

ONE  
Minute Brief

19 June 2020

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## Economic and political news

The South African Broadcasting Corporation (SABC) has issued notices to its employees warning of a likely 600 retrenchments.

South Africa (SA) Finance Minister, Tito Mboweni has warned that SA faces a sovereign debt crisis in the next four years that will force it to approach the International Monetary Fund (IMF) for help, if fundamental budgetary changes are not introduced.

According to the Banking Association's Managing Director, Bongiwe Kunene stated that SA's bad debts could hit 10% of bank lending this year, which would be the highest ever and well above the 6% seen during the 2008/09 financial crisis. Moreover, he stated that banks have approved ZAR7bn to support small firms under the Covid-19 loan guarantee scheme.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 83,890.

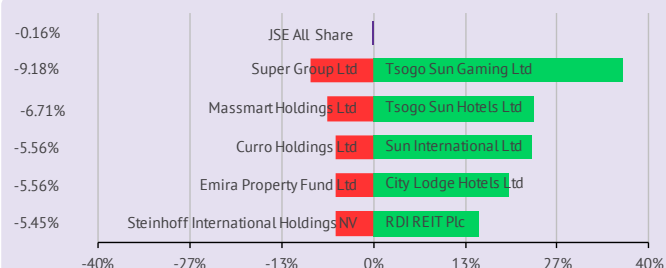
News reports indicate that seven suspects arrested in connection with the collapse and looting of VBS Mutual Bank have been granted bail of ZAR100,000 each.

## South Africa Market ▼

## South African markets closed lower

South African markets closed in the red yesterday, amid ongoing fears of a second wave of coronavirus infections and led down by losses in banking and financial sector stocks. The JSE All Share Index fell 0.2% to close at 53,941.22.

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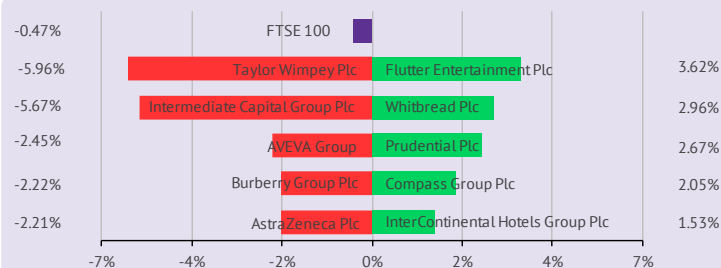


## UK Market ▼

## UK markets closed in the red

UK markets finished lower yesterday, after the Bank of England (BoE) slowed the pace of its huge bond-buying programme and amid concerns over increasing coronavirus cases in the US and China. The FTSE 100 Index declined 0.5% to close at 6,224.07. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

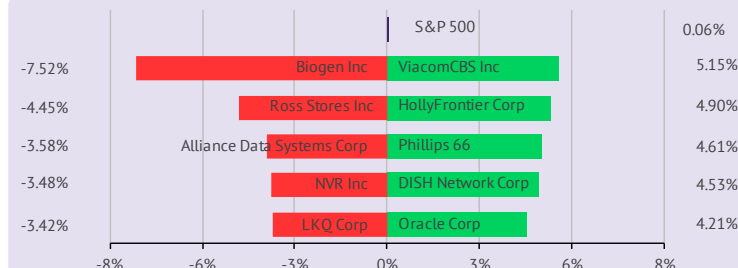
	As at 18 June 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	53941.22	▼ -86.20	-0.16	0.56	6.85	0.29	-5.51
JSE Top 40 (ZAR)	49589.11	▼ -72.03	-0.15	0.69	6.54	0.42	-2.41
FTSE 100 (GBP)	6224.07	▼ -29.18	-0.47	1.95	2.43	2.97	-17.48
DAX 30 (EUR)	12281.53	▼ -100.61	-0.81	2.78	6.00	6.68	-7.30
CAC 40 (EUR)	4958.75	▼ -37.22	-0.75	2.47	5.61	2.70	-17.05
S&P 500 (USD)	3115.34	▲ 1.85	0.06	2.43	2.33	4.53	-3.57
Nasdaq Composite (USD)	9943.05	▲ 32.52	0.33	3.69	4.78	6.75	10.82
DJIA (USD)	26080.10	▼ -39.51	-0.15	1.85	2.75	4.26	-8.61
MSCI Emerging Markets (USD)	995.18	▲ 0.56	0.06	0.83	6.97	0.59	-10.72
MSCI Developed World (USD)	2215.64	▼ -2.25	-0.10	2.36	3.15	4.63	-6.06

## US Market ▲

## US markets closed mostly firmer

US markets closed mostly higher yesterday, boosted by gains in energy and consumer staples stocks. The S&P 500 Index climbed 0.1% to close at 3,115.34. Today, the S&P 500 futures are trading in the green.

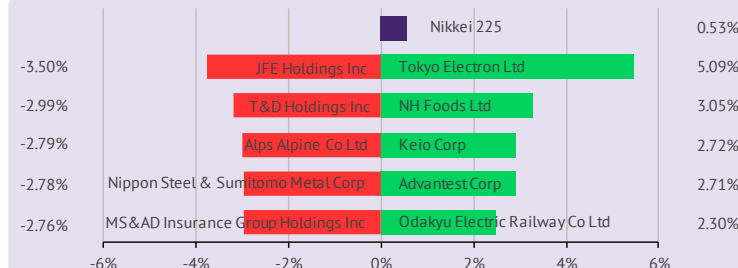
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## Asian Market ◀▶

## Trading mixed

Asian markets are trading mixed this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.5% higher at 22,475.03.



## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R17.4524. Later today, traders will keep a close watch on the US current account balance for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US initial jobless claims dropped less-than-anticipated on a weekly basis in the week ended 12 June 2020. Meanwhile, the Philadelphia Fed manufacturing index rebounded in June.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R17.4524. Ahead in the day, traders will keep an eye on UK's public sector net borrowings and retail sales for further indication.

The British Pound advanced against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R19.5693. Going forward, market participants will keep a tab on Eurozone's current account balance along with Germany's producer price index (PPI) 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 marginally gained against the South African Rand to trade at R11.9769. Earlier in the session, Australia's seasonally adjusted retail sales jumped on a monthly basis in May.

The Australian Dollar rose against the South African Rand yesterday.

## Key currencies & commodities

	Current <sup>#</sup>		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	17.4524	▲	1.59	2.31	-0.42	-5.29	24.81
GBPZAR	21.6982	▲	0.54	1.54	0.16	-7.13	16.94
EURZAR	19.5693	▲	1.23	1.83	0.53	-4.05	24.71
AUDZAR	11.9769	▼	1.14	2.02	2.31	-2.99	21.70
EURUSD	1.1213	▲	-0.35	-0.45	0.94	1.33	-0.07
GBPUSD	1.2432	▲	-1.04	-0.93	0.66	-1.99	-6.28
Brent (\$/barrel)	41.9	▲	1.97	7.18	9.70	42.90	-37.11
Gold (\$/oz)	1734.6	▲	-0.25	-0.26	-0.70	2.52	13.24
Platinum (\$/oz)	812.7	▲	-3.10	-0.83	-7.13	7.58	-16.39
Copper (\$/MT)*	5783.5	▲	0.74	0.38	8.06	3.72	-5.94

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,734.60/oz.

Yesterday, gold prices fell 0.3% to close at \$1,724.80/oz, as demand appeal for the safe haven commodity was dented amid falling US initial jobless claims and indications that Beijing was bringing its latest coronavirus outbreak under control.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.9% higher to trade at \$41.87/bl.

Yesterday, Brent crude oil advanced 2.0% to settle at \$41.51/bl, after the Organisation of the Petroleum Exporting Countries (OPEC) and its allies urged countries such as Iraq and Kazakhstan to comply better with oil cuts.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$812.70/oz.

Yesterday, platinum prices dropped 3.1% to close at \$812.20/oz.

## Major South African corporate news

### Foschini Group Limited

In its FY20 results, the company announced that revenues advanced 3.6% to ZAR38.48bn from ZAR37.12bn recorded in the preceding year. Its diluted EPS stood at ZAR10.51, compared to ZAR11.32 recorded in the previous year.

### Reunert Limited

In its 1H20 results, the company announced that revenues fell 22.0% to ZAR4.14bn from ZAR5.3bn recorded in the same period of the preceding year. Its diluted loss per share stood at 169.00c, compared to an EPS of 223.00c recorded in the corresponding period of the previous year.

### Naspers Limited

In its FY20 trading statement, the company announced that it expects its EPS to drop between 823.00c and 890.00c, compared to 1,579.00c in the last year. It expects its HEPS to be decrease between 368.00c and 422.00c, compared to 900.00c recorded in the previous year.

### Sasol Limited

The company announced the successful conclusion of discussions with lenders regarding increased balance sheet flexibility in the context of COVID-19 impacts and market volatility. The interest costs across company's debt facilities would increase by approximately USD40.00mn per annum, before any reduction in borrowings through any self-help measures or disposals. The applicable interest rate would reduce in the event that the company's credit rating improves. Further, it stated that the redesign of the organisation to enable sustainability at lower oil prices would have an impact on the workforce structure.

## Major global economic news

### Asia

In Australia, seasonally adjusted retail sales jumped 16.3% on a monthly basis in May, compared to a drop of 17.7% in the previous month.

In Japan, the national consumer price index (CPI) rose 0.1% on an annual basis in May, in line with market expectations and compared to a similar rise in the previous month.

The Bank of Japan (BoJ), in its latest monetary policy meeting minutes, discussed the need for further increasing bond buying to support the economy. Moreover, board members expressed uncertainty over the timing of when the pandemic will be contained and its impact on overseas, domestic economies.

### US

In the US, the Philadelphia Fed manufacturing index advanced to 27.50 in June, more than market forecast and compared to a level of -43.10 in the prior month.

In the week ended 12 June 2020, seasonally adjusted number of initial jobless claims dropped to 1508.00K on a weekly basis in the US, less than market expectations and compared to a revised level of 1566.00K in the previous week.

### UK

The BoE, in its latest monetary policy decision, kept its benchmark interest rate unchanged at 0.1%, as widely expected. Additionally, the central bank increased its bond-buying programme by a further GBP100bn to GBP745bn, in an effort to support the economy affected by the coronavirus outbreak. However, the bank slowed the pace of its bond purchases. Further, the BoE warned that the outlook for jobs was "tilted to the downside".

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	National Consumer Price Index (YoY) (May)	✓✓✓	0.10%*	0.10%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (May)	✓✓✓	-0.20%*	-0.20%	Monthly
Japan	01:30	National CPI Ex Food, Energy (YoY) (May)	✓✓	0.24%*	0.20%	Monthly
Japan	01:50	BoJ Monetary Policy Meeting Minutes	✓✓✓	-	-	As Scheduled
Germany	08:00	Producer Price Index (MoM) (May)	✓✓✓	-0.30%	-0.70%	Monthly
Germany	08:00	Producer Price Index (YoY) (May)	✓✓✓	-2.10%	-1.90%	Monthly
UK	08:00	Retail Sales (MoM) (May)	✓	5.70%	-18.10%	Monthly
UK	08:00	Retail Sales (YoY) (May)	✓	-17.10%	-22.60%	Monthly
UK	08:00	Public Sector Net Cash Requirement (May)	✓	-	GBP89.50bn	Monthly
UK	08:00	Public Sector Net Borrowing (May)	✓	GBP47.30bn	GBP61.40bn	Monthly
UK	08:00	PSNB ex Interventions (May)	✓	-	GBP62.10bn	Monthly
UK	08:00	Retail Sales ex-Fuel (YoY) (May)	✓	-14.40%	-18.40%	Monthly
UK	08:00	Retail Sales ex-Fuel (MoM) (May)	✓	4.50%	-15.20%	Monthly
Eurozone	10:00	Current Account s.a (Apr)	✓✓✓	EUR31.50bn	EUR27.40bn	Monthly
Italy	10:00	Current Account (Apr)	✓	-	EUR4.14bn	Monthly
Germany	13:00	DAX Index Options Expiry (Jun)	✓	-	-	Monthly
Canada	14:30	Retail Sales (MoM) (Apr)	✓✓	-15.10%	-10.00%	Monthly
Canada	14:30	Retail Sales ex Autos (MoM) (Apr)	✓	-13.50%	-0.40%	Monthly
US	14:30	Current Account Balance (Q1)	✓✓	-USD103.00bn	-USD109.80bn	Quarterly
US	19:00	Baker Hughes US Oil Rig Count (19-Jun)	✓	-	199.00	Weekly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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