

ONE
Minute Brief

7 October 2020

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Economic and political news

The Congress of South African Trade Unions (Cosatu) has asked workers from the public and private sector across the country, to either stay at home in support of today's national socio-economic strike or to join in on the demonstration.

Eskom has indicated that it would implement load shedding in Tsantsabane, Emthanjeni, Kamiesberg and Richtersveld municipalities today as they have failed to pay their debt obligations.

The South African Reserve Bank, in its six-monthly Monetary Policy Review, stated it has shifted to a "wait and see" strategy as it expects the benchmark interest rate to remain low after aggressive monetary-policy easing in the first half of the year to counter the economic damage caused by the coronavirus pandemic.

The Gupta brothers have launched an application in the High Court in Pretoria to set aside the particulars of a claim filed by Eskom and the Special Investigating Unit (SIU) in August to recover approximately ZAR3.8bn in funds from former Eskom executives, former board members, members of the Gupta family and others.

Key indices

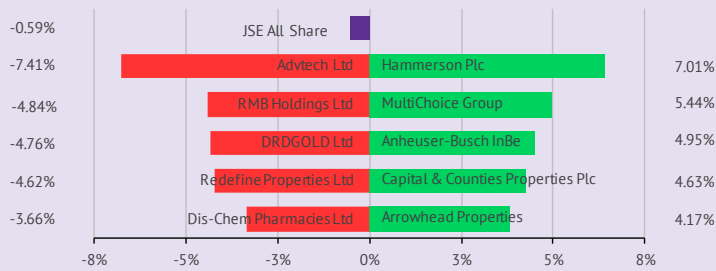
	As at 06 Oct 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54203.83	▼	-320.22	-0.59	-0.03	-0.11	-2.18	-5.05
JSE Top 40 (ZAR)	49869.36	▼	-313.76	-0.63	-0.05	-0.35	-2.31	-1.86
FTSE 100 (GBP)	5949.94	▲	7.00	0.12	0.81	1.43	-1.63	-21.11
DAX 30 (EUR)	12906.02	▲	77.71	0.61	1.71	1.14	-1.43	-2.59
CAC 40 (EUR)	4895.46	▲	23.59	0.48	1.46	1.92	-2.91	-18.11
S&P 500 (USD)	3360.95	▼	-47.68	-1.40	0.37	-0.06	-3.92	4.03
Nasdaq Composite (USD)	11154.60	▼	-177.89	-1.57	0.72	-0.12	-5.16	24.32
DJIA (USD)	27772.76	▼	-375.88	-1.34	0.32	-0.03	-2.28	-2.68
MSCI Emerging Markets (USD)	1102.47	▲	11.09	1.02	1.92	1.89	-1.77	-1.09
MSCI Developed World (USD)	2382.57	▼	-20.93	-0.87	0.85	0.65	-3.59	1.02

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and resources sector stocks. The JSE All Share Index fell 0.6% to close at 54,203.83.

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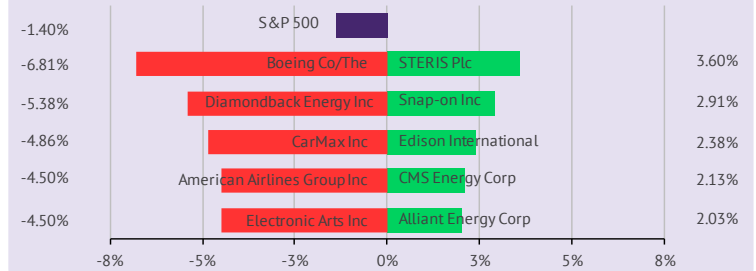


US Market ▼

US markets closed weaker

US markets closed lower yesterday, after US President Donald Trump asked officials to halt negotiations on coronavirus relief legislation. The S&P 500 Index dropped 1.4% to close at 3,360.95. Today, the S&P 500 futures are trading in the green.

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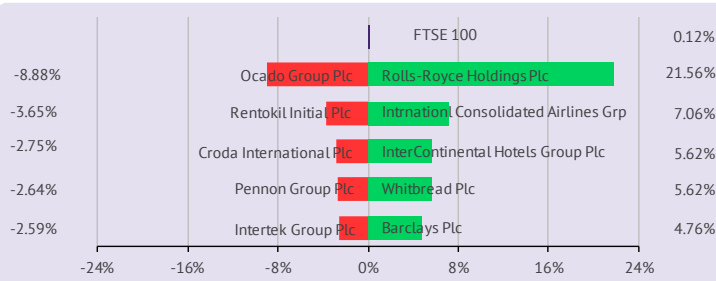


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid signs of progress in Brexit trade talks. The FTSE 100 Index advanced 0.1% to close at 5,949.94. Today, the FTSE 100 futures are trading in positive territory.

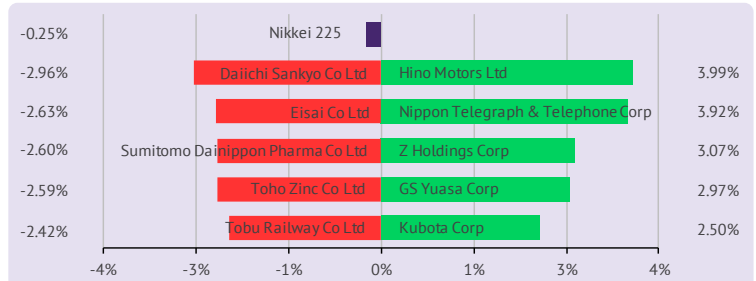
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% lower at 23,374.07.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% weaker against the South African Rand at R16.6518. Later today, traders will keep a close watch on the US MBA mortgage applications, consumer credit change and the Federal Open Market Committee (FOMC) meeting minutes for further direction.

The US Dollar rose against the South African Rand yesterday, after US President Donald Trump called off negotiations on a new fiscal stimulus package. On the macro front, the US JOLTs job openings dropped for the first time in four months in August. Additionally, trade deficit widened to its highest level since 2006 in August.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.4% against the South African Rand to trade at R21.4598. Ahead in the day, traders will keep an eye on UK's Halifax house price index, the DCLG house price index and the RICS house price balance for further indication.

The British Pound advanced against the South African Rand yesterday, as optimism surrounding Brexit talks fuelled hopes that the Bank of England would not cut interest rates below zero. Data indicated that UK's Markit construction PMI unexpectedly jumped in September.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.5% weaker against the South African Rand at R19.5334. Going forward, market participants will keep a tab on Germany's industrial production for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's seasonally adjusted factory orders advanced for the fourth consecutive month in August.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R11.8530. Earlier in the session, Australia's AiG performance of services index dropped in September.

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	16.6518	▲	0.90	1.24	-0.09	-1.14	19.52
GBPZAR	21.4598	▲	0.09	0.68	-0.51	-4.39	16.05
EURZAR	19.5334	▲	0.48	1.38	0.05	-2.94	25.07
AUDZAR	11.8530	▲	-0.21	0.37	-0.96	-3.98	20.77
EURUSD	1.1731	▼	-0.42	0.15	0.11	-1.80	4.65
GBPUSD	1.2885	▲	-0.76	-0.42	-0.30	-3.37	-2.84
Brent (\$/barrel)	41.9	▼	3.29	8.61	0.83	-6.58	-35.38
Gold (\$/oz)	1887.2	▼	-0.60	0.05	0.72	-4.21	24.82
Platinum (\$/oz)	860.6	▼	-3.71	-2.21	-4.12	-3.93	-11.07
Copper (\$/MT)*	6513.8	▼	-0.01	-0.50	-2.31	-0.44	5.93

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.7% lower to trade at \$1,887.20/oz.

Yesterday, gold prices fell 0.6% to close at \$1,901.10/oz, as the US Dollar strengthened after US President Trump called off negotiations on US stimulus package.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 1.7% to trade at \$41.94/bl., after US President Donald Trump called off stimulus negotiations. Additionally, the American Petroleum Institute (API) reported that crude oil inventories rose by 951,000 bls last week.

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Yesterday, Brent crude oil advanced 3.3% to settle at \$42.65/bl, amid concerns that a hurricane approaching the Gulf of Mexico as well as an oil worker strike in Norway could disrupt oil supply.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.4% lower to trade at \$860.60/oz.

Yesterday, platinum prices dropped 3.7% to close at \$863.90/oz.

Major South African corporate news

AVI Limited

The company announced that its Annual General Meeting will be held at 2 Harries Road, Illovo, Sandton on 5 November 2020.

HUDACO Industries Limited

The company announced that the board of directors advised that Mrs Reana van Zyl has resigned as Company Secretary, with effect from 4 December 2020.

Major global economic news

US

In the US, the JOLTs job openings dropped to 6493.00K in August, more than market expectations and compared to a revised level of 6697.00K in the prior month.

In August, trade deficit widened more-than-expected to USD67.10bn in the US, compared to a revised deficit of USD63.40bn in the previous month.

Federal Reserve (Fed) Governor, Jerome Powell, in his speech, indicated that the central bank needs to continue with aggressive fiscal and monetary stimulus for an economic recovery. He added that the recovery will be stronger and move faster if monetary policy and fiscal policy continue to work side by side. Powell further stated that the government support including expanded unemployment insurance payments, direct payments to most US households and financial support for small businesses has so far prevented a recessionary “downward spiral”.

Asia

In Australia, the AiG performance of services index fell to 36.20 in September, compared to a level of 42.50 in the previous month.

The Reserve Bank of Australia, in its monetary policy decision, kept its key interest rate unchanged at 0.25%, for the seventh consecutive month. Additionally, the central bank maintained its target yield for three-year government bonds.

Eurozone

In Germany, seasonally adjusted factory orders rose 4.5% on a monthly basis in August, compared to a revised rise of 3.3% in the prior month.

European Central Bank (ECB) President, Christine Lagarde, in her latest speech stated that the central bank is ready to inject fresh monetary stimulus to support the euro area's economic recovery from the Covid-19 pandemic, including cutting a key interest rate further below zero. However, she warned that Europe's economic recovery looks “a little bit more shaky” amid a second wave of coronavirus infections in countries like France and Spain. Lagarde stated that output would not return to pre-Covid levels until the end of 2022 and the major central banks would need to continue to provide stimulus to support government spending.

UK

In the UK, the Markit construction PMI unexpectedly advanced to a level of 56.80 in September, compared to a level of 54.60 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	7:00	Coincident Index (Aug) (P)	✓	79.40*	78.30	Monthly
Japan	7:00	Leading Economic Index (Aug) (P)	✓✓✓	88.80*	86.70	Monthly
Germany	8:00	Industrial Production n.s.a. and w.d.a. (YoY) (Aug)	✓✓✓	-	-10.00%	Monthly
Germany	8:00	Industrial Production s.a. (MoM) (Aug)	✓✓✓	1.50%	1.20%	Monthly
South Africa	8:00	Net Gold & Forex Reserve (Sep)	✓	-	USD50.52bn	Monthly
South Africa	8:00	Gross Gold & Forex Reserve (Sep)	✓	USD58.57bn	USD55.75bn	Monthly
France	8:45	Current Account (Aug)	✓✓	-	-EUR6.20bn	Monthly
France	8:45	Exports (Aug)	✓	-	EUR35.54bn	Monthly
France	8:45	Imports (Aug)	✓	-	EUR42.53bn	Monthly
France	8:45	Trade Balance (Aug)	✓✓✓	-	-EUR6.99bn	Monthly
Spain	9:00	Industrial Output s.a. (YoY) (Aug)	✓✓	-5.70%	-6.40%	Monthly
Spain	9:00	Industrial Output n.s.a. (YoY) (Aug)	✓✓	-	-6.40%	Monthly
Italy	10:00	Retail Sales n.s.a. (YoY) (Aug)	✓✓	-	-7.20%	Monthly
Italy	10:00	Retail Sales s.a. (MoM) (Aug)	✓✓✓	-	-2.20%	Monthly
UK	10:30	Unit Wage Costs (QoQ) (Q2)	✓	-	3.21%	Quarterly
UK	10:30	Unit Labour Costs (YoY) (Q2)	✓	-	6.20%	Quarterly
UK	10:30	Unit Labour Costs (QoQ) (Q2)	✓	-	3.30%	Quarterly
UK	10:30	Unit Wage Costs (YoY) (Q2)	✓	-	5.33%	Quarterly
UK	10:30	House Price Index (YoY) (Jul)	✓	-	3.40%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Sep)	✓	-	-	Monthly
US	13:00	MBA Mortgage Applications (02-Oct)	✓	-	-4.80%	Weekly
Eurozone	14:10	ECB's Lagarde Speech	✓	-	-	As Scheduled
Eurozone	15:30	Non-monetary policy's ECB meeting	✓✓	-	-	As Scheduled
Canada	16:00	Ivey PMI n.s.a. (Sep)	✓✓	-	64.60	Monthly
Canada	16:00	Ivey PMI s.a. (Sep)	✓✓✓	-	67.80	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (02-Oct)	✓✓✓	0.40mn	-1.98mn	Weekly
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As Scheduled
US	20:00	FOMC Meeting Minutes	✓	-	-	As Scheduled
US	21:00	Consumer Credit Change (Aug)	✓✓	-	USD12.25bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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