

ONE
Minute Brief

19 May 2020

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Economic and political news

The South African Airways Pilots Association (Saapa), the South Africa Cabin Crew Association (Sacca) and the National Union of Metalworkers of South Africa (Numsa) representing more than 60% of South African Airways (SAA) workers have called for a forensic audit of all expenditure since the appointment of the business rescue practitioners, a reduction of legal and consulting fees and an immediate cessation of the court appeal they launched last week.

Health Minister Zweli Mkhize confirmed that Covid-19 cases in South Africa (SA) had increased to 16,433.

The Environment Forestry and Fisheries (DEFF) Minister, Barbara Creecy stated that the department would continue to impose a compliance notice signed on 12 December, ordering Eskom to halt operations at its Kendal coal power station unit in Mpumalanga in the next 30 days for environmental offences.

In an address to the nation, President Cyril Ramaphosa stated that over 3mn South Africans have applied for the state's new ZAR350 a month grant.

Airports Company South Africa (ACSA) stated that it is seeking treasury support to finance up to ZAR11bn (USD594mn) of new debt by 2025.

Key indices

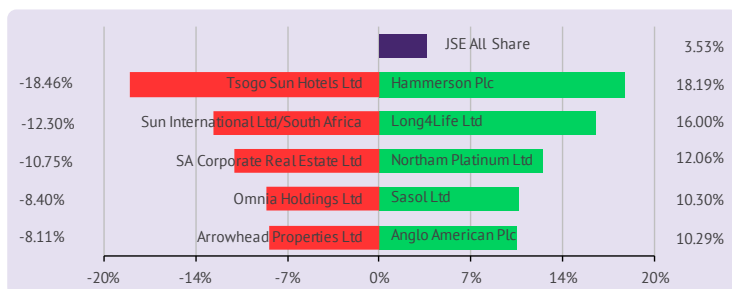
	As at 18 May 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	51382.06	▲	1753.34	3.53	3.53	2.08	13.14	-9.99
JSE Top 40 (ZAR)	47673.54	▲	1725.18	3.75	3.75	2.86	13.77	-6.18
FTSE 100 (GBP)	6048.59	▲	248.82	4.29	4.29	2.50	4.04	-19.81
DAX 30 (EUR)	11058.87	▲	593.70	5.67	5.67	1.82	9.32	-16.53
CAC 40 (EUR)	4498.34	▲	220.71	5.16	5.16	-1.61	4.00	-24.75
S&P 500 (USD)	2953.91	▲	90.21	3.15	3.15	1.42	12.68	-8.57
Nasdaq Composite (USD)	9234.83	▲	220.27	2.44	2.44	3.88	15.45	2.92
DJIA (USD)	24597.37	▲	911.95	3.85	3.85	1.03	11.08	-13.81
MSCI Emerging Markets (USD)	912.57	▲	11.41	1.27	1.27	-1.34	9.00	-18.13
MSCI Developed World (USD)	2069.00	▲	60.59	3.02	3.02	0.79	10.80	-12.27

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid hopes of reopening of more economies and positive developments in finding a coronavirus vaccine. The JSE All Share Index rose 3.5% to close at 51,382.06.

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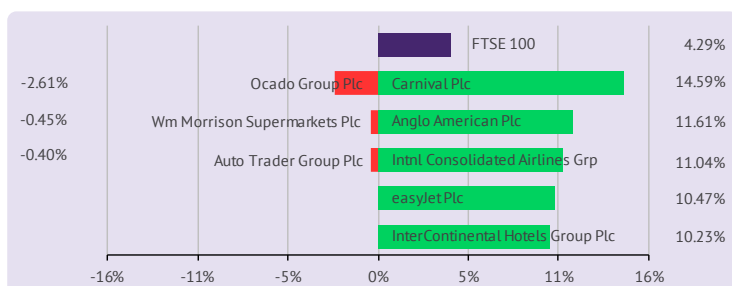


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid expectations of a faster economic recovery from a coronavirus-induced recession. The FTSE 100 Index advanced 4.3% to close at 6,048.59. Today, the FTSE 100 futures are trading in negative territory.

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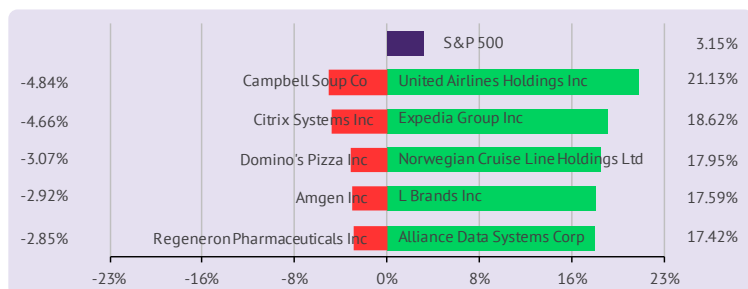


US Market ▲

US markets closed firmer

US markets closed higher yesterday, buoyed by hopes for a potential coronavirus vaccine and more Federal Reserve stimulus. The S&P 500 Index climbed 3.2% to close at 2,953.91. Today, the S&P 500 futures are trading in the red.

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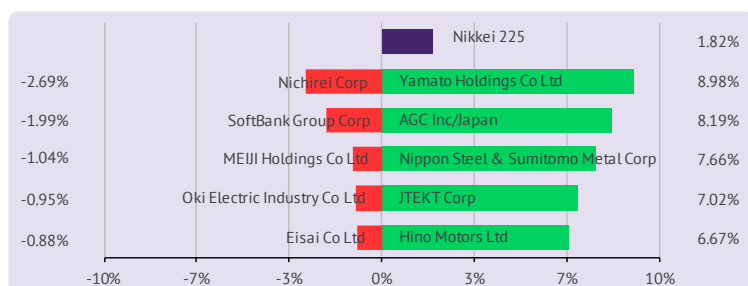


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, amid growing hopes for finding a potential coronavirus vaccine. As at 6:00 SAST, the Nikkei 225 Index is trading 1.8% higher at 20,500.96.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand at R18.3720. Later today, traders will keep a close watch on the US Federal Reserve Chairman, Jerome Powell's testimony, housing starts and building permits for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US NAHB housing market index rose more-than-anticipated in May.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R22.4088. Ahead in the day, traders will keep an eye on UK's ILO unemployment rate and average earnings including bonus for further indication.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R20.0440. Going forward, market participants will keep a tab on Eurozone's construction output and the ZEW economic sentiment index along with Germany's ZEW current situation and economic sentiment index for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R11.9807.

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	18.3720	▼	-1.26	-1.26	-0.92	3.86	31.11
GBPZAR	22.4088	▼	-0.61	-0.61	-4.18	5.26	20.45
EURZAR	20.0440	▼	-0.40	-0.40	-1.31	3.12	27.59
AUDZAR	11.9807	▼	0.34	0.34	-0.85	10.18	21.58
EURUSD	1.0910	▼	0.86	0.86	-0.38	-0.69	-2.68
GBPUSD	1.2197	▲	0.64	0.64	-3.18	1.40	-8.02
Brent (\$/barrel)	34.6	▼	7.11	7.11	31.46	0.49	-47.26
Gold (\$/oz)	1739.5	▲	-1.25	-1.25	2.37	7.00	13.87
Platinum (\$/oz)	853.6	▼	6.39	6.39	6.92	12.23	-10.51
Copper (\$/MT)*	5292.0	▲	2.64	2.64	2.55	4.48	-13.94

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,739.50/oz.

Yesterday, gold prices fell 1.3% to close at \$1,734.40/oz, as encouraging results from the early trials of COVID-19 boosted risk appetite among investors.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.5% lower to trade at \$34.63/bl.

Yesterday, Brent crude oil advanced 7.1% to settle at \$34.81/bl, amid positive results from an experimental COVID-19 vaccine and optimism that resumption in economic activity would revive oil demand.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 1.8% lower to trade at \$853.60/oz.

Yesterday, platinum prices climbed 6.4% to close at \$869.30/oz.

Major South African corporate news

Astral Foods Limited

In its 1H20 results, the company announced that revenues rose to ZAR7.07bn from ZAR6.78bn posted in the corresponding period of the previous year. Its diluted EPS increased to ZAR9.50 from the same period of the prior year.

Massmart Holdings Limited

In its COVID-19 impact report, the company announced that trading was restricted to essential goods. Consequently, Game and Makro did not trade in general merchandise, save for those categories falling under the definition of basic and essential goods. Moreover, total sales increased by 1.3% over the prior year for the 13-week period ended 29 March 2020, with comparable store sales increasing by 0.9% over the same period. The COVID-19 lockdown had a significant impact on normal trading patterns. Consequently, total sales for the 19 weeks ended 10 May 2020 amounted to ZAR28.20bn and were 11.9% lower than the same period last year. It continued to focus on prudent cash flow management and initiatives to improve cash generation performance.

Major global economic news

Asia

The Reserve Bank of Australia (RBA), in its latest monetary policy meeting minutes, reiterated that it would not raise the cash rate until there is progress on employment and inflation front. Moreover, members agreed that the central bank's policy package was working broadly as expected and they were prepared to scale up government bond purchases again, if necessary, to achieve yield target. Meanwhile, officials expect the country's GDP to drop by 10% in the first half and 6% for 2020. Further, the RBA indicated that outlook remained uncertain, however, if coronavirus infection rates continued to decline and restrictions were eased, "recovery could be expected to start later in 2020".

US

In the US, the NAHB housing market index advanced to a level of 37.00 in May, more than market expectations and compared to a level of 30.00 in the previous month.

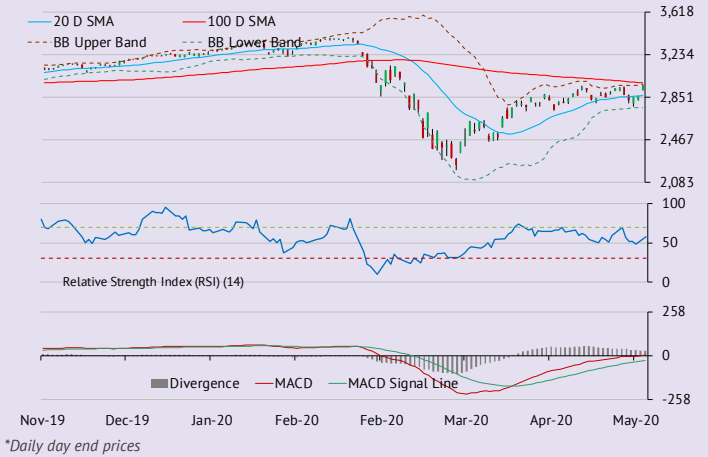
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 496,63.99, and a fall through could take it to the next support level of 47,945.91. The index is expected to find its first resistance at 52,241.10, and a rise through could take it to the next resistance level of 53,100.13.

S&P 500



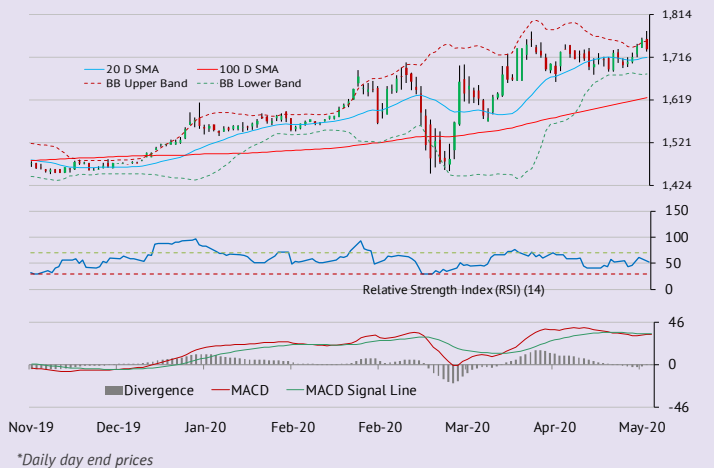
The S&P 500 index is expected to find support at 2,824.34, and a fall through could take it to the next support level of 2,694.76. The index is expected to find its first resistance at 3,025.79, and a rise through could take it to the next resistance level of 3,097.66.

USD ZAR



The pair is expected to find support at 18.1000, and a fall through could take it to the next support level of 17.8440. The pair is expected to find its first resistance at 18.6841, and a rise through could take it to the next resistance level of 19.0122.

XAU USD



Gold is expected to find support at \$1,693.33/oz, and a fall through could take it to the next support level of \$1,652.27/oz. The precious metal is expected to find its first resistance at \$1,775.63/oz, and a rise through could take it to the next resistance level of \$1,816.87/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	06:30	Capacity Utilisation (MoM) (Mar)	✓	-3.60%*	-1.80%	Monthly
Japan	06:30	Industrial Production (MoM) (Mar) (F)	✓✓✓	-3.70%*	-0.30%	Monthly
Japan	06:30	Industrial Production (YoY) (Mar) (F)	✓✓✓	-5.20%*	-5.70%	Monthly
UK	08:00	Claimant Count Rate s.a. (Apr)	✓	-	3.50%	Monthly
UK	08:00	Claimant Count Change (Apr)	✓	-	12.20K	Monthly
UK	08:00	Average Earnings Including Bonus (3Mo/Yr) (Mar)	✓	2.70%	2.80%	Monthly
UK	08:00	Average Earnings Excluding Bonus (3Mo/Yr) (Mar)	✓	2.60%	2.90%	Monthly
UK	08:00	ILO Unemployment Rate (3M) (Mar)	✓	4.40%	4.00%	Monthly
UK	08:00	Employment Change (3M/3M) (Mar)	✓	-	172.00K	Monthly
Eurozone	11:00	ZEW Survey - Economic Sentiment (May)	✓✓	-	25.20	Monthly
Eurozone	11:00	Construction Output s.a. (MoM) (Mar)	✓✓✓	-	-1.51%	Monthly
Eurozone	11:00	Construction Output w.d.a. (YoY) (Mar)	✓	-	-0.90%	Monthly
Germany	11:00	ZEW Survey - Economic Sentiment (May)	✓✓✓	33.50	28.20	Monthly
Germany	11:00	ZEW Survey - Current Situation (May)	✓✓	-87.80	-91.50	Monthly
South Africa	11:30	Platinum Production (YoY) (Feb)	✓	-	10.20%	Monthly
South Africa	11:30	Gold Production (YoY) (Mar)	✓	-	-	Monthly
South Africa	11:30	Mining Production (YoY) (Feb)	✓✓	-	7.50%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Feb)	✓✓	-	2.50%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Feb)	✓✓	-2.15%	-2.00%	Monthly
US	14:30	Building Permits (Apr)	✓✓✓	1000.00K	1353.00K	Monthly
US	14:30	Building Permits (MoM) (Apr)	✓✓✓	-	-6.80%	Monthly
US	14:30	Housing Starts (Apr)	✓✓✓	950.00K	1216.00K	Monthly
US	14:30	Housing Starts (MoM) (Apr)	✓✓✓	-	-22.30%	Monthly
US	16:00	Fed's Chair Powell testifies	✓✓✓	-	-	As Scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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