

ONE  
Minute Brief

18 May 2020

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## Economic and political news

The National Energy Regulator of South Africa (Nersa) has allowed Eskom to recover ZAR13.3bn in tariffs from customers for electricity supplied in the 2018/19 financial year. Separately, news reports indicate that Eskom is seeking to have the terms of USD3.75bn World Bank loan changed to avoid spending money to cut emissions from its Medupi coal fired power plant.

Health Minister, Zweli Mkhize stated that the total number of confirmed coronavirus cases in South Africa (SA) had increased to 15,515.

The Standing Committee on Public Accounts (Scopa) has instructed the South African Airways (SAA) business rescue practitioners to produce a formal business rescue plan for airline within 25 days. Separately, the Department of Public Enterprises has asked employees at SAA to take salary cuts of up to 50% (for the highest-paid employees) in order to keep the airline going for the next two months.

Public Protector, Busisiwe Mkhwebane has revealed that she has paid ZAR260,000 personal costs order to the Constitutional Court through donations from her supporters.

## Key indices

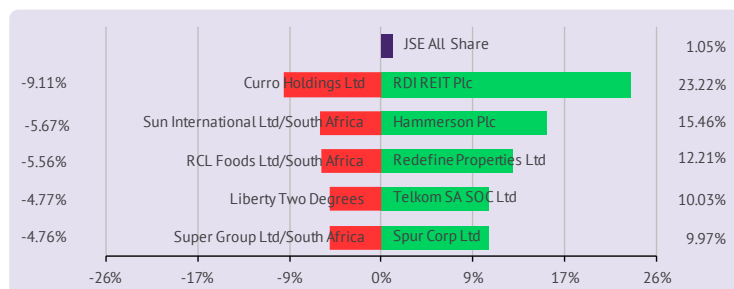
	As at 15 May 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	49628.72	▲	515.66	1.05	NA	-1.41	13.14	-13.06
JSE Top 40 (ZAR)	45948.36	▲	503.26	1.11	NA	-0.86	13.77	-9.58
FTSE 100(GBP)	5799.77	▲	58.23	1.01	NA	-1.72	4.04	-23.10
DAX 30 (EUR)	10465.17	▲	128.15	1.24	NA	-3.65	9.32	-21.01
CAC 40 (EUR)	4277.63	▲	4.50	0.11	NA	-6.44	4.00	-28.44
S&P 500 (USD)	2863.70	▲	11.20	0.39	NA	-1.67	12.68	-11.36
Nasdaq Composite (USD)	9014.56	▲	70.84	0.79	NA	1.41	15.45	0.47
DJIA (USD)	23685.42	▲	60.08	0.25	NA	-2.71	11.08	-17.01
MSCI Emerging Markets (USD)	901.16	▲	0.29	0.03	NA	-2.57	9.00	-19.15
MSCI Developed World (USD)	2008.41	▲	8.52	0.43	NA	-2.16	10.80	-14.84

## South Africa Market ▲

## South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in mining sector stocks. The JSE All Share Index rose 1.1% to close at 49,628.72.

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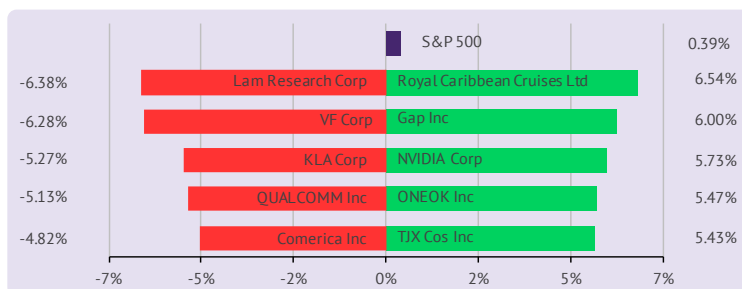


## US Market ▲

## US markets closed firmer

US markets closed higher on Friday, amid hopes that easing coronavirus induced lockdown restrictions would boost economic activity this month. The S&P 500 Index climbed 0.4% to close at 2,863.70. Today, the S&P 500 futures are trading in the green.

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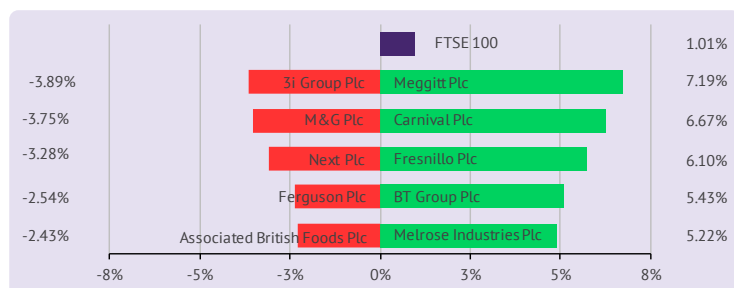


## UK Market ▲

## UK markets closed in the green

UK markets finished higher on Friday, buoyed by gains in energy and mining sector stocks. The FTSE 100 Index advanced 1.0% to close at 5,799.77. Today, the FTSE 100 futures are trading in positive territory.

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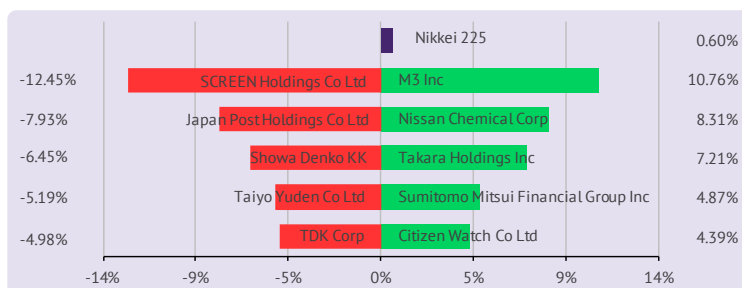


## Asian Market ▲

## 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 0.6% higher at 20,157.69.

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## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.4% against the South African Rand to trade at R18.5068. Later today, traders will keep a close watch on the US NAHB housing market index for further direction.

The US Dollar rose against the South African Rand on Friday. On the macro front, US business inventories fell in line with market forecast on a monthly basis in March. Additionally, retail sales plunged more-than-anticipated in April. Meanwhile, industrial production dropped less-than-expected in April. Additionally, the flash Michigan consumer sentiment index unexpectedly advanced in May. Moreover, the NY Empire State manufacturing index rebounded in May. Separately, the South African Rand fell against the US Dollar, amid mounting concerns over resurgence of coronavirus infections.

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## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.4% weaker against the South African Rand at R22.4099. 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 on Friday, after the British government reiterated its disagreement to extend the Brexit transition period this December and refused to compromise in trade negotiations with the European Union.

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## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.4% against the South African Rand to trade at R20.0325. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand on Friday. On the data front, Eurozone's gross domestic product (GDP) dropped on a quarterly basis in 1Q20, marking its biggest fall since the series started in 1995. Additionally, seasonally adjusted trade surplus narrowed in March. Separately, Germany's preliminary GDP fell in line with market forecast on a quarterly basis in 1Q20, registering its sharpest decline since the first quarter of 2009. Moreover, the producer price index (PPI) declined more-than-anticipated in April.

## AUD ZAR ▼

### AUD trading slightly higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R11.9242. Earlier in the session, in China, Australia's largest trading partner, the house price index advanced in April.

The Australian Dollar fell against the South African Rand on Friday.

## Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	18.5068	▲	0.79	NA	0.34	3.86	32.79
GBPZAR	22.4099	▲	-0.31	NA	-3.60	5.26	21.19
EURZAR	20.0325	▲	0.90	NA	-0.92	3.12	28.10
AUDZAR	11.9242	▼	-0.02	NA	-1.18	10.18	21.17
EURUSD	1.0824	▲	0.14	NA	-1.23	-0.69	-3.50
GBPUSD	1.2109	▼	-0.93	NA	-3.80	1.40	-8.61
Brent (\$/barrel)	33.5	▲	4.40	NA	22.73	0.49	-50.76
Gold (\$/oz)	1770.7	▲	0.88	NA	3.67	7.00	15.31
Platinum (\$/oz)	846.1	▲	5.43	NA	0.50	12.23	-15.88
Copper (\$/MT)*	5156.0	▼	-0.34	NA	-0.08	4.48	-16.15

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices climbed 0.8% to trade at \$1,770.70/oz.

On Friday, gold prices rose 0.9% to close at \$1,756.30/oz, as renewed concerns over the US-China trade deal increased demand for the safe haven asset.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 3.1% to trade at \$33.51/bl.

On Friday, Brent crude oil advanced 4.4% to settle at \$32.50/bl, amid signs of recovery in oil demand. Additionally, Baker Hughes reported that US oil rig count fell by 34 to 258 for the week ended 15 May.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices advanced 3.5% to trade at \$846.10/oz.

On Friday, platinum prices climbed 5.4% to close at \$817.10/oz.

## Major South African corporate news

### Adcorp Holdings Limited

The company announced that Ms. Cheryl-Jane Kujenga has resigned as Chief Financial Officer (CFO), with effect from 31 May 2020. Further, the board has commenced the search for a permanent CFO with suitable experience and shareholders would be advised as soon as such appointment has been finalised. In the interim period, Adcorp's Chief Executive Officer (CEO), Mr. Phil Roux, would have oversight of Adcorp's finance team, to ensure continued focus on the finance function within the group.

### Aspen Pharmacare Holdings Limited

In its trading update for the 10 months ended 30 April 2020, the company announced that it is experiencing an elevated demand for certain of its Sterile Brands in Europe. These products are of critical importance in the clinical management of patients infected with COVID-19 and it is making every effort to support the healthcare authorities in Europe and the other regions where it operates. Meanwhile, the uncertainty surrounding the severity, impact and duration of COVID-19 prevents the company from reliably assessing and quantifying the future impact of the virus on the business.

### Foschini Group Limited

In its March 2020 trading update, the company announced that in respect of its operations in Africa, it has achieved strong sales growth during the beginning of March, pre-lockdown, despite the heavy promotional activity in the market, with double digit turnover growth in the first week of March and same store turnover growth of 9.9%. However, the impact of COVID-19, was significant in the second half of the month. In respect of TFG London and TFG Australia, the impact of COVID-19 was already felt from the 1st and 2nd weeks of March, respectively.

### SPAR Group Limited

In its 1H20 trading update, the company announced that it achieved a revenue growth of 10.1% for the six months ended 31 March 2020, with strong trading reported in all geographies, and assisted by the turnover from its business in Poland for the first time. Further, it has completed the acquisition of the Polish business, Piotr i Paweł and secured the rights to the SPAR license to trade in Poland. The company expects its EPS to be between 364.00c and 416.00c and its HEPS to be between 382.20c and 434.60c.

## Major global economic news

### US

In the US, business inventories dropped 0.2% on a monthly basis in March, line with market expectations and compared to a revised drop of 0.5% in the prior month.

In May, the flash Michigan consumer sentiment index unexpectedly rose to a level of 73.70 in the US, compared to a level of 71.80 in the prior month.

In the US, industrial production slid 11.2% on a monthly basis in April, less than market anticipations and compared to a revised fall of 4.5% in the prior month.

In May, the NY Empire State manufacturing index advanced to -48.50 in the US, more than market forecast and compared to a reading of -78.20 in the prior month.

In the US, retail sales plunged 16.4% on a monthly basis in April, more than market anticipations and compared to a revised drop of 8.3% in the previous month.

### Asia

In Japan, GDP fell 0.9% on a quarterly basis in 1Q20, less than market consensus and compared to a revised decline of 1.9% in the previous quarter.

In China, the house price index advanced 5.1% in April, compared to a rise of 5.3% in the prior month.

### Eurozone

In the Eurozone, seasonally adjusted GDP declined 3.8% on a quarterly basis in 1Q20, compared to a rise of 0.1% in the previous quarter. The preliminary figures had indicated a fall of 3.8%.

In March, seasonally adjusted trade surplus narrowed to EUR23.50bn in the Eurozone, compared to a surplus of EUR25.60bn in the prior month.







In Germany, seasonally adjusted preliminary GDP dropped 2.2% on a quarterly basis in 1Q20, at par with market expectations and compared to a revised fall of 0.1% in the prior quarter.

In April, the PPI declined 1.9% on an annual basis in Germany, compared to a drop of 0.8% in the prior month.

## 40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Pan African Resources PLC	365	9.94	15.14	68.98
Gold Fields Ltd	15675	2.97	10.53	65.11
AngloGold Ashanti Ltd	50522	3.61	8.72	60.52
Harmony Gold Mining Co Ltd	7035	6.69	2.22	37.40
Naspers Ltd	307310	3.12	6.01	34.15
Assore Ltd	31900	0.52	0.94	19.95
Steinhoff International Holdings NV	100	-4.76	-9.91	19.05
British American Tobacco PLC	68431	-0.67	-3.35	17.00
Aspen Pharmacare Holdings Ltd	13578	4.69	17.42	13.89
Vodacom Group Ltd	12878	4.31	4.51	11.69
Net 1 UEPS Technologies Inc	5700	-11.63	-12.70	10.53
Trencor Ltd	759	6.15	2.02	4.40
Reinet Investments SCA	28698	-5.56	-3.25	3.42
Montauk Holdings Ltd	3866	34.80	31.05	1.74
JSE Ltd	11155	0.50	8.46	1.27
BHP Group PLC	32079	0.14	3.33	0.69
Peregrine Holdings Ltd	1810	-3.98	-3.72	-1.04
Sirius Real Estate Ltd	1580	4.29	-1.31	-1.25
Kumba Iron Ore Ltd	38761	6.68	9.89	-1.40
Rhodes Food Group Pty Ltd	1420	1.43	-2.00	-3.16
Investec Australia Property Fund	1417	6.86	8.67	-3.34
Oceana Group Ltd	5900	-2.11	-3.28	-4.14
Cartrack Holdings Ltd	2300	6.98	-0.26	-4.31
Quilter PLC	2680	-6.59	-5.80	-5.69
Santam Ltd	25796	-7.54	-6.21	-8.22
AfroCentric Investment Corp Ltd	295	-11.14	-14.05	-8.73
Cie Financiere Richemont SA	9806	-7.11	-5.87	-10.47
Mondi PLC	29034	-9.50	-11.98	-11.02
Stenprop Ltd	2100	2.44	-4.11	-11.27
Clicks Group Ltd	22200	-2.70	-3.78	-12.41
Coronation Fund Managers Ltd	3485	-9.22	-3.60	-12.77
African Rainbow Minerals Ltd	13500	2.33	-0.98	-12.88
Tiger Brands Ltd	17800	-7.33	-1.44	-13.75
Zeder Investments Ltd	180	3.45	-7.69	-13.87
Allied Electronics Corp Ltd	1970	15.20	-4.37	-14.72
Astral Foods Ltd	18100	-2.27	-6.38	-14.96
MiX Telematics Ltd	609	-8.28	-9.78	-15.01
Blue Label Telecoms Ltd	218	-11.02	2.83	-15.50
Lighthouse Capital Ltd	732	0.97	0.27	-15.86
South32 Ltd	2197	2.28	-7.14	-15.97
<b>JSE All Share Index</b>	<b>49629</b>	<b>-2.70</b>	<b>-1.41</b>	<b>-13.06</b>

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 China	03:30	House Price Index (YoY) (Apr)	✓	5.10%*	5.30%	Monthly
 Japan	06:30	Tertiary Industry Index (MoM) (Mar)	✓✓	-4.20%*	-0.50%	Monthly
 Switzerland	10:00	Domestic Sight Deposits (CHF) (15-May)	✓	-	CHF586900.00mn	Weekly
 Switzerland	10:00	Total Sight Deposits (CHF) (15-May)	✓	-	CHF669100.00mn	Weekly
 US	16:00	NAHB Housing Market Index (May)	✓	35.00	30.00	Monthly
 Germany	-	German Buba Monthly Report	✓	-	-	As Scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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