

ONE  
Minute Brief

3 July 2020

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## Economic and political news

In South Africa (SA), electricity production dropped 13.2% on an annual basis in May, compared to a fall of 22.8% in the previous month. Additionally, electricity consumption fell 13.6% on a yearly basis in May, compared to a decline of 23.3% in the prior month. Meanwhile, current account balance recorded a surplus of ZAR69.70bn in 1Q20, compared to a deficit of ZAR68.10bn in the previous quarter.

News reports indicate that administrators at South African Airways (SAA) aim to publish a revised restructuring plan on 7 July. Separately, the National Transport Movement, the South African Transport and Allied Workers Union (Satawu), the South African Transport and Allied Workers Union, the Aviation Union of Southern Africa and Solidarity have approached the Department of Public Enterprises (DPE) indicating their readiness to sign the voluntary severance packages (VSPs) offered as part of SAA business rescue and restructuring process.

The National Energy Regulator of SA (Nersa) wants to overhaul the outdated methodology used to determine electricity prices following two court rulings against Eskom tariff decisions.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in SA had increased to 168,061.

## Key indices

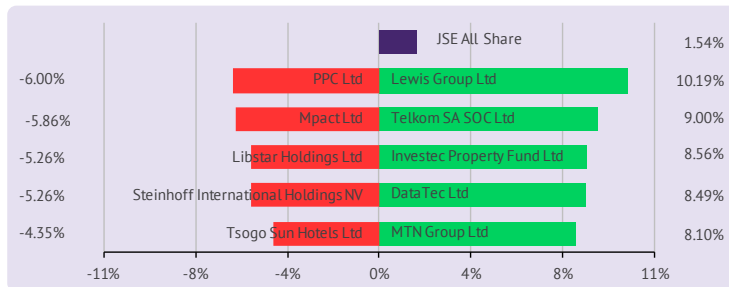
	As at 02 July 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54617.19	▲	829.47	1.54	1.81	0.47	7.68	-4.32
JSE Top 40 (ZAR)	50309.77	▲	738.89	1.49	1.68	0.27	7.80	-1.00
FTSE 100 (GBP)	6240.36	▲	82.40	1.34	1.32	1.14	1.53	-17.26
DAX 30 (EUR)	12608.46	▲	347.89	2.84	4.29	2.42	6.25	-4.83
CAC 40 (EUR)	5049.38	▲	122.44	2.49	2.85	2.30	5.12	-15.53
S&P 500 (USD)	3130.01	▲	14.15	0.45	4.02	0.96	1.84	-3.12
Nasdaq Composite (USD)	10207.63	▲	53.00	0.52	4.62	1.48	5.99	13.76
DJIA (USD)	25827.36	▲	92.39	0.36	3.25	0.06	1.69	-9.50
MSCI Emerging Markets (USD)	1023.48	▲	22.40	2.24	2.46	2.85	6.96	-8.18
MSCI Developed World (USD)	2227.65	▲	16.38	0.74	3.27	1.17	2.51	-5.55

## South Africa Market ▲

## South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in financial and property sector stocks. Data indicated that SA recorded its first current account surplus in 17 years in 1Q20. The JSE All Share Index rose 1.5% to close at 54,617.19.

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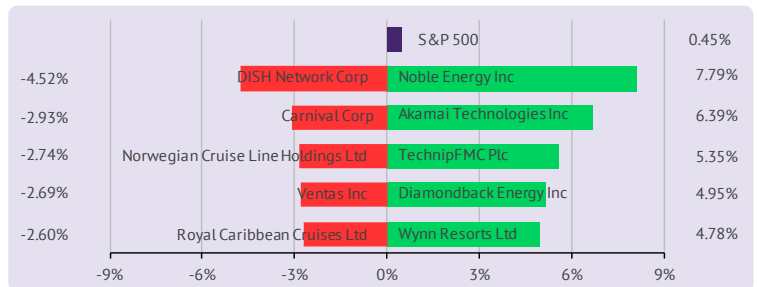


## US Market ▲

## US markets closed firmer

US markets closed higher yesterday, as robust economic data buoyed hopes for a swift economic recovery. The S&P 500 Index climbed 0.5% to close at 3,130.01. Today, the S&P 500 futures are trading in the red.

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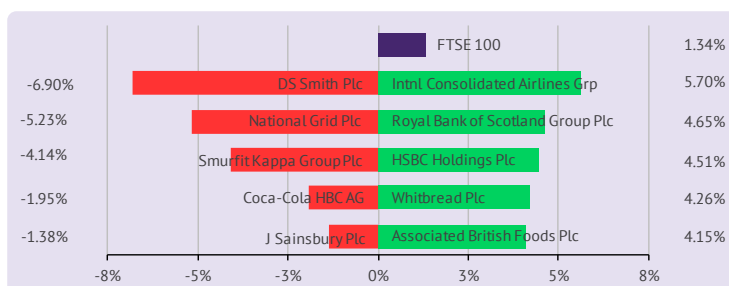


## UK Market ▲

## UK markets closed in the green

UK markets finished higher yesterday, amid signs of progress in the development of a potential COVID-19 vaccine. The FTSE 100 Index advanced 1.3% to close at 6,240.36. Today, the FTSE 100 futures are trading in positive territory.

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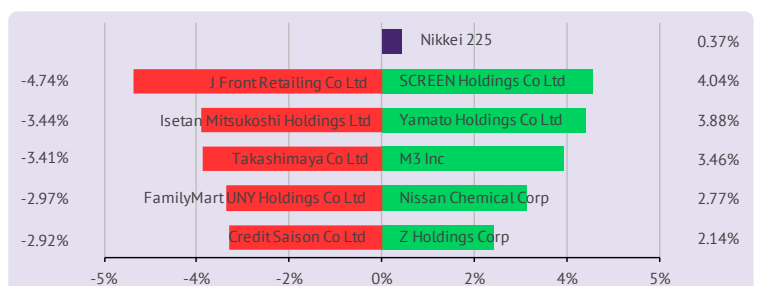


## Asian Market ▲

## Trading higher

Asian markets are trading higher this morning, as positive economic data boosted optimism over smooth economic recovery from the coronavirus pandemic. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% higher at 22,227.48.

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## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally rose against the South African Rand to trade at R16.9715. With no major economic releases in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand yesterday. On the macro front, non-farm payrolls jumped more than market consensus in June. Moreover, the nation's unemployment rate dropped in June. Additionally, durable goods orders rebounded on a monthly basis in May. Meanwhile, factory orders advanced less-than-anticipated on a monthly basis in May. Also, average hourly earnings of all employees declined on a monthly basis in June. Moreover, initial jobless claims dropped less than market anticipations on a weekly basis in the week ended 26 June 2020. Further, trade deficit widened more than market forecast in May. Separately, the South African Rand rose against the US Dollar, after the country recorded a surprise current account surplus. Data indicated that SA's current account balance recorded its first surplus in 17 years in 1Q20. Meanwhile, both, electricity production and electricity consumption fell on an annual basis in May.

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## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R21.1561. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further indications. Data indicated that UK's GfK consumer confidence index improved in June.

The British Pound declined against the South African Rand yesterday.

## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading marginally firmer against the South African Rand at R19.0801. Going forward, market participants will keep a tab on the Markit services PMI along across the euro area for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's unemployment rate advanced less than market anticipations in May. Meanwhile, the producer price index (PPI) dropped in May.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R11.7603. Earlier in the session, Australia's AiG performance of construction index rose in June. Additionally, seasonally adjusted retail sales jumped in May. Meanwhile, the Commonwealth Bank services PMI dropped in June. Elsewhere, in China, Australia's largest trading partner, the Caixin services PMI unexpectedly advanced in June, recording its highest reading since April 2010.

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	16.9715	▼	-0.45	-1.88	-2.20	-1.11	21.21
GBPZAR	21.1561	▲	-0.55	-0.72	-1.67	-0.70	14.00
EURZAR	19.0801	▼	-0.58	-1.67	-2.16	0.09	21.48
AUDZAR	11.7603	▲	-0.27	-0.86	-1.79	2.35	19.57
EURUSD	1.1242	▲	-0.11	0.18	0.04	1.20	0.23
GBPUSD	1.2465	▼	-0.06	1.07	0.54	0.47	-5.95
Brent (\$/barrel)	42.9	▼	2.64	5.17	4.53	9.06	-34.64
Gold (\$/oz)	1787.5	▼	0.57	0.54	-0.58	3.66	17.52
Platinum (\$/oz)	820.4	▼	-0.34	1.56	-2.16	-3.88	-15.33
Copper (\$/MT)*	6071.0	▲	0.33	1.98	1.11	12.19	-1.27

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices fell 0.1% to trade at \$1,787.50/oz, as upbeat US jobs data renewed hopes for economic recovery.

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Yesterday, gold prices rose 0.6% to close at \$1,790.00/oz, amid weakness in the US Dollar.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.7% lower to trade at \$42.85/bl.

Yesterday, Brent crude oil advanced 2.6% to settle at \$43.14/bl, amid better-than-expected US jobs data and after Baker Hughes reported that the US oil rig count fell by 3 to 185 last week.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$820.40/oz.

Yesterday, platinum prices dropped 0.3% to close at \$822.50/oz.

## Major South African corporate news

### Delta Property Fund Limited

The company announced the resignation of Otis Tshabalala both as Director from the board and as Chief Operating Officer/Chief Investment Officer with immediate effect. Mr. Tshabalala would however complete his three months' notice period up to 30 September 2020.

### Grindrod Limited

The company announced that Fathima Ally has been appointed as Group Financial Director, with effect from 1 September 2020.

## Major global economic news

### US

In the US, final durable goods orders climbed 15.7% on a monthly basis in May, compared to a revised fall of 18.1% in the previous month. The preliminary figures had indicated a rise of 15.8%.

In May, factory orders advanced 8.0% on a monthly basis in the US, less than market expectations and compared to a revised drop of 13.5% in the prior month.

In the US, average hourly earnings of all employees slid 1.2% on a monthly basis in June, compared to a fall of 1.0% in the prior month.

In June, non-farm payrolls increased by 4800.00K in the US, more than market forecast and compared to a revised level of 2699.00K in the previous month.

In the US, trade deficit widened to USD54.60bn in May, more than market consensus and compared to a revised deficit of USD49.80bn in the previous month.

In week ended 26 June 2020, initial jobless claims fell to a level of 1427.00K on a weekly basis in the US, less than market expectations and compared to a revised level of 1482.00K in the previous week.

In the US, the unemployment rate dropped to 11.1% in June, compared to 13.3% in the previous month.

### Asia

In Japan, the Jibun Bank services PMI jumped to 45.00 in June, compared to a level of 26.50 in the previous month.

In Australia, the AiG performance of construction index climbed to 35.50 in June, compared to 24.90 in the previous month.

In June, the Commonwealth Bank services PMI eased to 53.10 in Australia, compared to a reading of 53.20 in May.

In Australia, seasonally adjusted retail sales climbed 16.9% on a monthly basis in May, more than market anticipations and compared to a rise of 16.3% in the prior month.

In China, the Caixin services PMI unexpectedly advanced to a level of 58.40 in June, compared to a level of 55.00 in the prior month.

### Eurozone

In the Eurozone, the unemployment rate advanced less-than-expected to 7.4% in May, compared to 7.3% in the previous month.

In May, the PPI fell 5.0% on an annual basis in the Eurozone, more than market consensus and compared to a drop of 4.5% in the prior month.

### UK

In the UK, the GfK consumer confidence index rose to a level of -27.00 in June, compared to a level of -30.00 in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	GfK Consumer Confidence (Jun) (F)	✓	-27.00*	-36.00	Monthly
Japan	02:30	Nikkei Japan Services PMI (Jun) (F)	✓✓	45.00*	26.50	Monthly
China	03:45	HSBC China Composite PMI (Jun)	✓✓✓	55.70*	54.50	Monthly
China	03:45	Caixin/Markit Services PMI (Jun)	✓✓✓	58.40*	55.00	Monthly
UK	08:00	Official Reserves (Changes) (Jun)	✓	-	USD946.00mn	Monthly
France	08:45	Budget Balance (May)	✓	-	-EUR92.10bn	Monthly
Spain	09:15	Markit Services PMI (Jun)	✓✓✓	45.90	27.90	Monthly
Italy	09:45	Markit Services PMI (Jun)	✓✓✓	47.00	28.90	Monthly
France	09:50	Markit Services PMI (Jun) (F)	✓✓✓	50.30	31.10	Monthly
France	09:50	Markit Composite PMI (Jun) (F)	✓✓✓	51.30	32.10	Monthly
Germany	09:55	Markit Services PMI (Jun) (F)	✓✓✓	45.80	32.60	Monthly
Germany	09:55	Markit Composite PMI (Jun) (F)	✓✓✓	45.80	32.30	Monthly
Eurozone	10:00	Markit Services PMI (Jun) (F)	✓✓✓	47.30	30.50	Monthly
Eurozone	10:00	Markit Composite PMI (Jun) (F)	✓✓✓	47.50	31.90	Monthly
UK	10:30	Markit Services PMI (Jun) (F)	✓	47.00	29.00	Monthly
UK	10:30	Markit Composite PMI (Jun) (F)	✓	-	30.00	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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