



Overnight Report

01 June 2020

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OUR EXPECTATIONS FOR TODAY

South African markets are expected to surge (+1.2%) following stronger Asian markets after Donald Trump on Friday did not specify tough sanctions on China over China's new national security law for Hong Kong. A protest breaking out across the US over the death of George Floyd however has tempered the US futures markets while American bourses gave up most of their gains on Friday as a result. Crude prices ticked lower on protest action while iron ore prices have surged on rumours on production restrictions starting June. Investors will be looking to payroll data out of the US on Friday for some guidance into the rest of the month. Cool. Tencent is 4.24% up in Hong Kong and BHP is 2.89% up in Australia.

SOUTH AFRICA

- The JSE closed weaker on Friday as markets await US President Donald Trump's announcement on new US policies towards China. Trump has said that his administration is "not happy" with Beijing, while Larry Kudlow, Trump's top economic adviser, said that China will be "held accountable" and that it had made a "huge mistake" in passing the new security law on Hong Kong, though it remains unclear what the ramifications will be.

EUROPE

- European shares fell on Friday, with investor nerves ahead of U.S. President Donald Trump's response to China over its national security law for Hong Kong taking some of the shine off May's stock rally. The pan-European STOXX 600 index fell 1.4%, with the week's outperformers travel & leisure, banks and automakers leading the decline.

US

- U.S stock-index futures bounced around in thin trading early Monday morning, amid violent protests that reverberated throughout the country. The clashes between police and protesters come while the U.S., and much of the world, is in the throes of the coronavirus pandemic that has rocked the domestic economy to its core. Futures for the Dow Jones Industrial Average were little changed at 25,370, off 8 points, or less than 0.1%.

ASIA

- Asian markets gained in early trading Monday as President Donald Trump's response Friday to China's new law reining in Hong Kong was not as bad as feared. Japan's Nikkei rose 1% and Hong Kong's Hang Seng Index jumped 3.3%. The Shanghai Composite gained 2% while the Shenzhen Composite surged 2.8%.

COMMODITIES

- Spot gold gained 0.8% to \$1,739.75 per ounce. US gold futures ticked up 0.1% to \$1,752.60. Gold prices rose on Monday as riots in major US cities rattled investors already reeling from strained Sino-US relations and boosted demand for the safe-haven metal, with a weaker dollar lending further support.

JSE share price moves

WINNERS

LOSERS

KUMBA	5.25%	INVLTD	-11.13%
DRDGOLD	5.11%	INVPLC	-11.04%
VIVO	3.62%	TFG	-9.99%
CAPCO	3.19%	OMUTUAL	-8.92%
ARM	2.8%	REDEFINE	-7.77%

JSE trading volumes

NASPERS-N	9,990,129,273	-4.51%
PROSUS	2,194,853,595	-0.21%
ANGGOLD	1,959,170,461	0.33%
TFG	1,828,969,372	-9.99%
FORTRESSA	1,251,368,118	-3.39%

Source: InFront

SOUTH AFRICA

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EUROPE

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U.S

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ASIA

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FOREIGN EXCHANGE

The rand's rapid turnaround from April's record low has already burnt some traders' fingers. There may be more victims, judging by the discrepancy between forecasts for the currency and its actual level. TD Securities' long-dollar-rand trade, opened on 21 May at 17.92 per dollar, was stopped out just eight days later when the currency strengthened below 17.45, handing the position a 2.6% loss. The trade was entered on expectations that easing by the South African Reserve Bank would hurt the attractiveness of the currency but the opposite happened. The rand has strengthened 5.6% in May, its first monthly advance this year and the best since January 2019. On the way, it breached two key resistance levels to further gains: the 50-day moving average at around 18.20 and the 23.6% Fibonacci retracement from April's record low, at 18.04. Next up is the 38.2 retracement at 17.24, and a sustained breach could see the currency heading toward 16.50 per dollar.

BONDS

U.S. Treasury yields fell Friday after President Donald Trump railed against China in a news conference, but refrained from revisiting the U.S-China trade deal signed in January, preferring instead to focus on the special relationship with Hong Kong. The 10-year Treasury note yield fell 5.3 basis points to 0.650%, marking its biggest single-day drop in around three weeks. The benchmark maturity was down around a basis point this week, but up 3.1 basis points this month. The 2-year note rate edged 2 basis points down to 0.156%, leaving it down 1.2 basis points for the week. For the month, the short-dated fell 3 basis points. The 30-year bond yield slipped 6.4 basis points to 1.407%, trimming its weeklong rise to 3.4 basis points. The long bond gained 14 basis points in May.

COMMODITIES

Spot gold gained 0.8% to \$1,739.75 per ounce. US gold futures ticked up 0.1% to \$1,752.60. Gold prices rose on Monday as riots in major US cities rattled investors already reeling from strained Sino-US relations and boosted demand for the safe-haven metal, with a weaker dollar lending further support. Palladium rose 0.7% to \$1,958.25 per ounce, while platinum declined 0.3% to \$835.56. Elsewhere, silver jumped 2% to \$18.20 per ounce; it's highest since February 26, before retreating slightly to trade 1.8% higher at \$18.16.

Key Indicators

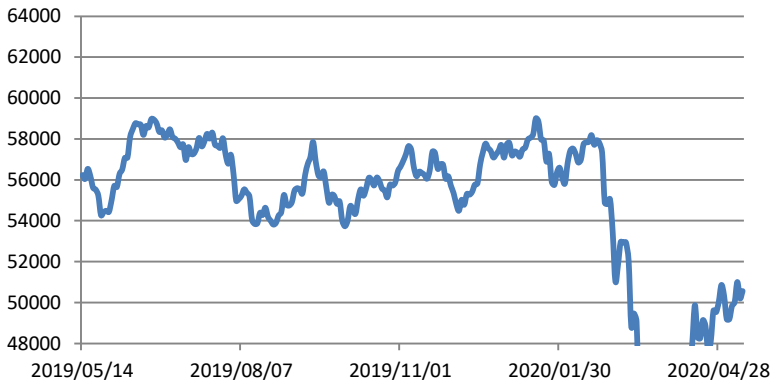
	Last/Close	Week %	WTD %	Month %	YTD %	12 month %
Global Markets						
Dow Jones	0	3,75	0,00	4,26	-11,06	2,29
S&P 500	0	3,01	0,00	4,53	-5,77	10,62
Nasdaq	9489,8725	1,77	0,00	6,75	5,76	27,33
FTSE 100	0,00	0,00	0,00	0,00	0,00	0,00
Dax	11586,85	4,63	0,00	6,68	-12,55	-1,19
Cac 40	1698,19	7,01	0,00	1,84	-24,27	-14,13
HangSeng	23741,01	3,54	3,39	-3,66	-15,78	-11,75
Nikkei225	22062,39	8,21	0,84	9,25	-6,74	7,09
Australia	5938,40	5,88	1,13	6,09	-12,70	-8,52
South African Market						
All Share	50483,00	0,67	0,00	0,29	-11,56	-9,29
Top 40	46544,79	0,24	0,00	0,42	-8,41	-6,14
Gold	4136,30	-6,09	0,00	-7,19	45,52	156,12
Platinum	55,16	1,29	0,00	2,41	-17,02	75,22
Banks	5103,27	6,52	0,00	-3,70	-41,55	-47,21
Industrial	69740,28	-2,10	0,00	-1,60	0,63	1,24
Financial	24914,12	2,90	0,00	-3,27	-36,69	-40,24
Resources	26917,30	3,27	0,00	5,55	-4,94	9,03
Commodities						
Brent Futures \$	37,74	8,82	0,24	53,04	-42,82	-38,81
Gold \$	1741,69	0,65	0,12	1,75	14,80	33,44
Platinum \$	839,05	1,00	0,71	7,99	-12,94	6,01
Currencies						
USDZAR	17,40	-1,16	-0,84	-6,06	24,38	19,36
EURZAR	19,37	0,96	-0,69	-4,52	23,45	18,65
GBPZAR	21,55	0,57	-0,31	-7,57	16,36	17,27
EURUSD	1,11	2,22	0,22	1,70	-0,67	-0,29
USDGBP	0,81	-1,75	-0,40	1,63	7,00	1,92

Source: InFront

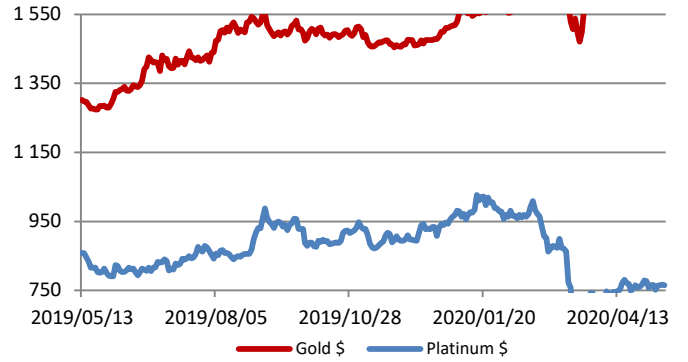
Note:

- 1) Negative (-) indicates currency depreciation; positive (+) indicates currency appreciation.
- 2) Negative (-) indicates increase in yields (decrease in price); positive (+) indicates decrease in yields (increase in price).

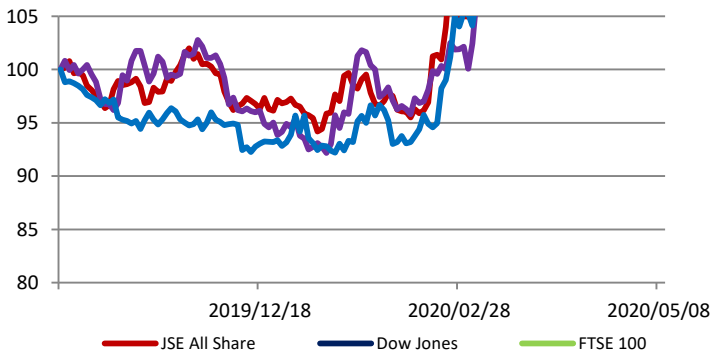
JSE All Share



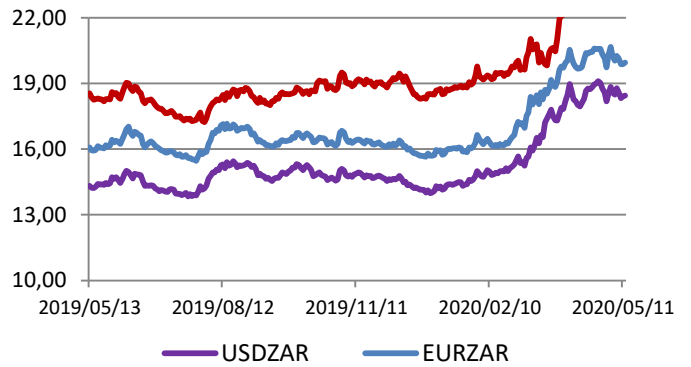
Gold \$ vs Platinum \$



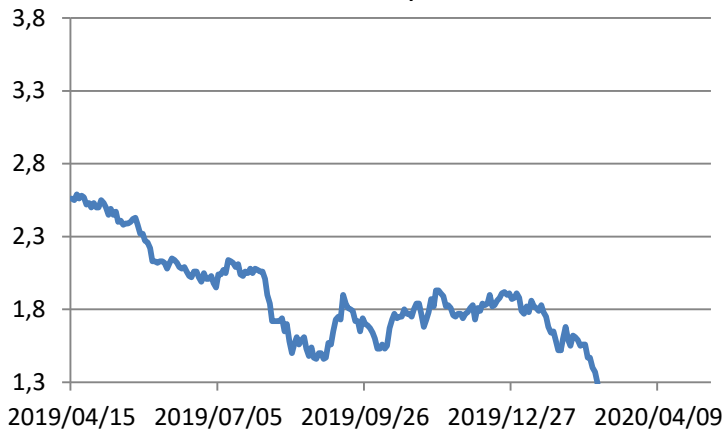
Indices



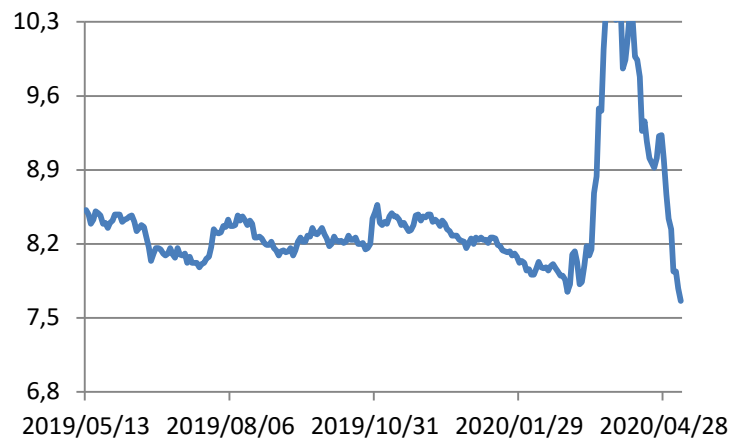
FX Majors vs ZAR



US Gov. 10 yr bond



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