

ONE Minute Brief

14 October 2020

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Economic and political news

In South Africa (SA), gold production declined 14.8% on an annual basis in August, compared to a revised drop of 10.1% in the prior month. Additionally, mining production fell 3.3% on a yearly basis in August, compared to a revised fall of 6.5% in the prior month. Meanwhile, platinum production advanced 12.7% on an annual basis in August, compared to a rise of 4.6% in the previous month.

The International Monetary Fund (IMF) has maintained its forecast of an 8.0% contraction in SA's economy in 2020, but slashed its outlook for next year, citing the continued impact of the coronavirus pandemic.

Finance Minister Tito Mboweni has requested parliament to delay the Medium-Term Budget Policy Statement by a week to 28 October 2020.

The Democratic Alliance (DA) has launched an economic reform tracker, a tool which will assess President Cyril Ramaphosa's progress in his interventions aimed to grow and create jobs.

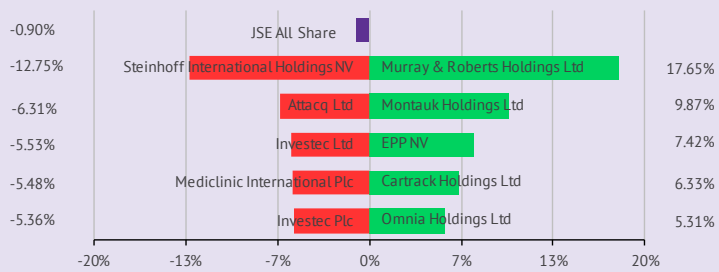
According to the SA Post Office (Sapo) it will not be able to pay employee medical aid and pension fund contributions pending financial assistance from the state.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and financial sector stocks. The JSE All Share Index fell 0.9% to close at 55,054.53.

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Key indices

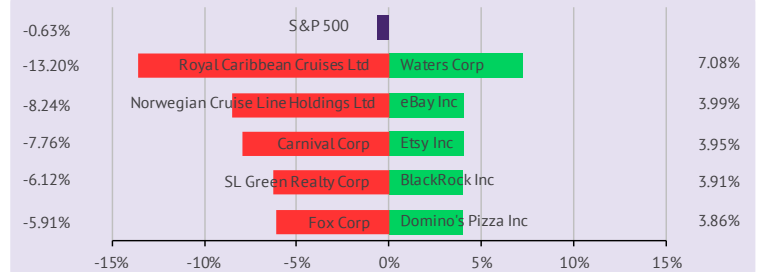
	As at 13 Oct 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55054.53	▼ -497.82	-0.90	-0.23	1.46	-2.18	-3.56
JSE Top 40 (ZAR)	50722.36	▼ -436.20	-0.85	-0.12	1.36	-2.31	-0.18
FTSE 100 (GBP)	5969.71	▼ -31.67	-0.53	-0.78	1.77	-1.63	-20.85
DAX 30 (EUR)	13018.99	▼ -119.42	-0.91	-0.25	2.02	-1.43	-1.74
CAC 40 (EUR)	4947.61	▼ -31.68	-0.64	0.02	3.00	-2.91	-17.24
S&P 500 (USD)	3511.93	▼ -22.29	-0.63	1.00	4.43	-3.92	8.70
Nasdaq Composite (USD)	11863.90	▼ -12.36	-0.10	2.45	6.24	-5.16	32.22
DJIA (USD)	28679.81	▼ -157.71	-0.55	0.33	3.23	-2.28	0.50
MSCI Emerging Markets (USD)	1136.42	▼ -0.75	-0.07	1.24	5.03	-1.77	1.95
MSCI Developed World (USD)	2464.18	▼ -13.74	-0.55	0.67	4.09	-3.59	4.48

US Market ▼

US markets closed weaker

US markets closed lower yesterday, as some US drugmakers face setback in its pursuit of a remedy for vaccine or treatment trials for COVID-19. The S&P 500 Index dropped 0.6% to close at 3,511.93. Today, the S&P 500 futures are trading in the green.

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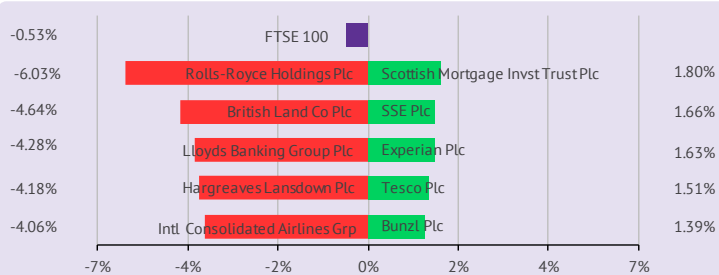


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid growing uncertainty over the Brexit trade deal and concerns around the timeline of a COVID-19 vaccine. The FTSE 100 Index declined 0.5% to close at 5,969.71. Today, the FTSE 100 futures are trading in positive territory.

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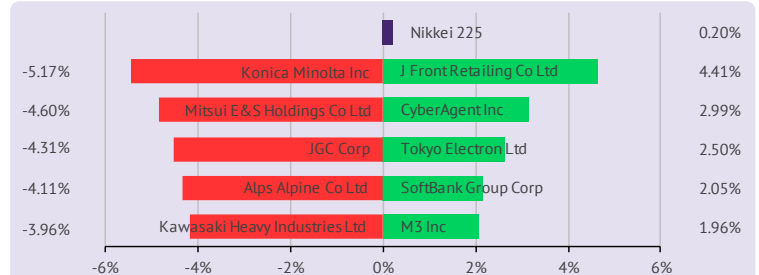


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, as a pause in COVID-19 vaccine trials and uncertainty over US stimulus weighed on investor sentiment. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% higher at 23,649.70.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R16.4537. Later today, traders will keep a close watch on US MBA mortgage applications and the producer price index (PPI) for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US consumer price index (CPI) rose in line with market expectations on an annual basis in September. Additionally, the NFIB small business optimism index jumped in September, recording its highest level since February. Separately, data indicated that, both, SA's gold production and mining production, dropped on an annual basis in August. Meanwhile, platinum production rose on an annual basis in August.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R21.2850. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, amid ongoing uncertainty related to the Brexit negotiations. Data indicated that UK's three month moving average ILO unemployment rate advanced in August. Additionally, average earnings including bonus recorded a flat reading in August.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.2% against the South African Rand to trade at R19.3240. Going forward, market participants will keep a tab on Eurozone's industrial production for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's ZEW economic sentiment index fell in October. Separately, Germany's final CPI fell on an annual basis in September. Additionally, the ZEW economic sentiment index deteriorated to a five-month low level in October. Meanwhile, the ZEW current situation index advanced in October.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined marginally against the South African Rand to trade at R11.7994. Earlier in the session, Australia's Westpac consumer confidence index climbed in October.

The Australian Dollar fell against the South African Rand yesterday, amid reports that China halted coal imports from Australia.

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Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	16.4537	▲	-0.23	0.03	-1.64	-1.14	17.67
GBPZAR	21.2850	▲	-1.17	-0.75	-1.53	-4.39	14.86
EURZAR	19.3240	▲	-0.78	-0.62	-1.38	-2.94	23.28
AUDZAR	11.7994	▲	-0.88	-1.05	-1.63	-3.98	19.95
EURUSD	1.1744	▼	-0.57	-0.68	0.21	-1.80	4.75
GBPUSD	1.2935	▼	-0.97	-0.76	0.13	-3.37	-2.41
Brent (\$/barrel)	42.3	▼	1.75	-0.93	0.35	-6.58	-35.68
Gold (\$/oz)	1898.6	▲	-1.77	-1.62	0.05	-4.21	23.99
Platinum (\$/oz)	867.2	▼	-0.32	-2.33	-3.75	-3.93	-10.73
Copper (\$/MT)*	6681.8	▼	-0.69	-1.27	0.21	-0.44	8.66

*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 \$1,898.60/oz.

Yesterday, gold prices fell 1.8% to close at \$1,888.50/oz, amid strength in the greenback.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.3% to trade at \$42.34/bl.

Yesterday, Brent crude oil advanced 1.8% to settle at \$42.45/bl, amid jump in Chinese crude imports.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined marginally to trade at \$867.20/oz.

Yesterday, platinum prices dropped 0.3% to close at \$867.20/oz.

Major South African corporate news

Ascendis Health Limited

The company announced the appointment of Cheryl-Jane Kujenga as Chief Financial Officer and an Executive Director, with effect from 1 December 2020.

Major global economic news

US

In the US, the CPI rose 1.4% on an annual basis in September, at par with market expectations and compared to a rise of 1.3% in the previous month.

In September, the NFIB small business optimism index advanced more-than-expected to a level of 104.00 in the US, compared to a level of 100.20 in the prior month.

The International Monetary Fund (IMF) raised its 2020 global growth outlook to a 4.4% contraction from its previous revised forecast of a 5.2% drop but warned of a “long, uneven and uncertain” recovery. Moreover, the fund has projected “only limited progress” going forward and cut its gross domestic product growth (GDP) expectations for next year to 5.2%, from an estimate of 5.4% made in June. Meanwhile, the US economy is set to fall by 4.3% this year, but the economic contractions in the UK, France, Italy and Spain are around 10%.

UK

In the three months to August, the ILO unemployment rate rose to 4.5% in the UK, compared to a rate of 4.1% in the previous quarter.

In the UK, average earnings including bonus recorded a flat reading in August, compared to a drop of 1.0% in the previous month.

Eurozone

In the Eurozone, the ZEW economic sentiment index dropped to 52.30 in October, compared to a level of 73.90 in the previous month.

In Germany, the ZEW current situation index rose to -59.50 in October, more than market anticipations and compared to a level of -66.20 in the previous month

In October, the ZEW economic sentiment index fell to 56.10 in Germany, compared to a level of 77.40 in the prior month.

In Germany, the final CPI dropped 0.2% on an annual basis in September, compared to a flat reading of in the prior month. The preliminary figures had also recorded a drop of 0.2%.

Asia

In Australia, the Westpac consumer confidence index advanced to 105.00 in October, compared to a level of 93.80 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	06:30	Capacity Utilisation (MoM) (Aug)	✓	2.90%*	9.60%	Monthly
Japan	06:30	Industrial Production (MoM) (Aug) (F)	✓✓✓	1.00%*	8.70%	Monthly
Japan	06:30	Industrial Production (YoY) (Aug) (F)	✓✓✓	-13.80%*	-15.20%	Monthly
Spain	09:00	Consumer Price Index (MoM) (Sep) (F)	✓✓✓	0.20%	0.00%	Monthly
Spain	09:00	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	-0.40%	-0.50%	Monthly
Eurozone	10:00	ECB's Lagarde Speech	✓	-	-	As Scheduled
Eurozone	11:00	Industrial Production s.a. (MoM) (Aug)	✓✓✓	0.80%	4.10%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Aug)	✓✓✓	-7.20%	-7.70%	Monthly
Eurozone	11:00	Industrial Production (Aug)	✓	-	95.60	Monthly
Eurozone	12:00	ECB Balance sheet (05-Oct)	✓✓	-	EUR6705.11 bn	Weekly
South Africa	13:00	Retail Sales (MoM) (Aug)	✓✓	-	-1.10%	Monthly
South Africa	13:00	Retail Sales (YoY) (Aug)	✓✓	-	-9.00%	Monthly
South Africa	13:00	Food and Fashion-Total Trade Retail Sales (Aug)	✓	-	ZAR80735.00mn	Monthly
South Africa	13:00	Retail Sales - General Dealers (Aug)	✓	-	ZAR36312.00mn	Monthly
US	13:00	MBA Mortgage Applications (09-Oct)	✓	-	4.60%	Weekly
US	14:30	Producer Price Index (MoM) (Sep)	✓✓✓	0.20%	0.30%	Monthly
US	14:30	Producer Price Index (YoY) (Sep)	✓✓✓	0.20%	-0.20%	Monthly
US	14:55	Redbook Index (YoY) (10-Oct)	✓	-	2.10%	Weekly
US	14:55	Redbook Index s.a. (MoM) (10-Oct)	✓	-	0.00%	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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