

ONE Minute Brief

24 August 2020

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Economic and political news

The Department of Mineral Resources and Energy (DMRE) has issued a request for proposals to procure 2,000 megawatts of emergency power, which expects to attract around ZAR40bn in investment.

The Special Investigating Unit (SIU) stated that it had obtained an interim court order to freeze almost ZAR38.7mn held in the bank accounts of 40 companies involved in suspect tenders to supply personal protective equipment to the Gauteng Department of Health during the Covid-19 pandemic.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in South Africa (SA) had increased to 609,773 with death toll at 13,059.

News reports indicate that the South African government is planning to relaunch South African Airways (SAA) in January and is working on partnering with private sector investors.

News reports indicates that the National Treasury and the Banking Association of South Africa (Basa) have committed to having ongoing engagements regarding the design of the ZAR200bn Covid-19 loan guarantee scheme, which has seen an uptake of just 7% since it was launched in May.

Key indices

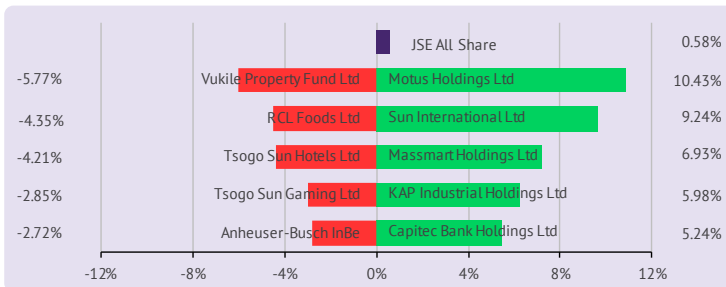
	As at 21 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	55949.92	▲	319.94	0.58	NA	0.41	2.50	-1.99
JSE Top 40 (ZAR)	51669.18	▲	289.16	0.56	NA	0.58	2.38	1.68
FTSE 100(GBP)	6001.89	▼	-11.45	-0.19	NA	1.77	-4.41	-20.43
DAX 30 (EUR)	12764.80	▼	-65.20	-0.51	NA	3.67	0.02	-3.65
CAC 40 (EUR)	4896.33	▼	-14.91	-0.30	NA	2.35	-3.09	-18.10
S&P 500 (USD)	3397.16	▲	11.65	0.34	NA	3.85	5.51	5.15
Nasdaq Composite (USD)	11311.80	▲	46.85	0.42	NA	5.27	6.82	26.07
DJIA (USD)	27930.33	▲	190.60	0.69	NA	5.68	2.38	-2.13
MSCI Emerging Markets (USD)	1091.85	▲	11.31	1.05	NA	1.20	8.42	-2.05
MSCI Developed World (USD)	2392.11	▲	2.96	0.12	NA	3.78	4.69	1.43

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, on vaccine hopes and boosted by gains in banking, financial and platinum mining sector stocks. The JSE All Share Index rose 0.6% to close at 55,949.92.

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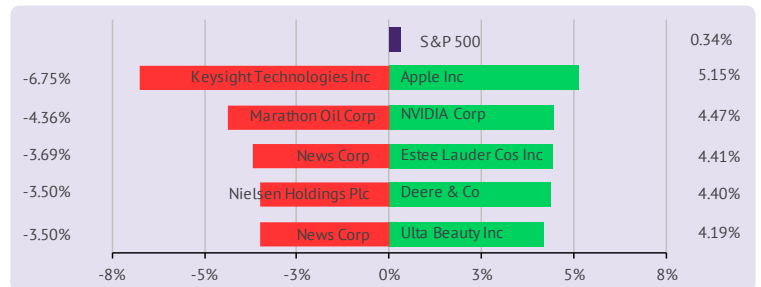


US Market ▲

US markets closed firmer

US markets closed higher on Friday, amid better-than-expected US economic data. The S&P 500 Index climbed 0.3% to close at 3,397.16. Today, the S&P 500 futures are trading in the green.

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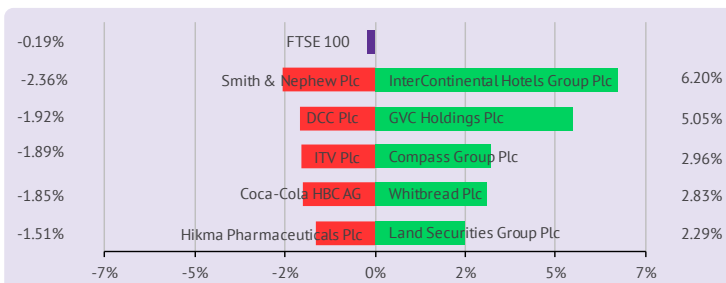


UK Market ▼

UK markets closed in the red

UK markets finished lower on Friday, amid renewed concerns over hard Brexit and economic fallout from the Covid-19. The FTSE 100 Index declined 0.2% to close at 6,001.89. Today, the FTSE 100 futures are trading in positive territory.

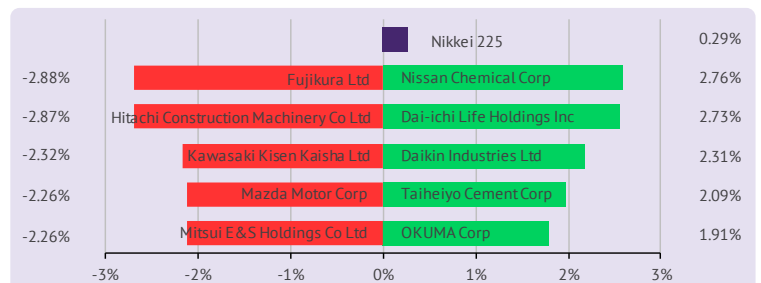
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% higher at 22,987.88.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R17.1235. Later today, traders will keep a close watch on the US Chicago Fed National Activity Index for further direction.

The US Dollar fell against the South African Rand on Friday. On the macro front, the US existing home sales climbed on a monthly basis in July, recording its highest level since December 2006. Additionally, the Markit manufacturing PMI rose in August, recording its highest level since January 2019. Moreover, the Markit services PMI advanced to its highest level since March 2019 in August.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R22.4083. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand on Friday, as Britain and the European Union made scant progress towards a deal. Data indicated that UK's CBI balance of firms reporting total order book above normal advanced less-than-anticipated in August. Meanwhile, retail sales rose above pre-pandemic levels in July. Moreover, both, the preliminary Markit manufacturing PMI and the flash Markit services PMI advanced more than market consensus in August. Additionally, public sector net borrowing deficit unexpectedly narrowed in July.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.3% against the South African Rand to trade at R20.1861. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand on Friday, as disappointing economic data pointed to sluggish economic recovery. On the data front, Eurozone's flash consumer confidence index improved in August. Meanwhile, the flash Markit manufacturing PMI unexpectedly fell in August. Additionally, the flash Markit services PMI dropped more than market expectations in August. On the other hand, Germany's flash Markit manufacturing PMI advanced in August. Meanwhile, the flash Markit services PMI dropped more than market forecast in August.

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AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R12.2718.

The Australian Dollar fell against the South African Rand on Friday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	17.1235	▲	-0.67	NA	0.49	-1.61	22.54
GBPZAR	22.4083	▲	-1.54	NA	0.55	3.78	20.98
EURZAR	20.1861	▲	-1.17	NA	0.66	3.15	28.91
AUDZAR	12.2718	▲	-1.04	NA	0.75	1.81	24.88
EURUSD	1.1789	▼	-0.53	NA	0.16	4.84	5.21
GBPUSD	1.3085	▼	-0.94	NA	0.04	5.52	-1.26
Brent (\$/barrel)	44.3	▼	-1.22	NA	1.91	5.45	-32.80
Gold (\$/oz)	1941.5	▲	0.04	NA	-1.44	9.01	27.02
Platinum (\$/oz)	923.0	▼	-0.09	NA	0.78	9.30	-4.66
Copper (\$/MT)*	6511.5	▼	-1.61	NA	1.39	6.95	5.90

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,941.50/oz.

On Friday, gold prices marginally rose to close at \$1,934.60/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil marginally fell to trade at \$44.34/bl.

On Friday, Brent crude oil declined 1.2% to settle at \$44.35/bl, amid growing concerns about global economic recovery and worries over demand outlook. Additionally, Baker Hughes reported that US oil rig count rose by 11 to 183 last week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.3% to trade at \$923.00/oz.

On Friday, platinum prices dropped 0.1% to close at \$926.10/oz.

Major South African corporate news

RCL Foods Limited

In its FY20 trading statement, the company announced that it expects HEPS to be between 11.20c and 16.20c, compared to 37.90c last year. The expected decline is largely attributable to the negative impact of the COVID-19 pandemic and national lockdown.

Tiger Brands Limited

The company announced that current Chairman, Dr. Khotso Mokhele, will step down from his position as Chairman of the Board with effect from 31 December 2020. Further, the Board has appointed Ms. Geraldine Fraser-Moleketi as Chairman designate with effect from 1 September 2020, to facilitate a smooth handover. She will assume the role of Chairman with effect from 1 January 2021.

Major global economic news

UK

In the UK, the CBI balance of firms reporting total order book above normal climbed to -44.00% in August, less than market expectations and compared to a level of -46.00% in the previous month.

In August, the preliminary Markit manufacturing PMI rose to 55.30 in the UK, compared to a level of 53.30 in the previous month.

In the UK, the flash Markit services PMI advanced more-than-expected to 60.10 in August, compared to a level of 56.50 in the prior month.

In July, the public sector net borrowing deficit unexpectedly narrowed to GBP25.90bn in the UK, compared to a revised deficit of GBP28.80bn in the previous month.

In the UK, retail sales rose 3.6% on a monthly basis in July, more than market forecast and compared to a climb of 13.9% in the prior month.

Eurozone

In the Eurozone, the flash consumer confidence index unexpectedly advanced to -14.70 in August, compared to a level of -15.00 in the previous month.

In August, the flash Markit manufacturing PMI unexpectedly dropped to a level of 51.70 in Eurozone, compared to a level of 51.80 in the previous month.

In the Eurozone, the flash Markit services PMI fell to 50.10 in August, more than market forecast and compared to a reading of 54.70 in the prior month.

In Germany, the flash Markit manufacturing PMI rose to a level of 53.00 in August, compared to a level of 51.00 in the prior month.

In August, the flash Markit services PMI dropped to 50.80 in Germany, more than market expectations and compared to a level of 55.60 in the prior month.

US

In the US, existing home sales jumped 24.7% to 5.86mn on a monthly basis in July, more than market consensus and compared to a revised level of 4.70mn in the previous month.






In August, the preliminary Markit manufacturing PMI advanced more-than-anticipated to 53.60 in the US, compared to a level of 50.90 in the prior month.

In the US, the preliminary Markit services PMI rose to a level of 54.80 in August, compared to a level of 50.00 in the prior month.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Pan African Resources PLC	526	-3.66	-8.20	143.52
Gold Fields Ltd	21337	-0.26	-4.12	124.75
Harmony Gold Mining Co Ltd	10105	-1.53	-8.12	97.36
AngloGold Ashanti Ltd	48509	-2.11	-12.55	54.12
Kumba Iron Ore Ltd	53699	-3.01	1.17	41.54
Naspers Ltd	303210	0.79	-3.66	32.36
Royal Bafokeng Platinum Ltd	6482	6.31	29.23	30.63
African Rainbow Minerals Ltd	20131	-0.44	3.69	29.92
Northam Platinum Ltd	15180	-1.43	13.26	22.80
BHP Group PLC	38878	-6.18	5.12	22.03
Cartrack Holdings Ltd	2819	8.42	11.91	20.09
Vodacom Group Ltd	13399	-1.17	4.33	19.97
Rebosis Property Fund Ltd	37	-2.63	15.63	15.63
JSE Ltd	12701	4.97	9.49	15.31
Stenprop Ltd	2643	-3.75	-0.64	14.89
Exxaro Resources Ltd	14156	0.98	5.37	14.06
Impala Platinum Holdings Ltd	16046	-5.87	6.35	13.68
Quilter PLC	3214	-5.19	-2.13	13.10
Steinhoff International Holdings NV	95	-5.00	-5.00	13.10
Peregrine Holdings Ltd	2040	-0.49	1.04	11.53
Reinet Investments SCA	30662	-1.83	-5.34	10.49
Aspen Pharmacare Holdings Ltd	13113	-2.87	-0.99	9.99
Anglo American PLC	41921	-1.30	1.38	8.82
AfroCentric Investment Corp Ltd	350	-1.41	-5.41	8.29
Coronation Fund Managers Ltd	4130	0.36	5.09	7.78
Zeder Investments Ltd	225	0.90	-7.41	7.67
Sirius Real Estate Ltd	1686	2.31	3.63	7.52
Investec Australia Property Fund	1520	-0.78	3.75	7.33
Rand Merchant Investment Holdings Ltd	3232	-1.31	1.60	6.98
Oceana Group Ltd	6461	-3.57	-8.94	6.52
Mondi PLC	32977	-2.41	10.32	4.03
Blue Label Telecoms Ltd	268	-5.96	-2.55	3.88
Raubex Group Ltd	2474	6.64	-2.21	3.13
Discovery Ltd	12269	2.29	10.70	2.95
South32 Ltd	2687	-0.63	8.26	2.77
Trencor Ltd	493	-1.40	-1.40	1.31
Afrimat Ltd	3350	3.40	-1.47	0.93
Cie Financiere Richemont SA	11044	-3.50	3.66	0.83
Anglo American Platinum Ltd	126387	-5.77	-3.09	0.24
Net 1 UEPS Technologies Inc	5123	-9.49	2.46	-0.66
JSE All Share Index	55950	-1.98	0.41	-1.99

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Switzerland	10:00	Total Sight Deposits (CHF) (21-Aug)	✓	-	CHF698600.00mn	Weekly
 Switzerland	10:00	Domestic Sight Deposits (CHF) (21-Aug)	✓	-	CHF632400.00mn	Weekly
 South Africa	11:30	Unemployment Rate (Q2)	✓✓	30.30%	30.10%	Quarterly
 South Africa	11:30	Non-Farm Payrolls (QoQ) (Q2)	✓	-	0.00%	Quarterly
 US	14:30	Chicago Fed National Activity Index (Jul)	✓✓✓	-	4.11	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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