

ONE
Minute Brief

15 May 2020

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Economic and political news

Health Minister Zweli Mkhize stated that South Africa (SA) would assign Covid-19 lockdown levels for each of the country's roughly 50 districts and would be reviewed every two weeks. Meanwhile, Mkhize confirmed that COVID-19 cases in the country had increased to 12,739.

Democratic Alliance interim leader, John Steenhuisen has announced that the party would file papers at the High Court to challenge the constitutionality of lockdown regulations and argued that President Cyril Ramaphosa 'bitterly disappointed' South Africans by not announcing the reopening of the economy and by not ending the lockdown.

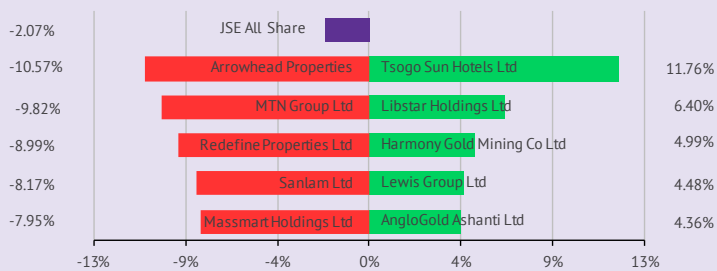
The South African government and the business rescue practitioners of South African Airways (SAA) have reached a formal agreement to discuss proposals that include the establishment of a new airline proposed by Public Enterprises Minister, Pravin Gordhan. Separately, the National Union of Metalworkers of SA (Numsa) and the South African Cabin Crew Association (SACCA) have accused SAA administrators of wasting taxpayers' money to defend their incompetence at the airline.

News reports indicate that Eskom is considering delaying the closure of Grootvlei, Camden and Hendrina power plants, until as late as 2030 to maintain generation capacity.

South Africa Market ▼

South African markets closed lower

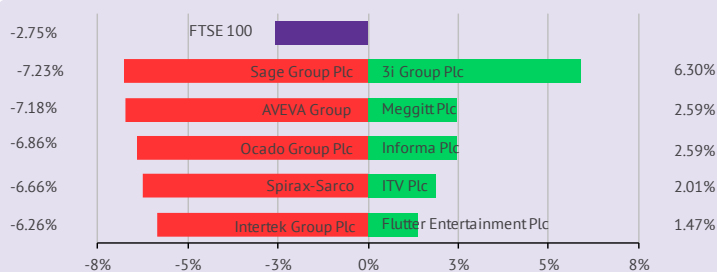
South African markets closed in the red yesterday, amid signs that the coronavirus induced global recession would last longer than anticipated. The JSE All Share Index fell 2.1% to close at 49,113.06.

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UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid concerns about the economic damage caused by the Covid-19 pandemic. The FTSE 100 Index declined 2.8% to close at 5,741.54. Today, the FTSE 100 futures are trading in negative territory.

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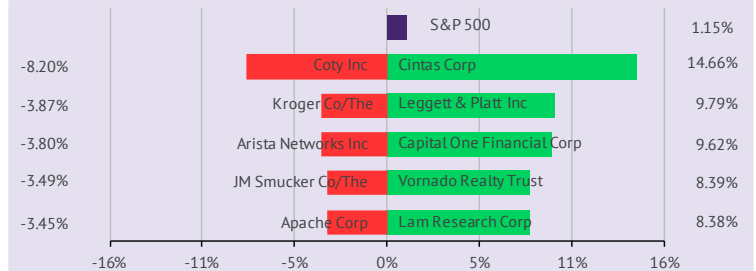
Key indices

| | As at 14 May 2020 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR) | 49113.06 | ▼ | -1038.99 | -2.07 | -3.71 | -2.43 | 13.14 |
| JSE Top 40 (ZAR) | 45445.10 | ▼ | -971.34 | -2.09 | -3.43 | -1.95 | 13.77 |
| FTSE 100 (GBP) | 5741.54 | ▼ | -162.51 | -2.75 | -3.28 | -2.71 | 4.04 |
| DAX 30 (EUR) | 10337.02 | ▼ | -205.64 | -1.95 | -5.20 | -4.83 | 9.32 |
| CAC 40 (EUR) | 4273.13 | ▼ | -71.82 | -1.65 | -6.08 | -6.54 | 4.00 |
| S&P 500 (USD) | 2852.50 | ▲ | 32.50 | 1.15 | -2.64 | -2.06 | 12.68 |
| Nasdaq Composite (USD) | 8943.72 | ▲ | 80.56 | 0.91 | -1.95 | 0.61 | 15.45 |
| DJIA (USD) | 23625.34 | ▲ | 377.37 | 1.62 | -2.90 | -2.96 | 11.08 |
| MSCI Emerging Markets (USD) | 900.87 | ▼ | -8.32 | -0.92 | -1.18 | -2.60 | 9.00 |
| MSCI Developed World (USD) | 1999.89 | ▲ | 1.41 | 0.07 | -3.01 | -2.58 | 10.80 |

US Market ▲

US markets closed firmer

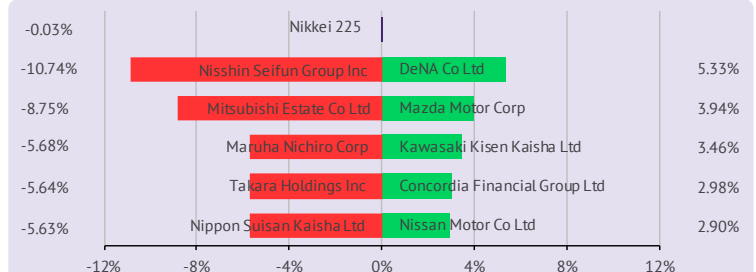
US markets closed higher yesterday, amid expectations of an additional stimulus from the government and helped by gains in financial sector stocks. The S&P 500 Index climbed 1.2% to close at 2,852.50. Today, the S&P 500 futures are trading in the red.

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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan's producer price index (PPI) dropped more than market consensus in April. As at 6:00 SAST, the Nikkei 225 Index is trading marginally lower at 19,908.54.



USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R18.4617. Later today, traders will keep a close watch on the US NY Empire State manufacturing index, retail sales, industrial production, business inventories and the Michigan consumer sentiment index 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-expected on a weekly basis in the week ended 08 May 2020.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R22.5408. 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, amid growing concerns over coronavirus-led economic fallout and uncertainties related to the Brexit deal.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R19.9471. Going forward, market participants will keep a tab on Eurozone's trade balance and gross domestic product (GDP) along with Germany's PPI and GDP for further indication.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's consumer price inflation slowed in April, marking its lowest level since November 2016.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R11.9135. Earlier in the session, in China, Australia's largest trading partner, industrial production rose more than market forecast on an annual basis in April. Meanwhile, retail sales fell more-than-anticipated in April.

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 | 18.4617 | ▼ | -0.30 | 0.53 | -0.44 | 3.86 | 31.75 |
| GBPZAR | 22.5408 | ▲ | -0.30 | -0.85 | -3.30 | 5.26 | 21.57 |
| EURZAR | 19.9471 | ▼ | -0.41 | 0.21 | -1.80 | 3.12 | 26.97 |
| AUDZAR | 11.9135 | ▲ | -0.14 | -0.55 | -1.16 | 10.18 | 21.19 |
| EURUSD | 1.0804 | ▼ | -0.12 | -0.31 | -1.37 | -0.69 | -3.64 |
| GBPUSD | 1.2210 | ▼ | -0.02 | -1.45 | -2.89 | 1.40 | -7.75 |
| Brent (\$/barrel) | 31.6 | ▲ | 6.65 | 0.52 | 17.56 | 0.49 | -52.83 |
| Gold (\$/oz) | 1742.0 | ▲ | 1.43 | 1.58 | 2.76 | 7.00 | 14.30 |
| Platinum (\$/oz) | 785.9 | ▲ | 0.68 | -1.81 | -4.67 | 12.23 | -20.22 |
| Copper (\$/MT)* | 5173.8 | ▼ | -0.33 | -1.33 | 0.26 | 4.48 | -15.86 |

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,742.00/oz.

Yesterday, gold prices rose 1.4% to close at \$1,740.90/oz, as concerns over global economic slowdown and renewed US-China trade tensions increased demand for the precious yellow metal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.4% higher to trade at \$31.57/bl.

Yesterday, Brent crude oil advanced 6.7% to settle at \$31.13/bl, after the International Energy Agency (IEA) forecasted that crude inventories will shrink by about 5.5mn bls per day in the second half of 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 1.4% to trade at \$785.90/oz.

Yesterday, platinum prices climbed 0.7% to close at \$775.00/oz.

Major South African corporate news

Allied Electronics Corporation Limited

In its FY20 results, the company announced that revenues increased to ZAR16.71bn from ZAR15.72bn posted in the corresponding period of the previous year. Its diluted EPS rose 5.0% from the same period of the prior year to 183.00c.

Liberty Holdings Limited

In its operational update for the three-months ended 31 March 2020, the company announced that its total assets under management amounted to ZAR668.00bn, compared to ZAR738.00bn as at 31 December 2019, with the decrease largely attributable to negative investment market returns during the quarter and transfers to other external managers in respect of the discontinuation of Kenyan and Ugandan segregated mandates in the STANLIB Africa operations. Further, the firm is expected to remain well capitalised and would be able to provide a normal service to its clients.

DataTec Limited

In its FY20 trading statement, the company announced that it expects underlying EPS to be between 9.50c and 10.50c, compared to 6.60c in the last year and its HEPS is likely to be between 5.50c and 6.50c, compared to 0.70c in the previous year.

MTN Group Limited

In its 1Q20 update, the company announced that subscribers increased by 6.60mn to 257.30mn and service revenue rose by 11.1%. The group recorded voice, data and fintech revenue growth of 6.3%, 26.4% and 26.0%, respectively, as it continued to execute on strategic objectives and progress toward becoming a digital operator. Moreover, the firm maintained its medium-term guidance and would update the market in the future of any changes in that regard.

Famous Brands Limited

In its FY20 trading statement, the company announced that it expects EPS to be between 312.00c and 382.00c and its HEPS is likely to be between 362.00c and 442.00c during the period.

Major global economic news

Asia

In Japan, the PPI declined 2.3% on an annual basis in April, more than market expectations and compared to a fall of 0.4% in the previous month.

In China, industrial production advanced 3.9% on an annual basis in April, more than market anticipations and compared to a drop of 1.1% in the previous month.

In April, retail sales dropped 7.5% on a yearly basis in China, compared to a drop of 15.8% in the prior month.

US

In the US, seasonally adjusted number of initial jobless claims fell to a level of 2981.00K on a weekly basis in the week ended 08 May 2020, less than market expectations and compared to a revised level of 3176.00K in previous week.

Eurozone

In Germany, the final consumer price index rose 0.9% on an annual basis in April, compared to a rise of 1.4% in the previous month. The preliminary figures had recorded an advance of 0.8%.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous | Frequency |
|----------|-------|---|-----------|-----------------------|------------|-----------|
| Japan | 01:50 | Producer Price Index (MoM) (Apr) | ✓✓ | -1.50%* | -0.90% | Monthly |
| Japan | 01:50 | Producer Price Index (YoY) (Apr) | ✓✓ | -2.30%* | -0.40% | Monthly |
| China | 04:00 | Industrial Production (YoY) (Apr) | ✓✓ | 3.90%* | -1.10% | Monthly |
| China | 04:00 | Industrial Production YTD (YoY) (Apr) | ✓✓ | -4.90* | -8.40% | Monthly |
| China | 04:00 | Retail Sales (YoY) (Apr) | ✓✓✓ | -7.50%* | -15.80% | Monthly |
| China | 04:00 | Retail Sales YTD (YoY) (Apr) | ✓ | -16.20%* | -19.00% | Monthly |
| China | 04:00 | Fixed Assets Inv Excl. Rural YTD (YoY) (Apr) | ✓ | -10.30%* | -16.10% | Monthly |
| Germany | 08:00 | Gross Domestic Product s.a. (QoQ) (Q1) (P) | ✓✓✓ | -2.20% | 0.00% | Quarterly |
| Germany | 08:00 | Gross Domestic Product n.s.a. (YoY) (Q1) (P) | ✓✓ | -1.60% | 0.30% | Quarterly |
| Germany | 08:00 | Producer Price Index (MoM) (Apr) | ✓✓✓ | -0.60% | -0.80% | Monthly |
| Germany | 08:00 | Producer Price Index (YoY) (Apr) | ✓✓✓ | -1.80% | -0.80% | Monthly |
| France | 08:45 | Consumer Price Index (MoM) (Apr) (F) | ✓✓✓ | - | 0.10% | Monthly |
| France | 08:45 | Consumer Price Index (YoY) (Apr) (F) | ✓✓✓ | - | 0.70% | Monthly |
| Eurozone | 11:00 | Trade Balance n.s.a. (Mar) | ✓✓ | - | EUR23.00bn | Monthly |
| Eurozone | 11:00 | Employment Change (QoQ) (Q1) (P) | ✓✓✓ | -0.40% | 0.30% | Quarterly |
| Eurozone | 11:00 | Gross Domestic Product s.a. (YoY) (Q1) (S) | ✓✓ | -3.30% | 1.00% | Quarterly |
| Eurozone | 11:00 | Gross Domestic Product s.a. (QoQ) (Q1) (S) | ✓✓✓ | -3.80% | 0.10% | Quarterly |
| Eurozone | 11:00 | Trade Balance s.a. (Mar) | ✓✓✓ | - | EUR25.80bn | Monthly |
| US | 14:30 | NY Empire State Manufacturing Index (May) | ✓✓ | -63.50 | -78.20 | Monthly |
| US | 14:30 | Advance Retail Sales (MoM) (Apr) | ✓✓✓ | -10.00% | -8.70% | Monthly |
| US | 14:30 | Retail Sales ex Autos (MoM) (Apr) | ✓✓✓ | -8.60% | -4.50% | Monthly |
| Canada | 15:00 | Existing Home Sales (MoM) (Apr) | ✓ | - | -14.30% | Monthly |
| US | 15:15 | Industrial Production (MoM) (Apr) | ✓✓✓ | -11.50% | -5.40% | Monthly |
| US | 15:15 | Capacity Utilisation (Apr) | ✓ | 64.00% | 72.70% | Monthly |
| US | 15:15 | Industrial Production (Apr) | ✓✓ | - | 109.60 | Monthly |
| US | 15:15 | Manufacturing (SIC) Production (MoM) (Apr) | ✓✓✓ | - | -6.30% | Monthly |
| US | 16:00 | Business Inventories (Mar) | ✓ | -0.20% | -0.40% | Monthly |
| US | 16:00 | JOLTs Job Openings (Mar) | ✓ | 6842.00K | 6882.00K | Monthly |
| US | 16:00 | Reuters/Michigan Consumer Sentiment Index (May) (P) | ✓✓✓ | 68.00 | 71.80 | Monthly |
| US | 22:00 | Net Long-Term TIC Flows (Mar) | ✓✓ | USD31.90bn | USD49.40bn | Monthly |

Note: ✓✓✓High ✓✓Medium ✓Low

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