

ONE Minute Brief

4 November 2020

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Economic and political news

While addressing the Infrastructure South Africa Project Preparation Roundtable and Marketplace in Midrand, President Cyril Ramaphosa stated that the government has gazetted 50 strategic integrated projects valued at ZAR340bn as part of its infrastructure development plans.

Mineral Resources & Energy Minister, Gwede Mantashe stated that Sibanye-Stillwater has breached regulations on Black ownership targets at its gold operations and stole their rating in terms of BEE (Black Economic Empowerment) compliance.

The Special Investigating Unit (SIU) has called for the frozen assets belonging to former Transnet Capital Projects executive Herbert Msagala to be forfeited to the state.

According to chief electoral officer Sy Mamabolo, the Electoral Commission (IEC) will need ZAR70mn it has not budgeted for to organise registration for 2021's local government elections in adherence with Covid-19 safety protocols.

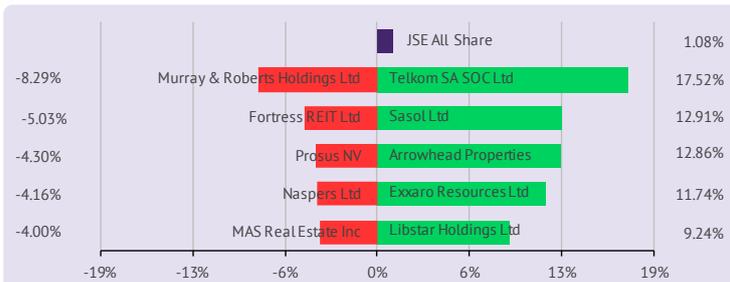
Parliament has backed President Cyril Ramaphosa's call for traditional leaders to be consulted before a proposed law on the regulation of traditional beer is passed.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, platinum mining and financial sector stocks. The JSE All Share Index rose 1.1% to close at 53,187.81.

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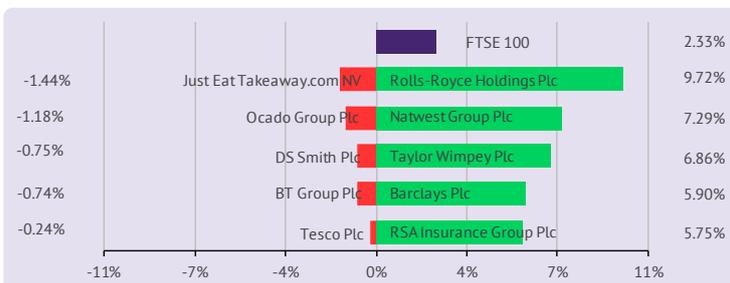


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, helped by gains in banking sector stocks. The FTSE 100 Index advanced 2.3% to close at 5,786.77. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

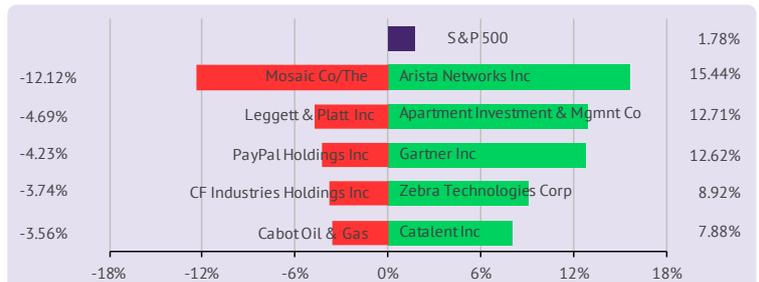
	As at 03 Nov 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53187.81	▲ 569.77	1.08	2.91	2.91	-4.75	-6.83
JSE Top 40 (ZAR)	48853.14	▲ 460.17	0.95	2.91	2.91	-5.13	-3.86
FTSE 100 (GBP)	5786.77	▲ 131.80	2.33	3.76	3.76	-4.92	-23.28
DAX 30 (EUR)	12088.98	▲ 300.70	2.55	4.61	4.61	-9.44	-8.76
CAC 40 (EUR)	4805.61	▲ 114.47	2.44	4.60	4.60	-4.36	-19.61
S&P 500 (USD)	3369.02	▲ 58.78	1.78	3.03	3.03	-2.77	4.28
Nasdaq Composite (USD)	11160.57	▲ 202.96	1.85	2.28	2.28	-2.29	24.38
DJIA (USD)	27480.03	▲ 554.98	2.06	3.69	3.69	-4.61	-3.71
MSCI Emerging Markets (USD)	1120.88	▲ 6.12	0.55	1.58	1.58	1.98	0.56
MSCI Developed World (USD)	2369.27	▲ 47.13	2.03	3.33	3.33	-3.14	0.46

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid hopes for an uncontested result from the US presidential election and on growing optimism for a swift deal on fiscal stimulus. The S&P 500 Index climbed 1.8% to close at 3,369.02. Today, the S&P 500 futures are trading in the red.

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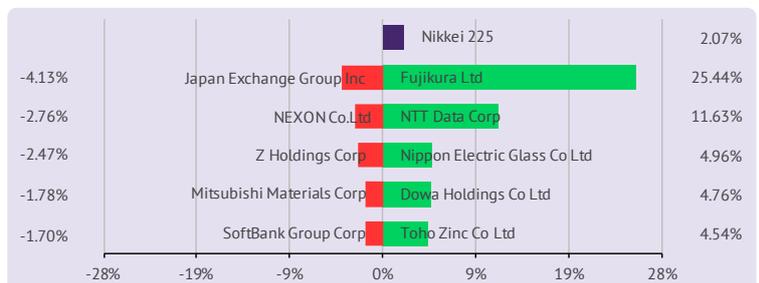


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, ahead of the US presidential election results. As at 6:00 SAST, the Nikkei 225 Index is trading 2.1% higher at 23,777.88.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 1.2% against the South African Rand to trade at R16.2626. Later today, traders will keep a close watch on the US MBA mortgage applications, ADP employment change, trade balance, the Markit services PMI and the ISM services PMI for further direction.

The US Dollar fell against the South African Rand yesterday, amid speculation that Democrat Joe Biden would win the US presidential election. On the macro front, both, US factory orders and durable goods orders rose in September.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.8% against the South African Rand to trade at R21.1392. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.7% firmer against the South African Rand at R18.9338. Going forward, market participants will keep a tab on Eurozone's producer price index (PPI) and the Markit services PMI along with Germany's Markit services PMI for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.7% higher against the South African Rand at R11.5617. Earlier in the session, Australia's AiG performance of construction index rose in October. Moreover, seasonally adjusted retail sales fell less-than-expected in September. Meanwhile, the Commonwealth Bank services PMI dropped in October. Elsewhere, in China, Australia's largest trading partner, the Caixin services PMI climbed in October.

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	16.2626	▼	-1.01	-1.12	-1.12	-3.01	14.73
GBPZAR	21.1392	▼	0.15	-0.37	-0.37	-2.81	12.94
EURZAR	18.9338	▼	-0.52	-0.59	-0.59	-3.59	19.82
AUDZAR	11.5617	▼	0.44	0.58	0.58	-4.83	16.72
EURUSD	1.1645	▼	0.64	0.58	0.58	-0.63	4.48
GBPUSD	1.2998	▼	1.10	0.87	0.87	0.21	-1.49
Brent (\$/barrel)	40.6	▲	1.90	4.67	4.67	-10.31	-39.83
Gold (\$/oz)	1896.2	▼	0.95	1.62	1.62	-0.40	25.43
Platinum (\$/oz)	861.0	▼	1.80	3.14	3.14	-5.84	-9.92
Copper (\$/MT)*	6807.0	▲	0.80	1.48	1.48	0.59	10.70

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.7% to trade at \$1,896.20/oz.

Yesterday, gold prices rose 1.0% to close at \$1,910.40/oz, as weakness in the US Dollar and uncertainty surrounding the US presidential election results increased demand for the safe haven metal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 2.3% to trade at \$40.61/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 8mn bls to 487mn bls last week.

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Yesterday, Brent crude oil advanced 1.9% to settle at \$39.71/bl, amid reports that the Organisation of the Petroleum Exporting Countries and Russia are considering deeper oil output cuts early next year.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 1.6% lower to trade at \$861.00/oz.

Yesterday, platinum prices climbed 1.8% to close at \$875.00/oz.

Major South African corporate news

Telkom SA SOC Limited

In its 1H20 trading statement, the company announced that it expects HEPS to be between 210.90c and 229.30c, compared to 183.40c recorded in the same period last year. It expects its EPS to be between 210.40c and 224.50c, compared to 176.80c in the prior year.

Major global economic news

Asia

In Australia, the AiG performance of construction index jumped to 52.70 in October, compared to a level of 45.20 in the prior month.

In October, the Commonwealth Bank services PMI fell to 53.70 in Australia, compared to a level of 53.80 in the previous month.

In Australia, seasonally adjusted retail sales dropped 1.1% on a monthly basis in September, less than market anticipations and compared to a drop of 4.0% in the previous month.

In China, the Caixin services PMI climbed to 56.80 in October, compared to a level of 54.80 in the previous month.

The Bank of Japan (BoJ) in its latest monetary policy meeting minutes, indicated that few BoJ policymakers called for deeper examination on how to address the fallout from the coronavirus pandemic as the economic outlook remained highly uncertain. Further, majority officials believed that maintaining the current ultra loose monetary policy was sufficient for now to cushion the economic crisis from the coronavirus pandemic, while some saw the need to debate how the BoJ could re-shape its policy.

US

In September, factory orders advanced 1.1% on a monthly basis in the US, more than market expectations and compared to a revised rise of 0.6% in the prior month.

In the US, final durable goods orders rose 1.9% on a monthly basis in September, compared to a revised rise of 0.4% in the previous month. The preliminary figures had also indicated an advance of 1.9%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	BoJ Monetary Policy Statement	✓✓✓	-	-	As Scheduled
China	03:45	Caixin/Markit Services PMI (Oct)	✓✓✓	56.80*	54.80	Monthly
Spain	10:00	Unemployment Change (Oct)	✓✓✓	-	-26.30K	Monthly
Spain	10:15	Markit Services PMI (Oct)	✓✓✓	40.00	42.40	Monthly
Italy	10:45	Markit Services PMI (Oct)	✓✓✓	47.00	48.80	Monthly
France	10:50	Markit Services PMI (Oct) (F)	✓✓✓	46.50	47.50	Monthly
France	10:50	Markit Composite PMI (Oct) (F)	✓✓✓	47.30	48.50	Monthly
Germany	10:55	Markit Services PMI (Oct) (F)	✓✓✓	48.90	50.60	Monthly
Germany	10:55	Markit Composite PMI (Oct) (F)	✓✓✓	54.50	54.70	Monthly
Eurozone	11:00	Markit Composite PMI (Oct) (F)	✓✓✓	49.40	50.40	Monthly
Eurozone	11:00	Markit Services PMI (Oct) (F)	✓✓✓	46.20	48.00	Monthly
UK	11:30	Markit Services PMI (Oct) (F)	✓	52.20	56.10	Monthly
UK	11:30	Markit Composite PMI (Oct) (F)	✓	52.90	56.50	Monthly
UK	11:30	Official Reserves (Changes) (Oct)	✓	-	-USD81.00mn	Monthly
Eurozone	11:35	Video Conference of EU Ministers	✓	-	-	As Scheduled
Eurozone	12:00	Producer Price Index (MoM) (Sep)	✓✓✓	0.30%	0.10%	Monthly
Eurozone	12:00	Producer Price Index (YoY) (Sep)	✓✓✓	-2.40%	-2.50%	Monthly
US	14:00	MBA Mortgage Applications (30-Oct)	✓	-	1.70%	Weekly
US	15:15	ADP Employment Change (Oct)	✓✓✓	650.00K	749.00K	Monthly
Canada	15:30	International Merchandise Trade (Sep)	✓✓✓	-CAD2.60bn	-CAD2.45bn	Monthly
Canada	15:30	Exports (BOP) s.a. (Sep)	✓	-	CAD44929.30mn	Monthly
Canada	15:30	Imports (BOP) s.a. (Sep)	✓	-	CAD47375.20mn	Monthly
US	15:30	Trade Balance (Sep)	✓✓✓	-USD63.90bn	-USD67.10bn	Monthly
US	15:30	Exports (MoM) (Sep)	✓✓	-	2.20%	Monthly
US	15:30	Imports (MoM) (Sep)	✓✓	-	3.20%	Monthly
US	16:45	Markit Services PMI (Oct) (F)	✓✓✓	-	54.60	Monthly
US	16:45	Markit Composite PMI (Oct) (F)	✓✓✓	-	54.30	Monthly
US	17:00	ISM Services Index (Oct)	✓✓✓	57.50	57.80	Monthly
US	17:30	EIA Crude Oil Stocks Change (Barrels) (30-Oct)	✓✓✓	1.96mn	4.32mn	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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