

# ONE Minute Brief

13 May 2020

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## Economic and political news

Health Minister Zweli Mkhize stated that COVID-19 cases in South Africa (SA) increased to 11,350.

Eskom stated that it has taken the unprecedented decision to restrict electricity supply to parts of Gauteng, where unusual surges in consumption have been recorded. Moreover, the utility stated that it intends to distribute free basic electricity to households in need.

News reports indicate that South Africa's National Command Council is considering easing lockdown rules more rapidly amid economic distress and soaring poverty levels.

The South African Reserve Bank indicated that it will no longer allow commercial lenders to use debt issued by state-owned Land Bank to meet their capital adequacy requirements as they are no longer considered a "high quality liquid asset".

The National Education, Health and Allied Workers' Union (Nehawu) has called for the overhaul of the SA Nursing Council (SANC).

## Key indices

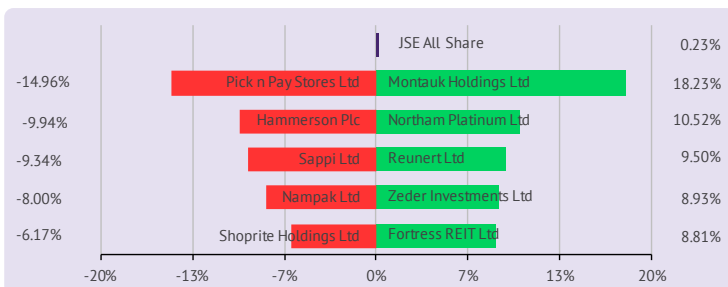
	As at 12 May 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	50319.41	▲ 116.56	0.23	-1.34	-0.03	13.14	-11.85
JSE Top 40 (ZAR)	46518.03	▲ 158.52	0.34	-1.15	0.37	13.77	-8.46
FTSE 100 (GBP)	5994.77	▲ 55.04	0.93	0.99	1.59	4.04	-20.52
DAX 30 (EUR)	10819.50	▼ -5.49	-0.05	-0.78	-0.39	9.32	-18.34
CAC 40 (EUR)	4472.50	▼ -17.72	-0.39	-1.70	-2.18	4.00	-25.18
S&P 500 (USD)	2870.12	▼ -60.20	-2.05	-2.04	-1.45	12.68	-11.16
Nasdaq Composite (USD)	9002.55	▼ -189.79	-2.06	-1.30	1.27	15.45	0.33
DJIA (USD)	23764.78	▼ -457.21	-1.89	-2.33	-2.39	11.08	-16.73
MSCI Emerging Markets (USD)	909.31	▼ -6.59	-0.72	-0.26	-1.69	9.00	-18.42
MSCI Developed World (USD)	2034.06	▼ -26.64	-1.29	-1.35	-0.92	10.80	-13.76

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, amid optimism over the US-China trade deal, after China announced new tariff exemptions for some US imports. The JSE All Share Index rose 0.2% to close at 50,319.41.

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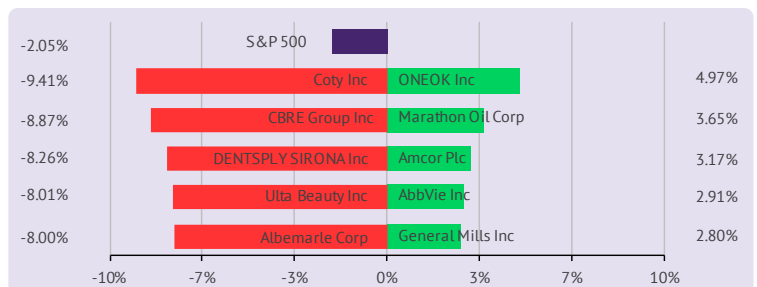


## US Market ▼

### US markets closed weaker

US markets closed lower yesterday, after US infectious disease expert, Anthony Fauci warned that premature opening of the economy could lead to additional outbreaks of the novel coronavirus. The S&P 500 Index dropped 2.1% to close at 2,870.12. Today, the S&P 500 futures are trading in the red.

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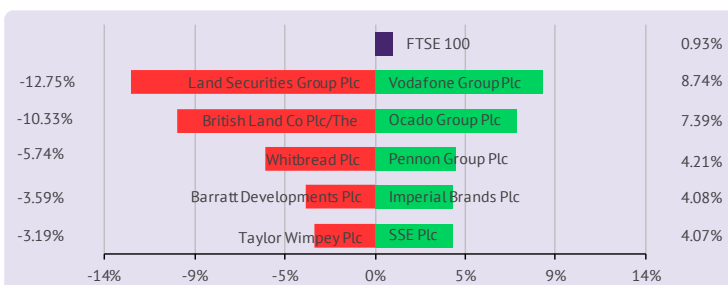


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, following robust earnings report from Vodafone and Morrisons. The FTSE 100 Index advanced 0.9% to close at 5,994.77. Today, the FTSE 100 futures are trading in positive territory.

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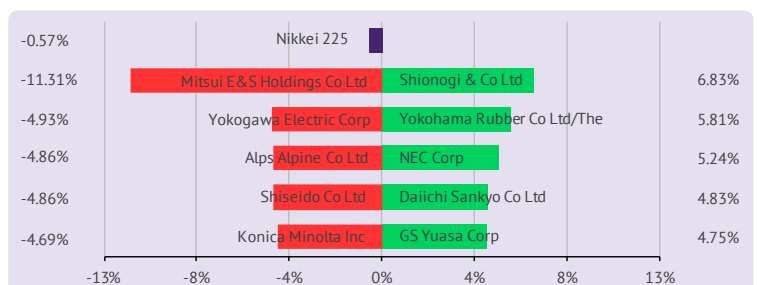


## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, amid heightened concerns over resurgence in coronavirus infections. As at 6:00 SAST, the Nikkei 225 Index is trading 0.6% lower at 20,251.39.

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## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R18.3904. Later today, traders will keep a close watch on the US MBA mortgage applications, producer price index (PPI) and Federal Reserve Chairman, Jerome Powell's speech for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US consumer price index (CPI) declined on a monthly basis in April, marking its largest decline since December 2008. Additionally, the NFIB small business optimism index unexpectedly declined in April.

## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.3% lower against the South African Rand at R22.5520. Ahead in the day, traders will keep an eye on UK's total trade balance, industrial production, manufacturing production, gross domestic product (GDP) and the RICS housing price index for further indication. Data indicate that UK's BRC retail sales unexpectedly advanced on an annual basis in April.

The British Pound declined against the South African Rand yesterday, amid ongoing confusion over government plans to ease lockdown measures and renewed concerns over Brexit.

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## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.2% against the South African Rand to trade at R19.9531. Going forward, market participants will keep a tab on Eurozone's industrial production for further cues.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.3% against the South African Rand to trade at R11.8915. Earlier in the session, Australia's Westpac consumer confidence index rebounded in May.

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	18.3904	▲	0.04	0.46	-0.51	3.86	31.65
GBPZAR	22.5520	▲	-0.47	-0.64	-3.09	5.26	21.83
EURZAR	19.9531	▲	0.42	0.52	-1.49	3.12	27.36
AUDZAR	11.8915	▲	-0.19	-0.51	-1.13	10.18	21.23
EURUSD	1.0848	-	0.38	0.08	-0.98	-0.69	-3.26
GBPUSD	1.2263	▲	-0.61	-1.21	-2.65	1.40	-7.52
Brent (\$/barrel)	29.5	▼	1.18	-3.20	13.22	0.49	-54.58
Gold (\$/oz)	1706.0	▼	0.52	-0.41	0.74	7.00	12.06
Platinum (\$/oz)	777.7	▲	-0.50	-1.51	-4.38	12.23	-19.97
Copper (\$/MT)*	5227.5	▲	0.07	-0.30	1.30	4.48	-14.99

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged marginally lower to trade at \$1,706.00/oz.

Yesterday, gold prices rose 0.5% to close at \$1,706.80/oz, amid weakness in the US Dollar, fears of a resurgence in coronavirus infections and continuing trade tensions between the US and China.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil retreated 1.5% to trade at \$29.52/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose by 7.6mn bls to 526.20mn bls for the week ended 8 May 2020.

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Yesterday, Brent crude oil advanced 1.2% to settle at \$29.98/bl, amid optimism over production cuts and hopes that gradual easing of coronavirus-induced lockdown would revive demand for oil.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices marginally rose to trade at \$777.70/oz.

Yesterday, platinum prices dropped 0.5% to close at \$777.40/oz.

## Major South African corporate news

### Pick n Pay Stores Limited

In its FY20 results, the company announced that revenues advanced 1.2% to ZAR91.32bn from ZAR90.20bn recorded in the same period of the preceding year. Its diluted EPS stood at 249.60c, compared to 300.26c recorded in the corresponding period of the previous year.

## Major global economic news

### Asia

In Japan, non-seasonally adjusted current account surplus narrowed to JPY1971.00bn in March, more than market anticipations and compared to a surplus of JPY3168.80bn in the previous month.

In March, the preliminary coincident index unexpectedly fell to a level of 90.50 in Japan, compared to a revised level of 95.40 in the previous month.

In Japan, the leading economic index unexpectedly dropped to 83.80 in March, compared to a revised level of 91.90 in the previous month.

In Australia, the Westpac consumer confidence index advanced 16.4% to 88.10 in May, compared to a level of 75.60 in the previous month.

### UK

In the UK, the BRC retail sales unexpectedly advanced 5.7% on an annual basis in April, compared to a fall of 3.5% in the previous month.

### US

In the US, the CPI fell 0.8% on a monthly basis in April, in line with market expectations and compared to a fall of 0.4% in the prior month.

In April, the NFIB small business optimism index unexpectedly dropped to 90.90 in the US, compared to a level of 96.40 in the prior month.

In the US, budget deficit widened to USD738.00bn in April, less than market forecast and compared to a budget deficit of USD119.00bn in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Apr)	✓	5.70%*	-3.50%	Monthly
Japan	01:50	Bank Lending including Trusts (YoY) (Apr)	✓	3.00%*	2.00%	Monthly
Japan	07:00	Eco Watchers Survey: Outlook (Apr)	✓✓	4.20	14.20	Monthly
Japan	07:00	Eco Watchers Survey: Current (Apr)	✓✓	15.20	18.80	Monthly
UK	08:00	Gross Domestic Product s.a. (MoM) (Mar)	✓	-	-0.10%	Monthly
UK	08:00	Index of Services (3M/3M) (Mar)	✓	0.30%	0.20%	Monthly
UK	08:00	Industrial Production (MoM) (Mar)	✓	-5.60%	0.10%	Monthly
UK	08:00	Visible Trade Balance (Mar)	✓	-GBP10.00bn	-GBP11.49bn	Monthly
UK	08:00	Industrial Production (YoY) (Mar)	✓	-9.30%	-2.80%	Monthly
UK	08:00	Trade Balance; non-EU (Mar)	✓	-GBP4.00bn	-GBP5.57bn	Monthly
UK	08:00	Gross Domestic Product s.a. (QoQ) (Q1) (P)	✓	-2.50%	0.00%	Quarterly
UK	08:00	Manufacturing Production (MoM) (Mar)	✓	-6.00%	0.50%	Monthly
UK	08:00	Total Trade Balance (Mar)	✓	-	-GBP2.79bn	Monthly
UK	08:00	Gross Domestic Product s.a. (YoY) (Q1) (P)	✓	-2.10%	1.10%	Quarterly
UK	08:00	Manufacturing Production (YoY) (Mar)	✓	-10.40%	-3.90%	Monthly
UK	08:00	Construction Output s.a. (YoY) (Mar)	✓	-	-2.70%	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (Mar)	✓✓✓	-12.10%	-0.10%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Mar)	✓✓✓	-12.40%	-1.90%	Monthly
Eurozone	13:00	ECB's Lane speech	✓✓	-	-	As Scheduled
US	13:00	MBA Mortgage Applications (08-May)	✓	-	0.10%	Weekly
US	14:30	Producer Price Index (YoY) (Apr)	✓✓✓	-0.20%	0.70%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (Apr)	✓✓	0.90%	1.40%	Monthly
US	14:30	Producer Price Index (MoM) (Apr)	✓✓✓	-0.50%	-0.20%	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (Apr)	✓✓	0.00%	0.20%	Monthly
US	15:00	Fed's Chair Powell speech	✓✓✓	-	-	As Scheduled
US	16:30	DOE Gasoline Inventories (08-May)	✓✓✓	-	-3158.00K	Weekly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (08-May)	✓✓✓	-	4.59mn	Weekly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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