

ONE
Minute Brief

15 June 2020

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Economic and political news

Ratings agency, Fitch has warned that South Africa's (SA) economy is expected to contract by 5.5% this year, due to the impact of the COVID-19. Also, the agency projected that the fiscal deficit would surge to 14.4% of gross domestic product (GDP) in the current fiscal year, with government debt rising to 80.9% of GDP.

SA's Department of Mineral Resources and Energy (DMRE) has begun consultations with industry on preparations for a proposed 2,500 megawatt (MW) nuclear power plant building programme to solve the country's power supply problem.

Finance Minister, Tito Mboweni has called the South African government to move to a fiscal stance based on zero-based budgeting in order to deal with the economic impact of the Covid-19 pandemic.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 70,038.

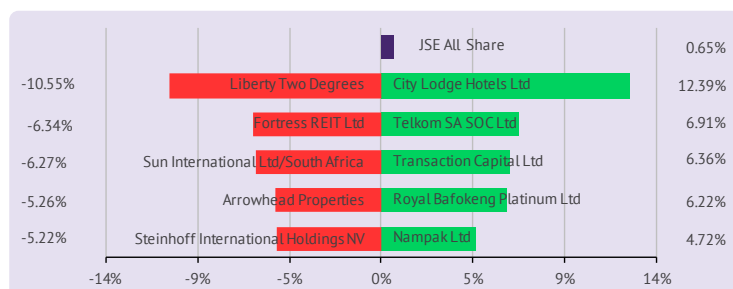
President Cyril Ramaphosa has sent the Protection of State Information Bill back to Parliament for reconsideration.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in banking, financial and industrial sector stocks. The JSE All Share Index rose 0.7% to close at 53,639.64.

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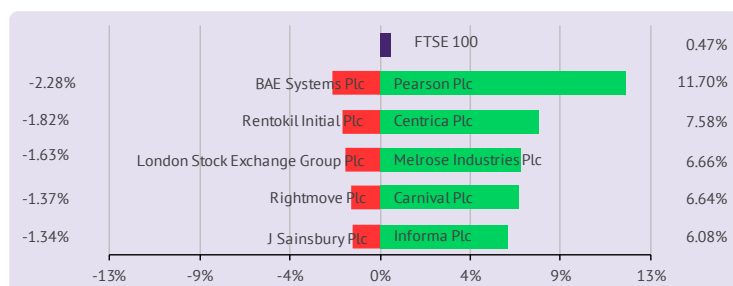


UK Market ▲

UK markets closed in the green

UK markets finished higher on Friday, helped by gains in banking, energy and insurance sector stocks. The FTSE 100 Index advanced 0.5% to close at 6,105.18. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

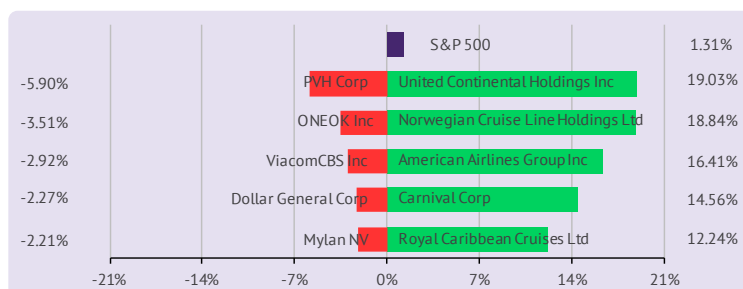
	As at 12 June 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53639.64	▲	344.34	0.65	NA	6.25	0.29	-6.03
JSE Top 40 (ZAR)	49247.69	▲	355.57	0.73	NA	5.81	0.42	-3.09
FTSE 100(GBP)	6105.18	▲	28.48	0.47	NA	0.47	2.97	-19.06
DAX 30 (EUR)	11949.28	▼	-21.01	-0.18	NA	3.13	6.68	-9.81
CAC 40 (EUR)	4839.26	▲	23.66	0.49	NA	3.06	2.70	-19.05
S&P 500 (USD)	3041.31	▲	39.21	1.31	NA	-0.10	4.53	-5.86
Nasdaq Composite (USD)	9588.81	▲	96.08	1.01	NA	1.04	6.75	6.87
DJIA (USD)	25605.54	▲	477.37	1.90	NA	0.88	4.26	-10.28
MSCI Emerging Markets (USD)	987.01	▼	-6.58	-0.66	NA	6.09	0.59	-11.45
MSCI Developed World (USD)	2164.46	▲	10.02	0.47	NA	0.77	4.63	-8.23

US Market ▲

US markets closed firmer

US markets closed higher on Friday, amid bargain hunting. Data indicated that the US Michigan consumer sentiment index advanced in June. The S&P 500 Index climbed 1.3% to close at 3,041.31. Today, the S&P 500 futures are trading in the red.

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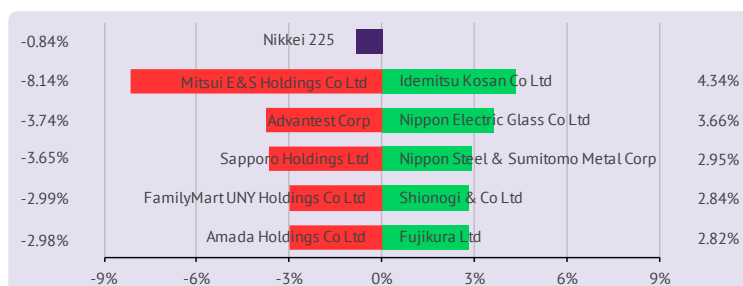


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid rising fears over a new wave of coronavirus infections. As at 6:00 SAST, the Nikkei 225 Index is trading 0.8% lower at 22,118.68.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% higher against the South African Rand at R17.1551. Later today, traders will keep a close watch on the US NY Empire State manufacturing index for further direction.

The US Dollar fell against the South African Rand on Friday. On the macro front, the US Michigan consumer sentiment improved in June.

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 R21.4837. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand on Friday, amid disappointing domestic economic data and ongoing concerns over Brexit. Data indicated that Britain's economy contracted at its fastest pace since the series began in 1997 in April. Additionally, manufacturing production as well as industrial production declined more-than-anticipated in April. Moreover, the NIESR GDP estimate dropped in May. Furthermore, consumer inflation expectations slowed in May. Meanwhile, total trade balance reported a surplus in April.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.5% higher against the South African Rand at R19.3226. Going forward, market participants will keep a tab on Eurozone's trade balance for further cues.

The Euro weakened against the South African Rand on Friday. On the data front, Eurozone's industrial production declined less than market consensus on a monthly basis in April.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.2% against the South African Rand to trade at R11.7176. Elsewhere, in China, Australia's largest trading partner house price index advanced on an annual basis in May. On the other hand, industrial production rose less-than-anticipated in May. Additionally, retail sales dropped more than market forecast in May.

The Australian Dollar fell against the South African Rand on Friday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	17.1551	▼	-0.53	NA	-2.67	-5.29	21.99
GBPZAR	21.4837	▼	-1.21	NA	-1.36	-7.13	15.17
EURZAR	19.3226	▼	-0.89	NA	-1.27	-4.05	22.48
AUDZAR	11.7176	▲	-0.32	NA	0.28	-2.99	19.29
EURUSD	1.1262	▲	-0.38	NA	1.40	1.33	0.38
GBPUSD	1.2523	▼	-0.49	NA	1.60	-1.99	-5.41
Brent (\$/barrel)	38.0	▼	0.47	NA	2.35	42.90	-41.32
Gold (\$/oz)	1734.4	▲	-0.16	NA	-0.44	2.52	13.54
Platinum (\$/oz)	809.8	▼	-0.61	NA	-6.36	7.58	-15.69
Copper (\$/MT)*	5761.5	▲	0.35	NA	7.65	3.72	-6.30

*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 \$1,734.40/oz, amid weakness in the US Dollar and mounting fears of a second wave of coronavirus.

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On Friday, gold prices fell 0.2% to close at \$1,729.30/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 1.8% to trade at \$38.02/bl, amid concerns that renewed outbreaks of the coronavirus would reduce energy demand.

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On Friday, Brent crude oil advanced 0.5% to settle at \$38.73/bl, after Baker Hughes reported that US oil rig count fell by 7 to 199 last week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 1.1% lower to trade at \$809.80/oz.

On Friday, platinum prices dropped 0.6% to close at \$819.00/oz.

Major South African corporate news

Barloworld Limited

In its 1H20 trading statement, the company announced that it expects HEPS to be between 238.00c and 285.60c, compared to 476.00c in the same period of the previous year. The company expects basic loss per share to be between 721.80c and 767.80c, compared to an EPS of 438.10c in the last year.

City Lodge Hotels Limited

In its COVID-19 and liquidity update, the company announced that it is in discussions with the group's funders and in addition to existing undrawn facilities, further facilities of ZAR200.00mn have been secured, ensuring sufficient liquidity for current requirements. Moreover, the company reported that 2 hotels are serving as quarantine hotels and a further 21 hotels are open for stranded guests, essential services and business travel accommodation requirements. The group is ready to commence operations, in line with the lockdown regulations, directions and RAA, on short notice, as opportunities present themselves.

Major global economic news

UK

In the UK, manufacturing production plunged 24.3% on a monthly basis in April, more than market expectations and compared to a drop of 4.6% in the prior month.

In April, gross domestic product (GDP) dropped 20.4% on a monthly basis in the UK, more than market consensus and compared to a drop of 5.8% in the previous month.

In the UK, total trade balance recorded a surplus of GBP0.31bn in April, compared to a revised deficit of GBP3.96bn in the prior month.

In April, industrial production slumped 20.3% in the UK, compared to a fall of 4.2% in the prior month.

In the UK, the NIESR GDP estimate fell 17.6% in May, more than market expectations and compared to a revised fall of 10.3% in the previous month.

In May, consumer inflation expectations slowed to 2.9% on an annual basis in the UK, compared to 3.0% in the prior month.

Asia

In Japan, industrial production eased 9.8% on a monthly basis in April, compared to a drop of 3.7% in the previous month. The preliminary figures had indicated a fall of 9.1%.

In China, the house price index rose 4.9% on an annual basis in May, compared to a rise of 5.1% in the previous month.

In May, industrial production advanced 4.4% on a yearly basis in China, less than market forecast and compared to a rise of 3.9% in the prior month.

In China, retail sales dropped 2.8% on an annual basis in May, compared to a decline of 7.5% in the previous month.

US

In the US, the flash Michigan consumer sentiment index rose more-than-expected to 78.90 in June, compared to a level of 72.30 in the prior month.

Eurozone

In the Eurozone, industrial production declined 17.1% on a monthly basis in April, less than market anticipations and compared to a revised fall of 11.9% in the previous month.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Pan African Resources PLC	354	12.03	7.27	63.89
Gold Fields Ltd	13257	10.48	-3.30	39.64
AngloGold Ashanti Ltd	42774	10.71	0.76	35.90
Kumba Iron Ore Ltd	51308	3.59	8.17	30.51
Naspers Ltd	298000	1.94	6.88	30.09
Steinhoff International Holdings NV	109	-9.17	7.92	29.76
Lighthouse Capital Ltd	1020	2.00	30.10	22.46
Trencor Ltd	592	10.28	10.83	21.65
AfroCentric Investment Corp Ltd	390	0.26	15.04	20.66
Assore Ltd	31950	0.00	0.00	20.14
Aspen Pharmacare Holdings Ltd	14070	-6.37	0.73	18.02
JSE Ltd	12830	-2.01	7.36	16.48
Oceana Group Ltd	7145	7.87	23.19	16.08
Blue Label Telecoms Ltd	296	9.63	17.00	14.73
BHP Group PLC	35890	-2.45	4.31	12.65
African Rainbow Minerals Ltd	17232	-2.61	2.12	11.21
Vodacom Group Ltd	12818	-2.00	1.54	11.17
British American Tobacco PLC	64738	-5.35	-6.64	10.68
Exxaro Resources Ltd	13718	1.61	10.69	10.54
Reinet Investments SCA	30000	-3.41	9.09	8.11
Coronation Fund Managers Ltd	4086	-3.76	11.19	6.63
Stenprop Ltd	2516	12.52	16.97	6.30
Rebosis Property Fund Ltd	34	-8.11	-2.86	6.25
Net 1 UEPS Technologies Inc	5474	9.48	-9.86	6.15
Peregrine Holdings Ltd	1940	4.86	6.83	6.06
Zeder Investments Ltd	221	3.27	17.55	5.75
Montauk Holdings Ltd	4000	-1.23	-6.65	5.26
Harmony Gold Mining Co Ltd	5386	6.59	-6.17	5.20
Santam Ltd	29091	-1.72	7.74	3.50
Investec Australia Property Fund	1450	-5.23	3.57	2.39
Rhodes Food Group Pty Ltd	1500	-6.25	1.01	2.30
Quilter PLC	2882	-6.73	2.27	1.41
Transaction Capital Ltd	2139	12.58	25.01	1.37
Cie Financiere Richemont SA	11047	-3.14	8.17	0.86
Allied Electronics Corp Ltd	2298	-3.12	11.97	0.72
Rand Merchant Investment Holdings Ltd	3030	-0.98	11.52	0.30
Anglo American PLC	39068	-1.47	6.87	0.28
Sirius Real Estate Ltd	1600	-6.16	-3.61	0.00
Raubex Group Ltd	2300	3.93	23.99	-4.13
Cartrack Holdings Ltd	2250	0.00	-0.69	-4.15
JSE All Share Index	53640	-1.98	6.25	-6.03

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	4:00	Industrial Production (YoY) (May)	✓✓	4.40%*	3.90%	Monthly
China	4:00	Industrial Production YTD (YoY) (May)	✓✓	-2.80%*	-4.90%	Monthly
China	4:00	Retail Sales (YoY) (May)	✓✓✓	-2.80%*	-7.50%	Monthly
China	4:00	Retail Sales YTD (YoY) (May)	✓	-13.50%*	-16.20%	Monthly
China	4:00	NBS Press Conference	✓✓	-	-	As Scheduled
China	4:00	Fixed Assets Inv Excl. Rural YTD (YoY) (May)	✓	-6.30%*	-10.30%	Monthly
Japan	6:30	Tertiary Industry Index (MoM) (Apr)	✓✓	-6.00%*	-4.20%	Monthly
Switzerland	8:30	Producer and Import Prices (MoM) (May)	✓	-0.90%	-1.30%	Monthly
Switzerland	8:30	Producer and Import Prices (YoY) (May)	✓	-4.60%	-4.00%	Monthly
South Africa	9:00	Number of Foreign Tourist Arrivals (Mar)	✓	-	800,815.00	Monthly
Italy	10:00	Consumer Price Index (YoY) (May) (F)	✓✓✓	-0.10%	0.00%	Monthly
Italy	10:00	Consumer Price Index (May) (F)	✓	-	103.00	Monthly
Italy	10:00	Consumer Price Index (EU Norm) (YoY) (May) (F)	✓✓✓	0.10%	0.10%	Monthly
Italy	10:00	Consumer Price Index (EU Norm) (MoM) (May) (F)	✓✓✓	0.50%	0.50%	Monthly
Italy	10:00	Consumer Price Index (MoM) (May) (F)	✓✓✓	0.10%	0.10%	Monthly
Switzerland	10:00	Total Sight Deposits (CHF) (12-Jun)	✓	-	CHF680100.00mn	Weekly
Switzerland	10:00	Domestic Sight Deposits (CHF) (12-Jun)	✓	-	CHF594500.00mn	Weekly
Eurozone	11:00	Trade Balance s.a. (Apr)	✓✓✓	EUR22.90bn	EUR23.50bn	Monthly
Eurozone	11:00	Trade Balance n.s.a. (Apr)	✓✓	EUR22.90bn	EUR28.20bn	Monthly
Canada	14:30	Manufacturing Sales (MoM) (Apr)	✓✓	-5.70%	-9.20%	Monthly
US	14:30	NY Empire State Manufacturing Index (Jun)	✓✓	-32.50	-48.50	Monthly
Canada	15:00	Existing Home Sales (MoM) (May)	✓	-	-56.80%	Monthly
Eurozone	15:00	EUR/USD Options Expiry (Jun)	✓	-	-	Monthly
UK	15:00	GBP/USD Options Expiry (Jun)	✓	-	-	Monthly
US	15:00	USD/JPY Options Expiry (Jun)	✓	-	-	Monthly
US	15:00	USD/CHF Options Expiry (Jun)	✓	-	-	Monthly
US	22:00	Net Long-Term TIC Flows (Apr)	✓✓	-	-USD112.60bn	Monthly
US	22:00	Total Net TIC Flows (Apr)	✓	-	USD349.90bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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