

ONE
Minute Brief

3 November 2020

GTC
consult • partner • manage

Economic and political news

In South Africa (SA), the Absa Purchasing Managers' Index (PMI) rose to 60.90 in October, compared to a revised level of 58.50 in the previous month. Additionally, total new vehicle sales rose to 38,752 units in October, compared to 37,236 units in the previous month.

The High Court in Pretoria has disagreed to declassify a 2014 confidential report by the Inspector-General of Intelligence (IGI) into the "rogue unit" at the SA Revenue Service (Sars) and has interdicted its release.

South African Airways (SAA) has confirmed that SAA Technical Chief Executive Officer (CEO) Adam Voss has resigned.

News reports indicate that the ad hoc committee amending Section 25 of the Constitution to allow for expropriation without compensation will head back to Polokwane for a public hearing.

The Supreme Court of Appeal has overturned a provision in the regulations of the preferential procurement legislation that has allowed government entities to set prequalifying criteria such as the requirement for bidders to be 51% black-owned.

Key indices

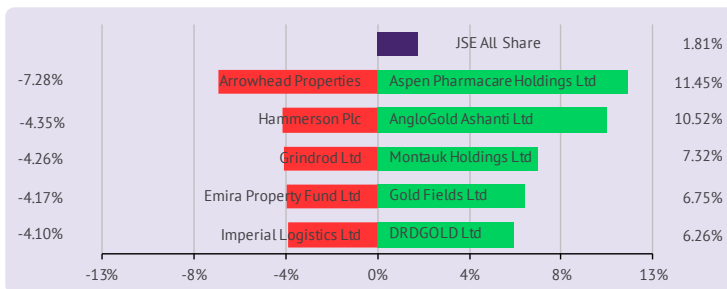
| | As at 02 Nov 2020 | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------------|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share (ZAR) | 52618.04 | ▲ | 933.34 | 1.81 | 1.81 | -4.75 | -7.82 |
| JSE Top 40 (ZAR) | 48392.97 | ▲ | 920.05 | 1.94 | 1.94 | -5.13 | -4.77 |
| FTSE 100 (GBP) | 5654.97 | ▲ | 77.70 | 1.39 | 1.39 | -4.92 | -25.02 |
| DAX 30 (EUR) | 11788.28 | ▲ | 231.80 | 2.01 | 2.01 | -9.44 | -11.03 |
| CAC 40 (EUR) | 4691.14 | ▲ | 96.90 | 2.11 | 2.11 | -4.36 | -21.53 |
| S&P 500 (USD) | 3310.24 | ▲ | 40.28 | 1.23 | 1.23 | -2.77 | 2.46 |
| Nasdaq Composite (USD) | 10957.61 | ▲ | 46.02 | 0.42 | 0.42 | -2.29 | 22.12 |
| DJIA (USD) | 26925.05 | ▲ | 423.45 | 1.60 | 1.60 | -4.61 | -5.65 |
| MSCI Emerging Markets (USD) | 1114.76 | ▲ | 11.30 | 1.02 | 1.02 | 1.98 | 0.01 |
| MSCI Developed World (USD) | 2322.14 | ▲ | 29.21 | 1.27 | 1.27 | -3.14 | -1.54 |

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, as shares in Aspen jumped on vaccination deal and boosted by gains in gold mining, platinum mining and resources sector stocks. The JSE All Share Index rose 1.8% to close at 52,618.04.

To Read More Click [Here](#)

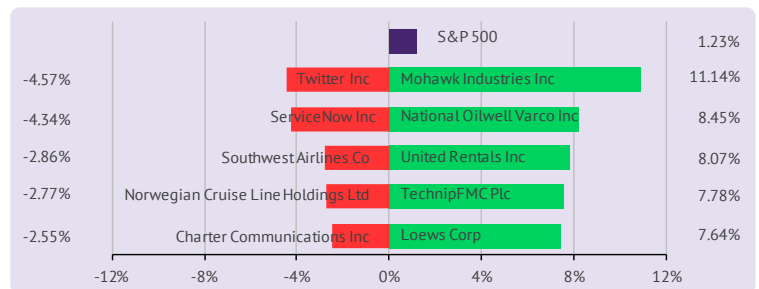


US Market ▲

US markets closed firmer

US markets closed higher yesterday, ahead of the US presidential elections. The S&P 500 Index climbed 1.2% to close at 3,310.24. Today, the S&P 500 futures are trading in the green.

To Read More Click [Here](#)

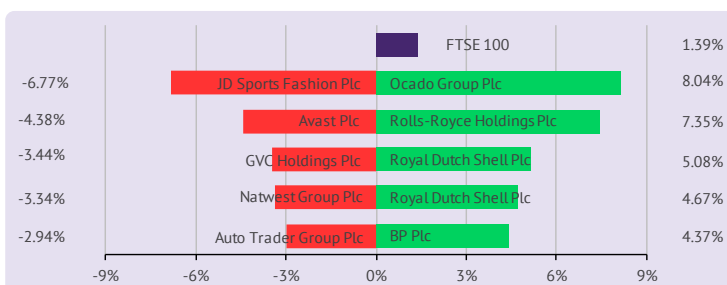


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid weakness in the British Pound and led by gains in shares of Ocado. The FTSE 100 Index advanced 1.4% to close at 5,654.97. Today, the FTSE 100 futures are trading in positive territory.

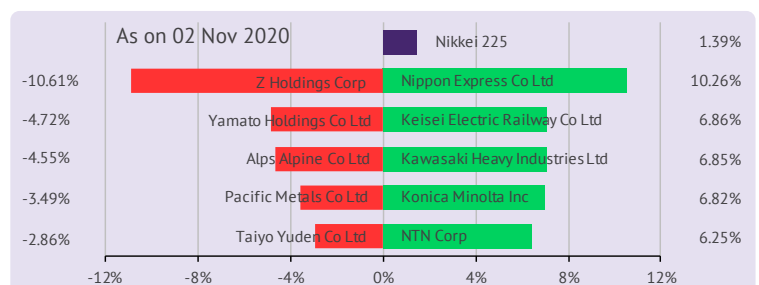
To Read More Click [Here](#)



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Markets in Japan are closed today on account of a public holiday.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R16.2004. Later today, traders will keep a close watch on the US factory orders and the US presidential elections for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, both, the US final Markit manufacturing PMI and the ISM manufacturing activity index advanced more-than- expected in October. Meanwhile, construction spending rose less than market forecast in September. Separately, data indicated that SA's manufacturing PMI advanced in October. Additionally, total new vehicle sales climbed in October.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally climbed against the South African Rand to trade at R20.9390. 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, after British Prime Minister Boris Johnson announced a new four-week coronavirus lockdown across the country. Data indicated that UK's final Markit manufacturing PMI fell in October.

To Read More Click [Here](#)

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand to trade at R18.8782. 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. On the data front, Eurozone's manufacturing activity strengthened in October. Separately, Germany's final Markit manufacturing PMI advanced in October.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R11.4104.

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 | 16.2004 | ▲ | -0.11 | -0.11 | -0.11 | -3.01 | 15.90 |
| GBPZAR | 20.9390 | ▼ | -0.53 | -0.53 | -0.53 | -2.81 | 12.77 |
| EURZAR | 18.8782 | ▲ | -0.07 | -0.07 | -0.07 | -3.59 | 20.45 |
| AUDZAR | 11.4104 | ▲ | 0.13 | 0.13 | 0.13 | -4.83 | 16.20 |
| EURUSD | 1.1653 | ▲ | -0.05 | -0.05 | -0.05 | -0.63 | 3.82 |
| GBPUSD | 1.2923 | ▲ | -0.23 | -0.23 | -0.23 | 0.21 | -2.56 |
| Brent (\$/barrel) | 39.0 | ▲ | 2.71 | 2.71 | 2.71 | -10.31 | -40.95 |
| Gold (\$/oz) | 1893.1 | ▲ | 0.67 | 0.67 | 0.67 | -0.40 | 24.25 |
| Platinum (\$/oz) | 860.6 | ▲ | 1.31 | 1.31 | 1.31 | -5.84 | -11.52 |
| Copper (\$/MT)* | 6753.0 | ▲ | 0.68 | 0.68 | 0.68 | 0.59 | 9.82 |

*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 \$1,893.10/oz.

Yesterday, gold prices rose 0.7% to close at \$1,892.50/oz, amid mounting concerns over global economic recovery and uncertainty surrounding the outcome of US presidential election.

To Read More Click [Here](#)

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$39.00/bl.

Yesterday, Brent crude oil advanced 2.7% to settle at \$38.97/bl, ahead of the US presidential election voting.

To Read More Click [Here](#)

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.1% to trade at \$860.60/oz.

Yesterday, platinum prices climbed 1.3% to close at \$859.50/oz.

Major South African corporate news

AngloGold Ashanti Limited

In its market update for the quarter ended 30 September 2020, the company announced that free cash flow surged 290.0% year-on-year to USD339.00mn. Cash flow from operating activities was up 56.0% year-on-year to USD551.00mn. Further, production increased 1.0% year-on-year to 837,000oz, supported by solid performances across the operating asset base.

Tiger Brands Limited

In its FY20 trading statement, the company announced that it expects EPS to be between 72.0% and 75.0% lower compared to ZAR23.33 in the last year. The company expects its HEPS to be between 27.0% and 30.0% lower compared to ZAR13.22.

Aspen Pharmacare Holdings Limited

The company announced that it has entered into a preliminary agreement with Janssen Pharmaceuticals, Inc and Janssen Pharmaceutica NV, two of the Janssen Pharmaceutical Companies of Johnson & Johnson, for the technical transfer and proposed commercial manufacture of their COVID-19 vaccine candidate, Ad26.COV2-S.

Major global economic news

US

In the US, the ISM manufacturing index jumped more-than-expected to 59.30 in October, compared to a level of 55.40 in the previous month.

In October, the final Markit manufacturing PMI rose to 53.40 in the US, compared to a level of 53.20 in the prior month. The preliminary figures had indicated a rise to 53.30.

In the US, construction spending rose 0.3% on a monthly basis in September, less than market anticipations and compared to a revised rise of 0.8% in the previous month.

Eurozone

In the Eurozone, the final Markit manufacturing PMI advanced to 54.80 in October, compared to a reading of 53.70 in the previous month. The preliminary figures had indicated a rise to 54.40.

In Germany, the final Markit manufacturing PMI climbed to a level of 58.20 in October, compared to a level of 56.40 in the prior month. The preliminary figures had indicated an advance to 58.00.

UK

In the UK, the final Markit manufacturing PMI dropped to 53.70 in October, compared to a level of 54.10 in the prior month. The preliminary figures had indicated a drop to 53.30.

Asia

The Reserve Bank of Australia (RBA), in its latest monetary policy meeting, slashed its key interest rate from 0.25% to 0.10%, as widely expected. Further, the central bank announced the purchase USD100bn of 5-10 year government bonds over the next six months.

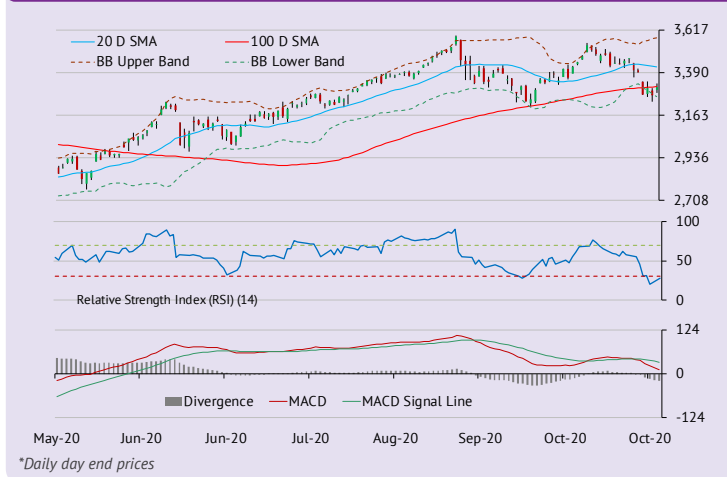
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 50,875.73, and a fall through could take it to the next support level of 49,133.42. The index is expected to find its first resistance at 54,710.15, and a rise through could take it to the next resistance level of 56,802.26.

S&P 500



The S&P 500 index is expected to find support at 3,226.28, and a fall through could take it to the next support level of 3,142.33. The index is expected to find its first resistance at 3,401.85, and a rise through could take it to the next resistance level of 3,493.47.

USD ZAR

















The pair is expected to find support at 16.0466, and a fall through could take it to the next support level of 15.8668. The pair is expected to find its first resistance at 16.4515, and a rise through could take it to the next resistance level of 16.6766.

XAU USD



Gold is expected to find support at \$1,863.60/oz, and a fall through could take it to the next support level of \$1,834.70/oz. The precious metal is expected to find its first resistance at \$1,917.00/oz, and a rise through could take it to the next resistance level of \$1,941.50/oz.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous | Frequency |
|---|-------|--|-----------|-----------------------|----------------|--------------|
|  Switzerland | 09:30 | Consumer Price Index (MoM) (Oct) | ✓✓ | 0.00% | 0.00% | Monthly |
|  Switzerland | 09:30 | Consumer Price Index (YoY) (Oct) | ✓✓ | -0.60% | -0.80% | Monthly |
|  US | 15:55 | Redbook Index (YoY) (31-Oct) | ✓ | - | 1.20% | Weekly |
|  US | 15:55 | Redbook Index s.a. (MoM) (31-Oct) | ✓ | - | 0.80% | Weekly |
|  US | 17:00 | Cap Goods Orders Nondef Ex Air (Sep) (F) | ✓ | - | 2.10% | Monthly |
|  US | 17:00 | Cap Goods Ship Nondef Ex Air (Sep) (F) | ✓ | - | 1.50% | Monthly |
|  US | 17:00 | Durable Goods Orders (Sep) (F) | ✓✓✓ | - | 0.40% | Monthly |
|  US | 17:00 | Durable Goods Orders ex Transportation (Sep) (F) | ✓✓ | - | 1.00% | Monthly |
|  US | 17:00 | Factory Orders (MoM) (Sep) | ✓✓✓ | 1.00% | 0.70% | Monthly |
|  US | 17:00 | Durable Goods Orders (Million) (Sep) | ✓ | - | USD207236.00mn | Monthly |
|  US | 17:00 | Factory Orders (Sep) | ✓ | - | 470135.00mn | Monthly |
|  Germany | 18:00 | Speech held by Burkhard Balz | ✓ | - | - | As Scheduled |
|  Eurozone | 20:00 | Press conference following the video conference of the Eurogroup | ✓ | - | - | As Scheduled |
|  Germany | 20:00 | Deutsche Bundesbank's Mauderer Speech | ✓ | - | - | As Scheduled |

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