

ONE Minute Brief

14 September 2020

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Economic and political news

Finance Minister Tito Mboweni warned that South Africa's (SA) economy could shrink by more than 7% previously forecast by policymakers and the SARB for 2020, adding that public finances are "overstretched".

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 649,793 and the recovery rate remained steady with recoveries standing at 88.9% for the last few days.

The payments for new and outstanding applications for Covid-19 TERS relief fund have been temporarily halted in order to improve controls as urged by the Auditor-General of SA (AGSA).

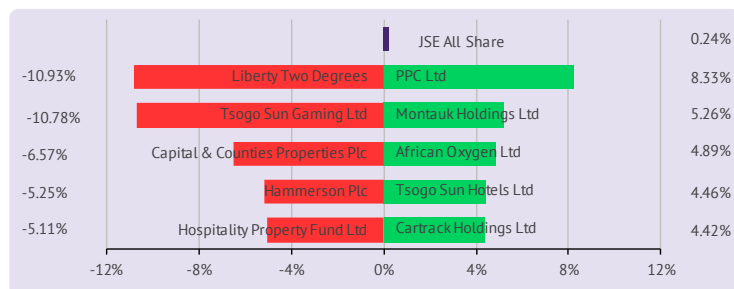
News reports indicate the Economic Freedom Fighters (EFF) have called for the suspension of Minister of Defence and Military Veterans Nosiviwe Mapisa-Nqakula for misusing state resources after she allegedly used a South African National Defence Force (SANDF) jet to travel to Harare, Zimbabwe with other African National Congress (ANC) officials. The party further called on the ANC to compensate the State for the illegal use of its resources.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in platinum mining, resources and industrial sector stocks. The JSE All Share Index rose 0.2% to close at 56,087.84.

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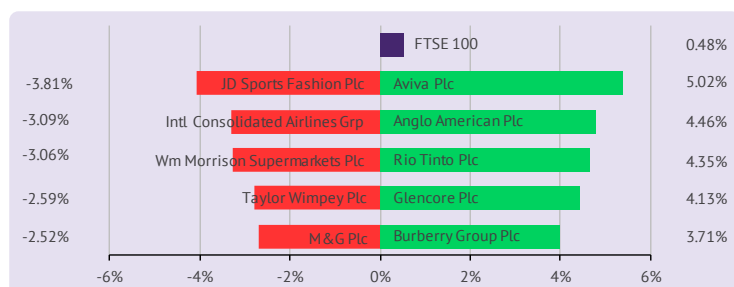


UK Market ▲

UK markets closed in the green

UK markets finished higher on Friday, amid weakness in the British pound and gains in mining sector stocks. The FTSE 100 Index advanced 0.5% to close at 6,032.09. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

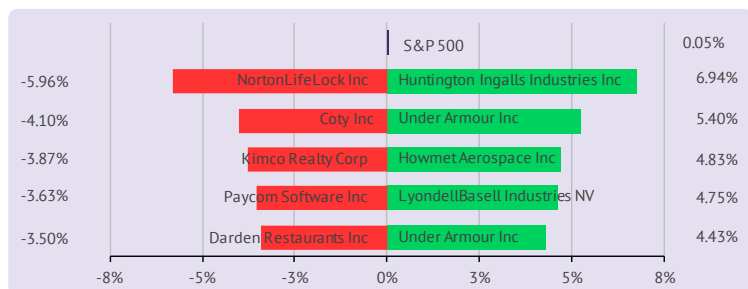
	As at 11 Sept 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56087.84	▲	133.88	0.24	NA	1.10	-0.44
JSE Top 40 (ZAR)	51715.12	▲	183.00	0.36	NA	0.96	-0.28
FTSE 100(GBP)	6032.09	▲	28.77	0.48	NA	1.12	-20.02
DAX 30 (EUR)	13202.84	▼	-6.05	-0.05	NA	1.99	-0.35
CAC 40 (EUR)	5034.14	▲	10.21	0.20	NA	1.76	-15.79
S&P 500 (USD)	3340.97	▲	1.78	0.05	NA	-4.55	7.01
Nasdaq Composite (USD)	10853.54	▼	-66.05	-0.60	NA	-7.83	9.59
DJIA (USD)	27665.64	▲	131.06	0.48	NA	-2.69	7.57
MSCI Emerging Markets (USD)	1091.79	▲	6.48	0.60	NA	-0.88	2.09
MSCI Developed World (USD)	2368.14	▲	0.34	0.01	NA	-3.56	6.53

US Market ▲

US markets closed mostly firmer

US markets closed mostly higher on Friday, after encouraging US economic data indicated a gradual pace of post pandemic economic recovery. The S&P 500 Index climbed 0.1% to close at 3,340.97. Today, the S&P 500 futures are trading in the green.

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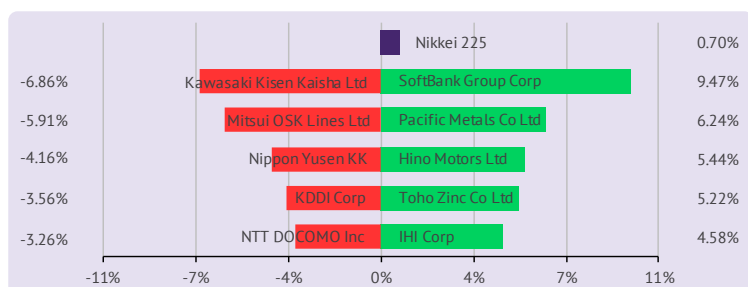


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, amid renewed hopes for a development of coronavirus vaccine after AstraZeneca recommenced phase 3 trials. As at 6:00 SAST, the Nikkei 225 Index is trading 0.7% higher at 23,570.48.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell 0.2% against the South African Rand to trade at R16.7051. With no major economic releases in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand on Friday. On the macro front, the US consumer price index (CPI) advanced more-than-expected on a yearly basis in August. Moreover, monthly budget deficit widened less than market anticipations in August.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R21.4163. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand on Friday, amid mounting concerns that Britain will end its post-Brexit transition period without agreeing to any trading arrangements. Data indicated that UK's gross domestic product (GDP) rose less than market forecast on a monthly basis in July. Moreover, consumer inflation expectations for the next 12 months fell in August. Additionally, total trade balance reported a deficit in July. Meanwhile, the NIESR GDP estimate unexpectedly advanced in August. Also, the construction output climbed in July. Moreover, the manufacturing production and industrial production, both, advanced more than market consensus in July.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R19.7912. Going forward, market participants will keep a tab on Eurozone's industrial production for further cues.

The Euro weakened against the South African Rand on Friday. On the data front, Germany's final CPI recorded a flat reading in August.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.3% against the South African Rand to trade at R12.1620. Earlier in the session, in China, Australia's largest trading partner, the house price index rose in August.

The Australian Dollar fell against the South African Rand on Friday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	16.7051	▲	-1.02	NA	-1.22	-0.76	19.54
GBPZAR	21.4163	▲	-1.02	NA	-5.37	1.40	15.45
EURZAR	19.7912	▲	-0.78	NA	-1.98	0.57	26.26
AUDZAR	12.1620	▲	-0.56	NA	-2.36	2.45	24.00
EURUSD	1.1847	▲	0.26	NA	-0.75	1.34	5.65
GBPUSD	1.2819	▲	-0.07	NA	-4.29	2.18	-3.48
Brent (\$/barrel)	40.0	▲	-0.57	NA	-12.04	4.04	-39.65
Gold (\$/oz)	1949.2	▲	-0.84	NA	-1.57	0.39	27.34
Platinum (\$/oz)	945.5	▲	-0.15	NA	0.18	2.07	-3.27
Copper (\$/MT)*	6770.3	▲	1.20	NA	1.09	4.29	10.10

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.5% to trade at \$1,949.20/oz.

On Friday, gold prices fell 0.8% to close at \$1,939.50/oz, amid lack of further stimulus from the European Central Bank (ECB) and the US government.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$39.97/bl.

On Friday, Brent crude oil declined 0.6% to settle at \$39.83/bl, amid growing worries over demand outlook. Meanwhile, Baker Hughes reported that US oil rig count fell by 1 to 180 last week.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.6% to trade at \$945.50/oz.

On Friday, platinum prices dropped 0.2% to close at \$939.60/oz.

Major South African corporate news

African Oxygen Limited

In its 1H20 results, the company announced that revenues dropped to ZAR2.69bn from ZAR3.00bn posted in the corresponding period of the previous year. Its diluted EPS fell 30.5% to 77.40c from an EPS of 111.30c in the same period of the prior year.

RMB Holdings Limited

In its FY20 trading statement, the company announced that it expects EPS to be between R22.62 and R24.03, compared to ZAR7.06 reported in the last year. It expects its HEPS to be between 332.60c and 465.60c, compared to 665.20c posted in the prior year.

Major global economic news

UK

In the UK, consumer inflation expectations for the next 12 months dropped to 2.8% in August, compared to 2.9% in the previous month.

In July, the GDP rose 6.6% on a monthly basis in the UK, less than market expectations and compared to a rise of 8.7% in the previous month.

In the UK, the NIESR GDP estimate unexpectedly advanced 7.0% in August, compared to a drop of 7.9% in the prior month.

In July, construction output climbed 17.6% on a monthly basis in the UK, compared to an advance of 23.5% in the previous month.

In the UK, total trade balance reported a deficit of GBP8.63bn in July, compared to a surplus of GBP5.30bn in the previous month.

In July, manufacturing production advanced 6.3% on a monthly basis in the UK, more than market anticipations and compared to a rise of 11.0% in the prior month.

In the UK, industrial production rose 5.2% on a monthly basis in July, more than market forecast and compared to a rise of 4.0% in the previous month.

US

In the US, the CPI rose 1.3% on a yearly basis in August, more than market expectations and compared to a rise of 1.0% in the previous month.

In August, monthly budget deficit widened to USD200.00bn in August, less than market consensus and compared to a deficit of USD63.00bn in the prior month.

Eurozone

In Germany, the final CPI recorded a flat reading in August, compared to a drop of 0.1% in the previous month. The preliminary figures had also recorded a flat reading.










Asia

In China, the house price index advanced 4.8% in August, compared to a similar rise in the previous month.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Pan African Resources PLC	515	1.18	-5.68	138.43
Gold Fields Ltd	22054	10.49	1.45	134.10
Harmony Gold Mining Co Ltd	10354	6.85	-6.39	102.23
AngloGold Ashanti Ltd	48880	5.56	-1.18	55.30
Royal Bafokeng Platinum Ltd	7199	8.08	11.53	45.08
Northam Platinum Ltd	17934	10.60	12.05	45.07
Kumba Iron Ore Ltd	54257	3.62	2.18	43.01
African Rainbow Minerals Ltd	21650	4.57	1.71	39.72
Cartrack Holdings Ltd	3237	13.58	15.61	37.90
Naspers Ltd	294985	0.56	-4.62	28.77
Blue Label Telecoms Ltd	330	3.13	3.13	27.91
Impala Platinum Holdings Ltd	17357	8.96	11.00	22.97
Shoprite Holdings Ltd	14927	28.17	35.09	20.16
Zeder Investments Ltd	250	11.61	4.17	19.63
BHP Group PLC	37125	1.24	0.01	19.35
Stenprop Ltd	2650	-2.21	0.04	15.19
Afrimat Ltd	3700	7.71	1.88	14.03
Peregrine Holdings Ltd	2066	0.44	0.78	12.95
Vodacom Group Ltd	12608	1.25	-1.40	12.89
Discovery Ltd	13415	10.66	10.84	12.56
Investec Australia Property Fund	1569	1.69	-0.70	10.79
JSE Ltd	12175	4.96	2.66	10.53
Cie Financiere Richemont SA	12100	7.61	7.36	10.47
Rebosis Property Fund Ltd	35	2.94	-22.22	9.38
Exxaro Resources Ltd	13572	3.32	-1.06	9.36
AfroCentric Investment Corp Ltd	349	8.72	-0.29	7.98
Anglo American PLC	41350	2.73	2.24	7.34
Aspen Pharmacare Holdings Ltd	12720	-5.03	-6.38	6.69
Anglo American Platinum Ltd	133328	8.01	5.47	6.63
Reinet Investments SCA	29209	-7.39	-9.60	6.50
Coronation Fund Managers Ltd	4079	0.10	-4.72	6.45
Montauk Holdings Ltd	4000	14.29	17.47	5.26
Allied Electronics Corp Ltd	2400	0.00	-1.23	5.19
Rand Merchant Investment Holdings Ltd	3172	5.98	5.49	5.00
Sirius Real Estate Ltd	1632	-0.31	-0.49	4.08
Net 1 UEPS Technologies Inc	5363	0.00	3.13	3.99
Quilter PLC	2910	-4.12	-7.72	3.13
Trencor Ltd	498	-0.60	-5.14	2.33
Oceana Group Ltd	6190	0.65	-1.62	2.05
Mondi PLC	32250	1.64	0.29	1.74
JSE All Share Index	56088	4.10	1.10	-1.75

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	6:30	Capacity Utilisation (MoM) (Jul)	✓	9.60%*	6.20%	Monthly
 Japan	6:30	Industrial Production (MoM) (Jul) (F)	✓✓✓	8.70%*	1.90%	Monthly
 Japan	6:30	Industrial Production (YoY) (Jul) (F)	✓✓✓	-15.50%*	-18.20%	Monthly
 Japan	6:30	Tertiary Industry Index (MoM) (Jul)	✓✓	-0.50%*	7.90%	Monthly
 France	8:30	Bank of France Business Sentiment (Aug)	✓✓✓	-	99.00	Monthly
 Switzerland	10:00	Total Sight Deposits (CHF) (11-Sep)	✓	-	CHF702900.00mn	Weekly
 Switzerland	10:00	Domestic Sight Deposits (CHF) (11-Sep)	✓	-	CHF633200.00mn	Weekly
 Eurozone	11:00	Industrial Production s.a. (MoM) (Jul)	✓✓✓	4.00%	9.10%	Monthly
 Eurozone	11:00	Industrial Production w.d.a. (YoY) (Jul)	✓✓✓	-8.20%	-12.30%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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