

ONE  
Minute Brief

05 August 2020

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## Economic and political news

South Africa's (SA) parliament has shortlisted eight candidates for the position of auditor-general (AG), the country's supreme audit institution that is constitutionally mandated to enforce oversight and accountability in the public sector. The selected candidate will succeed Kimi Makwetu whose term ends on 31 November.

The Labour Court has ruled that state-owned aerospace and military technology company Denel must honour all its outstanding contractual and statutory obligations towards members of unions Solidarity and UASA by no later than 7 August.

According to National Treasury data, non-resident bond holdings dropped to 30.1% as of 31 July, from 30.6% the previous month and as high as 37.3% in January.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 521,318, with total number of fatalities at 8,884.

The Competition Commission has referred and settled 30 Covid-19 related cases to the value of over ZAR15.3mn, of which over ZAR5.5mn has been donated to the Solidarity Fund.

## Key indices

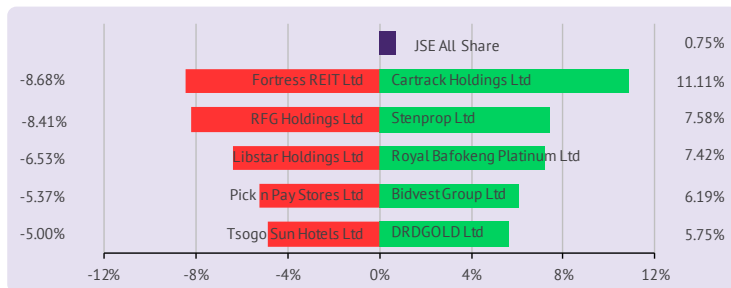
	As at 04 Aug 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56248.93	▲	419.53	0.75	0.95	0.95	2.50	-1.46
JSE Top 40 (ZAR)	51951.34	▲	379.63	0.74	1.13	1.13	2.38	2.23
FTSE 100 (GBP)	6036.00	▲	3.15	0.05	2.34	2.34	-4.41	-19.97
DAX 30 (EUR)	12600.87	▼	-46.11	-0.36	2.33	2.33	0.02	-4.89
CAC 40 (EUR)	4889.52	▲	13.59	0.28	2.21	2.21	-3.09	-18.21
S&P 500 (USD)	3306.51	▲	11.90	0.36	1.08	1.08	5.51	2.34
Nasdaq Composite (USD)	10941.17	▲	38.37	0.35	1.82	1.82	6.82	21.94
DJIA (USD)	26828.47	▲	164.07	0.62	1.51	1.51	2.38	-5.99
MSCI Emerging Markets (USD)	1089.58	▲	11.72	1.09	0.99	0.99	8.42	-2.25
MSCI Developed World (USD)	2336.82	▲	12.74	0.55	1.38	1.38	4.69	-0.92

## South Africa Market ▲

## South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in gold mining, platinum and resources sector stocks. The JSE All Share Index rose 0.8% to close at 56,248.93.

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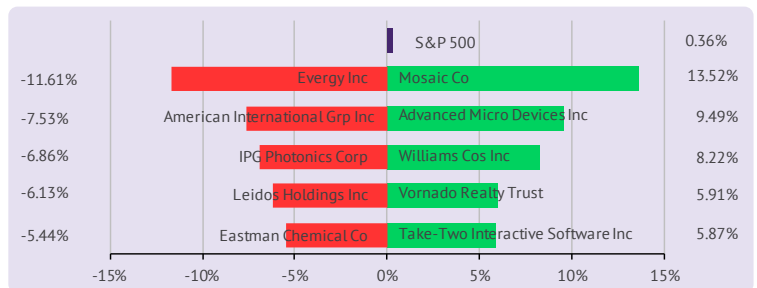


## US Market ▲

## US markets closed firmer

US markets closed higher yesterday, helped by gains in real estate and energy sector stocks. The S&P 500 Index climbed 0.4% to close at 3,306.51. Today, the S&P 500 futures are trading in the red.

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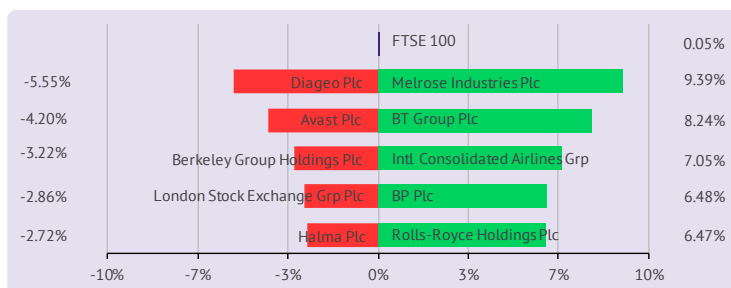


## UK Market ▲

## UK markets closed in the green

UK markets finished higher yesterday, amid hopes of global economic recovery. The FTSE 100 Index advanced 0.1% to close at 6,036.00. Today, the FTSE 100 futures are trading in negative territory.

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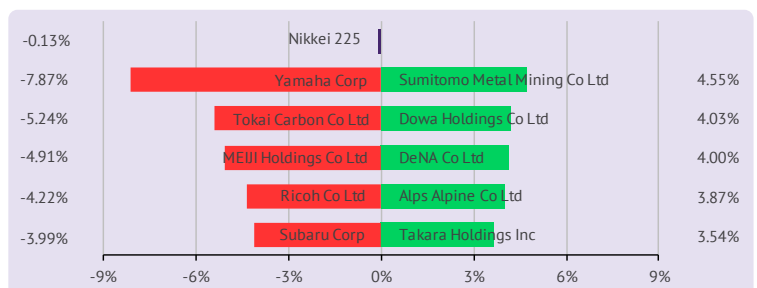


## Asian Market ▼

## Trading mostly lower

Asian markets are trading mostly lower this morning, amid ongoing uncertainty related to the coronavirus relief package in the US. As at 6:00 SAST, the Nikkei 225 Index is trading 0.1% lower at 22,544.12.

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## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% weaker against the South African Rand at R17.3179. Later today, traders will keep a close watch on the US MBA mortgage applications, ADP employment change, trade balance, the Markit services PMI and the ISM non-manufacturing PMI for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, US factory orders as well as durable goods orders advanced in June.

## GBP ZAR ▲

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R22.6693. Ahead in the day, traders will keep an eye on UK's Markit services PMI for further indication.

The British Pound advanced against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.3% weaker against the South African Rand at R20.4613. Going forward, market participants will keep a tab on Eurozone's Markit services PMI and retail sales along with Germany's Markit services PMI for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's producer price index (PPI) rose for the first time in five months in June.

## AUD ZAR ▼

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R12.4486. Earlier in the session, Australia's AiG performance of construction index advanced in July. Meanwhile, the Commonwealth Bank services PMI unexpectedly dropped in July. Elsewhere, in China, Australia's largest trading partner, the Caixin services PMI dropped more than market anticipations in July.

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	17.3179	▲	1.10	1.83	1.83	-1.61	24.17
GBPZAR	22.6693	▲	1.08	1.73	1.73	3.78	22.40
EURZAR	20.4613	▲	1.45	2.05	2.05	3.15	30.70
AUDZAR	12.4486	▼	1.57	2.01	2.01	1.81	26.45
EURUSD	1.1815	▲	0.35	0.21	0.21	4.84	5.26
GBPUSD	1.3090	▲	-0.03	-0.11	-0.11	5.52	-1.40
Brent (\$/barrel)	44.4	▼	0.63	2.09	2.09	5.45	-32.68
Gold (\$/oz)	2030.9	▲	1.79	1.96	1.96	9.01	31.39
Platinum (\$/oz)	954.3	▼	2.59	3.95	3.95	9.30	-1.67
Copper (\$/MT)*	6453.0	▼	-0.65	0.48	0.48	6.95	4.94

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices climbed 1.5% to trade at \$2,030.90/oz.

Yesterday, gold prices rose 1.8% to close at \$2,001.20/oz, amid weakness in the US Dollar.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged marginally lower to trade at \$44.41/bl. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories declined by 8.6mn bls last week.

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Yesterday, Brent crude oil advanced 0.6% to settle at \$44.43/bl.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$954.30/oz.

Yesterday, platinum prices climbed 2.6% to close at \$955.20/oz.

## Major South African corporate news

### Cashbuild Limited

In its 4Q20 operational update, the company announced that revenues edged down 17.0% compared to prior year, with the 22 new stores opened since 1 July 2018 contributing 3.0% growth, whilst the 296 existing stores reflected a decline of 20.0%. It expects its EPS and HEPS for FY20 to decrease by more than 20.0%, as compared to previous year.

### Rebosis Property Fund Limited

The company announced that Isabeau King has resigned as Chief Financial Officer (CFO). Further, her contractual notice period is three months from 1 August 2020 till 31 October 2020 during which time she will ensure a smooth handover. The company has appointed Ms Asathi Magwentshu as the acting CFO.

### Pick n Pay Stores Limited

In its 1H20 earnings update, the company announced that it expects HEPS to decline by more than 42.52c, compared to 85.03c reported in same period of last year.

### Royal Bafokeng Platinum Limited

In its 1H20 results, the company announced that revenue advanced 45.6% to ZAR4.61bn from ZAR3.2bn reported in the same period of the preceding year. Its diluted EPS stood at 319.30c, compared to diluted loss per share of 70.80c recorded in the corresponding period of the previous year.

## Major global economic news

### Asia

In Australia, the AiG performance of construction index rose to 42.70 in July, compared to a level of 35.50 in the previous month.

In July, the Commonwealth Bank services PMI unexpectedly fell to 58.20 in Australia, compared to a level of 58.50 in the previous month.

In Japan, the Jibun Bank services PMI climbed to 45.40 in July, compared to a level of 45.00 in the prior month.

In China, the Caixin services PMI declined more-than-expected to 54.10 in July, compared to a level of 58.40 in the previous month.

The Reserve Bank of Australia (RBA), in its latest monetary policy decision, kept its interest rate unchanged at 0.25%, as widely expected. Further, RBA Governor Philip Lowe stated that the downturn was not as severe as the bank originally feared but it was still going to be “uneven and bumpy”, with the coronavirus outbreak in Victoria having a major impact. Moreover, the central bank reiterated that the outlook remained “highly uncertain”.

### US

In June, the final durable goods orders rose 7.6% on a monthly basis in the US, compared to a revised rise of 15.1% in the previous month. The preliminary figures had recorded a rise of 7.3%.

In the US, factory orders advanced 6.2% on a monthly basis in June, compared to a revised rise of 7.7% in the previous month.

### Eurozone

In the Eurozone, the PPI dropped 3.7% on an annual basis in June, less than market anticipations and compared to a drop of 5.0% in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	02:30	Nikkei Japan Services PMI (Jul) (F)	✓✓	45.40*	45.00	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Jul) (F)	✓✓✓	44.90*	40.80	Monthly
China	03:45	Caixin/Markit Services PMI (Jul)	✓✓✓	54.10*	58.40	Monthly
Spain	09:15	Markit Services PMI (Jul)	✓✓✓	52.00	50.20	Monthly
Italy	09:45	Markit Services PMI (Jul)	✓✓✓	51.10	46.40	Monthly
France	09:50	Markit Services PMI (Jul) (F)	✓✓✓	57.80	50.70	Monthly
France	09:50	Markit Composite PMI (Jul) (F)	✓✓✓	57.60	51.70	Monthly
Germany	09:55	Markit Services PMI (Jul) (F)	✓✓✓	56.70	47.30	Monthly
Germany	09:55	Markit Composite PMI (Jul) (F)	✓✓✓	55.50	47.00	Monthly
Eurozone	10:00	Markit Composite PMI (Jul) (F)	✓✓✓	54.80	48.50	Monthly
Eurozone	10:00	Markit Services PMI (Jul) (F)	✓✓✓	55.10	48.30	Monthly
UK	10:30	Markit Services PMI (Jul) (F)	✓	56.60	47.10	Monthly
UK	10:30	Markit Composite PMI (Jul) (F)	✓	57.10	47.70	Monthly
Eurozone	11:00	Retail Sales (MoM) (Jun)	✓✓✓	5.90%	17.80%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Jun)	✓✓✓	-0.50%	-5.10%	Monthly
Eurozone	12:00	ECB Balance sheet (27-Jul)	✓✓	-	EUR6351.42bn	Weekly
US	13:00	MBA Mortgage Applications (31-Jul)	✓	-	-0.80%	Weekly
US	14:15	ADP Employment Change (Jul)	✓✓✓	1500.00K	2369.00K	Monthly
Canada	14:30	International Merchandise Trade (Jun)	✓✓✓	-CAD0.90bn	-CAD0.68bn	Monthly
US	14:30	Trade Balance (Jun)	✓✓✓	-USD50.10bn	-USD54.60bn	Monthly
US	15:45	Markit Services PMI (Jul) (F)	✓✓✓	49.60	47.90	Monthly
US	15:45	Markit Composite PMI (Jul) (F)	✓✓✓	50.00	47.90	Monthly
US	16:00	ISM Non-Manufacturing PMI (Jul)	✓✓✓	55.00	57.10	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (31-Jul)	✓✓✓	-	-10.61mn	Weekly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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