

# ONE Minute Brief

30 July 2020

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## Economic and political news

In South Africa (SA), the consumer price index (CPI) rose 2.2% on an annual basis in June, compared to a rise of 2.1% in the previous month. Additionally, growth in M3 money supply expanded to 11.1% on a yearly basis in June, compared to a revised 10.6% in the previous month. Meanwhile, growth in private sector credit demand slowed to 5.6% on an annual basis in June, compared to a revised 6.3% in the prior month.

According to the Automobile Association (AA), petrol price in SA is expected to increase by between 9-16 cents per litre and diesel by up to 48 cents in August.

Chief Justice Mogoeng Mogoeng has dismissed former Passenger Rail Agency of SA (Prasa) Chief Executive Officer Lucky Montana's impeachment complaint against deputy chief justice Raymond Zondo, saying it was "lacking in substance".

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 471,123.

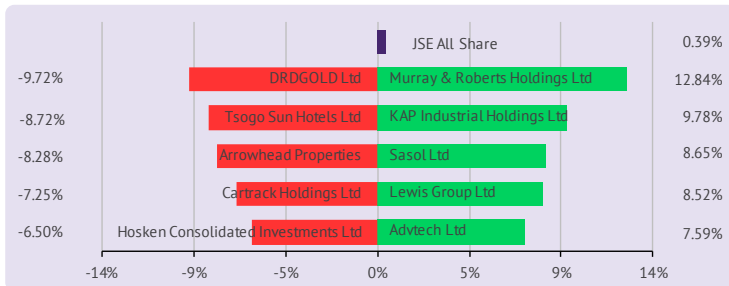
According to the National Treasury, SA has received the USD1bn emergency loan that it secured from the New Development Bank to fight the coronavirus pandemic.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, financial and industrial sector stocks. The JSE All Share Index rose 0.4% to close at 56,707.74.

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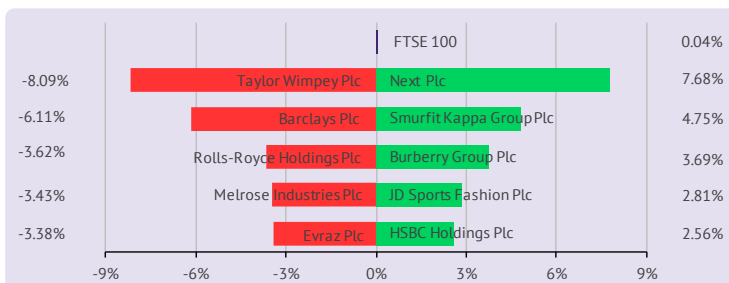


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, despite weak quarterly earnings from major corporates. The FTSE 100 Index marginally advanced to close at 6,131.46. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

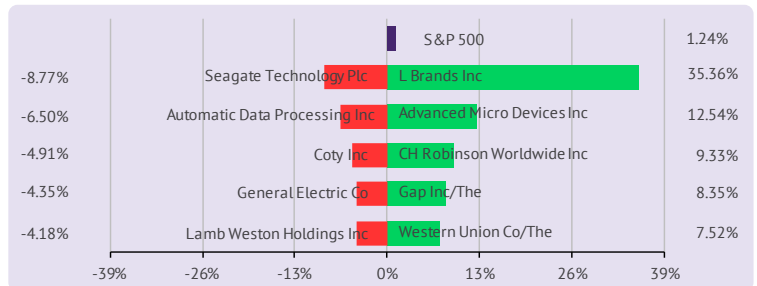
	As at 29 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56707.74	▲ 219.63	0.39	1.91	4.31	7.68	-0.66
JSE Top 40 (ZAR)	52245.75	▲ 202.70	0.39	1.92	4.13	7.80	2.81
FTSE 100 (GBP)	6131.46	▲ 2.20	0.04	0.12	-0.62	1.53	-18.71
DAX 30 (EUR)	12822.26	▼ -13.02	-0.10	-0.12	4.15	6.25	-3.22
CAC 40 (EUR)	4958.74	▲ 29.80	0.60	0.05	0.46	5.12	-17.05
S&P 500 (USD)	3258.44	▲ 40.00	1.24	1.33	5.10	1.84	0.86
Nasdaq Composite (USD)	10542.94	▲ 140.85	1.35	1.73	4.81	5.99	17.50
DJIA (USD)	26539.57	▲ 160.29	0.61	0.26	2.82	1.69	-7.00
MSCI Emerging Markets (USD)	1086.62	▲ 4.60	0.43	2.47	9.20	6.96	-2.52
MSCI Developed World (USD)	2319.71	▲ 19.80	0.86	1.23	5.36	2.51	-1.64

## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, after the US Federal Reserve (Fed) kept its interest rates unchanged and pledged to support the economy during the pandemic. The S&P 500 Index climbed 1.2% to close at 3,258.44. Today, the S&P 500 futures are trading in the red.

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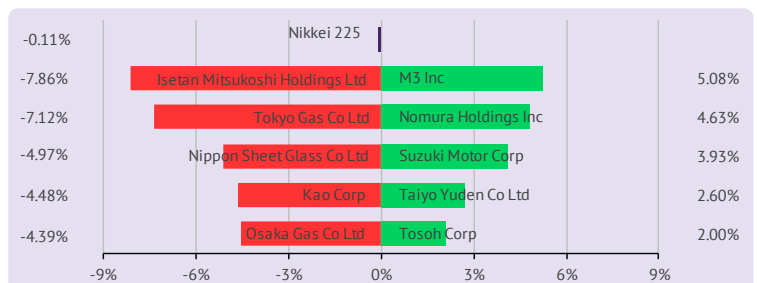


## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 0.1% lower at 22,372.34.

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## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R16.5826. Later today, traders will keep a close watch on the US initial jobless claims and gross domestic product (GDP) for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US pending home sales advanced for the second consecutive month in June. Additionally, goods trade deficit narrowed in June. Meanwhile, the MBA mortgage applications dropped on a weekly basis in the week ended 24 July 2020. Separately, data indicated that SA's consumer inflation rose more than market anticipations in June. Additionally, growth in M3 money supply expanded in June. On the contrary, growth in private sector credit demand slowed in June.

## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R21.5291. 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 yesterday. Data indicated that UK's net consumer credit dropped in June. Meanwhile, the number of mortgage approvals for house purchases advanced to a three month high in June.

## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R19.5260. Going forward, market participants will keep a tab on Eurozone's services sentiment index, consumer confidence index, business climate index, economic sentiment indicator and unemployment along with Germany's CPI, GDP and unemployment rate for further cues.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▼

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R11.9081. Earlier in the session, Australia's building permits unexpectedly dropped on a monthly basis in June.

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	16.5826	▼	0.12	-0.69	-4.66	-1.11	18.16
GBPZAR	21.5291	▼	0.64	0.97	-0.07	-0.70	15.85
EURZAR	19.5260	▼	0.76	0.48	0.08	0.09	24.27
AUDZAR	11.9081	▼	0.50	0.48	-0.72	2.35	20.87
EURUSD	1.1775	▼	0.65	1.17	4.97	1.20	5.16
GBPUSD	1.2983	▼	0.50	1.59	4.81	0.47	-1.96
Brent (\$/barrel)	43.7	▼	1.23	0.95	6.01	9.06	-33.71
Gold (\$/oz)	1981.6	▲	0.45	2.95	8.49	3.66	28.25
Platinum (\$/oz)	956.8	▼	-1.98	1.12	14.01	-3.88	-1.33
Copper (\$/MT)*	6482.0	▼	-0.12	0.80	7.95	12.19	5.42

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 1.4% higher to trade at \$1,981.60/oz.

Yesterday, gold prices rose 0.5% to close at \$1,953.40/oz, after the US Fed pledged to keep interest rates near zero until the economy sees further improvement.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil marginally dropped to trade at \$43.74/bl. as a surge in global coronavirus infections renewed concerns over fuel demand.

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Yesterday, Brent crude oil advanced 1.2% to settle at \$43.75/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories fell by 10.6mn bls to 526.0mn bls for the week ended 24 July 2020.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$956.80/oz.

Yesterday, platinum prices dropped 2.0% to close at \$958.50/oz.

## Major South African corporate news

### AECI Limited

In its 1H20 results, the company announced that revenues dropped to ZAR11.27bn, compared to ZAR11.97bn posted in the corresponding period of the previous year. Its diluted EPS fell 33.0% to 238.00c from the same period of the prior year.

### ArcelorMittal South Africa Limited

In its 1H20 trading statement, the company announced that it expects headline loss per share to be between 233.00c and 245.00c, compared to the previous year. The company expects its loss per share to be between 204.00c and 216.00c.

### Sasol Limited

The company announced that Sasol SA Limited, a major subsidiary of the company, has signed an exclusive negotiation agreement with Air Liquide for the sale of its sixteen air separation units located in Secunda to Air Liquide Large Industries South Africa Proprietary Limited. The proceeds would be a total of approximately ZAR8.50bn.

## Major global economic news

### US

In the US, pending home sales jumped 16.6% on a monthly basis in June, more than market expectations and compared to a surge of 44.3% in the previous month.

In June, goods trade deficit narrowed to USD70.64bn in the US, compared to a revised deficit of USD75.26bn in the prior month.

In the US, the MBA mortgage applications fell 0.8% on a weekly basis in the week ended 24 July 2020, compared to a rise of 4.1% in the previous week.

The US Fed, in its latest monetary policy decision, kept its benchmark interest rate unchanged at 0.25%, as widely expected. Further, the Fed reiterated that it remains committed to using its full range of tools to support the US economy and pledged to keep rates low as long as it takes to recover from the pandemic. Moreover, the central bank officials are confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals. On the outlook front, Fed Chair Jerome Powell stated that the path forward for the economy is extraordinarily uncertain and will depend significantly on course of virus.

### UK

In the UK, net consumer credit dropped by GBP0.10bn in June, compared to a revised drop of GBP4.50bn in the prior month.

In June, number of mortgage approvals for house purchases climbed to 40.00K in the UK, compared to a level of 9.30K in the prior month.

### Asia

In Japan, seasonally adjusted retail trade climbed 13.1% on a monthly basis in June, compared to a rise of 2.1% in the previous month.

In June, large retailers' sales dropped 3.5% in Japan, less than market consensus and compared to a fall of 16.7% in the previous month.

In Australia, building permits unexpectedly fell 4.9% on a monthly basis in June, compared to a drop of 16.4% in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Retail Trade s.a. (MoM) (Jun)	✓✓✓	13.10%*	2.10%	Monthly
Japan	01:50	Large Retailer's Sales (Jun)	✓✓	-3.50%*	-16.70%	Monthly
Japan	01:50	Retail Trade (YoY) (Jun)	✓✓✓	-1.20%*	-12.50%	Monthly
France	08:45	Producer Price Index (YoY) (Jun)	✓	-	-4.10%	Monthly
France	08:45	Producer Price Index (MoM) (Jun)	✓✓	-	-0.10%	Monthly
Spain	09:00	Consumer Price Index (YoY) (Jul) (P)	✓✓✓	-0.30%	-0.30%	Monthly
Germany	09:55	Unemployment Change (Jul)	✓✓✓	43.00K	69.00K	Monthly
Germany	09:55	Unemployment Rate s.a. (Jul)	✓✓✓	6.50%	6.40%	Monthly
Germany	10:00	Gross Domestic Product n.s.a. (YoY) (Q2) (P)	✓✓	-	-1.90%	Quarterly
Germany	10:00	Gross Domestic Product s.a. (QoQ) (Q2) (P)	✓✓✓	-9.00%	-2.20%	Quarterly
Germany	10:00	Gross Domestic Product w.d.a. (YoY) (Q2) (P)	✓✓	-11.30%	-2.30%	Quarterly
Eurozone	11:00	Unemployment Rate (Jun)	✓✓✓	7.70%	7.40%	Monthly
Eurozone	11:00	Consumer Confidence (Jul) (F)	✓✓✓	-15.00	-14.70	Monthly
Eurozone	11:00	Economic Sentiment Indicator (Jul)	✓	81.00	75.70	Monthly
Eurozone	11:00	Industrial Confidence (Jul)	✓	-17.00	-21.70	Monthly
Eurozone	11:00	Services Sentiment Indicator (Jul)	✓	-25.00	-35.60	Monthly
South Africa	11:30	Producer Price Index (MoM) (Jun)	✓✓	0.80%	-0.30%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Jun)	✓	0.60%	0.40%	Monthly
South Africa	12:00	Construction Input Price Index - (MoM) (Jun)	✓	-	0.10%	Monthly
South Africa	12:00	Construction Input Price Index - (YoY) (Jun)	✓	-	-5.00%	Monthly
Germany	14:00	Consumer Price Index (MoM) (Jul) (P)	✓✓✓	-0.20%	0.60%	Monthly
Germany	14:00	Consumer Price Index (YoY) (Jul) (P)	✓✓✓	0.20%	0.90%	Monthly
South Africa	14:00	Budget Balance (Jun)	✓	-	-ZAR52.40bn	Monthly
US	14:30	Continuing Jobless Claims (18-Jul)	✓✓✓	16200.00K	16197.00K	Weekly
US	14:30	Initial Jobless Claims (25-Jul)	✓✓✓	1450.00K	1416.00K	Weekly
US	14:30	Personal Consumption (QoQ) (Q2) (P)	✓✓✓	-	-6.80%	Quarterly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q2) (P)	✓✓✓	1.00%	1.70%	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q2) (P)	✓✓✓	-34.10%	-5.00%	Quarterly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q2) (P)	✓✓✓	1.10%	1.60%	Quarterly
US	16:30	EIA Natural Gas Storage Change (24-Jul)	✓✓✓	-	37.00 Bcf	Weekly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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