

ONE Minute Brief

11 June 2020

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Economic and political news

In South Africa (SA), the BER business confidence index dropped to 5.00 in 2Q20, compared to a level of 18.00 in the previous quarter.

The Organisation for Economic Co-operation and Development (OECD) has urged SA to implement structural reforms to boost its growth potential and support the economy. Further, the agency warned that SA's economy could contract by 7.5% in 2020. But that was only if the Covid-19 outbreak was contained and it also saw an "equally likely, double-hit" scenario, which would see further outbreaks in all economies later in 2020.

Health Minister Zweli Mkhize announced that the total number of confirmed COVID-19 cases in the country had increased to 55,421.

According to the Employment & Labour Department's, inspector-general Aggy Moiloa, the public sector has recorded the highest number of workplaces not complying with the Covid-19 health and safety regulations.

Key indices

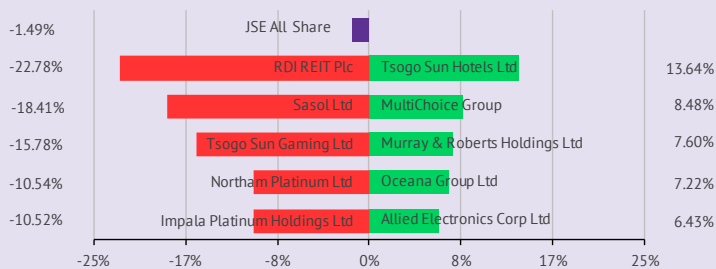
	As at 10 June 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53672.63	▼ -810.85	-1.49	-1.92	6.32	0.29	-5.98
JSE Top 40 (ZAR)	49204.82	▼ -710.92	-1.42	-1.98	5.71	0.42	-3.17
FTSE 100 (GBP)	6329.13	▼ -6.59	-0.10	-2.39	4.16	2.97	-16.09
DAX 30 (EUR)	12530.16	▼ -87.83	-0.70	-2.47	8.14	6.68	-5.43
CAC 40 (EUR)	5053.42	▼ -41.69	-0.82	-2.78	7.62	2.70	-15.47
S&P 500 (USD)	3190.14	▼ -17.04	-0.53	-0.12	4.79	4.53	-1.26
Nasdaq Composite (USD)	10020.35	▲ 66.60	0.67	2.10	5.59	6.75	11.68
DJIA (USD)	26989.99	▼ -282.31	-1.04	-0.45	6.33	4.26	-5.43
MSCI Emerging Markets (USD)	1012.51	▲ 2.90	0.29	0.98	8.83	0.59	-9.16
MSCI Developed World (USD)	2267.36	▼ -7.91	-0.35	0.03	5.56	4.63	-3.86

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, on the back of dismal local economic data and weighed down by losses in mining and banking sector stocks. The JSE All Share Index fell 1.5% to close at 53,672.63.

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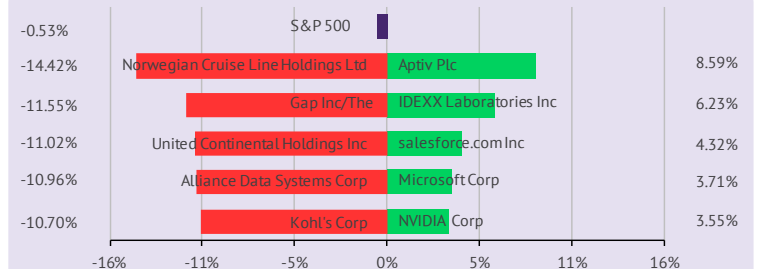


US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, after the US Federal Reserve (Fed) projected a 6.5% decline in gross domestic product (GDP) this year. The S&P 500 Index dropped 0.5% to close at 3,190.14. Today, the S&P 500 futures are trading in the red.

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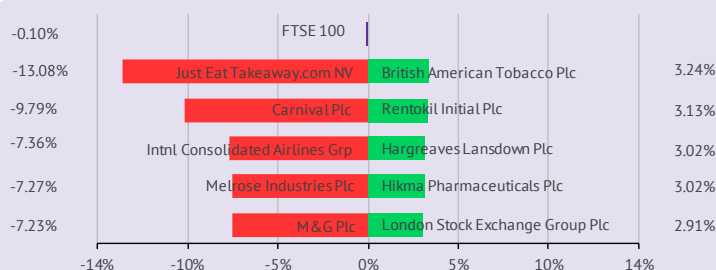


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, after the OECD warned that Britain's economy would see the worst downturn with a 11.5% GDP contraction in 2020. The FTSE 100 Index declined 0.1% to close at 6,329.13. Today, the FTSE 100 futures are trading in negative territory.

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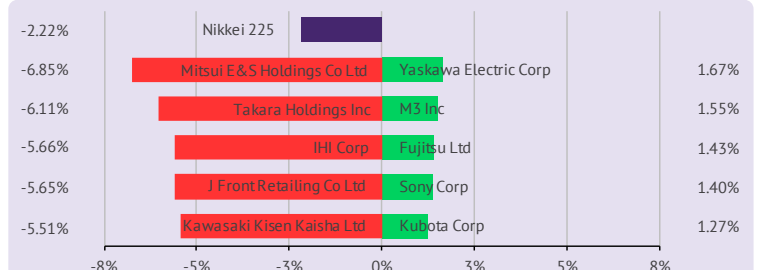


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, after the Fed signalled that it would keep interest rates near zero through 2022. As at 6:00 SAST, the Nikkei 225 Index is trading 2.2% lower at 22,610.46.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 1.0% higher against the South African Rand at R16.6936. Later today, traders will keep a close watch on the US the producer price index (PPI) and initial jobless claims for further direction.

The US Dollar fell against the South African Rand yesterday, after the Fed signalled no hikes through 2022 and projected a more sluggish recovery. On the macro front, the US consumer price index (CPI) declined for a third consecutive month in May. Meanwhile, the MBA mortgage applications rose on a weekly basis in the week ended 05 June 2020. Additionally, budget deficit narrowed more than market forecast in May. Separately, data indicated that SA's business confidence index plunged in 2Q20, recording its lowest level since the first survey in 1975.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.5% against the South African Rand to trade at R21.1825. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that UK's RICS house price balance declined to a 10-year low in May.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.9% higher against the South African Rand at R18.9564. 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.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R11.5807. Earlier in the session, Australia's consumer inflation expectations rose less than market consensus in June.

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	16.6936	▼	-0.63	-2.09	-5.82	-5.29	18.04
GBPZAR	21.1825	▼	-0.48	-1.37	-2.80	-7.13	13.49
EURZAR	18.9564	▼	-0.34	-1.35	-3.48	-4.05	19.74
AUDZAR	11.5807	▼	-0.10	-1.62	-1.20	-2.99	17.53
EURUSD	1.1356	▼	0.30	0.73	2.46	1.33	1.44
GBPUSD	1.2692	▼	0.15	0.62	3.27	-1.99	-3.85
Brent (\$/barrel)	40.6	▼	1.34	-1.35	10.28	42.90	-36.77
Gold (\$/oz)	1741.8	▲	-0.08	2.21	-1.36	2.52	12.49
Platinum (\$/oz)	848.2	▲	-1.70	1.88	-3.27	7.58	-12.91
Copper (\$/MT)*	5885.0	▲	2.29	3.80	9.95	3.72	-4.29

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 1.7% to trade at \$1,741.80/oz, following gloomy economic projections from the US Fed.

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Yesterday, gold prices fell 0.1% to close at \$1,713.30/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 2.6% lower to trade at \$40.63/bl, amid worries over slow demand recovery.

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Yesterday, Brent crude oil advanced 1.3% to settle at \$41.73/bl, despite rise in crude inventories. The US Energy Information Administration (EIA) reported that crude oil inventories rose by 5.7mn bls in the week ended 05 June 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$848.20/oz.

Yesterday, platinum prices dropped 1.7% to close at \$846.00/oz.

Major South African corporate news

Adcorp Holdings Limited

In its FY20 trading statement, the company announced that it expects total basic EPS to remain within the range disclosed in the initial trading statement. Further, it expects its headline loss per share to be between 5.40c and 6.40c, compared to HEPS of 245.00c last year.

Ascendis Health Limited

The company announced that Mr. Kieron Futter has resigned from the Board and as CFO of the Ascendis Health group, with effect from 30 September 2020.

Hyprop Investments Limited

In its COVID-19 impact report, the company announced that it has secured a ZAR500.00mn revolving credit facility from a local bank (which is in the final stages of implementation), and has raised ZAR100.00mn through the private placement of a bond under its Debt Capital Market program. Moreover, the impact of the COVID-19 lockdown on the retail sector, and the resultant trading restrictions, was severe.

Investec Property Fund Limited

The company announced that Jenna Sprenger would step down from the Board of Directors and as Chief Financial Officer (CFO) of the company. Moreover, she would remain in the role until an appropriate replacement has been appointed.

Sanlam Limited

In its June operational update, the company announced that the operating environment deteriorated substantially since the end of February 2020 as governments implemented strict measures to control the spread of COVID-19. Further, net result from financial services declined by 21.0% in the first four months of this year. Excluding the negative investment market impact, net result from financial services increased by a pleasing 13.0%.

Major global economic news

US

In the US, the CPI fell 0.1% on a monthly basis in May, compared to a decline of 0.8% in the prior month.

In the week ended 05 June 2020, the MBA mortgage applications jumped 9.3% on a weekly basis in the US, compared to a fall of 3.9% in the previous week.

In the US, budget deficit narrowed to USD399.00bn in May, more than market expectations and compared to a deficit of USD738.00bn in the previous month.

The Fed, in its latest monetary policy decision, kept its key interest rate unchanged at 0.25%, as widely expected. Moreover, the Fed reiterated that it expects to maintain this target range until it is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals. Also, the Fed signalled that it does not expect to lift its benchmark interest rate until 2023. Meanwhile, officials projected a 6.5% decline in GDP this year and a 9.3% unemployment rate at year's end.

UK

In the UK, the RICS house price balance declined more-than-expected to -32.0% in May, compared to a revised drop of -22.0% in the previous month.

Asia

In Australia, consumer inflation expectations advanced to 3.3% in June, less than market anticipations and compared to 3.4% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	1:01	RICS Housing Price Balance (May)	✓	-32.00%*	-21.00%	Monthly
Japan	1:50	BSI Large Manufacturing (QoQ) (Q2)	✓✓	-52.30%*	-	Quarterly
Japan	1:50	Japan Buying Foreign Stocks (05-Jun)	✓	JPY157.40bn*	JPY185.20bn	Weekly
Japan	1:50	Japan Buying Foreign Bonds (05-Jun)	✓	JPY1065.50bn*	-JPY499.30bn	Weekly
Japan	1:50	Foreign Buying Japan Stocks (05-Jun)	✓	JPY268.70bn*	-JPY38.00bn	Weekly
Japan	1:50	Foreign Buying Japan Bonds (05-Jun)	✓	-JPY738.80bn*	JPY157.90bn	Weekly
France	7:30	Nonfarm Payrolls (QoQ) (Q1) (F)	✓	-	0.40%	Quarterly
Italy	10:00	Industrial Production s.a. (MoM) (Apr)	✓✓	-24.00%	-28.40%	Monthly
Italy	10:00	Industrial Production w.d.a.(YoY) (Apr)	✓✓	-40.00%	-29.30%	Monthly
Italy	10:00	Industrial Production n.s.a. (YoY) (Apr)	✓✓	-	-27.10%	Monthly
South Africa	11:30	Mining Production (YoY) (Apr)	✓✓	-	7.00%	Monthly
South Africa	11:30	Platinum Production (YoY) (Apr)	✓	-	8.70%	Monthly
South Africa	11:30	Gold Production (YoY) (Apr)	✓	-	11.50%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Apr)	✓✓	-	-2.10%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Apr)	✓✓	-	-2.30%	Monthly
US	14:30	Initial Jobless Claims (06-Jun)	✓✓✓	1550.00K	1877.00K	Weekly
US	14:30	Continuing Jobless Claims (30-May)	✓✓✓	-	21487.00K	Weekly
US	14:30	Producer Price Index (MoM) (May)	✓✓✓	0.10%	-1.30%	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (May)	✓✓	-0.10%	-0.30%	Monthly
US	14:30	Producer Price Index (YoY) (May)	✓✓✓	-1.20%	-1.20%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (May)	✓✓	0.40%	0.60%	Monthly
US	16:30	EIA Natural Gas Storage Change (05-Jun)	✓✓✓	121.00Bcf	102.00Bcf	Weekly
US	18:00	USDA WASDE Report	✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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