

ONE
Minute Brief

22 June 2020

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Economic and political news

The National Union of Metalworkers of South Africa (NUMSA) and the South African Cabin Crew Association (SACCA) have rejected job cuts proposed to rescue South African Airways (SAA), which has cost the government more than a billion dollars to stave off bankruptcy.

In a presentation to the National Economic Development and Labour Council, Finance Minister, Tito Mboweni indicated that SA's debt levels would exceed 100% of gross domestic product (GDP) by 2024-25 and rise to almost 114% by 2028-29.

The New Development Bank established by the BRICS group of emerging nations has approved a USD1bn (ZAR17.3bn) Covid-19 emergency loan to SA to reduce the socio-economic impacts of the pandemic.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 97,302 with death toll at 1,930.

News reports indicate that former President Jacob Zuma has filed a nine-page response to the State's application to have his case postponed to 2021.

Key indices

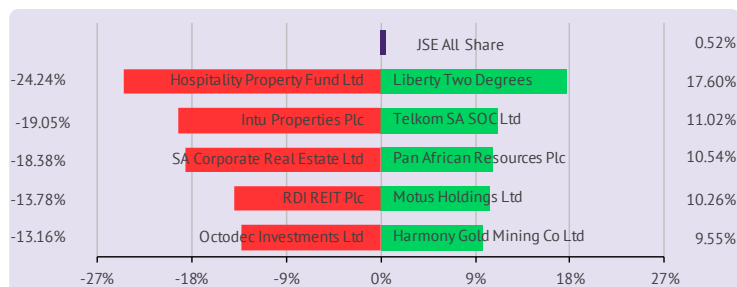
	As at 19 June 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54224.40	▲	283.18	0.52	NA	7.41	0.29	-5.01
JSE Top 40 (ZAR)	49812.34	▲	223.23	0.45	NA	7.02	0.42	-1.98
FTSE 100(GBP)	6292.60	▲	68.53	1.10	NA	3.55	2.97	-16.57
DAX 30 (EUR)	12330.76	▲	49.23	0.40	NA	6.42	6.68	-6.93
CAC 40 (EUR)	4979.45	▲	20.70	0.42	NA	6.05	2.70	-16.70
S&P 500 (USD)	3097.74	▼	-17.60	-0.56	NA	1.76	4.53	-4.12
Nasdaq Composite (USD)	9946.12	▲	3.07	0.03	NA	4.81	6.75	10.85
DJIA (USD)	25871.46	▼	-208.64	-0.80	NA	1.92	4.26	-9.35
MSCI Emerging Markets (USD)	1001.36	▲	6.18	0.62	NA	7.63	0.59	-10.16
MSCI Developed World (USD)	2208.97	▼	-6.68	-0.30	NA	2.84	4.63	-6.34

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in gold and platinum mining sector stocks. The JSE All Share Index rose 0.5% to close at 54,224.40.

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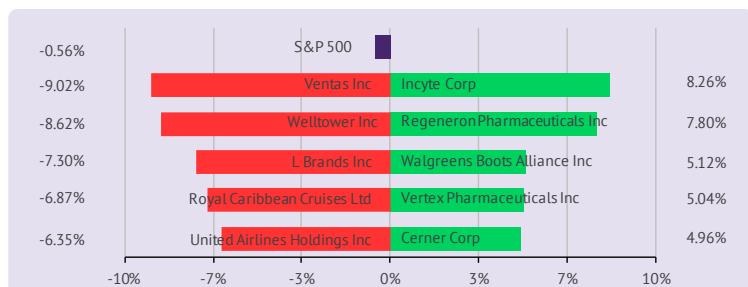


US Market ▼

US markets closed mostly weaker

US markets closed mostly lower on Friday, after reports indicated that Apple would reclose some of its stores in Arizona, Florida, North Carolina and South Carolina, due to a spike in COVID-19 cases. The S&P 500 Index dropped 0.6% to close at 3,097.74. Today, the S&P 500 futures are trading in the green.

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UK Market ▲

UK markets closed in the green

UK markets finished higher on Friday, amid weakness in the British Pound and upbeat domestic retail sales data. The FTSE 100 Index advanced 1.1% to close at 6,292.60. Today, the FTSE 100 futures are trading in positive territory.

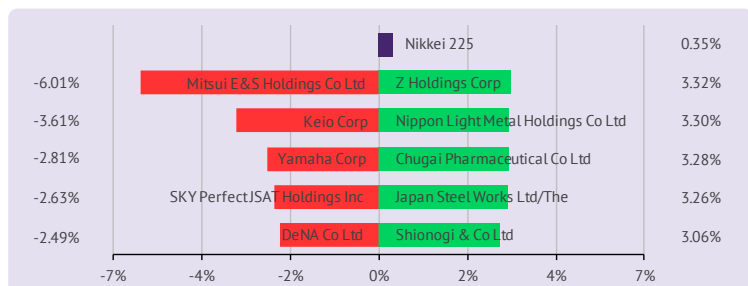
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Asian Market ▲

Trading mixed

Asian markets are trading mixed this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% higher at 22,556.67.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped marginally against the South African Rand to trade at R17.3258. Later today, traders will keep a close watch on the US Chicago Fed National Activity Index and existing home sales for further direction.

The US Dollar fell against the South African Rand on Friday. On the macro front, the US current account deficit narrowed less than market consensus 1Q20.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R21.4461. Ahead in the day, traders will keep an eye on UK's CBI Industrial trends survey for further indications.

The British Pound declined against the South African Rand on Friday, after data indicated that government borrowing hit a record high level stoking concerns about economic recovery. Data indicated that UK's public sector net borrowing deficit unexpectedly widened in May, recording its largest annual increase in debt as a percentage of GDP since records began in March 1993. Meanwhile, retail sales advanced at a faster than expected pace in May.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R19.3985. Going forward, market participants will keep a tab on Eurozone's consumer confidence index for further cues.

The Euro weakened against the South African Rand on Friday. On the data front, Eurozone's seasonally adjusted current account surplus unexpectedly narrowed in April, recording its lowest level since 2017. Separately, Germany's producer price index (PPI) dropped more than market anticipations in May, recording its biggest drop since May 2016.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.4% against the South African Rand to trade at R11.8887.

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	17.3258	▲	-0.81	NA	-1.22	-5.29	23.80
GBPZAR	21.4461	▼	-1.40	NA	-1.23	-7.13	15.31
EURZAR	19.3985	▼	-1.07	NA	-0.54	-4.05	23.38
AUDZAR	11.8887	▼	-1.06	NA	1.22	-2.99	20.40
EURUSD	1.1196	▲	-0.24	NA	0.69	1.33	-0.31
GBPUSD	1.2375	▲	-0.60	NA	0.06	-1.99	-6.84
Brent (\$/barrel)	42.3	▲	1.64	NA	11.50	42.90	-36.08
Gold (\$/oz)	1767.6	▲	1.22	NA	0.52	2.52	14.63
Platinum (\$/oz)	830.5	▲	1.86	NA	-5.41	7.58	-14.83
Copper (\$/MT)*	5829.3	▲	0.79	NA	8.91	3.72	-5.20

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.2% higher to trade at \$1,767.60/oz.

On Friday, gold prices rose 1.2% to close at \$1,745.90/oz, amid fears that resurgence in coronavirus infections would compel governments to implement new lockdown restrictions.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.1% to trade at \$42.25/bl, amid restricted supplies from major producers.

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On Friday, Brent crude oil advanced 1.6% to settle at \$42.19/bl, amid hopes that global fuel demand would rebound more quickly than anticipated. Additionally, Baker Hughes reported that US oil rig count fell by 10 to 189 last week.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$830.50/oz.

On Friday, platinum prices climbed 1.9% to close at \$827.30/oz.

Major South African corporate news

Cell C

The company announced that it is planning to cut more than a third of its staff in a bid to streamline its operations.

Foschini Group Ltd

The company announced that will close stores in malls with low footfall if it fails to achieve fair rental deals with landlords when leases come up for renewal.

Major global economic news

UK

In the UK, public sector net borrowing deficit unexpectedly widened to GBP54.50bn in May, compared to a revised deficit of GBP47.78bn in the prior month.

In May, retail sales jumped 12.0% on a monthly basis in the UK, more than market expectations and compared to a revised drop of 18.0% in the prior month.

Eurozone

In the Eurozone, seasonally adjusted current account surplus unexpectedly narrowed to EUR14.40bn in April, compared to a surplus of EUR27.40bn in the prior month.

In Germany, the PPI fell 2.2% on an annual basis in May, more than market forecast and compared to a drop of 1.9% in the prior month.

Asia

Reserve Bank of Australia's (RBA) Governor, Philip Lowe, in his speech, warned that it is likely interest rates would remain at current low levels for an extended period of time given the disinflationary forces in the economy. Moreover, he reiterated that the central bank is prepared to do "whatever it takes" to boost growth, jobs and inflation.

The People's Bank of China (PBoC), in its latest monetary policy decision, kept its key interest rate unchanged at 3.85%, as widely expected.













US

In the US, current account deficit narrowed less-than-expected to USD104.20bn in 1Q20, compared to a revised deficit of USD104.30bn in the previous quarter.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Pan African Resources PLC	388	9.60	17.58	79.63
Gold Fields Ltd	14377	8.45	4.87	51.44
AngloGold Ashanti Ltd	45238	5.76	6.57	43.73
Naspers Ltd	305000	2.35	9.39	33.14
Lighthouse Capital Ltd	1045	2.45	33.29	25.46
Kumba Iron Ore Ltd	49273	-3.97	3.88	25.34
Blue Label Telecoms Ltd	316	6.76	24.90	22.48
AfroCentric Investment Corp Ltd	390	0.00	15.04	20.66
Assore Ltd	31950	0.00	0.00	20.14
Aspen Pharmacare Holdings Ltd	14301	1.64	2.38	19.95
Steinhoff International Holdings NV	100	-8.26	-0.99	19.05
Rebosis Property Fund Ltd	38	11.76	8.57	18.75
Trencor Ltd	569	-3.89	6.52	16.92
Net 1 UEPS Technologies Inc	5970	9.06	-1.70	15.76
British American Tobacco PLC	67068	3.60	-3.28	14.67
Exxaro Resources Ltd	14146	3.12	14.15	13.98
Zeder Investments Ltd	236	6.79	25.53	12.93
Coronation Fund Managers Ltd	4327	5.90	17.75	12.92
JSE Ltd	12428	-3.13	4.00	12.83
Stenprop Ltd	2670	6.12	24.13	12.81
Harmony Gold Mining Co Ltd	5715	6.11	-0.44	11.62
Vodacom Group Ltd	12809	-0.07	1.47	11.09
African Rainbow Minerals Ltd	16968	-1.53	0.55	9.50
BHP Group PLC	34669	-3.40	0.76	8.82
Reinet Investments SCA	30000	0.00	9.09	8.11
Rand Merchant Investment Holdings Ltd	3223	6.37	18.62	6.69
Oceana Group Ltd	6560	-8.19	13.10	6.58
Peregrine Holdings Ltd	1920	-1.03	5.73	4.97
Quilter PLC	2936	1.87	4.19	3.31
Santam Ltd	28800	-1.00	6.67	2.47
Cie Financiere Richemont SA	11215	1.52	9.81	2.39
Rhodes Food Group Pty Ltd	1500	0.00	1.01	2.30
Sirius Real Estate Ltd	1621	1.31	-2.35	1.31
Mondi PLC	33035	6.66	0.75	1.24
Anglo American PLC	39347	0.71	7.64	1.00
Liberty Two Degrees	628	25.60	14.39	0.44
Investec Australia Property Fund	1412	-2.62	0.86	-0.30
Libstar Holdings Ltd	737	5.29	14.98	-2.90
Raubex Group Ltd	2300	0.00	23.99	-4.13
Allied Electronics Corp Ltd	2184	-4.96	6.41	-4.27
JSE All Share Index	54224	1.09	7.41	-5.01

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Switzerland	9:00	M2 Money Supply (May)	✓	-	CHF1034223.00mn	Monthly
 Switzerland	9:00	M1 Money Supply (May)	✓	-	CHF697838.00mn	Monthly
 Switzerland	9:00	M3 Money Supply (YoY) (May)	✓	-	1.90%	Monthly
 Switzerland	9:00	M3 Money Supply (May)	✓	-	CHF1098239.00mn	Monthly
 Switzerland	9:00	M2 Money Supply (YoY) (May)	✓	-	0.80%	Monthly
 Switzerland	9:00	M1 Money Supply (YoY) (May)	✓	-	2.60%	Monthly
 Switzerland	10:00	Domestic Sight Deposits (CHF) (19-Jun)	✓	-	CHF600300.00mn	Weekly
 Switzerland	10:00	Total Sight Deposits (CHF) (19-Jun)	✓	-	CHF679500.00mn	Weekly
 US	14:30	Chicago Fed National Activity Index (May)	✓✓✓	-	-16.74	Monthly
 Eurozone	16:00	Consumer Confidence (Jun) (P)	✓✓✓	-24.00	-18.80	Monthly
 US	16:00	Existing Home Sales (May)	✓✓✓	4.38mn	4.33mn	Monthly
 US	16:00	Existing Home Sales (MoM) (May)	✓✓✓	-18.90%	-17.80%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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