

# ONE Minute Brief

03 August 2020

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## Economic and political news

In South Africa (SA), trade surplus widened to ZAR46.63bn in June, compared to a revised surplus of ZAR19.69bn in May.

The Organisation for Economic Co-operation and Development (OECD) warned that SA's economy could contract 8.2% this year, and grow just 0.6% in 2021, if a second wave of COVID-19 cases hits the country.

The African National Congress' (ANC) integrity commission has asked SA's Deputy Finance Minister David Masedo to step down from his position.

News reports indicate that Eskom is planning to cancel a contract to buy as much as ZAR14bn of fuel oil from Econ Oil & Energy Ltd, after a probe found that Econ's fees had been inflated.

The South African Reserve Bank (SARB) stated that it would start short-term rand buy-sell backs, or reverse repurchases, of up to one month, with commercial lenders in a bid to further manage liquidity in money markets.

SA's National Treasury has asked lawmakers to extend tax-relief measures for businesses, including a deferral on excise duties and payroll levies, to offset the impact of the coronavirus pandemic.

## Key indices

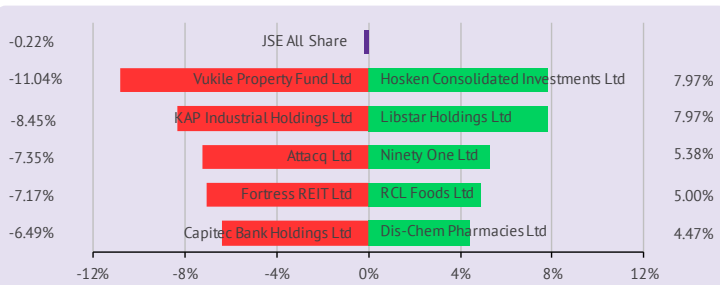
	As at 31 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55721.80	▼ -123.10	-0.22	NA	NA	2.50	-2.39
JSE Top 40 (ZAR)	51368.82	▼ -82.62	-0.16	NA	NA	2.38	1.09
FTSE 100(GBP)	5897.76	▼ -92.23	-1.54	NA	NA	-4.41	-21.81
DAX 30 (EUR)	12313.36	▼ -66.29	-0.54	NA	NA	0.02	-7.06
CAC 40 (EUR)	4783.69	▼ -69.25	-1.43	NA	NA	-3.09	-19.98
S&P 500 (USD)	3271.12	▲ 24.90	0.77	NA	NA	5.51	1.25
Nasdaq Composite (USD)	10745.27	▲ 157.46	1.49	NA	NA	6.82	19.76
DJIA (USD)	26428.32	▲ 114.67	0.44	NA	NA	2.38	-7.39
MSCI Emerging Markets (USD)	1078.92	▼ -3.14	-0.29	NA	NA	8.42	-3.21
MSCI Developed World (USD)	2304.98	▲ 0.97	0.04	NA	NA	4.69	-2.27

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red on Friday, led by losses in banking, property and financial sector stocks. The JSE All Share Index fell 0.2% to close at 55,721.80.

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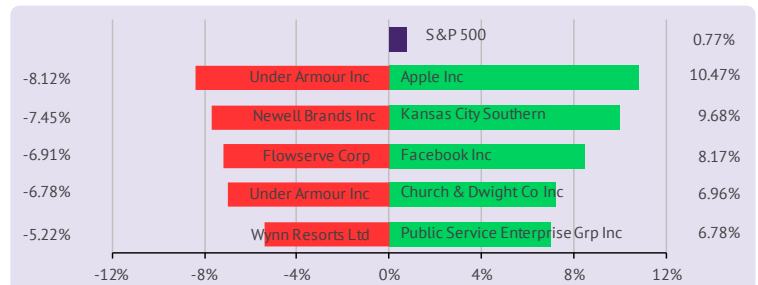


## US Market ▲

### US markets closed firmer

US markets closed higher on Friday, amid upbeat quarterly corporate earnings reports. The S&P 500 Index climbed 0.8% to close at 3,271.12. Today, the S&P 500 futures are trading in the green.

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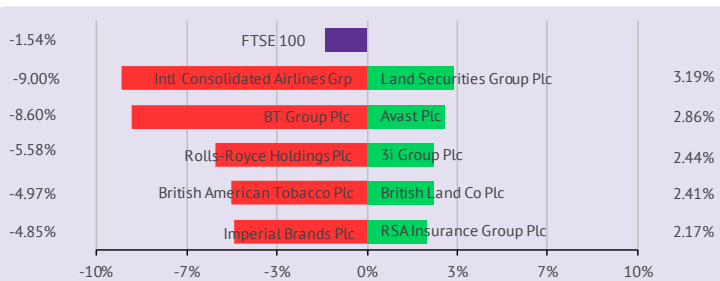


## UK Market ▼

### UK markets closed in the red

UK markets finished lower on Friday, after Britain delayed the easing of a coronavirus-led lockdown restrictions due to resurgence in coronavirus cases. The FTSE 100 Index declined 1.5% to close at 5,897.76. Today, the FTSE 100 futures are trading in positive territory.

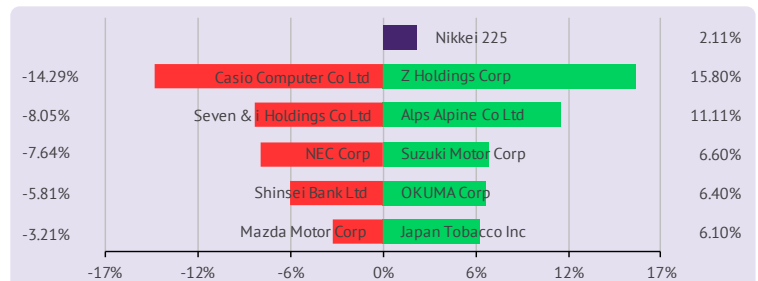
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## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 2.1% higher at 22,167.03.



## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R17.0762. Later today, traders will keep a close watch on the US Markit manufacturing PMI, the ISM manufacturing PMI and construction spending for further direction.

The US Dollar rose against the South African Rand on Friday. On the macro front, the US personal spending rose for the second consecutive month in June. Additionally, the Chicago Fed Purchasing Managers' Index advanced more-than-expected in July. Meanwhile, personal income dropped more than market forecast in June. Moreover, the Michigan consumer sentiment index declined more than initially estimated in July. Data indicated that SA's trade surplus widened in June, registering its biggest surplus since at least January 1990.

## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R22.3543. Ahead in the day, traders will keep an eye on UK's Markit manufacturing PMI for further indication.

The British Pound advanced against the South African Rand on Friday. Data indicated that UK's seasonally adjusted Nationwide house prices unexpectedly advanced on a monthly basis in July, marking its first monthly increase since April.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R20.1031. Going forward, market participants will keep a tab on the Markit manufacturing PMI across the euro area for further cues.

The Euro strengthened against the South African Rand on Friday. On the data front, Eurozone's region's gross domestic product (GDP) declined on a quarterly basis in 2Q20, recording its biggest single quarter drop in history. Meanwhile, the consumer price index (CPI) rose more-than-anticipated on an annual basis in July. Separately, Germany's retail sales fell less than market consensus in June.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R12.1831. Earlier in the session, Australia's both, the AiG performance of manufacturing index and the Commonwealth Bank manufacturing PMI advanced in July. Elsewhere, in China, Australia's largest trading partner, the Caixin manufacturing PMI expanded in July.

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	17.0762	▼	1.84	NA	NA	-1.61	21.94
GBPZAR	22.3543	▼	1.74	NA	NA	3.78	20.32
EURZAR	20.1031	▲	1.25	NA	NA	3.15	28.07
AUDZAR	12.1831	▲	1.11	NA	NA	1.81	23.95
EURUSD	1.1772	▼	-0.58	NA	NA	4.84	5.04
GBPUSD	1.3090	▲	-0.08	NA	NA	5.52	-1.30
Brent (\$/barrel)	43.4	▼	1.35	NA	NA	5.45	-34.06
Gold (\$/oz)	1991.9	▲	1.06	NA	NA	9.01	28.87
Platinum (\$/oz)	917.3	▼	0.69	NA	NA	9.30	-5.40
Copper (\$/MT)*	6422.0	▼	-0.31	NA	NA	6.95	4.44

\*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 \$1,991.90/oz.

On Friday, gold prices rose 1.1% to close at \$1,962.80/oz, recording its biggest monthly gain in 8-1/2 years, as the US Dollar weakened due to the impact of the worsening coronavirus pandemic.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$43.35/bl, amid oversupply concerns and growing worries over increasing COVID-19 cases worldwide.

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On Friday, Brent crude oil advanced 1.4% to settle at \$43.52/bl, amid news that US oil output cuts in May were the largest on record. Additionally, 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 retreated 0.2% to trade at \$917.30/oz.

On Friday, platinum prices climbed 0.7% to close at \$918.90/oz.

## Major South African corporate news

### MTN Group Limited

In its 1H20 trading statement, the company announced that it expects EPS to rise between 406.00c and 432.00c, compared to 254.00c recorded in the corresponding period of the previous year. Further, HEPS is likely to witness a growth of between 224.00c and 244.00c, compared with 195.00c in the previous year. Further, the succession process for the MTN Group Chief Executive Officer (CEO) role is on track and MTN expects to make an announcement in this regard in the next 4 to 8 weeks.

### PPC Limited

The company announced that its shares continue to remain suspended on the Zimbabwe Stock Exchange. Meanwhile, the press statement issued by the Minister of Finance and Economic Development of Zimbabwe noted that PPC was not involved in any malpractice linked to the parallel foreign currency market.

## Major global economic news

### Asia

In Australia, the AiG performance of manufacturing index rose to 53.50 in July, compared to a level of 51.50 in the previous month.

In July, the Commonwealth Bank manufacturing PMI advanced more-than-expected to a level of 54.00 in Australia, compared to a level of 53.40 in the prior month.

In China, the Caixin manufacturing PMI rose to 52.80 in July, compared to a level of 51.20 in the previous month.

In Japan, construction orders declined 13.4% on an annual basis in June, compared to a fall of 6.1% in the previous month.

In June, housing starts dropped 12.8% on a yearly basis in Japan, less than market anticipations and compared to a drop of 12.3% in the prior month.

In Japan, the consumer confidence index rose less-than-expected to 29.50 in July, compared to a level of 28.40 in the previous month.

In 1Q20, GDP dropped 0.6% on a quarterly basis in Japan, compared to a similar fall in the previous quarter.

In Japan, the Jibun Bank manufacturing PMI advanced to 45.20 in July, compared to a level of 42.60 in the prior month.

### US

In the US, the Michigan consumer sentiment index eased to 72.50 in July, compared to a level of 78.10 in the previous month. The preliminary figures had indicated a drop to 73.20.

In July, the Chicago Fed Purchasing Managers' Index jumped to 51.90 in the US, following a reading of 36.60 in the previous month.

In the US, personal spending climbed 5.6% on a monthly basis in June, compared to a revised rise of 8.5% in the previous month.

In June, personal income fell 1.1% on a monthly basis in the US, more than market consensus and compared to a revised drop of 4.4% in the prior month.

### Eurozone

In Eurozone, the preliminary CPI rose 0.4% on an annual basis in July, compared to a rise of 0.3% in the previous month.

In 2Q20, seasonally adjusted flash GDP plunged 12.1% on a quarterly basis in the Eurozone, compared to a fall of 3.6% in prior quarter.

In Germany, retail sales dropped 1.6% on a monthly basis in June, less than market forecast and compared to a revised rise of 12.7% in the previous month.

### UK

In the UK, seasonally adjusted Nationwide house prices unexpectedly rose 1.7% on a monthly basis in July, compared to a revised drop of 1.6% 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	573	10.19	NA	165.28
Gold Fields Ltd	22254	5.97	NA	134.41
Harmony Gold Mining Co Ltd	10998	-5.60	NA	114.80
AngloGold Ashanti Ltd	55473	-3.92	NA	76.25
Kumba Iron Ore Ltd	55000	1.85	NA	39.91
Naspers Ltd	314739	2.20	NA	37.39
African Rainbow Minerals Ltd	19414	4.13	NA	25.29
Steinhoff International Holdings NV	100	6.38	NA	19.05
Oceana Group Ltd	7200	2.78	NA	16.98
Reinet Investments SCA	32391	1.30	NA	16.72
Zeder Investments Ltd	243	3.85	NA	16.28
BHP Group PLC	36986	0.97	NA	16.09
Stenprop Ltd	2660	4.31	NA	15.63
Quilter PLC	3284	4.72	NA	15.56
Vodacom Group Ltd	12843	0.11	NA	14.99
AfroCentric Investment Corp Ltd	370	7.87	NA	14.48
Aspen Pharmacare Holdings Ltd	13244	-4.09	NA	11.09
Peregrine Holdings Ltd	2019	2.75	NA	10.38
Northam Platinum Ltd	13403	-3.58	NA	8.42
Exxaro Resources Ltd	13435	-1.88	NA	8.26
Anglo American PLC	41815	0.99	NA	7.34
Cartrack Holdings Ltd	2519	-6.11	NA	7.31
Impala Platinum Holdings Ltd	15088	-2.66	NA	6.89
Blue Label Telecoms Ltd	275	1.85	NA	6.59
Raubex Group Ltd	2530	0.12	NA	5.46
JSE Ltd	11600	0.8	NA	5.31
Rand Merchant Investment Holdings Ltd	3181	1.79	NA	5.30
Sirius Real Estate Ltd	1627	0.06	NA	3.76
Investec Australia Property Fund	1465	-0.88	NA	3.45
Anglo American Platinum Ltd	130412	-9.00	NA	3.43
Trencor Ltd	500	-1.96	NA	2.75
Coronation Fund Managers Ltd	3930	-0.10	NA	2.56
Afrimat Ltd	3400	5.43	NA	2.44
Royal Bafokeng Platinum Ltd	5016	16.65	NA	1.09
RMB Holdings Ltd	136	3.82	NA	0.32
British American Tobacco PLC	57625	0.11	NA	0.24
Rebosis Property Fund Ltd	32	0.00	NA	0.00
Cie Financiere Richemont SA	10654	-0.26	NA	-2.73
Lighthouse Capital Ltd	808	-7.66	NA	-2.99
Net 1 UEPS Technologies Inc	5000	-26.71	NA	-3.0
<b>JSE All Share Index</b>	<b>55722</b>	<b>0.14</b>	<b>NA</b>	<b>-2.39</b>

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Jul) (F)	✓✓✓	45.20*	40.10	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Jul)	✓✓✓	52.80*	51.20	Monthly
Japan	07:00	Vehicle Production (YoY) (Jul)	✓	-	-61.10%	Monthly
Japan	07:00	Vehicle Sales (YoY) (Jul)	✓	-	-26.00%	Monthly
Switzerland	08:30	Consumer Price Index (MoM) (Jul)	✓✓	-0.40%	0.00%	Monthly
Switzerland	08:30	Consumer Price Index (YoY) (Jul)	✓✓	-1.30%	-1.30%	Monthly
Switzerland	08:30	Harmonised Index of Consumer Prices (HICP) (MoM) (Jul)	✓✓	-	-0.10%	Monthly
Switzerland	08:30	Harmonised Index of Consumer Prices (HICP) (YoY) (Jul)	✓✓	-	-1.30%	Monthly
Italy	09:45	Markit Manufacturing PMI (Jul)	✓✓✓	51.30	47.50	Monthly
France	09:50	Markit Manufacturing PMI (Jul) (F)	✓✓✓	52.00	52.30	Monthly
Germany	09:55	Markit Manufacturing PMI (Jul) (F)	✓✓✓	50.00	45.20	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Jul) (F)	✓✓✓	51.10	47.40	Monthly
UK	10:30	Markit Manufacturing PMI (Jul) (F)	✓	53.60	50.10	Monthly
South Africa	11:00	PMI Manufacturing (Jul)	✓✓	-	53.90	Monthly
US	15:45	Markit Manufacturing PMI (Jul) (F)	✓✓✓	51.30	49.80	Monthly
US	16:00	ISM Employment (Jul)	✓	34.40	42.10	Monthly
US	16:00	Construction Spending (MoM) (Jun)	✓✓	-0.50%	-2.10%	Monthly
US	16:00	ISM Manufacturing PMI (Jul)	✓✓✓	48.40	52.60	Monthly
US	16:00	ISM Prices Paid (Jul)	✓✓	60.00	51.30	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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