

ONE  
Minute Brief

21 May 2020


  
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## Economic and political news

In South Africa (SA), retail sales climbed 2.0% on an annual basis in February, compared to a revised rise of 1.3% in the previous month.

Health Minister Zweli Mkhize confirmed that the COVID-19 cases in the country had increased to 18,003. Moreover, the country reported its first neonatal coronavirus death taking the death toll to 339.

News reports indicate that the government has allocated ZAR3.8bn to South African Airways (SAA) as part of funding to state-owned entities in the current financial year, ending in March 2021. Additionally, Eskom would get ZAR33bn for the same period.

The South African Broadcasting Corporation (SABC) announced that it expects a revenue shortfall of ZAR1.5bn in the 2020-21 financial year due to the impact of the Covid-19 pandemic.

News reports indicate that Land Bank has asked for a ZAR22bn cash injection from the state.

## Key indices

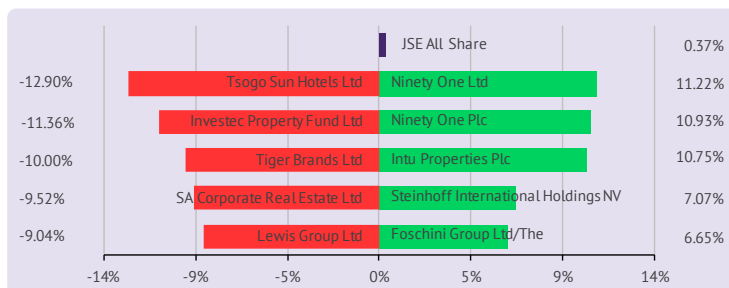
	As at 20 May 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	52142.75	▲	192.61	0.37	5.07	3.59	13.14	-8.66
JSE Top 40 (ZAR)	48379.91	▲	219.26	0.46	5.29	4.38	13.77	-4.79
FTSE 100 (GBP)	6067.16	▲	64.93	1.08	4.61	2.81	4.04	-19.56
DAX 30 (EUR)	11223.71	▲	148.42	1.34	7.25	3.33	9.32	-15.29
CAC 40 (EUR)	4496.98	▲	38.82	0.87	5.13	-1.64	4.00	-24.78
S&P 500 (USD)	2971.61	▲	48.67	1.67	3.77	2.03	12.68	-8.02
Nasdaq Composite (USD)	9375.78	▲	190.67	2.08	4.01	5.47	15.45	4.49
DJIA (USD)	24575.90	▲	369.04	1.52	3.76	0.95	11.08	-13.88
MSCI Emerging Markets (USD)	931.50	▲	6.28	0.68	3.37	0.71	9.00	-16.43
MSCI Developed World (USD)	2092.03	▲	30.66	1.49	4.16	1.91	10.80	-11.30

## South Africa Market ▲

## South African markets closed higher

South African markets closed in the green yesterday, tracking gains in their global counterparts. The JSE All Share Index rose 0.4% to close at 52,142.75.

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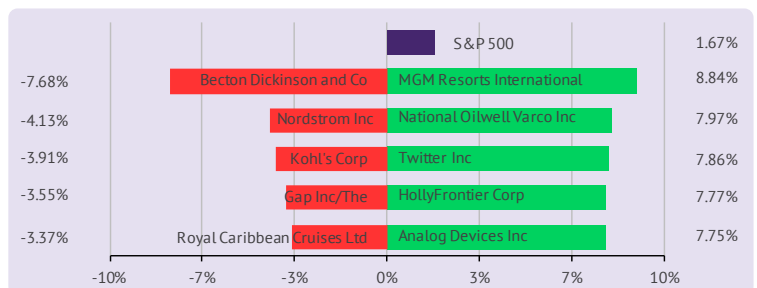


## US Market ▲

## US markets closed firmer

US markets closed higher yesterday, amid expectations of a swift economic recovery and more stimulus measures from the Federal Reserve (Fed). The S&P 500 Index climbed 1.7% to close at 2,971.61. Today, the S&P 500 futures are trading in the red.

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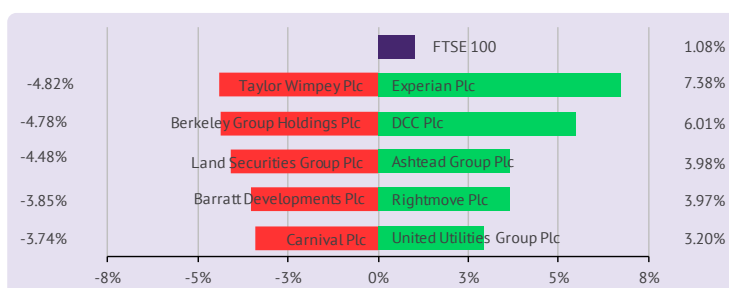


## UK Market ▲

## UK markets closed in the green

UK markets finished higher yesterday, amid hopes of a faster economic recovery from the coronavirus-induced recession. The FTSE 100 Index advanced 1.1% to close at 6,067.16. Today, the FTSE 100 futures are trading in negative territory.

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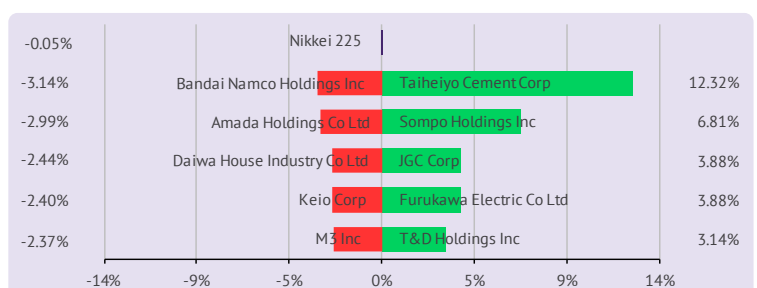


## Asian Market ▼

## Trading mostly lower

Asian markets are trading mostly lower this morning, amid US-China trade tensions. As at 6:00 SAST, the Nikkei 225 Index is trading 0.1% lower at 20,583.95.

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## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% firmer against the South African Rand at R18.0007. Later today, traders will keep a close watch on the US initial jobless claims, the Philadelphia Fed manufacturing index, existing homes sales and the Markit manufacturing and services PMIs for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications dropped on a weekly basis in the week ended 15 May 2020. Data indicated that SA's retail sales advanced more-than-anticipated on an annual basis in February.

## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.1% against the South African Rand to trade at R21.9556. Ahead in the day, traders will keep an eye on UK's CBI industrial trends survey, the Markit manufacturing and services PMIs for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's consumer inflation slowed in April, hitting its lowest since August 2016. Moreover, the retail price index reported a flat reading at par with market anticipations in April. Further, output producer price index (PPI) declined more-than-expected in April. Meanwhile, the DCLG house price index advanced on an annual basis in March.

## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.3% firmer against the South African Rand at R19.7304. Going forward, market participants will keep a tab on the Markit manufacturing and services PMIs across the euro area for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's consumer price inflation slowed more than initially estimated in April, hitting its lowest level since 2016. Additionally, seasonally adjusted current account surplus narrowed to a 3-month low level in March. Meanwhile, the preliminary consumer confidence index improved in May.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R11.8089. Earlier in the session, Australia's Commonwealth Bank manufacturing PMI unexpectedly dropped in May. Meanwhile, the Commonwealth Bank services PMI advanced 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	18.0007	▼	-2.27	-3.60	-3.26	3.86	28.01
GBPZAR	21.9556	▼	-2.38	-2.50	-6.01	5.26	18.16
EURZAR	19.7304	▼	-1.72	-2.14	-3.04	3.12	25.36
AUDZAR	11.8089	▲	-1.35	-0.82	-1.99	10.18	20.18
EURUSD	1.0961	▼	0.52	1.48	0.23	-0.69	-2.08
GBPUSD	1.2197	▼	-0.07	1.06	-2.77	1.40	-7.63
Brent (\$/barrel)	36.1	▲	3.17	10.00	35.01	0.49	-45.83
Gold (\$/oz)	1743.0	▼	0.37	-0.24	3.42	7.00	15.04
Platinum (\$/oz)	913.2	▼	5.05	14.37	14.94	12.23	-3.80
Copper (\$/MT)*	5417.5	▲	1.71	5.07	4.99	4.48	-11.90

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices fell 0.5% to trade at \$1,743.00/oz.

Yesterday, gold prices rose 0.4% to close at \$1,752.10/oz, following the Fed's meeting minutes and amid uncertainty over a potential coronavirus vaccine.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 1.0% to trade at \$36.10/bl.

Yesterday, Brent crude oil advanced 3.2% to settle at \$35.75/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories fell by 5mn bls to 526.5 mn bls in the week ended 15 May 2020.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 2.3% lower to trade at \$913.20/oz.

Yesterday, platinum prices climbed 5.1% to close at \$934.50/oz.

## Major South African corporate news

### Investec Property Fund Limited

In its FY20 results, the company announced that revenues declined 3.8% to ZAR1.77bn from ZAR1.84bn the same period of the preceding year. Its diluted EPS stood at 229.42c, compared to 193.94c recorded in the corresponding period of the previous year.

### Tiger Brands Limited

In its 1H20 trading statement, the company announced that it expects EPS from total operation to be between 190.00c and 216.00c compared to 864.00c in the same period of last year.

## Major global economic news

### UK

In the UK, the DCLG house price index rose 2.1% on an annual basis in March, compared to a revised rise of 2.0% in the previous month.

In April, output PPI fell 0.7% on an annual basis in the UK, more than market expectations and compared to an advance of 0.3% in prior month.

In the UK, the CPI advanced 0.8% on an annual basis in April, less than market anticipations and compared to a rise of 1.5% in the prior month.

In April, the retail price index recorded a flat reading in the UK, in line with market consensus and compared to a rise of 0.2% in the previous month.

Bank of England Governor, Andrew Bailey, stated that he was less opposed to negative interest rates than before the coronavirus crisis and has refused to rule out introducing negative interest rates in the UK. Moreover, he stated that the central bank is reassessing all options to help see the economy through a deep recession.

### Eurozone

In the Eurozone, the preliminary consumer confidence index rose to a level of -18.80 in May, compared to a revised level of -22.00 in the previous month.

In April, the CPI climbed 0.3% on an annual basis in the Eurozone, compared to an advance of 0.7% in the previous month. The preliminary figures had recorded a rise of 0.4%.

In the Eurozone, seasonally adjusted current account surplus narrowed to EUR27.40bn in March, compared to a revised surplus of EUR37.80bn in the prior month.

### Asia

In Australia, the Commonwealth Bank manufacturing PMI unexpectedly fell to 42.80 in May, compared to a level of 44.10 in the previous month.

In May, the Commonwealth Bank services PMI rose to 25.50 in Australia, compared to a reading of 19.50 in the prior month.

In Japan, merchandise trade balance recorded an unexpected deficit of JPY930.40bn in April, compared to a revised surplus of JPY5.40bn in the previous month.

In May, the preliminary Jibun Bank manufacturing PMI dropped to 38.40 in Japan, compared to a level of 41.90 in the previous month.

### US

The Federal Open Market Committee (FOMC), in its April meeting minutes, indicated that rates would stay low for a long time and dismissed the probability of implementing negative policy rates. Additionally, the officials cautioned that the coronavirus pandemic has created significant amount of uncertainty and considerable downside risks to the economic outlook in the medium term. Moreover, members agreed that the central bank would utilise its full range of tools to support the US economy in this challenging period.

In the US, the MBA mortgage applications fell 2.6% on a weekly basis in the week ended 15 May 2020, compared to a rise of 0.3% in the previous week.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Japan Buying Foreign Bonds (15-May)	✓	-JPY463.50bn*	JPY239.10bn	Weekly
Japan	01:50	Exports (YoY) (Apr)	✓✓	-21.90%*	-11.70%	Monthly
Japan	01:50	Foreign Buying Japan Stocks (15-May)	✓	-JPY223.20bn*	-JPY86.60bn	Weekly
Japan	01:50	Imports (YoY) (Apr)	✓✓	-7.20%*	-5.00%	Monthly
Japan	01:50	Foreign Buying Japan Bonds (15-May)	✓	JPY5.50bn*	-JPY66.10bn	Weekly
Japan	01:50	Merchandise Trade Balance Total (Apr)	✓✓✓	-JPY930.40bn*	JPY4.90bn	Monthly
Japan	01:50	Japan Buying Foreign Stocks (15-May)	✓	JPY159.80bn*	JPY66.10bn	Weekly
Japan	01:50	Adjusted Merchandise Trade Balance (Apr)	✓✓✓	-JPY996.30bn*	-JPY190.00bn	Monthly
South Africa	02:00	SARB Interest Rate Decision	✓✓	3.75%	4.25%	As Scheduled
UK	02:00	CBI Industrial Trends Survey - Orders (May)	✓	-59.00	-56.00	Monthly
Japan	02:30	Nomura/JMMA Manufacturing PMI (May) (P)	✓✓✓	-	41.90	Monthly
Germany	09:30	Markit Manufacturing PMI (May) (P)	✓✓✓	39.20	34.50	Monthly
Germany	09:30	Markit Services PMI (May) (P)	✓✓✓	26.60	16.20	Monthly
Germany	09:30	Markit Composite PMI (May) (P)	✓✓✓	34.10	17.40	Monthly
Eurozone	10:00	Markit Composite PMI (May) (P)	✓✓✓	24.00	13.60	Monthly
Eurozone	10:00	Markit Manufacturing PMI (May) (P)	✓✓✓	38.00	33.40	Monthly
Eurozone	10:00	Markit Services PMI (May) (P)	✓✓✓	25.00	120.00	Monthly
UK	10:30	Markit Services PMI (May) (P)	✓	25.00	13.40	Monthly
UK	10:30	Markit Composite PMI (May) (P)	✓	-	13.80	Monthly
UK	10:30	Markit Manufacturing PMI (May) (P)	✓	36.00	32.60	Monthly
US	14:30	Philadelphia Fed Manufacturing Survey (May)	✓✓	-41.50	-56.60	Monthly
US	14:30	Initial Jobless Claims (16-May)	✓✓✓	2400.00K	2981.00K	Weekly
US	15:45	Markit Services PMI (May) (P)	✓✓✓	30.00	26.70	Monthly
US	15:45	Markit Composite PMI (May) (P)	✓✓✓	-	27.00	Monthly
US	15:45	Markit Manufacturing PMI (May) (P)	✓✓✓	38.00	36.10	Monthly
US	16:00	Leading Indicator (MoM) (Apr)	✓✓✓	-	-6.70%	Monthly
US	16:00	Existing Home Sales (MoM) (Apr)	✓✓✓	-18.90%	-8.50%	Monthly
US	16:30	EIA Natural Gas Storage Change (15-May)	✓✓✓	-	103.00Bcf	Weekly
US	19:00	Fed's Clarida speech	✓✓	-	-	As Scheduled
US	20:30	Fed's Chair Powell speech	✓✓✓	-	-	As Scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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