

ONE Minute Brief

10 July 2020

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Economic and political news

In South Africa (SA), manufacturing production plunged 49.4% on an annual basis in April, compared to a revised drop of 5.5% in the previous month.

The Labour Appeal Court in Johannesburg has dismissed an appeal by the business rescue practitioners (BRPs) of South African Airways (SAA) against a ruling which prevented them from retrenching staff before finalising a rescue plan.

Eskom has warned of a "high probability" of power cuts through the weekend, as demand for electricity peaked due to cold weather.

The Financial Sector Conduct Authority (FSCA) has warned insurers to stop rejecting claims from businesses seeking to cover losses and stated that the national lockdown cannot be used by any insurer as grounds to reject a claim.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in SA had increased to 238,339.

Key indices

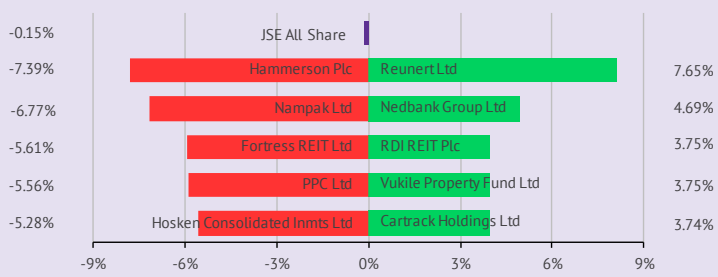
	As at 09 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55787.90	▼ -82.79	-0.15	2.32	2.62	7.68	-2.27
JSE Top 40 (ZAR)	51536.91	▼ -21.84	-0.04	2.70	2.71	7.80	1.42
FTSE 100 (GBP)	6049.62	▼ -106.54	-1.73	-1.75	-1.95	1.53	-19.79
DAX 30 (EUR)	12489.46	▼ -5.35	-0.04	-0.31	1.45	6.25	-5.73
CAC 40 (EUR)	4921.01	▼ -60.12	-1.21	-1.72	-0.30	5.12	-17.68
S&P 500 (USD)	3152.05	▼ -17.89	-0.56	0.70	1.67	1.84	-2.44
Nasdaq Composite (USD)	10547.75	▲ 55.25	0.53	3.33	4.86	5.99	17.56
DJIA (USD)	25706.09	▼ -361.19	-1.39	-0.47	-0.41	1.69	-9.92
MSCI Emerging Markets (USD)	1079.69	▲ 9.55	0.89	4.51	8.50	6.96	-3.14
MSCI Developed World (USD)	2240.73	▼ -11.91	-0.53	0.64	1.77	2.51	-4.99

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, as global coronavirus cases topped 12 million and weighed down by losses in gold mining, resources and industrial sector stocks. The JSE All Share Index fell 0.2% to close at 55,787.90.

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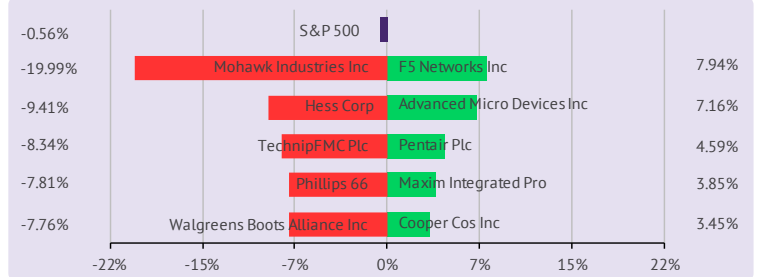


US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, amid mounting fears about another round of lockdown restrictions due to surging coronavirus infections in the US. The S&P 500 Index dropped 0.6% to close at 3,152.05. Today, the S&P 500 futures are trading in the red.

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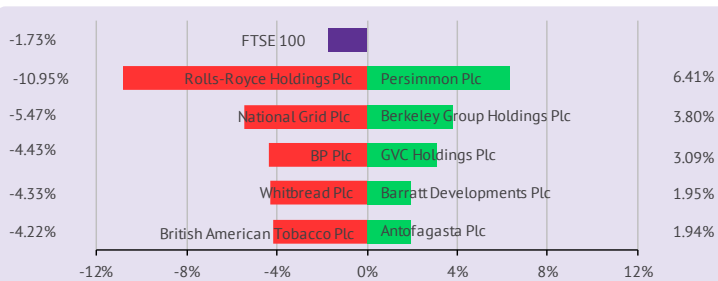


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, led by losses in energy sector stocks and amid concerns over economic recovery. The FTSE 100 Index declined 1.7% to close at 6,049.62. Today, the FTSE 100 futures are trading in positive territory.

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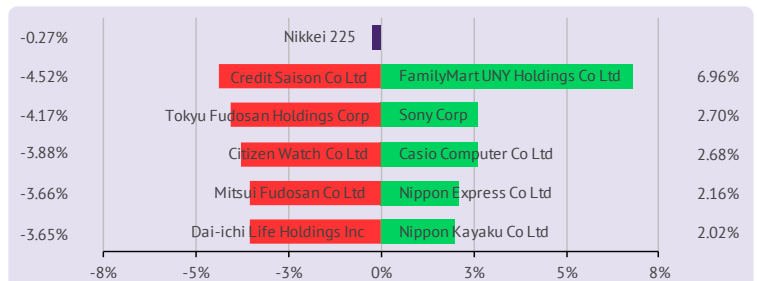


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, amid persistent worries over rising coronavirus cases around the world. As at 6:00 SAST, the Nikkei 225 Index is trading 0.3% lower at 22,468.56.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.2% against the South African Rand to trade at R16.8726. Later today, traders will keep a close watch on the US producer price index (PPI) for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US seasonally adjusted number of initial jobless claims dropped to a four-month low level in the week ended 03 July 2020. Separately, data indicated that SA's seasonally adjusted manufacturing production plunged on an annual basis in April, hitting its lowest level in 12 years.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R21.2437. 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.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand at R19.0231. 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, Germany's seasonally adjusted trade surplus widened more-than-expected in May. Meanwhile, non-seasonally adjusted current account surplus narrowed in May.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R11.7153.

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	16.8726	▼	-0.60	-1.21	-2.97	-1.11	20.25
GBPZAR	21.2437	▼	-0.61	-0.23	-1.36	-0.70	14.35
EURZAR	19.0231	▼	-1.00	-0.86	-2.53	0.09	21.02
AUDZAR	11.7153	▲	-0.84	-0.82	-2.11	2.35	19.17
EURUSD	1.1274	▼	-0.40	0.33	0.45	1.20	0.64
GBPUSD	1.2590	▼	-0.03	0.99	1.65	0.47	-4.91
Brent (\$/barrel)	42.1	▼	-2.17	-1.05	2.62	9.06	-35.83
Gold (\$/oz)	1805.9	▲	-0.92	0.77	0.18	3.66	18.43
Platinum (\$/oz)	841.5	▲	-4.28	1.71	-0.49	-3.88	-13.88
Copper (\$/MT)*	6300.4	▲	1.13	4.60	4.93	12.19	2.46

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,805.90/oz.

Yesterday, gold prices fell 0.9% to close at \$1,803.80/oz, amid strength in the US Dollar.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.6% to trade at \$42.10/bl.

Yesterday, Brent crude oil declined 2.2% to settle at \$42.35/bl, amid fears that lockdown restrictions would be re-implemented to contain the spread of coronavirus denting fuel demand.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.6% higher to trade at \$841.50/oz.

Yesterday, platinum prices dropped 4.3% to close at \$836.60/oz.

Major South African corporate news

Growthpoint Properties Limited

In its trading statement, the company announced that due to the impact of the COVID-19 on its business, it expects distributable income per share and distribution per share for FY20 to be at least 15.0% less than that of FY19.

Major global economic news

Eurozone

In Germany, seasonally adjusted trade surplus widened more-than-expected to EUR7.60bn in May, compared to a revised surplus of EUR3.40bn in the previous month.

In May, non-seasonally adjusted current account surplus narrowed to EUR6.50bn in Germany, compared to a revised surplus of EUR9.10bn in the previous month.

US

In the week ended 03 July 2020, seasonally adjusted number of initial jobless claims dropped to 1314.00K on a weekly basis in the US, more than market expectations and compared to a revised level of 1413.00K in the prior week.

Asia

In Japan, the producer price index (PPI) dropped 1.6% on an annual basis in June, less than market consensus and compared to a drop of 2.7% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Producer Price Index (YoY) (Jun)	✓✓	-1.60%*	-2.70%	Monthly
Japan	01:50	Producer Price Index (MoM) (Jun)	✓✓	0.60%*	-0.40%	Monthly
France	08:45	Industrial Production (MoM) (May)	✓✓✓	15.10%	-20.10%	Monthly
France	08:45	Industrial Production (YoY) (May)	✓✓✓	-	-34.20%	Monthly
France	08:45	Manufacturing Production (MoM) (May)	✓✓✓	-	-21.90%	Monthly
France	08:45	Manufacturing Production (YoY) (May)	✓✓✓	-	-37.10%	Monthly
France	08:45	Industrial Production (May)	✓✓	-	68.79	Monthly
Eurozone	09:00	ECOFIN Meeting	✓✓	-	-	As Scheduled
Italy	10:00	Industrial Production n.s.a. (YoY) (May)	✓✓	-32.50%	-40.70%	Monthly
Italy	10:00	Industrial Production s.a. (MoM) (May)	✓✓	22.80%	-19.10%	Monthly
Italy	10:00	Industrial Production w.d.a.(YoY) (May)	✓✓	-32.50%	-42.50%	Monthly
Eurozone	12:00	Eurodollar Options Expiry (Jul)	✓	-	-	Monthly
Portugal	12:00	Consumer Price Index (MoM) (Jun) (F)	✓	-	-0.40%	Monthly
Portugal	12:00	Consumer Price Index (YoY) (Jun) (F)	✓	-	-0.70%	Monthly
Portugal	12:00	Harmonized CPI (MoM) (Jun) (F)	✓✓	-	-0.20%	Monthly
Portugal	12:00	Harmonized CPI (YoY) (Jun) (F)	✓	-	-0.60%	Monthly
Portugal	12:00	Trade Balance (May)	✓	-	-EUR1.13bn	Monthly
Eurozone	13:15	Press conference following the video conference of finance ministers	✓	-	-	As Scheduled
Canada	14:30	Full Time Employment Change (Jun)	✓✓	-	219.40K	Monthly
Canada	14:30	Net Change in Employment (Jun)	✓✓	700.00K	289.60K	Monthly
Canada	14:30	Part Time Employment Change (Jun)	✓✓	-	70.30K	Monthly
Canada	14:30	Participation Rate (Jun)	✓	-	61.40%	Monthly
Canada	14:30	Unemployment Rate (Jun)	✓✓	12.00%	13.70%	Monthly
US	14:30	Producer Price Index (MoM) (Jun)	✓✓✓	-	0.40%	Monthly
US	14:30	Producer Price Index (YoY) (Jun)	✓✓✓	-0.20%	-0.80%	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (Jun)	✓✓	0.10%	-0.10%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (Jun)	✓✓	0.50%	0.30%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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