

ONE  
Minute Brief

2 June 2020

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## Economic and political news

In South Africa (SA), the Absa manufacturing PMI rose to a level of 50.20 in May, compared to a level of 46.10 in the previous month. Meanwhile, new vehicle sales declined 68.0% to 12,932 units in May, compared to 40,428 units in the previous year.

News reports indicate that South African Airways' (SAA) administrators have proposed the government to provide a ZAR21bn (USD1.2bn) bailout to help repay debt and resume operations after the lifting of Covid-19 travel bans.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in SA had increased to 34,357, with 705 number of total deaths.

President Cyril Ramaphosa has appointed two senior advocates Ouma Rasethaba and Rodney de Kock as deputy national directors of public prosecutions at the National Prosecuting Authority (NPA) with immediate effect. Moreover, he also approved the appointment of advocate Mthunzi Mhaga as a special director of public prosecutions in the office of the national director of public prosecutions (NDPP).

## Key indices

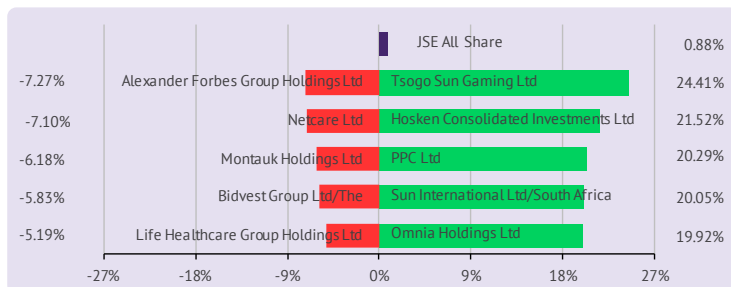
|                             | As at 01 June 2020 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|--------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR)         | 50929.59           | ▲         | 446.59    | 0.88      | 0.88      | 0.88              | -10.78    |
| JSE Top 40 (ZAR)            | 46950.12           | ▲         | 405.33    | 0.87      | 0.87      | 0.42              | -7.61     |
| FTSE 100 (GBP)              | 6166.42            | ▲         | 89.82     | 1.48      | 1.48      | 2.97              | -18.24    |
| DAX 30 (EUR)*               | 11586.85           | ▼         | -194.28   | -1.65     | NA        | NA                | -12.55    |
| CAC 40 (EUR)                | 4762.78            | ▲         | 67.34     | 1.43      | 1.43      | 2.70              | -20.33    |
| S&P 500 (USD)               | 3055.73            | ▲         | 11.42     | 0.38      | 0.38      | 4.53              | -5.42     |
| Nasdaq Composite (USD)      | 9552.05            | ▲         | 62.18     | 0.66      | 0.66      | 6.75              | 6.46      |
| DJIA (USD)                  | 25475.02           | ▲         | 91.91     | 0.36      | 0.36      | 4.26              | -10.73    |
| MSCI Emerging Markets (USD) | 951.48             | ▲         | 21.12     | 2.27      | 2.27      | 0.59              | -14.64    |
| MSCI Developed World (USD)  | 2163.93            | ▲         | 16.04     | 0.75      | 0.75      | 4.63              | -8.25     |

\*Values as on 29 May 2020

## South Africa Market ▲

## South African markets closed higher

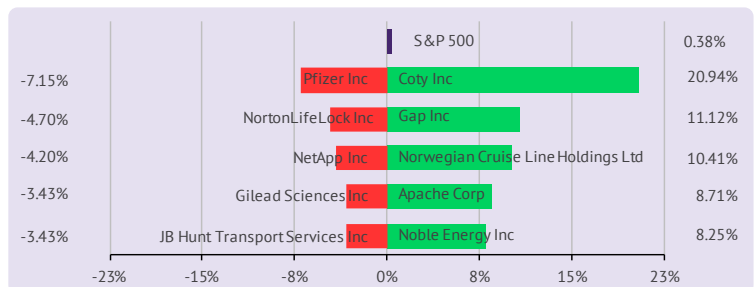
South African markets closed in the green yesterday, amid optimism surrounding the reopening of economies and the US-China trade deal. The JSE All Share Index rose 0.9% to close at 50,929.59.

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## US Market ▲

## US markets closed firmer

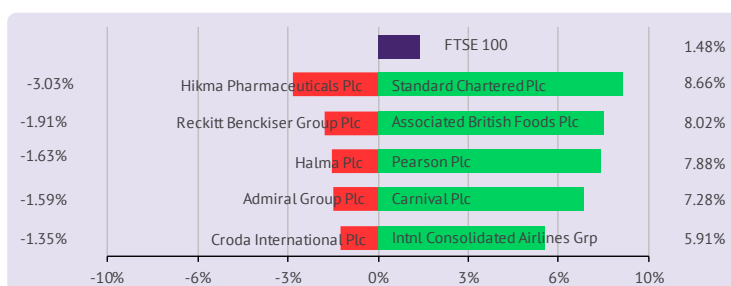
US markets closed higher yesterday, amid hopes of swift economic recovery from the coronavirus-led downturn. The S&P 500 Index climbed 0.4% to close at 3,055.73. Today, the S&P 500 futures are trading in the red.

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## UK Market ▲

## UK markets closed in the green

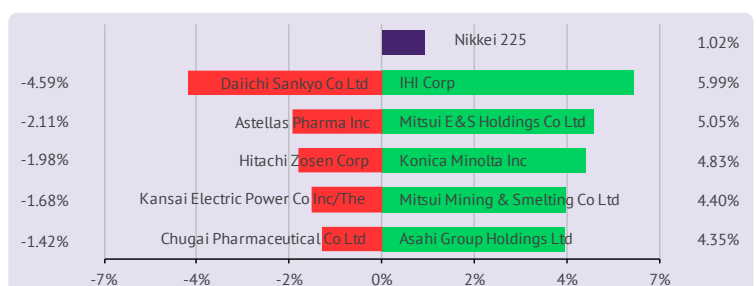
UK markets finished higher yesterday, amid ease in coronavirus-driven lockdown restrictions. The FTSE 100 Index advanced 1.5% to close at 6,166.42. Today, the FTSE 100 futures are trading in negative territory.

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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 1.0% higher at 22,287.63.



## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R17.3987. Later today, traders will keep a close watch on the US ISM-NY business conditions index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US ISM manufacturing activity index advanced less-than-expected in May. Meanwhile, the final Markit manufacturing PMI rose in May. Additionally, construction spending fell less than market forecast in April. Separately, data indicated that SA's Absa manufacturing PMI advanced in May. Meanwhile, new vehicle sales declined on a yearly basis in May.

## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R21.7185. Ahead in the day, traders will keep an eye on UK's Nationwide house price index, the BRC shop price index, consumer credit and mortgage approvals for further indications.

The British Pound advanced against the South African Rand yesterday, amid hopes of an economic recovery as Britain relaxed lockdown restrictions. Data indicated UK's final manufacturing PMI advanced in May.

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## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R19.3560. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's final Markit manufacturing PMI rebounded in May. Separately, Germany's final Markit manufacturing PMI rose in May.

## AUD ZAR ▼

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R11.8090. Earlier in the session, Australia's current account surplus widened more-than-anticipated in 1Q20.

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            | 17.3987  | ▼ | -1.02     | -1.02     | -1.02     | -5.29             | 24.06     |
| GBPZAR            | 21.7185  | ▼ | 0.11      | 0.11      | 0.11      | -7.13             | 16.88     |
| EURZAR            | 19.3560  | ▼ | -0.70     | -0.70     | -0.70     | -4.05             | 23.18     |
| AUDZAR            | 11.8090  | ▼ | 0.88      | 0.88      | 0.88      | -2.99             | 20.00     |
| EURUSD            | 1.1126   | ▼ | 0.32      | 0.32      | 0.32      | 1.33              | -0.69     |
| GBPUSD            | 1.2482   | ▼ | 1.21      | 1.21      | 1.21      | -1.99             | -5.77     |
| Brent (\$/barrel) | 38.6     | ▲ | 1.27      | 1.27      | 1.27      | 42.90             | -41.94    |
| Gold (\$/oz)      | 1752.2   | ▲ | 0.05      | 0.05      | 0.05      | 2.52              | 14.10     |
| Platinum (\$/oz)  | 895.7    | ▼ | 3.03      | 3.03      | 3.03      | 7.58              | -7.24     |
| Copper (\$/MT)*   | 5458.3   | ▲ | 1.98      | 1.98      | 1.98      | 3.72              | -11.23    |

\*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 \$1,752.20/oz.

Yesterday, gold prices rose 0.1% to close at \$1,737.80/oz, amid weakness in the US Dollar and escalating tensions between the US and China.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.8% higher to trade at \$38.62/bl, ahead of the Organisation of the Petroleum Exporting Countries (OPEC) meeting later this week to discuss whether to extend production cuts beyond end-June.

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Yesterday, Brent crude oil advanced 1.3% to settle at \$38.32/bl.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.6% lower to trade at \$895.70/oz.

Yesterday, platinum prices climbed 3.0% to close at \$901.10/oz.

## Major South African corporate news

### Bidvest Group Limited

In its 10M20 trading update, the company announced that within the services related activities, which include the Services, Freight and Financial Services divisions, the offshore operations delivered a strong result, augmented by the maiden contribution from recently acquired, Future Cleaning. For the 9M20 to 31 March, the majority of the trading and distribution activities, which include the Commercial Products, Branded Products and Automotive divisions, continued to face very tough trading conditions. Meanwhile, during the lockdown, demand was limited, even for those company businesses registered as essential services.

### Standard Bank Group Limited

In its 1H20 trading update, the company announced that it expects EPS to decline more than 20.0% compared to 827.00c recorded in the same period of the last year. The company expects HEPS to decrease more than 20.0% compared to 837.40c in the corresponding period of the previous year.

## Major global economic news

### US

In the US, the ISM manufacturing activity index rose less-than-expected to 43.10 in May, compared to a reading of 41.50 in the previous month.

In May, the final Markit manufacturing PMI rose to 39.80 in the US, compared to a level of 36.10 in the previous month. The preliminary figures had also recorded an advance to 39.80.

In the US, construction spending dropped 2.9% on a monthly basis in April, less than market expectations and compared to a revised flat reading in the previous month.

### Eurozone

In the Eurozone, the final Markit manufacturing PMI rose to a level of 39.40 in May, compared to a level of 33.40 in the prior month. The preliminary figures had recorded an advance to 39.50.

In Germany, the final Markit manufacturing PMI rose to 36.60 in May, compared to a level of 34.50 in the prior month. The preliminary figures had indicated an advance to 36.80.

### UK

In the UK, the final Markit manufacturing PMI advanced to 40.70 in May, compared to a level of 32.60 in the previous month. The preliminary figures had recorded an advance to 40.60.

### Asia

In Australia, current account surplus widened to AUD8.40bn in 1Q20, more than market anticipations and compared to a surplus of AUD1.00bn in the previous quarter.

The Reserve Bank of Australia, in its latest policy meeting kept its key interest rate unchanged at 0.25%, as widely expected.

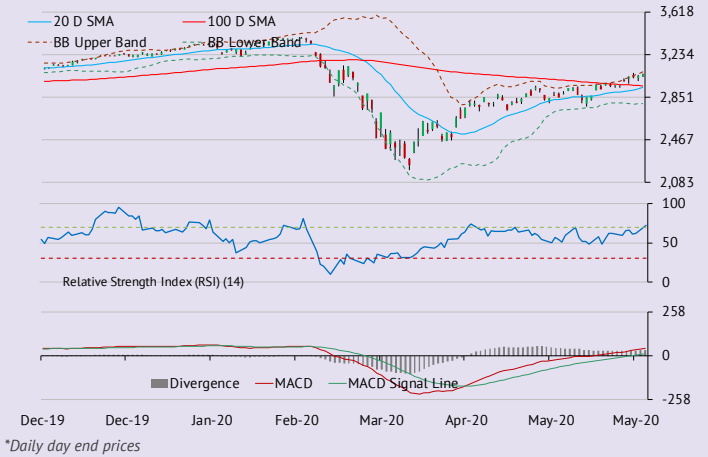
## Technical snapshot

### JSE All Share



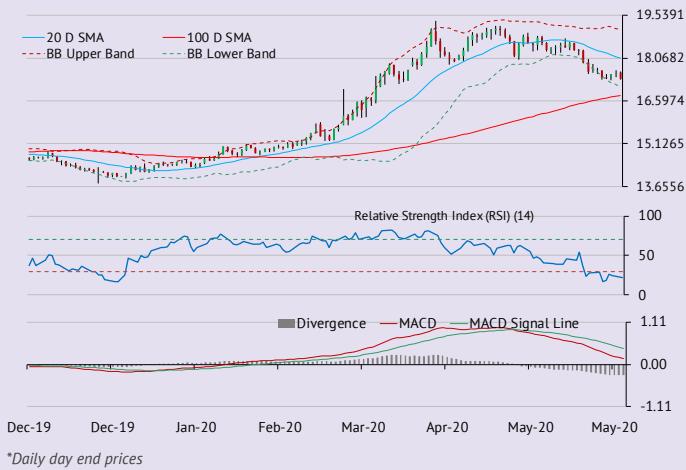
The JSE All Share index is expected to find support at 50,080.26, and a fall through could take it to the next support level of 49,230.94. The index is expected to find its first resistance at 51,772.86, and a rise through could take it to the next resistance level of 52,616.14.

### S&P 500



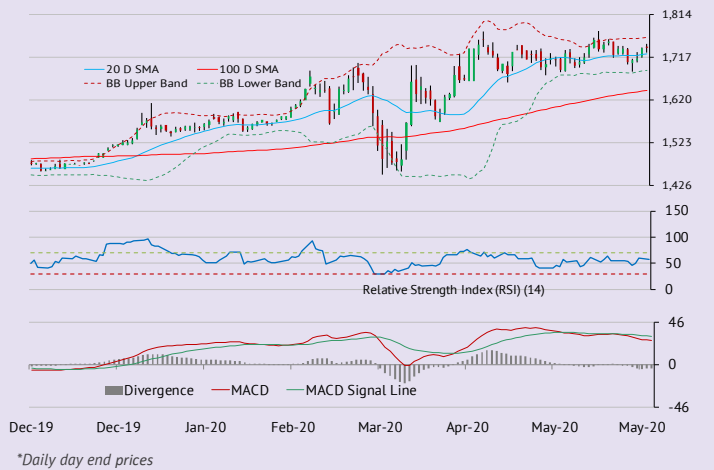
The S&P 500 index is expected to find support at 2,994.10, and a fall through could take it to the next support level of 2,932.46. The index is expected to find its first resistance at 3,093.02, and a rise through could take it to the next resistance level of 3,130.30.

### USD ZAR



The pair is expected to find support at 17.2246, and a fall through could take it to the next support level of 17.0808. The pair is expected to find its first resistance at 17.5885, and a rise through could take it to the next resistance level of 17.8086.

### XAU USD



Gold is expected to find support at \$1,699.00/oz, and a fall through could take it to the next support level of \$1,660.20/oz. The precious metal is expected to find its first resistance at \$1,761.80/oz, and a rise through could take it to the next resistance level of \$1,785.80/oz.

## Economic calendar

| Country     | SAST  | Economic indicator                         | Relevance | Consensus/<br>*Actual | Previous       | Frequency |
|-------------|-------|--|-----------|-----------------------|----------------|-----------|
| Japan       | 01:50 | Monetary Base (YoY) (May)                  | ✓         | 3.90%*                | 2.30%          | Monthly   |
| UK          | 08:00 | Nationwide House Prices s.a. (MoM) (May)   | ✓         | -1.00%                | 0.70%          | Monthly   |
| UK          | 08:00 | Nationwide House Prices n.s.a. (YoY) (May) | ✓         | 2.80%                 | 3.70%          | Monthly   |
| Switzerland | 08:30 | Real Retail Sales (YoY) (Apr)              | ✓✓        | -                     | -5.60%         | Monthly   |
| France      | 08:45 | Budget Balance (Apr)                       | ✓         | -                     | -EUR52.50bn    | Monthly   |
| Spain       | 09:00 | Unemployment Change (May)                  | ✓✓✓       | -                     | 282.89K        | Monthly   |
| Switzerland | 09:30 | SVME - PMI (May)                           | ✓✓        | 42.10                 | 40.70          | Monthly   |
| Switzerland | 10:00 | Domestic Sight Deposits (CHF) (29-May)     | ✓         | -                     | CHF596600.00mn | Weekly    |
| Switzerland | 10:00 | Total Sight Deposits (CHF) (29-May)        | ✓         | -                     | CHF679900.00mn | Weekly    |
| UK          | 10:30 | M4 Money Supply (YoY) (Apr)                | ✓         | -                     | 8.10%          | Monthly   |
| UK          | 10:30 | M4 Ex IOFCs 3M Annualised (Apr)            | ✓         | -                     | 14.00%         | Monthly   |
| UK          | 10:30 | Net Lending to Individuals (Apr)           | ✓         | -                     | GBP1.00bn      | Monthly   |
| UK          | 10:30 | Net Consumer Credit (Apr)                  | ✓         | -GBP4.50bn            | -GBP3.80bn     | Monthly   |
| UK          | 10:30 | Net Lending Sec. on Dwellings (Apr)        | ✓         | -                     | GBP4.80bn      | Monthly   |
| UK          | 10:30 | Mortgage Approvals (Apr)                   | ✓         | 64.17K                | 56.20K         | Monthly   |
| UK          | 10:30 | M4 Money Supply (MoM) (Apr)                | ✓         | 0.60%                 | 2.80%          | Monthly   |
| US          | 14:55 | Redbook Index (YoY) (29-May)               | ✓         | -                     | -5.50%         | Weekly    |
| US          | 14:55 | Redbook Index s.a. (MoM) (29-May)          | ✓         | -                     | -1.50%         | Weekly    |

Note: ✓✓✓High    ✓✓Medium    ✓Low

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