

ONE
Minute Brief

20 October 2020



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Economic and political news

S&P Global Ratings' primary credit analyst, Ravi Bhatia has criticised President Cyril Ramaphosa's economic reconstruction and recovery plan stating that it seems to be more of a spending plan than a reform plan. Further, he stated that the South African government faces the tough task of balancing its economic recovery efforts with its plans to control spending in its upcoming medium-term budget policy statement (MTBPS).

State Capture Commission chair Raymond Zondo stated that he might consider recommending to President Cyril Ramaphosa that the government institute civil claims against all Transnet board members who supported the ZAR17mn settlement to former Transnet CEO Siyabonga Gama in 2011.

Former President, Jacob Zuma's son, Duduzane Zuma, has urged his father to "do what he needs to do" if he feels he is being treated unconstitutionally by the Zondo Commission.

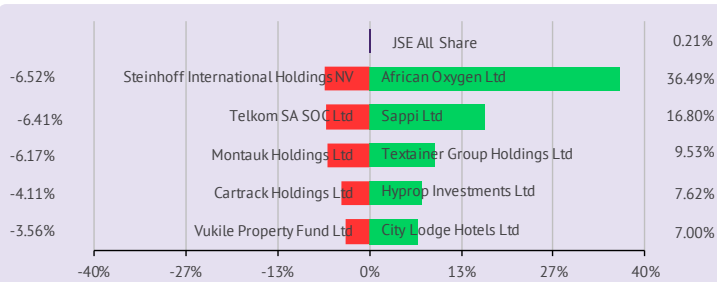
Former Ratlou acting municipal manager Cassius Sebatane Sejake has been arrested and charged regarding tender corruption contracts worth ZAR5.8mn.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and financial sector stocks. The JSE All Share Index rose 0.2% to close at 55,161.03.

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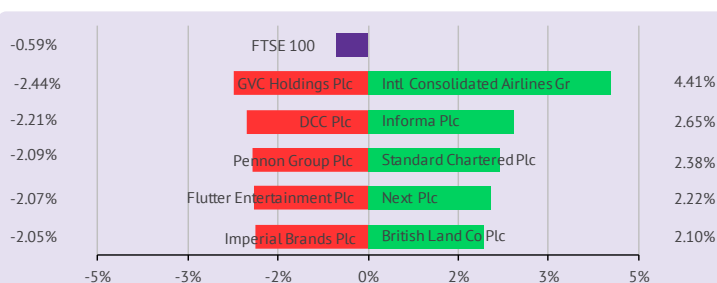


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid strength in the British Pound and amid fears of tougher business restrictions in Britain. The FTSE 100 Index declined 0.6% to close at 5,884.65. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

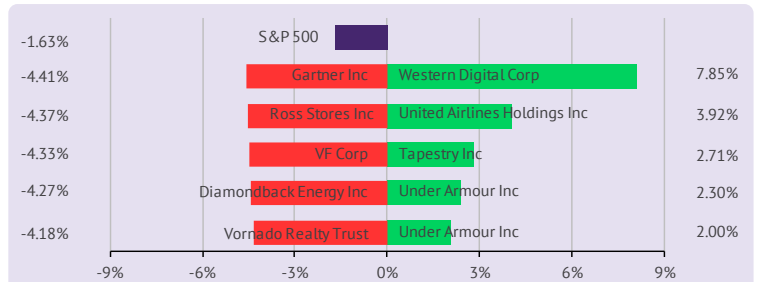
| | As at 19 Oct 2020 | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|-------------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR) | 55161.03 | ▲ | 113.77 | 0.21 | 0.21 | 1.65 | -2.18 | -3.37 |
| JSE Top 40 (ZAR) | 50741.94 | ▲ | 44.25 | 0.09 | 0.09 | 1.40 | -2.31 | -0.15 |
| FTSE 100 (GBP) | 5884.65 | ▼ | -34.93 | -0.59 | -0.59 | 0.32 | -1.63 | -21.98 |
| DAX 30 (EUR) | 12854.66 | ▼ | -54.33 | -0.42 | -0.42 | 0.74 | -1.43 | -2.98 |
| CAC 40 (EUR) | 4929.27 | ▼ | -6.59 | -0.13 | -0.13 | 2.62 | -2.91 | -17.54 |
| S&P 500 (USD) | 3426.92 | ▼ | -56.89 | -1.63 | -1.63 | 1.90 | -3.92 | 6.07 |
| Nasdaq Composite (USD) | 11478.88 | ▼ | -192.68 | -1.65 | -1.65 | 2.79 | -5.16 | 27.93 |
| DJIA (USD) | 28195.42 | ▼ | -410.89 | -1.44 | -1.44 | 1.49 | -2.28 | -1.20 |
| MSCI Emerging Markets (USD) | 1127.28 | ▲ | 3.20 | 0.28 | 0.28 | 4.18 | -1.77 | 1.13 |
| MSCI Developed World (USD) | 2417.69 | ▼ | -22.44 | -0.92 | -0.92 | 2.13 | -3.59 | 2.51 |

US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid worries that the coronavirus stimulus package would not be finalised before November elections. The S&P 500 Index dropped 1.6% to close at 3,426.92. Today, the S&P 500 futures are trading in the green.

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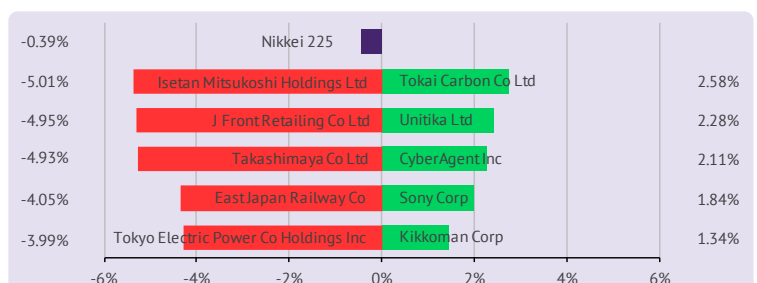


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid uncertainty related to the US stimulus deal and concerns over rising COVID-19 cases across the world. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% lower at 23,578.55.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R16.5424. Later today, traders will keep a close watch on the US building permits and housing starts for further direction.

The US Dollar fell against the South African Rand yesterday, amid cautious optimism that an agreement on a fiscal stimulus package could be reached before presidential elections. On the macro front, the US NAHB housing market index unexpectedly advanced to a record high level in October.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R21.4226. 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, amid optimism over Brexit trade negotiations between Britain and the European Union (EU).

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R19.4788. Going forward, market participants will keep a tab on Eurozone's current account balance along with Germany's producer price index (PPI) for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's construction output rose at a faster pace in August.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R11.6568. Elsewhere, in China, Australia's largest trading partner, the house price index advanced in September.

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 | 16.5424 | ▼ | -0.25 | -0.25 | -1.37 | -1.14 | 18.00 |
| GBPZAR | 21.4226 | ▼ | 0.01 | 0.01 | -1.23 | -4.39 | 15.21 |
| EURZAR | 19.4788 | ▼ | 0.24 | 0.24 | -0.92 | -2.94 | 23.86 |
| AUDZAR | 11.6568 | ▲ | -0.46 | -0.46 | -2.71 | -3.98 | 18.64 |
| EURUSD | 1.1775 | ▲ | 0.44 | 0.44 | 0.41 | -1.80 | 4.96 |
| GBPUSD | 1.2950 | ▲ | 0.26 | 0.26 | 0.22 | -3.37 | -2.33 |
| Brent (\$/barrel) | 42.3 | ▼ | -0.72 | -0.72 | 0.76 | -6.58 | -35.42 |
| Gold (\$/oz) | 1903.3 | ▼ | 0.29 | 0.29 | 1.00 | -4.21 | 25.17 |
| Platinum (\$/oz) | 854.5 | ▼ | -0.66 | -0.66 | -4.71 | -3.93 | -11.61 |
| Copper (\$/MT)* | 6758.8 | ▲ | 0.52 | 0.52 | 1.36 | -0.44 | 9.92 |

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices declined 0.2% to trade at \$1,903.30/oz.

Yesterday, gold prices rose 0.3% to close at \$1,906.40/oz, amid weakness in the US Dollar and expectations of fiscal stimulus from the US government.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.7% lower to trade at \$42.34/bl.

Yesterday, Brent crude oil declined 0.7% to settle at \$42.62/bl, amid worries over rising coronavirus cases and amid Libya's plans to boost oil output.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.5% lower to trade at \$854.50/oz.

Yesterday, platinum prices dropped 0.7% to close at \$858.60/oz.

Major South African corporate news

Astral Foods Limited

The company announced that Mr. Andrew Crocker has tendered his resignation as Executive Director with effect from 31 January 2021, due to his decision to immigrate.

Omnia Holdings Limited

The company had earlier announced that it had received a non-binding indicative offer for Oro Agri, the international AgriBio business Omnia acquired in 2018. This offer was received from Rovensa, a European-headquartered business controlled by private equity funds, Bridgepoint and Partners Group. However, the company now provides an update that following the completion of a due diligence investigation and transaction negotiations, Omnia and Rovensa have reached agreement on the terms and conditions on which it is proposed that Omnia will dispose of the Oro Agri Group by selling shares in Oro Agri International Ltd, Oro Agri SA (Pty) Ltd, Oro Agri India Pvt Ltd, ORO AGRI Inc. and Oro Agri S. De R.L. to a Rovensa company, European Crops Products 2 S.A. R.L. (ECP). The base purchase price payable by ECP to Omnia for the disposal is USD146,900,000.

Major global economic news

Asia

In China, the house price index rose 4.6% in September, compared to a rise of 4.8% in the previous month.

The Reserve Bank of Australia (RBA), in its October meeting minutes, revealed the possibility for further monetary easing, including cutting the cash rate towards zero and buying long-term government bonds. Moreover, the central bank indicated that they “will maintain highly accommodative settings as long as is required.”

The People Bank of China (PBoC), in its latest monetary policy decision, kept its benchmark lending rate unchanged for the sixth straight month at 3.85%, as widely expected.

US

In the US, the NAHB housing market index unexpectedly advanced to 85.00 in October, compared to a level of 83.00 in the prior month.

Eurozone

In the Eurozone, seasonally adjusted construction output climbed 2.6% on a monthly basis in August, compared to a revised rise of 0.3% in the previous month.

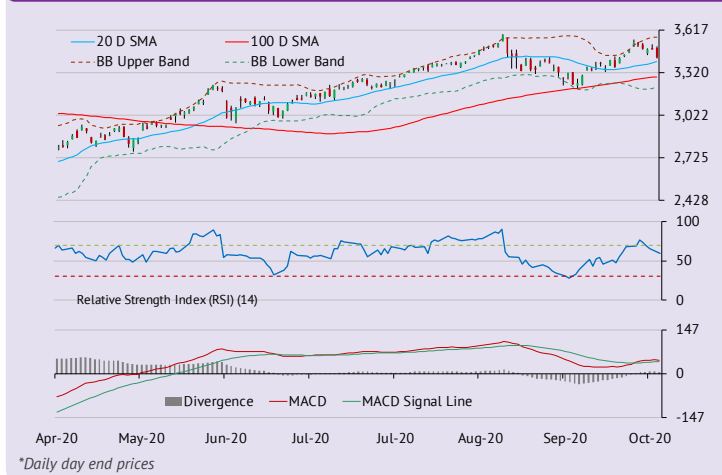
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 54,480.67, and a fall through could take it to the next support level of 53,800.32. The index is expected to find its first resistance at 55,720.35, and a rise through could take it to the next resistance level of 56,279.68.

S&P 500



The S&P 500 index is expected to find support at 3,386.56, and a fall through could take it to the next support level of 3,346.21. The index is expected to find its first resistance at 3,500.64, and a rise through could take it to the next resistance level of 3,574.37.

USD ZAR



The pair is expected to find support at 16.3887, and a fall through could take it to the next support level of 16.2579. The pair is expected to find its first resistance at 16.6848, and a rise through could take it to the next resistance level of 16.8501.

XAU USD



Gold is expected to find support at \$1,885.20/oz, and a fall through could take it to the next support level of \$1,864.00/oz. The precious metal is expected to find its first resistance at \$1,924.90/oz, and a rise through could take it to the next resistance level of \$1,943.40/oz.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous | Frequency |
|--------------|-------|-------------------------------------------------------|-----------|-----------------------|-------------------|--------------|
| China | 3:30 | House Price Index (YoY) (Sep) | ✓ | 4.60%* | 4.80% | Monthly |
| China | 3:30 | PBOC Lending Rate (Oct) | ✓ | 3.85%* | 3.85% | Monthly |
| Germany | 8:00 | Producer Price Index (MoM) (Sep) | ✓✓✓ | -0.10% | 0.00% | Monthly |
| Germany | 8:00 | Producer Price Index (YoY) (Sep) | ✓✓✓ | -1.40% | -1.20% | Monthly |
| Japan | 8:00 | Machine Tool Orders (YoY) (Sep) (F) | ✓✓✓ | - | -23.20% | Monthly |
| Japan | 8:00 | Machine Tool Orders (Sep) | ✓ | - | JPY69784000000.00 | Monthly |
| Switzerland | 8:00 | Exports (MoM) (Sep) | ✓ | - | 3.72% | Monthly |
| Switzerland | 8:00 | Imports (MoM) (Sep) | ✓ | - | -1.76% | Monthly |
| Switzerland | 8:00 | Trade Balance s.a. (Sep) | ✓✓ | - | CHF3.41bn | Monthly |
| South Africa | 9:00 | Leading Indicator (Aug) | ✓ | - | 99.90 | Monthly |
| Eurozone | 10:00 | Current Account n.s.a. (Aug) | ✓ | - | EUR25.50bn | Monthly |
| Eurozone | 10:00 | Current Account s.a (Aug) | ✓✓✓ | - | EUR16.60bn | Monthly |
| Canada | 14:30 | Teranet - National Bank House Price Index (Sep) | ✓ | - | 240.43 | Monthly |
| Canada | 14:30 | Teranet - National Bank House Price Index (MoM) (Sep) | ✓✓ | - | 0.59% | Monthly |
| Canada | 14:30 | Teranet - National Bank House Price Index (YoY) (Sep) | ✓ | - | 5.68% | Monthly |
| US | 14:30 | Building Permits (Sep) | ✓✓✓ | 1505.00K | 1470.00K | Monthly |
| US | 14:30 | Housing Starts (Sep) | ✓✓✓ | - | 1416.00K | Monthly |
| US | 14:30 | Housing Starts (MoM) (Sep) | ✓✓✓ | - | -5.10% | Monthly |
| US | 14:30 | Building Permits (MoM) (Sep) | ✓✓✓ | - | -0.90% | Monthly |
| US | 20:00 | U.S. Federal Reserve Releases Beige Book | ✓ | - | - | As Scheduled |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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