

# ONE Minute Brief

27 July 2020

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## Economic and political news

Eskom has reached an agreement with the Maluti-a-Phofung Local Municipality to release ZAR90mn that would allow the municipality to pay the salaries of its workforce and to meet other running costs. Also, as part of this agreement, the parties must conclude an agreement on or before 7 August to address the Free State municipality's ZAR5.3bn debt to Eskom. Separately, news reports indicate that the power utility's gross debt surged to ZAR480bn (USD29bn), after the utility borrowed from its lines of credit.

Finance Minister Tito Mboweni stated that the National Treasury has made changes to the ZAR200bn Loan Guarantee Scheme to improve access to finance for businesses hit by the coronavirus pandemic and to make it easier for businesses to apply for business restart loans.

Health Minister Zweli Mkhize confirmed that the number of Covid-19 cases in South Africa (SA) had increased to 445,433.

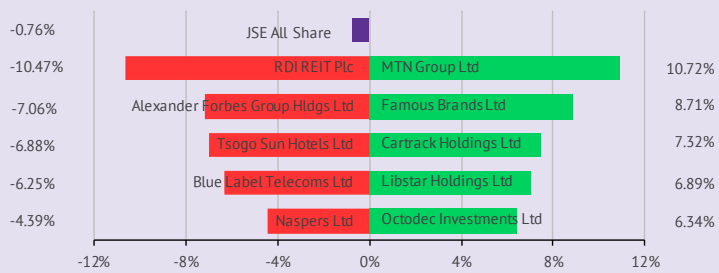
News reports indicate that the Department of Trade & Industry is considering merging entities such as the Industrial Development Corporation (IDC) and the Competition Commission to address underperformance and cut costs.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red on Friday, weighed down by losses in industrial, banking and retail sector stocks. The JSE All Share Index fell 0.8% to close at 55,645.65.

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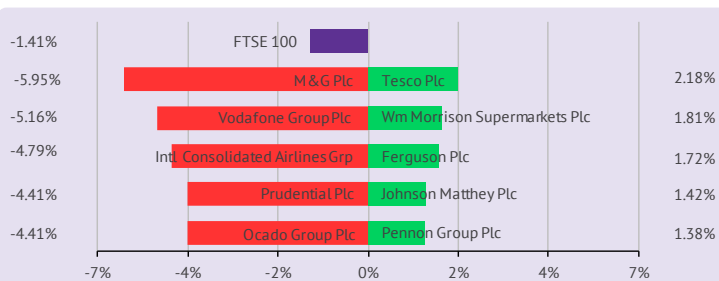


## UK Market ▼

### UK markets closed in the red

UK markets finished lower on Friday, amid escalating tensions between the US and China and ongoing concerns over rising coronavirus cases. The FTSE 100 Index declined 1.4% to close at 6,123.82. Today, the TSE 100 futures are trading in positive territory.

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## Key indices

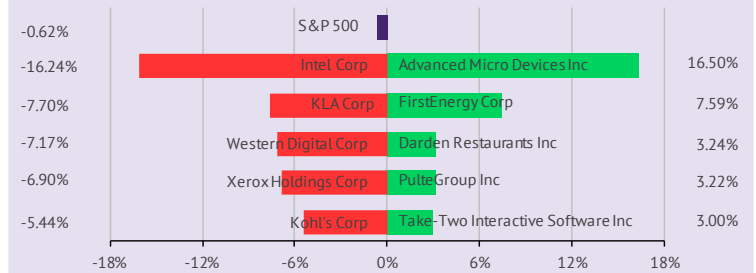
	As at 24 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55645.65	▼ -425.05	-0.76	NA	2.36	7.68	-2.52
JSE Top 40 (ZAR)	51259.48	▼ -424.13	-0.82	NA	2.16	7.80	0.87
FTSE 100(GBP)	6123.82	▼ -87.62	-1.41	NA	-0.74	1.53	-18.81
DAX 30 (EUR)	12838.06	▼ -265.33	-2.02	NA	4.28	6.25	-3.10
CAC 40 (EUR)	4956.43	▼ -77.33	-1.54	NA	0.41	5.12	-17.09
S&P 500 (USD)	3215.63	▼ -20.03	-0.62	NA	3.72	1.84	-0.47
Nasdaq Composite (USD)	10363.18	▼ -98.24	-0.94	NA	3.03	5.99	15.50
DJIA (USD)	26469.89	▼ -182.44	-0.68	NA	2.55	1.69	-7.25
MSCI Emerging Markets (USD)	1060.47	▼ -17.13	-1.59	NA	6.57	6.96	-4.86
MSCI Developed World (USD)	2291.58	▼ -16.54	-0.72	NA	4.08	2.51	-2.84

## US Market ▼

### US markets closed weaker

US markets closed lower on Friday, amid dismal corporate earnings reports, growing coronavirus cases in the US and geopolitical tensions between the US and China. The S&P 500 Index dropped 0.6% to close at 3,215.63. Today, the S&P 500 futures are trading in the green.

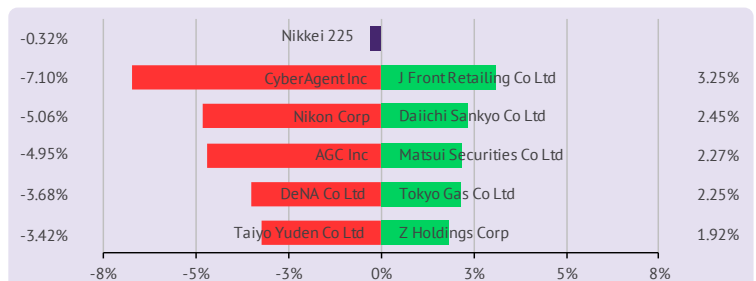
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## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% lower at 22,677.83.



## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.5% against the South African Rand to trade at R16.5782. Later today, traders will keep a close watch on the US durable goods orders and the Dallas Fed manufacturing business index for further direction.

The US Dollar fell against the South African Rand on Friday. On the macro front, the US new home sales climbed in June, hitting its highest level since July 2007. Meanwhile, both, the flash Markit manufacturing PMI and the preliminary Markit services PMI advanced less than market anticipations in July.

## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound slightly fell against the South African Rand to trade at R21.2891. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand on Friday. Data indicated that UK's retail sales climbed more than market forecast in June. Additionally, the preliminary Markit manufacturing PMI advanced in July, notching its highest level since March 2019. Moreover, the preliminary Markit services PMI rose to a five-year high level in July.

## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R19.4082. Going forward, market participants will keep a tab on Germany's Ifo indices for further cues.

The Euro strengthened against the South African Rand on Friday. On the data front, Eurozone's preliminary Markit manufacturing PMI advanced more than market anticipations in July, marking its highest level in 23-months. Additionally, the flash Markit services PMI climbed to a 25-month high level in July. On the other hand, Germany's, both, the preliminary Markit manufacturing and services PMIs rose in July.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated marginally against the South African Rand to trade at R11.8308.

The Australian Dollar rose against the South African Rand on Friday.

## Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	16.5782	▲	-0.05	NA	-4.00	-1.11	18.98
GBPZAR	21.2891	▲	0.32	NA	-1.03	-0.70	14.73
EURZAR	19.4082	▲	0.47	NA	-0.39	0.09	23.68
AUDZAR	11.8308	▲	0.06	NA	-1.19	2.35	20.30
EURUSD	1.1707	▲	0.52	NA	3.76	1.20	3.95
GBPUSD	1.2842	▲	0.42	NA	3.17	0.47	-3.49
Brent (\$/barrel)	43.2	▼	0.07	NA	5.02	9.06	-34.33
Gold (\$/oz)	1956.6	▲	0.40	NA	5.39	3.66	24.58
Platinum (\$/oz)	965.0	▲	-0.75	NA	12.75	-3.88	-2.42
Copper (\$/MT)*	6430.3	▼	-2.13	NA	7.09	12.19	4.57

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 3.1% to trade at \$1,956.60/oz, amid weakness in the US Dollar and expectations of more stimulus to support the economy.

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On Friday, gold prices rose 0.4% to close at \$1,897.50/oz, amid rising conflict between the US and China.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$43.24/bl, as rising coronavirus cases and escalating US-China trade tensions renewed concerns over energy demand.

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On Friday, Brent crude oil advanced 0.1% to settle at \$43.34/bl, amid signs of economic recovery. Meanwhile, Baker Hughes reported that US oil rig count rose by 1 to 181 last week.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 1.8% to trade at \$965.00/oz.

On Friday, platinum prices dropped 0.8% to close at \$947.90/oz.

## Major South African corporate news

### City Lodge Hotels Limited

In its FY20 trading statement, the company announced that it expects its basic loss per share to be between 1,310.80c and 1,344.50c compared to an EPS of 562.00c. It also expects its headline loss per share to be between 369.60c and 403.30c compared to HEPS of 561.70c in the last year.

### MTN Group Limited

In its 1H20 trading statement, the company announced that it expects its EPS to be greater than 592.00c compared to 247.00c in the same period of last year. It expects its HEPS to be more than 390.00c compared to 195.00c recorded in the corresponding period of last year.

### Octodec Investments Limited

In its trading update, the company announced that as lockdown restrictions eased, more commercial tenants resumed their business activities, resulting in a month-on-month improvement in rental collections. Moreover, longer recovery time is projected for tenants in the education, places of worship and hotel sectors as reflected by lower collection levels. These sectors represent 4.0% of its total rental income.

### Trencor Limited

In its 1H20 trading statement, the company announced that it expects its basic EPS to be 12.00c compared to 3.00c in the same period of the prior year. It also expects its HEPS to be 12.00c compared to 9.00c recorded in same period of last year.

### Woolworths Holdings Limited

In its FY20 trading update, the company announced that group sales on a 52-week comparable basis were 0.1% lower compared to the prior year and declined by 1.1% in constant currency terms. Meanwhile, easing of restrictions from the beginning of May 2020 in SA and Australia saw turnover and concession sales growing by 4.7% in the last nine weeks.

## Major global economic news

### Eurozone

In the Eurozone, the preliminary Markit manufacturing PMI climbed more-than-expected to a level of 51.10 in July, compared to a level of 47.40 in the previous month.

In July, the flash Markit services PMI advanced to 55.10 in the US, more than market forecast and compared to a level of 48.30 in the previous month.

In Germany, the preliminary Markit manufacturing PMI rose to 50.00 in July, compared to a level of 45.20 in the previous month.

In July, the preliminary Markit services PMI advanced to a level of 56.70 in Germany, compared to a level of 47.30 in the prior month.

### US

In the US, new home sales climbed 13.8% to 0.78mn on a monthly basis in June, compared to a revised reading of 0.68mn in the previous month.

In July, the flash Markit manufacturing PMI rose to 51.30 in the US, less than market consensus and compared to a level of 49.80 in the prior month.

In the US, the preliminary Markit services PMI advanced to a level of 49.60 in July, less than market forecast and compared to a level of 47.90 in the prior month.

### UK

In the UK, retail sales jumped 13.9% on a monthly basis in June, more than market expectations and compared to a revised rise of 12.3% in the previous month.

In July, the preliminary Markit manufacturing PMI expanded to 53.60 in the UK, more than market forecast and compared to a level of 50.10 in the prior month.

In the UK, the preliminary Markit services PMI climbed to a reading 56.60 in July, compared to a level of 47.10 in the prior month.

## 40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Pan African Resources PLC	520	14.54	40.54	140.74
Harmony Gold Mining Co Ltd	11650	9.49	62.12	127.54
Gold Fields Ltd	21000	9.43	29.45	121.20
AngloGold Ashanti Ltd	57738	7.90	14.20	83.44
Kumba Iron Ore Ltd	54001	4.89	16.61	37.36
Naspers Ltd	307950	-1.78	-2.64	34.43
Net 1 UEPS Technologies Inc	6822	30.49	13.79	32.29
African Rainbow Minerals Ltd	18644	2.47	10.22	20.32
Aspen Pharmacare Holdings Ltd	13809	-4.54	-3.78	15.83
Reinet Investments SCA	31976	7.40	4.99	15.23
BHP Group PLC	36629	-2.46	3.03	14.97
Vodacom Group Ltd	12829	2.56	4.34	14.86
Cartrack Holdings Ltd	2683	12.73	21.9	14.30
Oceana Group Ltd	7005	1.01	-1.77	13.81
Anglo American Platinum Ltd	143316	5.40	14.28	13.66
Northam Platinum Ltd	13900	2.69	19.62	12.44
Zeder Investments Ltd	234	-2.09	1.30	11.97
Steinhoff International Holdings NV	94	-2.08	-7.84	11.90
Stenprop Ltd	2550	0.21	1.14	10.85
Quilter PLC	3136	2.62	5.52	10.35
Exxaro Resources Ltd	13692	1.15	4.97	10.33
Impala Platinum Holdings Ltd	15500	9.02	33.62	9.81
Peregrine Holdings Ltd	1965	-0.05	0.00	7.43
Anglo American PLC	41404	1.49	3.17	6.28
AfroCentric Investment Corp Ltd	343	-2.00	-7.05	6.12
Raubex Group Ltd	2527	-0.12	14.19	5.34
Lighthouse Capital Ltd	875	-5.10	-5.91	5.05
Trencor Ltd	510	-4.32	-2.11	4.80
Blue Label Telecoms Ltd	270	-3.23	3.45	4.65
JSE Ltd	11500	0.82	-5.74	4.40
Investec Australia Property Fund	1478	-1.47	-2.51	4.36
Sirius Real Estate Ltd	1626	0.06	4.55	3.70
Rand Merchant Investment Holdings Ltd	3125	0.81	7.02	3.44
Coronation Fund Managers Ltd	3934	-1.65	-1.65	2.66
British American Tobacco PLC	57563	-1.51	-12.54	0.13
Rebosis Property Fund Ltd	32	-3.03	-5.88	0.00
South32 Ltd	2590	1.41	6.37	-0.94
Cie Financiere Richemont SA	10682	-1.15	-3.23	-2.47
Afrimat Ltd	3225	2.90	2.38	-2.83
RMB Holdings Ltd	131	-10.27	-20.12	-3.37
<b>JSE All Share Index</b>	<b>55646</b>	<b>-0.48</b>	<b>2.36</b>	<b>-2.52</b>

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	03:30	Industrial Profits (YoY) (Jun)	✓✓	11.50%*	6.00%	Monthly
Japan	06:30	All Industry Activity Index (MoM) (May)	✓✓✓	-3.50%*	-7.60%	Monthly
Japan	07:00	Coincident Index (May) (F)	✓	74.60	80.10	Monthly
Japan	07:00	Leading Economic Index (May) (F)	✓✓✓	79.30	77.70	Monthly
Eurozone	10:00	M3 Money Supply (YoY) (Jun)	✓	8.60%	8.90%	Monthly
Germany	10:00	Ifo - Business Climate (Jul)	✓✓✓	85.00	86.20	Monthly
Germany	10:00	Ifo - Current Assessment (Jul)	✓✓	80.00	81.30	Monthly
Germany	10:00	Ifo - Expectations (Jul)	✓✓	87.00	91.40	Monthly
Switzerland	10:00	Total Sight Deposits (CHF) (24-Jul)	✓	-	CHF691500.00mn	Weekly
Switzerland	10:00	Domestic Sight Deposits (CHF) (24-Jul)	✓	-	CHF618500.00mn	Weekly
US	14:30	Cap Goods Orders Nondef Ex Air (Jun) (P)	✓	1.00%	1.60%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Jun) (P)	✓	-	1.50%	Monthly
US	14:30	Durable Goods Orders (Jun) (P)	✓✓✓	4.80%	15.70%	Monthly
US	14:30	Durable Goods Orders ex Transportation (Jun) (P)	✓✓	2.50%	2.60%	Monthly
US	16:30	Dallas Fed Manufacturing Business Index (Jul)	✓✓✓	-	-6.10	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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