

ONE
Minute Brief

8 July 2020



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Economic and political news

In South Africa (SA), consumer confidence index plunged to -33.00 in 2Q20, compared to a level of -9.00 in the prior quarter. Additionally, gross gold & forex reserves dropped to USD52.32bn in June, compared to a level of USD52.77bn in May. Meanwhile, net gold & forex reserves climbed to USD45.74bn in June, compared to USD45.53bn in the previous month.

As requested by the parliamentary standing committee on appropriations, Eskom has named ABB SA, Stefanutti Stocks and Basil Read Joint Venture and Tubular Construction Projects as some of the contractors that were overpaid ZAR4bn during the construction of Kusile power station.

The South African Reserve Bank (SARB) has reduced its government bond purchases to ZAR5bn (USD292.64mn) in June, bringing its bond holdings to ZAR35.9bn.

In an opinion piece, South African Reserve Bank's Deputy Governor, Kuben Naidoo warned that SA's government debt could become unsustainable and the country could default if lawmakers heed a call by a group of economists to reject the supplementary budget.

News reports indicate that SA's National Treasury will begin allocating the remaining ZAR45bn of a coronavirus-relief package in October.

Key indices

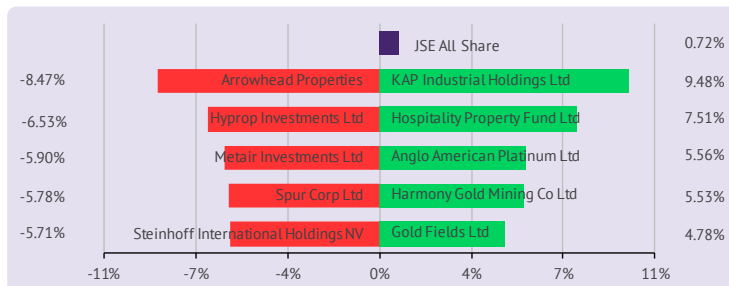
	As at 07 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55243.80	▲ 397.52	0.72	1.32	1.62	7.68	-3.22
JSE Top 40 (ZAR)	50922.32	▲ 418.41	0.83	1.48	1.49	7.80	0.21
FTSE 100 (GBP)	6189.90	▼ -96.04	-1.53	0.53	0.33	1.53	-17.93
DAX 30 (EUR)	12616.80	▼ -116.65	-0.92	0.71	2.48	6.25	-4.77
CAC 40 (EUR)	5043.73	▼ -37.78	-0.74	0.73	2.18	5.12	-15.63
S&P 500 (USD)	3145.32	▼ -34.40	-1.08	0.49	1.45	1.84	-2.65
Nasdaq Composite (USD)	10343.89	▼ -89.76	-0.86	1.33	2.83	5.99	15.28
DJIA (USD)	25890.18	▼ -396.85	-1.51	0.24	0.30	1.69	-9.28
MSCI Emerging Markets (USD)	1052.54	▼ -7.95	-0.75	1.88	5.77	6.96	-5.57
MSCI Developed World (USD)	2243.17	▼ -21.12	-0.93	0.75	1.88	2.51	-4.89

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in gold and platinum mining sector stocks. The JSE All Share Index rose 0.7% to close at 55,243.80.

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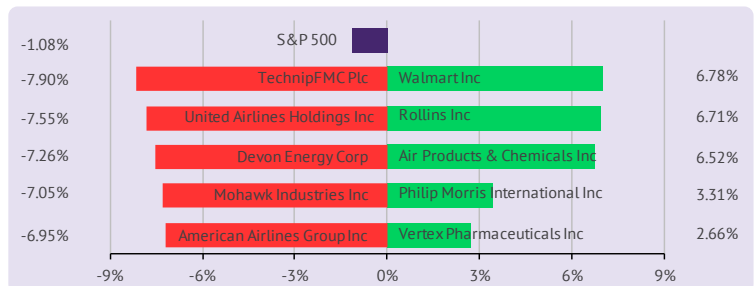


US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid persistent concerns over rising coronavirus cases and its impact on economic recovery. The S&P 500 Index dropped 1.1% to close at 3,145.32. Today, the S&P 500 futures are trading in the green.

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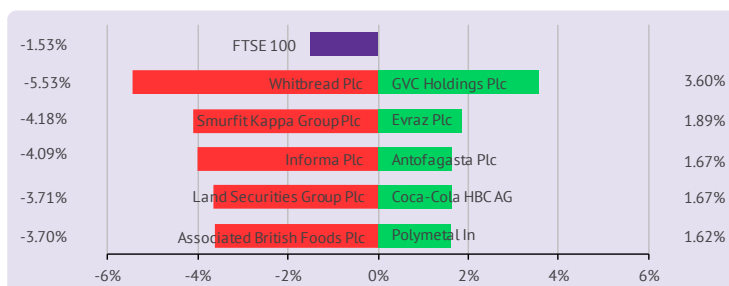


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, as a surge in coronavirus cases in the US stoked worries about economic recovery. The FTSE 100 Index declined 1.5% to close at 6,189.90. Today, the FTSE 100 futures are trading in positive territory.

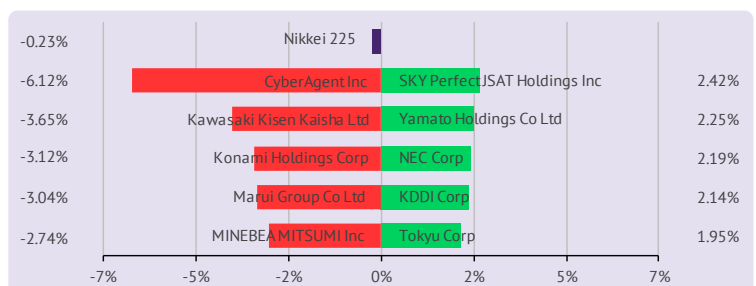
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% lower at 22,562.83.



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 R17.1431. Later today, traders will keep a close watch on the US MBA mortgage applications and consumer credit change for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US JOLTs job openings unexpectedly climbed in May. Separately, the South African Rand fell against the US Dollar, amid increasing worries over rising coronavirus infections and its impact on economy. Data indicated that SA's net gold & forex reserves advanced in June. Meanwhile, gross gold & forex reserve fell in June. Additionally, the consumer confidence index plunged to a 35-year low level in 2Q20.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally rose against the South African Rand to trade at R21.5355. Ahead in the day, traders will keep an eye on UK's RICS house price balance for further indication.

The British Pound advanced against the South African Rand yesterday, amid optimism over Brexit talks. Data indicated that UK's Halifax house price index dropped for the fourth consecutive month in June.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R19.3346, after the European Commission slashed its 2020 economic forecast for Euro region. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

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The Euro strengthened against the South African Rand yesterday. On the data front, Germany's seasonally adjusted industrial production rebounded in May.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R11.9042.

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	17.1431	▲	1.07	0.74	-1.06	-1.11	22.62
GBPZAR	21.5355	▼	1.56	1.21	0.06	-0.70	16.00
EURZAR	19.3346	▲	0.77	1.01	-0.69	0.09	23.31
AUDZAR	11.9042	▲	0.75	0.87	-0.44	2.35	21.21
EURUSD	1.1279	▲	-0.31	0.23	0.36	1.20	0.54
GBPUSD	1.2563	▲	0.40	0.47	1.14	0.47	-5.39
Brent (\$/barrel)	43.0	▼	-0.05	0.65	4.39	9.06	-34.73
Gold (\$/oz)	1806.5	▼	0.91	1.11	0.52	3.66	18.83
Platinum (\$/oz)	851.7	▼	3.14	3.81	1.56	-3.88	-12.11
Copper (\$/MT)*	6184.8	▲	0.81	2.68	3.00	12.19	0.58

*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 \$1,806.50/oz.

Yesterday, gold prices rose 0.9% to close at \$1,809.90/oz, as a sharp rise in the number of coronavirus infections boosted demand for the safe haven metal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$43.02/bl, amid concerns over rising crude inventories. Additionally, the American Petroleum Institute (API) reported that crude oil inventories rose by 2mn bls last week.

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Yesterday, Brent crude oil declined 0.1% to settle at \$43.08/bl, as increasing coronavirus cases renewed demand concerns.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$851.70/oz.

Yesterday, platinum prices climbed 3.1% to close at \$853.80/oz.

Major South African corporate news

African Oxygen Limited

In its 1H20 trading update, the company announced that it expects basic EPS to be between 66.00c and 88.00c, compared to 112.00c reported in the same period of the preceding year. It expects its HEPS to be between 65.00c and 87.00c, compared to 111.30c in the last year.

Barloworld Limited

The company announced regarding its previous update on the proposed acquisition of the Sale Business and the material adverse change (MAC) notice delivered by KLL Group Proprietary Limited to Tongaat Hulett Limited in terms of the sale and purchase agreement pertaining to the proposed acquisition of the Sale Business. Further, the company announced that the process to resolve the dispute as to whether a MAC has occurred continues and the appointment of the independent expert to adjudicate the MAC dispute is imminent. It is anticipated that the independent expert would deliver its opinion as to whether a MAC has occurred on or about 21 September 2020.

Omnia Holdings Limited

In its FY20 results, the company announced that revenues rose to ZAR18.74bn from ZAR18.63bn posted in the previous year. Its diluted EPS stood at 99.00c compared to a diluted loss per share of 530.00c in the prior year.

Major global economic news

Asia

In Japan, the preliminary coincident index unexpectedly dropped to 74.60 in May, compared to a level of 80.10 in the previous month.

In May, the flash leading economic index unexpectedly rose to a level of 79.30 in Japan, compared to a level of 77.70 in the previous month.

In Japan, non-seasonally adjusted current account surplus widened more-than-expected to JPY1176.80bn in May, following a surplus of JPY262.70bn in the previous month.

In May, trade deficit (BOP basis) narrowed to JPY556.80bn in Japan, compared to a deficit of JPY966.50bn in the prior month.

The Reserve Bank of Australia (RBA), in its policy meeting, kept its key interest rate unchanged at 0.25% and pledged not to raise interest rate until progress is made. Moreover, the central bank pledged to maintain its accommodative approach for "as long as it is required". Further, RBA indicated that the employment conditions have "stabilised" recently and the economic downturn has been "less severe than earlier expected". Meanwhile, Governor Philip Lowe stated that despite the improvement, the nature and speed of the economic recovery was "highly uncertain".

Eurozone

In Germany, seasonally adjusted industrial production advanced 7.8% on a monthly basis in May, less than market anticipations and compared to a revised drop of 17.5% in the previous month.

The European Commission forecasted that the Euro-area economy will contract by 8.7% in 2020 and grow by 6.1% in 2021, amid strict lockdowns across the region due the coronavirus outbreak. Also, it lowered its forecast for the decline in Germany's GDP to 6.3% from 6.5%. Further, the Commission indicated that the rebound in 2021 will likely be slower than it had previously expected, lowering its growth forecast for the year to 6.1% from 6.3%.

UK

In the UK, the Halifax house price index fell 0.1% on a monthly basis in June, less than market expectations and compared to a drop of 0.2% in the previous month.

US

In the US, the JOLTs job openings unexpectedly climbed to a level of 5397.00K in May, compared to a revised level of 4996.00K in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Current Account n.s.a. (May)	✓	JPY1176.80bn*	JPY262.70bn	Monthly
Japan	01:50	Bank Lending including Trusts (YoY) (Jun)	✓	6.20%*	4.80%	Monthly
Japan	01:50	Trade Balance - BOP Basis (May)	✓✓✓	-JPY556.80bn*	-JPY966.50bn	Monthly
Japan	07:00	Eco Watchers Survey: Current (Jun)	✓✓	21.10	15.50	Monthly
Japan	07:00	Eco Watchers Survey: Outlook (Jun)	✓✓	24.10	36.50	Monthly
Switzerland	07:45	Unemployment Rate n.s.a. (Jun)	✓✓	-	3.40%	Monthly
Switzerland	07:45	Unemployment Rate s.a. (Jun)	✓✓	3.60%	3.40%	Monthly
France	08:30	Bank of France Business Sentiment (Jun)	✓✓✓	-	83.00	Monthly
Eurozone	10:45	ECB's Guindos Speech	✓	-	-	As Scheduled
Eurozone	11:00	European Commission Releases Economic Growth Forecasts	✓✓	-	-	As Scheduled
US	13:00	MBA Mortgage Applications (03-Jul)	✓	-	-1.80%	Weekly
Canada	14:15	Housing Starts s.a. (Jun)	✓✓✓	200.00K	193.50K	Monthly
Eurozone	15:00	Consolidated Financial Statement of the Eurosystem	✓	-	-	As Scheduled
US	16:00	Fed's Singh Speech	✓	-	-	As Scheduled
US	16:30	EIA Crude Oil Stocks Change (Barrels) (03-Jul)	✓✓✓	-	-7.20mn	Weekly
US	16:30	DOE Gasoline Inventories (03-Jul)	✓✓✓	-	1199.00K	Weekly
US	16:30	DOE Distillate Inventory (03-Jul)	✓✓✓	-	-593.00K	Weekly
US	16:30	DOE Cushing OK Crude Inventory (Barrels) (03-Jul)	✓✓✓	-	-263.00K	Weekly
US	18:15	Fed's Bostic Speech	✓	-	-	As Scheduled
Germany	19:45	Speech held by Prof Dr Claudia M. Buch	✓	-	-	As Scheduled
US	21:00	Consumer Credit Change (May)	✓✓	-USD17.50bn	-USD68.77bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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