

ONE Minute Brief

15 September 2020

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Economic and political news

The National Energy Regulator of South Africa (Nersa) has concurred with the ministerial determination for the procurement of 11,813 MW of electricity generation infrastructure to help ease pressure on Eskom's national grid. Separately, Eskom has submitted ZAR5.4bn supplementary tariff application to Nersa including an interest of ZAR1.3bn.

President Cyril Ramaphosa is expected to meet today with members of the President's Coordinating Council (PCC) and National Economic Development and Labour Council (Nedlac), to discuss whether to move the country to level 1 of the lockdown.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 650,749.

News reports indicate that the National Education, Health and Allied Workers' Union (Nehawu) has called for an urgent meeting with the African National Congress (ANC) over wage agreement dispute.

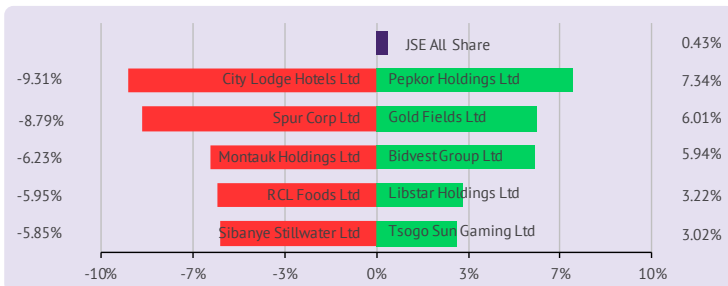
South Africa's funeral industry has embarked on a national shutdown, demanding transformation of the sector, a Covid-19 relief fund, the recognition and legalisation of outsourced mortuary facilities and the abolishment of the tender system in the industry, among other demands.

South Africa Market ▲

South African markets closed higher

South African markets closed higher for the sixth consecutive session yesterday, on Covid-19 vaccine hopes and boosted by gains in resources and gold mining sector stocks. The JSE All Share Index rose 0.4% to close at 56,327.05.

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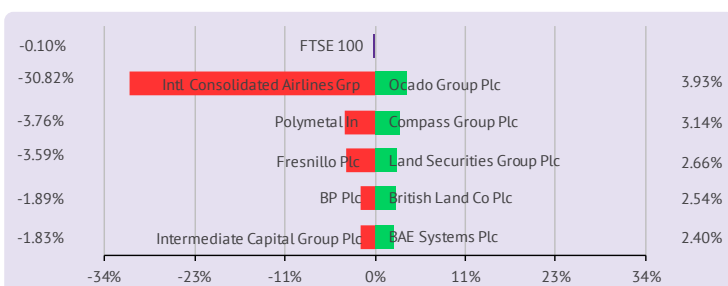


UK Market ▼

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 6,026.25. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

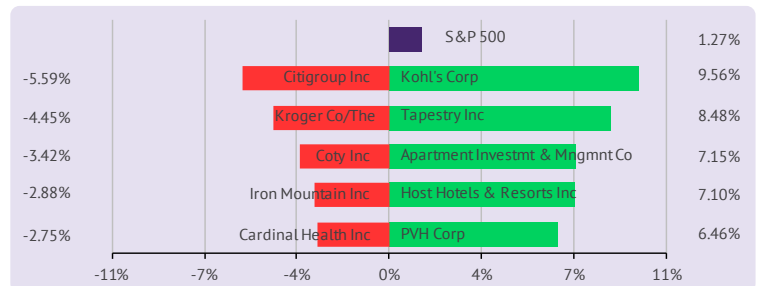
	As at 14 Sept 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56327.05	▲ 239.21	0.43	0.43	1.53	-0.44	-1.33
JSE Top 40 (ZAR)	51976.82	▲ 261.70	0.51	0.51	1.47	-0.28	2.28
FTSE 100 (GBP)	6026.25	▼ -5.84	-0.10	-0.10	1.05	1.12	-20.10
DAX 30 (EUR)	13193.66	▼ -9.18	-0.07	-0.07	1.92	5.13	-0.42
CAC 40 (EUR)	5051.88	▲ 17.74	0.35	0.35	2.12	3.42	-15.49
S&P 500 (USD)	3383.54	▲ 42.57	1.27	1.27	-3.34	7.01	4.73
Nasdaq Composite (USD)	11056.65	▲ 203.11	1.87	1.87	-6.10	9.59	23.23
DJIA (USD)	27993.33	▲ 327.69	1.18	1.18	-1.54	7.57	-1.91
MSCI Emerging Markets (USD)	1104.27	▲ 12.48	1.14	1.14	0.25	2.09	-0.93
MSCI Developed World (USD)	2396.37	▲ 28.23	1.19	1.19	-2.41	6.53	1.61

US Market ▲

US markets closed firmer

US markets closed higher yesterday, as signs of progress in developing a COVID-19 vaccine and a flurry of corporate deals buoyed investor sentiment. The S&P 500 Index climbed 1.3% to close at 3,383.54. Today, the S&P 500 futures are trading in the green.

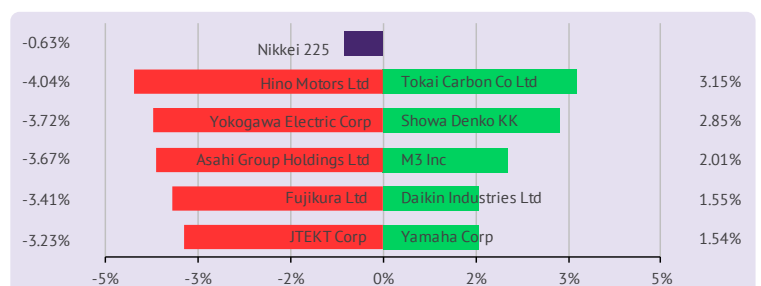
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.6% lower at 23,411.45.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% lower against the South African Rand at R16.6240. Later today, traders will keep a close watch on the US industrial production and the NY Empire State manufacturing index for further direction.

The US Dollar fell against the South African Rand yesterday, amid optimism over a coronavirus vaccine and following a number of M&A deals.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R21.3727. Ahead in the day, traders will keep an eye on UK's ILO unemployment rate and average earnings including bonus for further indication.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R19.7645. Going forward, market participants will keep a tab on the Eurozone's ZEW economic sentiment indicator along with Germany's ZEW economic sentiment indicator and current situation for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted industrial production advanced faster-than-expected 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 R12.1642. Earlier in the session, Australia's house price index advanced on a yearly basis in 2Q20. Elsewhere, in China, Australia's largest trading partner, industrial production accelerated in August. Additionally, retail sales grew for the first time in 2020 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	16.6240	▲	-0.42	-0.42	-1.63	-0.76	19.04
GBPZAR	21.3727	▲	-0.10	-0.10	-5.47	1.40	15.33
EURZAR	19.7645	▲	-0.22	-0.22	-2.20	0.57	25.97
AUDZAR	12.1642	▼	-0.43	-0.43	-2.78	2.45	23.46
EURUSD	1.1889	▲	0.17	0.17	-0.59	1.34	5.82
GBPUSD	1.2856	▲	0.39	0.39	-3.92	2.18	-3.10
Brent (\$/barrel)	39.6	▼	-0.55	-0.55	-12.52	4.04	-39.98
Gold (\$/oz)	1975.5	▲	0.78	0.78	-0.80	0.39	28.34
Platinum (\$/oz)	968.3	▲	2.03	2.03	2.22	2.07	-1.31
Copper (\$/MT)*	6814.5	▲	0.65	0.65	1.75	4.29	10.82

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.1% higher to trade at \$1,975.50/oz.

Yesterday, gold prices rose 0.8% to close at \$1,954.70/oz, amid weakness in the US Dollar and expectations that the US Federal Reserve would maintain its dovish monetary policy.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil is trading flat at \$39.60/bl.

Yesterday, Brent crude oil declined 0.6% to settle at \$36.91/bl, after the Organisation of the Petroleum Exporting Countries cut its world oil demand forecasts for 2020 and 2021 and amid reports that Libya planned to resume production.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.0% higher to trade at \$968.30/oz.

Yesterday, platinum prices climbed 2.0% to close at \$958.70/oz.

Major South African corporate news

Astral Foods Limited

In its trading update, the company announced that it expects its HEPS to be at least ZAR12.55 compared to ZAR16.59 posted in the last year and its EPS to be at least ZAR12.44 compared to ZAR16.74 in the last year.

Bidvest Group Limited

In its FY20 results, the company announced that revenues slightly increased to ZAR76.54bn from ZAR76.06bn posted in the previous year. Its diluted EPS fell 95.6% to 49.70c from the prior year.

Major global economic news

Asia

In Australia, the house price index climbed 6.2% on a yearly basis in 2Q20, compared to a rise of 7.4% in the previous quarter.

In China, industrial production advanced more-than-expected by 5.6% on an annual basis in August, compared to a rise of 4.8% in the previous month.

In August, retail sales unexpectedly rose 0.5% on a yearly basis in China, compared to a drop of 1.1% in the previous month.

In Japan, industrial production jumped 8.7% on a monthly basis in July, more than market expectations and compared to a rise of 8.0% in the previous month.

The Reserve Bank of Australia (RBA), in its latest monetary policy meeting minutes, reiterated that it would not increase its cash rate target until progress is made towards full employment and inflation. The policy makers noted that the downturn had not been as severe as earlier expected and a recovery was underway in most parts of Australia. Further, the central bank indicated that it would maintain its “highly accommodative settings” as long as required to support the economy.

Eurozone

In the Eurozone, seasonally adjusted industrial production rose 4.1% on a monthly basis in July, compared to a revised rise of 9.5% in the prior month.

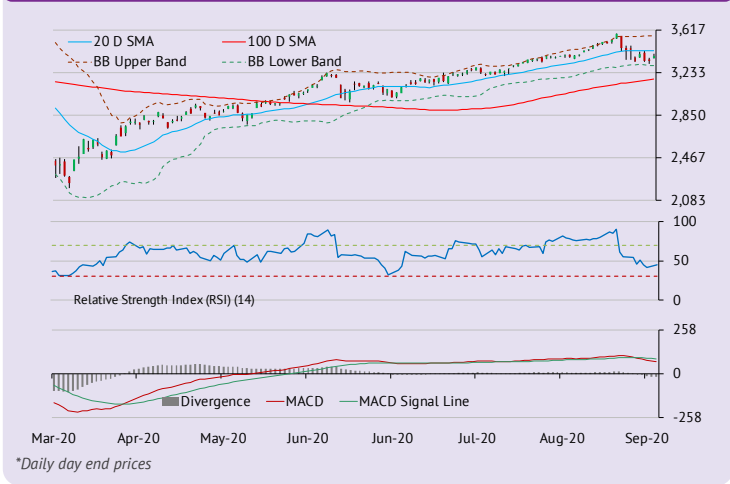
Technical snapshot

JSE All Share



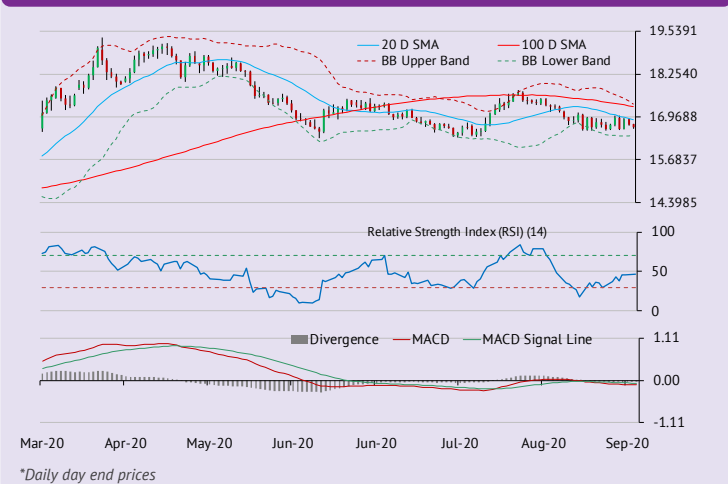
The JSE All Share index is expected to find support at 54,739.42, and a fall through could take it to the next support level of 53,151.79. The index is expected to find its first resistance at 57,286.82, and a rise through could take it to the next resistance level of 58,246.59.

S&P 500



The S&P 500 index is expected to find support at 3,320.82, and a fall through could take it to the next support level of 3,358.11. The index is expected to find its first resistance at 3,435.90, and a rise through could take it to the next resistance level of 3,488.27.

USD ZAR



The pair is expected to find support at 16.4960, and a fall through could take it to the next support level of 16.3259. The pair is expected to find its first resistance at 16.9213, and a rise through could take it to the next resistance level of 17.1765.

XAU USD



Gold is expected to find support at \$1,917.33/oz, and a fall through could take it to the next support level of \$1,879.97/oz. The precious metal is expected to find its first resistance at \$1,979.33/oz, and a rise through could take it to the next resistance level of \$2,003.97/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	4:00	Industrial Production (YoY) (Aug)	✓✓	5.60%*	4.80%	Monthly
China	4:00	Retail Sales (YoY) (Aug)	✓✓✓	0.50%*	-1.10%	Monthly
China	4:00	NBS Press Conference	✓✓	-	-	As Scheduled
UK	8:00	Average Earnings Excluding Bonus (3Mo/Yr) (Jul)	✓	-0.20%	-0.20%	Monthly
UK	8:00	Average Earnings Including Bonus (3Mo/Yr) (Jul)	✓	-1.30%	-1.20%	Monthly
UK	8:00	Claimant Count Change (Aug)	✓	-	94.40K	Monthly
UK	8:00	Claimant Count Rate s.a. (Aug)	✓	-	7.50%	Monthly
UK	8:00	ILO Unemployment Rate (3M) (Jul)	✓	4.10%	3.90%	Monthly
France	8:45	Consumer Price Index (EU norm) (MoM) (Aug) (F)	✓✓✓	-0.10%	0.40%	Monthly
France	8:45	Consumer Price Index (EU norm) (YoY) (Aug) (F)	✓✓✓	0.20%	0.90%	Monthly
France	8:45	Consumer Price Index (MoM) (Aug) (F)	✓✓✓	-0.10%	0.40%	Monthly
France	8:45	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	0.20%	0.80%	Monthly
Italy	10:00	Consumer Price Index (MoM) (Aug) (F)	✓✓✓	0.30%	-0.20%	Monthly
Italy	10:00	Consumer Price Index (YoY) (Aug) (F)	✓✓✓	-0.50%	-0.40%	Monthly
Eurozone	11:00	ZEW Survey - Economic Sentiment (Sep)	✓✓	-	64.00	Monthly
Germany	11:00	ZEW Survey - Current Situation (Sep)	✓✓	-72.00	-81.30	Monthly
Germany	11:00	ZEW Survey - Economic Sentiment (Sep)	✓✓✓	69.80	71.50	Monthly
Canada	14:30	Manufacturing Sales (MoM) (Jul)	✓✓	8.70%	20.70%	Monthly
US	14:30	NY Empire State Manufacturing Index (Sep)	✓✓	5.95	3.70	Monthly
US	14:30	Export Price Index (MoM) (Aug)	✓	0.40%	0.80%	Monthly
US	14:30	Import Price Index (MoM) (Aug)	✓	0.50%	0.70%	Monthly
US	15:15	Capacity Utilisation (Aug)	✓	71.50%	70.60%	Monthly
US	15:15	Industrial Production (MoM) (Aug)	✓✓✓	1.00%	3.00%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Aug)	✓✓✓	0.80%	3.40%	Monthly
US	15:15	Industrial Production (Aug)	✓✓	-	100.20	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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formerly Grant Thornton Capital

a GTC, The Wanderers Office Park

52 Corlett Drive, Illovo, 2196

p P O Box 55118, Illovo, 2116

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

t +27 (0) 10 597 6800

f +27 (0) 10 597 6801

w www.gtc.co.za

GTC (Pty) Ltd.

reg. no. 1996/001488/07

directors: G.K. Mockler, F.Dildar

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