

ONE
Minute Brief

27 May 2020

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), the leading indicator climbed to 104.00 in March, compared to a revised level of 103.30 in the prior month.

During his briefing to the National Council of Provinces (NCOP), Health Minister Zweli Mkhize indicated that Covid-19 hotspots could remain at Level 4, with the possibility that they could be moved to a hard lockdown if measures to curtail the spread of the virus fail. Meanwhile, the Health Ministry announced that the number of confirmed Covid-19 cases in SA had increased to 24,264.

South African Airways (SAA) is planning to resume domestic flights between Johannesburg and Cape Town from mid-June.

Former President, Jacob Zuma's legal team has accused the National Prosecuting Authority (NPA) of using the coronavirus to justify the postponement of his corruption trial to 2021.

President Cyril Ramphosa announced that religious gatherings would be allowed under Level 3 but the congregations would be limited to a maximum of 50 people.

According to the Central Energy Fund and Global Oil South Africa, domestic petrol price is set to sharply increase in June.

Key indices

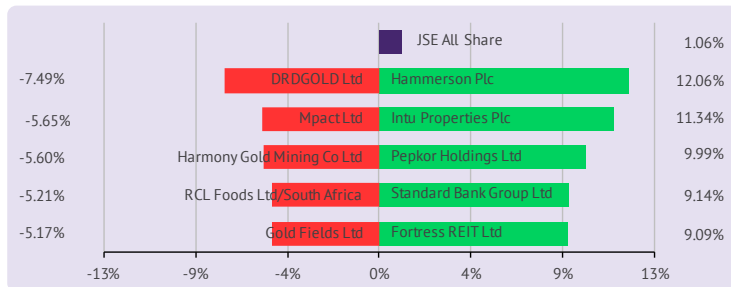
	As at 26 May 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	50602.50	▲	528.29	1.06	0.91	0.53	13.14	-11.35
JSE Top 40 (ZAR)	46795.97	▲	444.71	0.96	0.78	0.97	13.77	-7.91
FTSE 100 (GBP)	6067.76	▲	74.48	1.24	1.24	2.82	4.04	-19.55
DAX 30 (EUR)	11504.65	▲	113.37	1.00	3.89	5.92	9.32	-13.17
CAC 40 (EUR)	4606.24	▲	66.33	1.46	3.64	0.74	4.00	-22.95
S&P 500 (USD)	2991.77	▲	36.32	1.23	1.23	2.72	12.68	-7.40
Nasdaq Composite (USD)	9340.22	▲	15.63	0.17	0.17	5.07	15.45	4.10
DJIA (USD)	24995.11	▲	529.95	2.17	2.17	2.67	11.08	-12.42
MSCI Emerging Markets (USD)	926.65	▲	15.25	1.67	2.36	0.19	9.00	-16.87
MSCI Developed World (USD)	2114.27	▲	32.44	1.56	2.04	2.99	10.80	-10.35

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid optimism over the development of a potential coronavirus vaccine. Data indicated that SA's leading indicator advanced in March. The JSE All Share Index rose 1.1% to close at 50,602.50.

To Read More Click [Here](#)

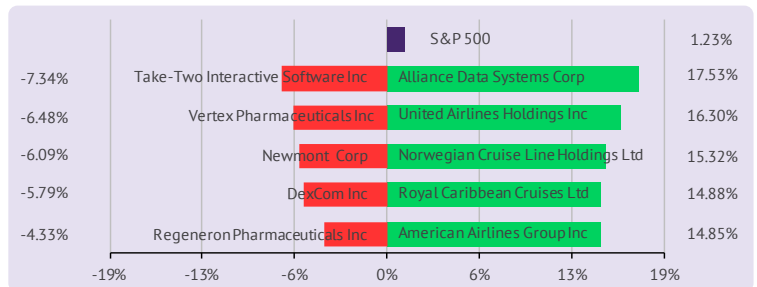


US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid rising hopes for a coronavirus vaccine and a revival in business activity. The S&P 500 Index climbed 1.2% to close at 2,991.77. Today, the S&P 500 futures are trading in the green.

To Read More Click [Here](#)

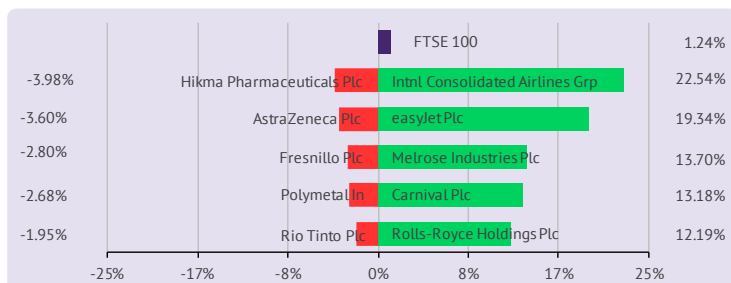


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, after UK Prime Minister, Boris Johnson announced plans to lift restrictions on high street shops. The FTSE 100 Index advanced 1.2% to close at 6,067.76. Today, the FTSE 100 futures are trading in positive territory.

To Read More Click [Here](#)

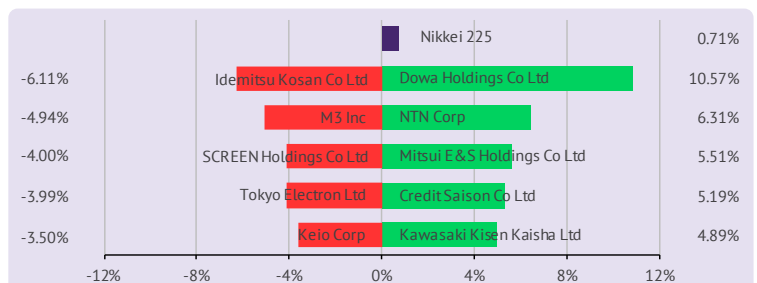


Asian Market ▲

Trading mixed

Asian markets are trading mixed this morning, as rising US-China trade tensions overshadowed optimism related to easing of coronavirus lockdowns. As at 6:00 SAST, the Nikkei 225 Index is trading 0.7% higher at 21,422.28.

To Read More Click [Here](#)



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R17.3844. Later today, traders will keep a close watch on the US Richmond Fed manufacturing index and the MBA mortgage applications along with Fed's Beige Book report for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, new home sales unexpectedly climbed on a monthly basis in April. Additionally, the CB consumer confidence index rebounded in May. Moreover, the Dallas Fed manufacturing business index rose in May. Meanwhile, the housing price index advanced less-than-expected in March. Further, the Chicago Fed National Activity Index fell in April, recording its lowest level since the series started in 1967. Data indicated that SA's leading indicator advanced in March.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R21.4104. 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. Data indicated that UK's CBI distributive trade survey's retail sales balance rebounded in May.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.3% weaker against the South African Rand at R19.0553. Going forward, market participants will keep a tab on the European Central Bank (ECB) President, Christine Lagarde's speech for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's GfK consumer confidence index improved in June.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.3% against the South African Rand to trade at R11.5485.

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	17.3844	▲	-1.37	-1.25	-6.07	3.86	24.30
GBPZAR	21.4104	▲	-0.26	0.15	-8.03	5.26	15.62
EURZAR	19.0553	▲	-0.63	-0.50	-5.85	3.12	21.72
AUDZAR	11.5485	▲	0.27	0.56	-4.03	10.18	17.67
EURUSD	1.0961	▼	0.77	0.74	0.25	-0.69	-2.06
GBPUSD	1.2315	▼	1.17	1.32	-2.06	1.40	-6.96
Brent (\$/barrel)	36.2	▼	1.80	2.96	36.59	0.49	-45.20
Gold (\$/oz)	1719.4	▲	-1.72	-1.72	0.67	7.00	11.98
Platinum (\$/oz)	867.3	▼	-1.47	-1.47	7.42	12.23	-10.10
Copper (\$/MT)*	5327.3	▲	1.28	1.28	3.24	4.48	-13.36

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,719.40/oz.

Yesterday, gold prices fell 1.7% to close at \$1,705.60/oz, amid rise in global equities and as major economies eased coronavirus-induced lockdown restrictions.

To Read More Click [Here](#)

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil marginally dropped to trade at \$36.16/bl.

Yesterday, Brent crude oil advanced 1.8% to settle at \$36.17/bl, on continuing crude oil production cuts and recovery in oil demand.

To Read More Click [Here](#)

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.7% to trade at \$867.30/oz.

Yesterday, platinum prices dropped 1.5% to close at \$873.30/oz.

Major South African corporate news

Coronation Fund Managers Limited

In its 1H20 results, the company announced that revenues increased to ZAR1.77bn from ZAR1.63bn posted in the corresponding period of the previous year. Its diluted EPS rose 8.0% to 178.30c from the same period of the prior year.

Raubex Group Limited

In its FY20 trading statement, the company announced that it expects EPS to be around 139.00c, compared to 31.90c in the last year. It expects HEPS to be around 161.70c, compared to 57.00c recorded in the previous year.

Famous Brands Limited

In its FY20 results, the company announced that revenues advanced 1.0% to ZAR7.78bn from the preceding year. Its diluted EPS stood at 361.00c, compared to a loss per share of 482.00c recorded in the previous year.

Major global economic news

US

In the US, new home sales unexpectedly advanced 0.6% on a monthly basis in April, compared to a revised drop of 13.7% in the previous month.

In May, the CB consumer confidence index advanced to a level of 86.60 in the US, compared to a revised level of 85.70 in the previous month.

In May, the Dallas Fed manufacturing business index rose to a level of -49.20 in the US, compared to a revised level of -74.00 in the prior month.

In the US, the housing price index climbed 0.1% on a monthly basis in March, less than market expectations and compared to a revised rise of 0.8% in the previous month.

In April, the Chicago Fed National Activity Index dropped to a level of -16.74 in April, compared to a revised level of -4.97 in the previous month.

Eurozone

In Germany, the GfK consumer confidence index advanced to -18.90 in June, at par with market anticipations and compared to a revised level of -23.10 in the previous month.

UK

In the UK, the CBI distributive trades survey's retail sales balance rose to -50.0% in May, in line with market forecast and compared to -55.0% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	03:30	Industrial Profits (YoY) (Apr)	✓✓	-4.30%*	-34.90%	Monthly
France	07:30	Own-Company Production Outlook (May)	✓	-	-35.00	Monthly
France	07:30	Business Climate (May)	✓	-	62.00	Monthly
France	07:30	Production Outlook Indicator (May)	✓	-	-78.00	Monthly
France	08:45	Consumer Confidence (May)	✓✓✓	92.00	95.00	Monthly
Spain	09:00	Total Mortgage Lending (YoY) (Mar)	✓	-	29.10%	Monthly
Spain	09:00	House Mortgage Approvals (YoY) (Mar)	✓	-	16.10%	Monthly
Eurozone	09:30	ECB's Lagarde Speech	✓	-	-	As Scheduled
Eurozone	10:00	EU Financial Stability Review	✓	-	-	As Scheduled
Switzerland	10:00	ZEW Survey - Expectations (May)	✓✓	-	12.70	Monthly
Eurozone	10:30	ECB's De Guindos speech	✓✓	-	-	As Scheduled
Eurozone	13:00	ECB's Enria Speech	✓	-	-	As Scheduled
US	13:00	MBA Purchase Index s.a. (22-May)	✓	-	258.90	Weekly
US	13:00	MBA Market Index (22-May)	✓	-	727.10	Weekly
US	13:00	MBA Refinance Index (Current Change) (22-May)	✓	-	-6.00%	Weekly
US	13:00	MBA Purchase Index s.a. (Current Change) (22-May)	✓	-	6.00%	Weekly
US	13:00	MBA Mortgage Applications (22-May)	✓	-	-2.60%	Weekly
US	13:00	MBA Refinance Index (22-May)	✓	-	3474.10	Weekly
US	14:55	Redbook Index (YoY) (22-May)	✓	-	-9.50%	Weekly
US	14:55	Redbook Index s.a. (MoM) (22-May)	✓	-	-2.60%	Weekly
US	16:00	Richmond Fed Manufacturing Index (May)	✓	-47.00	-53.00	Monthly
US	20:00	U.S. Federal Reserve Releases Beige Book	✓	-	-	As Scheduled
Canada	23:00	BOC'S Poloz, Wilkins speaking to Senate committee	✓	-	-	As Scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

formerly Grant Thornton Capital

a GTC, The Wanderers Office Park,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2116

t +27 (0) 10 597 6800
f +27 (0) 10 597 6801
w www.gtc.co.za

GTC (Pty) Ltd.
reg. no. 1996/001488/07
directors: G.K. Mockler, F.Dildar

An Authorised Financial
Services Provider
FSP no. 731

GTC is nationally represented in Johannesburg, Cape Town and Durban.

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services