

ONE Minute Brief

23 July 2020

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Economic and political news

In South Africa (SA), retail sales declined 12.0% on an annual basis in May, compared to a plunge of 50.4% in the previous month.

The African Development Bank (AfDB) has approved a ZAR5bn (USD304mn) loan to SA to help mitigate the economic and social impact of the COVID-19 pandemic.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 394,948, with 572 deaths in 24 hours.

Eskom has seized the bank account of Maluti-a-Phofung, Local Municipality in the Free State over an outstanding ZAR5.3bn in unpaid electricity bills. Separately, the power utility announced that it has suspended operations in other parts of Cape Town following continued attacks on its employees.

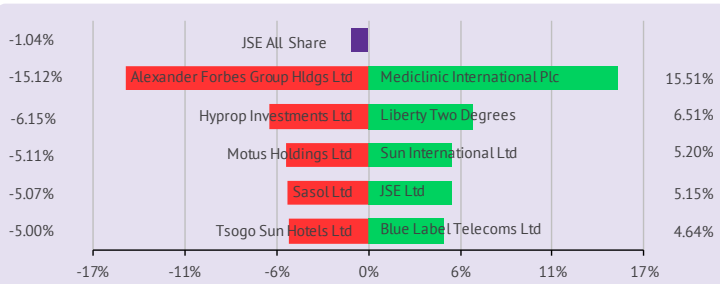
News reports indicate that two trade unions, Solidarity and Uasa at Denel intend to take legal action to force the arms manufacturer to pay outstanding salaries to employees.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, ahead of the South African Reserve Bank's (SARB) interest rate decision. The JSE All Share Index fell 1.0% to close at 55,834.24.

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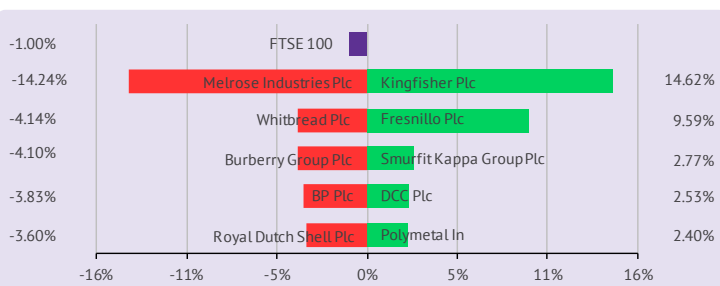


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, as fears of a no-deal Brexit resurfaced and amid rising tensions between the US and China. The FTSE 100 Index declined 1.0% to close at 6,207.10. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

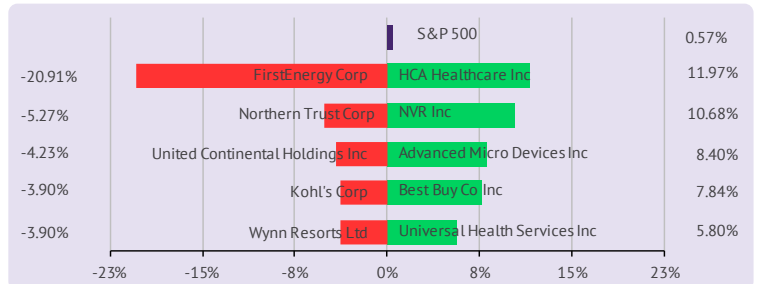
	As at 22 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55834.24	▼ -587.90	-1.04	-0.14	2.71	7.68	-2.19
JSE Top 40 (ZAR)	51412.02	▼ -604.50	-1.16	-0.20	2.47	7.80	1.17
FTSE 100 (GBP)	6207.10	▼ -62.63	-1.00	-1.32	0.61	1.53	-17.70
DAX 30 (EUR)	13104.25	▼ -67.58	-0.51	1.43	6.44	6.25	-1.09
CAC 40 (EUR)	5037.12	▼ -67.16	-1.32	-0.64	2.05	5.12	-15.74
S&P 500 (USD)	3276.02	▲ 18.72	0.57	1.59	5.67	1.84	1.40
Nasdaq Composite (USD)	10706.13	▲ 25.77	0.24	1.93	6.44	5.99	19.32
DJIA (USD)	27005.84	▲ 165.44	0.62	1.25	4.62	1.69	-5.37
MSCI Emerging Markets (USD)	1077.78	▼ -8.08	-0.74	2.15	8.31	6.96	-3.31
MSCI Developed World (USD)	2327.76	▲ 6.22	0.27	1.48	5.72	2.51	-1.30

US Market ▲

US markets closed firmer

US markets closed higher yesterday, helped by gains in defensive sector stocks and ahead of corporate results from Tesla and Microsoft. The S&P 500 Index climbed 0.6% to close at 3,276.02. Today, the S&P 500 futures are trading in the green.

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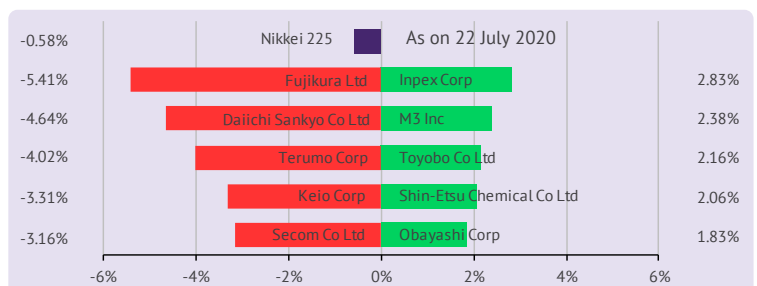


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, as tensions between Washington and Beijing escalated after the US instructed China to close its consulate in Houston. Markets in Japan are closed today on account of a public holiday.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R16.4725. Later today, traders will keep a close watch on the US initial jobless claims and the Kansas Fed manufacturing activity for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US existing home sales rebounded at a record pace in June. Additionally, the MBA mortgage applications advanced on a weekly basis in the week ended 17 July 2020. Meanwhile, the housing price index unexpectedly dropped on a monthly basis in May. Separately, data indicated that SA's retail sales declined on an annual basis in May.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R20.9778. Ahead in the day, traders will keep an eye on UK's CBI industrial trends survey and the GfK consumer confidence index for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro marginally fell against the South African Rand to trade at R19.0687. Going forward, market participants will keep a tab on Eurozone's consumer confidence index along with Germany's GfK consumer confidence index for further cues.

The Euro strengthened against the South African Rand yesterday, amid optimism following the European Union's agreement on a EUR750bn coronavirus rescue fund.

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AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally weaker against the South African Rand at R11.7693. Earlier in the session, Australia's NAB business confidence index unexpectedly dropped on a quarterly basis in 2Q20.

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	16.4725	▲	0.45	-1.26	-5.00	-1.11	17.75
GBPZAR	20.9778	▲	0.46	0.12	-2.46	-0.70	13.08
EURZAR	19.0687	▲	0.84	-0.01	-2.14	0.09	21.50
AUDZAR	11.7693	▲	0.58	0.85	-1.74	2.35	19.63
EURUSD	1.1577	▲	0.37	1.24	2.99	1.20	3.18
GBPUSD	1.2735	▲	0.02	1.32	2.69	0.47	-3.95
Brent (\$/barrel)	44.4	▲	-0.07	2.67	7.32	9.06	-32.89
Gold (\$/oz)	1867.7	▲	1.15	3.04	3.59	3.66	22.45
Platinum (\$/oz)	949.6	▲	4.16	12.76	12.92	-3.88	-2.28
Copper (\$/MT)*	6503.0	▼	-0.63	0.73	8.30	12.19	5.76

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,867.70/oz.

Yesterday, gold prices rose 1.2% to close at \$1,865.10/oz, as growing tensions between the US and China increased demand for the safe haven metal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.2% to trade at \$44.36/bl.

Yesterday, Brent crude oil declined 0.1% to settle at \$44.29/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories rose by 4.9mn bls to 536.6mn bls for the week ended 17 July 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged marginally higher to trade at \$949.60/oz.

Yesterday, platinum prices climbed 4.2% to close at \$949.30/oz.

Major South African corporate news

Mediclinic International Plc

In its FY20 Annual General Meeting trading update, the company announced that in June 2020, the group experienced a continued improvement in operational performance, demonstrating operational resilience during the pandemic and its aftermath. Moreover, the operating performances at Hirslanden and Mediclinic Middle East, which represents more than two thirds of group's revenue, were ahead of the prior year. Consequently, Mediclinic Southern Africa's revenue continues to be impacted by the crisis and in June 2020 was down approximately 12.0% on the prior year.

Oceana Group Limited

The company announced that it has appointed Hajra Karrim as Chief Financial Officer (CFO) and Executive Director, with effect from 1 November 2020.

Major global economic news

US

In the US, existing home sales surged 20.7% to 4.72mn on a monthly basis in June, less than market expectations and compared to reading of 3.91mn in the prior month.

In May, the housing price index unexpectedly fell 0.3% on a monthly basis in the US, compared to a revised rise of 0.1% in the previous month.

In the US, the MBA mortgage applications rose 4.1% on a weekly basis in the week ended 17 July 2020, compared to a rise of 5.1% in the previous week.

Eurozone

European Central Bank President, Christine Lagarde, in her speech, indicated that the historic EUR750bn (USD870bn) stimulus deal by the European Union (EU) to help weaker economies recover from the coronavirus pandemic "could have been better". Further, she stated that she would have preferred a greater proportion of grants over loans, in line with the European Commission's original proposal.

Asia

In Australia, the NAB business confidence index unexpectedly dropped to -15.00 on a quarterly basis in 2Q20, compared to a revised fall of -12.00 in the previous quarter.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Germany	08:00	GfK Consumer Confidence Survey (Aug)	✓✓✓	-5.00	-9.60	Monthly
France	08:45	Business Climate (Jul)	✓	85.00	78.00	Monthly
France	08:45	Business Survey Overall Demand (Jul)	✓	-	-17.00	Monthly
France	08:45	Own-Company Production Outlook (Jul)	✓	-	19.00	Monthly
France	08:45	Production Outlook Indicator (Jul)	✓	-	-15.00	Monthly
UK	12:00	CBI Trends Selling Prices (Jul)	✓	-	-10.00	Monthly
UK	12:00	CBI Business Optimism (Q3)	✓	-	-87.00%	Quarterly
UK	12:00	CBI Industrial Trends Survey - Orders (Jul)	✓	-38.00	-58.00	Monthly
UK	13:00	BoE's Haskel speech	✓	-	-	As Scheduled
US	14:30	Continuing Jobless Claims (11-Jul)	✓✓✓	17067.00K	17338.00K	Weekly
US	14:30	Initial Jobless Claims (18-Jul)	✓✓✓	1300.00K	1300.00K	Weekly
South Africa	15:00	SARB Interest Rate Decision	✓✓	3.50%	3.75%	As Scheduled
Eurozone	16:00	Consumer Confidence (Jul) (P)	✓✓✓	-12.00	-14.70	Monthly
US	16:00	Leading Indicator (MoM) (Jun)	✓✓✓	-	2.80%	Monthly
US	16:30	EIA Natural Gas Storage Change (17-Jul)	✓✓✓	39.00 Bcf	45.00 Bcf	Weekly
US	17:00	Kansas City Fed Manufacturing Activity (Jul)	✓✓✓	-	1.00	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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formerly Grant Thornton Capital

a GTC, The Wanderers Office Park,
52 Corlett Drive, Illovo, 2196

p P O Box 55118, Illovo, 2116

GTC is nationally represented in Johannesburg, Cape Town and Durban.

t +27 (0) 10 597 6800

f +27 (0) 10 597 6801

w www.gtc.co.za

GTC (Pty) Ltd.

reg. no. 1996/001488/07

directors: G.K. Mockler, F.Dildar

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