

ONE Minute Brief

24 June 2020

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Economic and political news

In South Africa (SA), the unemployment rate rose to 30.1% in 1Q20, compared to 29.1% in the previous quarter. Additionally, the leading indicator dropped to 97.20 in April, compared to a revised reading of 102.40 in the previous month.

The Pietermaritzburg High Court has cancelled former President Jacob Zuma's arrest warrant and has postponed Zuma's corruption trial to 8 September.

SA's government has outlined a plan to inject ZAR2.3tn (USD133bn) in new infrastructure investment over the next decade that could create more than 1.8mn jobs and revive an economy negatively affected by the coronavirus pandemic.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 106,108.

French arms company Thales is preparing to challenge the National Prosecuting Authority's (NPA) decision to charge it with racketeering.

Key indices

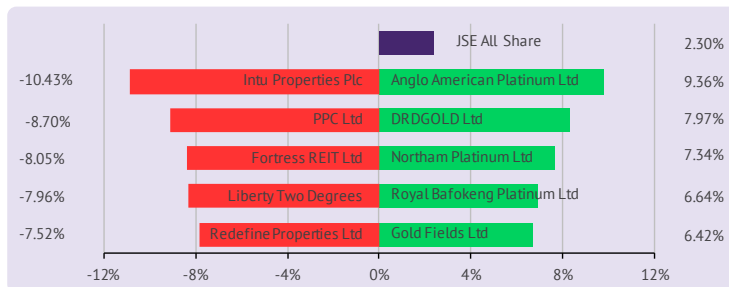
	As at 23 June 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55474.93	▲	1244.76	2.30	2.31	9.89	0.29	-2.82
JSE Top 40 (ZAR)	51193.19	▲	1315.33	2.64	2.77	9.99	0.42	0.74
FTSE 100 (GBP)	6320.12	▲	75.50	1.21	0.44	4.01	2.97	-16.21
DAX 30 (EUR)	12523.76	▲	260.79	2.13	1.57	8.09	6.68	-5.47
CAC 40 (EUR)	5017.68	▲	68.98	1.39	0.77	6.86	2.70	-16.07
S&P 500 (USD)	3131.29	▲	13.43	0.43	1.08	2.86	4.53	-3.08
Nasdaq Composite (USD)	10131.37	▲	74.90	0.74	1.86	6.76	6.75	12.91
DJIA (USD)	26156.10	▲	131.14	0.50	1.10	3.05	4.26	-8.35
MSCI Emerging Markets (USD)	1014.62	▲	14.43	1.44	1.32	9.06	0.59	-8.97
MSCI Developed World (USD)	2236.04	▲	18.22	0.82	1.23	4.10	4.63	-5.19

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, as encouraging global economic data renewed hopes of a smooth economic recovery from the coronavirus-driven downturn. The JSE All Share Index rose 2.3% to close at 55,474.93.

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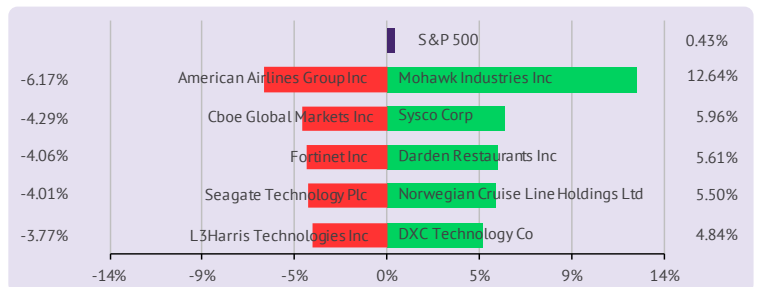


US Market ▲

US markets closed firmer

US markets closed higher yesterday, as robust economic data and optimism over more stimulus buoyed hopes for a swift economic recovery. The S&P 500 Index climbed 0.4% to close at 3,131.29. Today, the S&P 500 futures are trading in the red.

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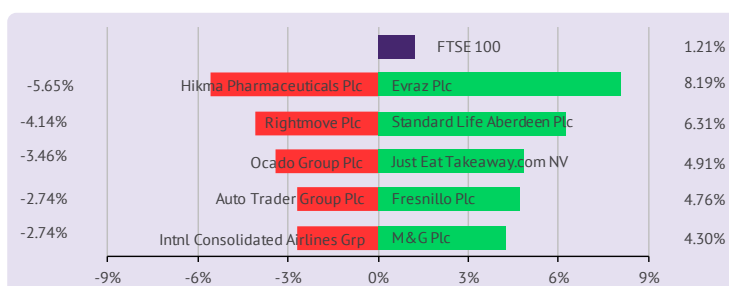


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, after Prime Minister, Boris Johnson took additional steps to ease lockdown restrictions and following upbeat economic data. The FTSE 100 Index advanced 1.2% to close at 6,320.12. Today, the FTSE 100 futures are trading in negative territory.

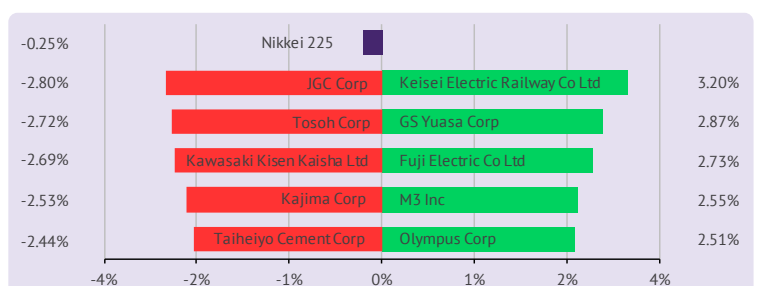
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% lower at 22,491.88.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R17.2114. Later today, traders will keep a close watch on the US MBA mortgage applications and the housing price index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Richmond Fed manufacturing index rebounded in June. Additionally, new home sales rose more-than-expected in May. Further, both, the Markit manufacturing and services PMIs jumped in June. Separately, data indicated that SA's unemployment rate advanced to a 17-year high in 1Q20. Additionally, the nation's leading indicator dropped for a second consecutive month in April.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.3% against the South African Rand to trade at R21.5408. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's both, preliminary Markit manufacturing and services PMIs rose more than market anticipations in June.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R19.4759. Going forward, market participants will keep a tab on Germany's Ifo survey indices for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's, Markit manufacturing as well as services PMIs advanced more than market consensus in June. Separately, Germany's flash Markit manufacturing PMI advanced in June. Additionally, the preliminary Markit services PMI advanced in June.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly lower against the South African Rand at R11.9475.

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	17.2114	▲	-0.46	-0.51	-1.72	-5.29	23.17
GBPZAR	21.5408	▲	-0.05	0.89	-0.36	-7.13	16.34
EURZAR	19.4759	▲	-0.13	0.58	0.03	-4.05	24.10
AUDZAR	11.9475	▲	-0.17	0.87	2.10	-2.99	21.45
EURUSD	1.1316	▲	0.42	1.16	1.86	1.33	0.85
GBPUSD	1.2514	▼	0.41	1.38	1.43	-1.99	-5.56
Brent (\$/barrel)	42.4	▼	-1.04	1.04	12.66	42.90	-35.41
Gold (\$/oz)	1785.1	▲	0.88	1.50	2.03	2.52	16.35
Platinum (\$/oz)	841.5	▼	0.32	2.31	-3.22	7.58	-12.87
Copper (\$/MT)*	5892.0	▲	0.53	1.08	10.08	3.72	-4.18

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,785.10/oz.

Yesterday, gold prices rose 0.9% to close at \$1,772.10/oz, amid weakness in the US dollar and following a surge in coronavirus infections.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$42.39/bL after the American Petroleum Institute (API) reported that crude oil inventories rose by 1.7mn bls last week.

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Yesterday, Brent crude oil declined 1.0% to settle at \$42.63/bL, as uncertainty over the US-China trade deal and resurgence in COVID-19 cases sparked concerns over energy demand.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.6% lower to trade at \$841.50/oz.

Yesterday, platinum prices climbed 0.3% to close at \$846.40/oz.

Major South African corporate news

Hudaco Industries Limited

In its 1H20 trading statement, the company stated that it expects its HEPS to be between 190.00c and 200.00c, compared to 533.00c reported in the same period of last year. It expects its basic loss per share to be between 698.00c and 778.00c, compared to an EPS of 533.00c reported in the corresponding period of the prior year.

Mpact Limited

In its 1H20 trading statement, the company warned of a steep profit decline, as COVID-19 took its toll on consumer demand and economic activity. It indicated that COVID-19 hit demand in general, resulting in total sales revenue from continuing operations for the months of April and May 2020 declining by approximately 9.0% when compared to the same period in the prior year. Total revenue for the five months ended May decreased by 3.2%, with the group warning that HEPS for its six months to end-June are expected to be at least 80.0% lower than the prior comparative period.

Major global economic news

US

In the US, the Richmond Fed manufacturing index recorded a flat reading in June, compared to a level of -27.00 in the prior month.

In May, new home sales advanced 16.6% to 0.67mn on a monthly basis in the US, compared to a revised level of 0.58mn in the previous month.

In the US, the flash Markit manufacturing PMI climbed more-than-expected to 49.60 in June, compared to a level of 39.80 in the prior month.

In June, the flash Markit services PMI jumped to a level of 46.70 in the US, more than market anticipations and compared to a reading of 37.50 in the previous month.

Eurozone

In the Eurozone, the preliminary Markit manufacturing PMI rose to a level of 46.90 in June, compared to 39.40 in the previous month.

In June, the flash Markit services PMI advanced to a level of 47.30 in the Eurozone, compared to a level of 30.50 in the previous month.

In Germany, the flash Markit manufacturing PMI climbed to 44.60 in June, compared to a level of 36.60 in the prior month.

In June, the preliminary Markit services PMI rose to 45.80 in Germany from 32.60 in the previous month.

UK

In the UK, the preliminary Markit manufacturing PMI rose to a level of 50.10 in June, more than market expectations and compared to a reading of 40.70 in the previous month.

In June, the flash Markit services PMI advanced to 47.00 in the UK, following a reading of 29.00 in the prior month.

Asia

In Japan, the flash Nikkei Japan services PMI surged to 42.30 in June, compared to a level of 26.50 in the previous month.

In May, the corporate service price index rose 0.8% on an annual basis in Japan, less than market forecast and compared to a rise of 1.0% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	BoJ Summary of Opinions	✓	-	-	As Scheduled
Japan	01:50	Corporate Service Price (YoY) (May)	✓	0.80%*	1.00%	Monthly
Japan	07:00	Leading Economic Index (Apr) (F)	✓✓✓	76.20	84.70	Monthly
Japan	07:00	Coincident Index (Apr) (F)	✓	81.50	90.20	Monthly
France	08:45	Business Climate (Jun)	✓	-	59.00	Monthly
France	08:45	Production Outlook Indicator (Jun)	✓	-	-49.00	Monthly
France	08:45	Own-Company Production Outlook (Jun)	✓	-	-12.00	Monthly
Eurozone	09:00	ECB's Lane Speech	✓	-	-	As Scheduled
Eurozone	09:00	Non-Monetary Policy ECB Meeting	✓	-	-	As Scheduled
South Africa	10:00	Consumer Price Index Core (MoM) (Apr)	✓✓	-	0.60%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Apr)	✓✓	3.10%	4.10%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Apr)	✓✓	-0.35%	0.30%	Monthly
Switzerland	10:00	ZEW Survey - Expectations (Jun)	✓✓	-	31.30	Monthly
UK	11:30	FPC Meeting Minutes	✓	-	-	As Scheduled
Eurozone	12:00	ECB Balance sheet (15-Jun)	✓✓	-	EUR5630.28bn	Weekly
South Africa	13:00	Retail Sales - Food, Beverages and Tobacco in Specialised Stores (Mar)	✓	-	ZAR7113.00mn	Monthly
South Africa	13:00	Retail Sales (MoM) (Mar)	✓✓	-	-0.40%	Monthly
South Africa	13:00	Retail Sales (YoY) (Mar)	✓✓	-	2.00%	Monthly
US	13:00	MBA Mortgage Applications (19-Jun)	✓	-	8.00%	Weekly
Switzerland	15:00	SNB Quarterly Bulletin (Q2)	✓✓	-	-	As Scheduled
US	15:00	Housing Price Index (MoM) (Apr)	✓	-	0.10%	Monthly
US	16:30	DOE Gasoline Inventories (Barrels) (19-Jun)	✓✓✓	-	-1667.00K	Weekly
US	16:30	DOE Distillate Inventory (Barrels) (19-Jun)	✓✓✓	-	-1358.00K	Weekly
US	16:30	DOE Cushing OK Crude Inventory (Barrels) (19-Jun)	✓✓✓	-	-2608.00K	Weekly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (19-Jun)	✓✓✓	-	1.22mn	Weekly
US	18:30	Fed's Evans Speech	✓	-	-	As Scheduled
US	21:00	Fed's Bullard Speech	✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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