

ONE
Minute Brief

28 October 2020

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Economic and political news

President Cyril Ramaphosa has dismissed speculation that he is planning to return the country to lockdown level 3 in the wake of a new wave of Covid-19 infections.

The National Assembly has unanimously approved Tsakani Maluleke's nomination to replace outgoing Kim Makwethu as Auditor-General of South Africa (SA).

Public Protector Busisiwe Mkhwebane has launched an extraordinary attack on the three judges who dismissed her legal bid to interdict parliament from proceeding with her impeachment inquiry.

The Democratic Alliance (DA) has won a court case that clears the way for it to retake control of the Tshwane municipality, which includes the capital, Pretoria.

News reports indicate that the World Bank has asked SA's government to cut its wage bill in order to qualify for a loan of as much as USD2bn and agree the money would not be used to bail out insolvent state companies.

The Palm Ridge Specialised Commercial Crime Court has postponed the Eskom Kusile ZAR745mn corruption and fraud case to 23 February 2021.

Key indices

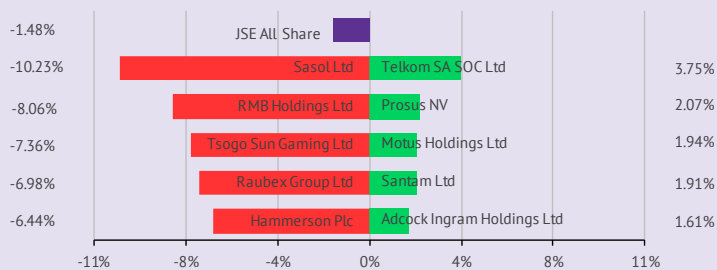
	As at 27 Oct 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54079.43	▼ -811.45	-1.48	-2.28	-0.34	-2.18	-5.26
JSE Top 40 (ZAR)	49560.81	▼ -726.09	-1.44	-2.23	-0.96	-2.31	-2.47
FTSE 100 (GBP)	5728.99	▼ -63.02	-1.09	-2.24	-2.34	-1.63	-24.04
DAX 30 (EUR)	12063.57	▼ -113.61	-0.93	-4.60	-5.46	-1.43	-8.95
CAC 40 (EUR)	4730.66	▼ -85.46	-1.77	-3.65	-1.52	-2.91	-20.87
S&P 500 (USD)	3390.68	▼ -10.29	-0.30	-2.16	0.82	-3.92	4.95
Nasdaq Composite (USD)	11431.35	▲ 72.41	0.64	-1.01	2.36	-5.16	27.40
DJIA (USD)	27463.19	▼ -222.19	-0.80	-3.08	-1.15	-2.28	-3.77
MSCI Emerging Markets (USD)	1133.99	▲ 3.35	0.30	-0.22	4.81	-1.77	1.73
MSCI Developed World (USD)	2381.65	▼ -8.42	-0.35	-2.01	0.61	-3.59	0.98

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in resources, platinum mining and gold mining sector stocks. The JSE All Share Index fell 1.5% to close at 54,079.43.

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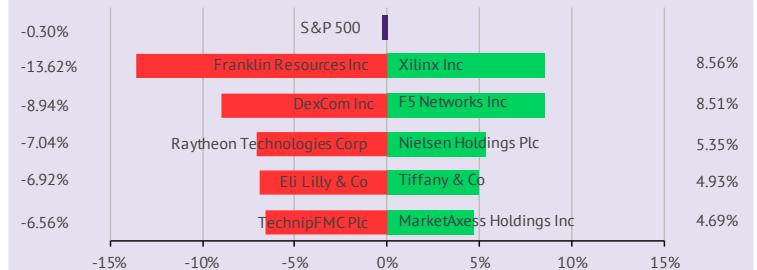


US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, amid disappointing US corporate earnings report and uncertainty over the US fiscal stimulus deal. The S&P 500 Index dropped 0.3% to close at 3,390.68. Today, the S&P 500 futures are trading in the red.

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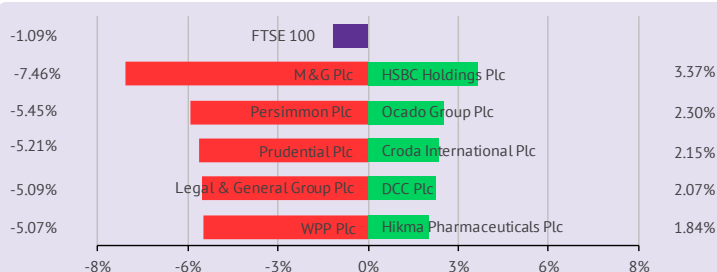


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid worries that the imposition of another round of lockdown restrictions would threaten global economic recovery. The FTSE 100 Index declined 1.1% to close at 5,728.99. Today, the FTSE 100 futures are trading in positive territory.

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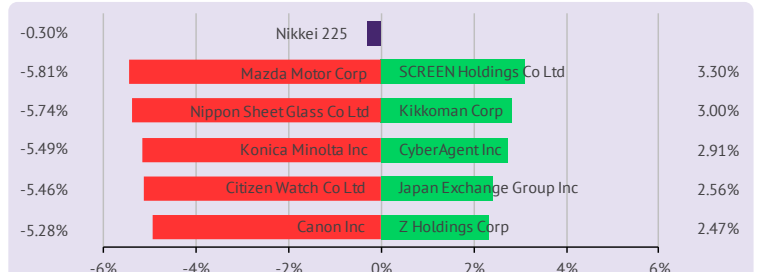


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, amid concerns over resurgence in coronavirus cases and diminishing hopes for the US fiscal stimulus package. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% lower at 23,415.72.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally fell against the South African Rand to trade at R16.1954. Later today, traders will keep a close watch on the US MBA mortgage applications and goods trade balance for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Richmond Fed manufacturing index advanced in October. Additionally, the housing price index rose more-than-expected in August. Moreover, durable goods orders advanced for the fifth consecutive month in September. Meanwhile, the CB consumer confidence index unexpectedly fell in October. Separately, the South African Rand rose against the US Dollar, ahead of Finance Minister Tito Mboweni's Medium-Term Budget Policy Statement (MTBPS).

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R21.1131. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that UK's BRC shop price index dropped in September.

The British Pound advanced against the South African Rand yesterday, after European Union chief negotiator Michel Barnier resumed Brexit talks with his British counterpart. Data indicated that UK's CBI distributive trade survey's retail sales balance dropped to its lowest level since June in October.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.2% against the South African Rand at R19.0740. 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.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R11.5642. Earlier in the session, Australia's consumer price index (CPI) rose on a quarterly basis in 3Q20.

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	16.1954	▲	-0.14	0.13	-3.26	-1.14	15.73
GBPZAR	21.1131	▲	0.07	0.03	-2.40	-4.39	13.85
EURZAR	19.0740	▲	-0.27	-0.56	-2.63	-2.94	21.72
AUDZAR	11.5642	▼	-0.05	-0.16	-3.73	-3.98	17.39
EURUSD	1.1777	▼	-0.12	-0.54	0.64	-1.80	5.20
GBPUSD	1.3036	▼	0.15	0.04	0.96	-3.37	-1.61
Brent (\$/barrel)	40.5	▼	1.83	-1.36	-2.60	-6.58	-37.58
Gold (\$/oz)	1908.8	▼	0.32	0.36	1.13	-4.21	25.32
Platinum (\$/oz)	882.1	▼	1.10	-2.17	-2.10	-3.93	-9.19
Copper (\$/MT)*	6778.7	▲	0.26	-1.07	1.66	-0.44	10.24

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged marginally lower to trade at \$1,908.80/oz.

Yesterday, gold prices rose 0.3% to close at \$1,908.80/oz, amid weakness in the US Dollar and mounting concerns over rising coronavirus cases in several countries.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 1.8% to trade at \$40.45/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose by 4.6mn bls to 495.2mn bls last week.

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Yesterday, Brent crude oil advanced 1.8% to settle at \$41.20/bl, after oil companies shut down some US Gulf of Mexico oil production ahead of an approaching storm.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally retreated to trade at \$882.10/oz.

Yesterday, platinum prices climbed 1.1% to close at \$882.10/oz.

Major South African corporate news

Super Group Limited

The company announced that S&P has confirmed its long-term national scale rating of 'zaAAA' and the short short-term national scale rating of 'zaA-1+'.

Major global economic news

US

In the US, the Richmond Fed manufacturing index rose to 29.00 in October, compared to a level of 21.00 in the prior month.

In October, the CB consumer confidence index unexpectedly dropped to 100.90 in the US, compared to a revised level of 101.30 in the previous month.

In the US, the housing price index rose to 1.5% on a monthly basis in August, more than market forecast and compared to a revised rise of 1.1% in the previous month.

In September, durable goods orders advanced 1.9% on a monthly basis in the US, compared to a revised rise of 0.4% in the previous month.

UK

In the UK, the CBI distributive trade survey's retail sales balance declined to -23.0% in October, compared to a rise of 11.0% in the prior month.

In September, the BRC shop price index fell 1.2% on an annual basis in the UK, compared to a drop of 1.6% in the prior month.

Asia

In Australia, the CPI climbed 1.6% on a quarterly basis in 3Q20, more than market consensus and compared to a drop of 1.9% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	02:01	BRC Shop Price Index (YoY) (Oct)	✓	-1.20%*	-1.60%	Monthly
Germany	09:00	Import Price Index s.a. (MoM) (Sep)	✓✓	-	0.10%	Monthly
Germany	09:00	Import Price Index n.s.a. (YoY) (Sep)	✓✓	-	-4.00%	Monthly
France	09:45	Consumer Confidence (Oct)	✓✓✓	-	95.00	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Sep)	✓✓	0.30%	0.20%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Sep)	✓✓	3.10%	3.10%	Monthly
South Africa	10:00	Consumer Price Index Core (MoM) (Sep)	✓✓	-	0.20%	Monthly
South Africa	10:00	Consumer Price Index Core (YoY) (Sep)	✓✓	-	3.30%	Monthly
Spain	10:00	Retail Sales (YoY) (Sep)	✓✓✓	-	-2.40%	Monthly
Spain	10:00	Total Mortgage Lending (YoY) (Aug)	✓	-	-7.10%	Monthly
Spain	10:00	House Mortgage Approvals (YoY) (Aug)	✓	-	-23.00%	Monthly
Spain	10:00	Retail Sales (MoM) (Sep)	✓	-	1.80%	Monthly
Italy	12:00	Producer Price Index (MoM) (Sep)	✓✓	-	0.10%	Monthly
Italy	12:00	Producer Price Index (YoY) (Sep)	✓	-	-3.00%	Monthly
US	13:00	MBA Mortgage Applications (23-Oct)	✓	-	-0.60%	Weekly
South Africa	14:00	Medium Term Budget Policy Statement	✓	-	-	As Scheduled
US	14:30	Wholesale Inventories (MoM) (Sep) (P)	✓✓✓	-	0.40%	Monthly
US	14:30	Advance Goods Trade Balance (Sep)	✓	-	-USD82.94bn	Monthly
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓✓	0.25%	0.25%	As Scheduled
Canada	16:00	Bank of Canada Monetary Policy Report	✓✓✓	-	-	As Scheduled
Canada	16:00	BoC Rate Statement	✓✓✓	-	-	As Scheduled
US	16:30	DOE Gasoline Inventories (23-Oct)	✓✓✓	-	1895.00K	Weekly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (23-Oct)	✓✓✓	-	-1.00mn	Weekly
US	17:00	DOE Cushing OK Crude Inventory (Barrels) (23-Oct)	✓✓✓	-	975.00K	Weekly
US	17:00	DOE Distillate Inventory (23-Oct)	✓✓✓	-	-3832.00K	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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