

ONE Minute Brief

20 July 2020

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Economic and political news

The South African Airways (SAA) has issued section 189 notices to its employees who will be laid off as part of the business rescue plan. Meanwhile, Public Enterprises Minister, Pravin Gordhan indicated that there is a "social plan" in place for SAA employees facing retrenchment.

News reports indicate that South Africa (SA) is considering an independent board for SAA, with a shareholder structure similar to that of Telkom. Separately, Public Enterprises Minister, Pravin Gordhan stated that the government has yet to determine how the rescue of SAA would be funded.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in South Africa (SA) had increased to 364,328.

Eskom has announced that load reduction would be implemented in Ehlanzeni District of Mpumalanga Province and in KwaZulu-Natal today.

Head of the National Disaster Management Centre, Mmaphaka Tau, stated that SA has terminated a national state of disaster that was declared to mitigate the effects of a severe drought.

Key indices

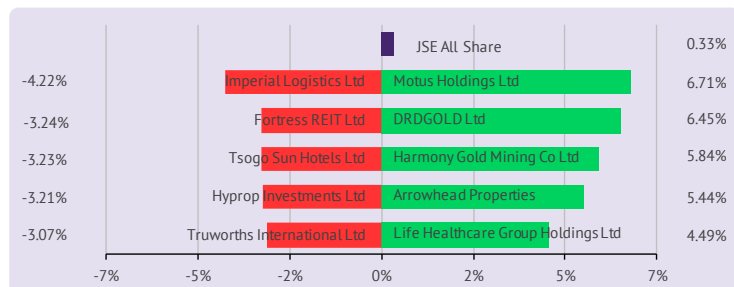
	As at 17 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	55911.80	▲	182.35	0.33	NA	2.85	7.68	-2.05
JSE Top 40 (ZAR)	51515.88	▲	152.39	0.30	NA	2.67	7.80	1.38
FTSE 100(GBP)	6290.30	▲	39.61	0.63	NA	1.95	1.53	-16.60
DAX 30 (EUR)	12919.61	▲	44.64	0.35	NA	4.94	6.25	-2.49
CAC 40 (EUR)	5069.42	▼	-15.86	-0.31	NA	2.70	5.12	-15.20
S&P 500 (USD)	3224.73	▲	9.16	0.28	NA	4.01	1.84	-0.19
Nasdaq Composite (USD)	10503.19	▲	29.36	0.28	NA	4.42	5.99	17.06
DJIA (USD)	26671.95	▼	-62.76	-0.23	NA	3.33	1.69	-6.54
MSCI Emerging Markets (USD)	1055.06	▲	9.03	0.86	NA	6.03	6.96	-5.35
MSCI Developed World (USD)	2293.92	▲	5.11	0.22	NA	4.18	2.51	-2.74

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in resources and gold mining sector stocks. The JSE All Share Index rose 0.3% to close at 55,911.80.

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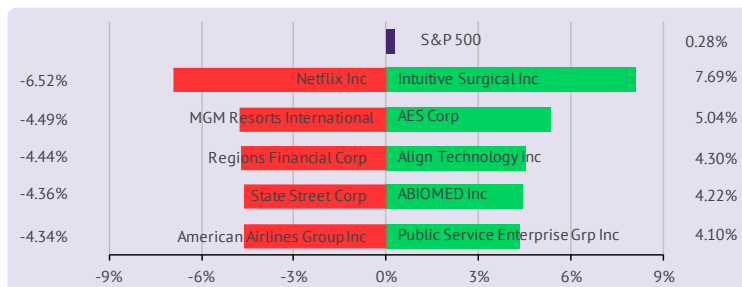


US Market ▲

US markets closed mostly firmer

US markets closed mostly higher on Friday, amid expectations of additional stimulus measures from the government to support economic recovery. The S&P 500 Index climbed 0.3% to close at 3,224.73. Today, the S&P 500 futures are trading in the red.

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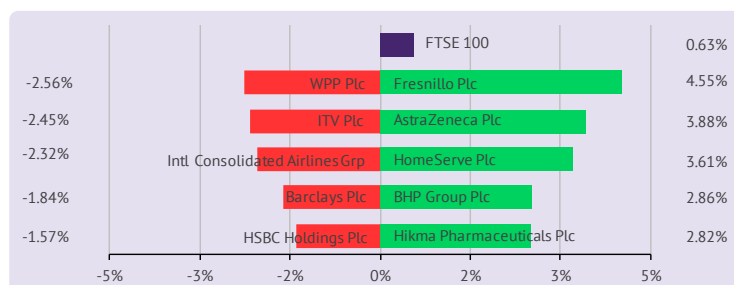


UK Market ▲

UK markets closed in the green

UK markets finished higher on Friday, as healthcare sector stocks gained on hopes of a development of a potential coronavirus vaccine. The FTSE 100 Index advanced 0.6% to close at 6,290.30. Today, the FTSE 100 futures are trading in negative territory.

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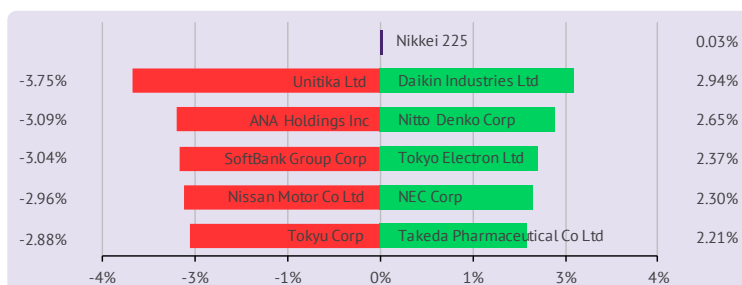


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, after the People's Bank of China (PBoC) kept its key interest rate unchanged for the third straight month. As at 6:00 SAST, the Nikkei 225 Index is trading marginally higher at 22,703.57.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R16.7409. With no major economic releases in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand on Friday. On the macro front, the US flash Michigan consumer sentiment index unexpectedly dropped in July. Meanwhile, building permits advanced on a monthly basis in June. Additionally, housing starts climbed on a monthly basis in June.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally declined against the South African Rand to trade at R20.9626. Ahead in the day, traders will keep an eye on UK's Rightmove house price index for further indications.

The British Pound declined against the South African Rand on Friday, amid uncertainty over Brexit talks, rising concerns about Britain's economy and a spike in COVID-19 death toll.

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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 R19.1148. Going forward, market participants will keep a tab on Eurozone's current account balance along with Germany's producer price index (PPI) for further cues.

The Euro weakened against the South African Rand on Friday. On the data front, Eurozone's final consumer price index (CPI) rose as initially estimated in June. Moreover, seasonally adjusted construction output climbed on a monthly basis in May.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand at R11.6882.

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	16.7409	▼	-0.39	NA	-3.78	-1.11	19.25
GBPZAR	20.9626	▲	-0.32	NA	-2.58	-0.70	12.95
EURZAR	19.1148	▼	-0.01	NA	-2.13	0.09	21.52
AUDZAR	11.6882	▼	-0.02	NA	-2.56	2.35	18.63
EURUSD	1.1417	▼	0.39	NA	1.73	1.20	1.92
GBPUSD	1.2521	▼	0.12	NA	1.35	0.47	-5.20
Brent (\$/barrel)	42.9	▼	-0.53	NA	4.53	9.06	-34.64
Gold (\$/oz)	1809.0	▼	0.54	NA	0.53	3.66	18.84
Platinum (\$/oz)	841.9	▼	1.58	NA	0.14	-3.88	-13.33
Copper (\$/MT)*	6456.0	▲	0.28	NA	7.52	12.19	4.99

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,809.00/oz.

On Friday, gold prices rose 0.5% to close at \$1,810.00/oz, as a record rise in coronavirus infections in the US increased demand for the safe haven metal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$42.89/bl, amid mounting concerns that rise in the pace of coronavirus infections could suppress a recovery in fuel demand.

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On Friday, Brent crude oil declined 0.5% to settle at \$43.14/bl, on demand concerns amid rising coronavirus cases around the world. Meanwhile, Baker Hughes reported that US oil rig count fell by 1 to 180 last week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$841.90/oz.

On Friday, platinum prices climbed 1.6% to close at \$841.90/oz.

Major South African corporate news

AECI Limited

In its 1H20 trading statement, the company announced that it expects its HEPS and EPS to be between 219.00c and 257.00c, compared to 365.00c and 367.00c, respectively, in the same period of last year.

Investec Property Fund Limited

In its operational update, the company announced that the sharp deterioration in business conditions would have negative implications on the property sector and the company has not been spared in this regard, with conditions likely to worsen in the months ahead until the economy can resume full trading as normal. Further, the Fund has agreed ZAR87.00mn of rental relief to qualifying tenants, equating to 5.0% of annual gross income. The relief has been provided by way of rental discounts (62.0%) and rental deferrals (38.0%).

Coronation Fund Managers Limited

The company announced that its assets under management stood at ZAR570.00bn as at 30 June 2020.

Major global economic news

Asia

In Japan, total merchandise trade deficit narrowed to JPY268.80bn in June, less than market anticipations and compared to a deficit of JPY833.40bn in the previous month.

The Bank of Japan (BoJ), in its latest monetary policy meeting minutes, indicated that officials debated the risk of the country sliding back into deflation but stopped short of advocating stronger steps to prevent firms from going insolvent due to the coronavirus pandemic. Meanwhile, the central bank kept policy settings unchanged at the June meeting, but several members remained gloomy on Japan's recovery prospects.

The PBoC in its latest monetary policy decision, kept its key interest rate unchanged at 3.85%, as widely expected.

Eurozone

In the Eurozone, the final CPI rose 0.3% on an annual basis in June, compared to rise of 0.1% in the previous month. The preliminary figures had also indicated a rise of 0.3%.

In May, seasonally adjusted construction output surged 27.9% on a monthly basis in the Eurozone, compared to a revised drop of 18.3% in the previous month.

US

In the US, the flash Michigan consumer sentiment index unexpectedly dropped to 73.20 in July, compared to a level of 78.10 in the previous month.







In June, building permits rose 2.1% to an annual rate of 1.24mn on a monthly basis in the US, compared to a revised level of 1.22mn in the previous month.

In the US, housing starts jumped 17.3% to an annual rate of 1.19mn on a monthly basis in June, compared to a revised level of 1.01mn in the prior month.

UK

Bank of England Governor, Andrew Bailey, in his speech, warned against the outlook indicated by his own chief economist Andy Haldane, who was optimistic about a "V-shaped" recovery in the economy post-Covid. Meanwhile, he stated that Britain's economy was starting to recover from its coronavirus lockdown, however, the longer-term outlook lacked clarity. Moreover, there were signs of activity returning "quite strongly" in the housing market and in new car sales, but not in hospitality and entertainment.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Germany	08:00	Producer Price Index (MoM) (Jun)	✓✓✓	-0.30%	-0.40%	Monthly
 Germany	08:00	Producer Price Index (YoY) (Jun)	✓✓✓	-2.10%	-2.20%	Monthly
 Eurozone	10:00	Current Account s.a (May)	✓✓✓	EUR19.10bn	EUR14.40bn	Monthly
 Italy	10:00	Current Account (May)	✓	-	-EUR0.92bn	Monthly
 Switzerland	10:00	Domestic Sight Deposits (CHF) (17-Jul)	✓	-	CHF613500.00mn	Weekly
 Switzerland	10:00	Total Sight Deposits (CHF) (17-Jul)	✓	-	CHF688600.00mn	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Pan African Resources PLC	454	3.65	22.70	110.19
Harmony Gold Mining Co Ltd	10640	7.47	48.07	107.81
Gold Fields Ltd	19191	8.23	18.30	102.15
AngloGold Ashanti Ltd	53513	1.81	5.84	70.02
Naspers Ltd	313520	-3.23	-0.88	36.86
Kumba Iron Ore Ltd	51484	11.19	11.17	30.96
Aspen Pharmacare Holdings Ltd	14465	1.95	0.79	21.33
BHP Group PLC	37552	6.08	5.63	17.87
African Rainbow Minerals Ltd	18194	6.65	7.56	17.41
Zeder Investments Ltd	239	2.58	3.46	14.37
Steinhoff International Holdings NV	96	0.00	-5.88	14.29
Oceana Group Ltd	6935	0.70	-2.75	12.67
Vodacom Group Ltd	12509	2.27	1.74	12.00
Lighthouse Capital Ltd	922	-0.75	-0.86	10.69
Stenprop Ltd	2618	-2.82	0.93	10.61
Trencor Ltd	533	-0.74	2.30	9.53
Northam Platinum Ltd	13536	4.67	16.49	9.50
Exxaro Resources Ltd	13537	4.58	3.78	9.08
AfroCentric Investment Corp Ltd	350	11.11	-5.15	8.29
Blue Label Telecoms Ltd	279	-1.76	6.90	8.14
Anglo American Platinum Ltd	135970	2.23	8.42	7.84
RMB Holdings Ltd	146	-2.67	-10.98	7.69
Quilter PLC	3056	2.38	2.83	7.54
Peregrine Holdings Ltd	1966	0.15	0.05	7.49
Reinet Investments SCA	29774	1.14	-2.24	7.29
Investec Australia Property Fund	1500	0.00	-1.06	5.92
Raubex Group Ltd	2530	13.30	14.32	5.46
Anglo American PLC	40796	0.05	1.65	4.72
Coronation Fund Managers Ltd	4000	0.53	0.00	4.38
Sirius Real Estate Ltd	1625	-7.14	4.48	3.63
JSE Ltd	11406	-4.67	-6.51	3.55
Rebosis Property Fund Ltd	33	0.00	-2.94	3.13
Rand Merchant Investment Holdings Ltd	3100	3.33	6.16	2.61
British American Tobacco PLC	58443	-4.64	-11.21	1.66
Telkom SA SOC Ltd	3481	4.22	19.18	1.42
Cartrack Holdings Ltd	2380	-8.46	8.18	1.39
Net 1 UEPS Technologies Inc	5228	-13.23	-12.79	1.38
Impala Platinum Holdings Ltd	14217	2.70	22.56	0.72
Cie Financiere Richemont SA	10806	-3.30	-2.10	-1.34
South32 Ltd	2554	6.42	4.89	-2.31
JSE All Share Index	55912	0.89	2.85	-2.05

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