

ONE  
Minute Brief

28 May 2020

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## Economic and political news

African National Congress' treasurer-general, Paul Mashatil stated that South Africa (SA) is planning to announce USD20.5bn infrastructure programme as part of its effort to recover from the coronavirus epidemic.

Acting Director General of the Department of Public Enterprises, Kgathatso Tlhakudi stated that Eskom could record a loss of ZAR16bn for the 2020 financial year.

Finance Minister, Tito Mboweni, announced the appointment of Mr. Abel Mofat Sithole as the new Chief Executive Officer (CEO) and Executive Director on the Board of Directors of the Public Investment Corporation (PIC) for a period of five years.

South African Airways (SAA) business rescue practitioners (BRPs) stated that the airline would not resume domestic flights between Johannesburg and Cape Town from June and the statement suggesting otherwise was released in violation of the BRPs protocols.

Former SAA chairperson, Dudu Myeni has been declared a delinquent director for life by the North Gauteng High Court.

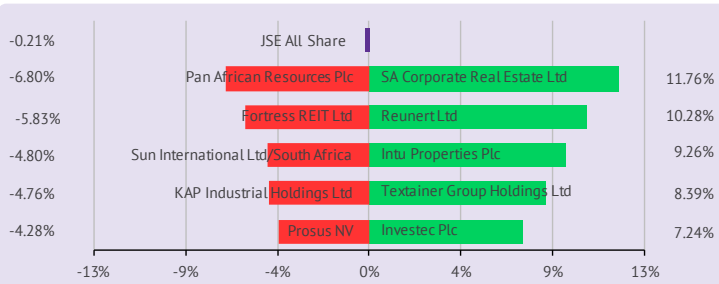
According to the South African Reserve Bank, SA stands to lose five years of potential economic output due to the damage caused by the coronavirus pandemic and measures to curb its spread.

## South Africa Market ▼

## South African markets closed lower

South African markets closed in the red yesterday, amid escalating tensions between the US and China. The JSE All Share Index fell 0.2% to close at 50,495.95.

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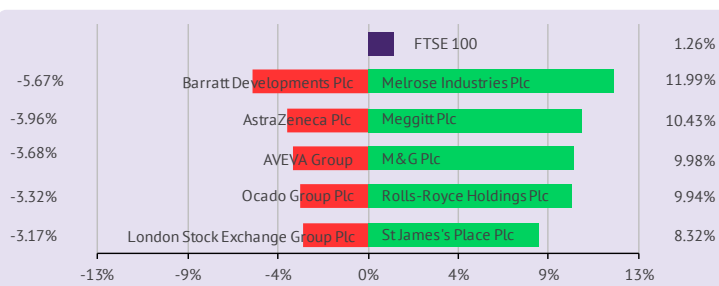


## UK Market ▲

## UK markets closed in the green

UK markets finished higher yesterday, amid weakness in the British Pound. The FTSE 100 Index advanced 1.3% to close at 6,144.25. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

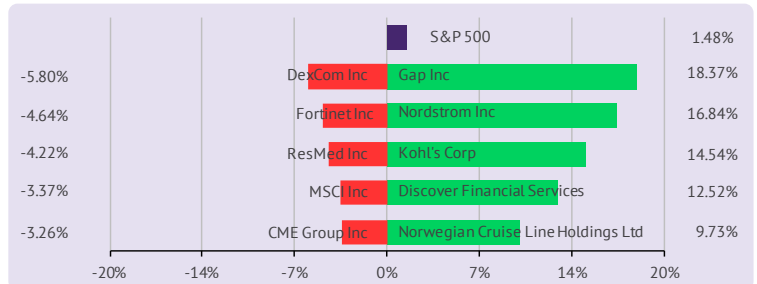
	As at 27 May 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	50495.95	▼	-106.55	-0.21	0.70	0.32	13.14
JSE Top 40 (ZAR)	46600.64	▼	-195.33	-0.42	0.36	0.54	13.77
FTSE 100 (GBP)	6144.25	▲	76.49	1.26	2.52	4.12	-18.54
DAX 30 (EUR)	11657.69	▲	153.04	1.33	5.27	7.33	-12.01
CAC 40 (EUR)	4688.74	▲	82.50	1.79	5.49	2.55	-21.57
S&P 500 (USD)	3036.13	▲	44.36	1.48	2.73	4.25	-6.02
Nasdaq Composite (USD)	9412.36	▲	72.14	0.77	0.94	5.88	4.90
DJIA (USD)	25548.27	▲	553.16	2.21	4.43	4.94	-10.48
MSCI Emerging Markets (USD)	927.36	▲	0.71	0.08	2.44	0.26	9.00
MSCI Developed World (USD)	2136.90	▲	22.63	1.07	3.14	4.09	-9.39

## US Market ▲

## US markets closed firmer

US markets closed higher yesterday, as further easing of coronavirus-induced lockdown restrictions buoyed hopes for a rapid economic recovery. The S&P 500 Index climbed 1.5% to close at 3,036.13. Today, the S&P 500 futures are trading in the green.

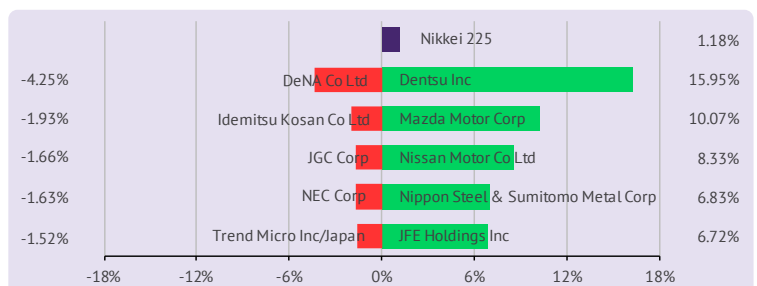
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## Asian Market ▲

## Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 1.2% higher at 21,671.71.



## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R17.3558. Later today, traders will keep a close watch on the US durable goods orders, gross domestic product (GDP), initial jobless claims, pending home sales and the Kansas Fed manufacturing activity for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Richmond Fed manufacturing index rebounded more-than-anticipated in May. Additionally, the MBA mortgage applications climbed on a weekly basis in the week ended 22 May 2020.

## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R21.2653. 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, after UK's chief Brexit negotiator David Frost stated that that not much progress had been made in Brexit negotiations.

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## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R19.1098. Going forward, market participants will keep a tab on Eurozone's services sentiment, consumer confidence, business climate and economic sentiment indices along with Germany's consumer price index (CPI) for further cues.

The Euro strengthened against the South African Rand yesterday, after the European Commission proposed a stimulus plan to contain the effect of the coronavirus pandemic.

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## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.5% against the South African Rand to trade at R11.4540.

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	17.3558	▲	-0.09	-1.34	-6.16	3.86	24.18
GBPZAR	21.2653	▲	-0.69	-0.54	-8.66	5.26	14.82
EURZAR	19.1098	▲	0.12	-0.38	-5.74	3.12	21.88
AUDZAR	11.4540	▲	-0.54	0.02	-4.55	10.18	17.04
EURUSD	1.1010	▲	0.22	0.96	0.47	-0.69	-1.85
GBPUSD	1.2253	▼	-0.59	0.72	-2.64	1.40	-7.51
Brent (\$/barrel)	33.8	▼	-3.95	-1.11	31.19	0.49	-47.36
Gold (\$/oz)	1726.3	▲	0.30	-1.43	0.97	7.00	12.32
Platinum (\$/oz)	874.0	▼	0.55	-0.93	8.01	12.23	-9.60
Copper (\$/MT)*	5226.8	▼	-1.89	-0.63	1.29	4.48	-15.00

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.9% higher to trade at \$1,726.30/oz.

Yesterday, gold prices rose 0.3% to close at \$1,710.70/oz.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 2.8% to trade at \$33.77/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose by 8.7mn bls for the week ended 22 May 2020.

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Yesterday, Brent crude oil declined 4.0% to settle at \$34.74/bl, after Russia announced that it was planning to ease supply cuts from July and amid rising tensions between the US and China.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices declined 0.5% to trade at \$874.00/oz.

Yesterday, platinum prices climbed 0.6% to close at \$878.10/oz.

## Major South African corporate news

### Arrowhead Properties Limited

In its 1H20 results, the company announced that total revenues stood at ZAR1.19bn, compared to ZAR1.25bn posted in the same period of the previous year. Its diluted loss per share stood at 10.89c, compared to 64.17c recorded in the corresponding period of the previous year.

### DataTec Limited

In its FY20 results, the company announced that revenues decreased to USD4.30bn from USD4.33bn posted in the previous year. Its diluted EPS rose from the same period of the prior year to 6.10c.

### Steinhoff International Holdings NV

Through its subsidiary, Pepkor's 1H20 results, the company announced that revenues advanced 6.5% to ZAR37.55bn from ZAR35.27bn the same period of the preceding year. Its diluted EPS stood at 41.70c, compared to 50.90c recorded in the corresponding period of the previous year.

### Woolworths Holdings Limited

In its COVID-19 update, the company referred to its earlier announcement that turnover and concession sales in the first nine weeks (to 1 March) of the 2H20 was broadly in line with that of the prior comparable period. Moreover, the temporary closure of the majority of the group's non-food stores, coupled with the significant decline in foot traffic and consequent loss of trade, saw turnover and concession sales decline by 18.5% in the subsequent eight weeks to 26 April. Further, the firm expects constrained trading conditions to persist over the remainder of 2H20.

## Major global economic news

### US

In the US, the Richmond Fed manufacturing index climbed to -27.00 in May, more than market expectations and compared to a reading of -53.00 in the previous month.

In the week ended 22 May 2020, the MBA mortgage applications rose 2.7% on a weekly basis in the US, compared to a drop of 2.6% in the prior week.

The US Federal Reserve (Fed), in its latest Beige Book report, revealed that economic activity "sharply" declined across all 12 Fed districts, reflecting disruptions associated with the COVID-19. Moreover, the US economy witnessed steep job losses with sectors such as leisure and hospitality being the hit hardest due to social distancing guidelines. Moreover, the report indicated that the outlook remained highly uncertain and most businesses were pessimistic about the potential pace of recovery.

### Asia

Reserve Bank of Australia (RBA) Governor, Philip Lowe, stated that the mid-March stimulus package to combat the impact of coronavirus was working "as expected". He suggested that country's economic downturn would likely not be as severe as earlier thought. Moreover, he stated that the Federal Government's JobKeeper scheme may need to be extended beyond its initial six-month period to support recovery.

### Eurozone

European Central Bank (ECB) President, Christine Lagarde in her speech, warned that Eurozone's economy is likely to contract as previously outlined in the bank's medium to severe scenarios. She added that output in the region was set to shrink between 8% and 12% and the bank's mild scenario which estimated a negative growth of 5% was "already outdated". Further, Lagarde expressed confidence that higher public spending would not result in a new debt crisis in the euro area.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Foreign Buying Japan Stocks (22-May)	✓	JPY551.40bn*	JPY5.70 bn	Weekly
Japan	01:50	Foreign Buying Japan Bonds (22-May)	✓	JPY813.40bn*	JPY155.90 bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (22-May)	✓	-JPY432.90bn*	-JPY456.90 bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (22-May)	✓	JPY75.40bn*	-JPY222.60 bn	Weekly
Eurozone	11:00	Economic Sentiment Indicator (May)	✓	70.30	67.00	Monthly
Eurozone	11:00	Industrial Confidence (May)	✓	-25.70	-30.40	Monthly
Eurozone	11:00	Business Climate Indicator (May)	✓✓	-	-1.81	Monthly
Eurozone	11:00	Services Sentiment Indicator (May)	✓	-28.60	-35.00	Monthly
Eurozone	11:00	Consumer Confidence (May) (F)	✓✓✓	-18.80	-22.00	Monthly
Germany	14:00	Consumer Price Index (MoM) (May) (P)	✓✓✓	-0.10%	0.40%	Monthly
Germany	14:00	Consumer Price Index (YoY) (May) (P)	✓✓✓	0.60%	0.90%	Monthly
Germany	14:00	Harmonised Index of Consumer Prices (HICP) (MoM) (May) (P)	✓✓✓	-0.10%	0.40%	Monthly
Germany	14:00	Harmonised Index of Consumer Prices (HICP) (YoY) (May) (P)	✓✓✓	0.50%	0.80%	Monthly
US	14:30	Durable Goods Orders ex Transportation (Apr) (P)	✓✓	-	-0.40%	Monthly
US	14:30	Initial Jobless Claims (23-May)	✓✓✓	2100.00K	2438.00K	Weekly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q1) (S)	✓✓✓	-4.80%	-4.80%	Quarterly
US	14:30	Personal Consumption (QoQ) (Q1) (S)	✓✓✓	-	1.80%	Quarterly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q1) (S)	✓✓✓	1.40%	1.40%	Quarterly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q1) (S)	✓✓✓	1.80%	1.30%	Quarterly
US	14:30	Durable Goods Orders (Apr) (P)	✓✓✓	-	-14.70%	Monthly
US	16:00	Pending Home Sales (MoM) (Apr)	✓✓	-15.00%	-20.80%	Monthly
US	16:30	EIA Natural Gas Storage Change (22-May)	✓✓✓	-	81.00Bcf	Weekly
US	17:00	Kansas City Fed Manufacturing Activity (May)	✓✓✓	-	-30.00	Monthly
US	17:00	EIA Crude Oil Stocks Change (Barrels) (22-May)	✓✓✓	-2.50mn	-4.98mn	Weekly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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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

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