

ONE
Minute Brief

29 October 2020

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Economic and political news

In South Africa (SA), the consumer price index (CPI) advanced 3.0% on an annual basis in September, compared to a rise of 3.1% in August.

Finance Minister Tito Mboweni, in his medium-term budget policy statement, proposed a public sector "wage freeze" for the next three years to help shrink the soaring budget deficit. Meanwhile, he allocated ZAR10.5bn (USD641mn) to South African Airways (SAA) to implement its rescue plan and another ZAR63mn (USD3.84mn) to the Zondo Commission. Further, he stated that the economy is expected to contract by nearly 7.8% this year and the debt to GDP ratio is expected to increase over the next few years, reaching 95% in the 2025/2026 fiscal year.

President Cyril Ramaphosa has gone into self-quarantine after a guest at a charity dinner he attended tested positive for Covid-19.

Former Minister of State Security and African National Congress (ANC) MP Bongani Bongo and his brother Sipho have been granted a bail of ZAR10,000 each by the Mbombela Magistrates Court. Separately, the Democratic Alliance has asked National Assembly speaker Thandi Modise to remove ANC MP Bongani Bongo as chair of parliament's home affairs portfolio committee.

Key indices

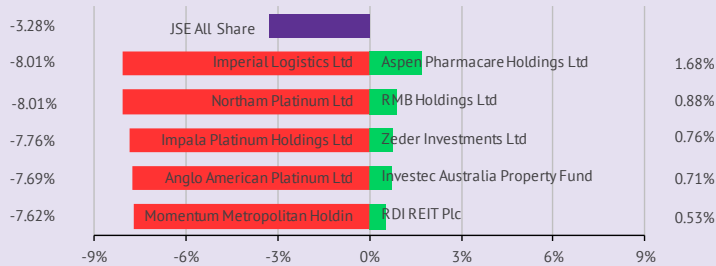
	As at 28 Oct 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	52308.14	▼ -1771.29	-3.28	-5.48	-3.61	-2.18	-8.37
JSE Top 40 (ZAR)	47930.58	▼ -1630.23	-3.29	-5.45	-4.22	-2.31	-5.68
FTSE 100 (GBP)	5582.80	▼ -146.19	-2.55	-4.73	-4.83	-1.63	-25.98
DAX 30 (EUR)	11560.51	▼ -503.06	-4.17	-8.58	-9.41	-1.43	-12.74
CAC 40 (EUR)	4571.12	▼ -159.54	-3.37	-6.90	-4.84	-2.91	-23.54
S&P 500 (USD)	3271.03	▼ -119.65	-3.53	-5.61	-2.73	-3.92	1.25
Nasdaq Composite (USD)	11004.87	▼ -426.48	-3.73	-4.71	-1.46	-5.16	22.65
DJIA (USD)	26519.95	▼ -943.24	-3.43	-6.41	-4.54	-2.28	-7.07
MSCI Emerging Markets (USD)	1120.75	▼ -13.24	-1.17	-1.38	3.58	-1.77	0.55
MSCI Developed World (USD)	2306.65	▼ -75.00	-3.15	-5.10	-2.56	-3.59	-2.20

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in platinum mining, banking and financial sector stocks. The JSE All Share Index fell 3.3% to close at 52,308.14.

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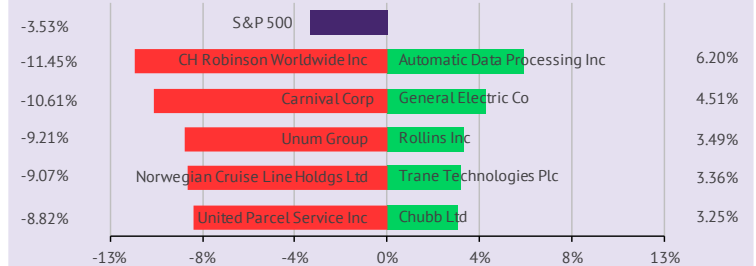


US Market ▼

US markets closed weaker

US markets closed lower yesterday, as rising coronavirus cases renewed concerns over global economic recovery. The S&P 500 Index dropped 3.5% to close at 3,271.03. Today, the S&P 500 futures are trading in the green.

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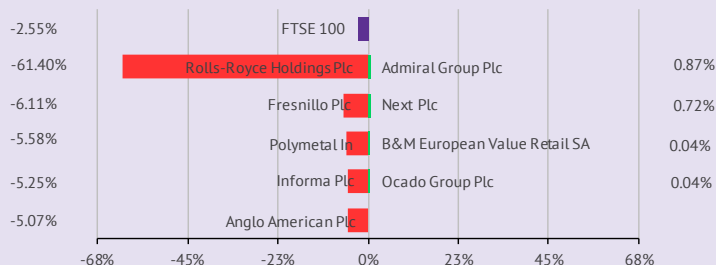


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid concerns over rising coronavirus cases in the country and uncertainty related to the coronavirus vaccine. The FTSE 100 Index declined 2.6% to close at 5,582.80. Today, the FTSE 100 futures are trading in positive territory.

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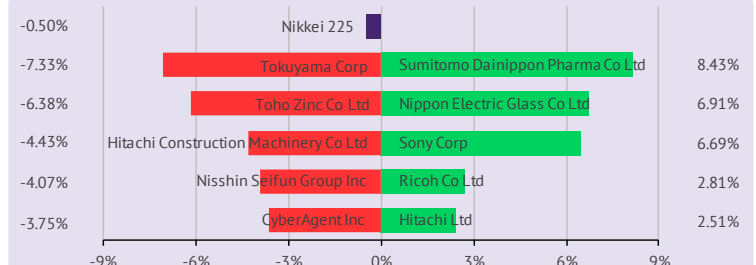


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid worries over surging coronavirus cases in the Europe and the US. As at 6:00 SAST, the Nikkei 225 Index is trading 0.5% lower at 23,301.16.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R16.3512. Later today, traders will keep a close watch on the US annualised gross domestic product (GDP), pending home sales and initial jobless claims for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US goods trade deficit narrowed in September. Additionally, the MBA mortgage applications advanced on a weekly basis in the week ended 23 October 2020. Separately, the South African Rand fell against the US Dollar, after Finance Minister Tito Mboweni unveiled a bigger-than-expected budget deficit. Data indicated that SA's consumer inflation slowed for the second straight in September.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R21.2672. Ahead in the day, traders will keep an eye on UK's consumer credit and mortgage approvals for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand at R19.2190. Going forward, market participants will keep a tab on Eurozone's services sentiment index, the consumer confidence index, the industrial confidence index, the business climate index, the economic sentiment indicator, the European Central Bank's (ECB) interest rate decision along with Germany's CPI and the unemployment rate for further cues.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R11.5565. Earlier in the session, Australia's NAB business confidence index improved in 3Q20.

The Australian Dollar remained flat against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	16.3512	▲	1.08	1.21	-2.21	-1.14	16.98
GBPZAR	21.2672	▲	0.72	0.74	-1.70	-4.39	14.67
EURZAR	19.2190	▲	0.68	0.12	-1.97	-2.94	22.55
AUDZAR	11.5565	▼	0.00	-0.16	-3.72	-3.98	17.40
EURUSD	1.1753	▲	-0.42	-0.96	0.21	-1.80	4.75
GBPUSD	1.3004	▲	-0.47	-0.43	0.49	-3.37	-2.07
Brent (\$/barrel)	39.1	▼	-5.05	-6.34	-7.52	-6.58	-40.73
Gold (\$/oz)	1881.4	▲	-1.55	-1.20	-0.44	-4.21	23.38
Platinum (\$/oz)	871.5	▼	-0.80	-2.96	-2.89	-3.93	-9.92
Copper (\$/MT)*	6730.0	▼	-0.72	-1.78	0.93	-0.44	9.45

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,881.40/oz.

Yesterday, gold prices fell 1.6% to close at \$1,879.20/oz, amid strength in the US Dollar.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$39.10/bl.

Yesterday, Brent crude oil declined 5.1% to settle at \$39.12/bl, as resurgence in Covid-19 cases in the US and the Europe renewed worries over oil demand. Additionally, the US Energy Information Administration (EIA) reported that crude oil inventories rose by 4.3mn bls to 492.4mn bls in the week ended 23 October 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.4% lower to trade at \$871.50/oz.

Yesterday, platinum prices dropped 0.8% to close at \$875.00/oz.

Major South African corporate news

Wilson Bayly Holmes-Ovcon Limited

In its FY20 trading statement, the company announced that in both, Australia and the UK, construction was considered an essential service and other than four client-suspended projects in the UK, operations were able to continue, albeit at reduced levels of productivity. Meanwhile, the four suspended projects have subsequently all restarted. Further, the company expects headline loss per share to be between 886.00c and 979.00c compared to a HEPS of 932.30c recorded in the prior year.

Major global economic news

Asia

In Japan, seasonally adjusted retail trade fell 0.1% on a monthly basis in September, compared to a rise of 4.6% in the previous month.

In Australia, the NAB business confidence index rose to -10.00 on a quarterly basis in 3Q20, compared to a level of -15.00 in the prior quarter.

The Bank of Japan, in its latest monetary policy meeting, kept its key interest rate unchanged at -0.1%, as widely expected.

US

In the US, the MBA mortgage applications rose 1.7% on a weekly basis in the week ended 23 October 2020, compared to drop of 0.6% in the prior week.

In September, goods trade deficit narrowed to USD79.37bn in the US, compared to a revised deficit of USD83.11bn in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	1:50	Retail Trade s.a. (MoM) (Sep)	✓✓✓	-0.10%*	4.60%	Monthly
Japan	1:50	Retail Trade (YoY) (Sep)	✓✓✓	-8.70%*	-1.90%	Monthly
Japan	5:00	BoJ Outlook Report	✓✓✓	-	-	As Scheduled
Japan	5:00	BoJ Monetary Policy Statement	✓✓✓	-	-	As Scheduled
South Africa	8:00	M3 Money Supply (YoY) (Sep)	✓	-	10.86%	Monthly
South Africa	8:00	Private Sector Credit (YoY) (Sep)	✓	4.00%	3.87%	Monthly
UK	9:00	Nationwide House Prices n.s.a. (YoY) (Oct)	✓	5.20%	5.00%	Monthly
UK	9:00	Nationwide House Prices s.a. (MoM) (Oct)	✓	0.40%	0.90%	Monthly
Germany	10:55	Unemployment Change (Oct)	✓✓✓	-5.00 K	-8.00 K	Monthly
Germany	10:55	Unemployment Rate s.a. (Oct)	✓✓✓	6.30%	6.30%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Sep)	✓✓	0.30%	0.70%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Sep)	✓✓	2.50%	2.40%	Monthly
UK	11:30	Mortgage Approvals (Sep)	✓	76.11K	84.70K	Monthly
UK	11:30	Net Consumer Credit (Sep)	✓	GBP0.75bn	GBP0.30bn	Monthly
Eurozone	12:00	Consumer Confidence (Oct) (F)	✓✓✓	-15.50	-13.90	Monthly
Eurozone	12:00	Economic Sentiment Indicator (Oct)	✓	89.50	91.10	Monthly
Eurozone	12:00	Industrial Confidence (Oct)	✓	-11.00	-11.10	Monthly
Eurozone	12:00	Services Sentiment Indicator (Oct)	✓	-14.00	-11.10	Monthly
US	14:30	Initial Jobless Claims (24-Oct)	✓✓✓	775.00K	787.00K	Weekly
US	14:30	Personal Consumption (QoQ) (Q3) (P)	✓✓✓	-	-33.20%	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q3) (P)	✓✓✓	31.00%	-31.40%	Quarterly
Eurozone	14:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As Scheduled
Germany	15:00	Consumer Price Index (MoM) (Oct) (P)	✓✓✓	0.00%	-0.20%	Monthly
Germany	15:00	Consumer Price Index (YoY) (Oct) (P)	✓✓✓	-0.30%	-0.20%	Monthly
Eurozone	15:30	ECB Monetary Policy Statement and Press Conference	✓✓✓	-	-	As Scheduled
US	16:00	Pending Home Sales (MoM) (Sep)	✓✓	3.40%	8.80%	Monthly
US	16:30	EIA Natural Gas Storage Change (23-Oct)	✓✓✓	-	49,00Bcf	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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