

ONE Minute Brief

29 July 2020

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Economic and political news

In South Africa (SA), non-farm payrolls recorded a flat reading on a quarterly basis in 1Q20, compared to a revised rise of 0.4% in 4Q19.

The International Monetary Fund (IMF) has warned that SA's economy is likely to contract by 7.2% this year and growing debt repayments would hamper the country's recovery. Separately, the IMF stated that SA's USD4.3bn emergency facility would be paid over today and the country will only start repaying the loan in 2023.

The High Court has reviewed and set aside a decision by the National Energy Regulator of SA to deduct a ZAR69bn equity injection from Eskom's allowable revenue, allowing the utility to reclaim that amount over the next three years from customers in form of higher tariffs.

South African Airways' (SAA) business rescue practitioners, Les Matuson and Siviwe Dongwana stated that conditions outlined in the rescue plan have been fulfilled by the government including a letter confirming that lenders would receive their guaranteed payments, therefore, the plan is "unconditional" and will take up operation.

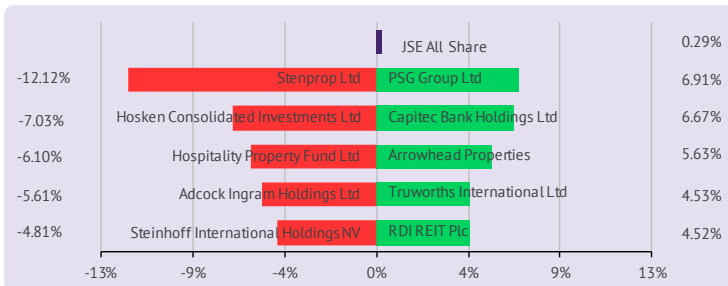
President Cyril Ramaphosa has amended regulation 11 of the state capture commission to allow law enforcement agencies to access evidence presented at the commission.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and financial sector stocks. The JSE All Share Index rose 0.3% to close at 56,488.11.

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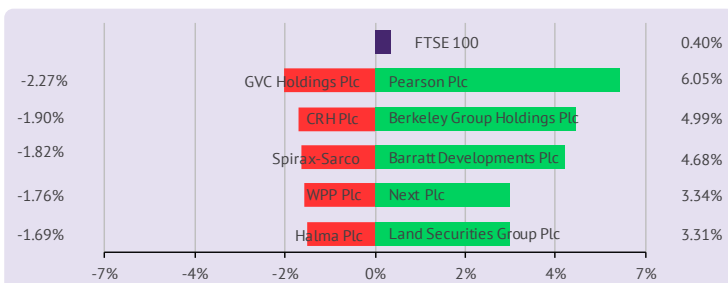


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid hopes of further stimulus measures from the US Federal Reserve (Fed) to support the pandemic-hit economy. The FTSE 100 Index advanced 0.4% to close at 6,129.26. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

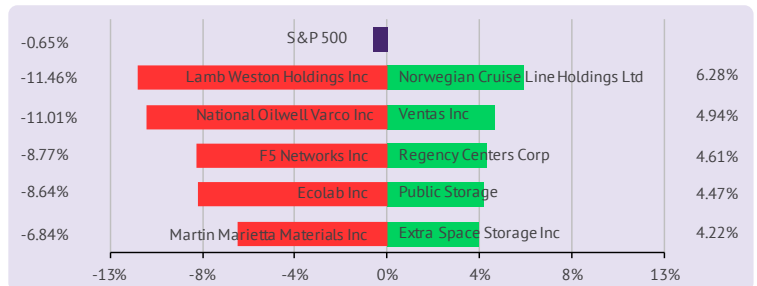
	As at 28 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56488.11	▲ 161.91	0.29	1.51	3.91	7.68	-1.04
JSE Top 40 (ZAR)	52043.05	▲ 128.97	0.25	1.53	3.72	7.80	2.41
FTSE 100 (GBP)	6129.26	▲ 24.38	0.40	0.09	-0.66	1.53	-18.74
DAX 30 (EUR)	12835.28	▼ -3.38	-0.03	-0.02	4.26	6.25	-3.12
CAC 40 (EUR)	4928.94	▼ -10.68	-0.22	-0.55	-0.14	5.12	-17.55
S&P 500 (USD)	3218.44	▼ -20.97	-0.65	0.09	3.81	1.84	-0.38
Nasdaq Composite (USD)	10402.09	▼ -134.18	-1.27	0.38	3.41	5.99	15.93
DJIA (USD)	26379.28	▼ -205.49	-0.77	-0.34	2.19	1.69	-7.57
MSCI Emerging Markets (USD)	1082.02	▲ 8.88	0.83	2.03	8.73	6.96	-2.93
MSCI Developed World (USD)	2299.91	▼ -11.72	-0.51	0.36	4.46	2.51	-2.48

US Market ▼

US markets closed weaker

US markets closed lower yesterday, as investors continued to assess the latest coronavirus relief package from Senate Republicans. Moreover, weakening consumer confidence and disappointing quarterly corporate results weighed on investor sentiment. The S&P 500 Index dropped 0.7% to close at 3,218.44. Today, the S&P 500 futures are trading in the red.

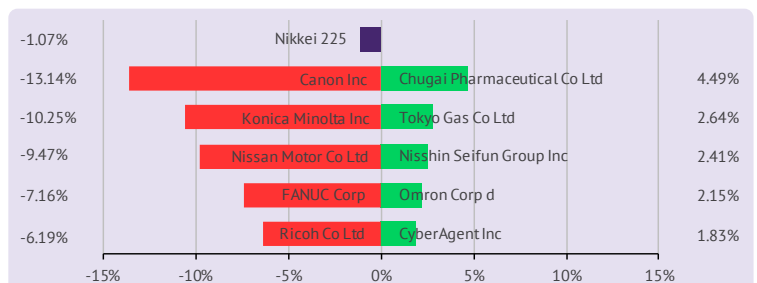
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 1.1% lower at 22,415.44.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% lower against the South African Rand at R16.4790. Later today, traders will keep a close watch on the US MBA mortgage applications, goods trade balance, pending home sales and the Federal Reserve's (Fed) interest rate decision for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US Richmond Fed manufacturing index advanced in July. Meanwhile, the CB consumer confidence index fell more than market forecast in July. Separately, data indicated that SA's non-farm payrolls remained flat on a quarterly basis in 1Q20.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.3% weaker against the South African Rand at R21.3015. Ahead in the day, traders will keep an eye on UK's consumer credit and mortgage approvals for further indication. Data indicated that UK's BRC shop price index dropped on a yearly basis in June.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's CBI distributive trade survey's retail sales balance advanced in July, marking its highest level since April 2019.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.2% against the South African Rand to trade at R19.3275. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.2% against the South African Rand to trade at R11.8085. Earlier in the session, Australia's consumer inflation dropped less-than-anticipated 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	16.4790	▲	0.59	-0.81	-4.78	-1.11	18.02
GBPZAR	21.3015	▲	1.00	0.33	-0.71	-0.70	15.11
EURZAR	19.3275	▲	0.32	-0.28	-0.67	0.09	23.33
AUDZAR	11.8085	▲	0.81	-0.02	-1.21	2.35	20.28
EURUSD	1.1729	▲	-0.31	0.51	4.29	1.20	4.49
GBPUSD	1.2927	▼	0.39	1.08	4.28	0.47	-2.45
Brent (\$/barrel)	43.3	▲	-0.44	-0.28	4.72	9.06	-34.52
Gold (\$/oz)	1968.8	▲	0.70	2.48	8.00	3.66	27.67
Platinum (\$/oz)	977.9	▼	2.01	3.16	16.32	-3.88	0.67
Copper (\$/MT)*	6490.0	▲	0.99	0.93	8.09	12.19	5.55

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 1.2% to trade at \$1,968.80/oz.

Yesterday, gold prices rose 0.7% to close at \$1,944.60/oz, as rising coronavirus cases and concerns of a possible rise in inflation from more stimulus measures boosted demand for the safe haven metal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.1% to trade at \$43.26/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 6.8mn bls last week.

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Yesterday, Brent crude oil declined 0.4% to settle at \$43.22/bl, amid strength in the US Dollar and growing concerns over the outlook for energy demand.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$977.90/oz.

Yesterday, platinum prices climbed 2.0% to close at \$977.90/oz.

Major South African corporate news

Kumba Iron Ore Limited

In its 1H20 results, the company announced that revenues declined 8.5% to ZAR31.58bn from ZAR34.50bn reported in the same period of the preceding year. Its diluted EPS stood at ZAR26.15, compared to ZAR31.15 recorded in the corresponding period of the previous year. Separately, it announced the approval of its Kapstevél South project at its Kolomela mine by both the company and Anglo American's boards. The total capital cost of the project would be approximately ZAR7.00bn, including pre-stripping.

Major global economic news

UK

In the UK, the CBI distributive trade survey's retail sales balance advanced to 4.0% in July from -37.0% in the previous month.

In June, the BRC shop price index dropped 1.3% on an annual basis in the UK, compared to a fall of 1.6% in the previous month.

US

In the US, the Richmond Fed manufacturing index climbed to 10.00 in July, compared to a flat reading in the previous month.

In July, the CB consumer confidence index dropped to 92.60 in the US, more than market anticipations and compared to a revised level of 98.30 in the previous month.

Asia

In Australia, the consumer price index (CPI) declined 1.9% on a quarterly basis in 2Q20, less than market consensus and compared to a rise of 0.3% in the previous quarter.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Jul)	✓	-1.30%*	-1.60%	Monthly
Germany	08:00	Import Price Index s.a. (MoM) (Jun)	✓✓	0.50%	0.30%	Monthly
Germany	08:00	Import Price Index n.s.a. (YoY) (Jun)	✓✓	-5.10%	-7.00%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Jun)	✓	9.40%	10.26%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Jun)	✓	6.81%	6.35%	Monthly
France	08:45	Consumer Confidence (Jul)	✓✓✓	99.00	97.00	Monthly
Spain	09:00	Retail Sales (YoY) (Jun)	✓✓✓	-13.70%	-19.00%	Monthly
Spain	09:00	Retail Sales (MoM) (Jun)	✓	-	19.30%	Monthly
Italy	10:00	Producer Price Index (MoM) (Jun)	✓✓	-1.00%	-0.10%	Monthly
Italy	10:00	Producer Price Index (YoY) (Jun)	✓	-5.90%	-5.30%	Monthly
Italy	10:00	Producer Price Index (Jun)	✓	-	97.10	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Jun)	✓✓	-0.50%	-0.60%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Jun)	✓✓	2.10%	2.10%	Monthly
South Africa	10:00	Consumer Price Index Core (MoM) (Jun)	✓✓	-	-0.20%	Monthly
South Africa	10:00	Consumer Price Index Core (YoY) (Jun)	✓✓	-	3.10%	Monthly
Switzerland	10:00	ZEW Survey - Expectations (Jul)	✓✓	39.40	48.70	Monthly
UK	10:30	Mortgage Approvals (Jun)	✓	33.90K	9.30K	Monthly
UK	10:30	Net Consumer Credit (Jun)	✓	-GBP2.00bn	-GBP4.60bn	Monthly
Eurozone	12:00	ECB Balance sheet (20-Jul)	✓✓	-	EUR6322.60bn	Weekly
US	13:00	MBA Mortgage Applications (24-Jul)	✓	-	4.10%	Weekly
US	14:30	Wholesale Inventories (MoM) (Jun) (P)	✓✓✓	-	-1.20%	Monthly
US	14:30	Advance Goods Trade Balance (Jun)	✓	-	-USD74.34bn	Monthly
US	16:00	Pending Home Sales (MoM) (Jun)	✓✓	15.00%	44.30%	Monthly
US	16:00	Pending Home Sales (YoY) (Jun)	✓	-10.20%	-5.10%	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (24-Jul)	✓✓✓	0.00mn	4.89mn	Weekly
US	20:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As Scheduled
US	20:30	Powell Holds Post-FOMC Meeting Press Conference	✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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