

ONE Minute Brief

10 June 2020

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Economic and political news

South Africa's (SA) High Court has granted a three-month extension to the provisional liquidation process of SA Express. Meanwhile, parliament's Standing Committee on Public Accounts (Scopa) has resolved to summon the liquidators and business rescue practitioners (BRPs) of SA Express after they failed to appear at a meeting.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in SA had increased to 52,991.

The National Assembly has agreed to establish an ad hoc committee to find a replacement for Auditor-General, Kimi Makwetu, whose term ends on 30 November.

The Democratic Alliance (DA) has requested that Minister of Social Development, Lindiwe Zulu, make an urgent executive statement to parliament, regarding the status of the ZAR350 COVID-19 relief grant.

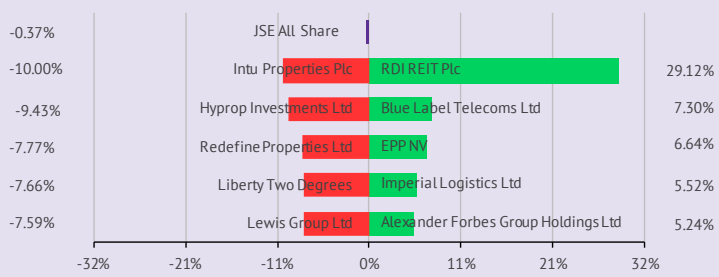
The Economic Freedom Fighters (EFF) announced that it would approach the courts to challenge a parliamentary ruling in which "MPs were forced to vote through their chief whips during a division".

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking sector stocks. The JSE All Share Index fell 0.4% to close at 54,483.48.

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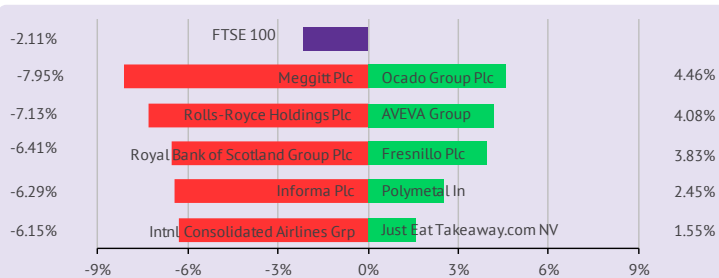


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, after British American Tobacco cut its profit guidance and amid losses in banking sector stocks. The FTSE 100 Index declined 2.1% to close at 6,335.72. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

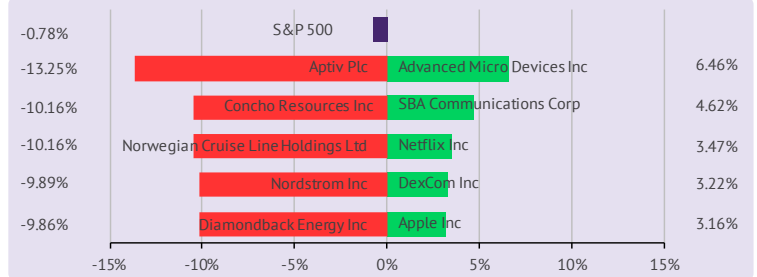
	As at 09 June 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54483.48	▼ -200.84	-0.37	-0.44	7.92	0.29	-4.56
JSE Top 40 (ZAR)	49915.74	▼ -201.89	-0.40	-0.57	7.24	0.42	-1.77
FTSE 100 (GBP)	6335.72	▼ -136.87	-2.11	-2.29	4.26	2.97	-16.00
DAX 30 (EUR)	12617.99	▼ -201.60	-1.57	-1.79	8.90	6.68	-4.76
CAC 40 (EUR)	5095.11	▼ -80.41	-1.55	-1.98	8.51	2.70	-14.77
S&P 500 (USD)	3207.18	▼ -25.21	-0.78	0.41	5.35	4.53	-0.73
Nasdaq Composite (USD)	9953.75	▲ 29.01	0.29	1.42	4.89	6.75	10.93
DJIA (USD)	27272.30	▼ -300.14	-1.09	0.60	7.44	4.26	-4.44
MSCI Emerging Markets (USD)	1009.61	▲ 2.15	0.21	0.69	8.52	0.59	-9.42
MSCI Developed World (USD)	2275.28	▼ -12.77	-0.56	0.38	5.93	4.63	-3.53

US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, ahead of the US Federal Reserve's policy meeting. The S&P 500 Index dropped 0.8% to close at 3,207.18. Today, the S&P 500 futures are trading in the green.

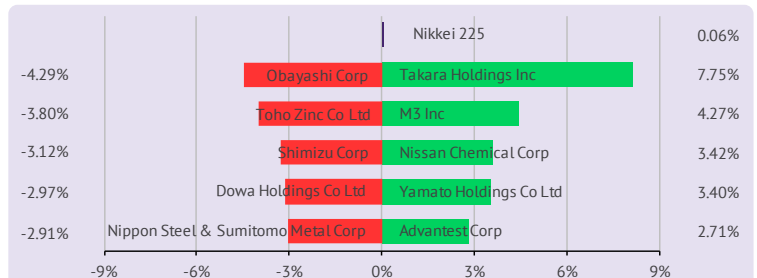
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.1% higher at 23,105.36.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar retreated 0.2% against the South African Rand to trade at R16.6056. Later today, traders will keep a close watch on the US MBA mortgage applications, the consumer price index (CPI), monthly budget statement and the Federal Reserve's interest rate decision for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US JOLTs job openings dropped in April, recording its lowest level since 2014. Meanwhile, the NFIB small business optimism index unexpectedly rose in May.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R21.1527. Ahead in the day, traders will keep an eye on UK's RICS house price balance for further indication.

The British Pound declined against the South African Rand yesterday, amid ongoing concerns over Brexit.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R18.8368. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's gross domestic product (GDP) contracted on a quarterly basis in 1Q20, registering its biggest contraction since the time series began in 1995. On the other hand, Germany's non-seasonally adjusted current account surplus narrowed in April. Additionally, seasonally adjusted trade surplus narrowed in April, marking its lowest level since December 2000.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R11.5756. Earlier in the session, Australia's Westpac consumer confidence index rebounded for a second consecutive month in June. Elsewhere, in China, Australia's largest trading partner, the producer price index (PPI) dropped more-than-anticipated in May. Additionally, consumer price inflation slowed in May.

The Australian Dollar fell against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	16.6056	▲	-0.30	-1.47	-5.22	-5.29	18.79
GBPZAR	21.1527	▲	-0.26	-0.89	-2.33	-7.13	14.03
EURZAR	18.8368	▲	0.11	-1.01	-3.15	-4.05	20.15
AUDZAR	11.5756	▼	-1.15	-1.52	-1.10	-2.99	17.65
EURUSD	1.1343	▲	0.41	0.43	2.15	1.33	1.13
GBPUSD	1.2739	▲	0.03	0.47	3.12	-1.99	-3.99
Brent (\$/barrel)	40.6	▼	0.93	-2.65	8.83	42.90	-37.61
Gold (\$/oz)	1723.7	▲	0.97	2.30	-1.28	2.52	12.58
Platinum (\$/oz)	862.6	▲	-0.07	3.64	-1.60	7.58	-11.41
Copper (\$/MT)*	5753.5	▲	1.29	1.48	7.50	3.72	-6.43

*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 \$1,723.70/oz.

Yesterday, gold prices rose 1.0% to close at \$1,714.70/oz, as weakness in global equities increased demand for the safe haven metal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.5% lower to trade at \$40.58/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose by 8.4mn bls last week, renewing concerns about oversupply.

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Yesterday, Brent crude oil advanced 0.9% to settle at \$41.18/bl, amid expectations that demand for energy would rebound.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.2% to trade at \$862.60/oz.

Yesterday, platinum prices dropped 0.1% to close at \$860.60/oz.

Major South African corporate news

EOH Holdings Limited

In its market update, the company announced that despite the headwinds created by COVID-19, the group's financial performance has remained resilient over the last quarter, highlighting the relevance of its products and services and the value that the group is able to deliver to its clients in an increasingly digitised world. Meanwhile, revenue did experience some downward pressure as a result of the lockdown during the quarter ended 30 April 2020 but the group delivered a positive EBITDA as a result of the focus by management on costs and the elimination of unnecessary spend. Further, the group has agreed to a ZAR1.60bn deleverage plan with its lenders.

Steinhoff International Holdings NV

In its COVID-19 update, the company announced that while initial trading has been significantly better across the group than what was expected during the early stages of the pandemic and related lockdown, as stores benefited from pent-up demand at reopening, the sustainability of this demand is uncertain. Further, the group's main trading subsidiaries, with their more resilient and defensive discount and value positioning, are, however, confident that they are well positioned to gain market share in the post-COVID-19 'new economy'.

Grindrod Limited

The company announced that Mr. Xolani Mbambo would move into operations following a successful tenure as Financial Director of the company. Moreover, the company has commenced the process of appointing a new Financial Director and once such appointment has been completed, Mr. Mbambo would step into his new role.

Life Healthcare Group Holdings Limited

The company announced that its southern African operation has been the victim of a targeted criminal attack on its IT systems. The extent to which sensitive data has been compromised is yet to be determined as it is still in the process of investigating the incident. Therefore, in line with its business continuity plans, its hospitals and administrative offices have switched over to backup manual processing systems and continues to function, albeit and regrettably, with some administrative delays.

Major global economic news

Asia

In Japan, the PPI dropped 2.7% on an annual basis in May, more than market expectations and compared to a revised fall of 2.4% in the previous month.

In Australia, the Westpac consumer confidence index rose 6.3% to 93.70 in June, compared to a reading of 88.10 in the prior month.

In China, the PPI fell 3.7% on a yearly basis in May, more than market forecast and compared to a drop of 3.1% in the previous month.

In May, the CPI advanced 2.4% on an annual basis in China, less than market anticipations and compared to a rise of 3.3% in the previous month.

US

In the US, the JOLTs job openings dropped to 5046.00K in April, less than market expectations and compared to a revised level of 6011.00K in the previous month.

In May, the NFIB small business optimism index unexpectedly advanced to a level of 94.40, compared to a level of 90.90 in the prior month.































Eurozone

In the Eurozone, final GDP eased 3.6% on a quarterly basis in 1Q20, compared to a revised rise of 0.1% in the previous quarter. The preliminary figures had recorded a fall of 3.8%.

In Germany, non-seasonally adjusted current account surplus narrowed to EUR7.70bn in April, compared to a revised surplus of EUR25.60bn in the prior month.

In April, seasonally adjusted trade surplus narrowed more-than-anticipated to EUR3.20bn in Germany, compared to a surplus of EUR12.80bn in the prior month.

Economic calendar

	Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
	Japan	1:50	Machinery Orders (YoY) (Apr)	✓✓	-17.70%*	-0.70%	Monthly
	Japan	1:50	Domestic Corporate Goods Price Index (MoM) (May)	✓	-0.40%*	-1.50%	Monthly
	Japan	1:50	Producer Price Index (MoM) (May)	✓✓	-0.40%*	-1.50%	Monthly
	Japan	1:50	Domestic Corporate Goods Price Index (YoY) (May)	✓	-2.70%*	-2.30%	Monthly
	Japan	1:50	Producer Price Index (YoY) (May)	✓✓	-2.70%*	-2.30%	Monthly
	Japan	1:50	Machinery Orders (MoM) (Apr)	✓	-12.00%*	-0.40%	Monthly
	China	3:30	Producer Price Index (YoY) (May)	✓✓✓	-3.70%*	-3.10%	Monthly
	France	8:45	Industrial Production (YoY) (Apr)	✓✓✓	-	-17.27%	Monthly
	France	8:45	Manufacturing Production (MoM) (Apr)	✓✓✓	-	-18.24%	Monthly
	France	8:45	Manufacturing Production (YoY) (Apr)	✓✓✓	-	-19.26%	Monthly
	France	8:45	Industrial Production (MoM) (Apr)	✓✓✓	-20.00%	-16.20%	Monthly
	US	13:00	MBA Mortgage Applications (05-Jun)	✓	-	-3.90%	Weekly
	US	13:00	MBA Purchase Index s.a. (Current Change) (05-Jun)	✓	-	5.00%	Weekly
	US	13:00	MBA Refinance Index (Current Change) (05-Jun)	✓	-	-9.00%	Weekly
	US	13:00	MBA Market Index (05-Jun)	✓	-	717.70	Weekly
	US	13:00	MBA Purchase Index s.a. (05-Jun)	✓	-	296	Weekly
	US	14:30	Consumer Price Index (MoM) (May)	✓✓✓	0.00%	-0.80%	Monthly
	US	14:30	Consumer Price Index Ex Food & Energy (MoM) (May)	✓✓✓	0.00%	-0.40%	Monthly
	US	14:30	Consumer Price Index (YoY) (May)	✓✓✓	0.20%	0.30%	Monthly
	US	14:30	Consumer Price Index Ex Food & Energy (YoY) (May)	✓✓✓	1.30%	1.40%	Monthly
	US	14:30	Consumer Price Index n.s.a. (May)	✓	256.84	256.39	Monthly
	US	14:30	Consumer Price Index Core s.a. (May)	✓	-	265.60	Monthly
	Eurozone	15:30	ECB's De Guindos speech	✓✓	-	-	As Scheduled
	US	16:30	EIA Crude Oil Stocks Change (Bls) (05-Jun)	✓✓✓	-	-2.08mn	Weekly
	US	16:30	DOE Gasoline Inventories (05-Jun)	✓✓✓	-	2796.00K	Weekly
	US	16:30	DOE Distillate Inventory (05-Jun)	✓✓✓	-	9935.00K	Weekly
	US	16:30	DOE Cushing OK Crude Inventory (Bs) (05-Jun)	✓✓✓	-	-1739.00K	Weekly
	US	20:00	Monthly Budget Statement (May)	✓✓✓	-USD650.00bn	-USD738.00bn	Monthly
	US	20:00	Fed Interest Rate Decision	✓✓✓	-	0.25%	As Scheduled
	US	20:30	FOMC Press conference	✓✓✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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