

ONE Minute Brief

8 September 2020

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), the consumer confidence index rose to a level of -23.00 in 3Q20, compared to a level of -33.00 in the previous quarter. Additionally, net gold & forex reserves rose to USD50.52bn in August, compared to a reading of USD48.11bn in the prior month. Meanwhile, gross gold & forex reserves unexpectedly dropped to USD55.75bn in August, compared to a level of USD57.88bn in the previous month.

News reports indicated that the South African central bank further slowed its purchase of government bonds in August, buying only ZAR353mn (USD21.19mn) of securities to bring its total holdings to ZAR38.74bn.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 639,362.

The National Prosecuting Authority (NPA) confirmed that the criminal matter against former President Jacob Zuma will not go ahead as scheduled in the Pietermaritzburg high court today.

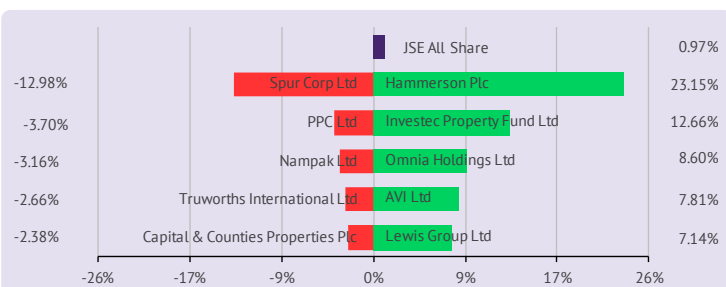
The National Union of Metalworkers of South Africa (Numsa) stated that the business rescue practitioners (BRPs) at Comair have agreed to immediately reinstate medical aid contributions for employees.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining, gold mining and resources sector stocks. Data indicated that SA's consumer confidence improved in 3Q20. The JSE All Share Index rose 1.0% to close at 54,400.28.

To Read More Click [Here](#)

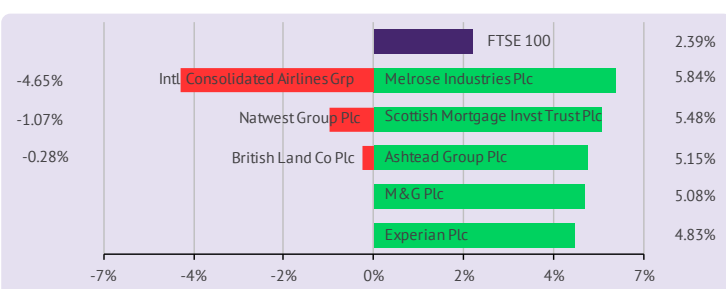


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid weakness in the British pound and led by gains in pharmaceutical sector stocks. The FTSE 100 Index advanced 2.4% to close at 5,937.40. Today, the FTSE 100 futures are trading in positive territory.

To Read More Click [Here](#)



Key indices

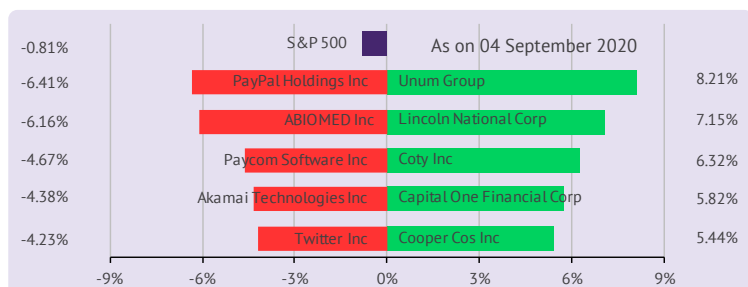
	As at 07 Sept 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54400.28	▲ 521.33	0.97	0.97	-1.94	-0.44	-4.70
JSE Top 40 (ZAR)	50185.43	▲ 465.01	0.94	0.94	-2.03	-0.28	-1.24
FTSE 100 (GBP)	5937.40	▲ 138.32	2.39	2.39	-0.44	1.12	-21.28
DAX 30 (EUR)	13100.28	▲ 257.62	2.01	2.01	1.20	5.13	-1.12
CAC 40 (EUR)	5053.72	▲ 88.65	1.79	1.79	2.15	3.42	-15.46
S&P 500 (USD)*	3426.96	▼ -28.10	-0.81	NA	-2.10	7.01	6.07
Nasdaq Composite (USD)*	11313.13	▼ -144.97	-1.27	NA	-3.93	9.59	26.09
DJIA (USD)*	28133.31	▼ -159.42	-0.56	NA	-1.04	7.57	-1.42
MSCI Emerging Markets (USD)	1094.56	▼ -4.94	-0.45	-0.45	-0.63	2.09	-1.80
MSCI Developed World (USD)	2408.05	▲ 8.44	0.35	0.35	-1.93	6.53	2.10

*Values as on 04 September 2020

US Market

US markets were closed yesterday

US markets were closed yesterday on account of a public holiday. Today, the S&P 500 futures are trading in the green.

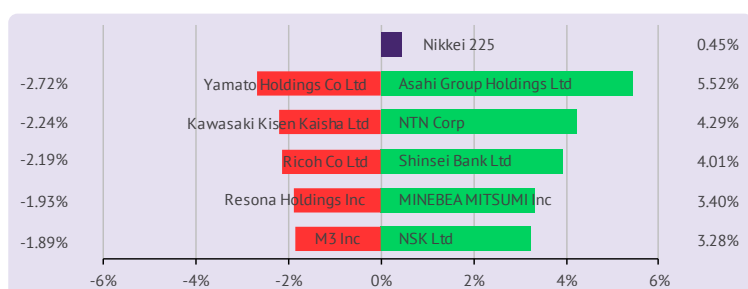


Asian Market ▲

Trading firmer

Asian markets are trading higher this morning, after data indicated that Japan's second preliminary gross domestic product (GDP) was downwardly revised for 2Q20. As at 6:00 SAST, the Nikkei 225 Index is trading 0.5% higher at 23,194.88.

To Read More Click [Here](#)



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R16.7495. Later today, traders will keep a close watch on the US NFIB business optimism index and consumer credit for further direction.

The US Dollar rose against the South African Rand yesterday. Separately, data indicated that SA's consumer confidence index advanced in 3Q20, registering its lowest level since the first quarter of 1993. Additionally, net gold & forex reserves rose in August. On the other hand, gross gold & forex reserves unexpectedly fell in August.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R22.0204. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, amid reports that Britain is planning new legislation that will override key parts of the Brexit Withdrawal Agreement. Data indicated that UK's Halifax house price index advanced on a monthly basis in August, recording its strongest growth in prices since the end of 2016. Meanwhile, the BRC retail sales rose less-than-anticipated in August.

To Read More Click [Here](#)

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated marginally against the South African Rand to trade at R19.7768. Going forward, market participants will keep a tab on Eurozone's GDP along with Germany's trade balance and current account balance for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's Sentix investor confidence index rose more-than-expected in September, recording its highest level since February. Separately, Germany's seasonally adjusted industrial production advanced less than market forecast in July.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar marginally climbed against the South African Rand to trade at R12.1888. Earlier in the session, Australia's NAB business confidence index unexpectedly improved in August. On the other hand, the NAB business conditions index unexpectedly fell in August. Elsewhere, in China, Australia's largest trading partner, trade surplus narrowed less-than-anticipated in August.

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	16.7495	▼	0.84	0.84	-1.19	-0.76	19.58
GBPZAR	22.0204	▲	-0.03	-0.03	-2.65	1.40	18.77
EURZAR	19.7768	▲	0.67	0.67	-2.15	0.57	26.03
AUDZAR	12.1888	▼	0.86	0.86	-2.49	2.45	23.83
EURUSD	1.1808	▼	-0.18	-0.18	-1.00	1.34	5.39
GBPUSD	1.3147	▼	-0.85	-0.85	-1.53	2.18	-0.69
Brent (\$/barrel)	42.0	▼	-1.52	-1.52	-7.22	4.04	-36.35
Gold (\$/oz)	1929.3	▲	0.00	0.00	-2.25	0.39	26.47
Platinum (\$/oz)	911.0	▲	0.00	0.00	-4.23	2.07	-7.54
Copper (\$/MT)*	6810.8	▲	1.21	1.21	1.69	4.29	10.76

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.2% to trade at \$1,929.30/oz.

Trading in gold was closed yesterday on account of a public holiday in the US.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.1% to trade at \$41.96/bl.

Yesterday, Brent crude oil declined 1.5% to settle at \$42.01/bl, after Saudi Arabia slashed the monthly prices to supply for Asia by the most since May and amid uncertainty over the demand outlook.

To Read More Click [Here](#)

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 1.4% to trade at \$911.00/oz.

Trading in platinum was closed yesterday on account of a public holiday in the US.

Major South African corporate news

AVI Limited

In its FY20 results, the company announced that revenues increased to ZAR13.21bn from ZAR13.15bn posted in the previous year. Its diluted EPS rose 21.2% from the prior year to 589.80c.

Capitec Bank Holdings Limited

In its 1H20 trading update, the company announced that it expects its HEPS to be between 458.10c and 559.90c, compared to 2,545.00c in the same period of last year. It expects its EPS to be between 458.82c and 560.78c, compared to an EPS of 2,549.00c in the last year.

Major global economic news

Asia

In Japan, the preliminary leading economic index advanced to 86.90 in July, more than market forecast and compared to a revised level of 83.80 in the previous month.

In July, the flash coincident index advanced to 76.20 in Japan, less than market consensus and compared to a revised level of 74.40 in the previous month.

In Japan, overall household spending declined 7.6% on an annual basis in July, compared to a drop of 1.2% in the previous month.

In July, BOP basis trade balance unexpectedly reported a surplus of JPY137.30bn in Japan, compared to a deficit of JPY77.30bn in the previous month.

In Japan, the economy contracted 7.9% on a quarterly basis in 2Q20, less than market anticipations of a contraction of 8.1%.

In July, non-seasonally adjusted current account surplus widened to JPY1468.30bn in Japan, less than market forecast and compared to a surplus of JPY167.50bn in the prior month.

In China, trade surplus narrowed to USD58.93bn in August, less than market expectations and compared to a surplus of USD62.33bn in the prior month.

In Australia, the NAB business confidence index unexpectedly rose to -8.00 in August, compared to a level of -14.00 in the previous month.

In August, the NAB business conditions index unexpectedly dropped to -6.00 in Australia, compared to a flat reading in the previous month.

Eurozone

In the Eurozone, the Sentix investor confidence index rose to -8.00 in September, more than market expectations and compared to a level of -13.40 in the prior month.

In Germany, seasonally adjusted industrial production advanced 1.2% on a monthly basis in July, less than market anticipations and compared to a revised rise of 9.3% in the previous month.

UK

In the UK, the Halifax house price index rose 1.6% on a monthly basis in August, compared to a revised rise of 1.7% in the previous month.

In August, the BRC retail sales advanced 4.7% on an annual basis in the UK, less than market consensus and compared to a rise of 4.3% in the previous month.

Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 53,230.62, and a fall through could take it to the next support level of 52,060.95. The index is expected to find its first resistance at 56,024.22, and a rise through could take it to the next resistance level of 57,648.15.

S&P 500



The S&P 500 index is expected to find support at 3,321.69, and a fall through could take it to the next support level of 3,216.42. The index is expected to find its first resistance at 3,560.17, and a rise through could take it to the next resistance level of 3,693.38.

USD ZAR



The pair is expected to find support at 16.5379, and a fall through could take it to the next support level of 16.3352. The pair is expected to find its first resistance at 16.9572, and a rise through could take it to the next resistance level of 17.1738.

XAU USD



Gold is expected to find support at \$1,896.37/oz, and a fall through could take it to the next support level of \$1,866.53/oz. The precious metal is expected to find its first resistance at \$1,974.27/oz, and a rise through could take it to the next resistance level of \$2,022.33/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Aug)	✓	4.70%*	4.30%	Monthly
Japan	01:30	Household Spending (YoY) (Jul)	✓✓	-7.60%*	-1.20%	Monthly
Japan	01:50	Current Account n.s.a. (Jul)	✓	JPY1468.30bn*	JPY167.50bn	Monthly
Japan	01:50	Gross Domestic Product (QoQ) (Q2) (F)	✓✓	-7.90%*	-0.60%	Quarterly
Japan	01:50	Trade Balance - BOP Basis (Jul)	✓✓✓	-JPY137.30bn*	-JPY77.30 bn	Monthly
Japan	01:50	Gross Domestic Product Annualised (Q2) (F)	✓✓✓	-28.10%*	-2.50%	Quarterly
France	07:30	Nonfarm Payrolls (QoQ) (Q2) (F)	✓	-0.60%	-2.50%	Quarterly
Germany	08:00	Current Account n.s.a. (Jul)	✓	EUR20.30 bn	EUR22.40bn	Monthly
Germany	08:00	Exports s.a. (MoM) (Jul)	✓	-	14.90%	Monthly
Germany	08:00	Imports s.a. (MoM) (Jul)	✓	-	7.00%	Monthly
Germany	08:00	Trade Balance n.s.a. (Jul)	✓✓✓	EUR16.00	EUR15.60bn	Monthly
Germany	08:00	Exports (Jul)	✓	-	EUR96.10bn	Monthly
Germany	08:00	Imports (Jul)	✓	-	EUR80.50bn	Monthly
France	08:45	Current Account (Jul)	✓✓	-EUR11.10bn	-EUR8.40bn	Monthly
France	08:45	Trade Balance (Jul)	✓✓✓	-	-EUR7.96bn	Monthly
Italy	10:00	Retail Sales n.s.a. (YoY) (Jul)	✓✓	-12.40%	-2.20%	Monthly
Italy	10:00	Retail Sales s.a. (MoM) (Jul)	✓✓✓	-5.50%	12.10%	Monthly
Eurozone	11:00	Employment Change (QoQ) (Q2) (F)	✓✓✓	-	-0.20%	Quarterly
Eurozone	11:00	Employment Change (YoY) (Q2) (F)	✓✓	-	0.40%	Quarterly
Eurozone	11:00	Household Consumption (QoQ) (Q2)	✓	-	-4.70%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q2) (F)	✓✓✓	-12.10%	-3.60%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q2) (F)	✓✓	-15.00%	-3.10%	Quarterly
South Africa	11:30	Gross Domestic Product (QoQ) (Q2)	✓✓	0.90%	-2.00%	Quarterly
South Africa	11:30	Gross Domestic Product (YoY) (Q2)	✓	0.20%	-0.10%	Quarterly
US	12:00	NFIB Small Business Optimism (Aug)	✓	-	98.80	Monthly
US	21:00	Consumer Credit Change (Jul)	✓✓	USD13.75bn	USD8.95bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

formerly Grant Thornton Capital

a GTC, The Wanderers Office Park

t +27 (0) 10 597 6800

GTC (Pty) Ltd.

An Authorised Financial

p P O Box 55118, Illovo, 2116

f +27 (0) 10 597 6801

reg. no. 1996/001488/07

Services Provider

GTC is nationally represented in Johannesburg, Cape Town and Durban.

w www.gtc.co.za

directors: G.K. Mockler, F.Dildar

FSP no. 731

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services