

ONE
Minute Brief

5 June 2020

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Economic and political news

In South Africa (SA), electricity production dropped 22.8% on an annual basis in April, compared to a revised drop of 4.0% in the previous month. Additionally, electricity consumption plunged 23.3% on a yearly basis in April, compared to a revised drop of 5.0% in the previous month.

Minister in the Presidency, Jackson Mthembu, stated that the South African government has decided to appeal against the North Gauteng High Court's ruling which declared SA's level 3 and 4 lockdown regulations as "unconstitutional and invalid". Separately, he stated that the government has extended the National State of Disaster until 15 July 2020.

SA's Health Minister, Zweli Mkhize confirmed that the number of Covid-19 cases in the country had increased to 40,792.

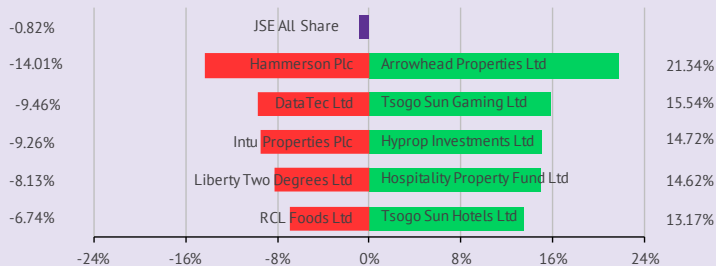
President Cyril Ramaphosa has signed into law a crucial bill meant to curb the powers of the police minister to suspend or remove the head of the Independent Police Investigative Directorate (Ipid).

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid renewed tensions between the US and China after the US government suspended passenger flights to the US by Chinese airlines. The JSE All Share Index fell 0.8% to close at 53,204.79.

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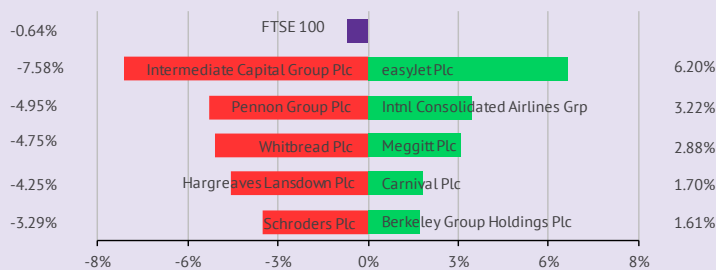


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, weighed down by losses in banking and resource sector stocks. The FTSE 100 Index declined 0.6% to close at 6,341.44. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

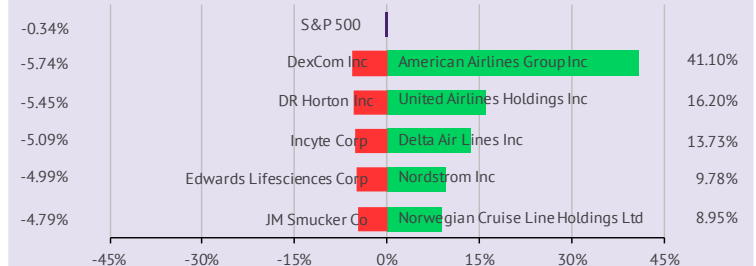
	As at 04 June 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53204.79	▼	-440.49	-0.82	5.39	5.39	0.29	-6.80
JSE Top 40 (ZAR)	48837.53	▼	-462.57	-0.94	4.93	4.93	0.42	-3.89
FTSE 100 (GBP)	6341.44	▼	-40.97	-0.64	4.36	4.36	2.97	-15.92
DAX 30 (EUR)	12430.56	▼	-56.80	-0.45	7.28	7.28	6.68	-6.18
CAC 40 (EUR)	5011.98	▼	-10.40	-0.21	6.74	6.74	2.70	-16.16
S&P 500 (USD)	3112.35	▼	-10.52	-0.34	2.23	2.23	4.53	-3.67
Nasdaq Composite (USD)	9615.81	▼	-67.10	-0.69	1.33	1.33	6.75	7.17
DJIA (USD)	26281.82	▲	11.93	0.05	3.54	3.54	4.26	-7.91
MSCI Emerging Markets (USD)	988.80	▲	0.78	0.08	6.28	6.28	0.59	-11.29
MSCI Developed World (USD)	2218.50	▼	-4.03	-0.18	3.29	3.29	4.63	-5.93

US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, amid profit booking. The S&P 500 Index dropped 0.3% to close at 3,112.35. Today, the S&P 500 futures are trading in the green.

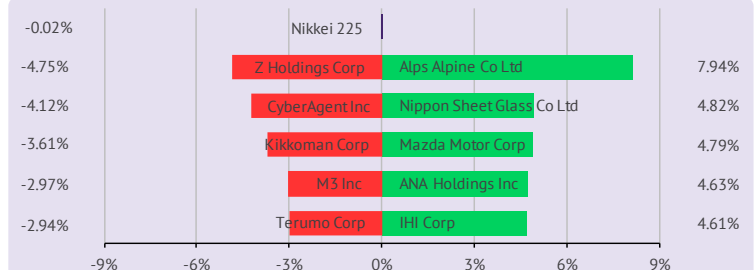
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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. As at 6:00 SAST, the Nikkei 225 Index is trading marginally lower at 22,691.26.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R16.8787. Later today, traders will keep a close watch on the US average hourly earnings, nonfarm payrolls, consumer credit change and unemployment rate for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US seasonally adjusted number of initial jobless claims dropped less than market forecast on a weekly basis in the week ended 29 May 2020. Additionally, trade deficit widened more-than-expected in April. Separately, data indicated that SA's electricity production dropped on an annual basis in April. Additionally, electricity consumption fell on a yearly basis in April.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R21.2680. Ahead in the day, traders will keep an eye on UK's Halifax house price index for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's Markit construction PMI rose less than market consensus in May. Moreover, the GfK consumer confidence index dropped in May, hitting its lowest level since January 2009.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand to trade at R19.1410. Going forward, market participants will keep a tab on Germany's factory orders for further cues.

The Euro strengthened against the South African Rand yesterday, after the European Central Bank (ECB) increased the size of its Pandemic Emergency Purchase Program (PEPP) to EUR1.35tn to support the economy. On the data front, Eurozone's seasonally adjusted retail sales sharply dropped for the second consecutive month in April.

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AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally weaker against the South African Rand at R11.7373. Earlier in the session, Australia's AiG performance of services index advanced 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	16.8787	▲	-0.10	-3.63	-3.63	-5.29	20.78
GBPZAR	21.2680	▲	0.04	-1.73	-1.73	-7.13	14.74
EURZAR	19.1410	▲	0.84	-1.54	-1.54	-4.05	22.14
AUDZAR	11.7373	▲	0.22	0.32	0.32	-2.99	19.33
EURUSD	1.1340	▲	0.93	2.13	2.13	1.33	1.11
GBPUSD	1.2600	▲	0.17	2.06	2.06	-1.99	-4.98
Brent (\$/barrel)	40.1	▲	0.50	5.68	5.68	42.90	-39.41
Gold (\$/oz)	1716.3	▼	1.24	-1.04	-1.04	2.52	12.86
Platinum (\$/oz)	863.7	▼	0.52	-1.10	-1.10	7.58	-10.95
Copper (\$/MT)*	5512.3	▲	0.24	2.99	2.99	3.72	-10.36

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices declined 0.2% to trade at \$1,716.30/oz.

Yesterday, gold prices rose 1.2% to close at \$1,718.90/oz, as weakness in the greenback and US equities increased demand for the safe haven metal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$40.05/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$39.99/bl, ahead of the Organisation of the Petroleum Exporting Countries (OPEC) meeting to discuss possible extension to output cuts.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$863.70/oz.

Yesterday, platinum prices climbed 0.5% to close at \$865.00/oz.

Major South African corporate news

FirstRand Limited

In its FY20 trading statement, the company announced that it expects HEPS to drop by more than 20.0% compared to HEPS of 497.20c in the last year and expects its EPS to be more than 20.0% lower compared to 538.60c recorded in the previous year.

Oceana Group Limited

In its 1H20 results, the company announced that revenues advanced 2.0% to ZAR3.63bn from ZAR3.56bn reported in the same period of the preceding year. Its diluted EPS stood at 232.00c, compared to 227.10c recorded in the corresponding period of the previous year.

Major global economic news

Eurozone

In the Eurozone, seasonally adjusted retail sales dropped 11.7% on a monthly basis in April, less than market forecast and compared to a revised drop of 11.1% in the prior month.

The ECB, in its latest monetary policy meeting, kept its key interest rate unchanged at 0.0%, as expected. The central bank stated that it expects the interest rates to remain at their present or lower levels until it achieves its inflation target. Further, the ECB boosted its pandemic emergency support program by EUR600bn to EUR1.35tn to support the economy. Meanwhile, the bank slashed its growth and inflation projections for this year and expects the economy to contract sharply.

UK

In the UK, the Markit construction PMI advanced to a level of 28.90 in May, less than market expectations and compared to a level of 8.20 in the prior month.

In May, the GfK consumer confidence index declined to -36.00 in the UK, more than market forecast and compared to a level of -34.00 in the previous month.

US

In the US, trade deficit widened to USD49.40bn in April, more than market anticipations and compared to a revised deficit of USD42.30bn in the previous month.

In the week ended 29 May 2020, seasonally adjusted number of initial jobless claims fell less-than-expected to 1877.00K on a weekly basis in the US, compared to a revised level of 2126.00K in the prior week.

Asia

In Australia, the AiG performance of services index rose to a level of 31.60 in May, compared to a level of 27.10 in the previous month.

In Japan, overall household spending plunged 11.1% on an annual basis in April, less than market consensus and compared to a fall of 6.0% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	GfK Consumer Confidence (May) (F)	✓	-36.00*	-33.00	Monthly
Japan	01:30	Household Spending (YoY) (Apr)	✓✓	-11.10%*	-6.00%	Monthly
Japan	07:00	Leading Economic Index (Apr) (P)	✓✓✓	80.50	84.70	Monthly
Japan	07:00	Coincident Index (Apr) (P)	✓	90.30	90.20	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Apr)	✓✓	-19.70%	-15.60%	Monthly
Germany	08:00	Factory Orders n.s.a. (YoY) (Apr)	✓✓✓	-7.40%	-16.00%	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (May)	✓	-	USD53.00 bn	Monthly
South Africa	08:00	Net Gold & Forex Reserve (May)	✓	-	USD45.47 bn	Monthly
Spain	09:00	Industrial Output n.s.a. (YoY) (Apr)	✓✓	-	-10.20%	Monthly
Spain	09:00	Industrial Output s.a. (YoY) (Apr)	✓✓	-	-12.20%	Monthly
Switzerland	09:00	Foreign Currency Reserves (May)	✓✓✓	-	CHF799.90bn	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (May)	✓	2.80%	2.70%	Monthly
UK	09:30	Halifax House Prices (MoM) (May)	✓	-0.70%	-0.60%	Monthly
UK	09:30	Halifax Plc House Prices Index s.a. (May)	✓	-	764.20	Monthly
US	14:30	Underemployment Rate (May)	✓✓	-	22.80%	Monthly
US	14:30	Change in Manufacturing Payrolls (May)	✓	-	-1330.00K	Monthly
US	14:30	Change in Non-farm Payrolls (May)	✓✓✓	-8000.00K	-20500.00K	Monthly
US	14:30	Unemployment Rate (May)	✓✓✓	19.70%	14.70%	Monthly
US	14:30	Average Weekly Hours All Employees (May)	✓	34.30	34.20	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (May)	✓✓	1.00%	4.70%	Monthly
US	14:30	Change in Private Payrolls (May)	✓✓	-	-19520.00K	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (May)	✓✓	8.60%	7.90%	Monthly
US	14:30	Labor Force Participation Rate (May)	✓✓	-	60.20%	Monthly
Canada	16:00	Ivey PMI n.s.a. (May)	✓✓	-	28.20	Monthly
Canada	16:00	Ivey PMI s.a. (May)	✓✓✓	-	22.80	Monthly
US	19:00	Baker Hughes US Gas Rig Count (05-Jun)	✓	-	77.00	Weekly
US	19:00	Baker Hughes US Oil Rig Count (05-Jun)	✓	-	222.00	Weekly
US	19:00	Baker Hughes US Rig Count (05-Jun)	✓✓✓	-	301.00	Weekly
US	21:00	Consumer Credit Change (Apr)	✓✓	-	-USD12.04bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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