

ONE Minute Brief

13 November 2020

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Economic and political news

In South Africa (SA), the unemployment rate jumped to 30.8% in 3Q20, compared to 23.3% in the prior quarter. Additionally, mining production dropped 2.8% on a yearly basis in September, compared to a revised fall of 3.8% in the prior month. Also, gold production fell 0.7% in September, compared to a revised drop of 14.1% in the previous month. Moreover, platinum production eased 0.5% in September, compared to an advance of 12.5% in the prior month.

News reports indicate that former President Jacob Zuma has filed an application for the recusal of deputy chief justice Raymond Zondo as head of the State Capture Inquiry.

According to Public Enterprises Minister, Pravin Gordhan restructuring costs for South African Airways (SAA) has increased to ZAR14bn, of which ZAR10.5bn is required currently.

Former South African Airways board chair Dudu Myeni seeks to appeal the Pretoria High Court ruling declaring her as delinquent director.

Key indices

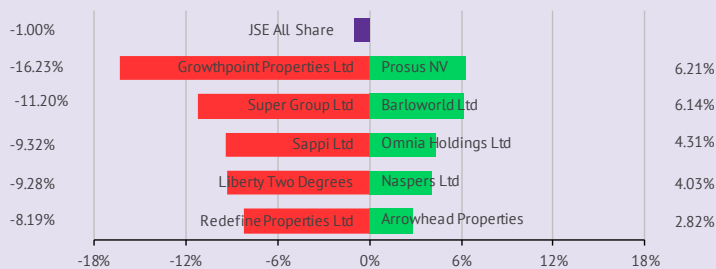
	As at 12 Nov 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57031.19	▼ -576.11	-1.00	1.14	10.34	-4.75	-0.09
JSE Top 40 (ZAR)	52335.71	▼ -448.68	-0.85	0.89	10.24	-5.13	2.99
FTSE 100 (GBP)	6338.94	▼ -43.16	-0.68	7.26	13.66	-4.92	-15.96
DAX 30 (EUR)	13052.95	▼ -163.23	-1.24	4.59	12.95	-9.44	-1.48
CAC 40 (EUR)	5362.57	▼ -82.64	-1.52	8.10	16.72	-4.36	-10.30
S&P 500 (USD)	3537.01	▼ -35.65	-1.00	0.79	8.17	-2.77	9.48
Nasdaq Composite (USD)	11709.59	▼ -76.84	-0.65	-1.56	7.31	-2.29	30.50
DJIA (USD)	29080.17	▼ -317.46	-1.08	2.67	9.73	-4.61	1.90
MSCI Emerging Markets (USD)	1182.10	▲ 3.24	0.28	0.49	7.13	1.98	6.05
MSCI Developed World (USD)	2509.24	▼ -19.01	-0.75	1.59	9.43	-3.14	6.39

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in platinum mining, general retailers and resources sector stocks. Data indicated that SA's unemployment rate climbed in 3Q20. The JSE All Share Index fell 1.0% to close at 57,031.19.

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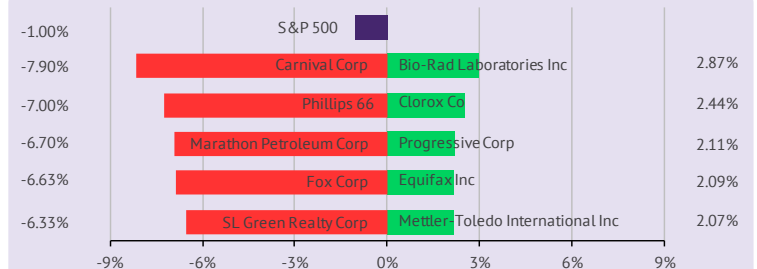


US Market ▼

US markets closed weaker

US markets closed lower yesterday, after coronavirus infections in the US surged above 100,000 for an eighth consecutive day. The S&P 500 Index dropped 1.0% to close at 3,537.01. Today, the S&P 500 futures are trading in the red.

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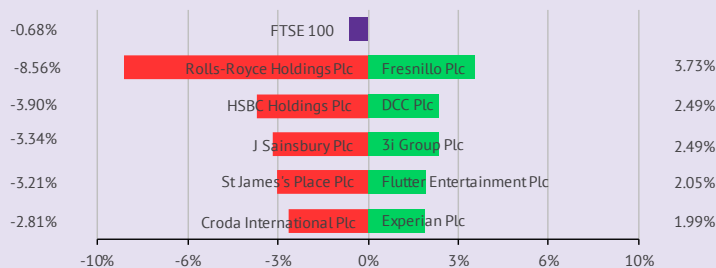


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, ending its winning streak of eight consecutive sessions, amid growing concerns over the country's post-pandemic economic recovery. The FTSE 100 Index declined 0.7% to close at 6,338.94. Today, the FTSE 100 futures are trading in negative territory.

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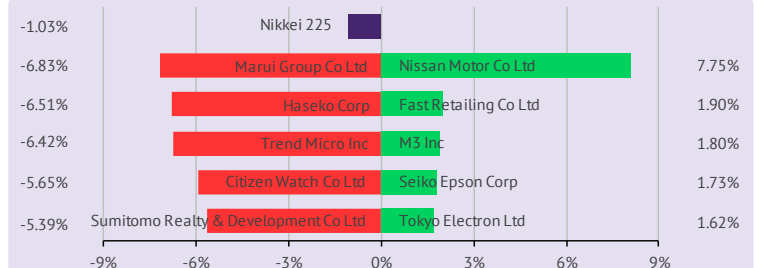


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid worries over rising Covid-19 infections in the US. As at 6:00 SAST, the Nikkei 225 Index is trading 1.0% lower at 25,256.85.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R15.6658. Later today, traders will keep a close watch on the US producer price index (PPI) and the Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US number of initial jobless claims fell by the most in five weeks in the week ended 06 November 2020. Meanwhile, the consumer price index (CPI) advanced less than market consensus in October. Additionally, the nation's budget deficit widened more than estimated in October. Separately, data indicated that SA's unemployment rate surged to a 17-year high level in 3Q20. Additionally, mining production eased in September. Moreover, both, gold production and platinum production dropped in September.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R20.5439. Amid no major economic releases in the UK today, investor sentiment would be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, as Britain's economy grew at a slower pace in 3Q20. On the data front, both, industrial production and manufacturing production climbed in September. Meanwhile, the NIESR GDP estimate advanced less than market consensus in October. Additionally, total trade surplus narrowed in September.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R18.4865. Going forward, market participants will keep a tab on Eurozone's gross domestic product (GDP) and trade balance for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted industrial production dropped for the first time in five months in September. Separately, Germany's final CPI fell as initially estimated in October.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R11.3162. Earlier in the session, Australia's consumer inflation expectations advanced in November.

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	15.6658	▼	0.09	0.29	-3.66	-3.01	11.78
GBPZAR	20.5439	▼	-0.72	0.06	-2.45	-2.81	10.58
EURZAR	18.4865	▼	0.34	-0.31	-2.35	-3.59	17.69
AUDZAR	11.3162	▲	-0.53	-0.01	-0.83	-4.83	15.09
EURUSD	1.1801	▼	0.25	-0.57	1.37	-0.63	5.29
GBPUSD	1.3114	▼	-0.79	-0.29	1.32	0.21	-1.05
Brent (\$/barrel)	42.9	▼	-0.62	10.34	14.73	-10.31	-34.05
Gold (\$/oz)	1875.1	▲	0.63	-4.02	-0.35	-0.40	22.99
Platinum (\$/oz)	886.6	▲	1.83	-1.71	4.20	-5.84	-9.00
Copper (\$/MT)*	6915.8	▲	0.72	-0.28	3.10	0.59	12.47

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.1% to trade at \$1,875.10/oz.

Yesterday, gold prices rose 0.6% to close at \$1,873.30/oz, amid concerns over rising coronavirus cases.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 1.5% to trade at \$42.86/bl.

Yesterday, Brent crude oil declined 0.6% to settle at \$43.53/bl, amid worries over demand outlook. Additionally, the US Energy Information Administration (EIA) reported that crude oil inventories unexpectedly rose by 4.3mn bls to 488.7mn bls in the week ended 06 November 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.3% to trade at \$886.60/oz.

Yesterday, platinum prices climbed 1.8% to close at \$884.00/oz.

Major South African corporate news

Gold Fields Limited

In its 3Q20 operational update, the company announced that attributable gold equivalent production for was 557.00koz, up 7.0% YoY. Meanwhile, all-in costs decreased by 1.0% YoY to \$1,070.00/oz, while all-in sustaining costs increased 2.0% YoY to \$964.00/oz. FY20 production and cost guidance remains unchanged from the update in August 2020. Attributable equivalent gold production for 2020 for the group is expected to be between 2.200Moz and 2.250Moz.

Mediclinic International Plc

In its 1H21 results, the company announced that revenues dropped 7.0% to GBP1,411.00mn, down 5.0% on constant currency basis, significantly impacted by April 2020 due to the sudden onset of COVID-19 restrictions. Adjusted EPS plunged 77.0% to 2.30p. Moreover, dividend remains suspended as part of the group's broad response to maintaining its liquidity position.

Major global economic news

UK

In the UK, flash GDP jumped 15.5% on a quarterly basis in 3Q20, less than market expectations and compared to a drop of 19.8% in the previous quarter.

In September, GDP rose 1.1% on a monthly basis in the UK, compared to a revised rise of 2.2% in the previous month.

In September, industrial production rose 0.5% on a monthly basis in the UK, less than market anticipations and compared to a rise of 0.3% in the previous month.

In the UK, manufacturing production advanced 0.2% in September, compared to a revised advance of 0.9% in the prior month.

In September, total trade surplus narrowed to GBP0.61bn in the UK, compared to a revised surplus of GBP2.85bn in the prior month.

In September, construction output rose 2.9% on a monthly basis in the UK, compared to a revised rise of 3.8% in the previous month.

In the UK, the NIESR GDP estimate advanced 10.2% in the three months to October, compared to a revised rise of 15.5% in the previous month.

Bank of England Governor, Andrew Bailey, in his speech, indicated that the progress in the development of a coronavirus vaccine would prove to be "very encouraging" for the UK. However, the central bank expects Britain's economic recovery to regain to pre-pandemic levels only in the first half of 2022.

US

In the US, seasonally adjusted number of initial jobless claims dropped more-than-expected to 709.00K on a weekly basis in the week ended 06 November 2020, compared to a revised level of 757.00K in the previous week.

In October, the CPI rose 1.2% on an annual basis in the US, less than market anticipations and compared to a rise of 1.4% in the previous month.

In the US, budget deficit widened to USD284.00bn in October, compared to a deficit of USD125.00bn in the prior month.

Federal Reserve (Fed) Chairman, Jerome Powell, in his speech, stated that the next few months could be challenging as it is unclear how the coronavirus vaccine news will influence the US economy. Further, he warned that rising Covid-19 infections could weaken the recent economic recovery.

Eurozone





















In the Eurozone, seasonally adjusted industrial production unexpectedly fell 0.4% on a monthly basis in September, compared to a revised rise of 0.6% in the prior month.

In Germany, the final CPI dropped 0.2% on an annual basis in October, compared to a similar drop in the previous month. The preliminary figures had also indicated a fall of 0.2%.

Asia

In Australia, the consumer inflation expectations rose to 3.5% in November, compared to 3.4% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Switzerland	09:30	Producer and Import Prices (MoM) (Oct)	✓	-	0.10%	Monthly
 Switzerland	09:30	Producer and Import Prices (YoY) (Oct)	✓	-	-3.10%	Monthly
 France	09:45	Consumer Price Index (MoM) (Oct) (F)	✓✓✓	-0.10%	-0.50%	Monthly
 France	09:45	Consumer Price Index (YoY) (Oct) (F)	✓✓✓	0.00%	0.00%	Monthly
 Spain	10:00	Consumer Price Index (MoM) (Oct) (F)	✓✓✓	0.50%	0.20%	Monthly
 Spain	10:00	Consumer Price Index (YoY) (Oct) (F)	✓✓✓	-0.90%	-0.40%	Monthly
 Eurozone	12:00	Employment Change (QoQ) (Q3) (P)	✓✓✓	-	-2.90%	Quarterly
 Eurozone	12:00	Employment Change (YoY) (Q3) (P)	✓✓	-	-3.10%	Quarterly
 Eurozone	12:00	Trade Balance n.s.a. (Sep)	✓✓	-	EUR14.70bn	Monthly
 Eurozone	12:00	Trade Balance s.a. (Sep)	✓✓✓	-	EUR21.90bn	Monthly
 Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q3) (F)	✓✓✓	-4.30%	-11.80%	Quarterly
 Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q3) (F)	✓✓	-	-14.80%	Quarterly
 Portugal	13:00	Gross Domestic Product (QoQ) (Q3) (F)	✓	13.20%	-13.90%	Quarterly
 Portugal	13:00	Gross Domestic Product (YoY) (Q3) (F)	✓	-5.80%	-16.30%	Quarterly
 US	15:30	Producer Price Index (MoM) (Oct)	✓✓✓	0.20%	0.40%	Monthly
 US	15:30	Producer Price Index (YoY) (Oct)	✓✓✓	0.40%	0.40%	Monthly
 US	17:00	Reuters/Michigan Consumer Sentiment Index (Nov) (P)	✓✓✓	-	81.80	Monthly
 US	17:30	EIA Natural Gas Storage Change (06-Nov)	✓✓✓	-	-36.00 Bcf	Weekly
 UK	18:00	BoE Governor Bailey Speech	✓	-	-	As Scheduled
 US	20:00	Baker Hughes US Oil Rig Count (13-Nov)	✓	-	226.00	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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formerly Grant Thornton Capital

a GTC, The Wanderers Office Park,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2116

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

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