

ONE  
Minute Brief

6 May 2020

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## Economic and political news

South African Revenue Service Commissioner, Edward Kieswetter, has warned that the combined impact of South Africa's (SA) struggling economy and the lockdown could result in a loss of up to ZAR285bn in tax revenues in the current fiscal year.

While addressing parliament's Standing Committee on Finance, Finance Minister, Tito Mboweni stated that the government should support all businesses, in its Covid-19 relief funding, irrespective of race. Meanwhile, he stated that he was no longer interested in funding dysfunctional state-owned enterprises (SOEs).

According to a comprehensive modelling exercise by Business for SA (B4SA), SA's GDP could drop between 10.3% and 16.7% in 2020, due to the Covid-19 pandemic and the lockdown.

Health Minister, Zweli Mkhize confirmed that South Africa's (SA) COVID-19 cases had increased to 7,572.

News reports indicate that the Passenger Rail Agency of SA (Prasa) has proposed voluntary severance packages to union members, citing the entity's deteriorating financial position.

## Key indices

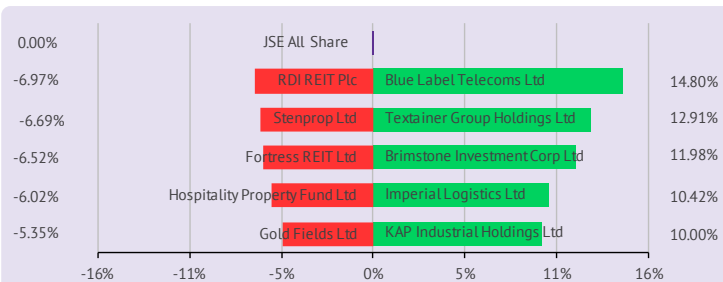
|                             | As at 05 May 2020 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR)         | 49184.16          | ▼         | -2.43     | 0.00      | -2.29     | -2.29             | 13.14     |
| JSE Top 40 (ZAR)            | 45210.39          | ▼         | -43.64    | -0.10     | -2.46     | -2.46             | 13.77     |
| FTSE 100 (GBP)              | 5849.42           | ▲         | 95.64     | 1.66      | 1.50      | -0.88             | 4.04      |
| DAX 30 (EUR)                | 10729.46          | ▲         | 262.66    | 2.51      | -1.22     | -1.22             | 9.32      |
| CAC 40 (EUR)                | 4483.13           | ▲         | 104.90    | 2.40      | -1.95     | -1.95             | 4.00      |
| S&P 500 (USD)               | 2868.44           | ▲         | 25.70     | 0.90      | 1.33      | -1.51             | 12.68     |
| Nasdaq Composite (USD)      | 8809.12           | ▲         | 98.41     | 1.13      | 2.37      | -0.90             | 15.45     |
| DJIA (USD)                  | 23883.09          | ▲         | 133.33    | 0.56      | 0.67      | -1.90             | 11.08     |
| MSCI Emerging Markets (USD) | 895.74            | ▲         | 7.76      | 0.87      | -2.29     | -3.16             | 9.00      |
| MSCI Developed World (USD)  | 2018.12           | ▲         | 20.37     | 1.02      | 0.66      | -1.69             | 10.80     |

## South Africa Market ▼

## South African markets closed lower

South African markets closed in the red yesterday, amid ongoing concerns related to the coronavirus pandemic. The JSE All Share Index ended marginally lower to close at 49,184.16.

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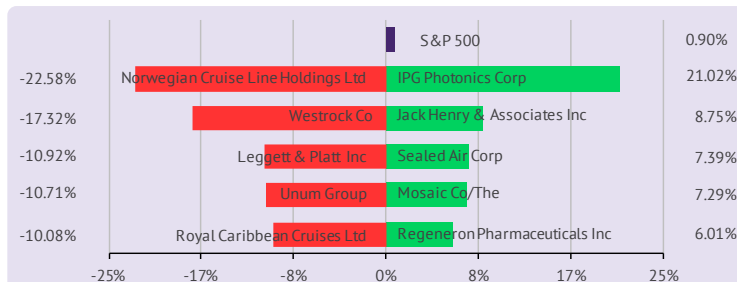


## US Market ▲

## US markets closed firmer

US markets closed higher yesterday, amid signs of progress in the treatment of the COVID-19 pandemic and as oil prices climbed. The S&P 500 Index climbed 0.9% to close at 2,868.44. Today, the S&P 500 futures are trading in the red.

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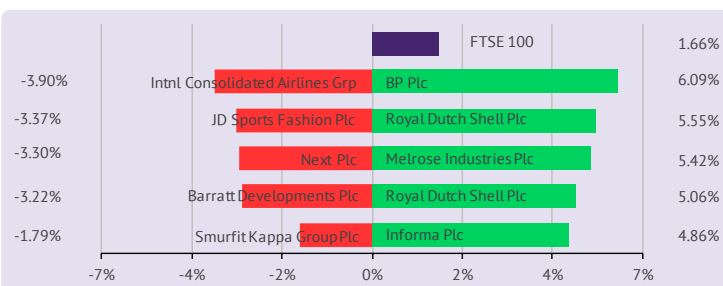


## UK Market ▲

## UK markets closed in the green

UK markets finished higher yesterday, boosted by gains in energy stocks. The FTSE 100 Index advanced 1.7% to close at 5,849.42. Today, the FTSE 100 futures are trading in negative territory.

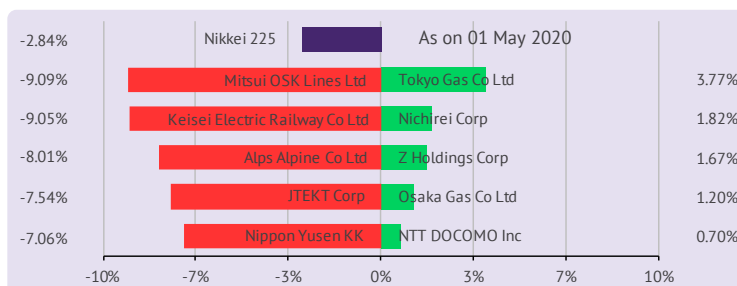
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## Asian Market ◀▶

## Trading mixed

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



## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.1% against the South African Rand to trade at R18.4967. Later today, traders will keep a close watch on the US MBA mortgage applications and the ADP employment change further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US ISM non-manufacturing PMI contracted for the first time in over ten years in April. Additionally, the final Markit services PMI declined in April. Moreover, trade deficit widened more than market forecast in March. Separately, the South African Rand rose against the US Dollar, as several countries around the world began to ease lockdown restrictions.

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## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R23.0011. Ahead in the day, traders will keep an eye on UK's Markit construction PMI for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's Markit services PMI eased in April.

## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R20.0440. Going forward, market participants will keep a tab on Eurozone's Markit services PMI and retail sales along with Germany's Markit services PMI and factory orders for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's producer price index (PPI) declined at a faster pace in March.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R11.8961. Earlier in the session, Australia's retail sales advanced more-than-expected in March.

The Australian Dollar fell against the South African Rand yesterday.

## Key currencies & commodities

|                   | Current# |   | 1 D %<br>Chg | WTD %<br>Chg | MTD %<br>Chg | Prev. month<br>% Chg | YTD %<br>Chg |
|-------------------|----------|---|--------------|--------------|--------------|----------------------|--------------|
| USDZAR            | 18.4967  | ▲ | -0.37        | -1.55        | -0.04        | 3.86                 | 32.28        |
| GBPZAR            | 23.0011  | ▲ | -0.36        | -2.08        | -1.33        | 5.26                 | 24.04        |
| EURZAR            | 20.0440  | ▲ | -0.98        | -2.83        | -1.09        | 3.12                 | 27.89        |
| AUDZAR            | 11.8961  | ▲ | -0.16        | -1.32        | -1.26        | 10.18                | 21.08        |
| EURUSD            | 1.0835   | ▼ | -0.61        | -1.28        | -1.05        | -0.69                | -3.33        |
| GBPUSD            | 1.2433   | ▼ | -0.06        | -0.57        | -1.26        | 1.40                 | -6.20        |
| Brent (\$/barrel) | 30.8     | ▼ | 13.86        | 17.13        | 16.96        | 0.49                 | -53.08       |
| Gold (\$/oz)      | 1709.6   | ▼ | -0.16        | 0.57         | 0.97         | 7.00                 | 12.31        |
| Platinum (\$/oz)  | 778.4    | ▼ | 0.80         | 1.40         | -3.48        | 12.23                | -19.22       |
| Copper (\$/MT)*   | 5127.5   | ▲ | 0.65         | 0.92         | -0.63        | 4.48                 | -16.61       |

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,709.60/oz.

Yesterday, gold prices fell 0.2% to close at \$1,710.60/oz, as the US dollar strengthened and amid optimism about the easing of business lockdowns by major economies.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$30.84/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose by 8.4mn bls 518.6mn bls for the week ended 1 May 2020.

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Yesterday, Brent crude oil advanced 13.9% to settle at \$30.97/bl, on expectations that demand for oil would pick up, as some European and Asian countries as well as some of the US states began to ease coronavirus induced lockdown restrictions.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.8% lower to trade at \$778.40/oz.

Yesterday, platinum prices climbed 0.8% to close at \$784.80/oz.

## Major South African corporate news

### Anglo American Platinum Limited

The company announced that it has successfully completed the repair of the Anglo Converter Plant (ACP) Phase B unit. Further, the ACP and full downstream processing operations are completing a safe ramp-up and expects to be fully operational from 12 May 2020. Meanwhile, force majeure to suppliers of concentrate would be lifted from the same date. The estimated final cost of repairs for ACP Phase B is ZAR150.00mn, in line with the lower end of guidance provided. Repair work on the ACP Phase A unit continues and is progressing in line with the project plan.

### Telkom SA SOC Limited

In its COVID-19 update, the company announced that it proactively designed and implemented measures that would mitigate against the COVID-19 focusing on the well-being and safety of employees, continuity of supply and service to customers, supply chain, infrastructure & network, IT and security, and liquidity. Further, the cost of the firm's restructuring process has reduced approximately from ZAR1.50bn to ZAR1.20bn, as a result of the postponement of the retrenchments in light of COVID-19 national lockdown.

## Major global economic news

### US

In the US, the ISM non-manufacturing PMI fell to a level of 41.80 in April, less than market expectations and compared to a reading of 52.50 in the previous month.

In April, the final Markit services PMI eased to a level of 26.70 in the US, compared to a reading of 39.80 in the prior month. The preliminary figures had indicated a fall to 27.00.

In the US, trade deficit widened more-than-expected to USD44.40bn in March, compared to a revised deficit of USD39.80bn in the prior month.

### Asia

In Australia, seasonally adjusted retail sales advanced 8.5% on a monthly basis in March, more than market consensus and compared to a rise of 8.2% in the previous month.

The Reserve Bank of Australia (RBA), in its latest monetary policy meeting, kept its interest rate unchanged at 0.25%, as widely expected. The central bank indicated that it would not increase the cash rate target until progress is being made towards the goals for full employment and inflation. Further, RBA Governor, Philip Lowe, stated that the bank remains committed to do what it can to support jobs and economic recovery during this difficult phase

### Eurozone

In the Eurozone, the PPI declined 2.8% on an annual basis in March, more than market forecast and compared to a revised drop of 1.4% in the earlier month.

### UK

In the UK, the final Markit services PMI dropped to 13.40 in April, compared to a reading of 34.50 in the previous month. The preliminary figures had recorded a drop to 12.30.

## Economic calendar

| Country     | SAST  | Economic indicator                                | Relevance | Consensus  | Previous. | Frequency |
|-------------|-------|---|-----------|------------|-----------|-----------|
| Germany     | 08:00 | Factory Orders n.s.a. (YoY) (Mar)                 | ✓✓✓       | -10.00%    | 1.50%     | Monthly   |
| Germany     | 08:00 | Factory Orders s.a. (MoM) (Mar)                   | ✓✓        | -          | -1.40%    | Monthly   |
| Switzerland | 08:00 | UBS Real Estate Bubble Index (Q1)                 | ✓✓        | -          | 0.95      | Quarterly |
| Spain       | 09:15 | Markit Services PMI (Apr)                         | ✓✓✓       | 10.00      | 23.00     | Monthly   |
| Italy       | 09:45 | Markit Services PMI (Apr)                         | ✓✓✓       | 9.00       | 17.40     | Monthly   |
| France      | 09:50 | Markit Services PMI (Apr) (F)                     | ✓✓✓       | 10.40      | 27.40     | Monthly   |
| France      | 09:50 | Markit Composite PMI (Apr) (F)                    | ✓✓✓       | 11.20      | 28.90     | Monthly   |
| Germany     | 09:55 | Markit Services PMI (Apr) (F)                     | ✓✓✓       | 15.90      | 31.70     | Monthly   |
| Germany     | 09:55 | Markit Composite PMI (Apr) (F)                    | ✓✓✓       | 17.10      | 350       | Monthly   |
| Eurozone    | 10:00 | Markit Services PMI (Apr) (F)                     | ✓✓✓       | 11.70      | 26.40     | Monthly   |
| Eurozone    | 10:00 | Markit Composite PMI (Apr) (F)                    | ✓✓✓       | 13.50      | 29.70     | Monthly   |
| UK          | 10:30 | Markit Construction PMI (Apr)                     | ✓         | 22.00      | 39.30     | Monthly   |
| Eurozone    | 11:00 | Retail Sales (MoM) (Mar)                          | ✓✓✓       | -8.00%     | 0.90%     | Monthly   |
| Eurozone    | 11:00 | Retail Sales (YoY) (Mar)                          | ✓✓✓       | -10.50%    | 3.00%     | Monthly   |
| Portugal    | 12:00 | Unemployment Rate (Q1)                            | ✓         | -          | 6.70%     | Quarterly |
| US          | 13:00 | MBA Purchase Index s.a. (Current Change) (01-May) | ✓         | -          | 12.00%    | Weekly    |
| US          | 13:00 | MBA Refinance Index (Current Change) (01-May)     | ✓         | -          | -7.00%    | Weekly    |
| US          | 13:00 | MBA Market Index (01-May)                         | ✓         | -          | 743.30    | Weekly    |
| US          | 13:00 | MBA Mortgage Applications (01-May)                | ✓         | -          | -3.30%    | Weekly    |
| US          | 13:00 | MBA Purchase Index s.a. (01-May)                  | ✓         | -          | 208.00    | Weekly    |
| US          | 13:00 | MBA Refinance Index (01-May)                      | ✓         | -          | 3901.40   | Weekly    |
| US          | 14:15 | ADP Employment Change (Apr)                       | ✓✓✓       | -20050.00K | -27.00 K  | Monthly   |
| US          | 16:30 | EIA Crude Oil Stocks Change (Barrels) (01-May)    | ✓✓✓       | 8.12mn     | 8.99mn    | Weekly    |
| US          | 16:30 | DOE Gasoline Inventories (01-May)                 | ✓✓✓       | -          | -3669.00K | Weekly    |
| US          | 16:30 | DOE Distillate Inventory (01-May)                 | ✓✓✓       | -          | 5092.00K  | Weekly    |
| US          | 16:30 | DOE Cushing OK Crude Inventory (Barrels) (01-May) | ✓✓✓       | -          | 3637.00K  | Weekly    |

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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