

ONE Minute Brief

27 August 2020

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), the consumer price index rose 3.2% on an annual basis in July, compared to an advance of 2.2% in the prior month.

According to South African Reserve Bank's (SARB) forecasts, SA's economy probably contracted by an annualised 40.1% in the second quarter.

The Congress of South African Trade Unions (COSATU) stated that it is planning to stage a nationwide general strike on 7 October in a bid to force the government to act against corruption. Meanwhile, the union wants President Cyril Ramaphosa to announce a ZAR1tn stimulus plan to form part of the government's economic recovery plan.

The High Court in the Western Cape has declared Bongisizwe Mpondo's appointment as the Passenger Rail Agency of SA's (Prasa) sole administrator as unlawful and has been set aside.

Speaking in a webinar, Eskom Chief Executive Officer (CEO) Andre De Ruyter has confirmed that there would be an increased risk of load-shedding for another 12 months.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 615,710.

Key indices

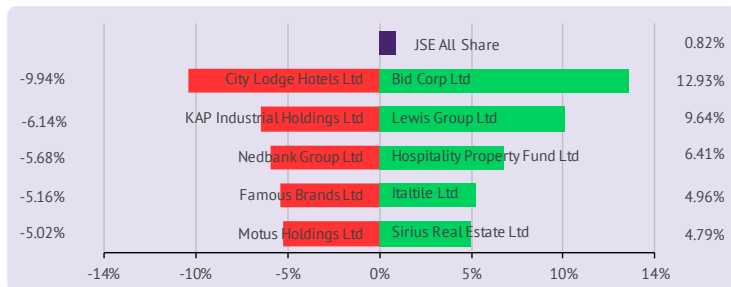
	As at 26 Aug 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56572.24	▲	458.01	0.82	1.11	1.53	2.50	-0.90
JSE Top 40 (ZAR)	52256.85	▲	488.97	0.94	1.14	1.73	2.38	2.84
FTSE 100 (GBP)	6045.60	▲	8.59	0.14	0.73	2.51	-4.41	-19.85
DAX 30 (EUR)	13190.15	▲	128.53	0.98	3.33	7.12	0.02	-0.44
CAC 40 (EUR)	5048.43	▲	40.16	0.80	3.11	5.53	-3.09	-15.55
S&P 500 (USD)	3478.73	▲	35.11	1.02	2.40	6.35	5.51	7.67
Nasdaq Composite (USD)	11665.06	▲	198.59	1.73	3.12	8.56	6.82	30.01
DJIA (USD)	28331.92	▲	83.48	0.30	1.44	7.20	2.38	-0.72
MSCI Emerging Markets (USD)	1119.34	▲	4.61	0.41	2.52	3.75	8.42	0.42
MSCI Developed World (USD)	2446.05	▲	23.10	0.95	2.25	6.12	4.69	3.71

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in gold mining and industrial sector stocks. The JSE All Share Index rose 0.8% to close at 56,572.24.

To Read More Click [Here](#)

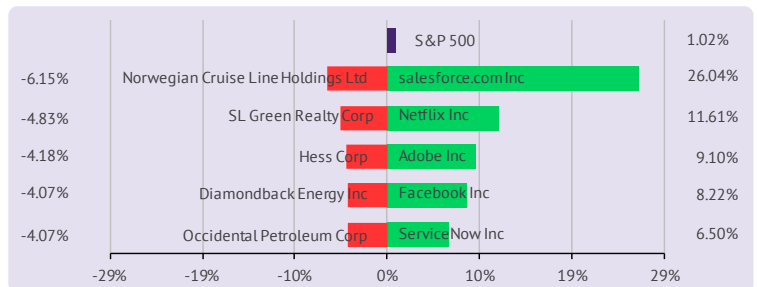


US Market ▲

US markets closed firmer

US markets closed higher yesterday, as technology stocks rallied following upbeat quarterly results from Salesforce and HP Enterprise. The S&P 500 Index climbed 1.0% to close at 3,478.73. Today, the S&P 500 futures are trading in the red.

To Read More Click [Here](#)

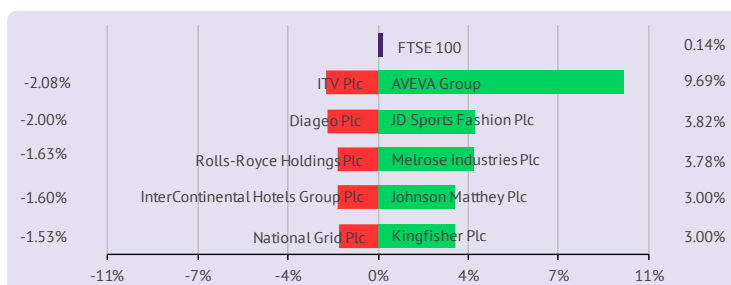


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, ahead of US Federal Reserve Chairman Jerome Powell's speech at the Jackson Hole symposium. The FTSE 100 Index advanced 0.1% to close at 6,045.60. Today, the FTSE 100 futures are trading in negative territory.

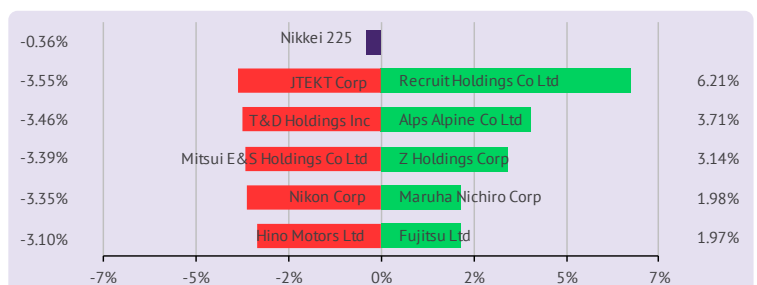
To Read More Click [Here](#)



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% lower at 23,206.47.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R16.8666. Later today, traders will keep a close watch on the US initial jobless claims, gross domestic product (GDP), pending home sales and Fed chair Jerome Powell's speech for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US durable goods orders advanced more-than-expected in July. Meanwhile, the MBA mortgage applications fell on a weekly basis in the week ended 21 August 2020. Separately, data indicated that SA's consumer inflation increased more than market forecast in July.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound marginally fell against the South African Rand to trade at R22.2903. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R19.9611. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly weaker against the South African Rand at R12.2060.

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	16.8666	▲	0.11	-1.64	-1.16	-1.61	20.53
GBPZAR	22.2903	▲	0.58	-0.74	-0.20	3.78	20.08
EURZAR	19.9611	▲	0.07	-1.34	-0.69	3.15	27.19
AUDZAR	12.2060	▲	0.76	-0.65	0.09	1.81	24.06
EURUSD	1.1834	▲	-0.04	0.28	0.44	4.84	5.50
GBPUSD	1.3211	▲	0.44	0.92	0.96	5.52	-0.35
Brent (\$/barrel)	45.7	▲	-0.48	2.91	4.87	5.45	-30.85
Gold (\$/oz)	1951.0	▲	1.51	0.32	-1.13	9.01	27.42
Platinum (\$/oz)	941.0	▲	0.62	1.48	2.27	9.30	-3.25
Copper (\$/MT)*	6615.0	▲	1.05	1.59	3.01	6.95	7.58

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.5% to trade at \$1,951.00/oz.

Yesterday, gold prices rose 1.5% to close at \$1,940.70/oz, amid weakness in the US Dollar and ahead of Federal Reserve Chairman Jerome Powell's speech.

To Read More Click [Here](#)

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.2% to trade at \$45.73/bL

Yesterday, Brent crude oil declined 0.5% to settle at \$45.64/bL. Meanwhile, the US Energy Information Administration (EIA) reported that crude oil inventories fell by 4.7mn bls to 507.8mn bls in the week ended 21 August 2020.

To Read More Click [Here](#)

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$941.00/oz.

Yesterday, platinum prices climbed 0.6% to close at \$939.80/oz.

Major South African corporate news

Adcorp Holdings Limited

In its trading update, the company announced that it has continued to maintain a stringent focus on cost saving and liquidity management to ensure a satisfactory cashflow position, including the successful refinance of long term borrowings until May 2022. Despite the negative impacts of COVID-19, the Australian business' revenue is tracking largely in line with the prior year given that Australia was affected by natural disasters in the same period last year. Operating costs have been managed effectively to mitigate the impact of COVID-19 on the bottom line.

Murray & Roberts Holdings Limited

In its FY20 results, the company announced that revenues rose to ZAR20.84bn from ZAR20.11bn posted in the previous year. Its diluted loss per share stood at 97.00c, compared to an EPS of 118.00c in the prior year.

Adcock Ingram Holdings Limited

In its FY20 results, the company announced that revenue advanced 4.0% to ZAR7.35bn from ZAR7.07bn recorded in the preceding year. Its diluted EPS stood at 398.00c, compared to 414.80c recorded in the previous year.

Nedbank Group Limited

In its 1H20 results, the company announced that net interest income increased to ZAR13.68bn from ZAR13.40bn posted in the corresponding period of the previous year. Profit for the period stood at ZAR1.58bn, compared with ZAR5.62bn recorded in the previous year.

Arrowhead Properties Limited

In its trading statement, the company announced that to date, seven properties worth ZAR86.00mn have transferred, with three assets worth ZAR48.00mn lodged and awaiting registration. It expects total distributable income for the 2020 financial year to be approximately ZAR340.00mn.

Resilient REIT Limited

In its FY20 results, the company announced that revenues fell 1.7% to ZAR3.74bn from ZAR3.80bn recorded in the preceding year. Its diluted loss per share stood at ZAR10.14, compared to an EPS of ZAR12.46 recorded in the previous year.

Major global economic news

US

In the US, preliminary durable goods orders climbed 11.2% on a monthly basis in July, more than market expectations and compared to revised rise of 7.7% in the previous month.

In the week ended 21 August 2020, the MBA mortgage applications dropped 6.5% on a weekly basis in the US, compared to a drop of 3.3% in the previous week.

Asia

In Japan, the final coincident index rose to 76.60 in June, compared to a revised level of 72.90 in the prior month. The preliminary figures had recorded an advance to 76.40.

In June, the final leading economic index advanced to 84.40 in Japan, compared to a revised level of 78.30 in the previous month. The preliminary figures had indicated an advance to 85.00.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	06:30	All Industry Activity Index (MoM) (Jun)	✓✓✓	6.10%*	-3.50%	Monthly
Switzerland	07:45	Gross Domestic Product n.s.a (YoY) (Q2)	✓✓	-9.60%	-1.30%	Quarterly
Switzerland	07:45	Gross Domestic Product s.a. (QoQ) (Q2)	✓✓✓	-8.60%	-2.60%	Quarterly
Japan	08:00	Machine Tool Orders (YoY) (Jul) (F)	✓✓✓	-	-32.10%	Monthly
France	08:45	Business Climate (Aug)	✓	85.00	85.00	Monthly
France	08:45	Production Outlook Indicator (Aug)	✓	-	-3.00	Monthly
Eurozone	10:00	M3 Money Supply (3m) (Jul)	✓	-	8.80%	Monthly
Eurozone	10:00	M3 Money Supply (YoY) (Jul)	✓	-	9.20%	Monthly
Eurozone	10:00	Private Loans (YoY) (Jul)	✓	2.80%	3.00%	Monthly
Italy	10:00	Industrial Orders n.s.a. (YoY) (Jun)	✓	-	-34.70%	Monthly
Italy	10:00	Industrial Orders s.a. (MoM) (Jun)	✓	-	42.20%	Monthly
Italy	10:00	Industrial Sales n.s.a. (YoY) (Jun)	✓	-	-25.90%	Monthly
Italy	10:00	Industrial Sales s.a. (MoM) (Jun)	✓	-	41.90%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Jul)	✓✓	1.00%	0.50%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Jul)	✓✓	1.70%	0.50%	Monthly
Canada	14:30	Average Weekly Earnings s.a. (YoY) (Jun)	✓	-	10.40%	Monthly
Canada	14:30	Current Account Balance (Q2)	✓✓	-CAD2.20bn	-CAD11.09bn	Quarterly
US	14:30	Continuing Jobless Claims (15-Aug)	✓✓✓	14450.00K	14844.00K	Weekly
US	14:30	Initial Jobless Claims (22-Aug)	✓✓✓	1000.00K	1106.00K	Weekly
US	14:30	Personal Consumption (QoQ) (Q2) (S)	✓✓✓	-	-6.80%	Quarterly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q2) (S)	✓✓✓	-1.10%	1.60%	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q2) (S)	✓✓✓	-32.50%	-5.00%	Quarterly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q2) (S)	✓✓✓	-2.00%	1.70%	Quarterly
US	15:10	Fed's Chair Powell speech	✓✓✓	-	-	As Scheduled
US	16:00	Pending Home Sales (MoM) (Jul)	✓✓	3.00%	16.60%	Monthly
US	16:00	Pending Home Sales (YoY) (Jul)	✓	-	6.30%	Monthly
US	16:30	EIA Natural Gas Storage Change (21-Aug)	✓✓✓	-	43.00Bcf	Weekly
US	17:00	Kansas City Fed Manufacturing Activity (Aug)	✓✓✓	-	3.00	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

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

An Authorised Financial
Services Provider
FSP no. 731

GTC is nationally represented in Johannesburg, Cape Town and Durban.

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services