

ONE Minute Brief

30 April 2020

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Economic and political news

S&P Global Ratings downgraded South Africa's (SA) long-term and local-currency rating to 'BB-' or 'junk' status, citing the impact of the Covid-19 pandemic and heightened concerns about the long-term sustainability of the country's debt. Further, the ratings agency stated that it expects the economy to shrink by 4.5% in 2020.

Health Minister, Zweli Mkhize confirmed that SA's COVID-19 cases surged to 5,350, recording its biggest jump in last 24-hours.

Former President, Jacob Zuma has withdrawn his Constitutional Court bid to appeal the dismissal of his stay of prosecution application.

News reports indicate that Eskom has threatened to cut off electricity to municipalities for non-payment, even during the Covid-19 coronavirus lockdown. Moreover, the power utility stated that it has temporarily closed its Camden power plant because the dam could burst and endanger local residents.

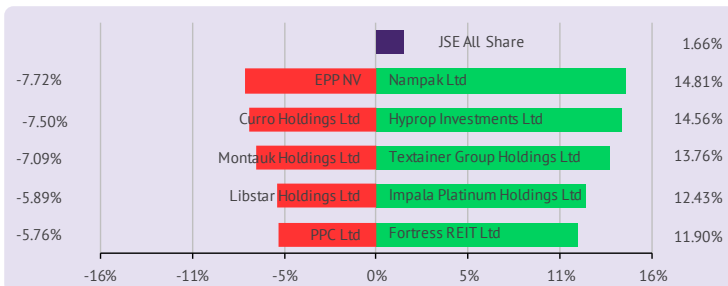
Minister of the Department of Cooperative Governance and Traditional Affairs, Nkosazana Dlamini Zuma announced that there would be a curfew from 1 May between 8pm and 5am, with only people who have the necessary permits allowed to be out of their homes under level 4 lockdown.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid optimism over trials being conducted on a potential treatment for the coronavirus. The JSE All Share Index rose 1.7% to close at 50,857.25.

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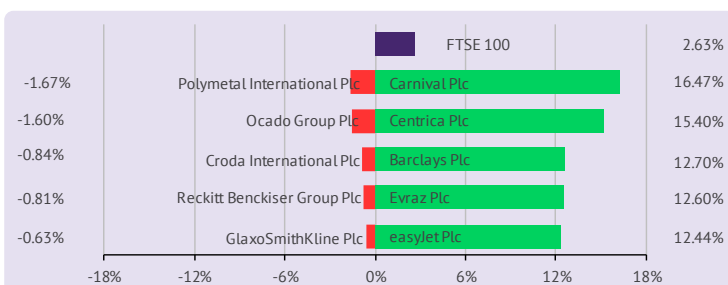


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid hopes that the business activity would revive as several countries began easing coronavirus-induced restrictions. The FTSE 100 Index advanced 2.6% to close at 6,115.25. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

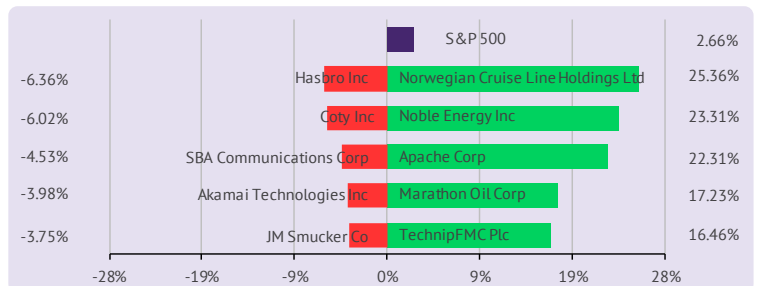
	As at 29 April 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	50857.25	▲	828.03	1.66	2.69	14.31	-12.83	-10.91
JSE Top 40 (ZAR)	46831.62	▲	730.91	1.59	2.71	14.96	-11.15	-7.84
FTSE 100 (GBP)	6115.25	▲	156.75	2.63	6.31	7.82	-13.81	-18.92
DAX 30 (EUR)	11107.74	▲	312.11	2.89	7.47	11.79	-16.44	-16.16
CAC 40 (EUR)	4671.11	▲	101.32	2.22	6.32	6.26	-17.21	-21.86
S&P 500 (USD)	2939.51	▲	76.12	2.66	3.62	13.73	-12.51	-9.02
Nasdaq Composite (USD)	8914.71	▲	306.98	3.57	3.24	15.77	-10.12	-0.65
DJIA (USD)	24633.86	▲	532.31	2.21	3.61	12.40	-13.74	-13.68
MSCI Emerging Markets (USD)	919.66	▲	16.96	1.88	4.58	8.38	-15.61	-17.49
MSCI Developed World (USD)	2070.76	▲	47.41	2.34	4.18	11.77	-13.47	-12.20

US Market ▲

US markets closed firmer

US markets closed higher yesterday, after the US Federal Reserve pledged to boost the economy and amid renewed hopes over an effective treatment for COVID-19. The S&P 500 Index climbed 2.7% to close at 2,939.51. Today, the S&P 500 futures are trading in the green.

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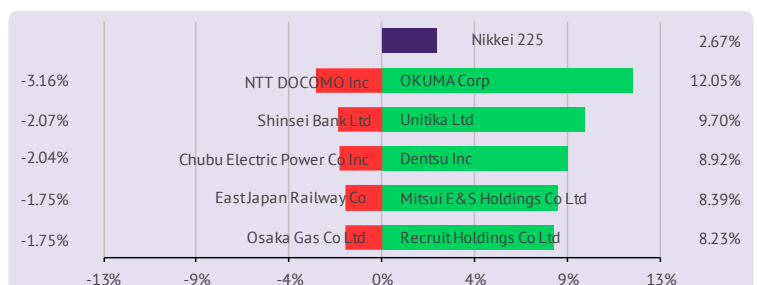


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 2.7% higher at 20,298.79.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R18.1843. Later today, traders will keep a close watch on the US initial jobless claims, personal income, personal spending and the Chicago Purchasing Managers' Index for further direction.

The US Dollar fell against the South African Rand yesterday, after the Fed hinted at additional monetary easing. On the macro front, the US pending home sales dropped more-than-expected on a monthly basis in March. Additionally, the flash annualised gross domestic product (GDP) declined in 1Q20, recording its biggest drop since 2008. Moreover, the MBA mortgage applications dropped on a weekly basis in the week ended 24 April 2020.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R22.6573. 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 yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro marginally advanced against the South African Rand to trade at R19.7506. Going forward, market participants will keep a tab on the European Central Bank's (ECB) interest rate decision, Eurozone's consumer price index (CPI), GDP and unemployment rate along with Germany's unemployment rate and retail sales for further indication.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's business climate indicator eased in April. Additionally, the services sentiment indicator plunged in April, suffering its steepest decline ever. Moreover, the economic sentiment indicator slumped in April, recording its largest fall since the survey started in 1985. Furthermore, the industrial confidence index tumbled more than market anticipations in April. Also, the final consumer confidence index significantly deteriorated in April. Separately, Germany's consumer price inflation slowed to its lowest level since late 2016 in April.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% firmer against the South African Rand at R11.9182. Earlier in the session, Australia's private sector credit demand rose on an annual basis in March. Elsewhere, in China, Australia's largest trading partner, the non-manufacturing PMI climbed in April. Meanwhile, the NBS manufacturing PMI slid more-than-anticipated in April. Additionally, the Caixin manufacturing PMI declined in April.

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	18.1843	▼	-2.67	-4.60	1.85	13.90	29.77
GBPZAR	22.6573	▼	-2.41	-4.00	2.10	10.46	21.94
EURZAR	19.7506	▼	-2.21	-4.08	0.34	13.95	25.81
AUDZAR	11.9182	▼	-1.90	-2.51	8.56	7.47	20.82
EURUSD	1.0861	▼	0.49	0.46	-1.43	0.05	-3.03
GBPUSD	1.2460	▼	0.35	0.82	0.39	-3.14	-5.94
Brent (\$/barrel)	24.9	▲	10.17	5.13	-14.46	-46.95	-65.85
Gold (\$/oz)	1728.8	▲	-0.51	-0.59	8.21	1.07	12.49
Platinum (\$/oz)	806.7	▲	0.50	3.39	10.38	-16.23	-17.69
Copper (\$/MT)*	5233.0	▲	0.73	2.23	5.96	-12.08	-14.90

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.9% to trade at \$1,728.80/oz.

Yesterday, gold prices fell 0.5% to close at \$1,713.40/oz, as progress on an experimental treatment for COVID-19 reduced demand for the safe haven metal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 10.3% to trade at \$24.87/bl.

Yesterday, Brent crude oil advanced 10.17% to settle at \$22.54/bl, amid less-than-expected rise in the US crude stockpiles and amid optimism that demand for oil would rebound as some European countries and US states began easing lockdown restrictions. The US Energy Information Administration (EIA) reported that crude oil inventories rose by 9mn bls to 527.6mn bls in the week ended 24 April 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.9% higher to trade at \$806.70/oz.

Yesterday, platinum prices climbed 0.5% to close at \$799.60/oz.

Major South African corporate news

MTN Group Limited

In its 1Q20 results of its subsidiary MTN Ghana, the company announced that service revenues advanced 20.4% to GHc1.43bn from the same period of the preceding year, underpinned by double-digit growth in voice, data and Mobile Money revenue. Further, a gross interim dividend of GH¢0.03 per share for the period to 31 March 2020 has been declared.

Royal Bafokeng Platinum Limited

In its production report for the period covering 1 January 2020 to 31 March 2020, the company announced that overall production for the reporting period was negatively impacted by a five-day production loss at the BRPM concentrator during the initial post festive season start-up resulting from an electrical failure in the primary mill motor circuit and Amplats force majeure declaration on 6 March 2020 and Eskom load curtailment restrictions. Moreover, total tonnes milled for the reporting period decreased by 49.00kt or 9.5% to 467.00kt, with closing surface stocks estimated at 53.00kt Merensky tonnes milled for the quarter amounted to 317.00kt, equating to a 90.00kt reduction compared to the comparative 2019 period.

Major global economic news

Eurozone

In Germany, the preliminary CPI rose 0.8% on an annual basis in April, more than market forecast and compared to a rise of 1.4% in the prior month.

In the Eurozone, the business climate indicator dropped to a level of -1.81 in April, compared to a reading of -0.28 in the prior month.

In April, the services sentiment indicator slumped to -35.00 in the Eurozone, compared to a revised level of -2.30 in the previous month.

In Eurozone, the economic sentiment indicator declined more-than-expected to a level of 67.00 in April, compared to a revised level of 94.20 in the previous month.

In April, the industrial confidence index dropped to -30.40 in the Eurozone, more than market expectations. In the prior month, the index had registered a revised reading of -11.20.

In the Eurozone, the final consumer confidence index eased to -22.70 in April, compared to a level of -11.60 in the previous month. The preliminary figures had also indicated a drop to -22.70.

US

In the US, pending home sales dropped 20.8% on a monthly basis in March, more than market expectations and compared to a revised advance of 2.3% in the previous month.

In 1Q20, the flash annualised GDP fell 4.8% on a quarterly basis in the US, more than market anticipations and compared to a rise of 2.1% in the prior quarter.

In the US, the MBA mortgage applications eased 3.3% on a weekly basis in the week ended 24 April 2020, compared to a fall of 0.3% in the previous week.

The US Federal Reserve (Fed), in its latest monetary policy decision, kept its key interest rate unchanged at 0.25% and pledged to maintain it there until the economy recovers. Additionally, the central bank pledged to maintain accommodative policy until the economy again reaches full employment and 2% inflation target. In a post-meeting statement, the Fed stated that the ongoing coronavirus pandemic will “weigh heavily” on economic activity and pose “considerable risks” to the economic outlook over the medium term.

Asia

In Japan, retail trade dropped 4.6% on an annual basis in March, less than market forecast and compared to a revised rise of 1.6% in the previous month.

In March, industrial production slid 3.7% on a monthly basis in Japan, compared to a drop of 0.3% in the previous month.

In China, the non-manufacturing PMI advanced to a level of 53.20 in April, compared to a level of 52.30 in the previous month.

In April, the NBS manufacturing PMI eased to 50.80 in China, more than market expectations and compared to a reading of 52.00 in the previous month.

In China, the Caixin manufacturing PMI slid to a level of 49.40 in April, compared to 50.10 in the previous month.

In Australia, private sector credit demand climbed 3.6% on an annual basis in March, compared to a rise of 2.8% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Retail Trade s.a. (MoM) (Mar)	✓✓✓	-4.50%*	0.60%	Monthly
Japan	01:50	Industrial Production (MoM) (Mar) (P)	✓✓✓	-3.70%*	-0.30%	Monthly
Japan	01:50	Large Retailer's Sales (Mar)	✓✓	-10.10%*	0.20%	Monthly
Japan	01:50	Industrial Production (YoY) (Mar) (P)	✓✓✓	-5.20%*	-5.70%	Monthly
Japan	01:50	Retail Trade (YoY) (Mar)	✓✓✓	-4.60%*	1.70%	Monthly
China	03:00	NBS Non-manufacturing PMI (Apr)	✓	53.20*	52.30	Monthly
China	03:00	NBS Manufacturing PMI (Apr)	✓✓	50.80*	52.00	Monthly
Japan	07:00	Consumer Confidence Index (Apr)	✓✓	-	-	Monthly
Japan	07:00	Housing Starts (YoY) (Mar)	✓	-16.00%	-12.30%	Monthly
Japan	07:00	Annualised Housing Starts (Mar)	✓✓	-	0.87 mn units	Monthly
Japan	07:00	Construction Orders (YoY) (Mar)	✓	-	0.70%	Monthly
France	07:30	Gross Domestic Product (QoQ) (Q1) (P)	✓✓✓	-3.50%	-0.10%	Quarterly
Germany	08:00	Retail Sales (YoY) (Mar)	✓✓✓	1.50%	6.40%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Mar)	✓	6.80%	7.69%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Mar)	✓	5.10%	5.09%	Monthly
France	08:45	Consumer Price Index (YoY) (Apr) (P)	✓✓✓	-	0.70%	Monthly
Switzerland	09:00	KOF Economic Barometer (Apr)	✓✓	63.50	92.85	Monthly
Germany	09:55	Unemployment Rate s.a. (Apr)	✓✓✓	5.20%	5.00%	Monthly
Eurozone	11:00	Unemployment Rate (Mar)	✓✓✓	7.70%	7.30%	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Apr) (P)	✓✓✓	-	0.50%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Mar)	✓✓	-	4.50%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Mar)	✓✓	-	0.30%	Monthly
Italy	12:00	Gross Domestic Product s.a. (QoQ) (Q1) (P)	✓✓✓	-5.00%	-0.30%	Quarterly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As Scheduled
South Africa	14:00	Trade Balance (Mar)	✓✓	-	ZAR14.15bn	Monthly
South Africa	14:00	Budget Balance (Mar)	✓	-	-	Monthly
Canada	14:30	Gross Domestic Product (MoM) (Feb)	✓✓✓	0.10%	0.10%	Monthly
Eurozone	14:30	ECB Monetary policy statement and press conference	✓✓✓	-	-	As Scheduled
US	14:30	Personal Income (MoM) (Mar)	✓✓	-	0.60%	Monthly
US	14:30	Personal Spending (Mar)	✓✓	-5.00%	0.20%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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