

ONE
Minute Brief

20 August 2020

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Economic and political news

South Africa's (SA) Special Investigating Unit (SIU) is investigating around 658 contracts worth ZAR5bn (USD292mn) for possible corruption relating to the procurement of COVID-19 Personal Protective Equipment (PPE).

Eskom has indicated that it would extend Stage 2 load-shedding today as breakdowns continued to weigh on the system.

News reports indicate that South Africa's (SA) government has started talks with private entities interested in buying South African Airways (SAA), which needs at least ZAR10bn to resume operations.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 596,060.

State defence firm Denel made a ZAR1.7bn (USD99mn) loss in the 2019/20 financial year, according to the ministry that oversees the company.

News reports indicate that the African National Congress (ANC) is planning to formulate an official policy regarding amendments to Regulation 28 by mid-September.

Key indices

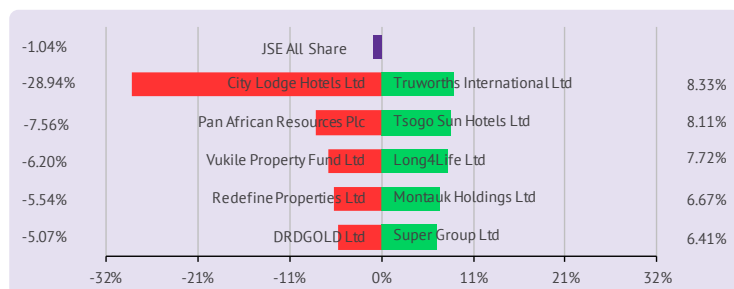
| | As at 19 Aug 2020 | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|--------------------------------|----------------------|---|--------------|--------------|--------------|--------------|----------------------|--------------|
| JSE All Share (ZAR) | 56433.28 | ▼ | -591.88 | -1.04 | -1.13 | 1.28 | 2.50 | -1.14 |
| JSE Top 40 (ZAR) | 52137.86 | ▼ | -600.26 | -1.14 | -1.14 | 1.50 | 2.38 | 2.60 |
| FTSE 100 (GBP) | 6111.98 | ▲ | 35.36 | 0.58 | 0.36 | 3.63 | -4.41 | -18.97 |
| DAX 30 (EUR) | 12977.33 | ▲ | 95.57 | 0.74 | 0.59 | 5.39 | 0.02 | -2.05 |
| CAC 40 (EUR) | 4977.23 | ▲ | 39.17 | 0.79 | 0.29 | 4.05 | -3.09 | -16.74 |
| S&P 500 (USD) | 3374.85 | ▼ | -14.93 | -0.44 | 0.06 | 3.17 | 5.51 | 4.46 |
| Nasdaq Composite (USD) | 11146.46 | ▼ | -64.38 | -0.57 | 1.15 | 3.73 | 6.82 | 24.23 |
| DJIA (USD) | 27692.88 | ▼ | -85.19 | -0.31 | -0.85 | 4.78 | 2.38 | -2.96 |
| MSCI Emerging Markets (USD) | 1099.41 | ▼ | -5.55 | -0.50 | 0.57 | 1.90 | 8.42 | -1.37 |
| MSCI Developed World (USD) | 2394.47 | ▼ | -4.90 | -0.20 | 0.43 | 3.88 | 4.69 | 1.53 |

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid rising US-China trade tensions and led by losses in resources and mining sector stocks. The JSE All Share Index fell 1.0% to close at 56,433.28.

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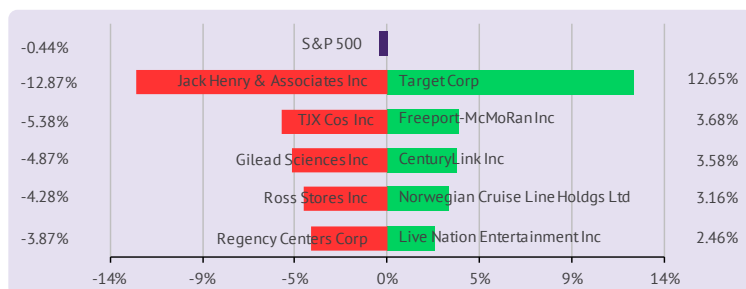


US Market ▼

US markets closed weaker

US markets closed lower yesterday, after the Federal Reserve (Fed) cut its growth forecast for the remainder of 2020 and raised concerns over the US economic recovery. The S&P 500 Index dropped 0.4% to close at 3,374.85. Today, the S&P 500 futures are trading in the red.

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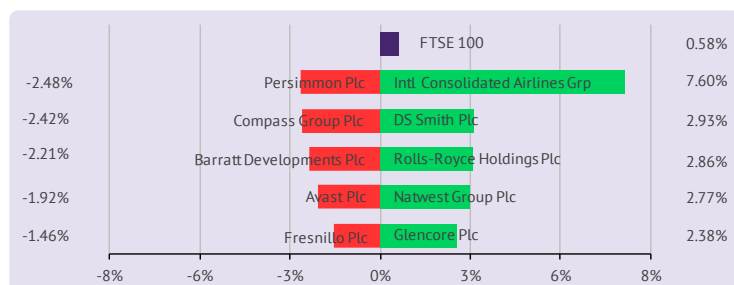


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid weakness in the British pound and supported by gains in airline sector stocks. The FTSE 100 Index advanced 0.6% to close at 6,111.98. Today, the FTSE 100 futures are trading in negative territory.

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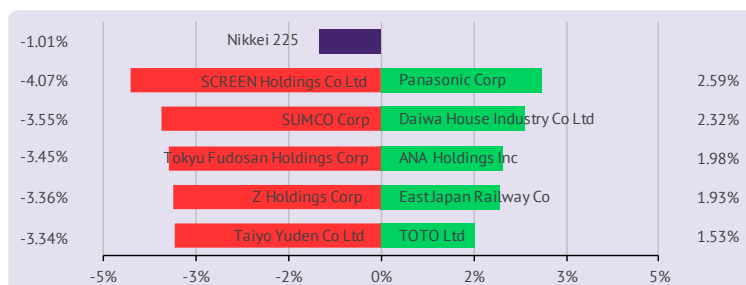


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 1.0% lower at 22,877.13.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R17.2730. Later today, traders will keep a close watch on the US initial jobless claims and the Philadelphia Fed manufacturing index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications dropped on a weekly basis in the week ended 14 August 2020.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R22.6386. Ahead in the day, traders will keep an eye on the UK GfK consumer confidence index for further indication.

The British Pound declined against the South African Rand yesterday, amid concerns over Brexit negotiations and rising inflation. Data indicated that UK's consumer price index (CPI) advanced to a 4-month high in July. Additionally, the retail price index rose more than market forecast in July. Meanwhile, the non-seasonally adjusted output producer price index (PPI) dropped in line with market anticipations in July.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R20.4652. Going forward, market participants will keep a tab on Eurozone's construction output along with Germany's PPI for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's final CPI advanced as initially estimated in July. Additionally, seasonally adjusted current account surplus widened in June.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar marginally advanced against the South African Rand to trade at R12.4090.

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 | 17.2730 | ▲ | -0.26 | -0.65 | 1.19 | -1.61 | 23.39 |
| GBPZAR | 22.6386 | ▼ | -1.35 | -0.55 | 1.30 | 3.78 | 21.88 |
| EURZAR | 20.4652 | ▼ | -1.04 | -0.68 | 1.71 | 3.15 | 30.27 |
| AUDZAR | 12.4090 | ▼ | -1.10 | -0.49 | 1.73 | 1.81 | 26.10 |
| EURUSD | 1.1848 | ▲ | -0.78 | -0.03 | 0.51 | 4.84 | 5.57 |
| GBPUSD | 1.3106 | ▲ | -1.07 | 0.09 | 0.10 | 5.52 | -1.20 |
| Brent (\$/barrel) | 45.0 | ▼ | -0.20 | 1.27 | 4.25 | 5.45 | -31.26 |
| Gold (\$/oz) | 1957.7 | ▼ | -2.04 | 1.12 | -0.21 | 9.01 | 28.60 |
| Platinum (\$/oz) | 953.2 | ▼ | -1.96 | -0.29 | 4.07 | 9.30 | -1.55 |
| Copper (\$/MT)* | 6698.8 | ▲ | 1.79 | 5.03 | 4.31 | 6.95 | 8.94 |

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.1% to trade at \$1,957.70/oz.

Yesterday, gold prices fell 2.0% to close at \$1,958.70/oz, amid strength in the US Dollar and rise in Treasury yields.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.8% to trade at \$45.00/bl.

Yesterday, Brent crude oil declined 0.2% to settle at \$45.37/bl, amid concerns over fuel demand. Meanwhile, the US Energy Information Administration (EIA) reported that crude oil inventories fell by 1.6mn bls to 512.5mn bls for the week ended 14 August 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$953.20/oz.

Yesterday, platinum prices dropped 2.0% to close at \$956.30/oz.

Major South African corporate news

Curro Holdings Limited

In its 1H20 results, the company announced that revenues rose to ZAR1.59bn from ZAR1.48bn posted in the corresponding period of the previous year. Its diluted EPS decreased 60.0% from the same period of the prior year to 22.50c.

Grindrod Limited

In its 1H20 trading statement, the company announced that its performance was resilient in 1H20 with trading profit marginally up. It expects its headline loss per share to be between 32.00c and 36.40c, compared to 17.80c in the same period of the preceding year. It expects loss per share to be between 42.20c and 46.60c.

MTN Group Limited

The company announced that the current Group Chief Financial Officer (CFO) Ralph Mupita has been appointed as the new Group President and Chief Executive Officer (CEO), with effect from 1 September 2020. Further, Rob Shuter will step down from his executive responsibilities on 31 August 2020 and will thereafter support the incoming CEO as required until the end of his fixed term contract early next year.

Murray & Roberts Holdings Limited

In its FY20 trading statement, the company announced that it expects basic headline loss per share to be between 74.00c and 86.00c, compared to a HEPS of 80.00c in the previous year. It expects diluted loss per share to be between 83.00c and 95.0c, compared with an EPS of 83.00c last year.

Santam Limited

In its 1H20 trading statement, the company announced that it expects its HEPS to be between 614.00c and 713.00c, compared to 990.00c in the same period last year.

Sanlam Limited

In its 1H20 trading update, the company announced that it expects its HEPS to be between 179.20c and 196.30c, compared to 170.70c in the same period of last year. It expects its loss per share to be between 166.20c and 182.80c, compared to an EPS of 166.20c in the previous year.

Major global economic news

UK

In the UK, the CPI rose 1.0% on an annual basis in July, more than market expectations and compared to a rise of 0.6% in the previous month.

In July, the non-seasonally adjusted output PPI dropped 0.9% on an annual basis in the UK, in line with market consensus and compared to a fall of 0.9% in the previous month.

In the UK, the retail price index rose 0.5% on a monthly basis in July, compared to a rise of 0.2% in the previous month.

Eurozone

In the Eurozone, the final CPI advanced 0.4% on a yearly basis in July, compared to a rise of 0.3% in the previous month. The preliminary figures had also recorded a rise of 0.4%.

In June, seasonally adjusted current account surplus widened to EUR20.70bn in the Eurozone, compared to a surplus of EUR11.30bn in the previous month.

US

The Federal Open Market Committee (FOMC), in its July meeting minutes, expressed concerns about the continuing impact of the coronavirus on the US economy and warned that it would continue to stunt growth and potentially pose dangers to the financial system. Meanwhile, the Fed lowered its forecast for economic growth over the rest of year and backed off from an earlier readiness to clarify their guidance on the future path of interest rates.

In the US, the MBA mortgage applications fell 3.3% on a weekly basis in the week ended 14 August 2020, compared to a rise of 6.8% in the prior week.

Asia

The People's Bank of China (PBoC), in its latest interest rate decision, kept its key interest rate unchanged at 3.85% for the fourth straight month.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus | Previous | Frequency |
|-------------|-------|---|-----------|-----------|-----------|-----------|
| Germany | 08:00 | Producer Price Index (MoM) (Jul) | ✓✓✓ | 0.10% | 0.00% | Monthly |
| Germany | 08:00 | Producer Price Index (YoY) (Jul) | ✓✓✓ | -1.80% | -1.80% | Monthly |
| Switzerland | 08:00 | Exports (MoM) (Jul) | ✓ | - | 6.87% | Monthly |
| Switzerland | 08:00 | Imports (MoM) (Jul) | ✓ | - | 10.49% | Monthly |
| Switzerland | 08:00 | Trade Balance s.a. (Jul) | ✓✓ | - | CHF2.81bn | Monthly |
| Switzerland | 08:30 | Industrial Production (YoY) (Q2) | ✓✓ | - | 0.80% | Quarterly |
| Eurozone | 11:00 | Construction Output s.a. (MoM) (Jun) | ✓✓✓ | - | 27.90% | Monthly |
| Eurozone | 11:00 | Construction Output w.d.a. (YoY) (Jun) | ✓ | - | -11.90% | Monthly |
| UK | 12:00 | CBI Trends Selling Prices (Aug) | ✓ | - | 4.00 | Monthly |
| UK | 12:00 | CBI Industrial Trends Survey - Orders (Aug) | ✓ | -35.00 | -46.00 | Monthly |
| Canada | 14:30 | Teranet - National Bank House Price Index (MoM) (Jul) | ✓✓ | - | 0.69% | Monthly |
| Canada | 14:30 | Teranet - National Bank House Price Index (YoY) (Jul) | ✓ | - | 5.88% | Monthly |
| US | 14:30 | Continuing Jobless Claims (08-Aug) | ✓✓✓ | 15000.00K | 15486.00K | Weekly |
| US | 14:30 | Initial Jobless Claims (15-Aug) | ✓✓✓ | 925.00K | 963.00K | Weekly |
| US | 14:30 | Philadelphia Fed Manufacturing Survey (Aug) | ✓✓ | 21.00 | 24.10 | Monthly |
| US | 16:00 | Leading Indicator (MoM) (Jul) | ✓✓✓ | 1.10% | 2.00% | Monthly |
| US | 16:30 | EIA Natural Gas Storage Change (14-Aug) | ✓✓✓ | - | 58.00Bcf | Weekly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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