

ONE Minute Brief

9 September 2020

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Economic and political news

In South Africa (SA), annualised gross domestic product (GDP) plunged 51.0% on a quarterly basis in 2Q20, compared to a revised contraction of 1.8% in the previous quarter.

The Gauteng High Court in Johannesburg has granted Clicks an interdict to stop members of the Economic Freedom Fighters (EFF) from halting its operations and intimidating staff and customers.

Eskom has indicated that it will implement Stage 1 load shedding from 4pm until 10pm today.

The Unemployment Insurance Fund (UIF) has extended the applications for the Covid-19 Temporary Employer-Employee Relief Scheme (TERS) to 15 September 2020.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 640,441.

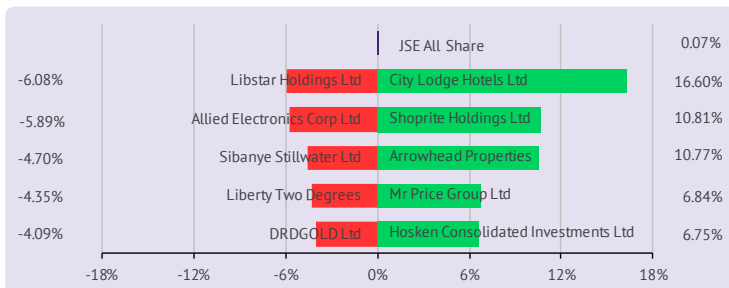
Public Protector Busisiwe Mkhwebane's application for leave to appeal to the Constitutional Court in a case regarding President Cyril Ramaphosa's presidential campaign funding has been postponed to November.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and financial sector stocks. The JSE All Share Index rose 0.1% to close at 54,438.82.

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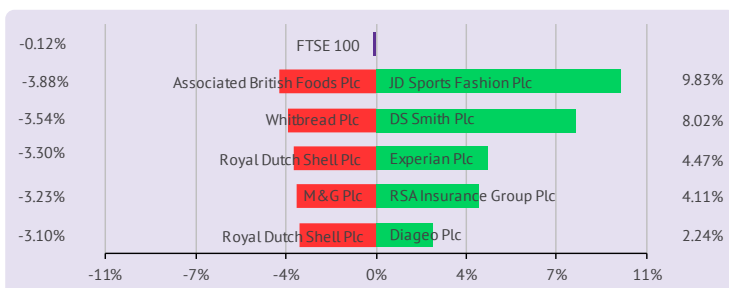


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, weighed down by losses in energy sector stocks. The FTSE 100 Index declined 0.1% to close at 5,930.30. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

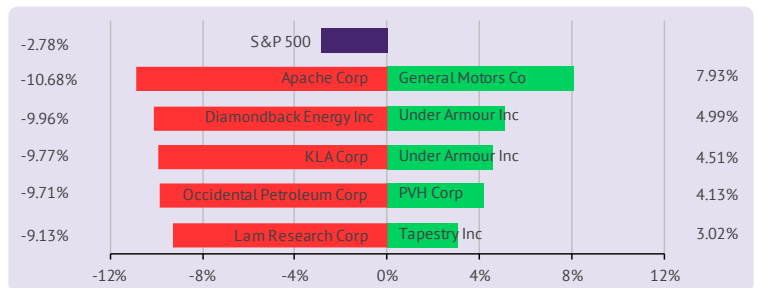
	As at 08 Sept 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54438.82	▲ 38.54	0.07	1.04	-1.87	-0.44	-4.63
JSE Top 40 (ZAR)	50182.96	▼ -2.47	0.00	0.93	-2.04	-0.28	-1.25
FTSE 100 (GBP)	5930.30	▼ -7.10	-0.12	2.26	-0.56	1.12	-21.37
DAX 30 (EUR)	12968.33	▼ -131.95	-1.01	0.98	0.18	5.13	-2.12
CAC 40 (EUR)	4973.52	▼ -80.20	-1.59	0.17	0.53	3.42	-16.80
S&P 500 (USD)	3331.84	▼ -95.12	-2.78	-2.78	-4.81	7.01	3.13
Nasdaq Composite (USD)	10847.69	▼ -465.44	-4.11	-4.11	-7.88	9.59	20.90
DJIA (USD)	27500.89	▼ -632.42	-2.25	-2.25	-3.27	7.57	-3.64
MSCI Emerging Markets (USD)	1087.51	▼ -7.06	-0.64	-1.09	-1.27	2.09	-2.44
MSCI Developed World (USD)	2354.41	▼ -53.64	-2.23	-1.88	-4.12	6.53	-0.17

US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid sell-off in technology sector stocks. The S&P 500 Index dropped 2.8% to close at 3,331.84. Today, the S&P 500 futures are trading in the green.

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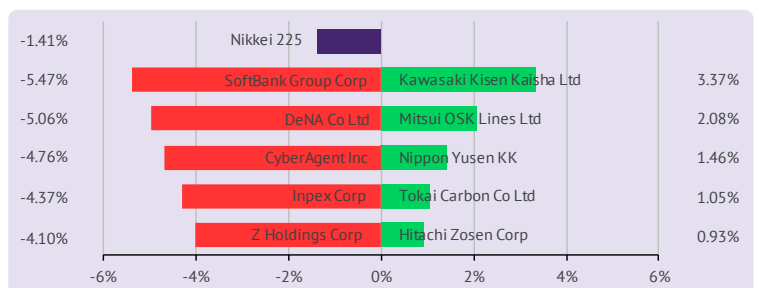


Asian Market ▼

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 1.4% lower at 22,946.70.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R16.9436. Later today, traders will keep a close watch on the US MBA mortgage application and the JOLTS job openings for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US NFIB small business optimism index unexpectedly advanced in August. Meanwhile, consumer credit advanced less than market anticipations in July. Separately, the South African Rand fell against the US Dollar, after SA's GDP plunged in 2Q20, pushing the economy into its longest recession in 28 years.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R21.9626. Ahead in the day, traders will keep an eye on UK's RICS housing price balance for further indication.

The British Pound declined against the South African Rand yesterday, as fears over a no-deal Brexit grew.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading slightly firmer against the South African Rand at R19.9590. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's final GDP declined less than initially estimated in 2Q20. Separately, Germany's non-seasonally adjusted current account surplus narrowed more-than-anticipated in July. Meanwhile, seasonally adjusted trade surplus widened in July.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R12.2302. Earlier in the session, Australia's Westpac consumer confidence index strengthened in September. Additionally, home loans climbed more-than-expected in July. Elsewhere, in China, Australia's largest trading partner, the consumer price index (CPI) advanced at par with market expectations in August. On the other hand, the producer price index (PPI) dropped 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	16.9436	▼	1.21	2.05	0.01	-0.76	21.02
GBPZAR	21.9626	▲	-0.24	-0.27	-2.88	1.40	18.49
EURZAR	19.9590	▼	0.87	1.54	-1.30	0.57	27.12
AUDZAR	12.2302	▼	0.33	1.19	-2.17	2.45	24.23
EURUSD	1.1780	▲	-0.33	-0.51	-1.32	1.34	5.04
GBPUSD	1.2962	▼	-1.40	-2.24	-2.90	2.18	-2.07
Brent (\$/barrel)	39.4	▼	-5.31	-6.75	-12.15	4.04	-39.73
Gold (\$/oz)	1936.2	▲	0.46	0.46	-1.80	0.39	27.05
Platinum (\$/oz)	904.5	▼	1.35	1.35	-2.94	2.07	-6.29
Copper (\$/MT)*	6695.3	▼	-1.70	-0.51	-0.03	4.29	8.88

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.1% to trade at \$1,936.20/oz.

Yesterday, gold prices rose 0.5% to close at \$1,935.10/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 1.0% to trade at \$39.40/bl.

Yesterday, Brent crude oil declined 5.3% to settle at \$39.78/bl, amid persistent demand concerns.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.6% lower to trade at \$904.50/oz.

Yesterday, platinum prices climbed 1.4% to close at \$910.30/oz.

Major South African corporate news

Aspen Pharmacare Holdings Limited

The company announced that Aspen Global Incorporated (AGI), its wholly owned subsidiary incorporated in Mauritius, has concluded an agreement in terms of which Mylan Ireland Limited (Mylan) will acquire the commercialisation rights and related intellectual property relating to Aspen's Thrombosis Business in Europe 1 for a purchase consideration of EUR641.90mn, plus the cost of the related inventory.

Shoprite Holdings Limited

In its FY20 results, the company announced that revenues rose to ZAR156.86bn from ZAR147.68bn posted in the previous year. Its diluted EPS increased 33.7% to 648.40c from the prior year.

Major global economic news

Asia

In Australia, the Westpac consumer confidence index jumped to 93.80 in September, compared to a level of 79.50 in the prior month.

In July, home loans climbed 10.7% in Australia, more than market consensus and compared to a revised rise of 7.7% in the previous month.

In China, the CPI rose 2.4% on an annual basis in August, in line with market expectations and compared to a rise of 2.7% in the prior month.

In August, the PPI dropped 2.0% on a yearly basis in China, compared to a fall of 2.4% in the previous month.

Eurozone

In the Eurozone, seasonally adjusted final GDP declined 11.8% on a quarterly basis in 2Q20, compared to a revised fall of 3.7% in previous quarter. The preliminary figures had indicated a fall of 12.1%.

In Germany, non-seasonally adjusted current account surplus narrowed to EUR20.00bn in July, compared to a revised surplus of EUR20.40bn in the previous month.

In July, seasonally adjusted trade surplus widened to EUR18.00bn in Germany, compared to a surplus of EUR14.50bn in the previous month.

US

In the US, the NFIB small business optimism index unexpectedly rose to 100.20 in August, compared to a level of 98.80 in the previous month.

In July, consumer credit advanced by USD12.25bn in the US, less than market forecast and compared to a reading of USD8.95bn in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	3:30	Consumer Price Index (MoM) (Aug)	✓✓✓	0.40%*	0.60%	Monthly
China	3:30	Consumer Price Index (YoY) (Aug)	✓✓✓	2.40%*	2.70%	Monthly
China	3:30	Producer Price Index (YoY) (Aug)	✓✓✓	-2.00%*	-2.40%	Monthly
Switzerland	7:45	Unemployment Rate n.s.a. (Aug)	✓✓	3.30%	3.20%	Monthly
Switzerland	7:45	Unemployment Rate s.a. (Aug)	✓✓	-	3.30%	Monthly
Japan	8:00	Machine Tool Orders (YoY) (Aug) (P)	✓✓✓	-	-39.70%	Monthly
France	8:30	Bank of France Business Sentiment (Aug)	✓✓✓	-	99.00	Monthly
Eurozone	12:00	ECB Balance sheet (31-Aug)	✓✓	-	EUR6440.24bn	Weekly
Portugal	12:00	Trade Balance (Jul)	✓	-	-EUR0.83bn	Monthly
South Africa	12:00	BER Business Confidence Index (Q3)	✓	-	5.00	Quarterly
US	13:00	MBA Mortgage Applications (04-Sep)	✓	-	-2.00%	Weekly
Canada	14:15	Housing Starts s.a. (Aug)	✓✓✓	220.00K	245.60K	Monthly
US	14:55	Redbook Index (YoY) (04-Sep)	✓	-	4.60%	Weekly
US	14:55	Redbook Index s.a. (MoM) (04-Sep)	✓	-	5.80%	Weekly
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓✓	0.25%	0.25%	As Scheduled
Canada	16:00	BoC Rate Statement	✓✓✓	-	-	As Scheduled
US	16:00	JOLTs Job Openings (Jul)	✓	6000.00K	5889.00K	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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