

ONE  
Minute Brief

07 August 2020

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## Economic and political news

In South Africa (SA), electricity production fell 5.8% on an annual basis in June, compared to a drop of 13.2% in the previous month. Additionally, electricity consumption dropped 4.9% on a yearly basis in June, compared to a fall of 13.6% in the prior month.

President Cyril Ramaphosa has set up a six-member ministerial committee to investigate corruption and fraud linked to the procurement of Covid-19 personal protective equipment (PPE) tenders. The six-member committee will be chaired by Justice and Correctional Services Minister Ronald Lamola and also consists of Minister in the Presidency Jackson Mthembu, Police Minister Bheki Cele and Public Service and Administration Minister Senzo Mchunu, Finance Minister Tito Mboweni and Cooperative Governance and Traditional Affairs Nkosazana Dlamini-Zuma.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 538,184.

Eskom, in their 73-page summons, has outlined how and when they believe former Chief Executive Officer Matshela Koko and former executives looted the SEO of ZAR3.8bn.

## Key indices

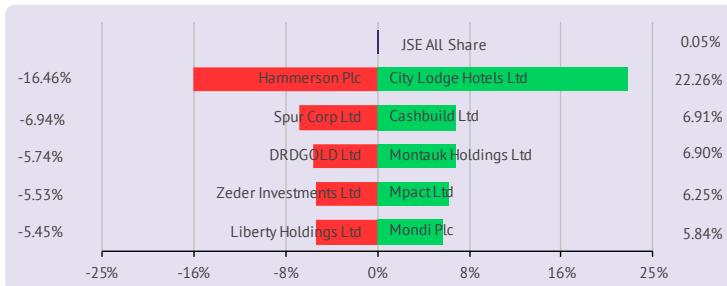
	As at 06 Aug 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57656.69	▲	27.33	0.05	3.47	3.47	2.50	1.00
JSE Top 40 (ZAR)	53350.88	▲	71.58	0.13	3.86	3.86	2.38	4.99
FTSE 100 (GBP)	6026.94	▼	-77.78	-1.27	2.19	2.19	-4.41	-20.09
DAX 30 (EUR)	12591.68	▼	-68.57	-0.54	2.26	2.26	0.02	-4.96
CAC 40 (EUR)	4885.13	▼	-48.21	-0.98	2.12	2.12	-3.09	-18.28
S&P 500 (USD)	3349.16	▲	21.39	0.64	2.39	2.39	5.51	3.66
Nasdaq Composite (USD)	11108.07	▲	109.67	1.00	3.38	3.38	6.82	23.80
DJIA (USD)	27386.98	▲	185.46	0.68	3.63	3.63	2.38	-4.03
MSCI Emerging Markets (USD)	1106.58	▲	3.55	0.32	2.56	2.56	8.42	-0.72
MSCI Developed World (USD)	2359.89	▲	3.95	0.17	2.38	2.38	4.69	0.06

## South Africa Market ▲

## South African markets closed higher

South African markets closed in the green yesterday, amid hopes for further stimulus from the US government. The JSE All Share Index rose 0.1% to close at 57,656.69.

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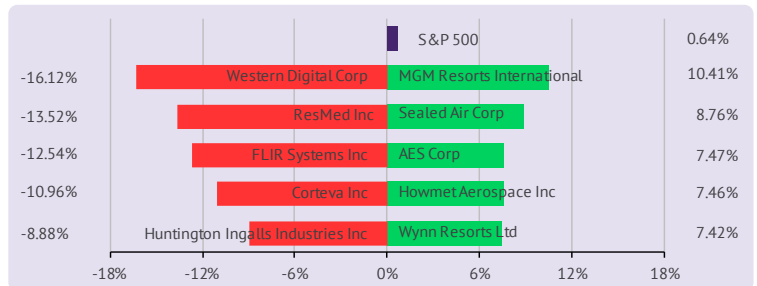


## US Market ▲

## US markets closed firmer

US markets closed higher yesterday, amid optimism over new fiscal stimulus package from the US government and better-than-expected US jobs data. The S&P 500 Index climbed 0.6% to close at 3,349.16. Today, the S&P 500 futures are trading in the red.

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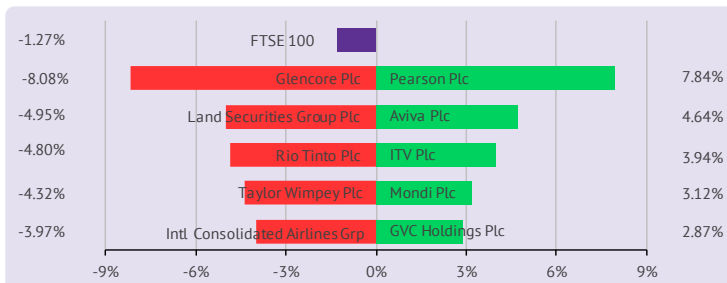


## UK Market ▼

## UK markets closed in the red

UK markets finished lower yesterday, after the Bank of England (BoE) forecasted a slower-than-expected rebound from the COVID-19 driven downturn. The FTSE 100 Index declined 1.3% to close at 6,026.94. Today, the FTSE 100 futures are trading in negative territory.

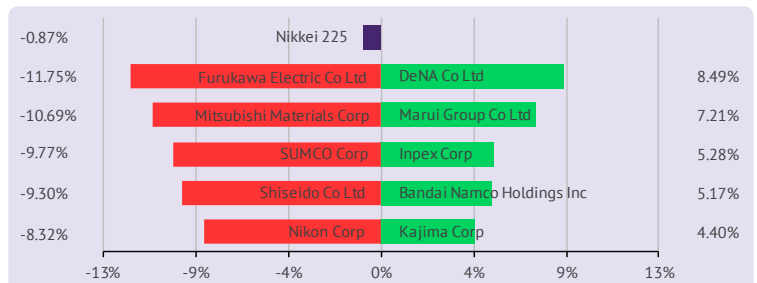
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## Asian Market ▼

## Trading mostly lower

Asian markets are trading mostly lower this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.9% lower at 22,223.02.



## USD ZAR ▼

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.8% higher against the South African Rand at R17.5712. Later today, traders will keep a close watch on the US nonfarm payrolls, average hourly earnings, consumer credit change and unemployment rate for further direction.

The US Dollar rose against the South African Rand yesterday, as upbeat US jobs data revived hopes for a smooth recovery. On the macro front, the US seasonally adjusted number of initial jobless claims fell more-than-expected on a weekly basis in week ended 31 July 2020, hitting its lowest level of the pandemic period. Separately, data indicated that SA's electricity production as well as electricity consumption dropped on an annual basis in June.

## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.5% against the South African Rand to trade at R23.0207. Ahead in the day, traders will keep an eye on UK's Halifax house prices for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's construction PMI advanced at its fastest pace since October 2015 in July.

## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.4% higher against the South African Rand at R20.7735. Going forward, market participants will keep a tab on Germany's current account balance, trade balance and industrial production for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's seasonally adjusted factory orders jumped more than expected in June.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.3% against the South African Rand to trade at R12.6441. Earlier in the session, Australia's AiG performance of services index rose in July. Elsewhere, in China, Australia's largest trading partner, trade surplus unexpectedly widened in July.

The Australian Dollar rose against the South African Rand yesterday.

## Key currencies & commodities

	Current <sup>#</sup>		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	17.5712	▼	0.58	2.06	2.06	-1.61	24.46
GBPZAR	23.0207	▼	0.77	2.51	2.51	3.78	23.34
EURZAR	20.7735	▼	0.69	2.94	2.94	3.15	31.83
AUDZAR	12.6441	▼	1.18	3.37	3.37	1.81	28.13
EURUSD	1.1822	▼	0.12	0.84	0.84	4.84	5.92
GBPUSD	1.3101	▼	0.22	0.44	0.44	5.52	-0.86
Brent (\$/barrel)	45.0	▼	-0.18	3.61	3.61	5.45	-31.68
Gold (\$/oz)	2074.2	▲	1.00	4.52	4.52	9.01	34.69
Platinum (\$/oz)	1002.2	▼	2.51	10.34	10.34	9.30	4.38
Copper (\$/MT)*	6479.8	▼	-0.29	0.90	0.90	6.95	5.38

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 1.1% to trade at \$2,074.20/oz.

Yesterday, gold prices rose 1.0% to close at \$2,051.50/oz, as growing concerns over resurgence in coronavirus cases increased demand for the safe haven metal.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$44.98/bl.

Yesterday, Brent crude oil declined 0.2% to settle at \$45.09/bl, amid demand concerns.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices fell 1.2% to trade at \$1,002.20/oz.

Yesterday, platinum prices climbed 2.5% to close at \$1,013.90/oz.

## Major South African corporate news

### DataTec Limited

The company announced that Logicalis Latin America has acquired a 30.0% stake in Kumulus, a company based in Brazil with 80 employees specialising in Microsoft cloud and data managed services.

### MTN Group Limited

In its 1H20 results, the company announced that revenues rose to ZAR84.08bn from ZAR72.51bn posted in the corresponding period of the previous year. Its diluted EPS rose to 671.00c from 250c recorded in the same period of the prior year. The company also announced that it has resolved to simplify its portfolio and focus on its pan-African strategy and will therefore be exiting its Middle Eastern assets in an orderly manner over the medium term. As a first step, the firm is in advanced discussions to sell its 75.0% stake in MTN Syria.

## Major global economic news

### UK

In the UK, the construction PMI rose to 58.10 in July, more than market expectations and compared to a level of 55.30 in the previous month.

The Bank of England (BoE), in its latest monetary policy decision, kept its benchmark interest rate unchanged at 0.10% and warned of a slower economic recovery. Moreover, the committee agreed unanimously to hold the target for its asset-buying program at GBP745bn (USD977bn). The central bank indicated that Britain's gross domestic product (GDP) will shrink by 9.5% this year, an improvement on the 14% previously predicted.

BoE Governor, Andrew Bailey, stated that the UK economy is picking up as coronavirus restrictions are lifted, however, the pick-up is "very unevenly distributed". Also, he warned that "some parts of the economy" will not be "viable" after the coronavirus pandemic. Moreover, he stated that central bank sees no immediate case to cut interest rates below zero and unemployment is likely to almost double by the end of this year. On the outlook front, he warned that the economy would take longer to recover from the pandemic previously forecasts.

### Asia

In Australia, the AiG performance of services index advanced to 44.00 in July, compared to a level of 31.50 in the previous month.

In Japan, overall household spending fell 1.2% on an annual basis in June, less than market consensus and compared to a drop of 16.2% in the previous month.

In China, trade surplus unexpectedly widened to USD62.33bn in July, compared to a surplus of USD46.42bn in the previous month.

The Reserve Bank of Australia (RBA), in its latest monetary policy statement, reiterated that it will not increase the cash rate target until progress is being made towards full employment, inflation target. Further, RBA indicated that the forecast of -6.0% contraction by end 2020 has not changed, however the central bank cut its 2021 growth forecast slightly to +5%. Further, the central bank warned that the jobs market will take longer to recover from the coronavirus recession than expected and expects the pace of Australia's economic recovery to be slower than previously forecasted.

### US

In the US, seasonally adjusted number of initial jobless claims dropped more-than-expected to 1186.00K on a weekly basis in week ended 31 July 2020, compared to a revised reading of 1435.00K in the previous week

### Eurozone

In Germany, seasonally adjusted factory orders surged 27.9% on a monthly basis in June, compared to a rise of 10.4% in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Household Spending (YoY) (Jun)	✓✓	-1.20%*	-16.20%	Monthly
Japan	07:00	Coincident Index (Jun) (P)	✓	-	73.40	Monthly
Japan	07:00	Leading Economic Index (Jun) (P)	✓✓✓	-	78.40	Monthly
Germany	08:00	Industrial Production n.s.a. and w.d.a. (YoY) (Jun)	✓✓✓	-	-19.30%	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Jun)	✓✓✓	-	7.80%	Monthly
Germany	08:00	Current Account n.s.a. (Jun)	✓	-	EUR6.50bn	Monthly
Germany	08:00	Trade Balance n.s.a. (Jun)	✓✓✓	-	EUR7.10bn	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Jul)	✓	-	USD45.74bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Jul)	✓	-	USD52.32bn	Monthly
France	08:45	Nonfarm Payrolls (QoQ) (Q2) (P)	✓	-	-2.50%	Quarterly
France	08:45	Industrial Production (YoY) (Jun)	✓✓✓	-	-23.41%	Monthly
France	08:45	Manufacturing Production (YoY) (Jun)	✓✓✓	-	-25.17%	Monthly
France	08:45	Current Account (Jun)	✓✓	-	-EUR8.50bn	Monthly
France	08:45	Trade Balance (Jun)	✓✓✓	-	-EUR7.05bn	Monthly
Spain	09:00	Industrial Output s.a. (YoY) (Jun)	✓✓	-15.40%	-24.50%	Monthly
Spain	09:00	Industrial Output n.s.a. (YoY) (Jun)	✓✓	-	-27.80%	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (Jul)	✓	-	2.50%	Monthly
UK	09:30	Halifax House Prices (MoM) (Jul)	✓	-	-0.10%	Monthly
Italy	10:00	Trade Balance EU (Jun)	✓✓✓	-	EUR1.50bn	Monthly
Italy	10:00	Trade Balance (Jun)	✓✓✓	-	EUR558.40mn	Monthly
Canada	14:30	Unemployment Rate (Jul)	✓✓	11.00%	12.30%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Jul)	✓✓	-0.50%	-1.20%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Jul)	✓✓	4.20%	5.00%	Monthly
US	14:30	Change in Manufacturing Payrolls (Jul)	✓	255.00K	356.00K	Monthly
US	14:30	Change in Non-farm Payrolls (Jul)	✓✓✓	1600.00K	4800.00K	Monthly
US	14:30	Change in Private Payrolls (Jul)	✓✓	1485.00K	4767.00K	Monthly
US	14:30	Unemployment Rate (Jul)	✓✓✓	10.50%	11.10%	Monthly
US	16:00	Wholesale Inventories (MoM) (Jun) (F)	✓✓✓	-2.00%	-1.20%	Monthly
US	19:00	Baker Hughes US Oil Rig Count (07-Aug)	✓	-	180.00	Weekly
US	21:00	Consumer Credit Change (Jun)	✓✓	USD10.00bn	-USD18.28bn	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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