

ONE Minute Brief

7 July 2020

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Economic and political news

The Department of Public Enterprises has urged the National Union of Metalworkers of South Africa (NUMSA), the South African Cabin Crew Association (Sacca) and the South African Airways Pilots Association (Saapa) to hold their own bilateral meetings with members regarding voluntary severance packages.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 205,721.

The High Court in Pretoria has ruled that community organisations, unions and other social parties must be part of a legal bid by the Minerals Council to challenge certain clauses of the third iteration of South Africa's mining charter.

Eskom has indicated that it would cut off electricity to four Northern Cape municipalities from Wednesday evening due to non-payment for services rendered.

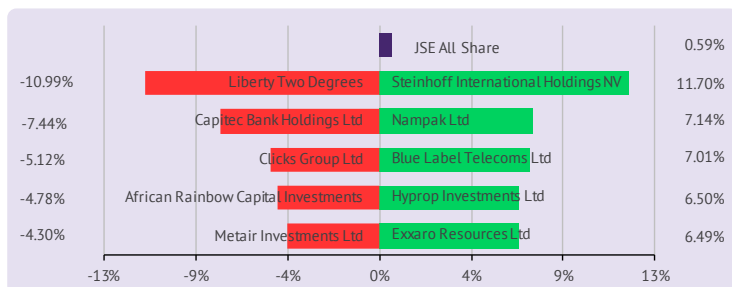
The Gauteng High Court in Pretoria has dismissed the Freedom Front Plus' court application to have the Disaster Management Act declared unconstitutional.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, buoyed by gains in resources, gold and platinum mining sector stocks. The JSE All Share Index rose 0.6% to close at 54,846.28.

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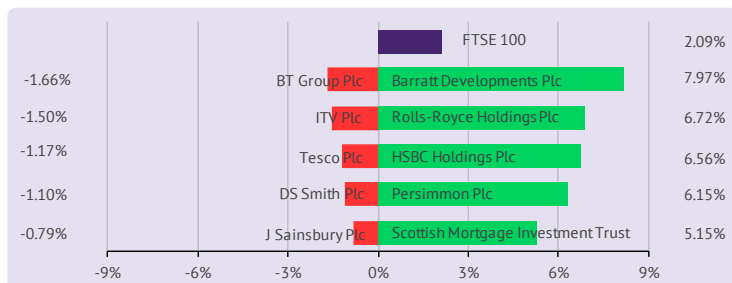


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as housebuilder stocks gained after data revealed that UK's construction sector activity sharply rose in June. The FTSE 100 Index advanced 2.1% to close at 6,285.94. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

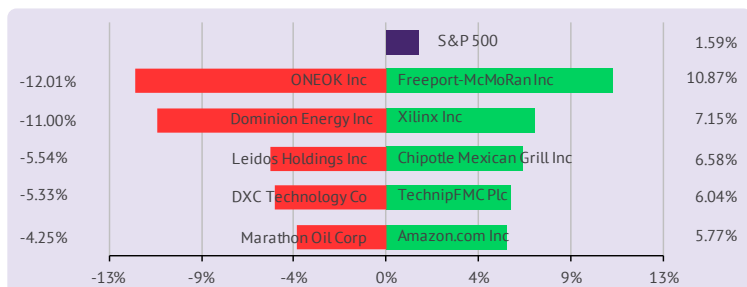
	As at 06 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54846.28	▲ 324.38	0.59	0.59	0.89	7.68	-3.92
JSE Top 40 (ZAR)	50503.91	▲ 324.02	0.65	0.65	0.66	7.80	-0.61
FTSE 100 (GBP)	6285.94	▲ 128.64	2.09	2.09	1.88	1.53	-16.66
DAX 30 (EUR)	12733.45	▲ 205.27	1.64	1.64	3.43	6.25	-3.89
CAC 40 (EUR)	5081.51	▲ 74.37	1.49	1.49	2.95	5.12	-15.00
S&P 500 (USD)	3179.72	▲ 49.71	1.59	1.59	2.56	1.84	-1.58
Nasdaq Composite (USD)	10433.65	▲ 226.02	2.21	2.21	3.73	5.99	16.28
DJIA (USD)	26287.03	▲ 459.67	1.78	1.78	1.84	1.69	-7.89
MSCI Emerging Markets (USD)	1060.50	▲ 27.41	2.65	2.65	6.57	6.96	-4.86
MSCI Developed World (USD)	2264.29	▲ 37.89	1.70	1.70	2.84	2.51	-3.99

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid gains in technology sector stocks and following a jump in Chinese equities. The S&P 500 Index climbed 1.6% to close at 3,179.72. Today, the S&P 500 futures are trading in the red.

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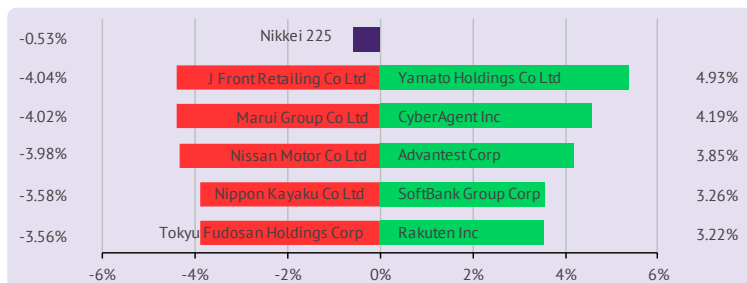


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street and amid hopes of an economic rebound in China. As at 6:00 SAST, the Nikkei 225 Index is trading 0.5% lower at 22,593.99.

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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 at R16.9986. Later today, traders will keep a close watch on the US JOLTS job openings for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US ISM non-manufacturing PMI expanded in July. Additionally, the final Markit services PMI rose in June.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R21.2477. Ahead in the day, traders will keep an eye on UK's Halifax house prices for further indication.

The British Pound declined against the South African Rand yesterday, ahead of Brexit negotiations later this week. Data indicated that UK's construction PMI rose at its fastest pace in nearly two years in June.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R19.2242. Going forward, market participants will keep a tab on Germany's industrial production for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted retail sales rebounded in May. Additionally, the Sentix investor confidence index improved for the third straight month in July. Separately, Germany's seasonally adjusted factory orders advanced less-than-expected in May.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar marginally dropped against the South African Rand to trade at R11.8352. Earlier in the session, Australia's AiG performance of services index eased in June.

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	16.9986	▼	-0.32	-0.32	-2.10	-1.11	21.33
GBPZAR	21.2477	▼	-0.34	-0.34	-1.47	-0.70	14.23
EURZAR	19.2242	▼	0.24	0.24	-1.45	0.09	22.37
AUDZAR	11.8352	▲	0.13	0.13	-1.18	2.35	20.31
EURUSD	1.1310	▲	0.54	0.54	0.67	1.20	0.86
GBPUSD	1.2502	▲	0.07	0.07	0.73	0.47	-5.77
Brent (\$/barrel)	42.9	▼	0.70	0.70	4.43	9.06	-34.70
Gold (\$/oz)	1794.8	▲	0.20	0.20	-0.39	3.66	17.75
Platinum (\$/oz)	830.4	▲	0.64	0.64	-1.53	-3.88	-14.78
Copper (\$/MT)*	6135.3	▲	1.86	1.86	2.18	12.19	-0.22

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.1% to trade at \$1,794.80/oz.

Yesterday, gold prices rose 0.2% to close at \$1,793.50/oz, as growing concerns over the resurgence in COVID-19 cases increased demand for the safe haven metal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$42.94/bl, on demand concerns.

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Yesterday, Brent crude oil advanced 0.7% to settle at \$43.10/bl, following news that Saudi Arabia has decided to raise the premium of its benchmark grade crude, and all other grades, by USD1 per bl and amid optimism over China's economic recovery.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.3% to trade at \$830.40/oz.

Yesterday, platinum prices climbed 0.6% to close at \$827.80/oz.

Major South African corporate news

Blue Label Telecoms Limited

In its FY20 results, the company announced that it expects headline HEPS and core HEPS to increase by more than 20.0% compared to a headline of HEPS of 312.49c and core HEPS of 304.77c reported in the same period last year.

SA Corporate Real Estate Limited

The company announced that Otis Tshabalala has been appointed as Chief Operating Officer (COO), with effect from 1 October 2020.

Major global economic news

Eurozone

In the Eurozone, seasonally adjusted retail sales jumped 17.8% on a monthly basis in May, more than market consensus and compared to a revised drop of 12.1%.

In July, the Sentix investor confidence index rose to -18.20 in the Eurozone, less than market expectations and compared to a level of -24.80 in the previous month.

In Germany, seasonally adjusted factory orders climbed 10.4% on a monthly basis in May, less than market consensus and compared to a revised drop of 26.2% in the previous month.

US

In the US, the ISM non-manufacturing PMI climbed to 57.10 in July, compared to a level of 45.40 in the prior month.

In June, the final Markit services PMI advanced to 47.90 in the US, compared to level of 37.50 in the prior month. The preliminary figures had recorded an advance to 46.70.

Asia

In Australia, the AiG performance of services index fell to 31.50 in June, compared to a level of 31.60 in the previous month.

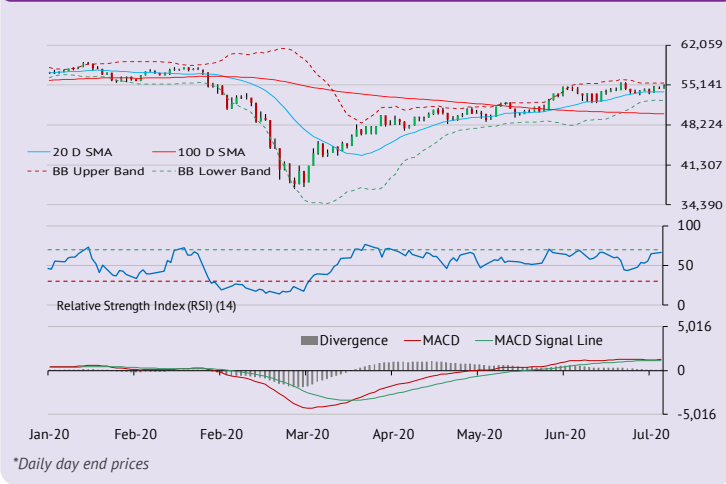
In Japan, overall household spending declined 16.2% on an annual basis in May, more than market anticipations and compared to a drop of 11.1% in the prior month.

UK

In the UK, the Markit construction PMI surged to 55.30 in June, compared to a level of 28.90 in the previous month.

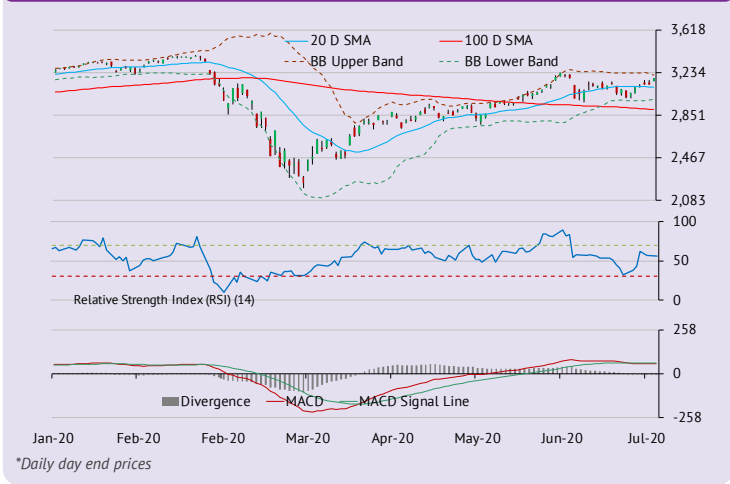
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 53,849.11, and a fall through could take it to the next support level of 52,851.93. The index is expected to find its first resistance at 55,567.32, and a rise through could take it to the next resistance level of 56,288.35.

S&P 500



The S&P 500 index is expected to find support at 3,090.84, and a fall through could take it to the next support level of 3,001.95. The index is expected to find its first resistance at 3,225.60, and a rise through could take it to the next resistance level of 3,271.47.

USD ZAR



The pair is expected to find support at 16.7693, and a fall through could take it to the next support level of 16.5525. The pair is expected to find its first resistance at 17.3071, and a rise through could take it to the next resistance level of 17.6281.

XAU USD



Gold is expected to find support at \$1,770.63/oz, and a fall through could take it to the next support level of \$1,747.77/oz. The precious metal is expected to find its first resistance at \$1,812.03/oz, and a rise through could take it to the next resistance level of \$1,830.57/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Labour Cash Earnings (YoY) (May)	✓✓	-2.10%*	-0.60%	Monthly
Japan	01:30	Household Spending (YoY) (May)	✓✓	-16.20%*	-11.10%	Monthly
Japan	07:00	Leading Economic Index (May) (P)	✓✓✓	73.20	77.70	Monthly
Japan	07:00	Coincident Index (May) (P)	✓	80.70	80.10	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (May)	✓✓✓	10.00%	-17.90%	Monthly
Germany	08:00	Industrial Production n.s.a. and w.d.a. (YoY) (May)	✓✓✓	-11.10%	-25.30%	Monthly
Germany	08:00	Industrial Production (May)	✓	-	103.40	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Jun)	✓	-	USD52.77bn	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Jun)	✓	-	USD45.53bn	Monthly
France	08:45	Current Account (May)	✓✓	-	-EUR5.40bn	Monthly
France	08:45	Exports (May)	✓	-	EUR23.69bn	Monthly
France	08:45	Imports (May)	✓	-	EUR28.71bn	Monthly
France	08:45	Trade Balance (May)	✓✓✓	-	-EUR5.02bn	Monthly
Switzerland	09:00	Foreign Currency Reserves (Jun)	✓✓✓	-	CHF816.30bn	Monthly
UK	09:30	Halifax House Prices (MoM) (Jun)	✓	-	-0.20%	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (Jun)	✓	-	2.60%	Monthly
Italy	10:00	Retail Sales s.a. (MoM) (May)	✓✓✓	-	-10.50%	Monthly
Italy	10:00	Retail Sales n.s.a. (YoY) (May)	✓✓	-	-26.30%	Monthly
UK	10:30	Unit Labour Costs (QoQ) (Q1)	✓	-	0.60%	Quarterly
UK	10:30	Unit Labour Costs (YoY) (Q1)	✓	-	2.40%	Quarterly
US	16:00	JOLTs Job Openings (May)	✓	4850.00K	5046.00K	Monthly
US	19:00	Fed's Quarles speech	✓✓	-	-	As Scheduled
US	20:00	Fed's Daly and Barkin Takes Part in NABE Talk on Economy	✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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