

ONE
Minute Brief

26 May 2020

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Economic and political news

South African Airways' (SAA) business rescue practitioners have been granted leave to appeal against a Labour Court judgment ordering them to halt a layoff process at the airline.

News reports indicate that early attempts to resolve a wage dispute between the South African government and public sector trade unions have failed and the dispute would now move to arbitration.

According to Health Minister Zweli Mkhize the number of confirmed COVID-19 cases in the country had increased to 23,615.

The Congress of South African Trade Unions (Cosatu) has submitted an urgent request to Finance Minister, Tito Mboweni to allow employed workers to access a portion of their retirement funds to supplement Covid-19 Temporary Employer-Employee Relief Scheme (Ters) benefits.

The DA has asked Finance Minister Tito Mboweni to recruit a Special Inspector-General to prevent corruption and thefts in the ZAR500bn Covid-19 rescue package.

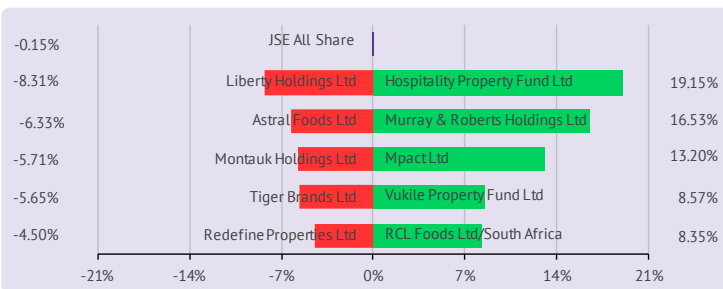
President Cyril Ramaphosa has filed a notice with the Constitutional Court, opposing the Democratic Alliance's (DA) challenge of the Disaster Management Act.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and financial sector stocks. The JSE All Share Index fell 0.2% to close at 50,074.21.

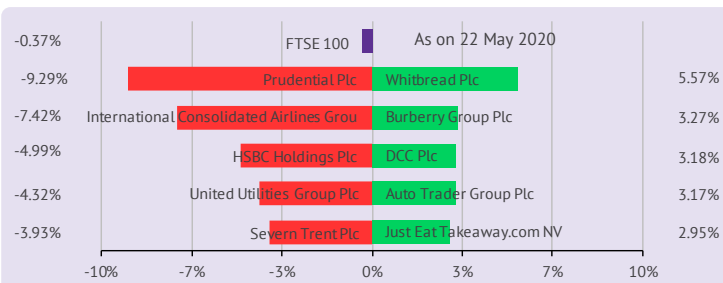
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UK Market

UK markets closed yesterday

Markets in the UK were closed yesterday on account of a national holiday.



Key indices

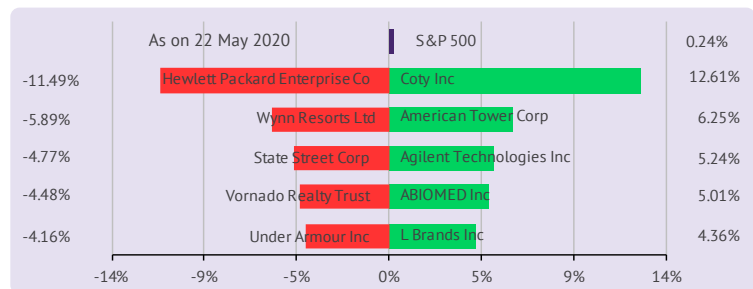
	As at 25 May 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	50074.21	▼	-73.00	-0.15	-0.15	13.14	-12.28
JSE Top 40 (ZAR)	46351.26	▼	-80.78	-0.17	-0.17	13.77	-8.79
FTSE 100 (GBP)*	5993.28	▼	-21.97	-0.37	NA	4.04	-20.54
DAX 30 (EUR)	11391.28	▲	317.41	2.87	2.87	9.32	-14.02
CAC 40 (EUR)	4539.91	▲	95.35	2.15	2.15	4.00	-24.06
S&P 500 (USD)*	2955.45	▲	6.94	0.24	NA	12.68	-8.52
Nasdaq Composite (USD)*	9324.59	▲	39.71	0.43	NA	15.45	3.92
DJIA (USD)*	24465.16	▼	-8.96	-0.04	NA	11.08	-14.27
MSCI Emerging Markets (USD)	911.41	▲	6.15	0.68	0.68	9.00	-18.23
MSCI Developed World (USD)	2081.83	▲	9.93	0.48	0.48	10.80	-11.73

*Values as on 22 May 2020

US Market

US markets closed yesterday

Markets in the US were closed yesterday on account of a public holiday.

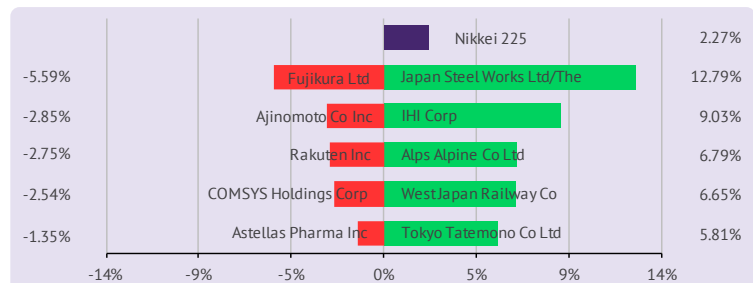


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, after US biotech firm Novavax began human trial of its experimental coronavirus vaccine. As at 6:00 SAST, the Nikkei 225 Index is trading 2.3% higher at 21,212.07.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% weaker against the South African Rand at R17.5587. Later today, traders will keep a close watch on the US Chicago Fed National Activity Index, the housing price index, new home sales, the consumer confidence index and the Dallas Fed manufacturing business index for further direction.

The US Dollar rose against the South African Rand yesterday.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.3% against the South African Rand to trade at R21.4536. Ahead in the day, traders will keep an eye on UK's CBI distributive trades survey for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.3% against the South African Rand to trade at R19.1713. Going forward, market participants will keep a tab on Germany's GfK consumer confidence index for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's gross domestic product (GDP) dropped in 1Q20, recording its biggest fall since the first quarter of 2009. Additionally, the Ifo current assessment index unexpectedly fell in May. Meanwhile, both, the Ifo business expectations index and the Ifo business climate index advanced more-than-anticipated in May.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined marginally against the South African Rand to trade at R11.5421.

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	17.5587	▲	0.12	0.12	-4.77	3.86	26.03
GBPZAR	21.4536	▲	0.42	0.42	-7.78	5.26	15.93
EURZAR	19.1713	▲	0.13	0.13	-5.26	3.12	22.50
AUDZAR	11.5421	▲	0.29	0.29	-4.29	10.18	17.36
EURUSD	1.0918	▲	-0.03	-0.03	-0.52	-0.69	-2.81
GBPUSD	1.2217	▲	0.15	0.15	-3.20	1.40	-8.04
Brent (\$/barrel)	36.0	▲	1.14	1.14	34.18	0.49	-46.17
Gold (\$/oz)	1753.8	▲	0.79	NA	2.44	7.00	13.95
Platinum (\$/oz)	906.0	▲	2.29	NA	9.02	12.23	-8.76
Copper (\$/MT)*	5259.8	▼	-1.94	NA	1.93	4.48	-14.46

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.1% higher to trade at \$1,753.80/oz.

Trading in gold was closed yesterday on account of a public holiday.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 1.2% to trade at \$35.97/bl, as producers continue to cut crude supply and as several economies eased coronavirus lockdowns.

Yesterday, Brent crude oil advanced 1.1% to settle at \$35.53/bl.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 2.2% higher to trade at \$906.00/oz.

Trading in platinum was closed yesterday on account of a public holiday.

Major South African corporate news

Murray & Roberts Holdings Limited

In its trading statement, the company announced that its global portfolio of projects experienced a significant impact as a result of the restrictions implemented to limit the spread of COVID-19. Currently, the majority of the group's projects are again operational and ramping up to pre-restriction production levels. Moreover, the company expects its FY20 HEPS and EPS to decline more than 20.0% compared to diluted HEPS of 78.00c and diluted EPS of 83.00c in the same period of the prior year.

Tiger Brands Limited

In its 1H20 results, the company announced that revenues rose 2.4% to ZAR15.71bn from ZAR15.33bn the same period of the preceding year. Its diluted EPS stood at 219.90c, compared to 872.00c recorded in the corresponding period of the previous year.

Nampak Limited

In its 1H20 trading update, the company announced that it expects its HEPS to decrease between 3.90c and 10.40c, compared to 130.00c in the same period of the previous year. It expects its loss per share to be between 406.70c and 413.60c, compared to EPS of 137.40c in the last year.

Truworths International Limited

In its business update and trading statement, the company announced that it has been actively engaged in executing operational steps and various strategic responses to best mitigate the impacts of the unprecedented and continuously evolving COVID-19 situation. Moreover, it expects reduction of at least 30.0% (174.00c) in HEPS for the period compared to the HEPS of 580.00c in the same period of last year.

Netcare Limited

In its 1H20 results, the company announced that revenues increased to ZAR10.71bn, from ZAR10.52bn posted in the corresponding period of the previous year. Its diluted EPS fell from the same period of the prior year to 43.10c.

Major global economic news

Eurozone

In Germany, seasonally adjusted final GDP dropped 2.2% on a quarterly basis in 1Q20, in line with market expectations and compared to a revised fall of 0.1% in the previous quarter. The preliminary figures had also indicated a fall of 2.2%.

In May, the Ifo business expectations index climbed more-than-expected to 80.10 in Germany, compared to a level of 69.40 in the previous month.

In Germany, the Ifo current assessment index unexpectedly dropped to a level of 78.90 in May, compared to a revised level of 79.40 in the prior month.

In May, the Ifo business climate index advanced to 79.50 in Germany, more than market forecast and compared to a revised level of 74.20 in the prior month.

Asia

In Japan, the final coincident index fell to a level of 90.20 in March. In the prior month, the coincident index had recorded a level of 95.50. The preliminary figures had recorded a drop of 90.50.

In March, the final leading economic index eased to a level of 84.70 in Japan, compared to a level of 91.70 in the prior month. The preliminary figures had recorded a drop to 83.80.

In Japan, the corporate service price index rose 1.0% on an annual basis in April, less than market consensus and compared to a rise of 1.6% in the previous month.

Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 48,992.84, and a fall through could take it to the next support level of 47,911.46. The index is expected to find its first resistance at 51,693.58, and a rise through could take it to the next resistance level of 53,312.94.

S&P 500



The S&P 500 index is expected to find support at 2,925.10, and a fall through could take it to the next support level of 2,894.76. The index is expected to find its first resistance at 2,983.04, and a rise through could take it to the next resistance level of 3,010.64.

USD ZAR



The pair is expected to find support at 17.3161, and a fall through could take it to the next support level of 16.9887. The pair is expected to find its first resistance at 18.1743, and a rise through could take it to the next resistance level of 18.7051.

XAU USD



Gold is expected to find support at \$1,714.67/oz, and a fall through could take it to the next support level of \$1,693.83/oz. The precious metal is expected to find its first resistance at \$1,756.97/oz, and a rise through could take it to the next resistance level of \$1,778.43/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (Apr)	✓	1.00%*	1.60%	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Mar)	✓✓✓	-3.80%*	-0.60%	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Jun)	✓✓✓	-18.90	-23.40	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Apr) (F)	✓✓✓	-	-40.70%	Monthly
Switzerland	08:00	Trade Balance s.a. (Apr)	✓✓	-	CHF3.16bn	Monthly
Switzerland	08:00	Exports (MoM) (Apr)	✓	-	2.23%	Monthly
Switzerland	08:00	Imports (MoM) (Apr)	✓	-	-3.94%	Monthly
France	08:45	Production Outlook Indicator (May)	✓	-	-78.00	Monthly
France	08:45	Own-Company Production Outlook (May)	✓	-	-35.00	Monthly
South Africa	09:00	Number of Foreign Tourist Arrivals (Mar)	✓	-	800815.00	Monthly
South Africa	09:00	Leading Indicator (Mar)	✓	-	103.00	Monthly
UK	12:00	CBI Distributive Trades Survey - Realised (May)	✓	-50.00%	-55.00%	Monthly
US	14:30	Chicago Fed National Activity Index (Apr)	✓✓✓	-	-4.19	Monthly
Eurozone	14:45	ECB's Lane speech	✓✓	-	-	As Scheduled
US	15:00	S&P/Case-Shiller Composite-20 City Home Price Index (YoY) (Mar)	✓	-	4.16%	Monthly
US	15:00	House Price Purchase Index (QoQ) (Q1)	✓✓	-	1.30%	Quarterly
US	15:00	Housing Price Index (MoM) (Mar)	✓	0.30%	0.70%	Monthly
US	15:00	S&P/Case-Shiller 20 City s.a. (MoM) (Mar)	✓✓✓	-	0.45%	Monthly
US	15:00	S&P/Case-Shiller Composite-20 (YoY) (Mar)	✓✓	3.30%	3.47%	Monthly
US	15:00	S&P/Case-Shiller Home Price Index (Mar)	✓	-	213.16	Monthly
US	16:00	Consumer Confidence (May)	✓✓✓	-	86.90	Monthly
US	16:00	New Home Sales (Apr)	✓✓✓	490.00K	627.00K	Monthly
US	16:00	New Home Sales (MoM) (Apr)	✓✓✓	-21.90%	-15.40%	Monthly
US	16:30	Dallas Fed Manufacturing Business Index (May)	✓✓✓	-	-73.70	Monthly
US	19:00	Fed's Kashkari Speak	✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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