

ONE Minute Brief

30 June 2020

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Economic and political news

News reports indicate that South Africa's (SA) High Court has set aside energy regulator National Energy Regulator of SA's (Nersa) regulatory clearing account (RCA) decisions for the 2014-15, 2015-16 and 2016-17 financial years for Eskom.

Finance Minister Tito Mboweni indicated that the National Treasury had no plans to raise income, corporate or value added taxes (VAT) even as the coronavirus is weakening the country's finances.

The Supreme Court of Appeal has dismissed Public Protector Bisiwe Mkhwebane's application for leave to appeal the court ruling that set aside her findings on the Estina dairy farm scam.

Eskom Holdings SOC Limited is planning to issue a ZAR1bn (USD58mn) sukuk bond in an effort to diversify funding sources to reduce borrowing costs.

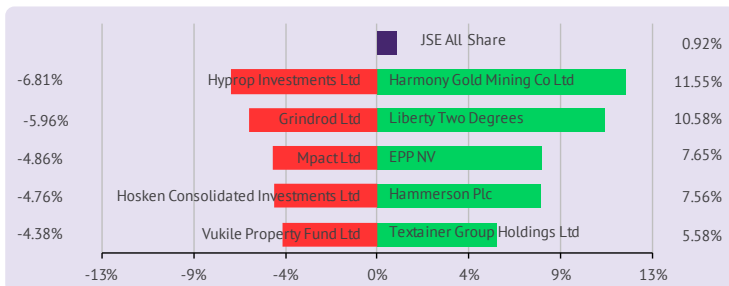
According to the Director of the International Monetary Fund's (IMF) Africa department, Abebe Aemro Selassie, the fund's discussions with SA over a USD4.2bn loan to fight against the coronavirus pandemic are taking place at a "measured pace".

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, platinum and gold mining sector stocks. The JSE All Share Index rose 0.9% to close at 54,141.50.

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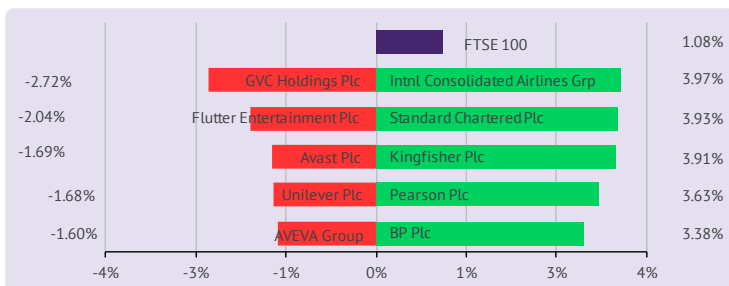


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid weakness in the British Pound and hopes for additional stimulus measures. The FTSE 100 Index advanced 1.1% to close at 6,225.77. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

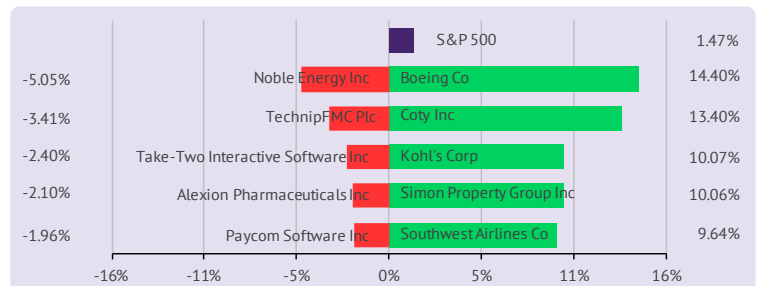
	As at 29 June 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54141.50	▲ 493.45	0.92	0.92	7.25	0.29	-5.15
JSE Top 40 (ZAR)	49920.09	▲ 442.24	0.89	0.89	7.25	0.42	-1.76
FTSE 100 (GBP)	6225.77	▲ 66.47	1.08	1.08	2.45	2.97	-17.46
DAX 30 (EUR)	12232.12	▲ 142.73	1.18	1.18	5.57	6.68	-7.68
CAC 40 (EUR)	4945.46	▲ 35.82	0.73	0.73	5.32	2.70	-17.27
S&P 500 (USD)	3053.24	▲ 44.19	1.47	1.47	0.29	4.53	-5.50
Nasdaq Composite (USD)	9874.15	▲ 116.93	1.20	1.20	4.05	6.75	10.05
DJIA (USD)	25595.80	▲ 580.25	2.32	2.32	0.84	4.26	-10.31
MSCI Emerging Markets (USD)	993.96	▼ -4.94	-0.49	-0.49	6.84	0.59	-10.83
MSCI Developed World (USD)	2176.44	▲ 19.25	0.89	0.89	1.33	4.63	-7.72

US Market ▲

US markets closed firmer

US markets closed higher yesterday, on the back of upbeat economic data and expectations of further fiscal stimulus. The S&P 500 Index climbed 1.5% to close at 3,053.24. Today, the S&P 500 futures are trading in the green.

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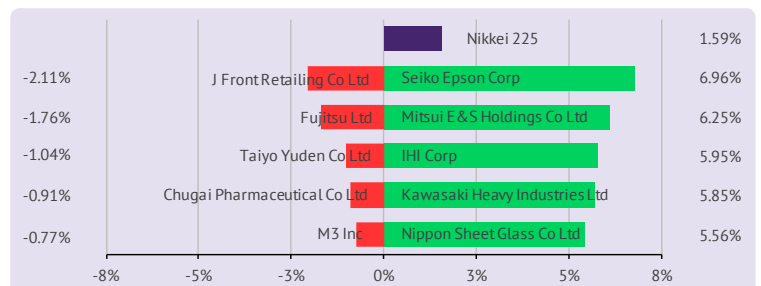


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 1.6% higher at 22,344.22.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R17.2613. Later today, traders will keep a close watch on the US Chicago Purchasing Managers' Index, consumer confidence index and Federal Reserve Chairman Jerome Powell's speech for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Dallas Fed manufacturing business index rebounded in June. Additionally, pending home sales jumped on a monthly basis in May.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R21.2411. Ahead in the day, traders will keep an eye on UK's gross domestic product (GDP), current account, the GfK consumer confidence index and the BRC shop price index for further indication.

The British Pound declined against the South African Rand yesterday, amid concerns over how Britain's government would pay for the country's massive infrastructure programme. Data indicated that UK's net consumer credit dropped more than market anticipations in May. Moreover, the number of mortgage approvals for house purchases unexpectedly dropped in May, recording its lowest level since comparable records began in October 1997.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand at R19.4015. Going forward, market participants will keep a tab on the Eurozone's consumer price index (CPI) for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's economic sentiment indicator advanced less than market expectations in June. Additionally, the services sentiment indicator advanced less-than-expected in June. Meanwhile, the business climate indicator unexpectedly advanced in June. Additionally, the final consumer confidence index rebounded in line with market anticipations in June. Separately, Germany's consumer price index (CPI) advanced more than market forecast in June.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R11.8836. Earlier in the session, Australia's private sector credit demand unexpectedly dropped on a monthly basis in May. Elsewhere, in China, Australia's largest trading partner, the non-manufacturing PMI expanded in June. Additionally, the NBS manufacturing PMI unexpectedly rose in June.

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	17.2613	▲	-0.13	-0.13	-1.55	-5.29	23.38
GBPZAR	21.2411	▲	-0.31	-0.31	-1.96	-7.13	14.47
EURZAR	19.4015	▲	0.12	0.12	-0.29	-4.05	23.69
AUDZAR	11.8836	▼	-0.05	-0.05	1.34	-2.99	20.54
EURUSD	1.1240	▼	0.21	0.21	1.27	1.33	0.26
GBPUSD	1.2306	▲	-0.31	-0.31	-0.36	-1.99	-7.23
Brent (\$/barrel)	41.5	▼	1.68	1.68	10.23	42.90	-36.80
Gold (\$/oz)	1782.7	▲	0.05	0.05	2.55	2.52	16.95
Platinum (\$/oz)	819.5	▲	0.85	0.85	-6.61	7.58	-15.92
Copper (\$/MT)*	5951.5	▼	-0.03	-0.03	11.20	3.72	-3.21

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,782.70/oz.

Yesterday, gold prices rose 0.1% to close at \$1,781.20/oz, as rapidly increasing coronavirus cases across the world diminished hopes for a swift economic recovery.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.5% to trade at \$41.50/bl, amid growing concerns over fuel demand.

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Yesterday, Brent crude oil advanced 1.7% to settle at \$41.71/bl.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$819.50/oz.

Yesterday, platinum prices climbed 0.9% to close at \$816.80/oz.

Major South African corporate news

Adcorp Holdings Limited

In its FY20 results, the company announced that revenues declined 10.1% to ZAR13.06bn compared to ZAR14.5bn recorded in the preceding year. Its diluted loss per share stood at 560.70c, compared to an EPS of 234.10c recorded in the previous year.

Naspers Limited

In its FY20 results, the company announced that revenues from contracts rose to USD4.00bn from USD3.29bn posted in the previous year. Its diluted EPS decreased 26.4% to 699.00c from the prior year. The company recommended an annual gross dividend of 580.00c per listed ordinary share.

Rebosis Property Fund Limited

In its 1H20 results, the company announced that revenues decreased to ZAR924.18mn from ZAR953.32mn posted in the corresponding period of the previous year. Its diluted EPS per A share rose 5.0% to 139.39c from the same period of the prior year.

Major global economic news

Eurozone

In the Eurozone, the economic sentiment indicator jumped to a level of 75.70 in June, less than market anticipations and compared to a level of 67.50 in the previous month.

In June, the services sentiment indicator advanced less-than-expected to -35.60 in the Eurozone, compared to -43.60 in the prior month.

In the Eurozone, the final consumer confidence index advanced to -14.70 in June, compared to a reading of -18.80 in May. The preliminary figures had also indicated a rise to a level of -14.70.

In June, the business climate indicator unexpectedly rose to -2.26 in the Eurozone, compared to a revised level of -2.41 in the previous month.

In Germany, the preliminary CPI edged up 0.9% on an annual basis in June, compared to an advance of 0.6% in the previous month.

UK

In the UK, net consumer credit dropped by GBP4.60bn in May, more than market expectations and compared to a revised fall of GBP7.43bn in the prior month.

In May, the number of mortgage approvals for house purchases unexpectedly fell to 9.27K in the UK, compared to a revised level of 15.85K in the prior month.

Asia

In Japan, the unemployment rate advanced more-than-expected to 2.9% in May, compared to 2.6% in the previous month.

In May, industrial production dropped 8.4% on a monthly basis in Japan, more than market forecast and compared to a drop of 9.8% in the prior month.

In China, the non-manufacturing PMI climbed to 54.40 in June, compared to a level of 53.60 in the previous month.

In June, the NBS manufacturing PMI unexpectedly rose to 50.90 in China, compared to a reading of 50.60 in the previous month.

In Australia, private sector credit demand unexpectedly fell 0.1% on a monthly basis in May, compared to a flat reading in the previous month.

US

In the US, the Dallas Fed manufacturing business index unexpectedly advanced to -6.10 in June, compared to a level of -49.20 in the prior month.

In May, pending home sales surged 44.3% on a monthly basis in the US, compared to a drop of 21.8% in the previous month.

Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 53,105.92, and a fall through could take it to the next support level of 52,070.33. The index is expected to find its first resistance at 55,406.52, and a rise through could take it to the next resistance level of 56,671.53.

S&P 500



The S&P 500 index is expected to find support at 2,983.69, and a fall through could take it to the next support level of 2,914.13. The index is expected to find its first resistance at 3,138.85, and a rise through could take it to the next resistance level of 3,224.45.

USD ZAR



The pair is expected to find support at 17.0918, and a fall through could take it to the next support level of 16.9098. The pair is expected to find its first resistance at 17.4933, and a rise through could take it to the next resistance level of 17.7128.

XAU USD



Gold is expected to find support at \$1,760.00/oz, and a fall through could take it to the next support level of \$1,738.80/oz. The precious metal is expected to find its first resistance at \$1,796.40/oz, and a rise through could take it to the next resistance level of \$1,811.60/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Unemployment Rate (May)	✓✓	2.90%*	2.60%	Monthly
Japan	01:50	Industrial Production (MoM) (May) (P)	✓✓✓	-8.40%*	-9.80%	Monthly
Japan	01:50	Industrial Production (YoY) (May) (P)	✓✓✓	-25.90%*	-15.00%	Monthly
China	03:00	NBS Manufacturing PMI (Jun)	✓✓	50.90*	50.60	Monthly
China	03:00	NBS Non-manufacturing PMI (Jun)	✓	54.40*	53.60	Monthly
Japan	07:00	Construction Orders (YoY) (May)	✓	-	-14.20%	Monthly
Japan	07:00	Housing Starts (YoY) (May)	✓	-15.90%	-12.90%	Monthly
Japan	07:00	Annualised Housing Starts (May)	✓✓	-	0.80mn	Monthly
South Africa	08:00	M3 Money Supply (YoY) (May)	✓	10.56%	10.47%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (May)	✓	7.50%	7.37%	Monthly
UK	08:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓	-2.00%	0.00%	Quarterly
UK	08:00	Current Account (Q1)	✓	-GBP15.00bn	-GBP5.60bn	Quarterly
UK	08:00	Gross Domestic Product s.a. (YoY) (Q1) (F)	✓	-1.60%	1.10%	Quarterly
UK	08:00	Nationwide House Prices n.s.a. (YoY) (Jun)	✓	-	1.80%	Monthly
France	08:45	Consumer Price Index (YoY) (Jun) (P)	✓✓✓	-	0.40%	Monthly
Spain	09:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	-5.20%	0.40%	Quarterly
Switzerland	09:00	KOF Economic Barometer (Jun)	✓✓	77.00	53.20	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Jun) (F)	✓✓✓	-	0.10%	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Jun) (P)	✓✓✓	-	-0.10%	Monthly
South Africa	14:00	Gross Domestic Product (QoQ)(1Q)	✓✓	-	-1.40%	Monthly
South Africa	14:00	Trade Balance (May)	✓✓	-	-ZAR35.02bn	Monthly
South Africa	14:00	Budget Balance (May)	✓	-	-ZAR51.16bn	Monthly
Canada	14:30	Gross Domestic Product (YoY) (Apr)	✓✓✓	-	-5.80%	Monthly
Canada	14:30	Gross Domestic Product (MoM) (Apr)	✓✓✓	-	-7.20%	Monthly
US	15:00	S&P/Case-Shiller Home Price Index (Apr)	✓	-	214.96	Monthly
US	15:45	Chicago PMI (Jun)	✓✓✓	-	32.30	Monthly
US	16:00	Consumer Confidence (Jun)	✓✓✓	-	86.60	Monthly
US	18:30	Fed Chair Powell Testimony	✓✓✓	-	-	As Scheduled
US	20:00	Fed's Kashkari Speech	✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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