

ONE Minute Brief

15 October 2020

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Economic and political news

In South Africa (SA), retail sales fell 4.2% on a yearly basis in August, compared to a revised drop of 8.6% in the previous month.

The Special Investigating Unit (SIU) has detailed the extent of wrongdoing at Eskom before parliament, including how four officials pocketed ZAR44mn as “gratification” related to protracted delays in the utility’s build programme of new power stations.

News reports indicate that the Gautrain is set to resume full operations today after the National Union of Metalworkers of SA (Numsa) reached an agreement with management for a 4.1% salary hike.

National Assembly speaker Thandi Modise has agreed to Finance Minister Tito Mboweni’s request to postpone the upcoming medium-term budget policy statement (MTBPS) to October 28, subject to the approval of parliament’s programming committee.

The Judicial Service Commission has recommended that President Cyril Ramaphosa suspend Western Cape High Court judge Mushtak Parker, pending the finalisation of complaints against him.

Key indices

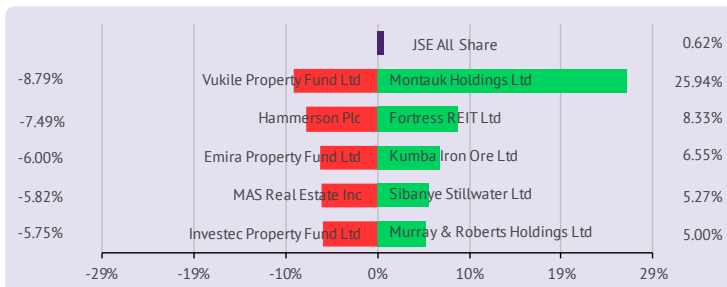
	As at 14 Oct 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55394.23	▲ 339.70	0.62	0.38	2.08	-2.18	-2.96
JSE Top 40 (ZAR)	51041.59	▲ 319.23	0.63	0.51	2.00	-2.31	0.44
FTSE 100 (GBP)	5935.06	▼ -34.65	-0.58	-1.36	1.18	-1.63	-21.31
DAX 30 (EUR)	13028.06	▲ 9.07	0.07	-0.18	2.09	-1.43	-1.67
CAC 40 (EUR)	4941.66	▼ -5.95	-0.12	-0.10	2.88	-2.91	-17.34
S&P 500 (USD)	3488.67	▼ -23.26	-0.66	0.33	3.74	-3.92	7.98
Nasdaq Composite (USD)	11768.73	▼ -95.17	-0.80	1.63	5.38	-5.16	31.16
DJIA (USD)	28514.00	▼ -165.81	-0.58	-0.26	2.64	-2.28	-0.09
MSCI Emerging Markets (USD)	1135.56	▼ -0.86	-0.08	1.16	4.95	-1.77	1.87
MSCI Developed World (USD)	2453.61	▼ -10.57	-0.43	0.24	3.65	-3.59	4.03

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in general retailers, platinum mining and gold mining sector stocks. The JSE All Share Index rose 0.6% to close at 55,394.23.

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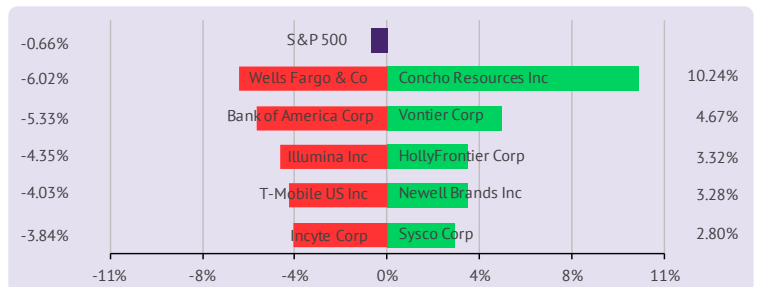


US Market ▼

US markets closed weaker

US markets closed lower yesterday, after Treasury Secretary Steven Mnuchin expressed doubts on securing the fiscal stimulus deal before the presidential election in November and weighed down by losses in technology sector stocks. The S&P 500 Index dropped 0.7% to close at 3,488.67. Today, the S&P 500 futures are trading in the red.

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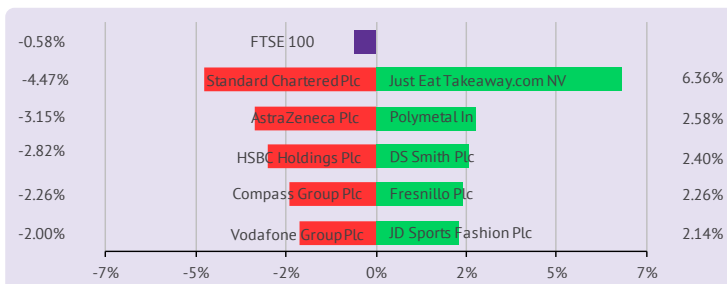


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid strength in the British Pound. The FTSE 100 Index declined 0.6% to close at 5,935.06. Today, the FTSE 100 futures are trading in positive territory.

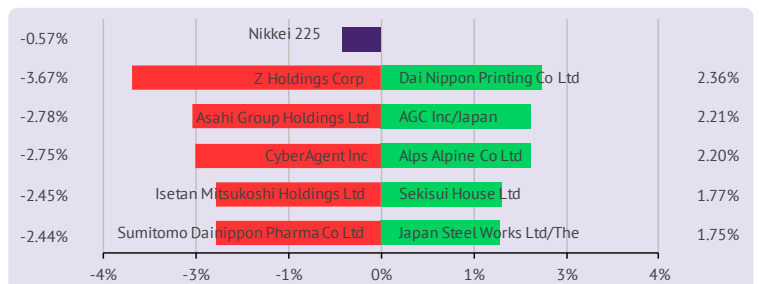
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.6% lower at 23,492.86.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.2% against the South African Rand to trade at R16.5721. Later today, traders will keep a close watch on the US NY Empire State manufacturing index, the Philadelphia Fed manufacturing survey and initial jobless claims for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US producer price index (PPI) climbed more-than-expected on an annual basis in September. Meanwhile, the MBA mortgage applications fell on a weekly basis in the week ended 09 October 2020. Separately, the South African Rand fell against the US Dollar, after Finance Minister Tito Mboweni requested to postpone the country's medium term budget policy statement. Data indicated that SA's retail sales rose on a monthly basis in August.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R21.5649. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, after Britain and the European Union (EU) indicated that they had made "some progress" in trade talks this week.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro rose 0.3% against the South African Rand to trade at R19.4727. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's industrial production grew at a slower pace in August.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R11.8180. Earlier in the session, Australia's seasonally adjusted unemployment rate advanced in September. Meanwhile, the consumer inflation expectations rose in October. Elsewhere, in China, Australia's largest trading partner, consumer price inflation slowed in September. Additionally, the PPI dropped more than market consensus 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	16.5721	▼	0.36	0.40	-1.29	-1.14	18.09
GBPZAR	21.5649	▼	0.91	0.16	-0.64	-4.39	15.90
EURZAR	19.4727	▼	0.33	-0.29	-1.06	-2.94	23.69
AUDZAR	11.8180	▲	0.36	-0.69	-1.27	-3.98	20.38
EURUSD	1.1750	▲	0.00	-0.68	0.21	-1.80	4.75
GBPUSD	1.3013	▲	0.58	-0.18	0.71	-3.37	-1.85
Brent (\$/barrel)	43.4	▲	2.05	1.10	2.41	-6.58	-34.36
Gold (\$/oz)	1901.5	▲	0.68	-0.95	0.73	-4.21	24.83
Platinum (\$/oz)	858.1	▼	-1.05	-3.36	-4.76	-3.93	-11.66
Copper (\$/MT)*	6702.5	▲	0.31	-0.96	0.52	-0.44	9.00

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices slightly rose to trade at \$1,901.50/oz.

Yesterday, gold prices rose 0.7% to close at \$1,901.30/oz, amid weakness in the US Dollar and uncertainty surrounding the US presidential election.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil climbed 0.1% to trade at \$43.38/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined 5.4mn bls to 495.4mn bls last week.

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Yesterday, Brent crude oil advanced 2.1% to settle at \$43.32/bl, after the Organisation of the Petroleum Exporting Countries (OPEC) and its allies agreed to oil output cuts in September.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$858.10/oz.

Yesterday, platinum prices dropped 1.1% to close at \$858.10/oz.

Major South African corporate news

Telkom SA SOC Limited

The company has asked antitrust authorities to relook at business arrangements between Vodacom and a Michael Jordaan-backed mobile data start-up, a move that threatens to unravel an important radio frequencies sharing agreement.

Major global economic news

Asia

In Japan, industrial production rose 1.0% on a monthly basis in August, less than market expectations and compared to a rise of 1.7% in the previous month.

In Australia, seasonally adjusted unemployment rate advanced to 6.9% in September, compared to 6.8% in the previous month.

In October, the consumer inflation expectations rose to 3.4% in Australia, compared to 3.1% in the prior month.

In China, the CPI increased 1.7% on a yearly basis in September, compared to an advance of 2.4% in the previous month.

In September, the PPI dropped 2.1% on an annual basis in China, more than market forecast and compared to a fall of 2.0% in the prior month.

Reserve Bank of Australia (RBA) Governor, Philip Lowe, in his speech, hinted at the possibility of another interest rate cut to support the country's economic recovery from the coronavirus recession. Moreover, he stated that the Board has been considering what more it can do to support jobs, incomes and businesses to help build the "road to recovery," though a decision has not yet been made.

Eurozone

In the Eurozone, seasonally adjusted industrial production advanced 0.7% on a monthly basis in August, less than market forecast and compared to a revised rise of 5.0% in the previous month.

US

In the US, the PPI rose 0.4% on an annual basis in September, compared to a drop of 0.2% in the prior month.

In the week ended 09 October 2020, the MBA mortgage applications fell 0.7% on a weekly basis in the US, compared to an advance of 4.6% in the previous week.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	3:30	Consumer Price Index (MoM) (Sep)	✓✓✓	0.20%*	0.40%	Monthly
China	3:30	Consumer Price Index (YoY) (Sep)	✓✓✓	1.70%*	2.40%	Monthly
China	3:30	Producer Price Index (YoY) (Sep)	✓✓✓	-2.10%*	-2.00%	Monthly
China	3:30	Producer Price Index (MoM) (Sep)	✓	0.10%*	0.30%	Monthly
Japan	6:30	Tertiary Industry Index (MoM) (Aug)	✓✓	0.80%*	-0.50%	Monthly
Switzerland	8:30	Producer and Import Prices (MoM) (Sep)	✓	-	-0.40%	Monthly
Switzerland	8:30	Producer and Import Prices (YoY) (Sep)	✓	-	-3.50%	Monthly
France	8:45	Consumer Price Index (EU norm) (MoM) (Sep) (F)	✓✓✓	-0.60%	-0.10%	Monthly
France	8:45	Consumer Price Index (EU norm) (YoY) (Sep) (F)	✓✓✓	0.00%	0.20%	Monthly
France	8:45	Consumer Price Index (MoM) (Sep) (F)	✓✓✓	-0.50%	-0.10%	Monthly
France	8:45	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	-	0.20%	Monthly
Italy	10:00	Industrial Orders n.s.a. (YoY) (Aug)	✓	-	-7.20%	Monthly
Italy	10:00	Industrial Orders s.a. (MoM) (Aug)	✓	-	3.70%	Monthly
Italy	10:00	Industrial Sales n.s.a. (YoY) (Aug)	✓	-	-8.10%	Monthly
Italy	10:00	Industrial Sales s.a. (MoM) (Aug)	✓	-	8.10%	Monthly
South Africa	11:30	Non-Farm Payrolls (QoQ) (Q2)	✓	-	0.00%	Quarterly
South Africa	11:30	Non-Farm Payrolls (YoY) (Q2)	✓	-	0.00%	Quarterly
South Africa	11:30	Total Vehicle Sales (Aug)	✓	-	ZAR51839.00mn	Monthly
South Africa	11:30	Total Vehicle Sales s.a. (Aug)	✓	-	ZAR49367.00mn	Monthly
US	14:30	Continuing Jobless Claims (03-Oct)	✓✓✓	-	10976.00K	Weekly
US	14:30	Initial Jobless Claims (10-Oct)	✓✓✓	-	840.00K	Weekly
US	14:30	NY Empire State Manufacturing Index (Oct)	✓✓	-	17.00	Monthly
US	14:30	Philadelphia Fed Manufacturing Survey (Oct)	✓✓	-	15.00	Monthly
US	14:30	Export Price Index (MoM) (Sep)	✓	0.40%	0.50%	Monthly
US	14:30	Export Price Index (YoY) (Sep)	✓	-	-2.80%	Monthly
US	14:30	Import Price Index (MoM) (Sep)	✓	0.30%	0.90%	Monthly
US	14:30	Import Price Index (YoY) (Sep)	✓	-	-1.40%	Monthly
US	16:30	EIA Natural Gas Storage Change (09-Oct)	✓✓✓	-	75.00Bcf	Weekly
US	17:00	EIA Crude Oil Stocks Change (Barrels) (09-Oct)	✓✓✓	-3.39mn	0.50mn	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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formerly Grant Thornton Capital

a GTC, The Wanderers Office Park,

52 Corlett Drive, Illovo, 2196

p P O Box 55118, Illovo, 2116

GTC is nationally represented in Johannesburg, Cape Town and Durban.

t +27 (0) 10 597 6800

f +27 (0) 10 597 6801

w www.gtc.co.za

GTC (Pty) Ltd.

reg. no. 1996/001488/07

directors: G.K. Mockler, F.Dildar

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