

ONE
Minute Brief

11 September 2020

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Economic and political news

In South Africa (SA), the seasonally adjusted manufacturing production contracted 10.6% on an annual basis in July, compared to a revised decline of 15.8% in the previous month. Additionally, platinum production advanced 4.6% on a yearly basis in July, compared to a revised drop of 41.6% in the previous month. Meanwhile, mining production declined 9.1% on a yearly basis in July, compared to a revised drop of 27.2% in June. Moreover, gold production eased 10.2% on an annual basis in July, compared to a revised fall of 16.6% in the prior month. Also, current account balance swung to a deficit of ZAR103.60bn in 2Q20, compared to a surplus of ZAR63.40bn in the previous quarter.

News reports indicate that the cabinet has approved the extension of the national state of disaster until October 15.

Ratings agency Moody's warned that SA's second quarter GDP collapse will intensify the state's fiscal burdens and its ability to generate revenue.

The business rescue practitioners of South African Airways (SAA) stated that it would need government to make available agreed short-term funding by next week, failing which they may be unable to continue the process.

Key indices

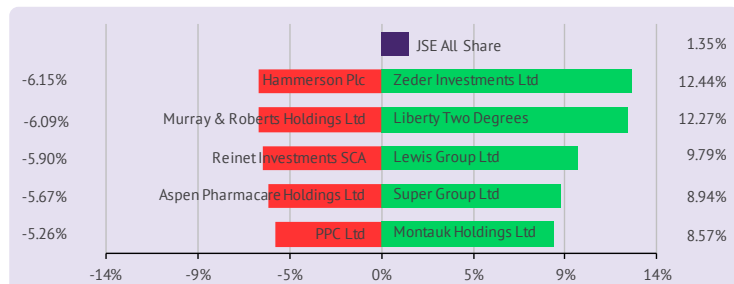
	As at 10 Sept 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55953.96	▲ 742.62	1.35	3.85	0.86	-0.44	-1.98
JSE Top 40 (ZAR)	51532.12	▲ 693.20	1.36	3.64	0.60	-0.28	1.41
FTSE 100 (GBP)	6003.32	▼ -9.52	-0.16	3.52	0.67	1.12	-20.41
DAX 30 (EUR)	13208.89	▼ -28.32	-0.21	2.85	2.04	5.13	-0.30
CAC 40 (EUR)	5023.93	▼ -19.05	-0.38	1.19	1.55	3.42	-15.96
S&P 500 (USD)	3339.19	▼ -59.77	-1.76	-2.56	-4.60	7.01	3.36
Nasdaq Composite (USD)	10919.59	▼ -221.97	-1.99	-3.48	-7.27	9.59	21.70
DJIA (USD)	27534.58	▼ -405.89	-1.45	-2.13	-3.15	7.57	-3.52
MSCI Emerging Markets (USD)	1085.31	▼ -0.43	-0.04	-1.29	-1.47	2.09	-2.63
MSCI Developed World (USD)	2367.80	▼ -25.95	-1.08	-1.33	-3.57	6.53	0.40

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining, gold mining and banking sector stocks. Data indicated that SA's contraction in mining production eased as global demand picks up. The JSE All Share Index rose 1.4% to close at 55,953.96.

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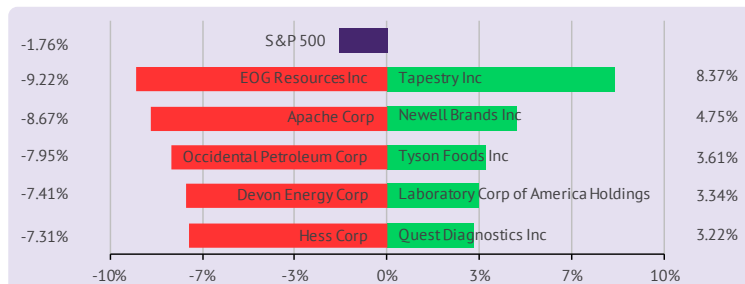


US Market ▼

US markets closed weaker

US markets closed lower yesterday, weighed down by losses in technology sector stocks. The S&P 500 Index dropped 1.8% to close at 3,339.19. Today, the S&P 500 futures are trading in the green.

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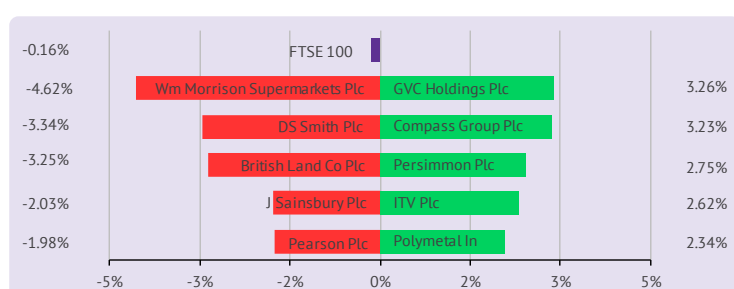


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid growing concerns over disagreements between the British government and the European Union about Brexit terms. The FTSE 100 Index declined 0.2% to close at 6,003.32. Today, the FTSE 100 futures are trading in positive territory.

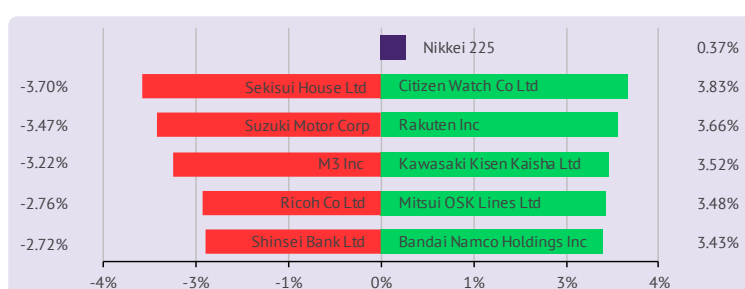
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% higher at 23,322.15.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.2% against the South African Rand to trade at R16.8688. Later today, traders will keep a close watch on the US consumer price index (CPI) and monthly budget statement for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the number of initial jobless claims in the US unexpectedly remained unchanged for the week ended 5 September 2020. Moreover, the producer price index (PPI) dropped less-than-expected on an annual basis in August. Separately, the South African Rand fell against the US Dollar, as dismal economic data renewed concerns over domestic post-pandemic economic recovery. Data indicated that domestic mining and gold production, both, declined in July. SA's seasonally adjusted manufacturing production contracted on an annual basis in July. Also, current account balance reported a deficit in 2Q20. Meanwhile, data showed that platinum production advanced on a yearly basis in July.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R21.6403. Ahead in the day, traders will keep an eye on UK's total trade balance, industrial production, manufacturing production, consumer inflation expectations, NIESR GDP estimate and gross domestic product (GDP) for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R19.9631. Going forward, market participants will keep a tab on Germany's CPI for further cues.

The Euro strengthened against the South African Rand yesterday, after the European Central Bank (ECB) President, Christine Lagarde, suggested that the central bank was unlikely to undertake measures to weaken the euro.

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AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R12.2744.

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	16.8688	▲	1.80	1.84	-0.20	-0.76	20.77
GBPZAR	21.6403	▲	0.27	-1.82	-4.39	1.40	16.64
EURZAR	19.9631	▲	1.91	1.65	-1.20	0.57	27.25
AUDZAR	12.2744	▼	1.40	1.56	-1.81	2.45	24.69
EURUSD	1.1834	▲	0.10	-0.19	-1.01	1.34	5.37
GBPUSD	1.2829	▲	-1.52	-3.57	-4.23	2.18	-3.41
Brent (\$/barrel)	39.9	▼	-1.79	-6.09	-11.53	4.04	-39.30
Gold (\$/oz)	1947.9	▼	0.47	1.55	-0.74	0.39	28.42
Platinum (\$/oz)	930.2	▼	1.74	4.77	0.33	2.07	-3.13
Copper (\$/MT)*	6690.0	▼	-1.01	-0.59	-0.11	4.29	8.80

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.4% to trade at \$1,947.90/oz.

Yesterday, gold prices rose 0.5% to close at \$1,956.00/oz, as the weakness in the US Dollar against major currencies and persistent worries over post pandemic economic recovery, boosted demand appeal for the safe haven commodity.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, gold prices retreated 0.4% to trade at \$1,947.90/oz.

Yesterday, Brent crude oil declined 1.8% to settle at \$40.06/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories rose by 2.0mn bls to 500.4mn bls in the week ended 4 September 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged lower 1.1% to trade at \$930.20/oz.

Yesterday, platinum prices climbed 1.7% to close at \$941.00/oz.

Major South African corporate news

Bidvest Group Limited

In its FY20 trading statement, the company announced that it expects its normalised HEPS to be between ZAR10.14 and ZAR10.40, compared to ZAR13.34 in the same period of last year. It expects its loss per share to be between 130.00c and 150.00c, compared to an EPS of ZAR11.19.

FirstRand Limited

In its FY20 results, the company announced that net interest income before impairment of advances rose to ZAR62.85bn from ZAR60.30bn posted in the previous year. Its diluted EPS decreased 38.0% to 307.80c from the prior year.

Harmony Gold Mining Company Limited

In its FY20 trading statement, the company announced that it expects loss per share to be between 148.00c and 180.00c, compared to 498.00c in the last year. It expects its headline loss per share to be between 139.00c and 169.00c, compared to a HEPS of 204.00c in the prior year.

Sanlam Limited

In its 1H20 results, the company announced that revenues decreased to ZAR48.39bn from ZAR81.10bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 168.40c, compared to a diluted EPS of 164.50c in the same period of the prior year.

Sasol Limited

The company referred to an earlier announcement and stated that negotiations with Air Liquide have been concluded and a sale of business agreement has been entered into, under which Sasol SA Limited, a major subsidiary of Sasol, shall dispose of its air separation business located in Secunda to Air Liquide.

Major global economic news

Eurozone

The European Central Bank (ECB), in its latest monetary policy meeting, kept its benchmark interest rate unchanged at 0.00%, as widely expected and maintained the current pace of its emergency stimulus. Additionally, the central bank revised up its growth forecast slightly for 2020. It now expects gross domestic product to drop by 8% this year, from a June estimate of -8.7%. For 2021, the ECB expects GDP to grow by 5% and by 3.2% in the year after that.

ECB President, Christine Lagarde, in her speech, discussed the appreciation of the euro and indicated that the central bank would “carefully monitor” exchange rate movement going forward. Further, she indicated that economic data since last monetary policy meeting in July suggested a strong rebound in activity in line with expectations. However, she warned that uncertainty about the economic outlook continued to weigh on consumer spending and business investment.

Asia

In Japan, the PPI dropped 0.5% on an annual basis in August, in line with market anticipations and compared to a fall of 0.9% in the prior month.

US

In the US, number of initial jobless claims unexpectedly remained unchanged at 884.00K on a weekly basis in the week ended 05 September 2020.

In August, the PPI fell 0.2% on an annual basis in the US, less than market expectations and compared to a drop of 0.4% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	1:50	Producer Price Index (YoY) (Aug)	✓✓	-0.50%*	-0.90%	Monthly
Japan	1:50	Producer Price Index (MoM) (Aug)	✓✓	0.20%*	0.60%	Monthly
Germany	8:00	Consumer Price Index (MoM) (Aug) (F)	✓✓✓	-0.10%	-0.50%	Monthly
Germany	8:00	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	0.00%	-0.10%	Monthly
UK	8:00	Index of Services (3M/3M) (Jul)	✓	-	-19.90%	Monthly
UK	8:00	Index of Services (MoM) (Jul)	✓	-	7.70%	Monthly
UK	8:00	Industrial Production (MoM) (Jul)	✓	4.00%	9.30%	Monthly
UK	8:00	Industrial Production (YoY) (Jul)	✓	-8.90%	-12.50%	Monthly
UK	8:00	Manufacturing Production (MoM) (Jul)	✓	5.00%	11.00%	Monthly
UK	8:00	Manufacturing Production (YoY) (Jul)	✓	-10.50%	-14.60%	Monthly
UK	8:00	Construction Output s.a. (YoY) (Jul)	✓	-	-24.80%	Monthly
UK	8:00	Manufacturing Production (Jul)	✓	-	86.40	Monthly
UK	8:00	Construction Output s.a. (MoM) (Jul)	✓	-	23.50%	Monthly
UK	8:00	Total Trade Balance (Jul)	✓	-	GBP5.34bn	Monthly
UK	8:00	Trade Balance; non-EU (Jul)	✓	-	GBP0.30bn	Monthly
UK	8:00	Visible Trade Balance (Jul)	✓	-GBP6.90bn	-GBP5.12bn	Monthly
UK	8:00	Gross Domestic Product s.a. (MoM) (Jul)	✓	6.70%	8.70%	Monthly
Spain	9:00	Industrial Output s.a. (YoY) (Jul)	✓✓	-9.90%	-14.00%	Monthly
Spain	9:00	Industrial Output n.s.a. (YoY) (Jul)	✓✓	-	-9.60%	Monthly
Spain	9:00	Consumer Price Index (MoM) (Aug) (F)	✓✓✓	0.00%	-0.90%	Monthly
Spain	9:00	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	-0.50%	-0.60%	Monthly
Eurozone	10:00	Eurogroup Meeting	✓✓	-	-	As Scheduled
Eurozone	12:00	Three-Month Euribor Quarterly Options Expiry (Q3)	✓✓✓	-	-	Quarterly
US	14:30	Consumer Price Index (MoM) (Aug)	✓✓✓	0.30%	0.60%	Monthly
US	14:30	Consumer Price Index (YoY) (Aug)	✓✓✓	-	1.00%	Monthly
US	14:30	Consumer Price Index n.s.a. (MoM) (Aug)	✓	-	0.51%	Monthly
US	18:00	USDA WASDE Report	✓	-	-	As Scheduled
US	19:00	Baker Hughes US Oil Rig Count (11-Sep)	✓	-	181.00	Weekly
US	20:00	Monthly Budget Statement (Aug)	✓✓✓	-USD245.00bn	-USD63.00bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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