

ONE Minute Brief

13 August 2020

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Economic and political news

In South Africa (SA), retail sales dropped 7.5% on an annual basis in June, compared to a revised fall of 11.9% in May. Meanwhile, the SACCI business confidence index rose to 82.80 in July, compared to a level of 81.40 in the previous month.

News reports indicate that the National Coronavirus Command Council (NCCC) and Cabinet have been advised to lift the ban on the sale of cigarettes and alcohol and move the country to Level 2 of the nationwide lockdown.

Eskom has warned that the power system is "severely constrained" and has urged South Africans to reduce electricity consumption in order to help them power the country through the evening peak.

President Cyril Ramaphosa has placed Director-General of the Public Service Commission (PSC) Dovichani Mamphiswana on precautionary suspension.

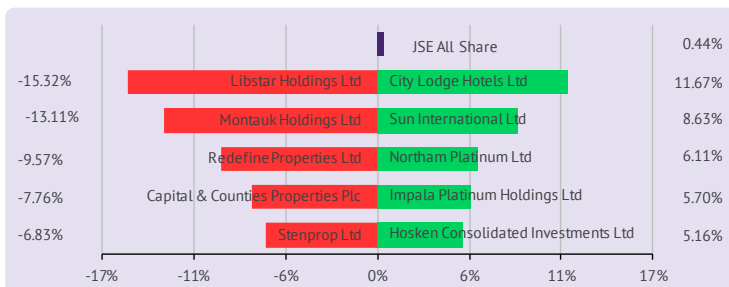
South African Reserve Bank Governor Lesetja Kganyago has dismissed suggestions that the central bank's inflation-targeting mandate be broadened and that it undertake quantitative easing to support an economy.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, led by gains in industrial and platinum mining sector stocks. The JSE All Share Index rose 0.4% to close at 57,417.28.

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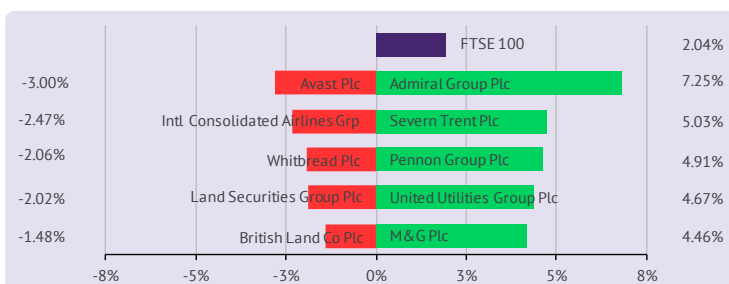


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid signs of recovery as monthly economic data bounced back in June. The FTSE 100 Index advanced 2.0% to close at 6,280.12. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

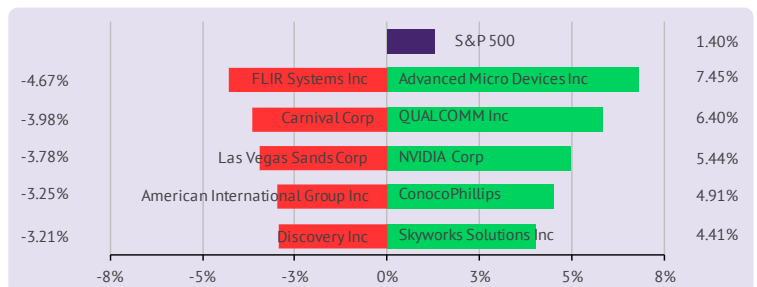
	As at 12 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57417.28	▲ 249.04	0.44	1.16	3.04	2.50	0.58
JSE Top 40 (ZAR)	53126.54	▲ 294.93	0.56	1.32	3.42	2.38	4.55
FTSE 100 (GBP)	6280.12	▲ 125.78	2.04	4.11	6.48	-4.41	-16.74
DAX 30 (EUR)	13058.63	▲ 111.74	0.86	3.03	6.05	0.02	-1.44
CAC 40 (EUR)	5073.31	▲ 45.32	0.90	3.76	6.05	-3.09	-15.13
S&P 500 (USD)	3380.35	▲ 46.66	1.40	0.87	3.34	5.51	4.63
Nasdaq Composite (USD)	11012.24	▲ 229.42	2.13	0.01	2.48	6.82	22.73
DJIA (USD)	27976.84	▲ 289.93	1.05	1.98	5.86	2.38	-1.97
MSCI Emerging Markets (USD)	1093.98	▲ 2.75	0.25	0.43	1.40	8.42	-1.86
MSCI Developed World (USD)	2391.80	▲ 32.33	1.37	1.52	3.77	4.69	1.41

US Market ▲

US markets closed firmer

US markets closed higher yesterday, boosted by gains in technology sector stocks and amid better-than-expected economic data. The S&P 500 Index climbed 1.4% to close at 3,380.35. Today, the S&P 500 futures are trading in the red.

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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 1.9% higher at 23,274.49.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R17.4575. 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 US consumer price index (CPI) advanced more than market expectations in July. Additionally, monthly budget unexpectedly reported a surplus in July. Moreover, the MBA mortgage applications rose on a weekly basis in the week ended 07 August 2020. Separately, data indicated that SA's retail sales dropped for the third consecutive month in June. Meanwhile, the business confidence index recovered from a 35-year low level in July.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R22.7974. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that UK's RICS house price balance unexpectedly rose in July.

The British Pound declined against the South African Rand yesterday, after Britain's economy entered into recession. Data indicated that UK's flash gross domestic product (GDP) dropped in 2Q20, recording its biggest drop since the records began in 1955. Additionally, the NIESR GDP estimate declined in July. Also, total trade surplus narrowed in June. Meanwhile, both, industrial production and manufacturing production advanced more-than-anticipated in June.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R20.6180. Going forward, market participants will keep a tab on Germany's CPI for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted industrial production advanced less than market forecast in June.

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 R12.5187. Earlier in the session, Australia's consumer inflation expectations advanced in August. Moreover, the unemployment rate rose less than expected in July.

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	17.4575	▲	-0.04	-0.97	2.32	-1.61	24.77
GBPZAR	22.7974	▼	-0.21	-1.09	1.93	3.78	22.65
EURZAR	20.6180	▼	0.37	-0.94	2.41	3.15	31.16
AUDZAR	12.5187	▼	0.21	-0.91	2.58	1.81	27.15
EURUSD	1.1809	▲	0.37	-0.03	0.05	4.84	5.09
GBPUSD	1.3059	▲	-0.11	-0.14	-0.39	5.52	-1.68
Brent (\$/barrel)	45.4	▼	2.09	2.32	4.39	5.45	-31.17
Gold (\$/oz)	1945.1	▲	0.12	-3.74	-1.42	9.01	27.04
Platinum (\$/oz)	956.0	▼	-1.26	-1.15	4.39	9.30	-1.26
Copper (\$/MT)*	6434.5	▲	0.83	2.01	0.19	6.95	4.64

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,945.10/oz.

Yesterday, gold prices rose 0.1% to close at \$1,934.90/oz, amid concerns over global economic recovery and weakness in the US dollar.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$45.35/bl.

Yesterday, Brent crude oil advanced 2.1% to settle at \$45.43/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories fell by 4.5mn bls for the week ended 07 August 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.3% to trade at \$956.00/oz.

Yesterday, platinum prices dropped 1.3% to close at \$959.20/oz.

Major South African corporate news

Clicks Group Limited

In its trading update for 23 weeks from 1 March to 9 August 2020, the company announced that it has experienced a decline in the frequency of customer visits during the lockdown while the average basket value has increased over this time. Further, pharmacy sales have been negatively impacted as the country has not experienced a traditional winter cold and flu season which is generally a strong driver of sales growth. Meanwhile, Group turnover for 23 weeks increased by 10.2%.

Harmony Gold Mining Co Limited

In its FY20 operational update, the company announced that despite the disruption of COVID-19, the South African operations managed to achieve up to 75.0% of planned production during the last quarter of the financial year, which was higher than initially expected. However, total annual gold production was 15.0% lower at 37,863kg, or 1.2Moz, mainly due to the impact of the COVID-19 national lockdown and phased recovery in SA.

FirstRand Limited

In its FY20 trading statement, the company announced that it expects HEPS and normalised EPS to be between 273.50c and 323.20c, compared to 497.20c and 497.30c, respectively in the last year.

Northam Platinum Limited

In its FY20 trading update, the company announced that purchased material increased by 212.9% to 72,443,4E oz (F2019: 23,154,4E oz). Sales volumes amounted to 582,686,4E oz, which included ore sales, whilst total revenue per platinum ounce sold increased by 78.8% to ZAR53,009/Pt oz, resulting in a cash margin per platinum ounce in excess of 40.0%. It expects HEPS to be between 562.40c and 621.60c, compared to 15.80c in the previous year.

Major global economic news

UK

In 2Q20, the flash gross domestic product (GDP) plunged 20.4% on a quarterly basis in UK, compared to a drop of 2.2% in the previous quarter.

In the UK, industrial production advanced 9.3% on a monthly basis in June, more than market anticipations and compared to a revised rise of 6.2% in the prior month.

In June, manufacturing production jumped 11.0% on a monthly basis in the UK, compared to a revised rise of 8.3% in the prior month.

In the UK, total trade surplus narrowed to GBP5.34bn in June, compared to a surplus of GBP7.66bn in the prior month.

In the UK, the NIESR expects GDP to contract by 20.4% in the three months to July, compared to a revised contraction of 18.7% in the previous month.

In the UK, the RICS house price balance unexpectedly advanced to 12.0% in July, compared to a revised -13.0% in the previous month.

US

In the US, the CPI rose 0.6% on a monthly basis in July, compared to a similar rise in the prior month.

In the week ended 07 August 2020, the MBA mortgage applications advanced 6.8% on a weekly basis in the US, compared to a drop of 5.1% in the previous week.

In the US, monthly budget unexpectedly reported a surplus of USD63.00bn in July, compared to a deficit of USD864.00bn in the previous month.

Asia

In Japan, the producer price index (PPI) fell 0.9% on an annual basis in July, less than market forecast and compared to a fall of 1.6% in the prior month.

In Australia, consumer inflation expectations rose to 3.3% in August, compared to 3.2% in the previous month.

In July, the seasonally adjusted unemployment rate advanced less-than-expected to 7.5% in Australia, compared to 7.4% in the previous month.

Eurozone

In the Eurozone, seasonally adjusted industrial production climbed 9.1% on a monthly basis in June, less than market consensus and compared to a revised rise of 12.3% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	RICS Housing Price Balance (Jul)	✓	12.00%*	-15.00%	Monthly
Japan	01:50	Producer Price Index (YoY) (Jul)	✓✓	-0.90%*	-1.60%	Monthly
Japan	01:50	Producer Price Index (MoM) (Jul)	✓✓	0.60%*	0.60%	Monthly
France	07:30	ILO Unemployment (Q2)	✓	8.30%	7.80%	Quarterly
France	07:30	Unemployment Rate (Q2)	✓✓	-	7.60%	Quarterly
Germany	08:00	Consumer Price Index (MoM) (Jul) (F)	✓✓✓	-0.50%	0.60%	Monthly
Germany	08:00	Consumer Price Index (YoY) (Jul) (F)	✓✓✓	-	0.90%	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Jul) (F)	✓✓✓	-	0.70%	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Jul) (F)	✓✓✓	-	0.80%	Monthly
Spain	09:00	Consumer Price Index (MoM) (Jul) (F)	✓✓✓	-0.90%	0.50%	Monthly
Spain	09:00	Consumer Price Index (YoY) (Jul) (F)	✓✓✓	-0.60%	-0.30%	Monthly
Spain	09:00	Harmonised Index of Consumer Prices (MoM) (Jul) (F)	✓✓✓	-1.60%	0.40%	Monthly
Spain	09:00	Harmonised Index of Consumer Prices (YoY) (Jul) (F)	✓✓✓	-0.70%	-0.30%	Monthly
South Africa	11:30	Gold Production (YoY) (Jun)	✓	-	-20.30%	Monthly
South Africa	11:30	Mining Production (YoY) (Jun)	✓✓	-	-29.80%	Monthly
South Africa	11:30	Platinum Production (YoY) (Jun)	✓	-	-27.30%	Monthly
US	14:30	Continuing Jobless Claims (01-Aug)	✓✓✓	15898.00K	16107.00K	Weekly
US	14:30	Initial Jobless Claims (08-Aug)	✓✓✓	1140.00K	1186.00K	Weekly
US	14:30	Export Price Index (MoM) (Jul)	✓	-	1.40%	Monthly
US	14:30	Export Price Index (YoY) (Jul)	✓	-2.50%	-4.40%	Monthly
US	14:30	Import Price Index (MoM) (Jul)	✓	-	1.40%	Monthly
US	14:30	Import Price Index (YoY) (Jul)	✓	-1.70%	-3.80%	Monthly
US	16:30	EIA Natural Gas Storage Change (07-Aug)	✓✓✓	-	33.00 Bcf	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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