

ONE  
Minute Brief

4 June 2020

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## Economic and political news

In South Africa (SA), the Markit Purchasing Managers' Index (PMI) fell to 32.5 in May, compared to a level of 35.10 in April.

Deputy Chief Justice, Raymond Zondo, stated that he expects the State Capture Commission of Inquiry to resume its public hearings at the end of June or by the first week of July.

Eskom's Chief Executive Officer (CEO), Andre de Ruyter, stated that the power utility might miss a government target to split into three separate units by 2022 due to legal processes. Separately, the utility indicated that it would implement 3 days of stage 1 load shedding in July.

The North Gauteng High Court has ruled that the government cannot force patients who test positive for Covid-19 to quarantine at a state facility if they can self-isolate at home.

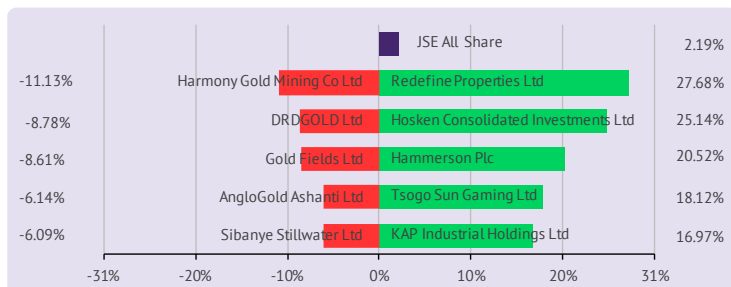
Health Minister Zweli Mkhize confirmed that the number of COVID-19 in SA had increased to 37,525.

## South Africa Market ▲

## South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and financial sector stocks. The JSE All Share Index rose 2.2% to close at 53,645.28.

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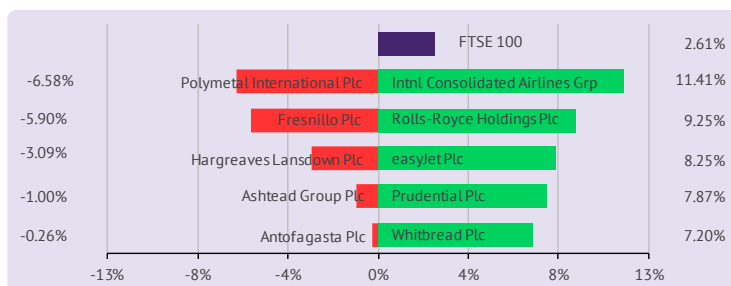


## UK Market ▲

## UK markets closed in the green

UK markets finished higher yesterday, amid optimism over global economic recovery. The FTSE 100 Index advanced 2.6% to close at 6,382.41. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

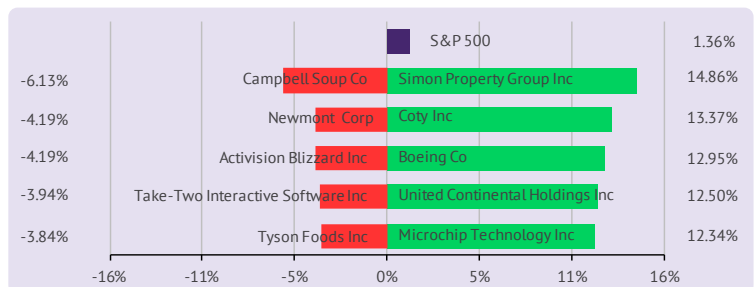
	As at 03 June 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53645.28	▲	1148.42	2.19	6.26	6.26	0.29	-6.02
JSE Top 40 (ZAR)	49300.10	▲	981.81	2.03	5.92	5.92	0.42	-2.98
FTSE 100 (GBP)	6382.41	▲	162.27	2.61	5.03	5.03	2.97	-15.38
DAX 30 (EUR)	12487.36	▲	466.08	3.88	7.77	7.77	6.68	-5.75
CAC 40 (EUR)	5022.38	▲	163.41	3.36	6.96	6.96	2.70	-15.99
S&P 500 (USD)	3122.87	▲	42.05	1.36	2.58	2.58	4.53	-3.34
Nasdaq Composite (USD)	9682.91	▲	74.54	0.78	2.03	2.03	6.75	7.92
DJIA (USD)	26269.89	▲	527.24	2.05	3.49	3.49	4.26	-7.95
MSCI Emerging Markets (USD)	988.02	▲	20.53	2.12	6.20	6.20	0.59	-11.36
MSCI Developed World (USD)	2222.54	▲	35.45	1.62	3.48	3.48	4.63	-5.76

## US Market ▲

## US markets closed firmer

US markets closed higher yesterday, amid better-than-expected economic data and signs of recovery from coronavirus-led economic fallout. The S&P 500 Index climbed 1.4% to close at 3,122.87. Today, the S&P 500 futures are trading in the red.

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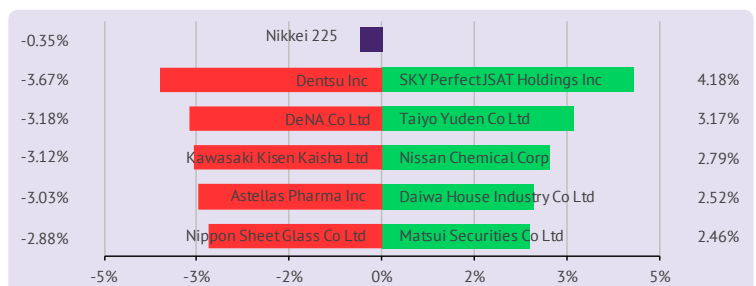


## Asian Market ▲

## Trading mostly higher

Asian markets are trading mostly higher this morning, amid persistent hopes over rapid economic recovery. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% lower at 22,534.33.

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## USD ZAR ▼

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar advanced 0.3% against the South African Rand to trade at R16.9792. Later today, traders will keep a close watch on the US initial jobless claims and trade balance for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, US factory orders sharply declined on a monthly basis in April. Additionally, the MBA mortgage applications fell on a weekly basis in the week ended 29 May 2020. Meanwhile, the private sector employment dropped less-than-anticipated in May. Moreover, the final Markit services PMI rose in May. Also, the ISM non-manufacturing PMI rebounded in May. Separately, data indicated that SA's private sector activity contracted in May, recording its lowest level since the survey began in 2011.

## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading marginally firmer against the South African Rand at R21.2973. Ahead in the day, traders will keep an eye on UK's Markit construction PMI and the GfK consumer confidence index for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's Markit services PMI advanced in May.

## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R19.0471. Going forward, market participants will keep a tab on Eurozone's retail sales and the European Central Bank's interest rate decision for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's Markit services PMI advanced to a three-month high level in May. Additionally, the unemployment rate rose less-than-expected in April. Meanwhile, the producer price index (PPI) fell more than market consensus on an annual basis in April. Separately, Germany's final Markit services PMI advanced more than market expectations in May. On the other hand, seasonally adjusted unemployment rate rose more than market anticipations in May.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R11.7190. Earlier in the session, Australia's trade surplus narrowed less than market forecast in April. Moreover, retail sales declined less-than-anticipated in April.

The Australian Dollar fell against the South African Rand yesterday.

## Key currencies & commodities

	Current <sup>#</sup>		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	16.9792	▼	-1.37	-3.53	-3.53	-5.29	20.91
GBPZAR	21.2973	▼	-1.16	-1.76	-1.76	-7.13	14.69
EURZAR	19.0471	▼	-0.80	-2.36	-2.36	-4.05	21.13
AUDZAR	11.7190	▼	-1.02	0.10	0.10	-2.99	19.08
EURUSD	1.1218	▼	0.56	1.19	1.19	1.33	0.18
GBPUSD	1.2543	▼	0.19	1.88	1.88	-1.99	-5.14
Brent (\$/barrel)	39.2	▼	0.56	5.15	5.15	42.90	-39.71
Gold (\$/oz)	1705.6	▲	-1.59	-2.25	-2.25	2.52	11.47
Platinum (\$/oz)	857.7	▼	-0.94	-1.61	-1.61	7.58	-11.42
Copper (\$/MT)*	5499.3	▼	-0.14	2.75	2.75	3.72	-10.57

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,705.60/oz.

Yesterday, gold prices fell 1.6% to close at \$1,697.80/oz, as global equity markets edged higher on optimism over global economic recovery.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 1.6% lower to trade at \$39.17/bl, amid uncertainty about the timing and scale of a potential extension to the agreement between the Organisation of the Petroleum Exporting Countries (OPEC) and its allies to cut crude supplies.

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Yesterday, Brent crude oil advanced 0.6% to settle at \$37.79/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories fell by 2.1mn bls to 532.3 mn bls for the week ended 29 May 2020.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices declined 0.3% to trade at \$857.70/oz.

Yesterday, platinum prices dropped 0.9% to close at \$860.50/oz.

## Major South African corporate news

### Santam Limited

In its 4M20 operational update, the company announced that it has successfully continued to service its policyholders and intermediaries during this crisis, while ensuring the safety of its employees. Further, almost 80% of employees are continuing to work from home. Meanwhile, the lockdown resulted in a muted claims environment for the month of April 2020, mostly impacting the motor class of business. The Conventional Insurance business segment achieved a net underwriting margin at the midpoint of the target range of 4.0% to 8.0%.

### Wilson Bayly Holmes-Ovcon Limited

In its FY20 trading statement, the company announced that other than the Zambian projects which remained fully operational and the Kusile Power Station and Saldanha Tank Storage projects which commenced work under Alert Level 4, all other projects within the Building and civil engineering division were suspended for the full duration of the lockdown period and returned to work on a phased basis from 1 June 2020. Meanwhile, projects in Ghana continued to operate throughout the period. However, the majority of projects in other regions (including South Africa) were suspended for differing lockdown periods. The construction material business was materially affected by the South African lockdown with revenue expected to be at least 15.0% down when compared to the prior year and an operating loss incurred for the year to 30 June 2020.

## Major global economic news

### US

In the US, the ISM non-manufacturing PMI rose to 45.40 in May, compared to a level of 41.80 in the previous month.

In April, factory orders declined 13.0% on a monthly basis in the US, less than market anticipations and compared to a revised fall of 11.0% in the prior month.

In the US, the final Markit services PMI rose to a level of 37.50 in May, compared to a level of 26.70 in the previous month. The preliminary figures had indicated an advance to 36.90.

In May, private sector employment dropped by 2760.00K in the US, less than market consensus and compared to a revised fall of 19557.00K jobs in the prior month.

In the US, the MBA mortgage applications fell 3.9% on a weekly basis in the week ended 29 May 2020, compared to a rise of 2.7% in the prior week.

### Eurozone

In Eurozone, the unemployment rate rose to 7.3% in April, less than market expectations and compared to a revised rate of 7.1% in the previous month.

In April, the PPI dropped 4.5% on an annual basis in Eurozone, more than market anticipations and compared to a fall of 2.8% in the prior month.

In Eurozone, the final Markit services PMI advanced to a level of 30.50 in May, compared to a level of 12.00 in the previous month. The preliminary figures had recorded an advance to 28.70.

In May, the seasonally adjusted unemployment rate rose more-than-expected to 6.3% in Germany, compared to 5.8% in the previous month.

In Germany, the final Markit services PMI advanced to a level of 32.60 in May, compared to a level of 16.20 in the previous month. The preliminary figures had recorded an advance to 31.40.

### Asia

In Australia, trade surplus narrowed less-than-expected to AUD8.80bn in April, compared to a surplus of AUD10.60bn in the previous month.

In April, retail sales declined 17.7% on a monthly basis in Australia, less than market anticipations and compared to a drop of 17.9% in the previous month.

### UK

In the UK, the final services PMI climbed to 29.00 in May, compared to a level of 13.40 in the previous month. The preliminary figures had indicated a rise to 27.80.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	1:50	Japan Buying Foreign Stocks (29-May)	✓	JPY185.20bn*	JPY813.40bn	Weekly
Japan	1:50	Japan Buying Foreign Bonds (29-May)	✓	-JPY499.30bn*	-JPY453.10bn	Weekly
Japan	1:50	Foreign Buying Japan Stocks (29-May)	✓	-JPY38.00bn*	JPY74.80bn	Weekly
Japan	1:50	Foreign Buying Japan Bonds (29-May)	✓	JPY157.90bn*	JPY551.10bn	Weekly
Switzerland	8:30	Consumer Price Index (MoM) (May)	✓✓	-0.10%	-0.40%	Monthly
Switzerland	8:30	Consumer Price Index (YoY) (May)	✓✓	-1.30%	-1.10%	Monthly
Switzerland	8:30	Harmonised Index of Consumer Prices (HICP) (MoM) (May)	✓✓	-	0.10%	Monthly
Switzerland	8:30	Harmonised Index of Consumer Prices (HICP) (YoY) (May)	✓✓	-	-1.00%	Monthly
Germany	9:30	Markit Construction PMI (May)	✓✓	-	31.90	Monthly
UK	10:00	New Car Registrations (YoY) (May)	✓	-	-97.30%	Monthly
UK	10:30	Markit Construction PMI (May)	✓	29.00	8.20	Monthly
Eurozone	11:00	Retail Sales (MoM) (Apr)	✓✓✓	-15.00%	-11.20%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Apr)	✓✓✓	-22.30%	-9.20%	Monthly
South Africa	13:00	Total Power Generation (Apr)	✓	-	20093.00 GWH	Monthly
US	13:30	Challenger Job Cuts (YoY) (May)	✓	-	1576.90%	Monthly
Eurozone	13:45	ECB Deposit Facility Rate	✓	-0.50	-0.50	As Scheduled
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As Scheduled
Canada	14:30	International Merchandise Trade (Apr)	✓✓✓	-CAD2.36bn	-CAD1.41bn	Monthly
Eurozone	14:30	ECB Monetary policy statement and press conference	✓✓	-	-	As Scheduled
US	14:30	Imports (MoM) (Apr)	✓✓✓	-	-0.50%	Monthly
US	14:30	Trade Balance (Apr)	✓✓	-USD44.30bn	-USD44.40bn	Monthly
US	14:30	Exports (MoM) (Apr)	✓	-	-2.00%	Monthly
US	14:30	Non-Farm Productivity (Q1) (F)	✓	-	1.20%	Quarterly
US	14:30	Unit Labour Costs (Q1) (F)	✓✓✓	4.80%	0.90%	Quarterly
US	14:30	Initial Jobless Claims (30-May)	✓✓✓	1800.00K	2123.00K	Weekly
US	14:30	Continuing Jobless Claims (23-May)	✓✓✓	-	21052.00K	Weekly
US	16:30	EIA Natural Gas Storage Change (29-May)	✓✓✓	-	109.00 Bcf	Weekly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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