

# ONE Minute Brief

16 September 2020

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## Economic and political news

The National Economic Development and Labour Council (Nedlac) chaired by President Cyril Ramaphosa has agreed to an economic recovery plan for South Africa (SA) and a social compact to mobilise funding to address Eskom's financial crisis.

The Matjhabeng Municipality in Free State has agreed to hand over 139 farms worth about ZAR2.5bn belonging to the administrative region as security on the ZAR3.4bn debt it owes to Eskom.

According to the Automobile Association (AA), petrol price in SA will drop by between 26 cents and 36 cents per litre and diesel by 88 cents per litre in October.

Democratic Alliance (DA) leader John Steenhuisen has requested President Cyril Ramaphosa to end the curfew imposed in a bid to curb the spread of COVID-19, open all sectors of the South African economy, and allow for international travel and reintroduce a normal school week.

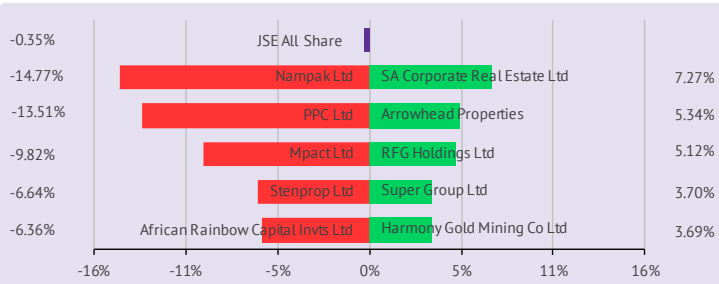
Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 651,521.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in platinum mining, banking and financial sector stocks. The JSE All Share Index fell 0.4% to close at 56,130.78.

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## Key indices

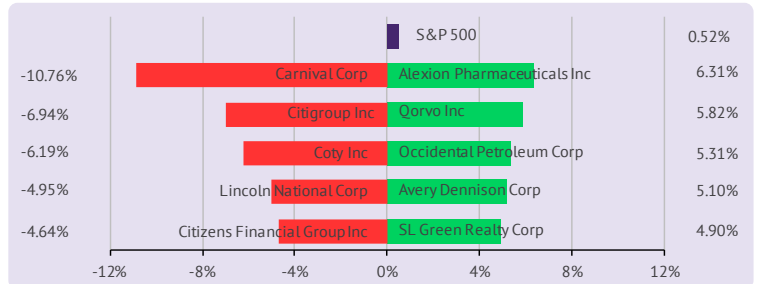
	As at 15 Sept 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56130.78	▼ -196.27	-0.35	0.08	1.18	-0.44	-1.67
JSE Top 40 (ZAR)	51795.70	▼ -181.12	-0.35	0.16	1.11	-0.28	1.93
FTSE 100 (GBP)	6105.54	▲ 79.29	1.32	1.22	2.38	1.12	-19.05
DAX 30 (EUR)	13217.67	▲ 24.01	0.18	0.11	2.10	5.13	-0.24
CAC 40 (EUR)	5067.93	▲ 16.05	0.32	0.67	2.44	3.42	-15.22
S&P 500 (USD)	3401.20	▲ 17.66	0.52	1.80	-2.83	7.01	5.27
Nasdaq Composite (USD)	11190.32	▲ 133.67	1.21	3.10	-4.97	9.59	24.72
DJIA (USD)	27995.60	▲ 2.27	0.01	1.19	-1.53	7.57	-1.90
MSCI Emerging Markets (USD)	1112.62	▲ 8.35	0.76	1.91	1.01	2.09	-0.18
MSCI Developed World (USD)	2407.98	▲ 11.60	0.48	1.68	-1.94	6.53	2.10

## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, buoyed by gains in technology sector stocks and ahead of the Federal Reserve's (Fed) policy meeting. The S&P 500 Index climbed 0.5% to close at 3,401.20. Today, the S&P 500 futures are trading in the green.

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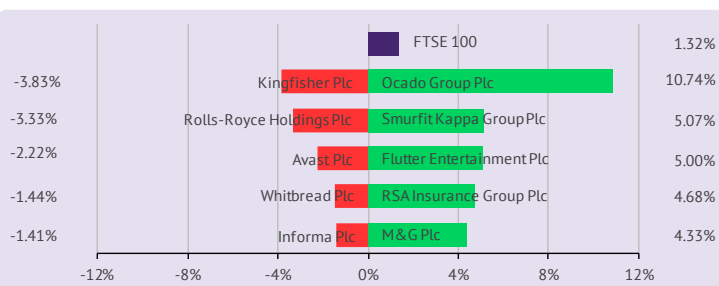


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, boosted by gains in mining sector stocks. The FTSE 100 Index advanced 1.3% to close at 6,105.54. Today, the FTSE 100 futures are trading in positive territory.

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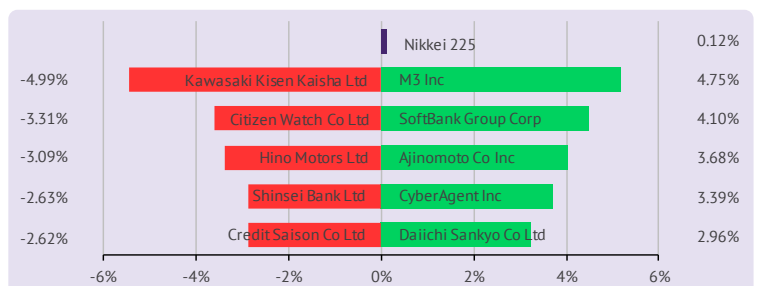


## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning, following better-than-expected Chinese and US economic data. As at 6:00 SAST, the Nikkei 225 Index is trading 0.1% higher at 23,483.06.

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## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell 0.3% against the South African Rand to trade at R16.4117. Later today, traders will keep a close watch on the US MBA mortgage applications, retail sales, business inventories, the NAHB housing market index, Fed's interest rate decision and monetary policy statement for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US NY Empire State manufacturing index accelerated in September. Meanwhile, both, manufacturing and industrial production grew less than expected on a monthly basis in August.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.2% against the South African Rand to trade at R21.1783. Ahead in the day, traders will keep an eye on UK's consumer price index (CPI), the retail price index, the producer price index (PPI) and the DCLG house price index for further indications.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's ILO unemployment rate rose at par with market expectations in July. Meanwhile, average earnings including bonus dropped less-than-anticipated in July.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.3% against the South African Rand to trade at R19.4436. Going forward, market participants will keep a tab on Eurozone's trade balance for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's ZEW economic sentiment index climbed in September. Separately, Germany's ZEW current situation index improved in September. Additionally, the ZEW economic sentiment index unexpectedly rose in September, marking its highest reading since May 2000.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R12.0090. Earlier in the session, Australia's Westpac Leading index rose on a monthly basis in August. Meanwhile, the HIA new home sales unexpectedly plunged 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	16.4117	▲	-1.26	-1.67	-2.87	-0.76	17.54
GBPZAR	21.1783	▲	-0.92	-1.03	-6.34	1.40	14.26
EURZAR	19.4436	▲	-1.42	-1.64	-3.58	0.57	24.19
AUDZAR	12.0090	▲	-1.08	-1.51	-3.84	2.45	22.12
EURUSD	1.1847	-	-0.16	0.01	-0.75	1.34	5.65
GBPUSD	1.2903	▲	0.33	0.73	-3.60	2.18	-2.78
Brent (\$/barrel)	41.1	▲	2.32	1.76	-10.49	4.04	-38.59
Gold (\$/oz)	1967.4	▲	0.17	0.95	-0.63	0.39	28.55
Platinum (\$/oz)	980.3	▼	2.45	4.53	4.72	2.07	1.11
Copper (\$/MT)*	6777.8	▼	-0.54	0.11	1.20	4.29	10.23

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.5% to trade at \$1,967.40/oz.

Yesterday, gold prices rose 0.2% to close at \$1,958.00/oz, amid weakness in the US Dollar and expectations that the US Fed would announce additional stimulus to support the economy.

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## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil advanced 1.5% to trade at \$41.13/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 9.5mn bls to 494.6 million bls last week.

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Yesterday, Brent crude oil advanced 2.3% to settle at \$40.53/bl, amid supply disruptions in the US due to Hurricane Sally.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$980.30/oz.

Yesterday, platinum prices climbed 2.5% to close at \$982.20/oz.

## Major South African corporate news

### Attacq Limited

In its trading statement, the company announced that it expects with reasonable certainty, its distributable earnings per share (DEPS) for the year ended 30 June 2020 to be between 22.5% and 17.5% lower than its DEPS for the prior financial year. Notwithstanding and having regard to the interim distribution declared and paid in March 2020 which brings the full year distribution to 45.00c per share, it expects that it will satisfy the REIT distribution requirements with regards to FY20.

### Foschini Group Limited

In its trading update for 22 weeks of FY21, the company announced that trading conditions across all three of the group's major territories, SA, the United Kingdom and Australia, continues to be challenging. Further, the Group's retail turnover during the period declined by 29.7% compared with the previous year.

### Harmony Gold Mining Company Limited

In its FY20 results, the company announced that revenues rose 8.7% to ZAR29.25bn from ZAR26.91bn recorded in the preceding year. Its diluted loss per share stood at 166.00c, compared to 500.00c recorded in the previous year.

### SA Corporate Real Estate Limited

In its 1H20 results, the company announced that revenues decreased to ZAR1.05bn, from ZAR1.13bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 43.79c compared to a diluted EPS of 13.85c in the same period of the prior year.

### Super Group Limited

In its FY20 results, the company announced that revenues declined 8.7% to ZAR34.58bn from ZAR37.86bn recorded in the preceding year. Its diluted loss per share stood at 91.40c, compared to a diluted EPS of 360.40c recorded in the previous year.

## Major global economic news

### US

In the US, the NY Empire State manufacturing index jumped to a level of 17.00 in September, compared to a level of 3.70 in the prior month.

In August, manufacturing production advanced 1.0% on a monthly basis in the US, less than market consensus and compared to a revised rise of 3.9% in the prior month.

In the US, industrial production rose 0.4% on a monthly basis in August, less than market anticipations and compared to a revised rise of 3.5% in the previous month.

### Asia

In Australia, the Westpac leading index rose 0.48% on a monthly basis in August, compared to a rise of 0.06% in the prior month.

In August, the HIA new home sales unexpectedly declined 14.4% on a monthly basis in Australia, compared to a surge of 64.4% in the previous month.

In Japan, total merchandise trade surplus unexpectedly widened to JPY248.30bn in August, compared to a revised surplus of JPY10.90bn in the previous month.

### Eurozone

In the Eurozone, the ZEW economic sentiment index climbed to 73.90 in September, compared to a level of 64.00 in the previous month.

In Germany, the ZEW current situation index increased to -66.20 in September, compared to a level of -81.30 in the prior month.

In September, the ZEW economic sentiment index unexpectedly advanced to a level of 77.40 in Germany, compared to a level of 71.50 in the previous month.

### UK

In the UK, the ILO unemployment rate rose to 4.1% in July, in line with market expectations and compared to 3.9% in the previous month.

In July, average earnings including bonus fell 1.0% in the UK, less than market anticipations and compared to a drop of 1.2% in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	1:50	Adjusted Merchandise Trade Balance (Aug)	✓✓✓	JPY650.60bn*	-JPY34.80bn	Monthly
Japan	1:50	Exports (YoY) (Aug)	✓✓	-14.80%*	-19.20%	Monthly
Japan	1:50	Imports (YoY) (Aug)	✓✓	-20.80%*	-22.30%	Monthly
Japan	1:50	Merchandise Trade Balance Total (Aug)	✓✓✓	JPY248.30bn*	JPY11.60bn	Monthly
UK	8:00	Consumer Price Index (MoM) (Aug)	✓	-0.60%	0.40%	Monthly
UK	8:00	Consumer Price Index (YoY) (Aug)	✓	0.00%	1.00%	Monthly
UK	8:00	Producer Price Index - Input n.s.a. (MoM) (Aug)	✓	0.30%	1.80%	Monthly
UK	8:00	Producer Price Index - Input n.s.a. (YoY) (Aug)	✓	-4.90%	-5.70%	Monthly
UK	8:00	Producer Price Index - Output n.s.a. (MoM) (Aug)	✓	0.20%	0.30%	Monthly
UK	8:00	Producer Price Index - Output n.s.a. (YoY) (Aug)	✓	-0.70%	-0.90%	Monthly
UK	8:00	Retail Price Index (MoM) (Aug)	✓	-0.30%	0.50%	Monthly
UK	8:00	Retail Price Index (YoY) (Aug)	✓	0.60%	1.60%	Monthly
UK	10:30	House Price Index (YoY) (Jun)	✓	-	2.90%	Monthly
Eurozone	11:00	Trade Balance n.s.a. (Jul)	✓✓	-	EUR21.20bn	Monthly
Eurozone	11:00	Trade Balance s.a. (Jul)	✓✓✓	-	EUR17.10bn	Monthly
South Africa	13:00	Retail Sales (MoM) (Jul)	✓✓	-	6.40%	Monthly
South Africa	13:00	Retail Sales (YoY) (Jul)	✓✓	-5.00%	-7.50%	Monthly
US	13:00	MBA Mortgage Applications (11-Sep)	✓	-	2.90%	Weekly
Canada	14:30	Consumer Price Index n.s.a. (MoM) (Aug)	✓✓✓	-	0.00%	Monthly
Canada	14:30	Consumer Price Index (YoY) (Aug)	✓✓✓	0.40%	0.10%	Monthly
Canada	14:30	Consumer Price Index s.a. (MoM) (Aug)	✓✓✓	0.10%	-0.10%	Monthly
US	14:30	Advance Retail Sales (MoM) (Aug)	✓✓✓	1.00%	1.20%	Monthly
US	16:00	Business Inventories (Jul)	✓	0.10%	-1.10%	Monthly
US	16:00	NAHB Housing Market Index (Sep)	✓	78.00	78.00	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (11-Sep)	✓✓✓	2.05mn	2.03mn	Weekly
US	20:00	Fed Interest Rate Decision	✓✓✓	0.25%	0.25%	As Scheduled
US	20:00	FOMC Economic Projections	✓✓✓	-	-	As Scheduled
US	20:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As Scheduled
US	20:30	Fed's Chair Powell speech	✓✓✓	-	-	As Scheduled
US	20:30	FOMC Press Conference	✓✓✓	-	-	As Scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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