

ONE Minute Brief

3 June 2020

GTC
consult • partner • manage

Economic and political news

The Gauteng High Court has ruled that revised lockdown regulations implemented by the government as part of a phased reopening of the economy are “unconstitutional and invalid”. Moreover, the court has given the government two weeks to amend them while leaving the rules in place for now.

The Competition Commission has filed a new charge sheet with the Competition Tribunal against 28 banks for manipulating trades in the rand-dollar currency pair.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in South Africa (SA) had increased to 35,812.

Finance Minister, Tito Mboweni, has ruled out the possibility of printing money to help the government fund its budget deficit.

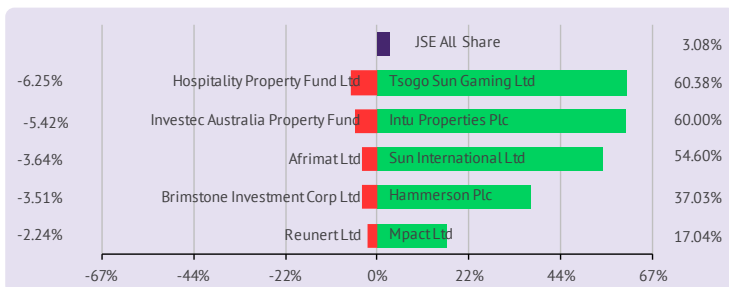
News reports indicate that South African banks are facing political pressure to adjust the rate they use as a reference to determine interest charges after measures to contain the coronavirus roiled the economy.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid optimism over the resuming of economic activities across the world. The JSE All Share Index rose 3.1% to close at 52,496.86.

To Read More Click [Here](#)

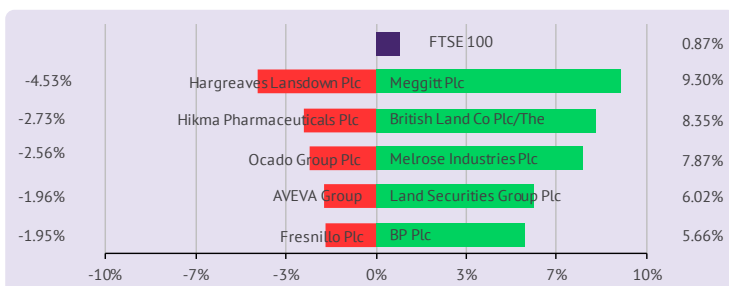


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid expectations of more fiscal stimulus from the government and hopes of swift economic recovery. The FTSE 100 Index advanced 0.9% to close at 6,220.14. Today, the FTSE 100 futures are trading in positive territory.

To Read More Click [Here](#)



Key indices

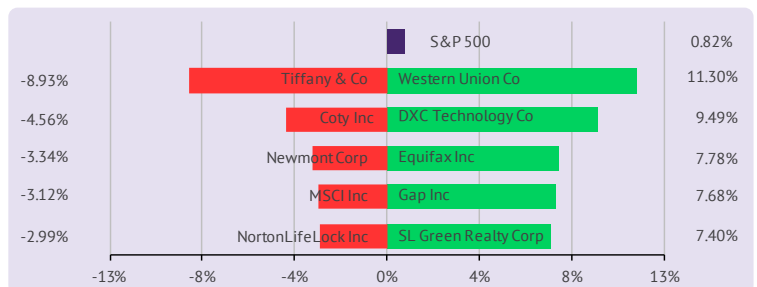
	As at 02 June 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	52496.86	▲ 1567.27	3.08	3.99	3.99	0.29	-8.04
JSE Top 40 (ZAR)	48318.29	▲ 1368.17	2.91	3.81	3.81	0.42	-4.92
FTSE 100 (GBP)	6220.14	▲ 53.72	0.87	2.36	2.36	2.97	-17.53
DAX 30 (EUR)	12021.28	▲ 434.43	3.75	3.75	3.75	6.68	-9.27
CAC 40 (EUR)	4858.97	▲ 96.19	2.02	3.48	3.48	2.70	-18.72
S&P 500 (USD)	3080.82	▲ 25.09	0.82	1.20	1.20	4.53	-4.64
Nasdaq Composite (USD)	9608.38	▲ 56.33	0.59	1.25	1.25	6.75	7.09
DJIA (USD)	25742.65	▲ 267.63	1.05	1.42	1.42	4.26	-9.80
MSCI Emerging Markets (USD)	967.48	▲ 16.00	1.68	3.99	3.99	0.59	-13.20
MSCI Developed World (USD)	2187.09	▲ 23.16	1.07	1.83	1.83	4.63	-7.27

US Market ▲

US markets closed firmer

US markets closed higher yesterday, as optimism surrounding reopening businesses overshadowed concerns about the global pandemic and civil unrest. The S&P 500 Index climbed 0.8% to close at 3,080.82. Today, the S&P 500 futures are trading in the green.

To Read More Click [Here](#)

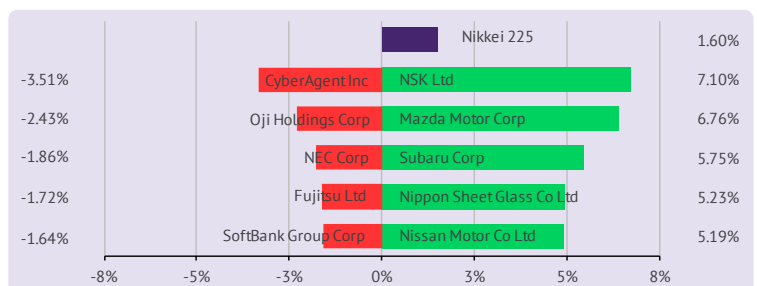


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, as reopening of economies around the world buoyed investor sentiment. As at 6:00 SAST, the Nikkei 225 Index is trading 1.6% higher at 22,682.03.

To Read More Click [Here](#)



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R17.1050. Later today, traders will keep a close watch on the US MBA mortgage applications, the ADP employment change, the Markit services PMI, the ISM non-manufacturing PMI and factory orders for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US ISM-NY business conditions index advanced in May.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R21.5310. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further indication. Data indicated that UK's BRC shop price index fell on a yearly basis in April.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's net consumer credit dropped more-than-expected in April. Additionally, the Nationwide house prices dropped at its fastest pace since 2009 in May. Moreover, the number of mortgage approvals for house purchases sharply declined in April, recording its lowest level since comparable records began in October 1997.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro marginally rose against the South African Rand to trade at R19.1735. Going forward, market participants will keep a tab on Eurozone's Markit services PMI, the producer price index (PPI) and unemployment rate along with Germany's Markit services PMI and unemployment rate for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% higher against the South African Rand at R11.8673. Earlier in the session, Australia's economy contracted in 1Q20. Meanwhile, the AiG performance of construction index climbed in May. Additionally, the Commonwealth Bank services PMI advanced more-than-anticipated in May. Moreover, building permits dropped less than market forecast in April. Elsewhere, in China, Australia's largest trading partner, the Caixin services PMI advanced more than market consensus in May.

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	17.1050	▲	-1.18	-2.19	-2.19	-5.29	22.59
GBPZAR	21.5310	▲	-0.72	-0.61	-0.61	-7.13	16.04
EURZAR	19.1735	▼	-0.88	-1.58	-1.58	-4.05	22.10
AUDZAR	11.8673	▼	0.25	1.13	1.13	-2.99	20.30
EURUSD	1.1209	▲	0.31	0.62	0.62	1.33	-0.38
GBPUSD	1.2587	▲	0.47	1.69	1.69	-1.99	-5.33
Brent (\$/barrel)	40.1	▲	3.26	4.57	4.57	42.90	-40.05
Gold (\$/oz)	1730.1	▲	-0.73	-0.67	-0.67	2.52	13.27
Platinum (\$/oz)	866.4	▼	-3.60	-0.67	-0.67	7.58	-10.57
Copper (\$/MT)*	5506.8	▲	0.89	2.89	2.89	3.72	-10.44

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,730.10/oz.

Yesterday, gold prices fell 0.7% to close at \$1,725.20/oz, amid rise in global equity markets.

To Read More Click [Here](#)

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 1.3% to trade at \$40.10/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 483,000 bls to 531 mn bls for the week ended 29 May 2020.

To Read More Click [Here](#)

Yesterday, Brent crude oil advanced 3.3% to settle at \$39.57/bl, amid hopes that major oil producers would extend production cuts beyond the end of June.

To Read More Click [Here](#)

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$866.40/oz.

Yesterday, platinum prices dropped 3.6% to close at \$868.70/oz.

Major South African corporate news

Aspen Pharmacare Holdings Limited

The company announced that Ben Kruger has been appointed as a member of the Aspen Social & Ethics Committee, with immediate effect.

Major global economic news

Asia

In Japan, the Jibun Bank services PMI rose to 26.50 in May, compared to a level of 21.50 in the previous month.

In China, the Caixin services PMI climbed to 55.00 in May, more than market anticipations and compared to a level of 44.40 in the prior month.

In Australia, the AiG performance of construction index advanced to 24.90 in May, compared to a level of 21.60 in the previous month.

In May, the Commonwealth Bank services PMI rose more-than-expected to 26.90 in Australia, compared to a level of 25.50 in the prior month.

In Australia, the gross domestic product (GDP) fell 0.3% on a quarterly basis in 1Q20, in line with market forecast and compared to a rise of 0.5% in the previous quarter.

In April, building permits eased 1.8% on a monthly basis in Australia, less than market consensus and compared to a fall of 4.0% in the previous month.

In a statement following the interest rate decision, Reserve Bank of Australia's (RBA), Governor, Philip Lowe stated that the global economy was witnessing a "severe downturn" and had produced a "sharp rise" in unemployment. However, he assured that substantial, coordinated and unprecedented easing of fiscal and monetary policy in Australia is helping the economy through this difficult period. Moreover, he indicated that negative interest rates are "extraordinarily unlikely".

US

In the US, the ISM-NY business conditions index jumped to a level of 19.50 in May, compared to a level of 4.30 in the previous month.

UK

In the UK, net consumer credit dropped by GBP7.40bn in April, more than market expectations and compared to a revised drop of GBP3.80bn in the prior month.

In April, the number of mortgage approvals for house purchases declined to a level of 15.80K in the UK, more than market anticipations and compared to a revised level of 56.14K in the prior month.

In the UK, seasonally adjusted Nationwide house prices fell 1.7% on a monthly basis in May, more than market forecast and compared to a revised rise of 0.9% in the previous month.

In April, the BRC shop price index dropped 2.4% on an annual basis in the UK, compared to a fall of 1.7% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Shop Price Index (YoY) (May)	✓	-2.40%*	-1.70%	Monthly
Japan	02:30	Nikkei Japan Services PMI (May) (F)	✓✓	26.50*	21.50	Monthly
Japan	02:30	Nikkei Japan Composite PMI (May) (F)	✓✓✓	27.80*	25.80	Monthly
China	03:45	HSBC China Composite PMI (May)	✓✓✓	54.50*	47.60	Monthly
China	03:45	Caixin/Markit Services PMI (May)	✓✓✓	55.00*	44.40	Monthly
Germany	09:55	Unemployment Change (May)	✓✓✓	200.00K	373.00K	Monthly
Germany	09:55	Markit Services PMI (May) (F)	✓✓✓	31.40	16.20	Monthly
Germany	09:55	Unemployment Rate s.a. (May)	✓✓✓	6.20%	5.80%	Monthly
Germany	09:55	Markit Composite PMI (May) (F)	✓✓✓	31.40	17.40	Monthly
Eurozone	10:00	Markit Services PMI (May) (F)	✓✓✓	28.70	12.00	Monthly
Eurozone	10:00	Markit Composite PMI (May) (F)	✓✓✓	30.50	13.60	Monthly
UK	10:30	Official Reserves (Changes) (May)	✓	-	USD1353.00mn	Monthly
UK	10:30	Markit Services PMI (May) (F)	✓	28.00	13.40	Monthly
UK	10:30	Markit Composite PMI (May) (F)	✓	-	13.80	Monthly
Eurozone	11:00	Unemployment Rate (Apr)	✓✓✓	8.20%	7.40%	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Apr)	✓✓✓	-1.70%	-1.50%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Apr)	✓✓✓	-4.00%	-2.80%	Monthly
US	13:00	MBA Mortgage Applications (29-May)	✓	-	2.70%	Weekly
US	14:15	ADP Employment Change (May)	✓✓✓	-9000.00K	-20236.00K	Monthly
US	15:45	Markit Composite PMI (May) (F)	✓✓✓	36.40	27.00	Monthly
US	15:45	Markit Services PMI (May) (F)	✓✓✓	36.90	26.70	Monthly
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓✓	0.25%	0.25%	As Scheduled
Canada	16:00	BoC Rate Statement	✓✓✓	-	-	As Scheduled
US	16:00	Factory Orders (MoM) (Apr)	✓✓✓	-12.50%	-10.30%	Monthly
US	16:00	Durable Goods Orders (Apr) (F)	✓✓✓	-	-16.60%	Monthly
US	16:00	ISM Non-Manufacturing PMI (May)	✓✓✓	44.00	41.80	Monthly
US	16:00	Durable Goods Orders ex Transportation (Apr) (F)	✓✓	-	-1.70%	Monthly
US	16:00	Factory Orders (Apr)	✓	-	499300.00mn	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (29-May)	✓✓✓	-	7.93mn	Weekly

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