

ONE Minute Brief

06 August 2020

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Economic and political news

In South Africa (SA), the IHS Markit Purchasing Managers' Index (PMI) rose to 44.90 in July, compared to a level of 42.50 in June.

During a meeting with parliament's two finance committees, Finance Minister Tito Mboweni and Treasury director-general Dondo Mogajane, stated that the treasury and the auditor-general will soon issue control guidelines for accounting officers in a bid to limit misappropriation, fraud and corruption in the procurement of personal protective equipment (PPE) and Covid-related goods.

Health Minister Zweli Mkhize has confirmed that the World Health Organisation (WHO) will send a team of experts, with a total of 43 senior experts from across the globe to assist SA to refine its efforts against the COVID-19 pandemic. Separately, Zweli Mkhize confirmed that the number of COVID-19 cases in the country has increased to 529,877.

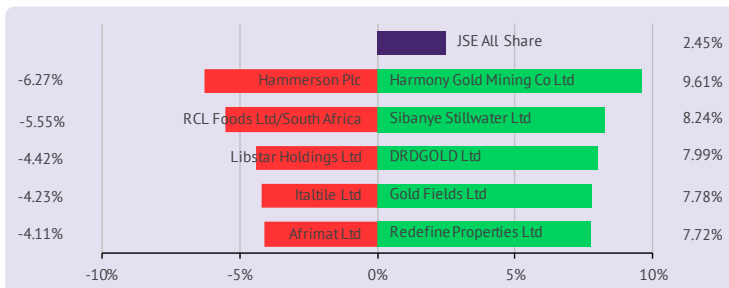
The National Energy Regulator of SA (Nersa) will appeal against a High Court judgment on its Eskom tariff decisions.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in gold mining, resources and platinum sector stocks. The JSE All Share Index rose 2.5% to close at 57,629.36.

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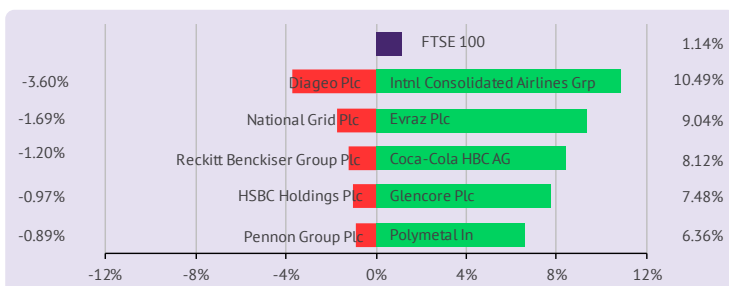


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid upbeat quarterly earnings reports and amid signs of progress in the US fiscal relief bill. The FTSE 100 Index advanced 1.1% to close at 6,104.72. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

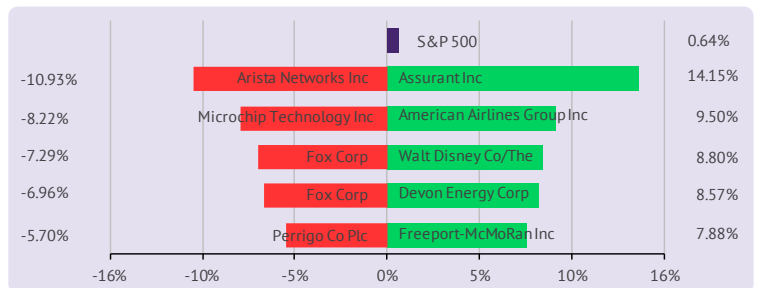
	As at 05 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57629.36	▲ 1380.43	2.45	3.42	3.42	2.50	0.96
JSE Top 40 (ZAR)	53279.30	▲ 1327.96	2.56	3.72	3.72	2.38	4.85
FTSE 100 (GBP)	6104.72	▲ 68.72	1.14	3.51	3.51	-4.41	-19.06
DAX 30 (EUR)	12660.25	▲ 59.38	0.47	2.82	2.82	0.02	-4.44
CAC 40 (EUR)	4933.34	▲ 43.82	0.90	3.13	3.13	-3.09	-17.48
S&P 500 (USD)	3327.77	▲ 21.26	0.64	1.73	1.73	5.51	3.00
Nasdaq Composite (USD)	10998.40	▲ 57.23	0.52	2.36	2.36	6.82	22.58
DJIA (USD)	27201.52	▲ 373.05	1.39	2.93	2.93	2.38	-4.68
MSCI Emerging Markets (USD)	1103.03	▲ 13.44	1.23	2.23	2.23	8.42	-1.04
MSCI Developed World (USD)	2355.94	▲ 19.11	0.82	2.21	2.21	4.69	-0.11

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid optimism over the new US coronavirus fiscal aid package and following robust quarterly earnings reports. The S&P 500 Index climbed 0.6% to close at 3,327.77. Today, the S&P 500 futures are trading in the green.

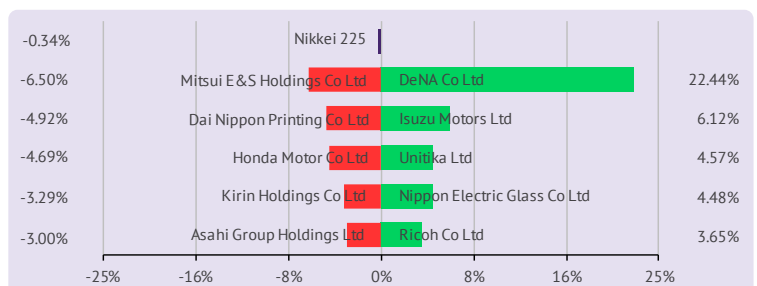
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% lower at 22,438.35.



USD ZAR

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R17.3045. Later today, traders will keep a close watch on the US initial jobless claims for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the private sector employment rose less-than-expected in July. Additionally, the MBA mortgage applications dropped on a weekly basis in the week ended 31 July 2020. Moreover, trade deficit narrowed less than market forecast in June. Meanwhile, the ISM non-manufacturing PMI unexpectedly climbed in July. Additionally, the final Markit services PMI advanced in July. Separately, data indicated that SA's IHS Markit PMI rose for the second consecutive month in July.

GBP ZAR

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading slightly higher against the South African Rand at R22.7249. Ahead in the day, traders will keep an eye on UK's Markit construction PMI, the Bank of England's (BoE) interest rate decision and BoE Governor Andrew Bailey's speech for further indications.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's services sector activity grew at its fastest pace in five years in July.

EUR ZAR

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R20.5495. Going forward, market participants will keep a tab on Germany's factory orders for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's final Markit services PMI climbed in July. On the other hand, seasonally adjusted retail sales grew less than market consensus in June. Separately, Germany's final Markit services PMI advanced in July.









AUD ZAR

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly weaker against the South African Rand at R12.4554.

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	17.3045		-0.35	1.48	1.48	-1.61	23.74
GBPZAR	22.7249		0.00	1.73	1.73	3.78	22.40
EURZAR	20.5495		0.17	2.23	2.23	3.15	30.92
AUDZAR	12.4554		0.15	2.16	2.16	1.81	26.64
EURUSD	1.1874		0.51	0.72	0.72	4.84	5.80
GBPUSD	1.3132		0.33	0.22	0.22	5.52	-1.08
Brent (\$/barrel)	45.3		1.67	3.79	3.79	5.45	-31.56
Gold (\$/oz)	2057.3		1.49	3.48	3.48	9.01	33.35
Platinum (\$/oz)	996.0		3.55	7.64	7.64	9.30	1.82
Copper (\$/MT)*	6498.8		0.71	1.20	1.20	6.95	5.69

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

Gold

Trading in the green

At 06:00 SAST, gold prices rose 1.3% to trade at \$2,057.30/oz.

Yesterday, gold prices rose 1.5% to close at \$2,031.10/oz, surpassing the 2,000 mark, amid weakness in the US Dollar and decline in US bond yield.

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Brent Crude Oil

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$45.26/bl.

Yesterday, Brent crude oil advanced 1.7% to settle at \$45.17/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories fell by 7.4mn bls in the week ended 31 July 2020.

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Platinum

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.7% higher to trade at \$996.00/oz.

Yesterday, platinum prices climbed 3.6% to close at \$989.10/oz.

Major South African corporate news

JSE Limited

In its 1H20 results, the company announced that revenues increased to ZAR1.27bn from ZAR1.07bn posted in the corresponding period of the previous year. Its diluted EPS rose 22.0% to 567.50c from the same period of the prior year.

Mpact Limited

In its 1H20 results, the company announced that revenues declined 1.4% ZAR5.06bn from ZAR5.13bn the same period of the preceding year to. Its basic EPS stood at 9.00c, compared to 57.80c recorded in the corresponding period of the previous year.

Liberty Holdings Limited

In its 1H20 results, the company announced that total income fell to ZAR19.26bn from ZAR47.60bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 867.70c, compared to a diluted EPS of 681.40c in the same period of the prior year.

Major global economic news

US

In the US, the ISM non-manufacturing PMI unexpectedly climbed to a level of 58.10 in July, compared to a level of 57.10 in the prior month.

In July, the final Markit services PMI advanced to 50.00 in the US, compared to a level of 47.90 in the previous month. The preliminary figures had indicated a rise to 49.60.

In the US, private sector employment rose by 167.00K in July, less than market expectations and compared to a revised rise of 4314.00K jobs in the prior month.

In June, trade deficit narrowed less-than-expected to USD50.70bn in the US, compared to a revised deficit of USD54.80bn in the prior month

In the US, the MBA mortgage applications dropped 5.1% on a weekly basis in the week ended 31 July 2020, compared to a fall of 0.8% in the previous week.

Eurozone

In the Eurozone, the final Markit services PMI expanded to 54.70 in July, compared to a level of 48.30 in the prior month. The preliminary figures had indicated an advance to 55.10.

In June, seasonally adjusted retail sales advanced 5.7% on a monthly basis in the Eurozone, less than market anticipations and compared to a revised surge of 20.3% in the prior month.

In Germany, the final Markit services PMI jumped to a level of 55.60 in July, compared to a level of 47.30 in the previous month. The preliminary figures had recorded a rise to 56.70.

UK

In the UK, the final Markit services PMI rose to 56.50 in July, compared to a reading of 47.10 in the prior month. The preliminary figures had indicated an advance to 56.60.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Germany	08:00	Factory Orders n.s.a. (YoY) (Jun)	✓✓✓	-	-29.30%	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Jun)	✓✓	10.10%	10.40%	Monthly
UK	08:00	BoE Interest Rate Decision	✓	0.10%	0.10%	As Scheduled
UK	08:00	BoE Asset Purchase Facility	✓	GBP745.00bn	GBP745.00bn	As Scheduled
UK	08:00	BOE MPC Vote Hike	✓	-	-	As Scheduled
UK	08:00	BOE MPC Vote Cut	✓	-	-	As Scheduled
UK	08:00	BOE MPC Vote Unchanged	✓	-	-	As Scheduled
UK	08:00	Financial Stability Report	✓	-	-	As Scheduled
Germany	09:30	Markit Construction PMI (Jul)	✓✓	-	41.30	Monthly
Italy	10:00	Industrial Production n.s.a. (YoY) (Jun)	✓✓	-	-25.00%	Monthly
Italy	10:00	Industrial Production s.a. (MoM) (Jun)	✓✓	5.10%	42.10%	Monthly
Italy	10:00	Industrial Production w.d.a.(YoY) (Jun)	✓✓	-16.80%	-20.30%	Monthly
UK	10:30	Markit Construction PMI (Jul)	✓	57.00	55.30	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Jun)	✓	-	-13.60%	Monthly
South Africa	13:00	Electricity Production (YoY) (Jun)	✓	-	-13.20%	Monthly
UK	13:30	BoE Governor Bailey Speech	✓	-	-	As Scheduled
US	14:30	Continuing Jobless Claims (25-Jul)	✓✓✓	16720.00K	17018.00K	Weekly
US	14:30	Initial Jobless Claims (01-Aug)	✓✓✓	1415.00K	1434.00K	Weekly
US	16:00	Fed's Kaplan speech	✓✓	-	-	As Scheduled
US	16:30	EIA Natural Gas Storage Change (31-Jul)	✓✓✓	-	26.00Bcf	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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