

# ONE Minute Brief

16 October 2020

**GTC**  
consult • partner • manage

## Economic and political news

In South Africa (SA), non-farm payrolls dropped 6.4% on a quarterly basis in 2Q20, compared to a revised fall of 0.4% in the previous quarter.

In a joint sitting of both houses of parliament, President Cyril Ramaphosa unveiled an ambitious economic recovery and reconstruction plan that aims to embark on a mass employment programme, re-industrialise the economy, and secure a reliable energy supply within two years, among other short-to-medium term targets. Under the plan, Ramaphosa announced a ZAR100bn fund to create 800,000 public sector jobs in the next three years and stated that the special ZAR350 per month COVID-19 grant would be extending by a further three months.

According to the Automobile Association (AA), petrol price prices will drop by 14 to 17 cents per litre while diesel price will fall by 20 cents per litre in November.

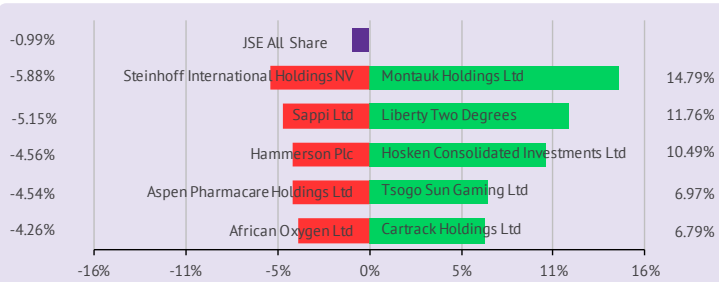
The High Court in Pretoria has set aside and declared Public Protector Busisiwe Mkhwebane's report which made findings of impropriety and maladministration against the Financial Sector Conduct Authority (FSCA) as constitutionally invalid.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in resources and industrial sector stocks. The JSE All Share Index fell 1.0% to close at 54,843.96.

To Read More Click [Here](#)

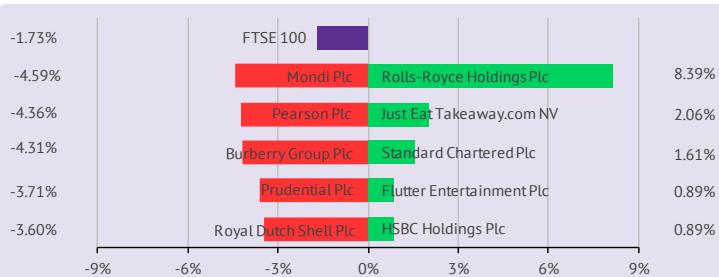


## UK Market ▼

### UK markets closed in the red

UK markets finished lower yesterday, amid concerns over fresh coronavirus-driven lockdown restrictions and ongoing uncertainty about Brexit trade deal. The FTSE 100 Index declined 1.7% to close at 5,832.52. Today, the FTSE 100 futures are trading in positive territory.

To Read More Click [Here](#)



## Key indices

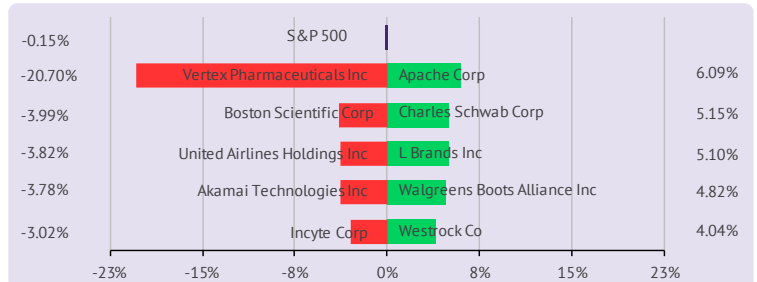
	As at 15 Oct 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54843.96	▼ -550.27	-0.99	-0.61	1.07	-2.18	-3.92
JSE Top 40 (ZAR)	50503.89	▼ -537.70	-1.05	-0.55	0.92	-2.31	-0.61
FTSE 100 (GBP)	5832.52	▼ -102.54	-1.73	-3.06	-0.57	-1.63	-22.67
DAX 30 (EUR)	12703.75	▼ -324.31	-2.49	-2.66	-0.45	-1.43	-4.12
CAC 40 (EUR)	4837.42	▼ -104.24	-2.11	-2.21	0.71	-2.91	-19.08
S&P 500 (USD)	3483.34	▼ -5.33	-0.15	0.18	3.58	-3.92	7.82
Nasdaq Composite (USD)	11713.87	▼ -54.86	-0.47	1.16	4.89	-5.16	30.55
DJIA (USD)	28494.20	▼ -19.80	-0.07	-0.32	2.56	-2.28	-0.16
MSCI Emerging Markets (USD)	1120.54	▼ -15.02	-1.32	-0.17	3.56	-1.77	0.53
MSCI Developed World (USD)	2435.93	▼ -17.68	-0.72	-0.48	2.90	-3.59	3.28

## US Market ▼

### US markets closed weaker

US markets closed lower yesterday, as unexpected rise in jobless claims renewed concerns about post-pandemic recovery and amid lack of progress on the stimulus front. The S&P 500 Index dropped 0.2% to close at 3,483.34. Today, the S&P 500 futures are trading in the green.

To Read More Click [Here](#)

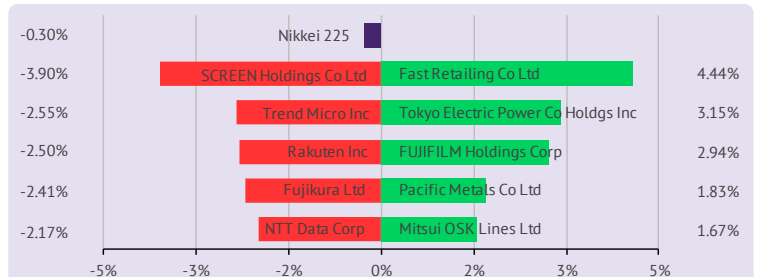


## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning, amid concerns over resurgence in coronavirus cases and a doubts over further fiscal measures from the US government. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% lower at 23,436.79.

To Read More Click [Here](#)



## USD ZAR ▼

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R16.6644. Later today, traders will keep a close watch on the US retail sales, industrial production, business inventories and the Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US initial jobless claims unexpectedly advanced on a weekly basis in the week ended 09 October 2020. Additionally, the NY Empire State manufacturing index fell more-than-anticipated in October. Meanwhile, the Philadelphia Fed manufacturing index unexpectedly rose in October. Separately, data indicated that SA's non-farm payrolls dropped on a quarterly basis in 2Q20.

## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally rose against the South African Rand to trade at R21.4871. 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 concerns over Brexit negotiations between Britain and the European Union (EU).

To Read More Click [Here](#)

## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R19.5021. Going forward, market participants will keep a tab on the Eurozone's trade balance and the consumer price index (CPI) for further cues.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R11.7936.

The Australian Dollar fell against the South African Rand yesterday, after Australia's central bank hinted at possible monetary easing.

To Read More Click [Here](#)

## Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	16.6644	▼	0.67	1.07	-0.62	-1.14	18.89
GBPZAR	21.4871	▼	-0.17	-0.01	-0.80	-4.39	15.71
EURZAR	19.5021	▼	0.35	0.06	-0.72	-2.94	24.12
AUDZAR	11.7936	▲	-0.33	-1.02	-1.60	-3.98	19.98
EURUSD	1.1703	▼	-0.32	-1.00	-0.11	-1.80	4.41
GBPUSD	1.2894	▼	-0.79	-0.97	-0.09	-3.37	-2.63
Brent (\$/barrel)	42.7	▼	-0.37	0.72	2.03	-6.58	-34.61
Gold (\$/oz)	1911.2	▲	0.10	-0.85	0.83	-4.21	24.96
Platinum (\$/oz)	856.3	-	-0.21	-3.56	-4.96	-3.93	-11.85
Copper (\$/MT)*	6738.2	▲	0.53	-0.43	1.05	-0.44	9.58

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 0.4% to trade at \$1,911.20/oz.

Yesterday, gold prices rose 0.1% to close at \$1,903.20/oz, as fresh coronavirus-led restrictions in Europe and Brexit worries boosted demand for the safe-haven metal.

To Read More Click [Here](#)

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 1.0% to trade at \$42.74/bl.

Yesterday, Brent crude oil declined 0.4% to settle at \$43.16/bl, amid growing concerns over demand outlook and global economic recovery. Meanwhile, the US Energy Information Administration (EIA) reported that crude oil inventories fell by 3.8mn bls to 489.10mn bls in the week ended 09 October 2020.

To Read More Click [Here](#)

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged slightly lower to trade at \$856.30/oz.

Yesterday, platinum prices dropped 0.2% to close at \$856.30/oz.

## Major South African corporate news

### Adcorp Holdings Limited

In its trading statement for the six months ended 31 August 2020, the company announced that it expects sharp rise in profits due to cost containment efforts to ease the effects of Covid-19. It expects operating profit to increase to as much as ZAR112mn, an increase of up to 31%. HEPS is expected to have jumped by more than 700% to between 41.4c and 42.4c during the six months to end-August.

## Major global economic news

### US

In the US, initial jobless claims unexpectedly rose to 898.00K on a weekly basis in the week ended 09 October 2020, compared to a revised reading of 845.00K in the previous week.




In October, the Philadelphia Fed manufacturing index unexpectedly jumped to 32.30 in the US, compared to a level of 15.00 in the prior month.

In the US, the NY Empire State manufacturing index dropped more-than-expected to 10.50 in October, compared to a level of 17.00 in the previous month

### Eurozone

European Central Bank President, Christine Lagarde, in her latest speech, stated that the central bank would be prepared to impose further emergency measures to tackle the economic fallout from the coronavirus crisis, with the region confronting a rapid surge in Covid-19 infections. Further, she indicated that economic indicators in the Eurozone are pointing to a “strong rebound in activity” in Q3, but the rebound is “uneven across sectors and regions”. Lagarde expects inflation to “remain negative over the coming months”, but turn positive again in early 2021.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Italy	10:00	Consumer Price Index (MoM) (Sep) (F)	✓✓✓	-0.60%	0.30%	Monthly
 Italy	10:00	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	-0.50%	-0.50%	Monthly
 Eurozone	11:00	Consumer Price Index - Core (YoY) (Sep) (F)	✓✓✓	0.20%	0.40%	Monthly
 Eurozone	11:00	Consumer Price Index (MoM) (Sep) (F)	✓✓✓	0.10%	-0.40%	Monthly
 Eurozone	11:00	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	-0.30%	-0.20%	Monthly
 Eurozone	11:00	Trade Balance n.s.a. (Aug)	✓✓	-	EUR27.90bn	Monthly
 Eurozone	11:00	Trade Balance s.a. (Aug)	✓✓✓	-	EUR20.30bn	Monthly
 Italy	11:00	Trade Balance EU (Aug)	✓✓✓	-	EUR3.01bn	Monthly
 Italy	11:00	Trade Balance Non-EU (Aug)	✓✓✓	-	EUR4.44bn	Monthly
 Italy	11:00	Trade Balance (Aug)	✓✓✓	-	EUR969.40mn	Monthly
 US	14:30	Advance Retail Sales (MoM) (Sep)	✓✓✓	0.70%	0.60%	Monthly
 US	15:15	Capacity Utilisation (Sep)	✓	71.90%	71.40%	Monthly
 US	15:15	Industrial Production (MoM) (Sep)	✓✓✓	0.50%	0.40%	Monthly
 US	15:15	Manufacturing (SIC) Production (MoM) (Sep)	✓✓✓	0.70%	1.00%	Monthly
 US	15:15	Industrial Production (Sep)	✓✓	-	101.40	Monthly
 US	16:00	Reuters/Michigan Consumer Sentiment Index (Oct) (P)	✓✓✓	80.50	80.40	Monthly
 US	16:00	Business Inventories (Billion) (Aug)	✓	-	USD1912.10bn	Monthly
 US	16:00	Business Inventories (Aug)	✓	0.40%	0.10%	Monthly
 US	16:00	Univ. of Michigan Current Economic Conditions (Oct) (P)	✓	88.50	87.80	Monthly
 US	16:00	Univ. of Michigan Index of Consumer Expectations (Oct) (P)	✓	76.50	75.60	Monthly
 US	19:00	Baker Hughes US Rig Count (16-Oct)	✓✓✓	-	269.00	Weekly
 US	19:00	Baker Hughes US Oil Rig Count (16-Oct)	✓	-	193.00	Weekly
 US	22:00	Net Long-Term TIC Flows (Aug)	✓✓	USD25.80bn	USD10.80bn	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

### Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome.

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

An Authorised Financial

Services Provider

FSP no. 731

GTC Group of products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services