

ONE Minute Brief

8 May 2020

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Economic and political news

In South Africa (SA), the SACCI business confidence index dropped to a level of 77.80 in April, compared to a level of 89.90 in March.

The Labour Court in Johannesburg has reserved its judgement in the case brought by the National Union of Metalworkers of South Africa (NUMSA) and the South African Cabin Crew Association (SACCA) to interdict retrenchments at South African Airways (SAA).

Health Minister, Zweli Mkhize confirmed that COVID-19 cases in SA had increased to 8,232, with total 161 deaths.

According to the Department of Mineral Resources and Energy, SA is drafting a plan to procure an additional 2,500 megawatts of nuclear power capacity within the next five years.

The National Prosecuting Authority has confirmed that the Economic Freedom Fighters (EFF) leader, Julius Malema's case for discharging a firearm in public would be postponed to 16 July.

Martin Kingston, head of the economic work group at Business for SA, stated that South Africa needs to end its lockdown within weeks or the country could affect as many as four million jobs and contract by 16% this year.

Key indices

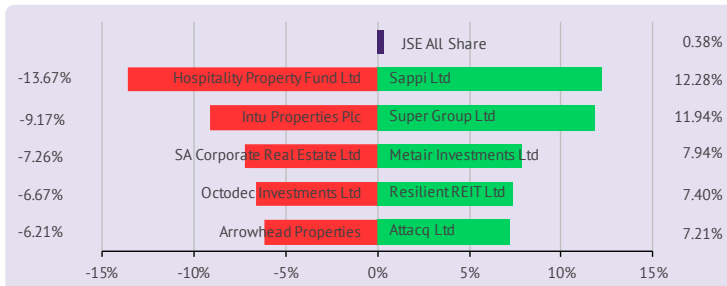
	As at 07 May 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	50019.70	▲	187.71	0.38	-0.63	-0.63	13.14	-12.38
JSE Top 40 (ZAR)	46096.03	▲	143.51	0.31	-0.54	-0.54	13.77	-9.29
FTSE 100 (GBP)	5935.98	▲	82.22	1.40	3.00	0.59	4.04	-21.30
DAX 30 (EUR)	10759.27	▲	153.07	1.44	-0.94	-0.94	9.32	-18.79
CAC 40 (EUR)	4501.44	▲	68.06	1.54	-1.55	-1.55	4.00	-24.70
S&P 500 (USD)	2881.19	▲	32.77	1.15	1.78	-1.07	12.68	-10.82
Nasdaq Composite (USD)	8979.66	▲	125.27	1.41	4.35	1.01	15.45	0.08
DJIA (USD)	23875.89	▲	211.25	0.89	0.64	-1.93	11.08	-16.34
MSCI Emerging Markets (USD)	896.89	▼	-1.81	-0.20	-2.17	-3.03	9.00	-19.54
MSCI Developed World (USD)	2026.12	▲	18.53	0.92	1.06	-1.30	10.80	-14.09

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in financial and resources sector stocks. The JSE All Share Index rose 0.4% to close at 50,019.70.

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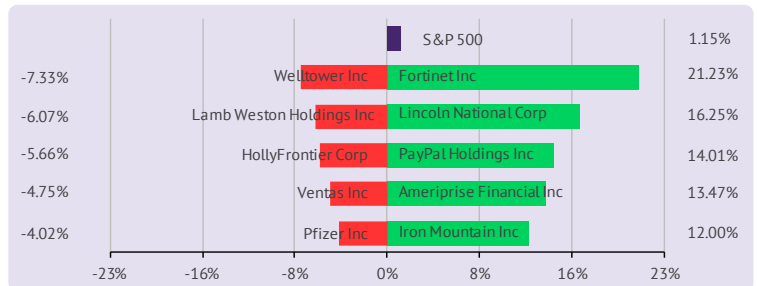


US Market ▲

US markets closed firmer

US markets closed higher yesterday, boosted by gains in energy and financial sector stocks and following upbeat Chinese economic data. The S&P 500 Index climbed 1.2% to close at 2,881.19. Today, the S&P 500 futures are trading in the green.

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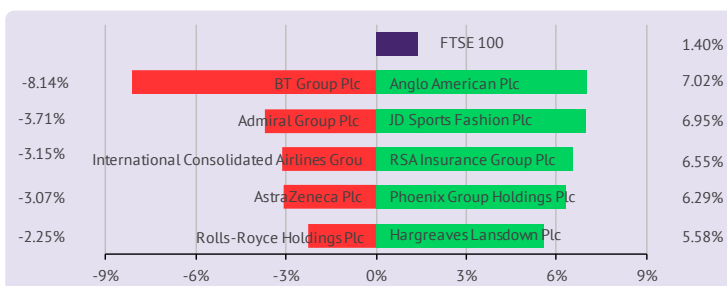


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as an unexpected growth in Chinese exports fuelled hopes for a recovery from a coronavirus-led recession. The FTSE 100 Index advanced 1.4% to close at 5,935.98. Today, the FTSE 100 futures are trading in positive territory.

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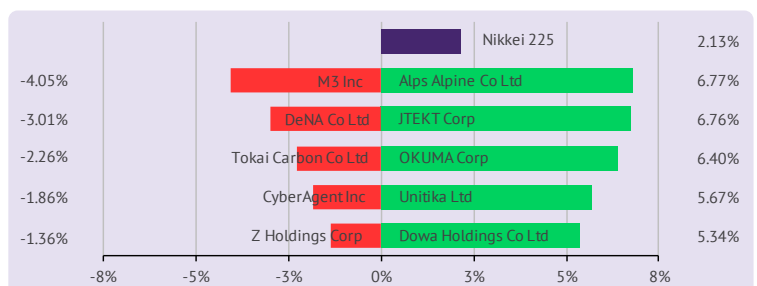


Asian Market ▲

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 2.1% higher at 20,093.84.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R18.5453. Later today, traders will keep a close watch on the US nonfarm payrolls, average hourly earnings and unemployment rate for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US seasonally adjusted number of initial jobless claims dropped less than market consensus on a weekly basis in week ended 01 May 2020. Additionally, consumer credit declined more-than-expected in March. Separately, SA's business confidence index dropped in April, hitting its lowest level since 1985.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R22.9844. 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. Data indicated that UK's Halifax house price index declined less-than-anticipated on a monthly basis in April. Meanwhile, the GfK consumer confidence index advanced less than market forecast in April.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand at R20.1112. Going forward, market participants will keep a tab on Germany's trade balance and current account balance for further indication.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's seasonally adjusted industrial production slumped in March, marking its largest decline since the beginning of the series in January 1991.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.3% against the South African Rand at R12.1166.

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	18.5453	▲	-1.01	-1.15	0.36	3.86	32.81
GBPZAR	22.9844	▲	-0.70	-2.25	-1.50	5.26	23.83
EURZAR	20.1112	▲	-0.61	-2.48	-0.74	3.12	28.34
AUDZAR	12.1166	▼	0.63	0.03	0.10	10.18	22.74
EURUSD	1.0847	▲	0.36	-1.34	-1.10	-0.69	-3.38
GBPUSD	1.2395	▲	0.10	-1.15	-1.84	1.40	-6.75
Brent (\$/barrel)	29.8	▲	-0.87	11.42	11.25	0.49	-55.36
Gold (\$/oz)	1726.8	▲	2.21	1.46	1.87	7.00	13.31
Platinum (\$/oz)	786.5	▲	2.17	1.06	-3.80	12.23	-19.49
Copper (\$/MT)*	5243.3	▲	1.47	3.19	1.61	4.48	-14.73

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.1% to trade at \$1,726.80/oz.

Yesterday, gold prices rose 2.2% to close at \$1,725.80/oz, as disappointing US economic data heightened fears of a global economic downturn.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 1.3% to trade at \$29.84/bl.

Yesterday, Brent crude oil declined 0.9% to settle at \$29.46/bl, erasing its previous session gains.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.6% higher to trade at \$786.50/oz.

Yesterday, platinum prices climbed 2.2% to close at \$782.10/oz.

Major South African corporate news

Investec Property Fund Limited

In its COVID-19 update, the company announced that the 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. Further, in SA as in other international markets, retailers are expected to be most heavily impacted over the coming months because of restrictive Government regulations in response to COVID-19. 83.0% of the South African retail portfolio is comprised of national tenants with the balance comprised of smaller independent retail businesses that are more likely to be negatively impacted, thus a very nominal portion of the SA balance sheet is considered to be at risk.

Sappi Limited

In its 2Q20 results, the company announced that revenues decreased to USD1.31bn from USD1.50bn posted in the corresponding period of the previous year. Profit for the period came in at USD2.00mn, compared to USD72.00mn in the previous year.

Major global economic news

UK

The BoE, in its latest monetary policy decision, kept its key interest rate decision unchanged at 0.1%, as widely expected and maintained its bond-buying programme at £645 billion. The central bank held off further stimulus measures but stated that it was ready to take fresh action to counter the coronavirus. Further, the BoE predicted that Britain's economy is likely to shrink by 25% in the three months to June and by 14% in 2020 with the unemployment rate more than doubling to 9% in the second quarter. The central bank also warned that economy could face its biggest slump in over 300 years in 2020, amid Covid-19 downturn. However, the bank expects the economy to grow by 15% in 2021, with GDP recovering its pre-Covid peak by the second half of next year.

In the UK, the Halifax house price index dropped 0.6% on a monthly basis in April, less than market expectations and compared to a revised fall of 0.3% in the previous month.

In April, the GfK consumer confidence index climbed to -33.00 in the UK, less than market anticipations and compared to a level of -34.00 in the previous month.

US

In the US, seasonally adjusted number of initial jobless claims fell to 3169.00K on a weekly basis in the week ended 01 May 2020, less than market anticipations and compared to a revised level of 3846.00K in the previous week.

In March, consumer credit dropped by USD12.04bn in the US, compared to USD22.33bn in the previous month.

Asia

In Japan, overall household spending declined less-than-expected by 6.0% on an annual basis in March, compared to a fall of 0.3% in the previous month.

In April, the Jibun Bank services PMI dropped to a level of 21.50 in Japan, compared to a level of 33.80 in the previous month.

The Reserve Bank of Australia (RBA), in its latest monetary policy statement, reiterated that it would not increase the cash rate unless progress is made on its employment and inflation targets. Moreover, the central bank warned that economy would contract by 10% in the first half of this year and unemployment rate would hit 10% by June. Additionally, the RBA stated that the speed and timing of the economic recovery is very uncertain beyond the next few months.

Eurozone

In Germany, seasonally adjusted industrial production slid 9.2% on a monthly basis in March, more than market forecast and compared to an advance of 0.3% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	GfK Consumer Confidence (Apr) (F)	✓	-33.00*	-34.00	Monthly
Japan	01:30	Labour Cash Earnings (YoY) (Mar)	✓✓	0.10%*	1.00%	Monthly
Japan	01:30	Household Spending (YoY) (Mar)	✓✓	-6.00%*	-0.30%	Monthly
Japan	02:30	Nikkei Japan Services PMI (Apr) (F)	✓✓	21.50*	33.80	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Apr) (F)	✓✓✓	25.80*	36.20	Monthly
Germany	08:00	Trade Balance n.s.a. (Mar)	✓✓✓	EUR18.90bn	EUR21.60bn	Monthly
Germany	08:00	Current Account n.s.a. (Mar)	✓	-	EUR23.70bn	Monthly
Germany	08:00	Exports s.a. (MoM) (Mar)	✓	-5.00%	1.30%	Monthly
Germany	08:00	Imports s.a. (MoM) (Mar)	✓	-4.00%	-1.60%	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Apr)	✓	-	USD45.77bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Apr)	✓	-	USD52.43bn	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Apr)	✓✓	0.30%	0.40%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Apr)	✓✓	3.30%	3.10%	Monthly
US	14:30	Change in Non-farm Payrolls (Apr)	✓✓✓	-22000.00K	-701.00K	Monthly
US	14:30	Average Weekly Hours All Employees (Apr)	✓	33.70	34.20	Monthly
US	14:30	Change in Private Payrolls (Apr)	✓✓	-	-713.00 K	Monthly
US	14:30	Labor Force Participation Rate (Apr)	✓✓	62.00%	62.70%	Monthly
US	14:30	Change in Manufacturing Payrolls (Apr)	✓	-	-18.00 K	Monthly
US	14:30	Underemployment Rate (Apr)	✓✓	-	8.70%	Monthly
US	14:30	Unemployment Rate (Apr)	✓✓✓	-	4.40%	Monthly
US	16:00	Wholesale Inventories (MoM) (Mar) (F)	✓✓✓	-	-0.60%	Monthly
US	19:00	Baker Hughes US Gas Rig Count (08-May)	✓	-	81.00	Weekly
US	19:00	Baker Hughes US Oil Rig Count (08-May)	✓	-	325.00	Weekly
US	19:00	Baker Hughes US Rig Count (08-May)	✓✓✓	-	408.00	Weekly
US	-	U.S. Treasury, General Account - Week Average (06-May)	✓	-	USD997.51bn	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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