

ONE
Minute Brief

7 May 2020

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Economic and political news

In South Africa (SA), the Markit's Purchasing Managers' Index (PMI) dropped to 35.10 in April, compared to a level of 44.50 in March.

In a briefing to the joint Portfolio Committee on Public Enterprises and the Select Committee on Public Enterprises and Communications, Public Enterprises Minister, Pravin Gordhan, questioned the way South African Airways' (SAA) business rescue practitioners, Les Matuson and Siviwe Dongwana have been spending the ZAR5.5bn post-commencement funding received. Also, Gordhan stated that SA does not want a fire sale of the assets of SAA nor for the carrier to be liquidated. Meanwhile, he added that all SAA flights, including repatriation flights, would be stopped on 8 May, if government is unable to find funds.

Eskom Chief Executive, Andre de Ruyter stated that power utility's income has shrunk by about ZAR2.5bn in April, as energy demand plummeted due to the nationwide lockdown.

Health Minister, Zweli Mkhize confirmed that SA's COVID-19 cases had increased to 7,808, with death toll now standing at 153.

Key indices

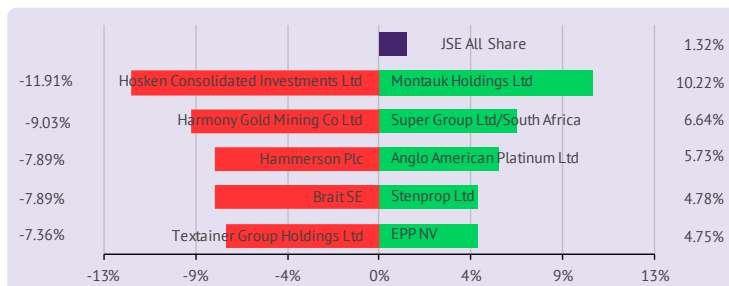
	As at 06 May 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	49831.99	▲	647.83	1.32	-1.00	-1.00	13.14	-12.70
JSE Top 40 (ZAR)	45952.52	▲	742.13	1.64	-0.85	-0.85	13.77	-9.57
FTSE 100 (GBP)	5853.76	▲	4.34	0.07	1.57	-0.80	4.04	-22.39
DAX 30 (EUR)	10606.20	▼	-123.26	-1.15	-2.35	-2.35	9.32	-19.95
CAC 40 (EUR)	4433.38	▼	-49.75	-1.11	-3.04	-3.04	4.00	-25.84
S&P 500 (USD)	2848.42	▼	-20.02	-0.70	0.63	-2.20	12.68	-11.83
Nasdaq Composite (USD)	8854.39	▲	45.27	0.51	2.90	-0.40	15.45	-1.32
DJIA (USD)	23664.64	▼	-218.45	-0.91	-0.25	-2.80	11.08	-17.08
MSCI Emerging Markets (USD)	898.70	▲	2.96	0.33	-1.97	-2.84	9.00	-19.37
MSCI Developed World (USD)	2007.60	▼	-10.52	-0.52	0.14	-2.20	10.80	-14.88

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial and resources sector stocks. The JSE All Share Index rose 1.3% to close at 49,831.99.

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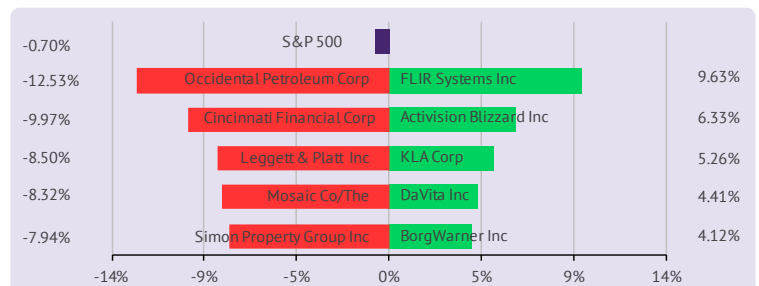


US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, amid concerns over the US-China trade deal and following disappointing US jobs data. The S&P 500 Index dropped 0.7% to close at 2,848.42. Today, the S&P 500 futures are trading in the green.

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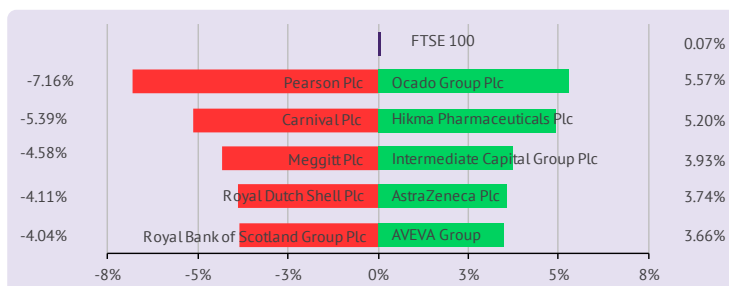


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, helped by gains in healthcare sector stocks. The FTSE 100 Index advanced 0.1% to close at 5,853.76. Today, the FTSE 100 futures are trading in negative territory.

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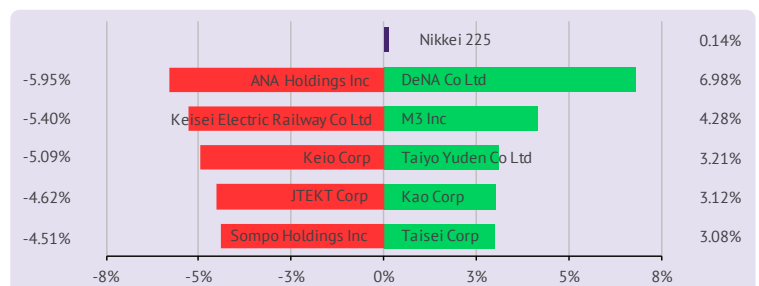


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, as dismal US economic data dented investor sentiment and amid concerns over lower oil prices. As at 6:00 SAST, the Nikkei 225 Index is trading 0.1% higher at 19,647.58.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.6% against the South African Rand to trade at R18.6629. Later today, traders will keep a close watch on the US initial jobless claims and consumer credit change for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US private sector employment slumped more-than-expected in April. Meanwhile, the MBA mortgage applications advanced on a weekly basis in the week ended 01 May 2020. Separately, data indicated that SA's private sector activity dropped to a new record low in April, hitting its lowest level since the survey began in 2011.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.6% lower against the South African Rand at R22.9988. Ahead in the day, traders will keep an eye on the Bank of England's (BOE) interest rate decision followed by UK's Halifax house price index and the GfK consumer confidence index for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's Markit construction PMI declined in April, marking its lowest level since the data was first collected in April 1997.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.6% weaker against the South African Rand at R20.1593. Going forward, market participants will keep a tab on the European Central Bank (ECB) President, Christine Lagarde's speech along with Germany's industrial production.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted retail sales fell more than market expectations on a monthly basis in March. Additionally, the final Markit services PMI dropped in April. Separately, Germany's Markit services PMI declined less-than-anticipated in April. Moreover, factory orders dropped in March, registering its biggest drop since January 1991.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand to trade at R11.9774. Earlier in the session, Australia's AiG performance of services index tumbled in April. Meanwhile, seasonally adjusted trade surplus widened more-than-anticipated in March. Elsewhere, in China, Australia's largest trading partner, trade surplus expanded in April. On the other hand, the Caixin services PMI advanced less than market forecast in April.

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	18.6629	▲	1.43	-0.14	1.38	3.86	34.16
GBPZAR	22.9988	▲	0.54	-1.56	-0.81	5.26	24.70
EURZAR	20.1593	▲	0.97	-1.88	-0.13	3.12	29.13
AUDZAR	11.9774	▲	0.73	-0.60	-0.53	10.18	21.97
EURUSD	1.0802	▲	-0.42	-1.69	-1.46	-0.69	-3.73
GBPUSD	1.2324	▼	-0.68	-1.25	-1.94	1.40	-6.84
Brent (\$/barrel)	29.7	▼	-4.04	12.41	12.24	0.49	-54.97
Gold (\$/oz)	1695.1	▲	-1.29	-0.73	-0.34	7.00	10.86
Platinum (\$/oz)	772.8	▲	-2.45	-1.09	-5.84	12.23	-21.20
Copper (\$/MT)*	5167.5	▲	0.78	1.70	0.14	4.48	-15.96

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.4% to trade at \$1,695.10/oz.

Yesterday, gold prices fell 1.3% to close at \$1,688.50/oz, as a stronger dollar and lockdown easing by major economies worldwide reduced demand for the safe haven metal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil marginally declined to trade at \$29.72/bl.

Yesterday, Brent crude oil declined 4.0% to settle at \$29.72/bl, amid growing oversupply concerns and rise in weekly crude inventories. The US Energy Information Administration (EIA) reported that crude oil inventories rose by 4.6mn bls for the week ended 01 May 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.0% higher to trade at \$772.80/oz.

Yesterday, platinum prices dropped 2.5% to close at \$765.50/oz.

Major South African corporate news

Harmony Gold Mining Company Limited

In its 9M20 operational update, the company announced that operating free cash flow margin more than doubled to 13.0% from 6.0% for the nine months ended 31 March 2019, largely due to a 21.6% increase in the average Rand gold price received for the period to ZAR704,965/kg. Further, operating free cash flow increased by more than 100.0%, to ZAR3.00bn from ZAR1.30bn. Total gold production was 8.5% lower at 30,814kg (or 990,691oz), affected by South Africa's COVID-19 national lockdown regulations, compliance with which resulted in six full days of operation lost at the company's nine South African underground mines at the end of the reporting period, and load shedding by Eskom earlier in the quarter.

Investec Property Fund Limited

The company announced that its management team are engaged daily with tenants on a hands-on and one-on-one basis as required in what is obviously a fluid and unprecedented operating environment. Moreover, appropriate risk mitigation measures, based on best practice and in consultation with its specialist service providers, have been put in place throughout the business. The priority is to ensure the health and safety of all stakeholders, whilst ensuring it continues to deliver sustainable long-term returns for investors. Further, referring to an earlier announcement released by the Edcon Group on 29 April 2020 relating to Edcon's intention to file for business rescue and stated that Investec has alternative leasing strategies in place in respect of space currently occupied by Edcon and has been working with architects to develop options around reconfiguring these spaces to minimize any potential vacancy. As such, Edcon's decision to commence business rescue proceedings is expected to have a limited impact on the Fund.

Major global economic news

Eurozone

In the Eurozone, seasonally adjusted retail sales declined 11.2% on a monthly basis in March, compared to a revised advance of 0.6% in the previous month.

In April, the final Markit services PMI fell to a level of 12.00 in the Eurozone, compared to a level of 26.40 in the previous month. The preliminary figures had indicated a drop to 11.70.

In Germany, the final Markit services PMI dropped to a level of 16.20 in April, compared to a level of 31.70 in the previous month. The preliminary figures had recorded a fall to 15.90.

In March, seasonally adjusted factory orders declined 15.6% on a monthly basis in Germany, compared to a revised drop of 1.2% in the prior month.

Asia

In Australia, the AiG performance of services index fell to 27.10 in April, compared to a level of 38.70 in the previous month.

In March, seasonally adjusted trade surplus widened to AUD10.60bn in Australia, more than market forecast and compared to a revised surplus of AUD3.87bn in the previous month.

In China, trade surplus widened to USD45.34bn in April, compared to a revised surplus of USD19.93bn in the prior month.

In April, the Caixin services PMI rose to 44.40 in China, less than market anticipations and compared to a level of 43.00 in the previous month.

US

In the US, the ADP private sector employment plunged by 20236.00K in April, more than market anticipations and compared a revised decline of 149.00K jobs in the previous month.

On a weekly basis, the US MBA mortgage applications rose 0.1% in the week ended 01 May 2020. In the previous week, the number of mortgage applications had registered a drop of 3.3%.

UK

In the UK, the Markit construction PMI dropped to a level of 8.20 in April, more than market expectations and compared to a level of 39.30 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	GfK Consumer Confidence (Apr) (F)	✓	-37.00*	-34.00	Monthly
Japan	01:50	BoJ Monetary Policy Meeting Minutes	✓✓✓	-	-	As Scheduled
Japan	01:50	Monetary Base (YoY) (Apr)	✓	2.30%*	2.80%	Monthly
China	02:00	Exports (YoY) (Apr)	✓✓	-11.00%*	-6.60%	Monthly
China	02:00	Imports (YoY) (Apr)	✓✓	-10.00%*	-0.90%	Monthly
China	02:00	Trade Balance (Apr)	✓✓	USD45.34bn*	USD19.90bn	Monthly
China	03:45	HSBC China Composite PMI (Apr)	✓✓✓	47.60*	46.70	Monthly
China	03:45	Caixin/Markit Services PMI (Apr)	✓✓✓	44.40*	43.00	Monthly
Switzerland	07:45	Unemployment Rate s.a. (Apr)	✓✓	-	2.90%	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Mar)	✓✓✓	-7.50%	0.30%	Monthly
Germany	08:00	Industrial Production n.s.a. and w.d.a. (YoY) (Mar)	✓✓✓	-2.80%	-1.20%	Monthly
UK	08:00	Monetary Policy Summary	✓	-	-	As Scheduled
UK	08:00	Bank of England Minutes	✓	-	-	As Scheduled
UK	08:00	BoE Interest Rate Decision	✓	0.10%	0.10%	As Scheduled
France	08:45	Industrial Production (YoY) (Mar)	✓✓✓	-	-1.44%	Monthly
France	08:45	Manufacturing Production (YoY) (Mar)	✓✓✓	-	-1.46%	Monthly
France	08:45	Trade Balance (Mar)	✓✓✓	-EUR4.90bn	-EUR5.22bn	Monthly
Eurozone	09:00	ECB's De Guindos speech	✓✓	-	-	As Scheduled
Germany	09:30	Markit Construction PMI (Apr)	✓✓	-	42.00	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (Apr)	✓	-	3.00%	Monthly
UK	09:30	Halifax House Prices (MoM) (Apr)	✓	-	0.00%	Monthly
Italy	10:00	Retail Sales n.s.a. (YoY) (Mar)	✓✓	-	5.70%	Monthly
UK	13:00	BoE Asset Purchase Facility	✓	-	GBP375.00bn	As Scheduled
UK	13:00	Bank of England Quarterly Inflation Report	✓	-	-	As Scheduled
US	14:30	Non-Farm Productivity (Q1) (P)	✓	-5.50%	1.20%	Quarterly
US	14:30	Unit Labour Costs (Q1) (P)	✓	-	0.90%	Quarterly
US	14:30	Initial Jobless Claims (02-May)	✓✓✓	3000.00K	3839.00K	Weekly
US	14:30	Continuing Jobless Claims (25-Apr)	✓✓✓	-	17992.00K	Weekly
Canada	16:00	Ivey PMI s.a. (Apr)	✓✓✓	-	26.00	Monthly
US	16:30	EIA Natural Gas Storage Change (01-May)	✓✓✓	-	70.00Bcf	Weekly
US	21:00	Consumer Credit Change (Mar)	✓✓	USD15.00bn	USD22.33bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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