

ONE Minute Brief

01 October 2020

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Economic and political news

In South Africa (SA), consumer price inflation slowed to 3.1% on an annual basis in August, compared to a level of 3.2% in the prior month. Additionally, growth in private sector credit demand slowed to 3.87% on an annual basis in August, compared to 5.12% in the previous month. Meanwhile, trade surplus widened to ZAR38.87bn in August, compared to a revised surplus of ZAR37.18bn in the prior month. Moreover, growth in M3 money supply expanded to 10.86% on a yearly basis in August, compared to 10.54% in the prior month.

Gauteng Premier David Makhura has placed Mkhululi Lukhele the head of the health department under precautionary suspension with immediate effect.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 674,339.

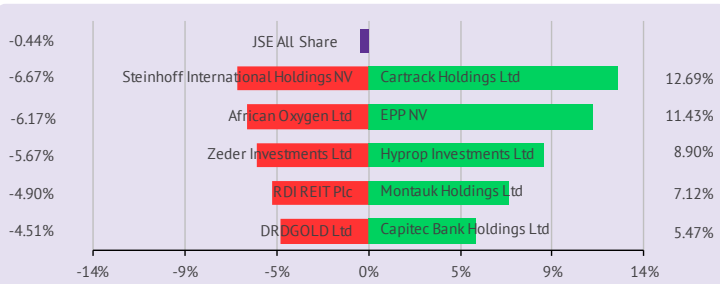
According to Defence Minister Nosiviwe Mapisa-Nqakula, the African National Congress has to pay more than ZARR100,000 to the department of defence for transporting its delegation to Zimbabwe on an SA Air Force jet.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in gold mining and platinum mining sector stocks. Data indicated that SA's consumer price inflation slowed in August. The JSE All Share Index fell 0.4% to close at 54,264.96.

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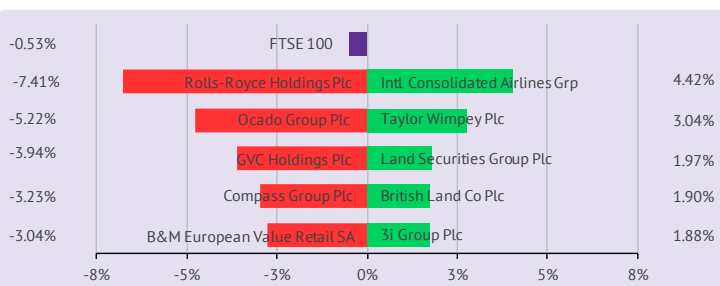


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, led by losses in consumer sector stocks. The FTSE 100 Index declined 0.5% to close at 5,866.10. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

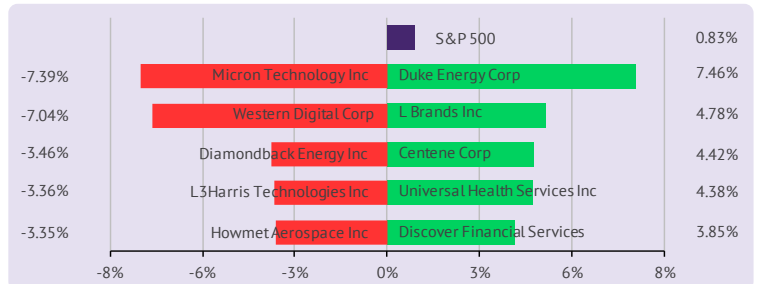
	As at 30 Sept 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54264.96	▼ -241.92	-0.44	1.26	NA	-2.18	-4.94
JSE Top 40 (ZAR)	50042.44	▼ -277.50	-0.55	1.00	NA	-2.31	-1.52
FTSE 100 (GBP)	5866.10	▼ -31.40	-0.53	0.40	NA	-1.63	-22.23
DAX 30 (EUR)	12760.73	▼ -65.09	-0.51	2.34	NA	-1.43	-3.69
CAC 40 (EUR)	4803.44	▼ -28.63	-0.59	1.56	NA	-2.91	-19.65
S&P 500 (USD)	3363.00	▲ 27.53	0.83	1.96	NA	-3.92	4.09
Nasdaq Composite (USD)	11167.51	▲ 82.26	0.74	2.33	NA	-5.16	24.46
DJIA (USD)	27781.70	▲ 329.04	1.20	2.24	NA	-2.28	-2.65
MSCI Emerging Markets (USD)	1082.00	▲ 13.21	1.24	2.16	NA	-1.77	-2.93
MSCI Developed World (USD)	2367.27	▲ 7.64	0.32	1.74	NA	-3.59	0.37

US Market ▲

US markets closed firmer

US markets closed higher yesterday, as upbeat domestic economic data boosted investor sentiment. The S&P 500 Index climbed 0.8% to close at 3,363.00. Today, the S&P 500 futures are trading in the green.

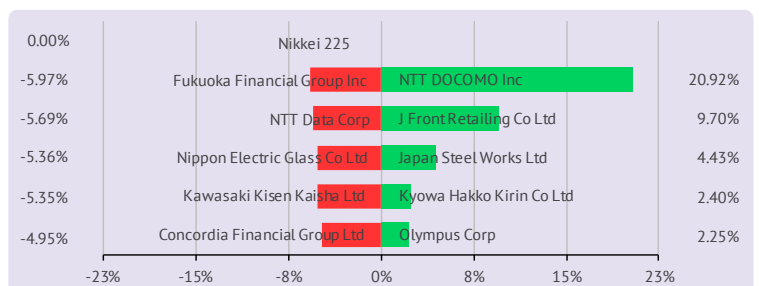
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Asian Market

Trading halted in Japan

Trading in Japanese markets has been halted due to technical glitch. Meanwhile, markets in Hong Kong, South Korea and China are closed on account of a public holiday.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R16.7094. Later today, traders will keep a close watch on the US personal income, personal spending, initial jobless claims, the Markit manufacturing PMI, the ISM manufacturing PMI and construction spending for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US final annualised gross domestic product (GDP) dropped less than initially estimated on a quarterly basis in 2Q20. Additionally, private sector employment jumped more-than-expected in September. Moreover, pending home sales surged to a record high level in August. Also, the Chicago Fed PMI climbed in September. Meanwhile, the MBA mortgage applications fell on a weekly basis in the week ended 25 September 2020. Separately, data indicated that SA's consumer inflation slowed for the first time in three months in August. Additionally, growth in private sector credit demand decelerated in August. On the contrary, trade surplus widened in August. Further, expansion in M3 money supply accelerated 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 R21.6129. Ahead in the day, traders will keep an eye on UK's Markit manufacturing PMI for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's GDP plunged less than expected on a quarterly basis in 2Q20. Moreover, seasonally adjusted Nationwide house prices advanced at its fastest pace since 2016 in September. On the other hand, current account deficit narrowed less-than-anticipated in 2Q20.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped marginally against the South African Rand to trade at R19.6215. Going forward, market participants will keep a tab on Eurozone's producer price index (PPI) and the unemployment rate along with the Markit manufacturing PMIs across the euro area.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's seasonally adjusted unemployment rate slightly fell in September. Additionally, retail sales grew more than market consensus in August.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally weaker against the South African Rand at R11.9946. Earlier in the session, Australia's AiG performance of manufacturing index dropped in September. Additionally, the Commonwealth Bank manufacturing PMI fell in the same month.

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	16.7094	▲	-1.10	-2.24	NA	-1.14	19.63
GBPZAR	21.6129	▲	-0.62	-0.84	NA	-4.39	16.65
EURZAR	19.6215	▲	-1.30	-1.50	NA	-2.94	25.01
AUDZAR	11.9946	▲	-0.76	-0.37	NA	-3.98	21.94
EURUSD	1.1742	▲	-0.20	0.77	NA	-1.80	4.53
GBPUSD	1.2934	▲	0.44	1.37	NA	-3.37	-2.54
Brent (\$/barrel)	42.3	▼	3.10	0.91	NA	-6.58	-35.91
Gold (\$/oz)	1896.7	▲	-0.36	1.60	NA	-4.21	23.92
Platinum (\$/oz)	895.1	▼	1.52	7.01	NA	-3.93	-7.25
Copper (\$/MT)*	6668.0	▲	1.43	1.90	NA	-0.44	8.44

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,896.70/oz.

Yesterday, gold prices fell 0.4% to close at \$1,887.50/oz, on the back of a stronger US Dollar.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.1% to trade at \$42.25/bl.

Yesterday, Brent crude oil advanced 3.1% to settle at \$42.30/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories fell by 2mn bls to 492.4mn bls for the week ended 25 September 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged lower 0.7% to trade at \$895.10/oz.

Yesterday, platinum prices climbed 1.5% to close at \$901.00/oz.

Major South African corporate news

Capitec Bank Holdings Limited

In its 1H20 results, the company announced that net income fell to ZAR4.91bn from ZAR7.84bn posted in the corresponding period of the previous year. Its diluted EPS decreased to 537.00c from the same period of the prior year.

Nampak Limited

In its trading update for the 11 months to 31 August 2020, the company announced that tough trading conditions, due to the ban on alcoholic sales and reduced consumer spending during the COVID-19 lockdown period, resulted in sales volumes being 30.0% lower than the corresponding prior year period and trading profit was expected to contract for the year.

PPC Limited

The company announced that it expects to release its FY20 results in the week of 5 October 2020. Meanwhile, it has received dispensation from the JSE in terms of this extended reporting date given the impact of the COVID-19 pandemic on the business, the complexities of finalising the year-end audit as well as the impact of the restructuring and refinancing project underway. PPC's cement operations ramped up in May 2020 post the COVID-19 restrictions imposed at the end of March 2020 across most of the jurisdictions in which the group operates. Further, double-digit year-on-year growth of cement volumes in SA were experienced in June and July and have continued at a high rate in August and September.

Major global economic news

Asia

In Australia, the AiG performance of manufacturing index dropped to 46.70 in September, compared to a level of 49.30 in the previous month.

In September, the Commonwealth Bank manufacturing PMI fell to 55.40 in Australia, compared to a level of 55.50 in the prior month.

In Japan, construction orders unexpectedly climbed to 28.5% on an annual basis in August, compared to a drop of 22.9% in the previous month.

In August, housing starts declined 9.1% on an annual basis in Japan, less than market consensus and compared to a revised drop of 11.3% in the previous month.

In Japan, the Jibun Bank manufacturing PMI rose to a level of 47.70 in September, compared to a level of 47.30 in the previous month.

UK

In the UK, the final GDP plunged 19.8% on a quarterly basis in 2Q20, compared to a revised drop of 2.5% in the previous quarter. The preliminary figures had recorded a fall of 20.4%.

In 2Q20, current account deficit narrowed less-than-expected to GBP2.80bn in the UK, compared to a revised deficit of GBP2.80bn in the prior quarter.

In the UK, the seasonally adjusted Nationwide house prices rose 0.9% on a monthly basis in September, more than market expectations and compared to a rise of 2.0% in the previous month.

US

In the US, the final annualised GDP plunged 31.4% on a quarterly basis in 2Q20, compared to a decline of 5.0% in the previous quarter. The preliminary figures had recorded a drop of 31.7%.

In September, private sector employment rose by 749.00K in the US, more than market anticipations and compared to a growth of 428.00K jobs in the previous month.

In the US, pending home sales climbed 8.8% on a monthly basis in August, compared to an advance of 5.9% in the previous month.

In September, the Chicago Fed Purchasing Managers' Index (PMI) jumped to 62.40 in the US, compared to a level of 51.20 in the previous month.

In the US, the MBA mortgage applications dropped 4.8% on a weekly basis in the week ended 25 September 2020, compared to an advance of 6.8% in the previous week.

Eurozone

In Germany, seasonally adjusted unemployment rate dropped to 6.3% in September, compared to 6.4% in the previous month.

In August, retail sales rose 3.1% on a monthly basis in Germany, compared to a revised fall of 0.2% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	1:50	Tankan Non - Manufacturing Index (Q3)	✓✓	-12.00*	-17.00	Quarterly
Japan	1:50	Tankan Non - Manufacturing Outlook (Q3)	✓✓	-11.00*	-14.00	Quarterly
Japan	1:50	Tankan Large ALL Industry Capex (Q3)	✓✓	1.40%*	3.20%	Quarterly
Japan	1:50	Tankan Large Manufacturing Outlook (Q3)	✓✓	-17.00*	-27.00	Quarterly
Japan	1:50	Tankan Large Manufacturing Index (Q3)	✓✓	-27.00*	-34.00	Quarterly
Switzerland	8:30	Real Retail Sales (YoY) (Aug)	✓✓	-	4.10%	Monthly
Switzerland	8:30	Consumer Price Index (MoM) (Sep)	✓✓	0.00%	0.00%	Monthly
Switzerland	8:30	Consumer Price Index (YoY) (Sep)	✓✓	-0.80%	-0.90%	Monthly
Italy	9:45	Markit Manufacturing PMI (Sep)	✓✓✓	53.50	53.10	Monthly
France	9:50	Markit Manufacturing PMI (Sep) (F)	✓✓✓	50.90	49.80	Monthly
Germany	9:55	Markit Manufacturing PMI (Sep) (F)	✓✓✓	56.60	52.20	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Sep) (F)	✓✓✓	53.70	51.70	Monthly
Italy	10:00	Unemployment Rate (Aug)	✓	10.10%	9.70%	Monthly
UK	10:30	Markit Manufacturing PMI (Sep) (F)	✓	54.30	55.20	Monthly
Eurozone	11:00	Unemployment Rate (Aug)	✓✓✓	8.10%	7.90%	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Aug)	✓✓✓	0.10%	0.60%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Aug)	✓✓✓	-2.70%	-3.30%	Monthly
South Africa	11:00	PMI Manufacturing (Sep)	✓✓	-	57.30	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Aug)	✓	-	-3.50%	Monthly
South Africa	13:00	Electricity Production (YoY) (Aug)	✓	-	-4.50%	Monthly
US	14:30	Continuing Jobless Claims (19-Sep)	✓✓✓	12225.00K	12580.00K	Weekly
US	14:30	Initial Jobless Claims (26-Sep)	✓✓✓	850.00K	870.00K	Weekly
US	14:30	Personal Income (MoM) (Aug)	✓✓	-2.40%	0.40%	Monthly
US	14:30	Personal Spending (Aug)	✓✓	0.80%	1.90%	Monthly
US	15:45	Markit Manufacturing PMI (Sep) (F)	✓✓✓	-	53.10	Monthly
US	16:00	ISM Employment (Sep)	✓	-	46.40	Monthly
US	16:00	Construction Spending (MoM) (Aug)	✓✓	0.80%	0.10%	Monthly
US	16:00	ISM Manufacturing PMI (Sep)	✓✓✓	56.30	56.00	Monthly
US	16:30	EIA Natural Gas Storage Change (25-Sep)	✓✓✓	78.00Bcf	66.00Bcf	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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