

ONE Minute Brief

12 August 2020

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Economic and political news

In South Africa (SA), manufacturing production declined 16.3% on an annual basis in June, compared to a revised drop of 32.4% in the previous month.

The Eskom Pension and Provident Fund has paid out ZAR104.3mn in special bonuses to more than 33,000 pensioners as part of a Covid-19 relief effort. Separately, during a live stream report on the current state of Eskom to the Cape Town press club, Eskom's Chief Executive Officer (CEO) Andre de Ruyter indicated that SA will be at "residual risk" of load-shedding until September 2021.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in SA had increased to 566,109.

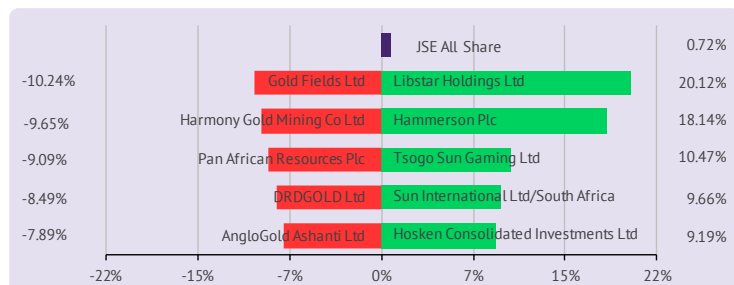
The Government of Germany has pledged about ZAR9.5mn (EUR500,000) towards National Director of Public Prosecutions (NDPP) Shamila Batohi's drive to create a structure whereby the public will be able to lodge complaints about any allegation of improper conduct involving National Prosecuting Authority (NPA) staff.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, financial and industrial sector stocks. The JSE All Share Index rose 0.7% to close at 57,168.24.

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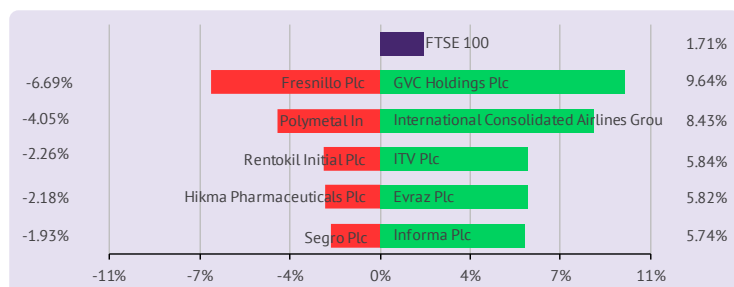


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid hopes that the US government would reach an agreement on a new coronavirus stimulus package. The FTSE 100 Index advanced 1.7% to close at 6,154.34. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

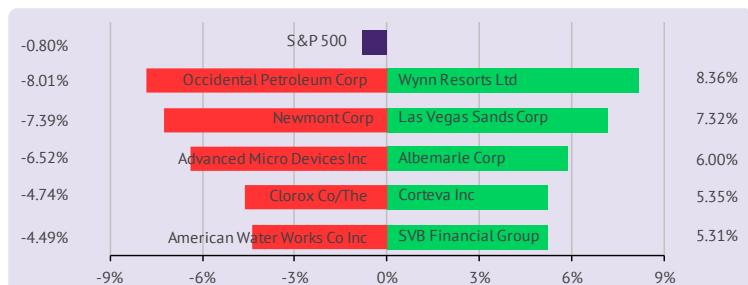
	As at 11 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57168.24	▲ 410.51	0.72	0.72	2.60	2.50	0.15
JSE Top 40 (ZAR)	52831.61	▲ 395.96	0.76	0.76	2.85	2.38	3.97
FTSE 100 (GBP)	6154.34	▲ 103.75	1.71	2.03	4.35	-4.41	-18.40
DAX 30 (EUR)	12946.89	▲ 259.36	2.04	2.15	5.15	0.02	-2.28
CAC 40 (EUR)	5027.99	▲ 118.48	2.41	2.83	5.11	-3.09	-15.89
S&P 500 (USD)	3333.69	▼ -26.78	-0.80	-0.52	1.91	5.51	3.19
Nasdaq Composite (USD)	10782.82	▼ -185.54	-1.69	-2.07	0.35	6.82	20.17
DJIA (USD)	27686.91	▼ -104.53	-0.38	0.92	4.76	2.38	-2.98
MSCI Emerging Markets (USD)	1091.23	▲ 4.78	0.44	0.18	1.14	8.42	-2.10
MSCI Developed World (USD)	2359.47	▼ -1.40	-0.06	0.15	2.36	4.69	0.04

US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid uncertainty surrounding another round of fiscal stimulus and led by losses in technology sector stocks. The S&P 500 Index dropped 0.8% to close at 3,333.69. Today, the S&P 500 futures are trading in the red.

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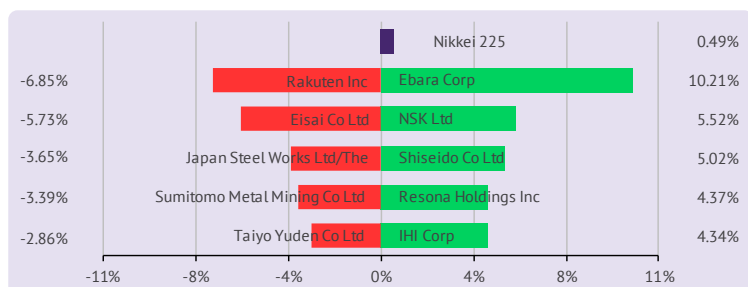


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 0.5% higher at 22,861.36.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% higher against the South African Rand at R17.5588. Later today, traders will keep a close watch on the US MBA mortgage applications, the consumer price index (CPI) and monthly budget statement for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US producer price index (PPI) advanced more-than-expected in July. Meanwhile, the NFIB small business optimism index unexpectedly dropped in July. Separately, data indicated that SA's manufacturing production fell in July.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.3% against the South African Rand to trade at R22.8765. Ahead in the day, traders will keep an eye on UK's industrial production, manufacturing production, total trade balance, gross domestic product (GDP), the NIESR GDP estimate and the RICS house price balance for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's average earnings including bonus dropped more-than-anticipated in June. Meanwhile, the ILO unemployment rate remained steady in the three months to July.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.3% against the South African Rand to trade at R20.5789. Going forward, market participants will keep a tab on Eurozone's industrial production for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's ZEW economic sentiment indicator advanced more than market expectations in August. Separately, Germany's ZEW current situation index unexpectedly dropped in August. Meanwhile, the nation's economic sentiment improved in August.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R12.4994. Earlier in the session, Australia's Westpac consumer confidence index declined in August.

The Australian Dollar fell against the South African Rand yesterday.

Key currencies & commodities

	Current [#]		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	17.5588	▼	-1.21	-0.93	2.36	-1.61	24.82
GBPZAR	22.8765	▼	-1.35	-0.88	2.14	3.78	22.90
EURZAR	20.5789	▼	-1.21	-1.31	2.03	3.15	30.67
AUDZAR	12.4994	▼	-1.29	-1.12	2.36	1.81	26.88
EURUSD	1.1720	▼	0.02	-0.40	-0.32	4.84	4.70
GBPUSD	1.3029	▼	-0.19	-0.03	-0.28	5.52	-1.58
Brent (\$/barrel)	44.7	▲	-1.09	0.23	2.25	5.45	-32.58
Gold (\$/oz)	1899.4	▼	-4.53	-3.86	-1.54	9.01	26.89
Platinum (\$/oz)	940.2	▼	-3.12	0.10	5.71	9.30	0.00
Copper (\$/MT)*	6381.8	▼	-0.19	1.17	-0.63	6.95	3.79

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 1.7% to trade at \$1,899.40/oz.

Yesterday, gold prices fell 4.5% to close at \$1,932.60/oz, amid optimism over development of potential coronavirus vaccine and signs of a slowdown in the number of new COVID-19 cases in the US, dented demand for the safe haven asset.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.5% to trade at \$44.73/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 4.4mn bls last week.

Yesterday, Brent crude oil declined 1.1% to settle at \$44.50/bl.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 3.2% to trade at \$940.20/oz.

Yesterday, platinum prices dropped 3.1% to close at \$971.40/oz.

Major South African corporate news

Exxaro Resources Limited

In its 1H20 trading update, the company announced that it expects HEPS to be between ZAR11.42 and ZAR14.20, compared with ZAR17.30 reported in the same period of last year, due to the accounting of non-controlling interest for the outside shareholders of Eyesizwe RF Proprietary Limited from 1 November 2019.

Sasol Limited

In its FY20 trading statement, the company announced that it expects loss per share to be between ZAR146.75 and ZAR148.15 compared with an EPS of ZAR6.97 recorded in the corresponding period of last year. It also expects its headline loss per share to be between ZAR8.72 and ZAR14.86 compared to HEPS of ZAR30.72 in the prior year.

Major global economic news

Eurozone

In the Eurozone, the ZEW economic sentiment indicator climbed more-than-expected to 64.00 in August, compared to a level of 59.60 in the previous month.

In Germany, the ZEW current situation index unexpectedly dropped to -81.30 in August, compared to a level of -80.90 in the previous month.

In August, the ZEW economic sentiment index unexpectedly advanced to 71.50 in Germany, compared to a level of 59.30 in the previous month.

UK

In June, average earnings including bonus dropped 1.2% on an annual basis in the UK, more than market expectations and compared to a fall of 0.3% in the previous month.

In the UK, the ILO unemployment rate remained unchanged at 3.9% in the three months to July.

US

In the US, the NFIB small business optimism index unexpectedly fell to 98.80 in July, compared to a level of 100.60 in the previous month.

In July, the PPI rose 0.6% on a monthly basis in the US, more than market anticipations and compared to a fall of 0.2% in the previous month.

Asia

In Australia, the Westpac consumer confidence index declined to 79.50 in August, compared to a reading of 87.90 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
UK	08:00	Index of Services (3M/3M) (Jun)	✓	-19.20%	-18.90%	Monthly
UK	08:00	Index of Services (MoM) (Jun)	✓	-	0.90%	Monthly
UK	08:00	Industrial Production (MoM) (Jun)	✓	9.20%	6.00%	Monthly
UK	08:00	Industrial Production (YoY) (Jun)	✓	-12.80%	-20.00%	Monthly
UK	08:00	Manufacturing Production (MoM) (Jun)	✓	10.00%	8.40%	Monthly
UK	08:00	Manufacturing Production (YoY) (Jun)	✓	-15.00%	-22.80%	Monthly
UK	08:00	Construction Output s.a. (YoY) (Jun)	✓	-	-39.70%	Monthly
UK	08:00	Industrial Production (Jun)	✓	-	90.80	Monthly
UK	08:00	Manufacturing Production (Jun)	✓	-	78.20	Monthly
UK	08:00	Construction Output s.a. (MoM) (Jun)	✓	-	8.20%	Monthly
UK	08:00	Total Trade Balance (Jun)	✓	-	GBP4.30bn	Monthly
UK	08:00	Trade Balance; non-EU (Jun)	✓	-	GBP0.65bn	Monthly
UK	08:00	Gross Domestic Product s.a. (MoM) (Jun)	✓	8.00%	1.80%	Monthly
UK	08:00	Gross Domestic Product s.a. (QoQ) (Q2) (P)	✓	-20.20%	-2.20%	Quarterly
UK	08:00	Gross Domestic Product s.a. (YoY) (Q2) (P)	✓	-22.40%	-1.70%	Quarterly
Italy	10:00	Consumer Price Index (EU Norm) (YoY) (Jul) (F)	✓✓✓	0.90%	-0.40%	Monthly
Italy	10:00	Consumer Price Index (MoM) (Jul) (F)	✓✓✓	-0.10%	0.10%	Monthly
Italy	10:00	Consumer Price Index (YoY) (Jul) (F)	✓✓✓	-0.30%	-0.20%	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (Jun)	✓✓✓	10.00%	12.40%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Jun)	✓✓✓	-11.40%	-20.90%	Monthly
Eurozone	11:00	Industrial Production (Jun)	✓	-	83.60	Monthly
Portugal	12:00	Consumer Price Index (MoM) (Jul) (F)	✓	-	0.90%	Monthly
Portugal	12:00	Consumer Price Index (YoY) (Jul) (F)	✓	-	0.10%	Monthly
South Africa	13:00	Retail Sales (MoM) (Jun)	✓✓	-	74.20%	Monthly
South Africa	13:00	Retail Sales (YoY) (Jun)	✓✓	-	-12.00%	Monthly
US	13:00	MBA Mortgage Applications (07-Aug)	✓	-	-5.10%	Weekly
US	14:30	Consumer Price Index (MoM) (Jul)	✓✓✓	0.30%	0.60%	Monthly
US	14:30	Consumer Price Index (YoY) (Jul)	✓✓✓	0.80%	0.60%	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (07-Aug)	✓✓✓	-	-7.37mn	Weekly
US	20:00	Monthly Budget Statement (Jul)	✓✓✓	-	-USD864.00bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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formerly Grant Thornton Capital

a GTC, The Wanderers Office Park,

t +27 (0) 10 597 6800

GTC (Pty) Ltd.

An Authorised Financial

f +27 (0) 10 597 6801

reg. no. 1996/001488/07

Services Provider

p P O Box 55118, Illovo, 2116

w www.gtc.co.za

directors: G.K. Mockler, F.Dildar

FSP no. 731

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