

ONE  
Minute Brief

26 June 2020


  
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## Economic and political news

In South Africa (SA), the producer price index (PPI) climbed 1.2% on an annual basis in April, compared to a rise of 3.3% in the previous month.

Ratings agency, Moody's, in its research note, indicated that debt stabilisation by 2023 will be very difficult to achieve. given SA's weak track record of fiscal consolidation and the weak medium-term economic outlook.

News reports indicate that a majority of South African Airways (SAA) creditors (69%) have decided to postpone a meeting to vote on the airline's proposed business rescue plan to 14 July.

Eskom Chief Executive Officer, André de Ruyter stated that the utility is aiming to restrict power cuts during the winter, the coldest to hit SA in a decade, to no more than three days.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in SA had increased to 118,375.

## Key indices

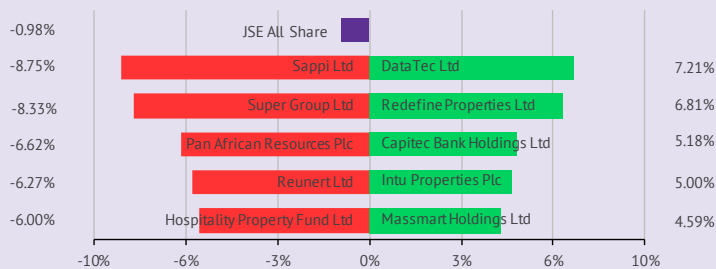
	As at 25 June 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53914.05	▼	-533.68	-0.98	-0.57	6.80	0.29	-5.55
JSE Top 40 (ZAR)	49732.92	▼	-460.88	-0.92	-0.16	6.85	0.42	-2.13
FTSE 100 (GBP)	6147.14	▲	23.45	0.38	-2.31	1.16	2.97	-18.50
DAX 30 (EUR)	12177.87	▲	83.93	0.69	-1.24	5.10	6.68	-8.08
CAC 40 (EUR)	4918.58	▲	47.22	0.97	-1.22	4.75	2.70	-17.72
S&P 500 (USD)	3083.76	▲	33.43	1.10	-0.45	1.30	4.53	-4.55
Nasdaq Composite (USD)	10017.00	▲	107.83	1.09	0.71	5.55	6.75	11.64
DJIA (USD)	25745.60	▲	299.66	1.18	-0.49	1.43	4.26	-9.79
MSCI Emerging Markets (USD)	1004.44	▼	-6.35	-0.63	0.31	7.96	0.59	-9.89
MSCI Developed World (USD)	2193.40	▲	13.27	0.61	-0.70	2.12	4.63	-7.00

## South Africa Market ▼

## South African markets closed lower

South African markets closed in the red yesterday, as surge in coronavirus cases across the globe stoked concerns about global economic recovery. The JSE All Share Index fell 1.0% to close at 53,914.05.

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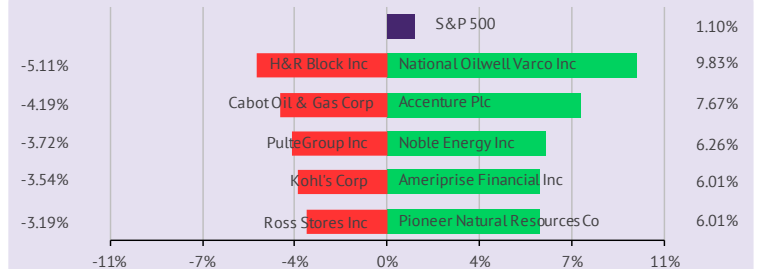


## US Market ▲

## US markets closed firmer

US markets closed higher yesterday, after the US banking regulators relaxed restrictions covering large banks with complex trading and investment portfolios. The S&P 500 Index climbed 1.1% to close at 3,083.76. Today, the S&P 500 futures are trading in the green.

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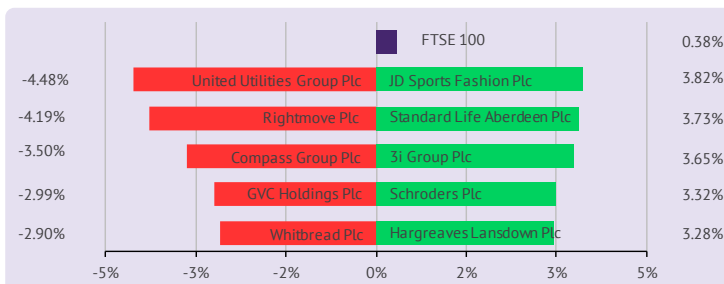


## UK Market ▲

## UK markets closed in the green

UK markets finished higher yesterday, boosted by gains in banking and energy sector stocks. The FTSE 100 Index advanced 0.4% to close at 6,147.14. Today, the FTSE 100 futures are trading in negative territory.

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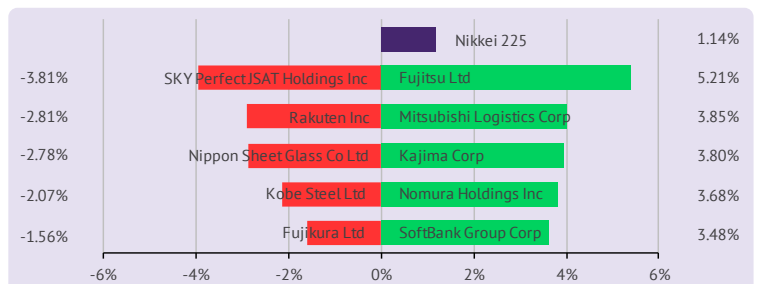


## Asian Market ▲

## Trading mostly higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 1.1% higher at 22,513.77.

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## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R17.1400. Later today, traders will keep a close watch on the US Michigan consumer sentiment index, personal income and personal spending for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US final annualised gross domestic product (GDP) fell on a quarterly basis in 1Q20. Additionally, seasonally adjusted number of initial jobless claims dropped less-than-anticipated on a weekly basis in the week ended 19 June 2020. Meanwhile, durable goods orders rebounded on a monthly basis in May. Separately, data indicated that SA's producer price inflation eased in April.

## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading marginally firmer against the South African Rand at R21.2955. 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 yesterday. Data indicated that UK's CBI distributive trades survey rose at a slower than expected pace in June.

## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R19.2335. Going forward, market participants will keep a tab on European Central Bank President Christine Lagarde's speech for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's GfK consumer confidence index improved in July.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R11.8054.

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	17.1400	▲	-1.31	-1.05	-2.27	-5.29	22.49
GBPZAR	21.2955	▼	-1.45	-0.52	-1.75	-7.13	14.71
EURZAR	19.2335	▲	-1.66	-0.68	-1.22	-4.05	22.54
AUDZAR	11.8054	▲	-1.17	-0.30	0.91	-2.99	20.04
EURUSD	1.1221	▲	-0.29	0.36	1.05	1.33	0.04
GBPUSD	1.2423	▲	0.00	0.56	0.62	-1.99	-6.32
Brent (\$/barrel)	41.5	▲	1.84	-2.70	8.48	42.90	-37.80
Gold (\$/oz)	1770.8	▲	-0.21	0.93	1.45	2.52	15.69
Platinum (\$/oz)	807.6	▲	-0.24	-2.97	-8.22	7.58	-17.37
Copper (\$/MT)*	5883.5	▲	0.46	0.93	9.93	3.72	-4.32

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.5% to trade at \$1,770.80/oz.

Yesterday, gold prices fell 0.2% to close at \$1,762.10/oz.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 1.2% to trade at \$41.53/bl, amid optimism over recovery in fuel demand.

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Yesterday, Brent crude oil advanced 1.8% to settle at \$41.05/bl, amid signs of marginal improvement in the US economic data and slight rise in energy demand.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.6% to trade at \$807.60/oz.

Yesterday, platinum prices dropped 0.2% to close at \$802.70/oz.

## Major South African corporate news

### AVI Limited

In its FY20 trading update, the company announced that it expects consolidated HEPS to be between 455.00c and 481.00c, compared to 516.60c reported in the last year and its EPS is likely to be between 567.00c and 591.00c, compared to 488.70c recorded in the last year.

### Mr Price Group Limited

In its FY20 results, the company announced that revenues increased to ZAR23.03bn from ZAR22.56bn posted in the previous year. Its diluted EPS fell 9.0% from to ZAR10.25 the prior year.

### Exxaro Resources Limited

The company announced that total coal production for 1H20 and sales volumes are both expected to decrease by 1.0% and 2.0%, respectively, mainly due to the impact of the pandemic and the lockdown. Meanwhile, due to the impact of COVID-19 and the subsequent lockdown, many industrial customers in the domestic market have either reduced demand or stopped coal offtake during April and May. Moreover, total sales to Eskom are expected to decrease by 8.0% as the supply agreements at ECC and Leeuwpán are still being negotiated, partly offset by higher offtake from Grootegeluk.

### Super Group Limited

In its 11M20 trading statement, the company announced that revenues from operations of ZAR31.43bn was 11.9% below the prior comparable period as a result of the significant decline in new vehicle sales volumes in the Dealerships division. During the respective trading lockdown periods, new vehicle sales volumes declined by 99.7% and 95.3% in the Dealerships South Africa and UK respectively. Its HEPS stood at 166.80c which is 48.9% below the prior period last year and its EPS stood at 133.50c.

### Hudaco Industries Limited

In its 1H20 results, the company announced that turnover dropped to ZAR2.64bn from ZAR3.18bn posted in the same period of the previous year. Its diluted loss per share stood at 738.00c, compared to an EPS of 526.00c in the same period of last year.

### Tiger Brands Limited

The company announced that as previously disclosed, it has issued subpoenas in May 2019 requesting information relating to the testing for and incidence of *Listeria monocytogenes*, relevant to the Listeriosis Class Action and sought orders compelling certain of the third party recipients of the subpoenas to provide the information when they refused to provide the documents requested in the subpoenas. Further, the High Court handed down judgment in the company's favour on 23 June 2020, compelling the third parties to provide critical epidemiological information required for the Class Action, within one month of the date of service of the order.

## Major global economic news

### US

In the US, the final annualised GDP dropped 5.0% on a quarterly basis in 1Q20, compared to a revised drop of 4.8% in the previous quarter. The preliminary figures had indicated a drop of 5.0%.

In the US, seasonally adjusted number of initial jobless claims fell to 1480.00K on a weekly basis in the week ended 19 June 2020, less than market anticipations and compared to a revised level of 1540.00K in prior week.

In May, durable goods orders jumped 15.8% on a monthly basis in the US, more than market forecast and compared to a revised fall of 18.1% in the previous month.

### Eurozone

In Germany, the GfK consumer confidence index rose to -9.60 in July, more than market consensus and compared to a revised level of -18.60 in the previous month.

The European Central Bank (ECB), in its monetary policy meeting accounts, reiterated that the central bank was ready to adjust the size and composition of the PEPP, as well as the full range of instruments including the TLTROs, policy interest rates and forward guidance. Also, the central bank agreed to offer euro loans against collateral to central banks outside the euro area to backstop funding markets amid the coronavirus pandemic.

### Asia

In June, the Tokyo consumer price index (CPI) rose 0.3% on an annual basis in Japan, less than market expectations and compared to a rise of 0.4% in the previous month.

### UK

In the UK, the CBI distributive trades survey advanced to a level of -37.0% on a monthly basis in June, less than market expectations and compared to -50.0% in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Tokyo Consumer Price Index (YoY) (Jun)	✓✓✓	0.30%*	0.40%	Monthly
Japan	01:30	Tokyo CPI ex Fresh Food (YoY) (Jun)	✓✓✓	0.20%*	0.20%	Monthly
Japan	01:30	Tokyo CPI ex Food, Energy (YoY) (Jun)	✓	0.40%*	0.50%	Monthly
France	08:45	Consumer Confidence (Jun)	✓✓✓	95.00	93.00	Monthly
Spain	09:00	Total Mortgage Lending (YoY) (Apr)	✓	-	-7.10%	Monthly
Spain	09:00	House Mortgage Approvals (YoY) (Apr)	✓	-	-14.60%	Monthly
Spain	09:00	Retail Sales (MoM) (May)	✓	-	-15.30%	Monthly
Spain	09:00	Retail Sales (YoY) (May)	✓✓✓	-17.60%	-31.60%	Monthly
Eurozone	10:00	M3 Money Supply (YoY) (May)	✓	8.60%	8.30%	Monthly
Eurozone	10:00	M3 Money Supply (3m) (May)	✓	-	7.10%	Monthly
Eurozone	10:00	Private Loans (YoY) (May)	✓	3.20%	3.00%	Monthly
Italy	10:00	Deficit to GDP (YTD) (Q1)	✓	-9.80%	-2.40%	Quarterly
Italy	11:00	Consumer Confidence (Jun)	✓✓✓	97.50	94.30	Monthly
Italy	11:00	Manufacturing Confidence (Jun)	✓✓✓	80.00	71.20	Monthly
Italy	11:00	Economic Sentiment Index (Jun)	✓✓✓	-	51.10	Monthly
UK	13:00	BoE Quarterly Bulletin	✓	-	-	As Scheduled
US	14:30	Personal Spending (May)	✓✓	9.00%	-13.60%	Monthly
US	14:30	Personal Consumption Expenditure Deflator (MoM) (May)	✓	-	-0.50%	Monthly
US	14:30	Personal Consumption Expenditure Core (MoM) (May)	✓✓✓	0.00%	-0.40%	Monthly
US	14:30	Personal Consumption Expenditure Deflator (YoY) (May)	✓	-	0.50%	Monthly
US	14:30	Personal Consumption Expenditure Core (YoY) (May)	✓✓✓	0.90%	1.00%	Monthly
US	14:30	Personal Income (MoM) (May)	✓✓	-	10.50%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Jun) (F)	✓✓✓	79.00	72.30	Monthly
US	19:00	Baker Hughes US Oil Rig Count (26-Jun)	✓	-	189.00	Weekly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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