

ONE
Minute Brief

25 June 2020

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Economic and political news

In South Africa (SA), consumer price inflation slowed to 3.0% on an annual basis in April, compared to a level of 4.1% in the previous month. Meanwhile, retail sales climbed 2.7% on a yearly basis in March, compared to a revised rise of 1.9% in the previous month.

Finance Minister, Tito Mboweni, in his supplementary budget speech, stated that SA's consolidated budget deficit is expected to widen to 15.7% of gross domestic product (GDP) this year, more than double the 6.8% shortfall projected in February. Additionally, government debt would surge to 81.8% from 63.5% last year. Moreover, SA's economy is expected to contract by 7.2% in 2020, registering its largest contraction in nearly 90 years.

The Department of Public Enterprises has urged creditors, employees and other stakeholders of South African Airways (SAA) to vote in favour of the business rescue plan for the airline.

SA Airlink has lost its court bid to interdict SAA creditors' meeting due to lack of urgency.

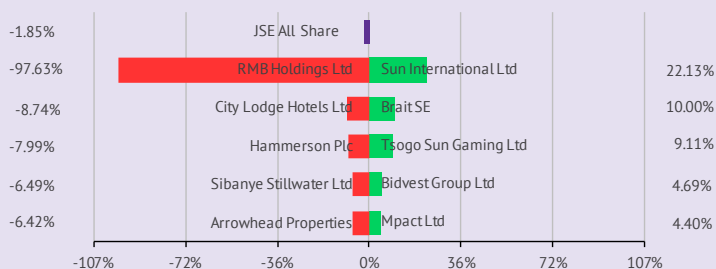
Health Minister Zweli Mkhize confirmed that the number of Covid-19 cases in SA had increased to 111,796.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid uncertainty over Finance Minister, Tito Mboweni's supplementary budget plan. Data indicated that SA's consumer inflation declined to its lowest level in 15 years in April. The JSE All Share Index fell 1.9% to close at 54,447.73.

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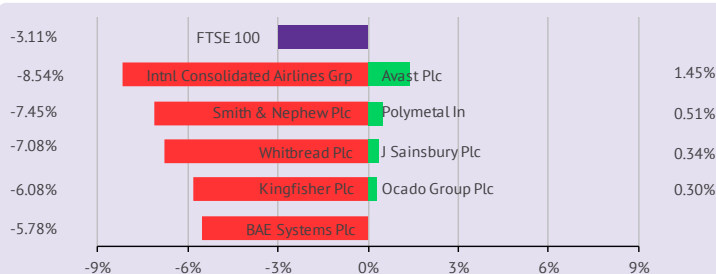


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid ongoing concerns over resurgence in global coronavirus. The FTSE 100 Index declined 3.1% to close at 6,123.69. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

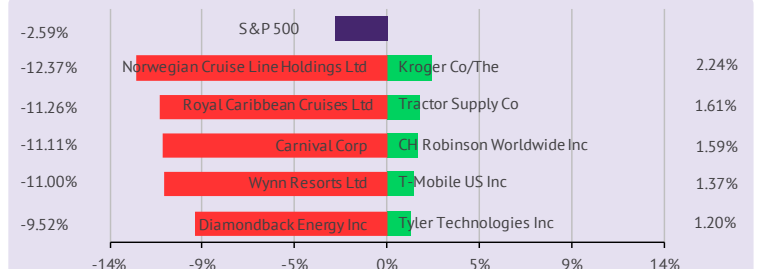
	As at 24 June 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54447.73	▼	-1027.20	-1.85	0.41	7.85	0.29	-4.62
JSE Top 40 (ZAR)	50193.80	▼	-999.39	-1.95	0.77	7.84	0.42	-1.22
FTSE 100 (GBP)	6123.69	▼	-196.43	-3.11	-2.68	0.77	2.97	-18.81
DAX 30 (EUR)	12093.94	▼	-429.82	-3.43	-1.92	4.38	6.68	-8.72
CAC 40 (EUR)	4871.36	▼	-146.32	-2.92	-2.17	3.75	2.70	-18.51
S&P 500 (USD)	3050.33	▼	-80.96	-2.59	-1.53	0.20	4.53	-5.59
Nasdaq Composite (USD)	9909.17	▼	-222.20	-2.19	-0.37	4.42	6.75	10.44
DJIA (USD)	25445.94	▼	-710.16	-2.72	-1.64	0.25	4.26	-10.84
MSCI Emerging Markets (USD)	1010.79	▼	-3.83	-0.38	0.94	8.65	0.59	-9.32
MSCI Developed World (USD)	2180.12	▼	-55.92	-2.50	-1.31	1.50	4.63	-7.56

US Market ▼

US markets closed weaker

US markets closed lower yesterday, as a spike in coronavirus infections in the US renewed worries about a new round of lockdown restrictions. The S&P 500 Index dropped 2.6% to close at 3,050.33. Today, the S&P 500 futures are trading in the red.

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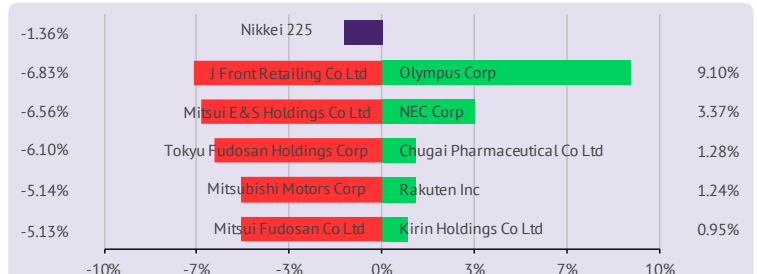


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, after the International Monetary Fund (IMF) slashed its global economic growth forecasts for 2020 and 2021. As at 6:00 SAST, the Nikkei 225 Index is trading 1.4% lower at 22,226.79.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar advanced 0.3% against the South African Rand to trade at R17.4364. Later today, traders will keep a close watch on the US initial jobless claims, durable goods orders and GDP for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US MBA mortgage applications fell on a weekly basis in the week ended 19 June 2020. Meanwhile, the housing price index advanced on a monthly basis in April. Separately, the South African Rand declined against the US dollar, Finance Minister announced a wider budget deficit in an emergency supplementary budget. Data indicated that SA's consumer price inflation slowed in April, marking its lowest level since 2005. Meanwhile, retail sales advanced on a monthly basis in March.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R21.6351. Ahead in the day, traders will keep an eye on UK's CBI distributive trades survey for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R19.6033. Going forward, market participants will keep a tab on the European Central Bank (ECB) policy meeting accounts along with Germany's GfK consumer confidence index for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's Ifo business expectations index climbed more-than-expected in June. Additionally, the Ifo business climate index climbed to a four-month high level in June. Meanwhile, the Ifo current assessment index advanced less than market anticipations in June.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R11.9643.

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	17.4364	▼	0.77	0.26	-0.97	-5.29	24.12
GBPZAR	21.6351	▼	0.06	0.95	-0.30	-7.13	16.40
EURZAR	19.6033	▼	0.42	1.00	0.45	-4.05	24.62
AUDZAR	11.9643	▼	0.00	0.88	2.11	-2.99	21.46
EURUSD	1.1242	▼	-0.50	0.65	1.35	1.33	0.34
GBPUSD	1.2408	▼	-0.81	0.56	0.62	-1.99	-6.32
Brent (\$/barrel)	40.1	▼	-5.44	-4.46	6.53	42.90	-38.92
Gold (\$/oz)	1773.7	▲	-0.36	1.14	1.66	2.52	15.93
Platinum (\$/oz)	802.6	▼	-4.94	-2.74	-8.00	7.58	-17.17
Copper (\$/MT)*	5856.5	▼	-0.60	0.47	9.42	3.72	-4.76

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.4% to trade at \$1,773.70/oz, amid growing concerns over global economic recovery due to surge in coronavirus cases.

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Yesterday, gold prices fell 0.4% to close at \$1,765.80/oz, as investors opted for cash.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$40.08/bL.

Yesterday, Brent crude oil declined 5.4% to settle at \$40.31/bL, as resurgence in coronavirus cases in many countries renewed worries over fuel demand. Additionally, the US Energy Information Administration (EIA) reported that crude oil inventories rose by 1.4mn bls in the week ended 19 June 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$802.60/oz.

Yesterday, platinum prices dropped 4.9% to close at \$804.60/oz.

Major South African corporate news

Brait SE

In its FY20 results, the company announced that its investment valuation losses stood at ZAR15.58bn, compared to ZAR10.81bn posted in the previous year. Its diluted loss per share stood at ZAR27.99, compared to ZAR22.19 in the prior year.

Impala Platinum Holdings Limited

In its June market update, the company announced that force majeure notices instituted on Impala Refining Services customers from 26 March 2020 were uplifted in a phased approach in May and June 2020. Further, excess concentrate and matte inventory accumulated by customers during the force majeure period are expected to be received in full by 1Q21. Both Zimplats and the joint venture at Mimosa have operated uninterrupted and well within pre-COVID-19 FY20 guidance.

PPC Limited

The company announced that Mr. Anthony Ball has been appointed as Executive Director of the company.

Tongaat Hulett Limited

In its FY20 trading update, the company announced an increase in operating profit for FY20 of more than 200.0% from ZAR1.20bn in the prior year. Moreover, the company expects its EPS to be between 42.00c and 137.00c, compared to a loss per share of 948.00c in the preceding year. It expects its HEPS to be between 50.00c and 132.00c, compared to an headline loss per share of 823.00c in the last year.

Major global economic news

US

In the US, the MBA mortgage applications dropped 8.7% on a weekly basis in the week ended 19 June 2020, compared to rise of 8.0% in the prior week.

In April, the housing price index advanced 0.2% on a monthly basis in the US, compared to a rise of 0.1% in the prior month.

The IMF, in its World Economic Outlook report, downgraded its global growth forecasts for this year and warned that 2020 would witness the worst global economic contraction since the Great Depression of the 1930s. The IMF now estimates a contraction of 4.9% in global gross domestic product (GDP) in 2020, lower than the 3% drop predicted in April.

Eurozone

In Germany, the Ifo business expectations index climbed more-than-expected to 91.40 in June, compared to a level of 80.10 in the previous month.

In June, the Ifo current assessment index advanced to 81.30 in Germany, less than market anticipations and compared to a reading of 78.90 in the prior month.

In Germany, the Ifo business climate index climbed to 86.20 in June, compared to a reading of 79.50 in the prior month.

Asia

In Japan, the final coincident index eased to 80.10 in April, compared to a level of 90.20 in the previous month. The preliminary figures had indicated a drop to 81.50.

In April, the final leading economic index dropped to 77.70 in Japan, compared to a level of 84.70 in the prior month. The preliminary figures had indicated a drop to 76.20.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Japan Buying Foreign Bonds (19-Jun)	✓	JPY1542.00bn*	JPY1656.60bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (19-Jun)	✓	JPY135.10bn*	-JPY186.40bn	Weekly
Japan	01:50	Foreign Buying Japan Bonds (19-Jun)	✓	JPY261.40bn*	-JPY484.30bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (19-Jun)	✓	-JPY421.90bn*	-JPY440.40bn	Weekly
US	02:30	Continuing Jobless Claims (13-Jun)	✓✓✓	19968.00K	20544.00K	Weekly
Japan	06:30	All Industry Activity Index (MoM) (Apr)	✓✓✓	-6.40%*	-3.80%	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Jul)	✓✓✓	-12.00	-18.90	Monthly
Eurozone	09:00	ECB General Council Meeting	✓	-	-	As Scheduled
Spain	09:00	Producer Price Index (MoM) (May)	✓	-	-3.00%	Monthly
Spain	09:00	Producer Price Index (YoY) (May)	✓	-	-8.40%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Apr)	✓✓	1.95%	3.30%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Apr)	✓✓	0.05%	0.10%	Monthly
UK	11:30	BOE's Financial Policy Committee Meetings	✓	-	-	As Scheduled
Eurozone	13:30	ECB Monetary Policy Meeting Accounts	✓✓✓	-	-	As Scheduled
Canada	14:30	Wholesale Inventories (May)	✓	-	CAD90.70bn	Monthly
Eurozone	14:30	ECB's Schnabel Speech	✓	-	-	As Scheduled
US	14:30	Personal Consumption (QoQ) (Q1) (F)	✓✓✓	-	1.80%	Quarterly
US	14:30	Advance Goods Trade Balance (May)	✓	-	-USD69.68bn	Monthly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q1) (F)	✓✓✓	1.40%	1.40%	Quarterly
US	14:30	Wholesale Inventories (MoM) (May) (P)	✓✓✓	-	0.30%	Monthly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q1) (F)	✓✓✓	1.30%	1.30%	Quarterly
US	14:30	Durable Goods Orders (May) (P)	✓✓✓	10.60%	-17.70%	Monthly
US	14:30	Initial Jobless Claims (20-Jun)	✓✓✓	1300.00K	1508.00K	Weekly
US	14:30	Durable Goods Orders ex Transportation (May) (P)	✓✓	2.50%	-7.70%	Monthly
US	14:30	Cap Goods Orders Nondef Ex Air (May) (P)	✓	-	-6.10%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (May) (P)	✓	-	-5.70%	Monthly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q1) (F)	✓✓✓	-5.00%	-4.80%	Quarterly
Eurozone	15:30	ECB's Mersch Speech	✓	-	-	As Scheduled
US	16:30	EIA Natural Gas Storage Change (19-Jun)	✓✓✓	56.00Bcf	85.00Bcf	Weekly
US	17:00	Kansas City Fed Manufacturing Activity (Jun)	✓✓✓	-	-19.00	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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