

ONE
Minute Brief

2 July 2020

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Economic and political news

In South Africa (SA), the Absa manufacturing PMI advanced to a level of 53.90 in June, compared to a level of 50.20 in the prior month. Additionally, total new vehicle sales plunged 30.7% to 31,867 units in June, compared to 45,953 units sold in June last year.

According to the South African Reserve Bank's forecasts, SA's economy probably contracted 32.6% in the second quarter from the previous quarter.

The French arms company Thales has threatened to sue the National Prosecuting Authority (NPA) for malicious prosecution if it continues to pursue it for corruption and racketeering linked to SA's multibillion-rand arms deal.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in SA had increased to 159,333.

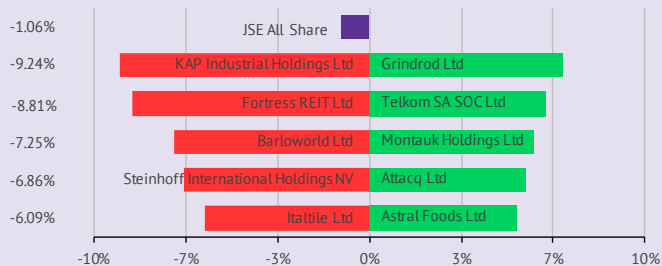
The High Court in Pretoria has dismissed an application by former Democratic Alliance (DA) leader Mmusi Maimane's One South Africa Movement (OSAM) to set aside the decision to move from lockdown level 4 to level 3 and to reopen schools.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in resources, platinum and gold mining sector stocks. The JSE All Share Index fell 1.1% to close at 53,787.72.

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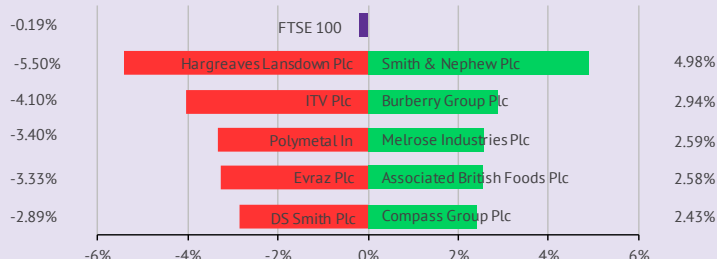


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, after the British Chambers of Commerce called for "swift, substantial and immediate action," to deal with the country's deteriorating economic conditions. The FTSE 100 Index declined 0.2% to close at 6,157.96. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

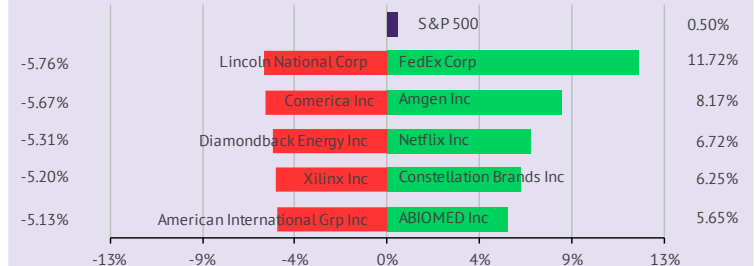
	As at 01 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53787.72	▼ -574.64	-1.06	0.26	-1.06	7.68	-5.77
JSE Top 40 (ZAR)	49570.88	▼ -604.07	-1.20	0.19	-1.20	7.80	-2.45
FTSE 100 (GBP)	6157.96	▼ -11.78	-0.19	-0.02	-0.19	1.53	-18.36
DAX 30 (EUR)	12260.57	▼ -50.36	-0.41	1.42	-0.41	6.25	-7.46
CAC 40 (EUR)	4926.94	▼ -9.05	-0.18	0.35	-0.18	5.12	-17.58
S&P 500 (USD)	3115.86	▲ 15.57	0.50	3.55	0.50	1.84	-3.56
Nasdaq Composite (USD)	10154.63	▲ 95.86	0.95	4.07	0.95	5.99	13.17
DJIA (USD)	25734.97	▼ -77.91	-0.30	2.88	-0.30	1.69	-9.82
MSCI Emerging Markets (USD)	1001.08	▲ 5.98	0.60	0.22	0.60	6.96	-10.19
MSCI Developed World (USD)	2211.27	▲ 9.48	0.43	2.51	0.43	2.51	-6.24

US Market ▲

US markets closed mostly firmer

US markets closed mostly higher yesterday, amid optimism over economic recovery and hopes for a safe and effective COVID-19 vaccine. The S&P 500 Index climbed 0.5% to close at 3,115.86. Today, the S&P 500 futures are trading in the green.

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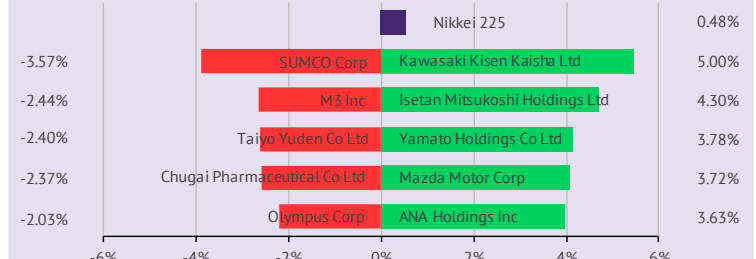


Asian Market ▲

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 0.5% higher at 22,229.00.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar marginally dropped against the South African Rand to trade at R17.0413. Later today, traders will keep a close watch on the US nonfarm payrolls, trade balance, average hourly earnings, unemployment rate, initial jobless claims and factory orders for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US ISM manufacturing index climbed more-than-expected in June. Additionally, the final Markit manufacturing PMI advanced in June. Meanwhile, the MBA mortgage applications fell on a weekly basis in the week ended 26 June 2020. Moreover, construction spending unexpectedly fell on a monthly basis in May. Also, private sector employment increased less-than-expected in June. Separately, data indicated that SA's manufacturing PMI advanced in June. Additionally, total vehicle sales rose in June.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally climbed against the South African Rand to trade at R21.2828. Ahead in the day, traders will keep an eye on UK's GfK consumer confidence index for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's final Markit manufacturing advanced in June. Meanwhile, seasonally adjusted house prices dropped in June, recording its first annual decline since 2012.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R19.1922. Going forward, market participants will keep a tab on Eurozone's producer price index (PPI) and unemployment rate for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's final Markit manufacturing PMI advanced in June. Separately, Germany's final Markit manufacturing PMI climbed in June. Additionally, retail sales advanced more than market anticipations in May. Moreover, seasonally adjusted unemployment rate advanced less-than-anticipated in June.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R11.7873. Earlier in the session, Australia's trade surplus unexpectedly narrowed in May.

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	17.0413	▲	-1.76	-1.44	-1.76	-1.11	21.76
GBPZAR	21.2828	▼	-1.13	-0.17	-1.13	-0.70	14.63
EURZAR	19.1922	▼	-1.59	-1.10	-1.59	0.09	22.19
AUDZAR	11.7873	▲	-1.52	-0.59	-1.52	2.35	19.89
EURUSD	1.1263	▲	0.15	0.29	0.15	1.20	0.34
GBPUSD	1.2490	▲	0.60	1.13	0.60	0.47	-5.90
Brent (\$/barrel)	42.1	▲	1.84	2.46	1.84	9.06	-36.32
Gold (\$/oz)	1777.1	▼	-1.14	-0.02	-1.14	3.66	16.86
Platinum (\$/oz)	828.0	▲	-1.83	1.90	-1.83	-3.88	-15.04
Copper (\$/MT)*	6050.8	▲	0.77	1.64	0.77	12.19	-1.60

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.2% lower to trade at \$1,777.10/oz, amid upbeat US manufacturing data and hopes for a potential COVID-19 vaccine.

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Yesterday, gold prices fell 1.1% to close at \$1,779.90/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$42.06/bl.

Yesterday, Brent crude oil advanced 1.8% to settle at \$42.03/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories fell by 7.2mn bls in the week ended 26 June 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$828.00/oz.

Yesterday, platinum prices dropped 1.8% to close at \$825.30/oz.

Major South African corporate news

Tongaat Hulett Limited

The Johannesburg Stock Exchange (JSE) has issued a public censure and a fine of ZAR7.5mn (USD435,000) on the company due to non-compliance with its listing requirements.

Major global economic news

US

In the US, the ISM manufacturing index climbed to a level of 52.60 in June, more than market forecast and compared to a level of 43.10 in the previous month.

In June, the final Markit manufacturing PMI advanced to a level of 49.80 in the US, compared to a level of 39.80 in the prior month. The preliminary figures had indicated an advance to 49.60.

In the US, the MBA mortgage applications dropped 1.8% on a weekly basis in the week ended 26 June 2020, compared to a drop of 8.7% in the prior week.

In the US, construction spending fell 2.1% on a monthly basis in May, compared to a revised fall of 3.5% in April.

In June, the ADP private sector employment increased by 2369.00K in the US, less than market expectations and compared to a revised increase of 3065.00K in the prior month.

The Federal Open Market Committee (FOMC), in its June meeting minutes, indicated that it expects its loose monetary policy to last “for many years” until the economy poses a robust recovery. Moreover, Fed officials see the need for “highly accommodative monetary policy for some time” and discussed new tools for conducting monetary policy. Also, some officials called for guidance tied to inflation or unemployment goals. Lastly, members agreed that there remained an extraordinary amount of uncertainty and considerable risks to the economic outlook.

UK

In the UK, the final Markit manufacturing expanded to 50.10 in June, compared to a level of 40.70 in the previous month. The preliminary figures had also recorded a rise to 50.10.

In June, seasonally adjusted house prices fell 0.1% on a yearly basis in the UK, compared to a rise of 1.8% in the previous month.

Eurozone

In the Eurozone, the final Markit manufacturing PMI climbed to 47.40 in June, compared to a level of 39.40 in the prior month. The preliminary figures had indicated an advance to 46.90.

In Germany, the final Markit manufacturing PMI advanced to 45.20 in June, compared to a reading of 36.60 in the previous month. The preliminary figures had recorded an advance to 44.60.

In June, seasonally adjusted unemployment rate rose less-than-expected to 6.4% in Germany, compared to 6.3% in the previous month.

In Germany, retail sales jumped 13.9% on a monthly basis in May, more than market consensus and compared to a revised drop of 6.5% in the prior month.

Asia

In Japan, the consumer confidence index unexpectedly advanced to a level of 28.40 in June, compared to 24.00 in the previous month.

In Australia, trade surplus unexpectedly narrowed to AUD8.03bn in May, compared to a surplus of AUD8.80bn in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Monetary Base (Jun)	✓✓✓	JPY565.20bn*	JPY543.40tn	Monthly
Japan	01:50	Japan Buying Foreign Bonds (26-Jun)	✓	JPY174.60bn*	JPY1542.00bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (26-Jun)	✓	JPY148.30bn*	JPY135.10bn	Weekly
Japan	01:50	Foreign Buying Japan Bonds (26-Jun)	✓	-JPY1393.90bn*	JPY261.40bn	Weekly
Eurozone	11:00	Unemployment Rate (May)	✓✓✓	-	7.30%	Monthly
Eurozone	11:00	Producer Price Index (MoM) (May)	✓✓✓	-0.50%	-2.00%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (May)	✓✓✓	-4.80%	-4.50%	Monthly
South Africa	11:00	Current Account Balance (Q1)	✓	-	-ZAR190.30bn	Quarterly
South Africa	11:00	Current Account to GDP (Q1)	✓✓	-	-3.70%	Quarterly
South Africa	13:00	Electricity Consumption (YoY) (May)	✓	-	-23.30%	Monthly
South Africa	13:00	Electricity Production (YoY) (May)	✓	-	-22.80%	Monthly
South Africa	13:00	Volume of Electricity Distributed (May)	✓	-	14356.00GWH	Monthly
South Africa	13:00	Total Power Generation (May)	✓	-	16013.00GWH	Monthly
South Africa	13:00	Total Power Generation by Eskom (May)	✓	-	14216.00GWH	Monthly
South Africa	13:00	Total Power Generation by Others (May)	✓	-	1797.00GWH	Monthly
South Africa	13:00	Imports - Electricity (May)	✓	-	898.00GWH	Monthly
South Africa	13:00	Exports - Electricity (May)	✓	-	1050.00GWH	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Jun)	✓✓	-0.70%	-1.00%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Jun)	✓✓	5.30%	6.70%	Monthly
US	14:30	Change in Non-farm Payrolls (Jun)	✓✓✓	3000.00K	2509.00K	Monthly
US	14:30	Change in Private Payrolls (Jun)	✓✓	-	3094.00K	Monthly
US	14:30	Unemployment Rate (Jun)	✓✓✓	12.30%	13.30%	Monthly
US	14:30	Underemployment Rate (Jun)	✓✓	-	21.20%	Monthly
US	14:30	Continuing Jobless Claims (20-Jun)	✓✓✓	19000.00K	19522.00K	Weekly
US	14:30	Initial Jobless Claims (27-Jun)	✓✓✓	1355.00K	1480.00K	Weekly
US	14:30	Trade Balance (May)	✓✓✓	-USD53.00bn	-USD49.40bn	Monthly
US	16:00	Durable Goods Orders (May) (F)	✓✓✓	-	-18.10%	Monthly
US	16:00	Durable Goods Orders ex Transportation (May) (F)	✓✓	-	-8.20%	Monthly
US	16:00	Factory Orders (MoM) (May)	✓✓✓	8.70%	-13.00%	Monthly
US	16:30	EIA Natural Gas Storage Change (26-Jun)	✓✓✓	70.00Bcf	120.00Bcf	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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formerly Grant Thornton Capital

a GTC, The Wanderers Office Park,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2116

t +27 (0) 10 597 6800
f +27 (0) 10 597 6801
w www.gtc.co.za

GTC (Pty) Ltd.
reg. no. 1996/001488/07
directors: G.K. Mockler, F.Dildar

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