

# ONE Minute Brief

28 July 2020

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## Economic and political news

The International Monetary Fund's (IMF) has approved a USD4.3bn (ZAR70bn) loan to assist South Africa (SA) in mitigating the social and economic impact of the COVID-19 pandemic.

Eskom has warned that it may implement load shedding this week after six generation units tripped yesterday. Separately, the utility announced that Non-Executive Director Sifiso Dabengwa has resigned from the board.

News reports indicate that SA has earmarked ZAR360bn (USD21.95bn) worth of infrastructure projects and has received commitment from banks, development finance institutions and multilateral organizations for ZAR340bn of funding that could create 290,000 jobs.

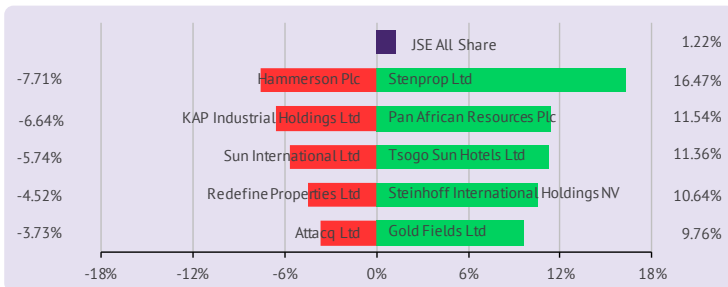
Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in SA had increased to 452,529.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in gold mining, platinum and resources sector stocks. The JSE All Share Index rose 1.2% to close at 56,326.20.

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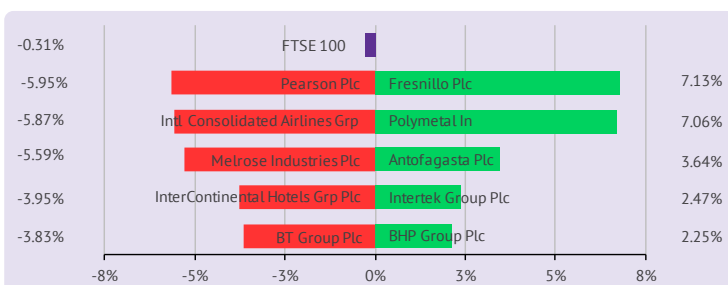


## UK Market ▼

### UK markets closed in the red

UK markets finished lower yesterday, amid losses in travel sector stocks after UK imposed a two-week quarantine on travellers returning from Spain. The FTSE 100 Index declined 0.3% to close at 6,104.88. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

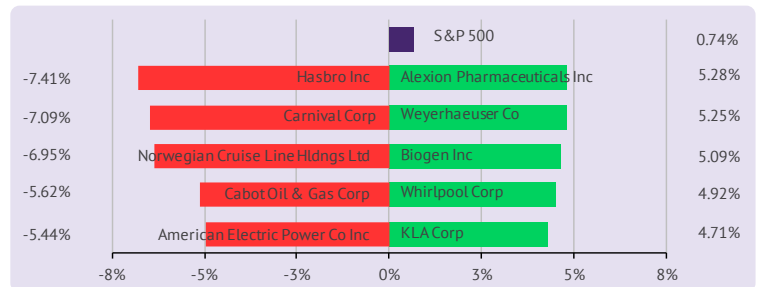
	As at 27 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	56326.20	▲	680.55	1.22	1.22	3.61	7.68	-1.33
JSE Top 40 (ZAR)	51914.08	▲	654.60	1.28	1.28	3.47	7.80	2.16
FTSE 100 (GBP)	6104.88	▼	-18.94	-0.31	-0.31	-1.05	1.53	-19.06
DAX 30 (EUR)	12838.66	▲	0.60	0.00	0.00	4.29	6.25	-3.10
CAC 40 (EUR)	4939.62	▼	-16.81	-0.34	-0.34	0.07	5.12	-17.37
S&P 500 (USD)	3239.41	▲	23.78	0.74	0.74	4.49	1.84	0.27
Nasdaq Composite (USD)	10536.27	▲	173.09	1.67	1.67	4.75	5.99	17.43
DJIA (USD)	26584.77	▲	114.88	0.43	0.43	2.99	1.69	-6.85
MSCI Emerging Markets (USD)	1073.14	▲	12.67	1.19	1.19	7.84	6.96	-3.72
MSCI Developed World (USD)	2311.62	▲	20.05	0.87	0.87	4.99	2.51	-1.99

## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, amid prospects for additional stimulus from the Federal Reserve and led by gains in technology sector stocks. The S&P 500 Index climbed 0.7% to close at 3,239.41. Today, the S&P 500 futures are trading in the green.

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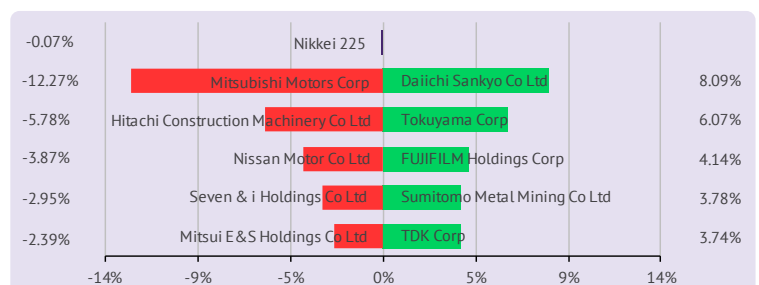


## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning, amid expectations of more stimulus from the US government. As at 6:00 SAST, the Nikkei 225 Index is trading 0.1% lower at 22,699.80.

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## USD ZAR ▼

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R16.4347. Later today, traders will keep a close watch on the US Richmond Fed manufacturing index and consumer confidence index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US durable goods orders rebounded on a monthly basis in June. Additionally, the Dallas Fed manufacturing business index rose in July.

## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R21.1259. Ahead in the day, traders will keep an eye on UK's CBI distributive trades survey and the BRC shop price index for further indications.

The British Pound declined against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R19.2695. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's both, the Ifo business expectations index improved in July. Additionally, the Ifo business climate index advanced for the third consecutive month in July. Meanwhile, the Ifo current assessment index strengthened in July.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R11.7304.

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	16.4347	▼	-1.40	-1.40	-5.34	-1.11	17.32
GBPZAR	21.1259	▲	-0.66	-0.66	-1.69	-0.70	13.97
EURZAR	19.2695	▲	-0.60	-0.60	-0.99	0.09	22.94
AUDZAR	11.7304	▲	-0.82	-0.82	-2.01	2.35	19.31
EURUSD	1.1724	▼	0.82	0.82	4.61	1.20	4.81
GBPUSD	1.2854	▼	0.69	0.69	3.88	0.47	-2.83
Brent (\$/barrel)	43.5	▲	0.16	0.16	5.19	9.06	-34.23
Gold (\$/oz)	1959.5	▲	1.77	1.77	7.25	3.66	26.78
Platinum (\$/oz)	958.6	▼	1.13	1.13	14.02	-3.88	-1.32
Copper (\$/MT)*	6426.5	▼	-0.06	-0.06	7.03	12.19	4.51

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 1.5% higher to trade at \$1,959.50/oz.

Yesterday, gold prices rose 1.8% to close at \$1,931.00/oz, amid weakness in the greenback and growing tensions between the US and China.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 0.1% to trade at \$43.45/bl, amid hopes for additional stimulus from the US government.

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Yesterday, Brent crude oil advanced 0.2% to settle at \$43.41/bl, as the US dollar weakened.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices marginally dropped to trade at \$958.60/oz.

Yesterday, platinum prices climbed 1.1% to close at \$958.60/oz.

## Major South African corporate news

### Anglo American Platinum Limited

In its 1H20 results, the company announced that its net sales revenue jumped 28.0% to ZAR54.77bn from ZAR42.9bn recorded in the same period of the preceding year. Its diluted EPS stood at ZAR25.12, compared to ZAR27.79 recorded in the corresponding period of the previous year.

### AngloGold Ashanti Limited

In its 1H20 trading statement, the company announced that it expects its HEPS to be between 94.00c and 99.00c, compared to 29.00c in the prior year. The company expects its EPS to be between 97.00c and 102.00c, compared to 27.00c recorded in same period of previous year.

### Invicta Holdings Limited

In its FY20 results, the company announced that revenues declined 4.0% ZAR10.04bn from ZAR10.45bn recorded in the same period of the preceding year to. Its diluted loss per share stood at 712.00c, compared to an EPS of 126.00c recorded in the corresponding period of the previous year.

### Liberty Holdings Limited

In its 1H20 operational update, the company announced that the business experienced worsened mortality in the early months of 2020, a continuation of the trend experienced in 2H19. Further, the company expects its headline loss per share to be between 787.20c and 944.60c, compared to 746.60c in the same period of last year. It also expects its basic loss per share to be between 830.70c and 996.70c, compared to 699.90c in the previous year.

### Life Healthcare Group Holdings Limited

The company announced the appointment of Peter Wharton-Hood to the position of Group Chief Executive Officer (CEO) and Executive Director, with effect from 1 September 2020.

### Mpact Limited

In its 1H20 trading statement, the company announced that revenue is expected to decrease by 1.4% from ZAR5.10bn for the prior period. The company expects its EPS to be between 5.00c and 11.00c, compared to 40.20c recorded in the same period of prior year. It expects its HEPS to be between 5.00c and 11.00c, compared to 39.00c recorded in the last year.

## Major global economic news

### Asia

In Japan, the final coincident index dropped to 73.40 in May, compared to a level of 80.10 in the previous month. The preliminary figures had indicated a fall to 74.60.

In May, the final leading economic index climbed to 78.40 in Japan, compared to a reading of 77.70 in the previous month. The preliminary figures had indicated a rise to 79.30.

In June, the corporate service price index rose 0.8% on an annual basis in Japan, more than market forecast and compared to a similar rise in the previous month.

### Eurozone

In Germany, the Ifo current assessment index climbed less-than-expected to 84.50 in July, compared to a level of 81.30 in the previous month.

In July, the Ifo business expectations index advanced to 97.00 in Germany, more than market forecast and compared to a revised level of 91.60 in the prior month.

In Germany, the Ifo business climate index rose to 90.50 in July, compared to a revised level of 86.30 in the previous month.

### US

In the US, the Dallas Fed manufacturing business index jumped to a level of -3.00 in July, compared to a level of -6.10 in the prior month.

In June, preliminary durable goods orders advanced 7.3% on a monthly basis in US, more than market expectations and compared to a revised rise of 15.1% in the previous month.

## Technical snapshot

### JSE All Share



The JSE All Share index is expected to find support at 55,279.12, and a fall through could take it to the next support level of 54,232.04. The index is expected to find its first resistance at 57,394.27, and a rise through could take it to the next resistance level of 58,462.34.

### S&P 500



The S&P 500 index is expected to find support at 3,199.64, and a fall through could take it to the next support level of 3,159.88. The index is expected to find its first resistance at 3,279.58, and a rise through could take it to the next resistance level of 3,319.76.

### USD ZAR



The pair is expected to find support at 16.2429, and a fall through could take it to the next support level of 16.0608. The pair is expected to find its first resistance at 16.7079, and a rise through could take it to the next resistance level of 16.9908.

### XAU USD



Gold is expected to find support at \$1,851.50/oz, and a fall through could take it to the next support level of \$1,772.00/oz. The precious metal is expected to find its first resistance at \$1,976.20/oz, and a rise through could take it to the next resistance level of \$2,021.40/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (Jun)	✓	0.80%*	0.80%	Monthly
Spain	09:00	Unemployment Rate (Survey) (Q2)	✓	16.70%	14.41%	Quarterly
South Africa	11:30	Non-Farm Payrolls (QoQ) (Q1)	✓	-	0.20%	Quarterly
South Africa	11:30	Non-Farm Payrolls (YoY) (Q1)	✓	-	0.20%	Quarterly
UK	12:00	CBI Distributive Trades Survey - Realised (Jul)	✓	-25.00%	-37.00%	Monthly
US	14:55	Redbook Index (YoY) (24-Jul)	✓	-	-7.50%	Weekly
US	14:55	Redbook Index s.a. (MoM) (24-Jul)	✓	-	1.90%	Weekly
Eurozone	15:00	Consolidated Financial Statement of the Eurosystem	✓	-	-	As Scheduled
US	15:00	S&P/Case-Shiller 20 City s.a. (MoM) (May)	✓✓✓	-	0.30%	Monthly
US	15:00	S&P/Case-Shiller Composite-20 (YoY) (May)	✓✓	4.00%	4.00%	Monthly
US	16:00	Consumer Confidence (Jul)	✓✓✓	94.50	98.10	Monthly
US	16:00	Richmond Fed Manufacturing Index (Jul)	✓	-	0.00	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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