

ONE
Minute Brief

23 June 2020

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Economic and political news

The Department of Public Enterprises stated that it would oppose regional airline SA Airlink's court application to place South African Airways (SAA) into provisional liquidation and to interdict SAA Business Rescue Practitioners from convening a creditors meeting on Thursday.

In his weekly newsletter, President Cyril Ramaphosa warned of widening job losses in the aviation, construction, entertainment and hospitality sectors because of huge losses experienced in the last three months.

Health Minister Zweli Mkhize confirmed that the number of Covid-19 cases in the country had increased to 101,590.

Public Works Minister, Patricia de Lille has agreed to testify in the Jacob Zuma corruption trial set to commence today.

News reports indicate that South Africa's (SA) government is considering selling a green infrastructure bond worth tens of billions of rand as part of its effort to boost private investment in projects ranging from energy to water reticulation.

Key indices

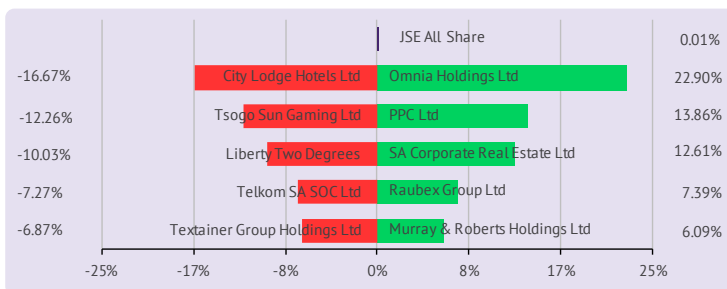
	As at 22 June 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54230.17	▲	5.77	0.01	0.01	7.42	0.29	-5.00
JSE Top 40 (ZAR)	49877.86	▲	65.52	0.13	0.13	7.16	0.42	-1.85
FTSE 100 (GBP)	6244.62	▼	-47.98	-0.76	-0.76	2.77	2.97	-17.21
DAX 30 (EUR)	12262.97	▼	-67.79	-0.55	-0.55	5.84	6.68	-7.44
CAC 40 (EUR)	4948.70	▼	-30.75	-0.62	-0.62	5.39	2.70	-17.22
S&P 500 (USD)	3117.86	▲	20.12	0.65	0.65	2.42	4.53	-3.50
Nasdaq Composite (USD)	10056.47	▲	110.35	1.11	1.11	5.97	6.75	12.08
DJIA (USD)	26024.96	▲	153.50	0.59	0.59	2.53	4.26	-8.81
MSCI Emerging Markets (USD)	1000.19	▼	-1.17	-0.12	-0.12	7.51	0.59	-10.27
MSCI Developed World (USD)	2217.82	▲	8.85	0.40	0.40	3.26	4.63	-5.96

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, ahead of Finance Minister, Tito Mboweni's supplementary budget to contain the economic effect of Covid-19. The JSE All Share Index marginally rose to close at 54,230.17.

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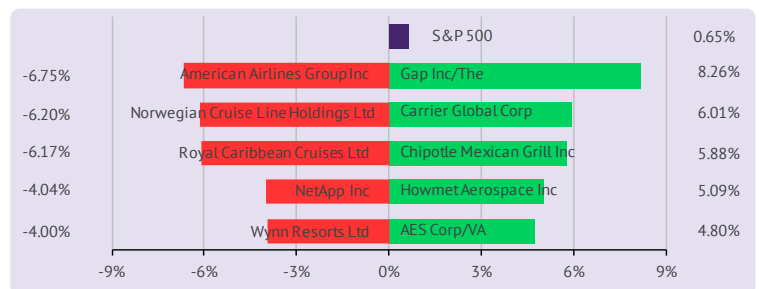


US Market ▲

US markets closed firmer

US markets closed higher yesterday, on hopes for more government stimulus and boosted by gains in technology sector stocks. The S&P 500 Index climbed 0.7% to close at 3,117.86. Today, the S&P 500 futures are trading in the red.

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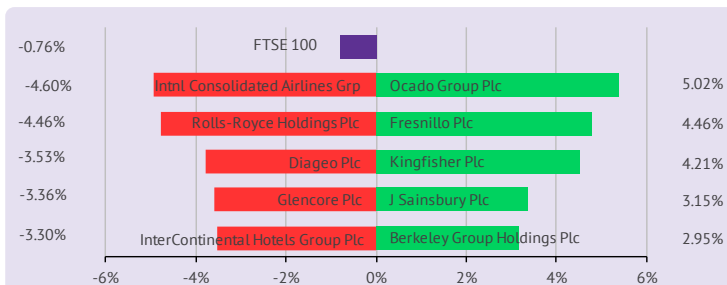


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, after the World Health Organisation (WHO) reported a record spike in global coronavirus cases fuelling concerns of another round of lockdown restrictions. The FTSE 100 Index declined 0.8% to close at 6,244.62. Today, the FTSE 100 futures are trading in negative territory.

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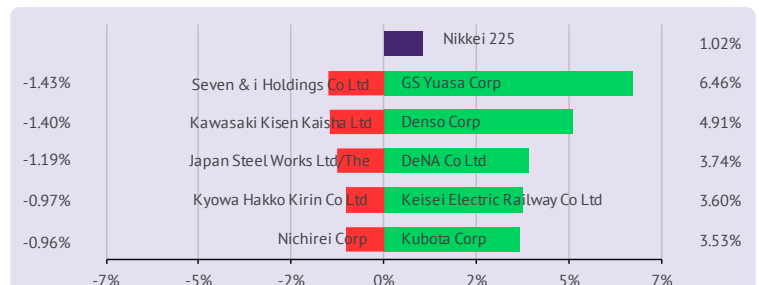


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, after US President Donald Trump tweeted that the US-China trade deal was "fully intact". As at 6:00 SAST, the Nikkei 225 Index is trading 1.0% higher at 22,666.43.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading slightly higher against the South African Rand at R17.3268. Later today, traders will keep a close watch on the US new home sales, the Richmond Fed manufacturing index, the Markit manufacturing and services PMIs for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Chicago Fed National Activity Index rebounded in May. Moreover, existing home sales dropped in May, recording its lowest level since October 2010.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally rose against the South African Rand to trade at R21.6151. Ahead in the day, traders will keep an eye on UK's Markit manufacturing and services PMIs for further indication.

The British Pound advanced against the South African Rand yesterday, on hopes of a Brexit trade deal. Data indicated that UK's balance of firms reporting total order book above normal improved in June.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R19.5218. Going forward, market participants will keep a tab on the Markit manufacturing and services PMIs across the Eurozone.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's preliminary consumer confidence index advanced more than market consensus in June.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R11.9788. Earlier in the session, Australia's Commonwealth Bank manufacturing PMI advanced more-than-anticipated in June. Additionally, the Commonwealth Bank services PMI unexpectedly climbed in June.

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	17.3268	▼	-0.04	-0.04	-1.27	-5.29	23.74
GBPZAR	21.6151	▼	0.94	0.94	-0.31	-7.13	16.39
EURZAR	19.5218	▼	0.71	0.71	0.17	-4.05	24.26
AUDZAR	11.9788	▼	1.04	1.04	2.27	-2.99	21.66
EURUSD	1.1267	▲	0.74	0.74	1.44	1.33	0.43
GBPUSD	1.2474	▲	0.96	0.96	1.02	-1.99	-5.94
Brent (\$/barrel)	42.9	▼	2.11	2.11	13.85	42.90	-34.73
Gold (\$/oz)	1763.2	▲	0.62	0.62	1.14	2.52	15.34
Platinum (\$/oz)	834.7	▼	1.98	1.98	-3.53	7.58	-13.15
Copper (\$/MT)*	5861.0	▲	0.54	0.54	9.51	3.72	-4.68

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.4% to trade at \$1,763.20/oz.

Yesterday, gold prices rose 0.6% to close at \$1,756.70/oz, as resurgence in coronavirus infections in some countries renewed concerns about global economic recovery.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.4% to trade at \$42.92/bl.

Yesterday, Brent crude oil advanced 2.1% to settle at \$43.08/bl, on tighter supplies from major producers. Adding to the positive sentiment, Bank of America (BofA) Global Research upgraded its oil price forecast for this year and next and raised its price targets for the commodity.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 1.1% to trade at \$834.70/oz.

Yesterday, platinum prices climbed 2.0% to close at \$843.70/oz.

Major South African corporate news

Growthpoint Properties Limited

In its 9M20 business update, the company stated that the SA retail business, the V&A, as well as C&R, which has close to 100% exposure to the retail sector, have been the most negatively impacted due to lockdown restrictions in SA. Further, the company stated that it is in advanced stages of concluding a private placement of ZAR750.00mn of unsecured corporate paper in the bond market with ZAR100.00mn for one year and ZAR650.00mn for three years, at spreads of 180 basis points and 210 basis points over Jibar respectively.

Omnia Holdings Limited

In its FY20 trading statement, the company announced that it expects EPS to be between 65.00c and 130.00c, compared to a loss per share of 609.00c in the previous year. The company expects its HEPS to be between 177.00c and 196.00c, compared to a headline loss per share of 112.00c recorded in the prior year.

Telkom SA SOC Limited

In its FY20 results, the company announced that revenues increased to ZAR43.03bn from ZAR41.77bn posted in the previous year. Its diluted EPS fell to 119.50c from the same period of the prior year.

Major global economic news

Asia

In Australia, the preliminary Commonwealth Bank manufacturing PMI rose more-than-expected to 49.80 in June, compared to a level of 44.00 in the previous month.

In June, the preliminary Commonwealth Bank services PMI unexpectedly surged to 53.20 in Australia, compared to a level of 26.90 in the prior month.

In Japan, the Jibun Bank manufacturing PMI fell to 37.80 in June, less than market consensus and compared to a level of 38.40 in the previous month.

US

In the US, the Chicago Fed National Activity Index advanced to 2.61 in May, compared to a revised level of -17.89 in the prior month.

In May, existing home sales dropped 9.7% to 3.91mn on a monthly basis in May, more than market expectations and compared to a level of 4.33mn in the previous month.

Eurozone

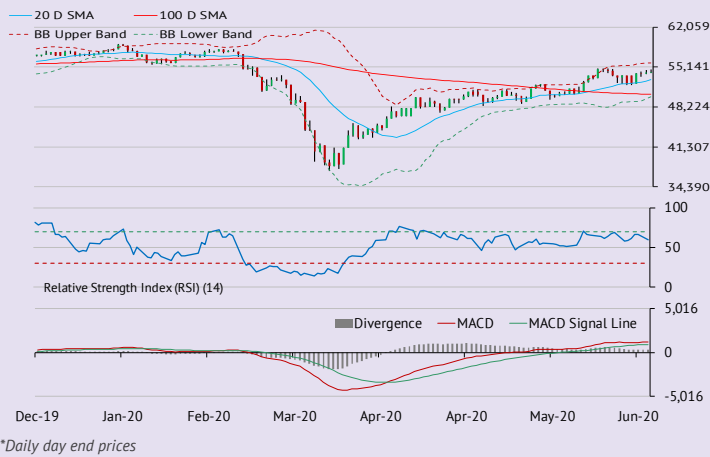
In the Eurozone, the preliminary consumer confidence index advanced to a level of -14.70 in June, more than market forecast and compared to a level of -18.80 in the previous month.

UK

In the UK, the balance of firms reporting total order book above normal rose to a level of -58.0% in June, more than market anticipations and compared to a level of -62.0% in the prior month.

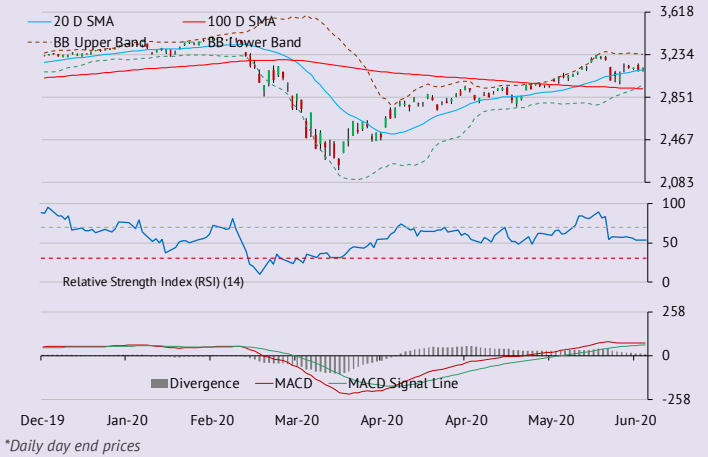
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 52,571.18, and a fall through could take it to the next support level of 50,912.19. The index is expected to find its first resistance at 55,283.93, and a rise through could take it to the next resistance level of 56,337.69.

S&P 500



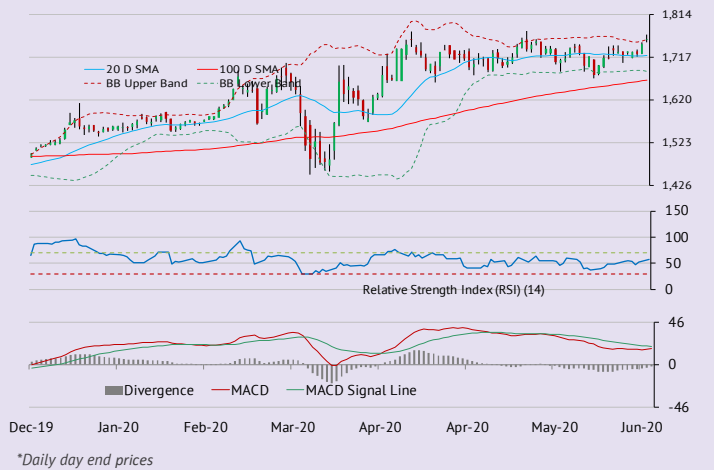
The S&P 500 index is expected to find support at 3,077.44, and a fall through could take it to the next support level of 3,037.01. The index is expected to find its first resistance at 3,156.91, and a rise through could take it to the next resistance level of 3,195.95.

USD ZAR



The pair is expected to find support at 16.9764, and a fall through could take it to the next support level of 16.6289. The pair is expected to find its first resistance at 17.5907, and a rise through could take it to the next resistance level of 17.8575.

XAU USD



Gold is expected to find support at \$1,725.07/oz, and a fall through could take it to the next support level of \$1,693.43/oz. The precious metal is expected to find its first resistance at \$1,777.97/oz, and a rise through could take it to the next resistance level of \$1,799.23/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Jun) (P)	✓✓✓	37.80*	38.40	Monthly
Japan	02:30	Nikkei Japan Services PMI (Jun) (P)	✓✓	42.30*	26.50	Monthly
Japan	07:30	Tokyo Department Store Sales (YoY) (May)	✓	-	-76.10%	Monthly
Japan	07:30	Nationwide Department Store Sales (YoY) (May)	✓	-	-72.80%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (May) (F)	✓✓✓	-	-48.30%	Monthly
South Africa	09:00	Leading Indicator (Apr)	✓	-	104.00	Monthly
France	09:15	Markit Services PMI (Jun) (P)	✓✓✓	45.20	31.10	Monthly
France	09:15	Markit Composite PMI (Jun) (P)	✓✓✓	47.00	32.10	Monthly
France	09:15	Markit Manufacturing PMI (Jun) (P)	✓✓✓	46.00	40.60	Monthly
Germany	09:30	Markit Manufacturing PMI (Jun) (P)	✓✓✓	41.50	36.60	Monthly
Germany	09:30	Markit Services PMI (Jun) (P)	✓✓✓	41.60	32.60	Monthly
Germany	09:30	Markit Composite PMI (Jun) (P)	✓✓✓	44.00	32.30	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Jun) (P)	✓✓✓	44.00	39.40	Monthly
Eurozone	10:00	Markit Services PMI (Jun) (P)	✓✓✓	40.50	30.50	Monthly
Eurozone	10:00	Markit Composite PMI (Jun) (P)	✓✓✓	41.00	31.90	Monthly
UK	10:30	Markit Manufacturing PMI (Jun) (P)	✓	45.00	40.70	Monthly
UK	10:30	Markit Services PMI (Jun) (P)	✓	39.50	29.00	Monthly
UK	10:30	Markit Composite PMI (Jun) (P)	✓	-	30.00	Monthly
UK	10:45	BOE Governor Bailey Speech	✓	-	-	As Scheduled
South Africa	11:30	Unemployment Rate (Q1)	✓✓	-	29.10%	Quarterly
US	15:45	Markit Manufacturing PMI (Jun) (P)	✓✓✓	47.80	39.80	Monthly
US	15:45	Markit Services PMI (Jun) (P)	✓✓✓	46.00	37.50	Monthly
US	15:45	Markit Composite PMI (Jun) (P)	✓✓✓	-	37.00	Monthly
US	16:00	New Home Sales (MoM) (May)	✓✓✓	3.50%	0.60%	Monthly
US	16:00	Richmond Fed Manufacturing Index (Jun)	✓	-41.00	-27.00	Monthly
US	16:00	New Home Sales (May)	✓✓✓	640.00K	623.00K	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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