

ONE Minute Brief

14 July 2020

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Economic and political news

Ratings agency, S&P Global has warned that South Africa's (SA) economy would contract by 6.9% in 2020, compared to an earlier forecast for a 4.5% contraction.

Eskom has indicated that it would continue with Stage 2 load shedding today. Separately, the power utility has reassured that there would be only three days of electricity rationing during the nation's winter season.

Former Passenger Rail Agency of SA (Prasa) Chief Executive Officer (CEO), Lucky Montana stated that deputy chief justice Raymond Zondo, whose commission of inquiry is probing allegations of corruption at the rail agency, is unfit to serve as a judge and should face impeachment.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 287,796.

Social Development Minister, Lindiwe Zulu, stated that the government is considering introducing a universal basic income grant for unemployed South Africans between the ages of 18 and 59.

The Constitutional Court has dismissed an application for direct access by a group of concerned citizens who wanted to have the lockdown regulations declared invalid.

Key indices

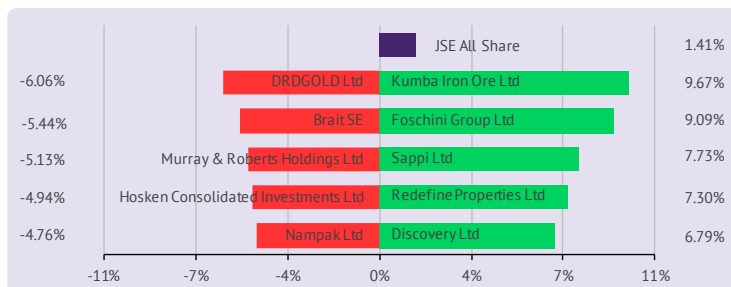
	As at 13 July 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56199.46	▲	781.57	1.41	1.41	3.38	7.68	-1.55
JSE Top 40 (ZAR)	51874.81	▲	720.73	1.41	1.41	3.39	7.80	2.08
FTSE 100 (GBP)	6176.19	▲	80.78	1.33	1.33	0.10	1.53	-18.11
DAX 30 (EUR)	12799.97	▲	166.26	1.32	1.32	3.97	6.25	-3.39
CAC 40 (EUR)	5056.23	▲	85.75	1.73	1.73	2.44	5.12	-15.42
S&P 500 (USD)	3155.22	▼	-29.82	-0.94	-0.94	1.77	1.84	-2.34
Nasdaq Composite (USD)	10390.84	▼	-226.60	-2.13	-2.13	3.30	5.99	15.81
DJIA (USD)	26085.80	▲	10.50	0.04	0.04	1.06	1.69	-8.59
MSCI Emerging Markets (USD)	1071.36	▲	2.09	0.20	0.20	7.66	6.96	-3.88
MSCI Developed World (USD)	2253.76	▼	-5.84	-0.26	-0.26	2.36	2.51	-4.44

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and financial sector stocks. The JSE All Share Index rose 1.4% to close at 56,199.46.

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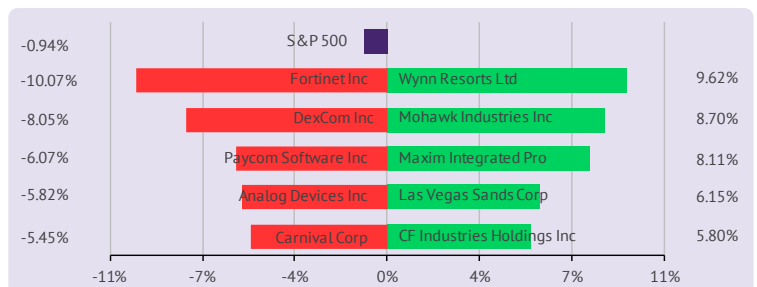


US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, led by losses in technology sector stocks and amid concerns over rising coronavirus cases. The S&P 500 Index climbed 0.9% to close at 3,155.22. Today, the S&P 500 futures are trading in the green.

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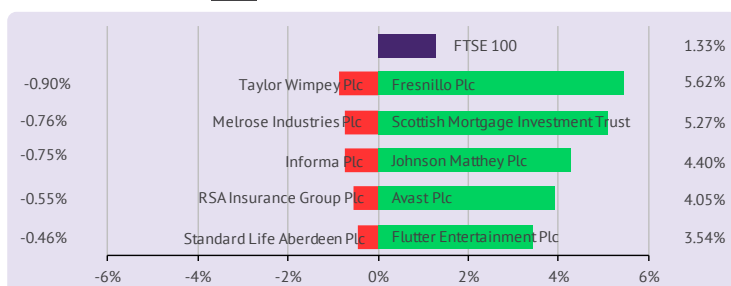


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, ahead of the US second-quarter earnings results and helped by gains in mining sector stocks. The FTSE 100 Index advanced 1.3% to close at 6,176.19. Today, the FTSE 100 futures are trading in positive territory.

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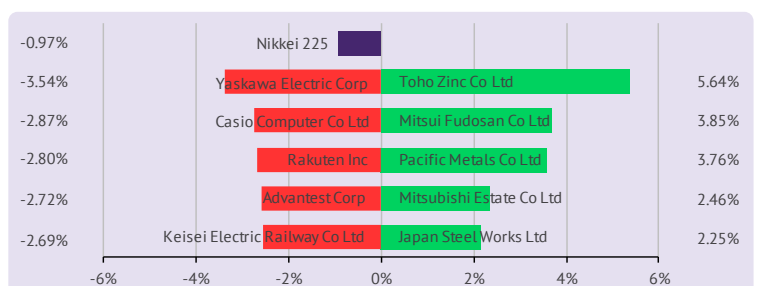


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid renewed worries over US-China trade tensions and tracking overnight losses on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 1.0% lower at 22,563.46.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R16.8484. Later today, traders will keep a close watch on the US consumer price index (CPI) and the NFIB business optimism index for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US budget deficit widened more-than-expected in June.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading slightly lower against the South African Rand at R21.1492. Ahead in the day, traders will keep an eye on UK's total trade balance, industrial production, manufacturing production, gross domestic product (GDP) and NIESR GDP estimate for further indication. Data indicated that UK's BRC retail sales across all sectors climbed on an annual basis in June.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R19.1096. Going forward, market participants will keep a tab on Eurozone's ZEW economic sentiment indicator and industrial production along with Germany's CPI, the ZEW current situation and economic sentiment indicators for further cues.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R11.6929. Earlier in the session, Australia's, both, NAB business confidence index and the NAB business conditions index, unexpectedly advanced in June. Elsewhere, in China, Australia's largest trading partner, trade surplus narrowed more than market forecast in June.

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	16.8484	▲	0.41	0.41	-2.85	-1.11	20.40
GBPZAR	21.1492	▲	-0.08	-0.08	-1.68	-0.70	13.98
EURZAR	19.1096	▲	0.76	0.76	-1.91	0.09	21.80
AUDZAR	11.6929	▲	0.29	0.29	-2.34	2.35	18.90
EURUSD	1.1342	▼	0.39	0.39	0.98	1.20	1.17
GBPUSD	1.2553	▼	-0.53	-0.53	1.24	0.47	-5.30
Brent (\$/barrel)	41.9	▼	-1.20	-1.20	3.51	9.06	-35.27
Gold (\$/oz)	1800.3	▼	0.68	0.68	0.76	3.66	19.11
Platinum (\$/oz)	841.1	▼	2.09	2.09	1.59	-3.88	-12.08
Copper (\$/MT)*	6580.0	▲	2.52	2.52	9.58	12.19	7.01

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.8% to trade at \$1,800.30/oz.

Yesterday, gold prices rose 0.7% to close at \$1,814.10/oz, amid weakness in the US Dollar and increasing concerns over the impact of surging coronavirus cases in the US.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 2.0% to trade at \$41.87/bl, as surging coronavirus cases renewed worries over fuel demand.

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Yesterday, Brent crude oil dropped 1.2% to settle at \$42.72/bl, ahead of the Organisation of the Petroleum Exporting Countries (OPEC) meeting that is expected to recommend an increase in output and as spike in coronavirus cases in the US renewed fears of another round of lockdown restrictions.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 1.5% to trade at \$841.10/oz.

Yesterday, platinum prices climbed 2.1% to close at \$854.10/oz.

Major South African corporate news

Foschini Group Limited

In its trading update for the three months ended 27 June 2020, the company announced that retail turnover plunged 43.0% compared to the same period in the previous financial year, with significant trading disruptions caused by government-enforced lockdowns and regulations on social distancing in all three of its major operating territories, SA, the UK and Australia. Further, the company has submitted a conditional offer to acquire certain commercially viable stores and selected assets of JET, a division of Edcon Limited, for a cash consideration of ZAR480.00mn.

Major global economic news

Asia

In Australia, the NAB business confidence index unexpectedly rose to 1.00 in June, compared to a reading of -20.00 in the previous month.

In June, the NAB business conditions index unexpectedly advanced to -7.00 in Australia, compared to a level of -24.00 in the prior month.

In China, trade surplus narrowed more-than-expected to USD46.42bn in June, compared to a surplus of USD62.93bn in the previous month.

UK

In the UK, the BRC retail sales across all sectors climbed 10.9% on an annual basis in June, compared to a rise of 7.9% in the previous month.

Bank of England (BoE) Governor, Andrew Bailey, in his speech, indicated that Britain's economy was starting to recover, but expressed concerns over the outlook for jobs. Moreover, he stated that the central bank was considering if it should create a digital currency.

US

In the US, budget deficit widened to USD864.00bn in June, more than market expectations and compared to a deficit of USD399.00bn in the previous month.

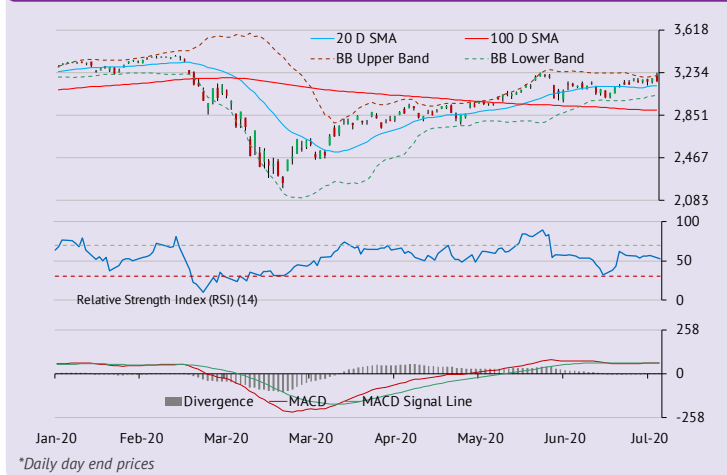
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 55,032.26, and a fall through could take it to the next support level of 53,865.06. The index is expected to find its first resistance at 56,941.24, and a rise through could take it to the next resistance level of 57,683.02.

S&P 500



The S&P 500 index is expected to find support at 3,102.17, and a fall through could take it to the next support level of 3,049.13. The index is expected to find its first resistance at 3,221.79, and a rise through could take it to the next resistance level of 3,288.37.

USD ZAR



The pair is expected to find support at 16.6063, and a fall through could take it to the next support level of 16.3566. The pair is expected to find its first resistance at 17.1593, and a rise through could take it to the next resistance level of 17.4626.

XAU USD



Gold is expected to find support at \$1,786.93/oz, and a fall through could take it to the next support level of \$1,759.77/oz. The precious metal is expected to find its first resistance at \$1,835.53/oz, and a rise through could take it to the next resistance level of \$1,856.97/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Jun)	✓	10.90%*	7.90%	Monthly
Japan	06:30	Capacity Utilisation (MoM) (May)	✓	-11.60%*	-13.30%	Monthly
Japan	06:30	Industrial Production (MoM) (May) (F)	✓✓✓	-8.90%*	-9.80%	Monthly
Japan	06:30	Industrial Production (YoY) (May) (F)	✓✓✓	-26.30%*	-15.00%	Monthly
Germany	08:00	Consumer Price Index (MoM) (Jun) (F)	✓✓✓	-0.10%	-0.10%	Monthly
Germany	08:00	Consumer Price Index (YoY) (Jun) (F)	✓✓✓	0.90%	0.60%	Monthly
UK	08:00	Index of Services (3M/3M) (May)	✓	-	-9.90%	Monthly
UK	08:00	Index of Services (MoM) (May)	✓	-	-19.00%	Monthly
UK	08:00	Industrial Production (MoM) (May)	✓	6.00%	-20.30%	Monthly
UK	08:00	Industrial Production (YoY) (May)	✓	-21.00%	-24.40%	Monthly
UK	08:00	Manufacturing Production (MoM) (May)	✓	8.00%	-24.30%	Monthly
UK	08:00	Manufacturing Production (YoY) (May)	✓	-24.00%	-28.50%	Monthly
UK	08:00	Construction Output s.a. (YoY) (May)	✓	-	-44.00%	Monthly
UK	08:00	Construction Output s.a. (MoM) (May)	✓	-	-40.10%	Monthly
UK	08:00	Total Trade Balance (May)	✓	-	-GBP0.30bn	Monthly
UK	08:00	Trade Balance; non-EU (May)	✓	-	-GBP2.66bn	Monthly
UK	08:00	Visible Trade Balance (May)	✓	-GBP8.20bn	-GBP7.49bn	Monthly
UK	08:00	Gross Domestic Product s.a. (MoM) (May)	✓	5.00%	-20.40%	Monthly
Eurozone	10:00	ECB Bank Lending Survey	✓✓✓	-	-	As Scheduled
Eurozone	11:00	Industrial Production s.a. (MoM) (May)	✓✓✓	13.40%	-17.10%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (May)	✓✓✓	-20.50%	-28.00%	Monthly
Eurozone	11:00	ZEW Survey - Economic Sentiment (Jul)	✓✓	78.10	58.60	Monthly
Germany	11:00	ZEW Survey - Current Situation (Jul)	✓✓	-64.00	-83.10	Monthly
Germany	11:00	ZEW Survey - Economic Sentiment (Jul)	✓✓✓	60.00	63.40	Monthly
South Africa	11:30	Gold Production (YoY) (May)	✓	-	9.50%	Monthly
South Africa	11:30	Mining Production (YoY) (May)	✓✓	-	-18.00%	Monthly
US	12:00	NFIB Small Business Optimism (Jun)	✓	90.90	94.40	Monthly
US	14:30	Consumer Price Index (MoM) (Jun)	✓✓✓	0.50%	-0.10%	Monthly
US	14:30	Consumer Price Index (YoY) (Jun)	✓✓✓	0.30%	0.10%	Monthly
US	14:30	Consumer Price Index Ex Food & Energy (YoY) (Jun)	✓✓✓	1.10%	1.20%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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