

# ONE Minute Brief

04 August 2020

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## Economic and political news

In South Africa (SA), the manufacturing PMI dropped to 51.20 in July, compared to a level of 53.90 in the prior month. Meanwhile, total new vehicle sales advanced to 32,396 units in July, compared to 31,642 units in the previous month.

Eskom and SA's Special Investigating Unit (SIU) have issued a court summons in an effort to recover ZAR3.8bn (USD221mn) of "diverted funds" from former Eskom executives, board members, the Gupta family and their associates.

The Department of Minerals and Energy announced that petrol price in SA will increase by 5c to ZAR15.17 per litre, while diesel will rise by 45c to ZAR13.48 per litre.

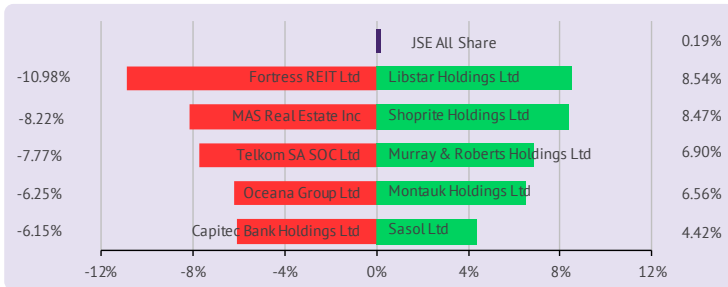
Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in SA had increased to 516,862.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in technology, resources and platinum mining sector stocks. The JSE All Share Index rose 0.2% to close at 55,829.40.

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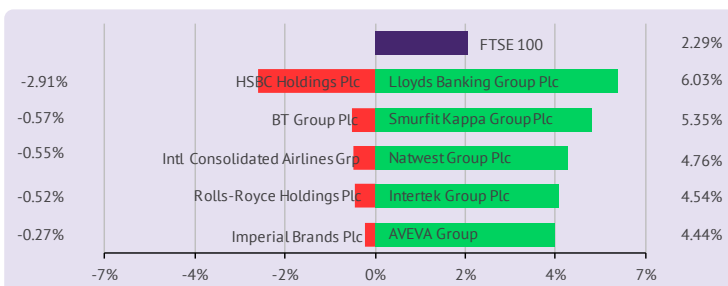


## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, as better-than expected manufacturing PMIs across the globe revived hopes for economic recovery. The FTSE 100 Index climbed 2.3% to close at 6,032.85. Today, the FTSE 100 futures are trading in positive territory.

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## Key indices

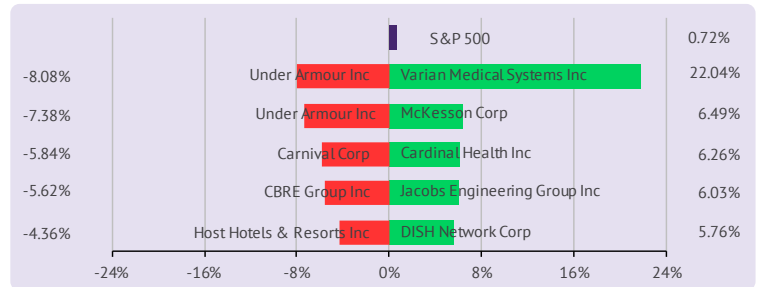
	As at 03 Aug 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55829.40	▲ 107.60	0.19	0.19	0.19	2.50	-2.20
JSE Top 40 (ZAR)	51571.71	▲ 202.89	0.39	0.39	0.39	2.38	1.49
FTSE 100 (GBP)	6032.85	▲ 135.09	2.29	2.29	2.29	-4.41	-20.01
DAX 30 (EUR)	12646.98	▲ 333.62	2.71	2.71	2.71	0.02	-4.54
CAC 40 (EUR)	4875.93	▲ 92.24	1.93	1.93	1.93	-3.09	-18.44
S&P 500 (USD)	3294.61	▲ 23.49	0.72	0.72	0.72	5.51	1.98
Nasdaq Composite (USD)	10902.80	▲ 157.53	1.47	1.47	1.47	6.82	21.51
DJIA (USD)	26664.40	▲ 236.08	0.89	0.89	0.89	2.38	-6.57
MSCI Emerging Markets (USD)	1077.87	▼ -1.05	-0.10	-0.10	-0.10	8.42	-3.30
MSCI Developed World (USD)	2324.08	▲ 19.10	0.83	0.83	0.83	4.69	-1.46

## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, boosted by gains in technology sector stocks and after the Democrat and Republican officials resumed talks on a new stimulus package. The S&P 500 Index rose 0.7% to close at 3,294.61. Today, the S&P 500 futures are trading in the green.

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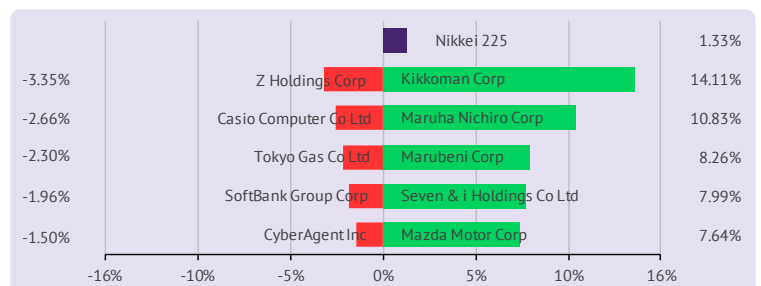


## Asian Market ▲

### 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 1.3% higher at 22,490.29.

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## USD ZAR ▼

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar slightly rose against the South African Rand to trade at R17.1977. Later today, traders will keep a close watch on the US factory orders for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US final Markit manufacturing PMI advanced in July. Additionally, the ISM manufacturing activity index rose in July, recording its highest level in 15 months and marking its third straight month of expansion. Meanwhile, construction spending fell more-than-anticipated on a monthly basis in June. Separately, data indicated that SA's manufacturing PMI fell in July. On the other hand, total new vehicle sales climbed in July.

## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally rose against the South African Rand to trade at R22.4880. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's final Markit manufacturing PMI advanced in July, recording its highest level since March 2019.

## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R20.2385. Going forward, market participants will keep a tab on Eurozone's producer price index for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's manufacturing activity expanded for the first time since early 2019 in July. Separately, Germany's final Markit manufacturing PMI climbed in July.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R12.2551. Earlier in the session, Australia's trade surplus widened less-than-anticipated in June. Meanwhile, seasonally adjusted retail sales advanced more than market forecast 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	17.1977	▼	0.72	0.72	0.72	-1.61	22.82
GBPZAR	22.4880	▼	0.65	0.65	0.65	3.78	21.10
EURZAR	20.2385	▼	0.59	0.59	0.59	3.15	28.83
AUDZAR	12.2551	▼	0.43	0.43	0.43	1.81	24.49
EURUSD	1.1768	▲	-0.14	-0.14	-0.14	4.84	4.90
GBPUSD	1.3076	▲	-0.08	-0.08	-0.08	5.52	-1.37
Brent (\$/barrel)	43.8	▼	1.45	1.45	1.45	5.45	-33.11
Gold (\$/oz)	1992.3	▲	0.16	0.16	0.16	9.01	29.08
Platinum (\$/oz)	939.3	▲	1.33	1.33	1.33	9.30	-4.15
Copper (\$/MT)*	6495.0	▲	1.14	1.14	1.14	6.95	5.63

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 1.3% to trade at \$1,992.30/oz.

Yesterday, gold prices rose 0.2% to close at \$1,966.00/oz.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.8% to trade at \$43.81/bl, amid worries over recovery in crude demand due to rising COVID-19 infections.

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Yesterday, Brent crude oil advanced 1.5% to settle at \$44.15/bl, as positive readings on manufacturing activity offset concerns over growing coronavirus cases.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.9% higher to trade at \$939.30/oz.

Yesterday, platinum prices climbed 1.3% to close at \$931.10/oz.

## Major South African corporate news

### Shoprite Holdings Limited

In its FY20 operational update, the company announced that total merchandise sales rose by 6.4% to approximately ZAR156.90bn. Like-for-like growth for the year was 4.4%. Further, the company has decided to initiate a formal process to consider the potential sale of all, or a majority stake, in Retail Supermarkets Nigeria Limited, a subsidiary of Shoprite International Limited.

## Major global economic news

### Asia

In Japan, the Tokyo consumer price index (CPI) rose 0.6% on an annual basis in July, more than market anticipations and compared to a rise of 0.3% in the previous month.

In Australia, trade surplus widened less-than-expected to AUD8.20bn in June, compared to a surplus of AUD8.03bn in the previous month.

In June, seasonally adjusted retail sales advanced 2.7% on a monthly basis in Australia, compared to a rise of 2.4% in the prior month.

### Eurozone

In the Eurozone, the final Markit manufacturing PMI climbed to 51.80 in July, compared to a level of 47.40 in the previous month. The preliminary figures had recorded a rise to 51.10.

In Germany, the final Markit manufacturing PMI in Germany advanced to 51.00 in July, compared to a level of 45.20 in the prior month. The preliminary figures had recorded an advance to 50.00.

### US

In the US, the ISM manufacturing activity index jumped to a level of 54.20 in July, more than market expectations and compared to a level of 52.60 in the prior month.

In July, the final Markit manufacturing PMI advanced to 50.90 in the US, compared to a level of 49.80 in the prior month. The preliminary figures had indicated a rise to 51.30.

In the US, construction spending fell 0.7% on a monthly basis in June, more than market consensus and compared to a revised drop of 1.7% in the previous month.

### UK

In the UK, the final Markit manufacturing PMI rose to 53.30 in July, compared to a level of 50.10 in the prior month. The preliminary figures had indicated an advance to 53.60.

## Technical snapshot

### JSE All Share



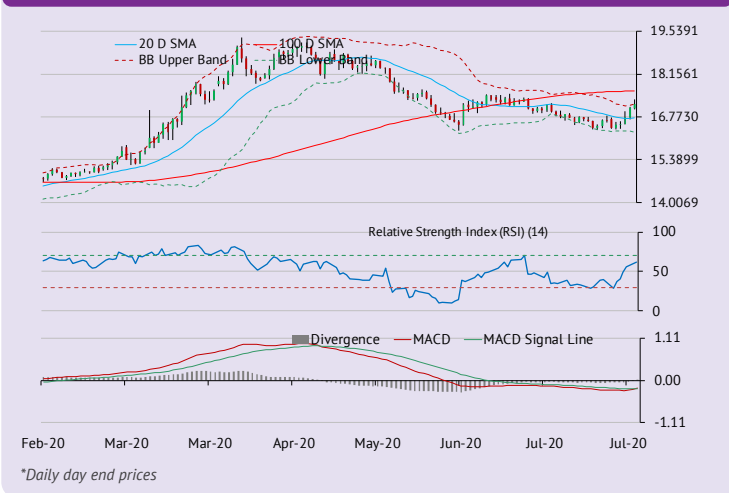
The JSE All Share index is expected to find support at 55,143.54, and a fall through could take it to the next support level of 54,457.67. The index is expected to find its first resistance at 56,791.85, and a rise through could take it to the next resistance level of 57,754.29.

### S&P 500



The S&P 500 index is expected to find support at 3,231.58, and a fall through could take it to the next support level of 3,168.56. The index is expected to find its first resistance at 3,330.18, and a rise through could take it to the next resistance level of 3,365.76.

### USD ZAR



The pair is expected to find support at 16.5882, and a fall through could take it to the next support level of 15.9816. The pair is expected to find its first resistance at 17.5756, and a rise through could take it to the next resistance level of 17.9564.

### XAU USD



Gold is expected to find support at \$1,916.03/oz, and a fall through could take it to the next support level of \$1,866.07/oz. The precious metal is expected to find its first resistance at \$2,000.13/oz, and a rise through could take it to the next resistance level of \$2,034.27/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Tokyo Consumer Price Index (YoY) (Jul)	✓✓✓	0.60%*	0.30%	Monthly
Switzerland	07:45	SECO Consumer Climate (Q3) (F)	✓✓	-	-39.30	Quarterly
Spain	09:00	Unemployment Change (Jul)	✓✓✓	-	5.10K	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Jun)	✓✓✓	0.50%	-0.60%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Jun)	✓✓✓	-3.90%	-5.00%	Monthly
US	14:55	Redbook Index (YoY) (31-Jul)	✓	-	-8.70%	Weekly
US	14:55	Redbook Index s.a. (MoM) (31-Jul)	✓	-	1.10%	Weekly
Eurozone	15:00	Consolidated Financial Statement of the Eurosystem	✓	-	-	As Scheduled
Canada	15:30	RBC Canadian Manufacturing PMI (Jul)	✓✓✓	44.10	47.80	Monthly
US	16:00	Cap Goods Orders Nondef Ex Air (Jun) (F)	✓	-	1.60%	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Jun) (F)	✓	-	1.60%	Monthly
US	16:00	Durable Goods Orders (Jun) (F)	✓✓✓	-	15.10%	Monthly
US	16:00	Durable Goods Orders ex Transportation (Jun) (F)	✓✓	-	3.60%	Monthly
US	16:00	Factory Orders (MoM) (Jun)	✓✓✓	5.00%	8.00%	Monthly
US	16:00	Factory Orders (Jun)	✓	-	412838.00mn	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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