

ONE Minute Brief

31 July 2020

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Economic and political news

In South Africa (SA), the producer price index (PPI) rose 0.5% on an annual basis in June, compared to a rise of 0.4% in the prior month.

Tourism Minister Mmamoloko Kubayi-Ngubane announced that the Covid-19 lockdown restrictions are set to be slightly eased and curfew hours have been shortened by an hour, and it will now be in place from 22:00 – 4:00 every night.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 482,169.

News reports indicate that the National Energy Regulator of SA (Nersa) would appeal the High Court's decision allowing Eskom to implement a phased recovery.

The High Court in Pretoria has dismissed with costs the Democratic Alliance's application for leave to appeal its far-reaching ruling that "race, gender, youth and disability" must be taken into account in the awarding of state relief to businesses stricken by the Covid-19.

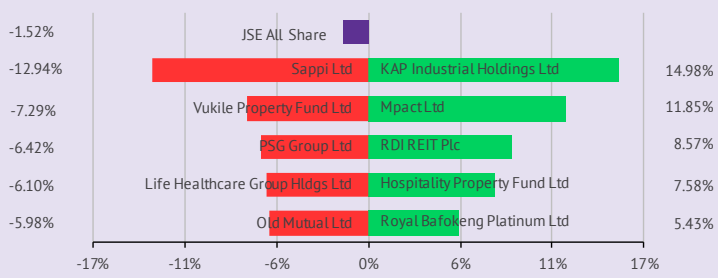
The National Treasury confirmed that SA has received the USD4.3bn emergency facility that it secured from the International Monetary Fund (IMF).

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking, financial and retail sector stocks. The JSE All Share Index fell 1.5% to close at 55,844.90.

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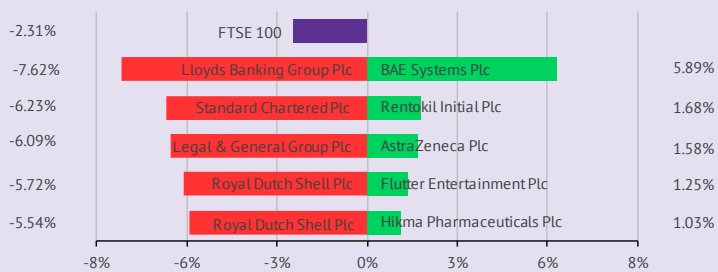


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, after major banks and other firms reported dismal quarterly earnings and amid worries over global economic recovery. The FTSE 100 Index declined 2.3% to close at 5,989.99. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

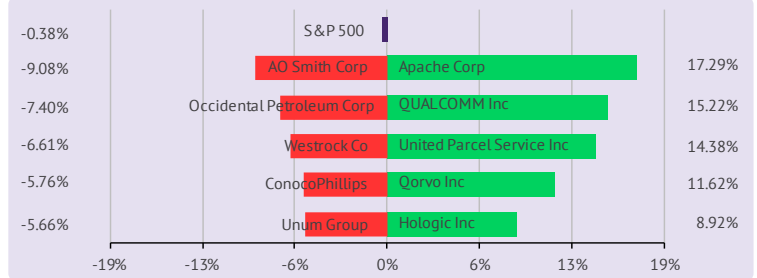
	As at 30 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55844.90	▼ -862.84	-1.52	0.36	2.73	7.68	-2.17
JSE Top 40 (ZAR)	51451.44	▼ -794.31	-1.52	0.37	2.54	7.80	1.25
FTSE 100 (GBP)	5989.99	▼ -141.47	-2.31	-2.19	-2.91	1.53	-20.58
DAX 30 (EUR)	12379.65	▼ -442.61	-3.45	-3.57	0.56	6.25	-6.56
CAC 40 (EUR)	4852.94	▼ -105.80	-2.13	-2.09	-1.68	5.12	-18.82
S&P 500 (USD)	3246.22	▼ -12.22	-0.38	0.95	4.71	1.84	0.48
Nasdaq Composite (USD)	10587.81	▲ 44.87	0.43	2.17	5.26	5.99	18.00
DJIA (USD)	26313.65	▼ -225.92	-0.85	-0.59	1.94	1.69	-7.80
MSCI Emerging Markets (USD)	1082.06	▼ -4.56	-0.42	2.04	8.74	6.96	-2.92
MSCI Developed World (USD)	2304.01	▼ -15.70	-0.68	0.54	4.64	2.51	-2.31

US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, after the US economy suffered its steepest quarterly contraction since the Great Depression and as President Donald Trump indicated a possible delay in the US elections. The S&P 500 Index dropped 0.4% to close at 3,246.22. Today, the S&P 500 futures are trading in the green.

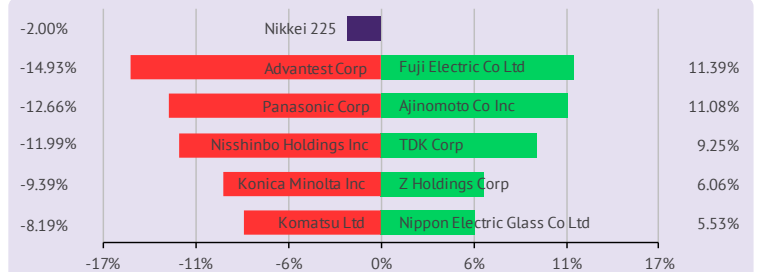
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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 2.0% lower at 21,891.74.



USD ZAR

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R16.7522. Later today, traders will keep a close watch on the US personal income, personal spending, the Chicago Purchasing Managers' Index (PMI) and the Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US preliminary gross domestic product (GDP) plunged in 2Q20, recording its biggest decline since 1940s. Additionally, seasonally adjusted number of initial jobless claims rose for the second straight week in the week ended 24 July 2020. Separately, the South African Rand fell against the US Dollar, as a spike in coronavirus cases in various parts of the world renewed fears about economic recovery. Data indicated that SA's PPI advanced less-than-anticipated in June.

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GBP ZAR

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.2% against the South African Rand to trade at R21.9938. Ahead in the day, traders will keep an eye on UK's Nationwide house price index for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.3% firmer against the South African Rand at R19.9209. Going forward, market participants will keep a tab on Eurozone's consumer price index (CPI) and GDP along with Germany's retail sales for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's services sentiment indicator advanced less than market consensus in July. Further, the final consumer confidence index fell in July. Additionally, the final CPI dropped in July. Also, the unemployment rate unexpectedly advanced in June. On the contrary, the economic sentiment indicator improved to a four-month high in July. Moreover, the industrial confidence index climbed more-than-expected in July. On the other hand, Germany's CPI unexpectedly fell on an annual basis in July. Moreover, seasonally adjusted flash GDP declined in 2Q20, recording its worst deterioration since 1970. Meanwhile, the nation's unemployment rate remained steady in July.










AUD ZAR

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.1% against the South African Rand to trade at R12.0708. Earlier in the session, Australia's private sector credit demand unexpectedly fell on a monthly basis in June. Additionally, the PPI unexpectedly dropped on a quarterly basis in 2Q20. Elsewhere, in China, Australia's largest trading partner, the NBS manufacturing PMI unexpectedly advanced in July. Moreover, the non-manufacturing PMI dropped less-than-anticipated in July.

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	16.7522		1.34	0.64	-3.39	-1.11	19.74
GBPZAR	21.9938		2.08	3.07	2.00	-0.70	18.26
EURZAR	19.9209		1.79	2.27	1.87	0.09	26.49
AUDZAR	12.0708		1.42	1.91	0.70	2.35	22.59
EURUSD	1.1892		0.47	1.64	5.46	1.20	5.65
GBPUSD	1.3129		0.76	2.36	5.60	0.47	-1.21
Brent (\$/barrel)	43.1		-1.85	-0.92	4.05	9.06	-34.94
Gold (\$/oz)	1989.7		-0.57	2.36	7.88	3.66	27.52
Platinum (\$/oz)	920.5		-4.79	-3.72	8.55	-3.88	-6.05
Copper (\$/MT)*	6441.8		-0.62	0.18	7.28	12.19	4.76

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

Gold

Trading in the green

At 06:00 SAST, gold prices rose 2.4% to trade at \$1,989.70/oz.

Yesterday, gold prices fell 0.6% to close at \$1,942.30/oz, as the Federal Reserve's pledge to support the US economy buoyed investors' risk appetite.

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Brent Crude Oil

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.3% to trade at \$43.08/bl.

Yesterday, Brent crude oil declined 1.9% to settle at \$42.94/bl, amid disappointing US economic data and uncertainty related to the US presidential elections.

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Platinum

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.9% higher to trade at \$920.50/oz.

Yesterday, platinum prices dropped 4.8% to close at \$912.60/oz.

Major South African corporate news

ArcelorMittal SA Limited

In its 1H20 results, the company announced that revenues dropped to ZAR12.01bn from ZAR21.74bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 211.00c, compared to 59.00c in the same period of the prior year.

City Lodge Hotels Limited

In its 9M20 results, the company announced that revenues declined to ZAR1.13bn from ZAR1.18bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 862.60c, compared to a diluted EPS of 469.60c in the same period of the prior year.

Raubex Group Limited

In its 1H20 trading statement, the company announced that it expects EPS to be at least 51.70c lower and its HEPS to be at least 46.90c lower, compared to 64.60c and 58.60c, respectively, in the same period last year.

Sappi Limited

In its 3Q20 results, the company announced that revenues decreased to USD0.91bn from USD1.37bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 13.00c, compared to a diluted EPS of 1.00c in the same period of the prior year.

Major global economic news

Eurozone

In the Eurozone, the services sentiment indicator rose to a level of -26.10 in July, less than market forecast and compared to a revised level of -35.50 in the previous month.

In July, the industrial confidence index climbed to -16.20 in the Eurozone, more than market consensus and compared to a revised level of -21.60 in the prior month.

In the Eurozone, the economic sentiment indicator rose to 82.30 in July, compared to a revised reading of 75.80 in the previous month.

In July, the final consumer confidence index fell to -15.00 in Eurozone, compared to a level of -14.70 in the previous month. The preliminary figures had also recorded a drop to -15.00.

In Eurozone, the unemployment rate unexpectedly rose to 7.8% in June, compared to a revised rate of 7.7% in the previous month.

In Germany, the preliminary CPI unexpectedly dropped 0.1% on an annual basis in July, compared to a rise of 0.9% in the previous month.

In 2Q20, seasonally adjusted flash GDP dropped 10.1% on a quarterly basis in Germany, more than market forecast and compared to a revised fall of 2.0% in previous quarter.

In Germany, the unemployment rate remained unchanged at 6.4% in July.

Asia

In Japan, the unemployment rate unexpectedly fell to 2.8% in June, compared to 2.9% in the previous month.

In June, industrial production advanced 2.7% on a monthly basis in Japan, more than market anticipations and compared to a fall of 8.9% in the prior month.

In China, the NBS manufacturing PMI unexpectedly climbed to 51.10 in July, compared to a level of 50.90 in the previous month.

In July, the non-manufacturing PMI fell less-than-expected to 54.20 in China, compared to a level of 54.40 in the previous month.

In Australia, private sector credit demand unexpectedly eased 0.2% on a monthly basis in June, compared to a drop of 0.1% in the prior month.

In 2Q20, the PPI unexpectedly declined 1.2% on a quarterly basis in Australia, compared to a rise of 0.2% in the previous month.

US

In the US, the preliminary annualised GDP plunged 32.9% on a quarterly basis in 2Q20, compared to a drop of 5.0% in the prior quarter.

In the week ended 24 July 2020, seasonally adjusted number of initial jobless claims advanced to 1434.00K on a weekly basis in the US, less than market anticipations and compared to a revised level of 1422.00K in the previous week.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Unemployment Rate (Jun)	✓✓	2.80%*	2.90%	Monthly
Japan	01:50	Industrial Production (YoY) (Jun) (P)	✓✓✓	2.70%*	-26.30%	Monthly
Japan	01:50	Industrial Production (MoM) (Jun) (P)	✓✓✓	-17.70%*	-8.90%	Monthly
China	03:00	NBS Manufacturing PMI (Jul)	✓✓	51.10*	50.90	Monthly
China	03:00	NBS Non-manufacturing PMI (Jul)	✓	54.20*	54.40	Monthly
Japan	07:00	Construction Orders (YoY) (Jun)	✓	-	-6.10%	Monthly
Japan	07:00	Consumer Confidence Index (Jul)	✓✓	-	28.40	Monthly
Japan	07:00	Annualised Housing Starts (Jun)	✓✓	-	0.81mn	Monthly
Japan	07:00	Housing Starts (YoY) (Jun)	✓	-13.70%	-12.30%	Monthly
France	07:30	Gross Domestic Product (QoQ) (Q2) (P)	✓✓✓	-15.20%	-5.30%	Quarterly
France	07:30	Gross Domestic Product (YoY) (Q2) (P)	✓✓✓	-	-5.00%	Quarterly
Germany	08:00	Retail Sales (MoM) (Jun)	✓✓✓	-3.30%	13.90%	Monthly
Germany	08:00	Retail Sales (YoY) (Jun)	✓✓✓	3.00%	3.80%	Monthly
UK	08:00	Nationwide House Prices n.s.a. (YoY) (Jul)	✓	-0.30%	-0.10%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Jul)	✓	-0.10%	-1.40%	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Jul) (P)	✓✓✓	0.30%	0.30%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Jul) (P)	✓✓✓	-	0.30%	Monthly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q2) (P)	✓✓✓	-12.00%	-3.60%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q2) (P)	✓✓	-14.50%	-3.10%	Quarterly
South Africa	14:00	Trade Balance (Jun)	✓✓	-	ZAR15.94bn	Monthly
Canada	14:30	Building Permits (MoM) (Jun)	✓	-	20.20%	Monthly
Canada	14:30	Gross Domestic Product (MoM) (May)	✓✓✓	3.50%	-11.60%	Monthly
Canada	14:30	Gross Domestic Product (YoY) (May)	✓✓✓	-	-17.10%	Monthly
US	14:30	Personal Income (MoM) (Jun)	✓✓	-0.50%	-4.20%	Monthly
US	14:30	Personal Spending (Jun)	✓✓	5.50%	8.20%	Monthly
US	15:45	Chicago PMI (Jul)	✓✓✓	43.90	36.60	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Jul) (F)	✓✓✓	73.00	78.10	Monthly
US	19:00	Baker Hughes US Oil Rig Count (31-Jul)	✓	-	181.00	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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