

ONE  
Minute Brief

9 July 2020

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## Economic and political news

Yesterday, South African Airways (SAA) business rescue practitioners published an updated plan which includes a year's training for up to 1,000 employees. Separately, the South African Airways Pilots' Association (Saapa) has indicated that it has no objection to the airline and the Department of Public Enterprises decision to offer its individual members voluntary severance packages.

Eskom has called on the public to reduce their electricity consumption as two generation units at the Kendal and Tutuka power stations tripped leading to a constrained power supply.

News reports indicate that an internal report compiled by senior executives of the South African Revenue Service (SARS) and forwarded to SARS Commissioner Edward Kieswetter in March recommends that two key reports, which were used to drive the "rogue unit" narrative, be officially withdrawn due to the "inaccurate or misleading information" it contained.

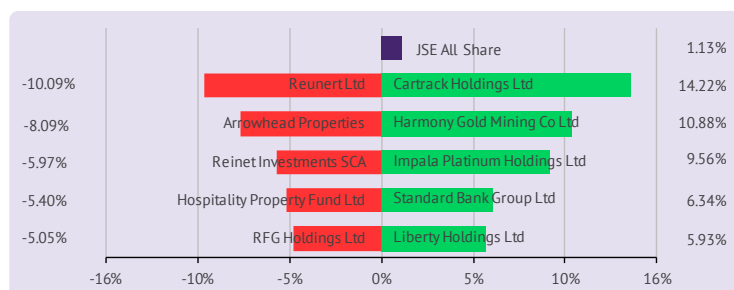
The Department of Health confirmed that the number of COVID-19 infections in South Africa (SA) had increased to 224,665.

## South Africa Market ▲

## South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining and banking sector stocks. The JSE All Share Index rose 1.1% to close at 55,870.69.

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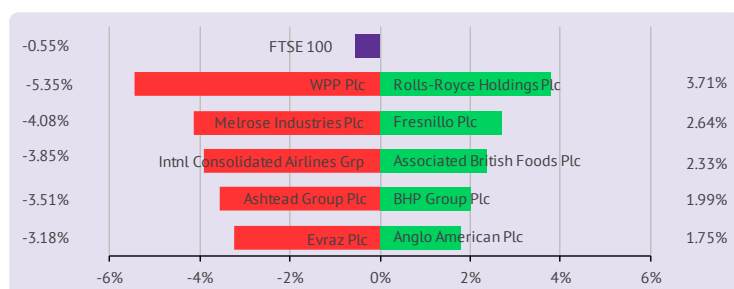


## UK Market ▼

## UK markets closed in the red

UK markets finished lower yesterday, as a surge in global COVID-19 cases renewed concerns about global economic recovery. The FTSE 100 Index declined 0.6% to close at 6,156.16. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

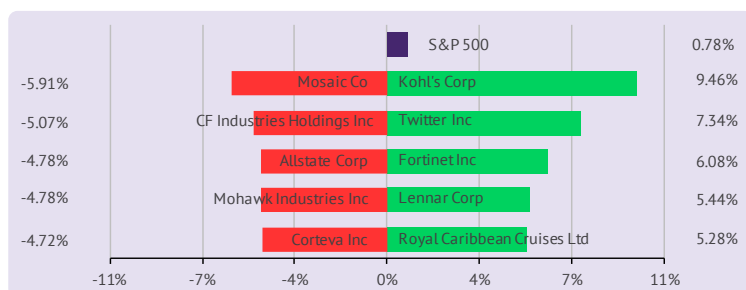
	As at 08 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55870.69	▲ 626.89	1.13	2.47	2.77	7.68	-2.13
JSE Top 40 (ZAR)	51558.75	▲ 636.43	1.25	2.75	2.76	7.80	1.46
FTSE 100 (GBP)	6156.16	▼ -33.74	-0.55	-0.02	-0.22	1.53	-18.38
DAX 30 (EUR)	12494.81	▼ -121.99	-0.97	-0.27	1.49	6.25	-5.69
CAC 40 (EUR)	4981.13	▼ -62.60	-1.24	-0.52	0.91	5.12	-16.68
S&P 500 (USD)	3169.94	▲ 24.62	0.78	1.28	2.25	1.84	-1.88
Nasdaq Composite (USD)	10492.50	▲ 148.61	1.44	2.79	4.31	5.99	16.94
DJIA (USD)	26067.28	▲ 177.10	0.68	0.93	0.99	1.69	-8.66
MSCI Emerging Markets (USD)	1070.14	▲ 17.60	1.67	3.59	7.54	6.96	-3.99
MSCI Developed World (USD)	2252.64	▲ 9.47	0.42	1.18	2.31	2.51	-4.49

## US Market ▲

## US markets closed firmer

US markets closed higher yesterday, supported by gains in technology sector stocks. The S&P 500 Index climbed 0.8% to close at 3,169.94. Today, the S&P 500 futures are trading in the red.

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## Asian Market ▲

## Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 0.5% higher at 22,553.07.

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## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally dropped against the South African Rand to trade at R16.9295. Later today, traders will keep a close watch on the US initial jobless claims for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications rose a weekly basis in the week ended 3 July 2020. Meanwhile, consumer credit dropped more than market consensus in May.

## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R21.3811. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that UK's RICS house price balance climbed more-than-expected in June.

The British Pound declined against the South African Rand yesterday.

## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.3% against the South African Rand to trade at R19.2393. Going forward, market participants will keep a tab on Germany's trade balance and current account balance for further cues.

The Euro weakened against the South African Rand yesterday.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally gained against the South African Rand to trade at R11.8298. Elsewhere, in China, Australia's largest trading partner, the consumer price index (CPI) advanced in line with market forecast in June. Additionally, the producer price index (PPI) dropped less than market consensus in June.

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	16.9295	▲	-1.34	-0.61	-2.39	-1.11	20.98
GBPZAR	21.3811	▼	-0.81	0.38	-0.75	-0.70	15.06
EURZAR	19.2393	▼	-0.86	0.14	-1.54	0.09	22.25
AUDZAR	11.8298	▼	-0.84	0.02	-1.28	2.35	20.19
EURUSD	1.1365	▲	0.50	0.73	0.85	1.20	1.04
GBPUSD	1.2629	▲	0.54	1.02	1.69	0.47	-4.88
Brent (\$/barrel)	43.3	▼	0.49	1.14	4.89	9.06	-34.41
Gold (\$/oz)	1820.9	▲	0.59	1.71	1.12	3.66	19.53
Platinum (\$/oz)	874.0	▼	2.37	6.26	3.96	-3.88	-10.03
Copper (\$/MT)*	6230.3	▲	0.74	3.43	3.76	12.19	1.32

\*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 \$1,820.90/oz.

Yesterday, gold prices rose 0.6% to close at \$1,820.60/oz, hitting its highest since September 2011, as continuing concerns over global surge in coronavirus 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 0.1% lower to trade at \$43.25/bl, amid renewed concerns about COVID-19-led lockdown restrictions in the US.

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Yesterday, Brent crude oil advanced 0.5% to settle at \$43.29/bl, amid rise in US crude imports and signs of recovery in gasoline consumption in the US. Meanwhile, the US Energy Information Administration (EIA) reported that crude oil inventories rose by 5.7mn bls in the week ended 03 July 2020.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$874.00/oz.

Yesterday, platinum prices climbed 2.4% to close at \$874.00/oz.

## Major South African corporate news

### Steinhoff International Holdings NV

The company announced that it has agreed to dispose of its shares in Conforama France, and certain related trademarks and domain names, to Mobilux Sàrl for a nominal sum. Additionally, it would sell a number of properties currently occupied by Conforama France. The disposal would secure the future of Conforama France, release the group from its liabilities in respect of that business and generate cash to reduce the current debt held by Conforama France.

## Major global economic news

### US

In the US, the MBA mortgage application rose 2.2% on a weekly basis in the week ended 03 July 2020, compared to a fall of 1.8% in the previous week.

In May, consumer credit dropped by USD18.28bn in the US, more than market expectations and compared to a revised plunge of USD70.19bn in the previous month.

### UK

In the UK, the RICS house price balance rose to -15.0% in June, more than market anticipations and compared to -32.0% in the previous month.

### Asia

In China, the consumer price index (CPI) advanced 2.5% on a yearly basis in June, in line with market expectations and compared to a rise of 2.4% in the prior month.

In June, the producer price index (PPI) fell 3.0% on an annual basis in China, less than market forecast and compared to a similar fall of 3.7% in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	RICS Housing Price Balance (Jun)	✓	-15.00%*	-32.00%	Monthly
Japan	01:50	Foreign Buying Japan Stocks (03-Jul)	✓	-JPY77.00bn*	-JPY494.40 bn	Weekly
Japan	01:50	Machinery Orders (MoM) (May)	✓	1.70%*	-12.00%	Monthly
Japan	01:50	Machinery Orders (YoY) (May)	✓✓	-16.30%*	-17.70%	Monthly
Japan	01:50	Money Supply M2+CD (YoY) (Jun)	✓	7.20%*	5.10%	Monthly
Japan	01:50	Money Supply M3 (YoY) (Jun)	✓	-	4.10%	Monthly
Canada	02:00	Housing Starts s.a. (Jun)	✓✓✓	198.00K	193.50K	Monthly
US	02:00	Wholesale Inventories (MoM) (May) (F)	✓✓✓	-	0.20%	Monthly
China	03:30	Consumer Price Index (MoM) (Jun)	✓✓✓	-0.1%*	-0.80%	Monthly
China	03:30	Consumer Price Index (YoY) (Jun)	✓✓✓	2.5%*	2.40%	Monthly
China	03:30	Producer Price Index (YoY) (Jun)	✓✓✓	-3.00%*	-3.70%	Monthly
Germany	08:00	Trade Balance n.s.a. (May)	✓✓✓	EUR5.20bn	EUR3.20bn	Monthly
Germany	08:00	Current Account n.s.a. (May)	✓	-	EUR7.70 bn	Monthly
Germany	08:00	Exports s.a. (MoM) (May)	✓	13.80%	-24.00%	Monthly
Germany	08:00	Imports s.a. (MoM) (May)	✓	12.00%	-16.50%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Jun) (P)	✓✓✓	-	-52.80%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Apr)	✓✓	-	-5.40%	Monthly
South Africa	13:00	Manufacturing Sales (Apr)	✓	-	ZAR192252002.00	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Apr)	✓✓	-	-1.20%	Monthly
US	14:30	Initial Jobless Claims (04-Jul)	✓✓✓	1375.00K	1427.00K	Weekly
US	14:30	Continuing Jobless Claims (27-Jun)	✓✓✓	18950.00K	19290.00K	Weekly
US	14:30	Initial Jobless Claims - Net Change (04-Jul)	✓	-	8.00K	Weekly
US	14:30	Continuing Jobless Claims - Net Change (04-Jul)	✓	-	-9.00K	Weekly
US	16:30	EIA Natural Gas Storage Change (03-Jul)	✓✓✓	-	65.00 Bcf	Weekly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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