

# ONE Minute Brief

9 October 2020

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## Economic and political news

News reports indicate that an ad hoc committee set up to amend Section 25 of the Constitution to allow expropriation without compensation has adopted a draft programme for public hearings in October.

Finance Minister Tito Mboweni will table his Medium-Term Budget Policy Statement (MTBPS) in Parliament on 21 October.

The Gauteng High Court in Pretoria has set aside a ZAR4.5bn contract between the Passenger Rail Agency of South Africa and Siyangena Technologies.

The Zondo Commission and its legal team have filed an application to get a subpoena signed and authorised, which if approved, would legally force the former President Jacob Zuma to appear at the State Capture Inquiry or face severe punitive action.

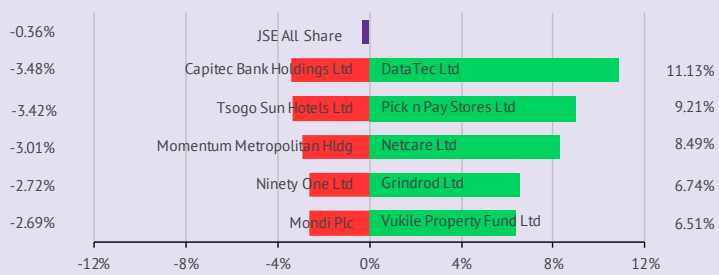
The Department of Environment, Forestry and Fisheries has placed eight officials on precautionary suspension following a forensic investigation into contracts alleged to have been irregularly awarded by the department's Waste Management Bureau.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and industrial sector stocks. The JSE All Share Index fell 0.4% to close at 54,554.85.

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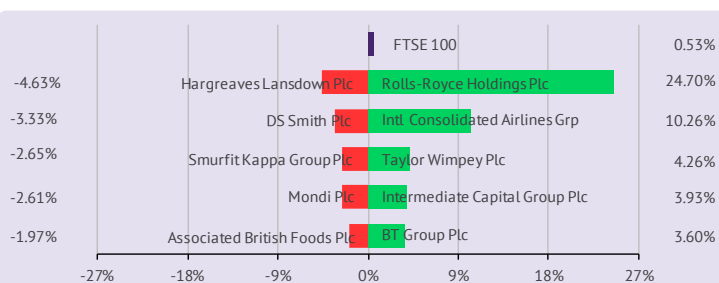


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, after Bank of England Governor Andrew Bailey indicated the possibility of a post-Brexit trade deal and hinted at an additional fiscal stimulus. The FTSE 100 Index advanced 0.5% to close at 5,978.03. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

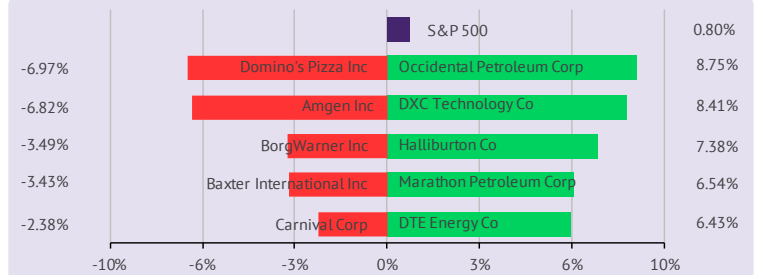
	As at 08 Oct 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54554.85	▼ -194.92	-0.36	0.62	0.53	-2.18	-4.43
JSE Top 40 (ZAR)	50131.37	▼ -280.82	-0.56	0.47	0.18	-2.31	-1.35
FTSE 100 (GBP)	5978.03	▲ 31.78	0.53	1.29	1.91	-1.63	-20.74
DAX 30 (EUR)	13042.21	▲ 113.64	0.88	2.78	2.21	-1.43	-1.56
CAC 40 (EUR)	4911.94	▲ 29.94	0.61	1.80	2.26	-2.91	-17.83
S&P 500 (USD)	3446.83	▲ 27.38	0.80	2.94	2.49	-3.92	6.69
Nasdaq Composite (USD)	11420.98	▲ 56.38	0.50	3.12	2.27	-5.16	27.29
DJIA (USD)	28425.51	▲ 122.05	0.43	2.68	2.32	-2.28	-0.40
MSCI Emerging Markets (USD)	1117.44	▲ 9.54	0.86	3.30	3.28	-1.77	0.25
MSCI Developed World (USD)	2427.36	▲ 17.96	0.75	2.75	2.54	-3.59	2.92

## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, amid fresh hopes for further fiscal stimulus from the US government. The S&P 500 Index climbed 0.8% to close at 3,446.83. Today, the S&P 500 futures are trading in the green.

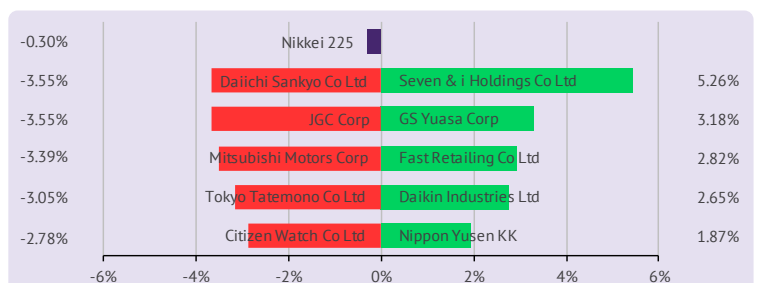
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## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% lower at 23,576.82.



## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% weaker against the South African Rand at R16.5321. Later today, traders will keep a close watch on the US wholesale inventories for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US initial jobless claims dropped less-than-expected on a weekly basis in the week ended 02 October 2020.

## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R21.4183. Ahead in the day, traders will keep an eye on UK's trade balance, index of services, industrial production, manufacturing production, total trade balance, gross domestic product (GDP) and the NIESR GDP estimate for further indications.

The British Pound declined against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand to trade at R19.4699. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's, both current account surplus and trade surplus narrowed 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 R11.8716. Earlier in the session, Australia's home loan approvals advanced in August. Elsewhere, in China, Australia's largest trading partner, the Caixin services PMI unexpectedly rose in September.

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	16.5321	▲	-0.22	0.38	-0.94	-1.14	18.50
GBPZAR	21.4183	▲	-0.08	0.31	-0.87	-4.39	15.63
EURZAR	19.4699	▲	-0.23	0.75	-0.58	-2.94	24.29
AUDZAR	11.8716	▲	0.20	0.47	-0.86	-3.98	20.88
EURUSD	1.1778	▲	-0.03	0.37	0.32	-1.80	4.87
GBPUSD	1.2955	▲	0.15	0.02	0.14	-3.37	-2.41
Brent (\$/barrel)	43.2	▼	3.22	10.36	2.46	-6.58	-34.33
Gold (\$/oz)	1914.9	▲	0.27	-0.61	0.06	-4.21	24.00
Platinum (\$/oz)	858.2	▼	-0.35	-2.85	-4.75	-3.93	-11.65
Copper (\$/MT)*	6678.3	▲	0.18	2.01	0.15	-0.44	8.61

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 1.4% to trade at \$1,914.90/oz.

Yesterday, gold prices rose 0.3% to close at \$1,888.60/oz, amid renewed prospects for additional US fiscal stimulus and uncertainty surrounding the US presidential elections.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.3% to trade at \$43.19/bl.

Yesterday, Brent crude oil advanced 3.2% to settle at \$43.34/bl, as Hurricane Delta shut down more than 90% of the Gulf of Mexico's crude output and amid possibility of supply cuts from Saudi Arabia and Norway.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices marginally declined to trade at \$858.20/oz.

Yesterday, platinum prices dropped 0.4% to close at \$858.20/oz.

## Major South African corporate news

### Raubex Group Limited

In its 1H21 trading update, the company announced that it expects loss per share to be between 19.40c and 32.30c, compared to an EPS of 64.60c during the same period of the previous year. It also expects its headline loss per share to be between 17.60c and 29.30c, compared to a HEPS of 58.60c in the same period last year.

### Spur Corporation Limited

In its trading update, the company announced that the South African restaurants traded at 73.8% of the prior year's turnover for the month of September, improving from 36.5% for July and 56.7% for August. The number of restaurants trading has grown consistently since June and by the end of September 2020, 600 of the group's 631 restaurants had reopened.

## Major global economic news

### Eurozone

In Germany, non-seasonally adjusted current account surplus narrowed to EUR16.50bn in August, compared to a revised surplus of EUR21.00bn in the prior month.

In August, seasonally adjusted trade surplus unexpectedly narrowed to EUR15.70bn in Germany, compared to a surplus of EUR18.00bn in the previous month.

The European Central Bank (ECB), in its September monetary policy meeting, indicated that it could consider more stimulus later this year and argued the need for keeping a "free hand" in view of the elevated uncertainty. The minutes suggested that policymakers were concerned about the inflation outlook more than previously expected. Meanwhile, the ECB warned that a further rise in the euro would be a "risk to both growth and inflation"

### Asia

In Japan, overall household spending declined 6.9% on an annual basis in August, in line with market expectations and compared to a drop of 7.6% in the previous month.

In Australia, home loans climbed 13.6% in August, compared to a rise of 10.7% in the prior month.

In China, the Caixin services PMI unexpectedly advanced to 54.80 in September, compared to a level of 54.00 in the prior month.

### UK

Bank of England (BoE) Governor, Andrew Bailey, in his speech, indicated that Britain and the European Union should be able to reach a trade deal. Further, he reiterated that while he would like to see Britain and the EU to retain equivalent standards in financial services regulation, it would be wrong for Britain to continue to follow EU rules it had no control over. Bailey also that risks to Britain's economy were "very much to the downside" as it tries to recover from the coronavirus crisis.

### US

In the US, seasonally adjusted number of initial jobless claims fell less-than-expected to 840.00K on a weekly basis in the week ended 02 October 2020, compared to a revised level of 849.00K in the previous week.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Household Spending (YoY) (Aug)	✓✓	-6.90%*	-7.60%	Monthly
UK	08:00	Index of Services (3M/3M) (Aug)	✓	-	-8.10%	Monthly
UK	08:00	Index of Services (MoM) (Aug)	✓	-	6.10%	Monthly
UK	08:00	Industrial Production (MoM) (Aug)	✓	2.50%	5.20%	Monthly
UK	08:00	Industrial Production (YoY) (Aug)	✓	-4.60%	-7.80%	Monthly
UK	08:00	Manufacturing Production (MoM) (Aug)	✓	3.00%	6.30%	Monthly
UK	08:00	Manufacturing Production (YoY) (Aug)	✓	-5.90%	-9.40%	Monthly
UK	08:00	Construction Output s.a. (YoY) (Aug)	✓	-8.80%	-12.70%	Monthly
UK	08:00	Construction Output s.a. (MoM) (Aug)	✓	-	17.60%	Monthly
UK	08:00	Index of Services (Aug)	✓	-	92.80	Monthly
UK	08:00	Total Trade Balance (Aug)	✓	-	GBP1.07bn	Monthly
UK	08:00	Trade Balance; non-EU (Aug)	✓	-	-GBP2.36bn	Monthly
UK	08:00	Gross Domestic Product s.a. (MoM) (Aug)	✓	4.60%	6.60%	Monthly
France	08:45	Industrial Production (MoM) (Aug)	✓✓✓	1.70%	3.80%	Monthly
France	08:45	Industrial Production (YoY) (Aug)	✓✓✓	-	-8.30%	Monthly
France	08:45	Manufacturing Production (MoM) (Aug)	✓✓✓	-	4.50%	Monthly
France	08:45	Manufacturing Production (YoY) (Aug)	✓✓✓	-	-8.50%	Monthly
Italy	10:00	Industrial Production n.s.a. (YoY) (Aug)	✓✓	-6.60%	-8.00%	Monthly
Italy	10:00	Industrial Production s.a. (MoM) (Aug)	✓✓	1.30%	7.40%	Monthly
Italy	10:00	Industrial Production w.d.a.(YoY) (Aug)	✓✓	-	-8.00%	Monthly
Canada	14:30	Full Time Employment Change (Sep)	✓✓	-	205.80K	Monthly
Canada	14:30	Net Change in Employment (Sep)	✓✓	156.60K	245.80K	Monthly
Canada	14:30	Part Time Employment Change (Sep)	✓✓	-	40.00K	Monthly
Canada	14:30	Unemployment Rate (Sep)	✓✓	9.70%	10.20%	Monthly
UK	15:00	NIESR GDP Estimate (3M) (Sep)	✓	8.70%	7.00%	Monthly
US	16:00	Wholesale Inventories (MoM) (Aug) (F)	✓✓✓	0.50%	-0.10%	Monthly
China	16:05	Caixin/Markit Services PMI (Sep)	✓✓✓	-	54.00	Monthly
US	19:00	Baker Hughes US Oil Rig Count (09-Oct)	✓	-	189.00	Weekly
US	19:00	USDA WASDE Report	✓	-	-	As Scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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