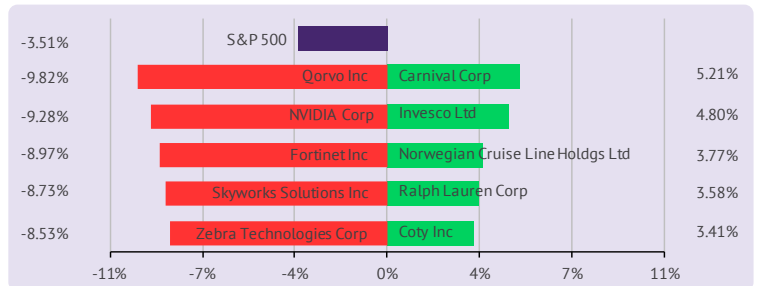


## US Market ▼

## US markets closed weaker

US markets closed lower yesterday, amid sharp sell-off in technology sector stocks. The S&P 500 Index significantly dropped 3.5% to close at 3,455.06. Today, the S&P 500 futures are trading in the red.

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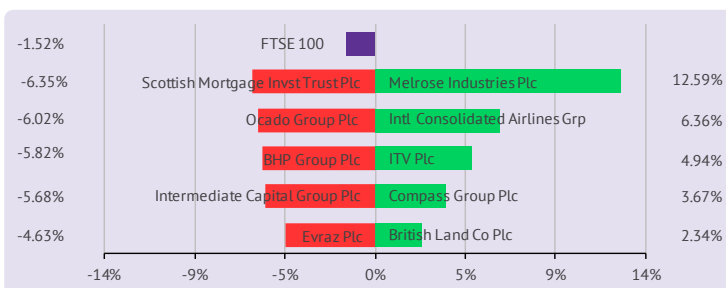


## UK Market ▼

## UK markets closed in the red

UK markets finished lower yesterday, amid steep losses in mining sector stocks. The FTSE 100 Index declined 1.5% to close at 5,850.86. Today, the FTSE 100 futures are trading in negative territory.

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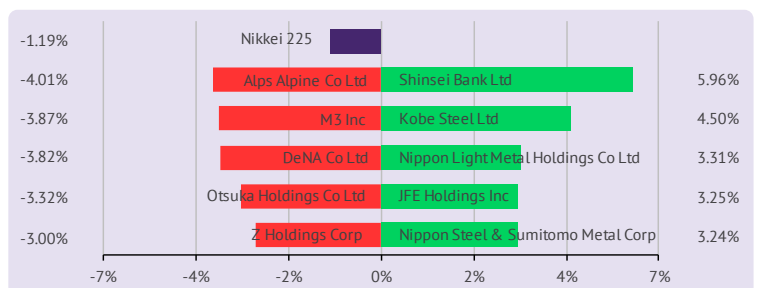


## Asian Market ▼

## Trading lower

Asian markets are weaker lower this morning, tracking overnight losses on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 1.2% lower at 23,187.24.

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## USD ZAR ▼

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar marginally rose against the South African Rand to trade at R16.7363. Later today, traders will keep a close watch on the US nonfarm payrolls, average hourly earnings and the unemployment rate for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US initial jobless claims dropped more-than-expected on a weekly basis in the week ended 28 August 2020. Additionally, the final Markit services PMI advanced in August. Meanwhile, the ISM non-manufacturing PMI dropped more than market forecast in August. Also, trade deficit widened in July, recording its widest deficit since July 2008. Separately, data indicated that SA's private sector activity contracted for the 16th straight month in August. Additionally, both, electricity production and electricity consumption dropped on an annual basis in July.

## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound slightly climbed against the South African Rand to trade at R22.2210. Ahead in the day, traders will keep an eye on UK's Markit construction PMI for further indication.

The British Pound declined against the South African Rand yesterday, on Brexit concerns and worries about the impact of the coronavirus pandemic on Britain's economy. Data indicated that UK's service sector activity expanded at the fastest pace in more than five years in August.

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## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally fell against the South African Rand at R19.8248. Going forward, market participants will keep a tab on Germany's factory orders for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted retail sales unexpectedly dropped in July. Additionally, the final Markit services PMI fell in August. Separately, Germany's final Markit services PMI dropped in August.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly lower against the South African Rand at R12.1666. Earlier in the session, Australia's seasonally adjusted retail sales advanced less-than-anticipated 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	16.7363	▼	-0.51	0.81	-1.25	-0.76	19.50
GBPZAR	22.2210	▼	-1.03	0.29	-1.89	1.40	19.70
EURZAR	19.8248	▲	-0.54	0.37	-1.93	0.57	26.31
AUDZAR	12.1666	▲	-1.38	-0.46	-2.61	2.45	23.67
EURUSD	1.1845	▼	-0.03	-0.43	-0.70	1.34	5.70
GBPUSD	1.3276	▼	-0.52	-0.54	-0.67	2.18	0.18
Brent (\$/barrel)	43.7	▼	-0.81	-3.80	-2.67	4.04	-33.23
Gold (\$/oz)	1944.2	▲	-0.35	-1.86	-2.05	0.39	26.73
Platinum (\$/oz)	900.4	▲	-1.60	-5.36	-5.15	2.07	-8.42
Copper (\$/MT)*	6574.5	▼	-2.02	-1.84	-1.84	4.29	6.92

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,944.20/oz.

Yesterday, gold prices fell 0.4% to close at \$1,930.20/oz, as better-than-expected US economic data buoyed hopes for a swift post-pandemic recovery.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 1.0% to trade at \$43.65/bl.

Yesterday, Brent crude oil declined 0.8% to settle at \$44.07/bl, amid concerns over energy demand.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 1.2% higher to trade at \$900.40/oz.

Yesterday, platinum prices dropped 1.6% to close at \$889.60/oz.

## Major South African corporate news

### City Lodge Hotels Limited

In its FY20 results, the company announced that revenues fell to ZAR1.16bn from ZAR1.55bn posted in the previous year. Its diluted EPS declined to ZAR13.29 from the prior year.

### Santam Limited

In its 1H20 results, the company announced that net income dropped to ZAR13.92bn from ZAR14.16bn posted in the corresponding period of the previous year. Its diluted EPS fell 98.0% to 23.00c from the same period of the prior year.

### Fortress REIT Limited

In its FY20 results, the company announced that revenues decreased to ZAR3.62bn from ZAR3.63bn posted in the previous year. Its diluted loss per class A share stood at 390.15c, compared to an EPS of 116.72c in the prior year.

### Truworths International Limited

In its FY20 results, the company announced that revenues declined 8.1% to ZAR17.98bn from ZAR19.57bn recorded in the preceding year. Its diluted loss per share stood at 132.50c, compared to an EPS of 144.20c recorded in the previous year.

### Impala Platinum Holdings Limited

In its 1H20 results, the company announced that its revenue jumped 43.6% to ZAR69.85bn from ZAR48.62bn recorded in the same period of the preceding year. Its diluted EPS stood at ZAR19.11, compared to ZAR2.03 recorded in the corresponding period of the previous year.

## Major global economic news

### US

In the US, the ISM non-manufacturing PMI slid to a level of 56.90 in August, more than market expectations and compared to a level of 58.10 in the previous month.

In August, the final Markit services PMI climbed to 55.00 in the US, compared to a level of 50.00 in the previous month. The preliminary figures had indicated an advance to a level of 54.80.

In the US, trade deficit widened more-than-expected to USD63.60bn in July, compared to a revised deficit of USD53.50bn in the previous month.

In the week ended 28 August 2020, initial jobless claims dropped to 881.00K on a weekly basis in the US, more than market consensus and compared to a revised level of 1011.00K in the prior week

### Eurozone

In the Eurozone, seasonally adjusted retail sales unexpectedly fell 1.3% on a monthly basis in July, compared to a revised rise of 5.3% in the prior month.

In August, the final Markit services PMI dropped to 50.50 in the Eurozone, compared to a level of 54.70 in the previous month. The preliminary figures had recorded a drop to 50.10.

In Germany, the final Markit services PMI fell to 52.50 in August, compared to a level of 55.60 in the previous month. The preliminary figures had recorded a fall to 50.80.

### UK

In the UK, the final Markit services PMI advanced to 58.80 in August, compared to a level of 56.50 in the prior month. The preliminary figures had indicated a rise to 60.10.

### Asia

In Australia, seasonally adjusted retail sales rose 3.2% on a monthly basis in July, less than market forecast and compared to an advance of 3.3% in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Germany	8:00	Factory Orders n.s.a. (YoY) (Jul)	✓✓✓	-	-11.30%	Monthly
Germany	8:00	Factory Orders s.a. (MoM) (Jul)	✓✓	5.00%	27.90%	Monthly
Germany	9:30	Markit Construction PMI (Aug)	✓✓✓	-	47.10	Monthly
UK	10:00	New Car Registrations (YoY) (Aug)	✓	-	11.30%	Monthly
UK	10:30	Markit Construction PMI (Aug)	✓	58.50	58.10	Monthly
Canada	14:30	Full Time Employment Change (Aug)	✓✓	-	73.20K	Monthly
Canada	14:30	Net Change in Employment (Aug)	✓✓	275.00K	418.50K	Monthly
Canada	14:30	Part Time Employment Change (Aug)	✓✓	-	345.30K	Monthly
Canada	14:30	Participation Rate (Aug)	✓	64.60%	64.30%	Monthly
Canada	14:30	Unemployment Rate (Aug)	✓✓	10.10%	10.90%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Aug)	✓✓	0.00%	0.20%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Aug)	✓✓	-	4.80%	Monthly
US	14:30	Average Weekly Hours All Employees (Aug)	✓	34.50	34.50	Monthly
US	14:30	Change in Manufacturing Payrolls (Aug)	✓	50.00K	26.00K	Monthly
US	14:30	Change in Non-farm Payrolls (Aug)	✓✓✓	1400.00K	1763.00K	Monthly
US	14:30	Change in Private Payrolls (Aug)	✓✓	1265.00K	1462.00K	Monthly
US	14:30	Unemployment Rate (Aug)	✓✓✓	9.80%	10.20%	Monthly
US	14:30	Underemployment Rate (Aug)	✓✓	-	16.50%	Monthly
US	14:30	Labor Force Participation Rate (Aug)	✓✓	-	61.40%	Monthly
Canada	16:00	Ivey PMI n.s.a. (Aug)	✓✓	-	65.20	Monthly
Canada	16:00	Ivey PMI s.a. (Aug)	✓✓✓	-	68.50	Monthly
US	19:00	Baker Hughes US Oil Rig Count (04-Sep)	✓	-	180.00	Weekly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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