

ONE Minute Brief

4 May 2020

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Economic and political news

In South Africa (SA), trade surplus widened to ZAR24.25bn in March, compared to a revised surplus of ZAR13.71bn February. Additionally, expansion in M3 money supply quickened to 9.5% on an annual basis in March, compared to 7.7% in the previous month. Moreover, growth in private sector credit demand expanded to 7.8% on a yearly basis in March, compared to a revised 5.1% in the prior month.

South African Airways' administrators, Les Matuson and Siviwe Dongwana, have extended the deadline for workers to agree to the severance package until 8 May, after Public Enterprises Minister, Pravin Gordhan stated that he needs time to explore funding options for the airline. Meanwhile, the administrators indicated that SAA could start retrenching its 5,000 staff from 12 May, if unions and workers do not accept the proposed severance deal.

The Association of Mineworkers and Construction Union has won a court case to compel the Department of Mineral Resources & Energy to set minimum health and safety standards during the Covid-19 pandemic.

The Energy Department announced that petrol price would fall to ZAR12.22 per litre and diesel to ZAR11.08 per litre, from 6 May 2020.

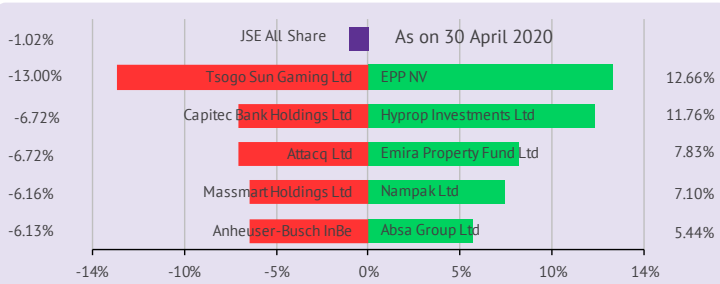
Health Minister, Zweli Mkhize confirmed that SA's COVID-19 cases had increased to 6,783.

South Africa Market

South African markets closed lower

South African markets closed in the red on Thursday, led by losses in retail and mining sector stocks. The JSE All Share Index fell 1.0% to close at 50,336.72.

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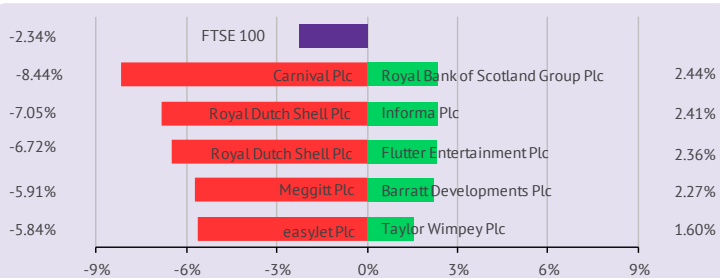


UK Market

UK markets closed in the red

UK markets finished lower on Friday, after US President, Donald Trump threatened to impose new tariffs on China. The FTSE 100 Index declined 2.3% to close at 5,763.06. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

	As at 01 May 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)*	50336.72	▼	-52.053	-1.02	NA	NA	13.14	-11.82
JSE Top 40 (ZAR)*	46348.26	▼	-483.36	-1.03	NA	NA	13.77	-8.79
FTSE 100(GBP)	5763.06	▼	-138.15	-2.34	NA	-2.34	4.04	-23.59
DAX 30 (EUR)*	10861.64	▼	-246.1	-2.22	NA	NA	9.32	-18.02
CAC 40 (EUR)*	4572.18	▼	-98.93	-2.12	NA	NA	4.00	-23.52
S&P 500 (USD)	2830.71	▼	-81.72	-2.81	NA	-2.81	12.68	-12.38
Nasdaq Composite (USD)	8604.95	▼	-284.60	-3.20	NA	-3.20	15.45	-4.10
DJIA (USD)	23723.69	▼	-622.03	-2.55	NA	-2.55	11.08	-16.87
MSCI Emerging Markets (USD)	916.77	▼	-8.17	-0.88	NA	-0.88	9.00	-17.75
MSCI Developed World (USD)	2004.79	▼	-48.06	-2.34	NA	-2.34	10.80	-15.00

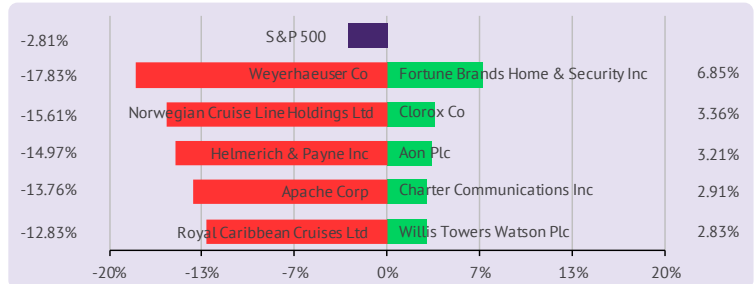
*Values as on 30 April 2020

US Market

US markets closed weaker

US markets closed lower on Friday, after President, Donald Trump revived a threat of new tariffs against China in response to the COVID-19 pandemic. The S&P 500 Index dropped 2.8% to close at 2,830.71. Today, the S&P 500 futures are trading in the red.

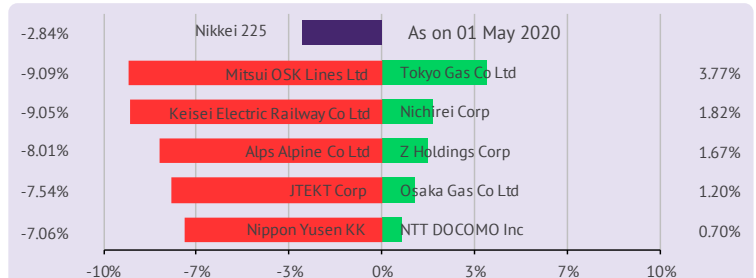
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Asian Market

Trading mostly lower

Asian markets are trading mostly lower this morning. Markets in Japan are closed today on account of a public holiday.



USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% higher against the South African Rand at R18.8802. Later today, traders will keep a close watch on the US factory orders for further direction.

The US Dollar rose against the South African Rand on Friday. On the macro front, the US final Markit manufacturing declined in April, marking its lowest level in 11 years. Additionally, personal income slid more than market forecast on a monthly basis in March. Moreover, personal spending dropped more-than-expected on a monthly basis in March. Also, the Chicago Fed Purchasing Managers' Index eased more than market consensus in April. Meanwhile, seasonally adjusted initial jobless claims dropped less-than-anticipated on a weekly basis in the week ended 25 April 2020. Meanwhile, the ISM manufacturing activity index slumped less than market expectations in April. Additionally, construction spending unexpectedly advanced on a monthly basis in March. Separately, data indicated that SA's trade surplus widened in March. Further, both, M3 money supply and private sector credit demand advanced more-than-expected on an annual basis in March.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading slightly higher against the South African Rand at R23.5224. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand on Friday. Data indicated that UK's mortgage approvals for house purchases dropped to a 7-year low in March. Additionally, the final Markit manufacturing PMI contracted at its fastest pace in April. Moreover, net consumer credit declined in March. Meanwhile, seasonally adjusted Nationwide house price index unexpectedly climbed at its fastest pace since 2017 in April.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading marginally firmer against the South African Rand at R20.6612. Going forward, market participants will keep a tab on Eurozone's Sentix investor confidence index and the Markit manufacturing PMIs across the euro area for further indication.

The Euro strengthened against the South African Rand on Friday. On the data front, Eurozone's unemployment rate advanced less-than-expected in March. Additionally, the preliminary consumer price index (CPI) climbed more than market forecast in April. Meanwhile, Eurozone's economy contracted in 1Q20, recording its lowest reading since records began in 1995. Separately, Germany's seasonally adjusted unemployment rate sharply advanced in April. Meanwhile, retail sales dropped less than market consensus in March.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R12.0828. Earlier in the session, the AiG performance of manufacturing index plummeted in April. Additionally, the Commonwealth Bank manufacturing PMI declined in April. Meanwhile, building permits dropped less-than-expected in March. Moreover, the producer price index (PPI) rose on a quarterly basis in 1Q20.

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

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	18.8802	▼	1.53	NA	1.53	3.86	34.36
GBPZAR	23.5224	▼	0.77	NA	0.77	5.26	26.68
EURZAR	20.6612	▼	1.79	NA	1.79	3.12	31.61
AUDZAR	12.0828	▼	0.07	NA	0.07	10.18	22.70
EURUSD	1.0942	▼	0.24	NA	0.24	-0.69	-2.07
GBPUSD	1.2458	▼	-0.70	NA	-0.70	1.40	-5.66
Brent (\$/barrel)	26.4	▼	-0.15	NA	-0.15	0.49	-59.94
Gold (\$/oz)	1709.8	▲	0.40	NA	0.40	7.00	11.67
Platinum (\$/oz)	773.3	▼	-4.81	NA	-4.81	12.23	-20.33
Copper (\$/MT)*	5081.0	▼	-1.54	NA	-1.54	4.48	-17.37

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.5% to trade at \$1,709.80/oz.

On Friday, gold prices rose 0.4% to close at \$1,700.90/oz, as US President, Donald Trump's threat to impose new tariffs on China renewed investor concerns increasing demand for the safe haven metal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$26.42/bl, amid US-China trade tensions.

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On Friday, Brent crude oil declined 0.2% to settle at \$26.44/bl. Meanwhile, Baker Hughes reported that the number of active US rigs drilling for oil fell by 53 to 325 last week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$773.30/oz.

On Friday, platinum prices dropped 4.8% to close at \$773.90/oz.

Major South African corporate news

Impala Platinum Holdings Limited

In its 3Q20 production report, the company announced that its primary focus remains on protecting the safety and health of its employees while sustaining operational delivery as far as possible. The group tonnes milled (excluding JV operations) improved by 18.0% to 5.36mn tonnes during the quarter, compared to 4.53mn tonnes in the prior comparable period. Tonnes milled, excluding production from JV operations during the 9 month period ended 31 March 2020, increased by 6.0% to 15.67mn tonnes as the average mill grade declined by 2.0% to 3.75g/t (6E).

PPC Limited

The company announced the appointment of Ms. Ronel van Dijk as permanent Chief Financial Officer (CFO). Further, the company reported that its businesses have generally been operationally constrained in their respective jurisdictions during April. Meanwhile, in SA, only PPC Lime sold small quantities to customers deemed by the authorities as essential providers. Overall sales volumes in SA for April are expected to be around 95.0% lower compared to April 2019, due to the stringent lock down measures imposed by the South African government.

Major global economic news

US

In the US, construction spending unexpectedly rose 0.9% on a monthly basis in March, compared to a revised drop of 2.5% in February month.

In April, the final Markit manufacturing PMI slid to 36.10 in the US, compared to a level of 48.50 in the prior month. The preliminary figures had indicated a fall to 36.90.

In the US, the ISM manufacturing activity index eased to a level of 41.50 in April, less than market forecast and compared to a level of 49.10 in the prior month.

In April, the Chicago Fed Purchasing Managers' Index dropped to 35.40 in the US, more than market consensus and compared to a reading of 47.80 in the prior month.

In the US, personal income fell 2.0% on a monthly basis in March, more than market expectations and compared to a rise of 0.6% in the prior month.

In March, personal spending dropped more-than-expected by 7.5% on a monthly basis in the US. In the prior month, personal spending had recorded a rise of 0.2%.

In the US, seasonally adjusted initial jobless claims fell to a level of 3839.00K on a weekly basis in the week ended 25 April 2020, less than market expectations and compared to a revised level of 4442.00K in the prior week.

Asia

In Australia, the PPI advanced 0.2% on a quarterly basis in 1Q20, compared to an advance of 0.3% in the prior quarter.

In April, the AiG performance of manufacturing index declined to 35.80 in Australia, compared to a level of 53.70 in the previous month.

In Australia, the Commonwealth Bank manufacturing PMI eased to a level of 44.10 in April, compared to a revised level of 49.70 in March.

In March, building permits slid 4.0% on a monthly basis in Australia, less than market consensus and compared to a rise of 19.9% in February.

In Japan, the final Jibun Bank manufacturing PMI eased to 41.90 in April. In the previous month, manufacturing PMI had registered a level of 44.80. The preliminary figures had indicated a drop to 43.70.

In April, the consumer confidence index fell to a level of 21.60 in Japan, compared to a reading of 30.90 in the previous month.

In Japan, housing starts slid 7.6% on a yearly basis in March, less than market anticipations and compared to a fall of 12.3% in February.

Eurozone

The European Central Bank (ECB), in its latest monetary policy meeting, kept its benchmark interest rate unchanged at 0.00%, as widely expected. However, the ECB stated that it was ready to increase its coronavirus stimulus program, if needed. Moreover, the central bank also announced that it had eased lending conditions for banks. Meanwhile, ECB President, Christine Lagarde stated that the central bank expects a GDP contraction between 5% and 12% for 2020.

In the Eurozone, the unemployment rate climbed to 7.4% in March, less than market forecast and compared to 7.3% in the prior month.

In April, the preliminary CPI rose 0.4% on an annual basis in the Eurozone, more than market anticipations. In the previous month, the CPI had recorded a rise of 0.7%.

In the Eurozone, preliminary seasonally adjusted GDP declined 3.8% on a quarterly basis in 1Q20, more than market consensus. In the prior quarter, GDP had recorded a rise of 0.1%.

In Germany, seasonally adjusted unemployment rate advanced to 5.8% in April, compared to 5.0% in the prior month.

In March, retail sales slid 5.6% on a monthly basis in Germany, less than expectations and compared to a revised advance of 0.8% in the previous month.

UK

In the UK, mortgage approvals for house purchases dropped to 56.20K in March, compared to a revised reading of 73.70K in the previous month.

In March, net consumer credit declined by GBP3.80bn in the UK. In the prior month, net consumer credit had recorded a rise of GBP0.88bn.

In the UK, the final Markit manufacturing PMI eased to a level of 32.60 in April, compared to a level of 47.80 in the previous month. The preliminary figures had indicated a drop to 32.90.

In April, seasonally adjusted Nationwide house price index unexpectedly advanced 0.7% on a monthly basis in the UK, compared a rise of 0.8% in the previous month.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Gold Fields Ltd	14182	-10.15	0.00	49.39
AngloGold Ashanti Ltd	46470	-10.34	0.00	47.64
Pan African Resources PLC	317	-8.38	0.00	46.76
Harmony Gold Mining Co Ltd	6882	-4.91	0.00	34.41
Steinhoff International Holdings NV	111	-12.60	0.00	32.14
Net 1 UEPS Technologies Inc	6529	-16.24	0.00	26.60
Naspers Ltd	289886	-0.18	0.00	26.54
British American Tobacco PLC	70803	2.19	0.00	21.05
Assore Ltd	31604	0.16	0.00	18.84
Reinet Investments SCA	29661	3.35	0.00	6.89
Vodacom Group Ltd	12322	-0.81	0.00	6.87
AfroCentric Investment Corp Ltd	360	2.27	0.00	6.19
Peregrine Holdings Ltd	1880	0.16	0.00	2.78
Trencor Ltd	744	-0.13	0.00	2.34
Mondi PLC	32986	6.39	0.00	1.09
Quilter PLC	2845	2.71	0.00	0.11
Sirius Real Estate Ltd	1601	1.91	0.00	0.06
Oceana Group Ltd	6100	0.39	0.00	-0.89
Rhodes Food Group Pty Ltd	1449	0.84	0.00	-1.18
Santam Ltd	27504	-3.07	0.00	-2.14
BHP Group PLC	31045	2.39	0.00	-2.56
Aspen Pharmacare Holdings Ltd	11564	5.23	0.00	-3.00
Cartrack Holdings Ltd	2306	2.49	0.00	-4.06
Cie Financiere Richemont SA	10418	2.27	0.00	-4.88
MiX Telematics Ltd	675	2.43	0.00	-5.80
JSE Ltd	10285	-8.49	0.00	-6.63
Zeder Investments Ltd	195	4.28	0.00	-6.69
Stenprop Ltd	2190	-0.45	0.00	-7.47
Liberty Two Degrees	570	0.00	0.00	-8.84
Clicks Group Ltd	23071	0.74	0.00	-8.98
Astral Foods Ltd	19333	2.29	0.00	-9.17
Pick n Pay Stores Ltd	5800	-4.24	0.00	-9.22
South32 Ltd	2366	6.62	0.00	-9.50
Coronation Fund Managers Ltd	3615	-2.32	0.00	-9.51
AVI Ltd	7870	2.21	0.00	-9.67
Kumba Iron Ore Ltd	35271	1.69	0.00	-10.28
SPAR Group Ltd/The	17688	-6.66	0.00	-10.45
Allied Electronics Corp Ltd	2060	2.23	0.00	-10.82
Investec Australia Property Fund	1304	3.08	0.00	-11.05
RCL Foods Ltd/South Africa	959	-0.10	0.00	-11.84
JSE All Share Index	50337	1.63	0.00	-11.82

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Spain	09:15	Markit Manufacturing PMI (Apr)	✓	-	45.70	Monthly
Switzerland	09:30	SVME - PMI (Apr)	✓✓	-	43.70	Monthly
Italy	09:45	Markit Manufacturing PMI (Apr)	✓✓✓	40.50	40.30	Monthly
France	09:50	Markit Manufacturing PMI (Apr) (F)	✓✓✓	42.90	43.20	Monthly
Germany	09:55	Markit Manufacturing PMI (Apr) (F)	✓✓✓	45.50	45.40	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Apr) (F)	✓✓✓	44.70	44.50	Monthly
Switzerland	10:00	Domestic Sight Deposits (CHF) (01-May)	✓	-	CHF573900.00mn	Weekly
Switzerland	10:00	Total Sight Deposits (CHF) (01-May)	✓	-	CHF650700.00mn	Weekly
Eurozone	10:30	Sentix Investor Confidence (May)	✓✓✓	-	-42.90	Monthly
South Africa	11:00	PMI Manufacturing (Apr)	✓✓	-	48.10	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Mar) (F)	✓	-	-0.90%	Monthly
US	16:00	Factory Orders (MoM) (Mar)	✓✓✓	-9.50%	0.00%	Monthly
US	16:00	Durable Goods Orders (Mar) (F)	✓✓✓	-	1.10%	Monthly
US	16:00	Durable Goods Orders ex Transportation (Mar) (F)	✓✓	-	-0.70%	Monthly
US	16:00	Cap Goods Orders Nondef Ex Air (Mar) (F)	✓	-	-0.90%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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