

# ONE Minute Brief

1 June 2020

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## Economic and political news

In South Africa (SA), trade balance recorded a deficit of ZAR35.02bn in April, compared to a revised surplus of ZAR23.94bn in the previous month. Meanwhile, growth in private sector credit demand slowed to 7.37% in April, compared to a revised rise of 7.75% in the previous month. Additionally, growth in M3 money supply expanded to 10.47% in April from 9.49% in the prior month.

News reports indicate that South African Airways' administrators have requested creditors to approve an extension for the publication of a business rescue plan, until 8 June 2020.

Health Minister Zweli Mkhize indicated that SA has a backlog of more than 96,000 unprocessed specimens awaiting coronavirus tests, amid global shortage of test kits. Separately, he stated that the number of confirmed COVID-19 cases in the country had increased to 32,683.

The Automobile Association indicated that it expects petrol prices in SA to increase by up to ZAR1.18 per litre and diesel by 22 cents per litre in June.

Basic Education Minister, Angie Motshekga has postponed the restart of schools in SA by one week to June 8 to enable teachers to prepare facilities for the return of students.

## Key indices

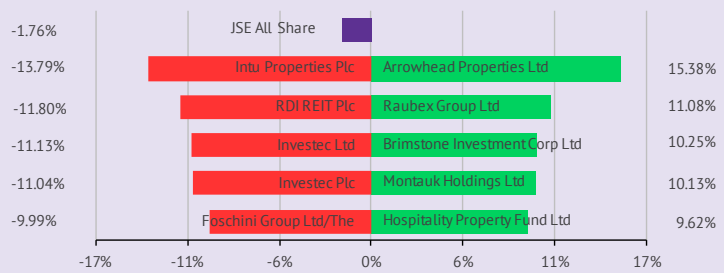
	As at 29 May 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	50483.00	▼ -906.12	-1.76	NA	NA	0.29	-11.56
JSE Top 40 (ZAR)	46544.79	▼ -895.27	-1.89	NA	NA	0.42	-8.41
FTSE 100(GBP)	6076.60	▼ -142.19	-2.29	NA	NA	2.97	-19.43
DAX 30 (EUR)	11586.85	▼ -194.28	-1.65	NA	NA	6.68	-12.55
CAC 40 (EUR)	4695.44	▼ -75.95	-1.59	NA	NA	2.70	-21.46
S&P 500 (USD)	3044.31	▲ 14.58	0.48	NA	NA	4.53	-5.77
Nasdaq Composite (USD)	9489.87	▲ 120.88	1.29	NA	NA	6.75	5.76
DJIA (USD)	25383.11	▼ -17.53	-0.07	NA	NA	4.26	-11.06
MSCI Emerging Markets (USD)	930.35	▲ 5.01	0.54	NA	NA	0.59	-16.53
MSCI Developed World (USD)	2147.88	▼ -0.45	-0.02	NA	NA	4.63	-8.93

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red on Friday, amid rising tensions between the US and China. Data indicated that SA recorded a trade deficit in April. The JSE All Share Index fell 1.8% to close at 50,483.00.

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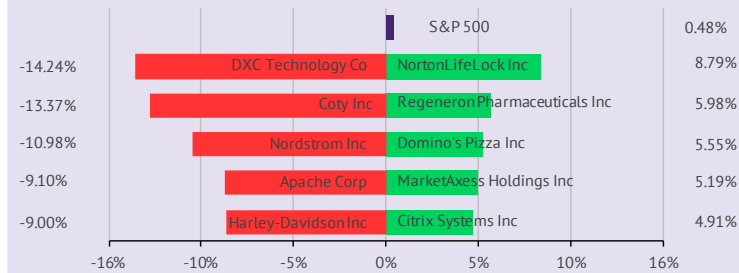


## US Market ▲

### US markets closed mostly firmer

US markets closed mostly higher on Friday, after US President Donald Trump announced less threatening measures against China. The S&P 500 Index climbed 0.5% to close at 3,044.31. Today, the S&P 500 futures are trading in the green.

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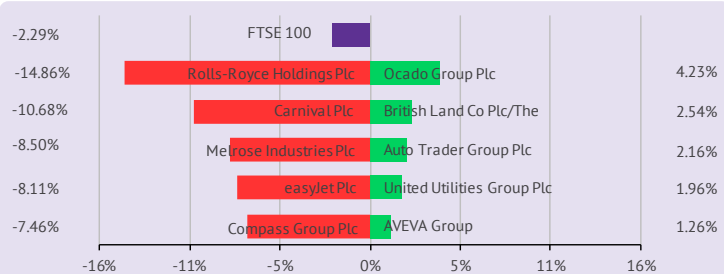


## UK Market ▼

### UK markets closed in the red

UK markets finished lower on Friday, amid growing concerns about US-Sino trade dispute. The FTSE 100 Index declined 2.3% to close at 6,076.60. Today, the FTSE 100 futures are trading in positive territory.

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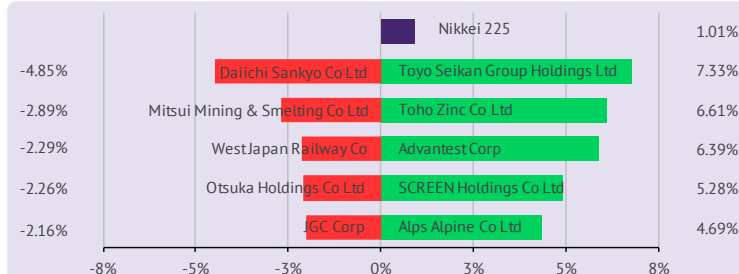


## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, after data indicated that China's factory activity expanded in May. As at 6:00 SAST, the Nikkei 225 Index is trading 1.0% higher at 22,099.37.

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## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar dropped 0.5% against the South African Rand to trade at R17.4511. Later today, traders will keep a close watch on the US ISM manufacturing PMI, construction spending and the Markit manufacturing PMI for further direction.

The US Dollar rose against the South African Rand on Friday. On the macro front, the US personal income unexpectedly rose on a monthly basis in April. Additionally, the final Michigan consumer sentiment index slightly improved in May. Meanwhile, the Chicago PMI unexpectedly fell in May, hitting its lowest level since March 1982. Moreover, personal spending dropped more than market forecast in April. Also, goods trade deficit widened in April. Data indicated that SA posted a trade deficit in April. Meanwhile, private sector credit demand advanced in April. Additionally, M3 money supply rose in April.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.3% against the South African Rand to trade at R21.6135. Ahead in the day, traders will keep an eye on UK's Markit manufacturing PMI for further indication.

The British Pound advanced against the South African Rand on Friday.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.2% against the South African Rand to trade at R19.4322. Going forward, market participants will keep a tab on the Markit manufacturing PMIs across the euro area for further cues.

The Euro strengthened against the South African Rand on Friday. On the data front, Eurozone's consumer inflation slowed in May, marking its lowest level since June 2016. Separately, Germany's retail sales fell in April, registering its biggest fall since January 2007.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R11.7283. Earlier in the session, Australia's AiG performance of manufacturing Index climbed in May. Additionally, the Commonwealth Bank manufacturing PMI fell less than market forecast in May. Elsewhere, in China, Australia's largest trading partner, the non-manufacturing PMI advanced in May. Moreover, the Caixin manufacturing PMI rose more-than-anticipated in May. Meanwhile, the NBS manufacturing PMI unexpectedly fell in May.

The Australian Dollar rose against the South African Rand on Friday.

## Key currencies & commodities

	Current <sup>#</sup>		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	17.4511	▲	0.20	NA	NA	-5.29	25.33
GBPZAR	21.6135	▲	0.44	NA	NA	-7.13	16.75
EURZAR	19.4322	▲	0.39	NA	NA	-4.05	24.05
AUDZAR	11.7283	▼	0.71	NA	NA	-2.99	18.95
EURUSD	1.1135	▲	0.22	NA	NA	1.33	-1.00
GBPUSD	1.2387	▲	0.18	NA	NA	-1.99	-6.89
Brent (\$/barrel)	37.7	▼	7.23	NA	NA	42.90	-42.67
Gold (\$/oz)	1752.3	▲	1.38	NA	NA	2.52	14.04
Platinum (\$/oz)	879.5	▲	0.75	NA	NA	7.58	-9.96
Copper (\$/MT)*	5352.3	▲	0.88	NA	NA	3.72	-12.96

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.9% to trade at \$1,752.30/oz.

On Friday, gold prices rose 1.4% to close at \$1,736.90/oz, amid heightened US-China trade tensions.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil fell 0.5% to trade at \$37.66/bl.

On Friday, Brent crude oil advanced 7.2% to settle at \$37.84/bl, amid recovery in energy demand and higher supply cuts. Additionally, Baker Hughes reported that the number of active US rigs drilling for oil fell by 15 to 222 for the week ended 22 May 2020.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices gained 0.6% to trade at \$879.50/oz.

On Friday, platinum prices climbed 0.8% to close at \$874.60/oz.

## Major South African corporate news

### Capitec Bank Holdings Limited

In its trading statement, the company announced that its liquidity and capital positions continue to be very strong. Its deposit base further increased and it believes this is due to clients' normal spending habits being curtailed due to the national lockdown. Meanwhile, the potential remedial effect of the relaxation of the economic restrictions from 1 June 2020 on the company's interim results would only become apparent over the second half of the interim reporting period.

### Hospitality Property Fund Limited

In its FY20 results, the company announced that revenues fell 7.3% to ZAR767.64mn from ZAR827.63mn the preceding year to. Its diluted loss per share stood at 344.22c, compared to 33.74c recorded in the previous year.

### Invicta Holdings Limited

In its FY20 trading statement, the company announced that it expects EPS to decrease by at least 593.00c, compared to an EPS of 126.00c recorded last year. The company expects its HEPS to fall by no more than 112.00c, compared to 112.00c recorded in the previous year.

### Nampak Limited

In its 1H20 results, the company announced that revenues decreased to ZAR6.52bn, compared to ZAR7.88bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 406.90c, compared to an EPS of 136.90c in the same period of the prior year.

### Raubex Group Limited

In its FY20 results, the company announced that revenues advanced 2.5% to ZAR8.73bn, compared to ZAR8.52bn from the preceding year. Its diluted EPS stood at 138.20c, compared to 31.80c recorded in the previous year.

### Tsogo Sun Hotels Limited

In its FY20 results, the company announced that rooms revenues increased to ZAR2.79bn, compared to ZAR2.73bn posted in the previous year. Its diluted loss per share stood at 84.50c compared to 450.40c in the prior year.

## Major global economic news

### Asia

In Japan, the consumer confidence index unexpectedly rose to a level of 24.00 in May, compared to a level of 21.60 in the prior month.

In April, construction orders dropped to 14.2% on an annual basis in Japan, compared to a fall of 14.3% in the previous month.

In Japan, housing starts declined 12.9% on a yearly basis in April, more than market anticipations and compared to a drop of 7.6% in the previous month.

In May, the Jibun Bank manufacturing PMI remained unchanged at 38.40 in Japan, in line with market expectations.

In China, the non-manufacturing PMI rose to a level of 53.60 in May, compared to a level of 53.20 in the previous month.

In May, the NBS manufacturing PMI unexpectedly fell to 50.60 in China, compared to a level of 50.80 in the prior month.

In China, the Caixin manufacturing PMI climbed more-than-expected to 50.70 in May, compared to a reading of 49.40 in the prior month.

In Australia, the AiG performance of manufacturing Index advanced to 41.60 in May, compared to a level of 35.80 in the previous month.

In May, the Commonwealth Bank manufacturing PMI declined less-than-expected to a level of 44.00 in Australia, compared to a revised level of 44.10 in the prior month.

### Eurozone

In the Eurozone, the flash consumer price index (CPI) climbed 0.1% on an annual basis in May, less than market consensus and compared to a rise of 0.3% in the prior month.

In Germany, retail sales dropped 5.3% on a monthly basis in April, less than market expectations and compared to a revised fall of 4.0% in the prior month.

### US

In the US, the final Michigan consumer sentiment index climbed to 72.30 in May, compared to a reading of 71.80 in the previous month. The preliminary figures had recorded an advance to 73.70.

In May, the Chicago Purchasing Managers' Index unexpectedly dropped to a level of 32.30 in the US, compared to a level of 35.40 in the prior month.

In the US, personal spending plunged 13.6% on a monthly basis in April, more than market anticipations and compared to a revised drop of 6.9% in the previous month.

In April, personal income unexpectedly jumped 10.5% on a monthly basis in the US, compared to a revised fall of 2.2% in the prior month.

In the US, goods trade deficit widened to USD69.68bn in April, compared to a revised deficit of USD64.98bn in the previous month.

In a webinar hosted by Princeton University, Federal Reserve Chairman, Jerome Powell, stated that the coronavirus pandemic is affecting low-wage workers and women the most and accelerating inequality in America. Also, he cautioned that the second wave would undermine

## 40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Pan African Resources PLC	330	-4.90	NA	52.78
Gold Fields Ltd	13710	-4.05	NA	44.41
AngloGold Ashanti Ltd	42450	-7.28	NA	34.87
Naspers Ltd	278829	-8.94	NA	21.72
Kumba Iron Ore Ltd	47432	8.25	NA	20.65
Steinhoff International Holdings NV	101	-0.98	NA	20.24
Assore Ltd	31950	0.00	NA	20.14
British American Tobacco PLC	69340	2.92	NA	18.55
Net 1 UEPS Technologies Inc	6073	0.00	NA	17.76
Aspen Pharmacare Holdings Ltd	13968	3.87	NA	17.16
Montauk Holdings Ltd	4285	2.02	NA	12.76
Harmony Gold Mining Co Ltd	5740	-9.03	NA	12.11
Trencor Ltd	798	3.50	NA	9.76
Vodacom Group Ltd	12623	-2.73	NA	9.48
Rebosis Property Fund Ltd	35	0.00	NA	9.38
African Rainbow Minerals Ltd	16875	10.65	NA	8.90
JSE Ltd	11950	-0.52	NA	8.49
BHP Group PLC	34406	3.30	NA	7.99
AfroCentric Investment Corp Ltd	339	6.60	NA	4.89
Sirius Real Estate Ltd	1660	8.78	NA	3.75
Rhodes Food Group Pty Ltd	1485	4.21	NA	1.28
Mondi PLC	32790	8.26	NA	0.49
Exxaro Resources Ltd	12393	13.85	NA	-0.14
Peregrine Holdings Ltd	1816	3.18	NA	-0.72
Quilter PLC	2818	5.62	NA	-0.84
Reinet Investments SCA	27500	0.53	NA	-0.90
Investec Australia Property Fund	1400	5.60	NA	-1.03
Blue Label Telecoms Ltd	253	7.66	NA	-1.94
Cartrack Holdings Ltd	2320	0.43	NA	-3.48
Santam Ltd	27000	1.01	NA	-3.94
Coronation Fund Managers Ltd	3831	2.68	NA	-4.11
Oceana Group Ltd	5800	-2.24	NA	-5.77
Lighthouse Capital Ltd	784	1.16	NA	-5.87
Anglo American PLC	36555	7.91	NA	-6.17
Afrimat Ltd	3100	14.81	NA	-6.60
Cie Financiere Richemont SA	10213	7.86	NA	-6.76
Clicks Group Ltd	23276	4.65	NA	-8.17
Stenprop Ltd	2151	3.66	NA	-9.12
Zeder Investments Ltd	188	1.62	NA	-10.04
Allied Electronics Corp Ltd	2078	3.54	NA	-10.04
<b>JSE All Share Index</b>	<b>50483</b>	<b>0.67</b>	<b>NA</b>	<b>-11.56</b>

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (May) (F)	✓✓✓	38.40*	41.90	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (May)	✓✓✓	50.70*	49.40	Monthly
Japan	07:00	Vehicle Sales (YoY) (May)	✓	-	-25.50%	Monthly
Spain	09:15	Markit Manufacturing PMI (May)	✓	38.10	30.80	Monthly
Italy	09:45	Markit Manufacturing PMI (May)	✓✓✓	-	31.10	Monthly
France	09:50	Markit Manufacturing PMI (May) (F)	✓✓✓	-	31.50	Monthly
Germany	09:55	Markit Manufacturing PMI (May) (F)	✓✓✓	-	34.50	Monthly
Eurozone	10:00	Markit Manufacturing PMI (May) (F)	✓✓✓	39.50	33.40	Monthly
UK	10:30	Markit Manufacturing PMI (May) (F)	✓	40.70	32.60	Monthly
South Africa	11:00	PMI Manufacturing (May)	✓✓	-	5.10	Monthly
Portugal	12:00	Industrial Production (YoY) (Apr)	✓	-	-7.20%	Monthly
Portugal	12:00	Industrial Production (MoM) (Apr)	✓	-	-8.30%	Monthly
Canada	15:30	RBC Canadian Manufacturing PMI (May)	✓✓✓	-	33.00	Monthly
US	15:45	Markit Manufacturing PMI (May) (F)	✓✓✓	-	36.10	Monthly
US	16:00	ISM Employment (May)	✓	-	27.50	Monthly
US	16:00	Construction Spending (Value Put in Place) s.a. (Apr)	✓	-	USD1291069.00mn	Monthly
US	16:00	Construction Spending (MoM) (Apr)	✓✓	-5.50%	0.90%	Monthly
US	16:00	ISM Manufacturing PMI (May)	✓✓✓	43.00	41.50	Monthly
US	16:00	ISM New Orders (May)	✓	40.30	27.10	Monthly
US	16:00	ISM Prices Paid (May)	✓✓	33.30	35.30	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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