

ONE
Minute Brief

6 October 2020



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Economic and political news

In South Africa (SA), the IHS Markit PMI rose to 49.40 in September, compared to a level of 45.30 in the previous month.

News reports indicate that Eskom Chief Executive Officer (CEO) Andre de Ruyter has been cleared of allegations that he misled the board on a fuel oil supply tender. Separately, the power utility confirmed that it would implement load shedding in several of SA's provinces today.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 682,215 and death toll has surpassed the 17,000 mark.

Former Democratic Alliance (DA) Gauteng leader John Moodey has joined Herman Mashaba's newly-formed political party ActionSA as provisional chair.

The Development Bank of Southern Africa (DBSA) has appointed Mohale Rakgate to head the infrastructure fund.

News reports indicate that the Gautrain management is willing to negotiate to end the wage deadlock.

Key indices

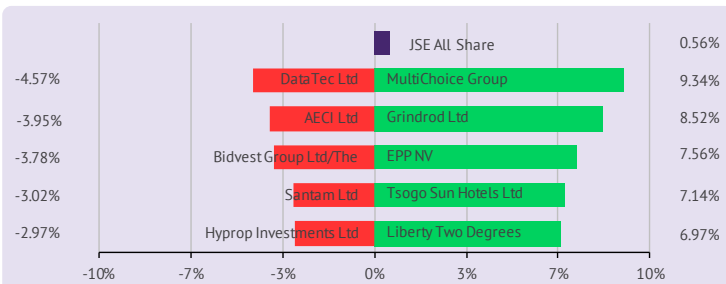
	As at 05 Oct 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54524.05	▲	304.81	0.56	0.56	0.48	-2.18	-4.48
JSE Top 40 (ZAR)	50183.12	▲	286.44	0.57	0.57	0.28	-2.31	-1.25
FTSE 100 (GBP)	5942.94	▲	40.82	0.69	0.69	1.31	-1.63	-21.21
DAX 30 (EUR)	12828.31	▲	139.27	1.10	1.10	0.53	-1.43	-3.18
CAC 40 (EUR)	4871.87	▲	46.99	0.97	0.97	1.42	-2.91	-18.50
S&P 500 (USD)	3408.63	▲	60.19	1.80	1.80	1.36	-3.92	5.50
Nasdaq Composite (USD)	11332.49	▲	257.47	2.32	2.32	1.48	-5.16	26.30
DJIA (USD)	28148.64	▲	465.83	1.68	1.68	1.32	-2.28	-1.37
MSCI Emerging Markets (USD)	1091.38	▲	9.68	0.89	0.89	0.87	-1.77	-2.09
MSCI Developed World (USD)	2403.50	▲	41.09	1.74	1.74	1.53	-3.59	1.91

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial, gold mining and resources sector stocks. Data indicated that SA's IHS Markit PMI improved in September. The JSE All Share Index rose 0.6% to close at 54,524.05.

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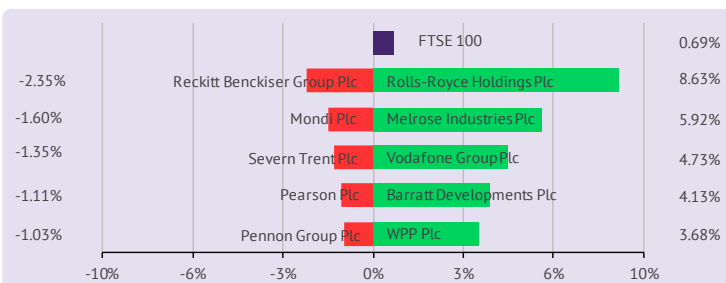


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as energy sector stocks rallied on the back of higher crude oil prices. The FTSE 100 Index advanced 0.7% to close at 5,942.94. Today, the FTSE 100 futures are trading in positive territory.

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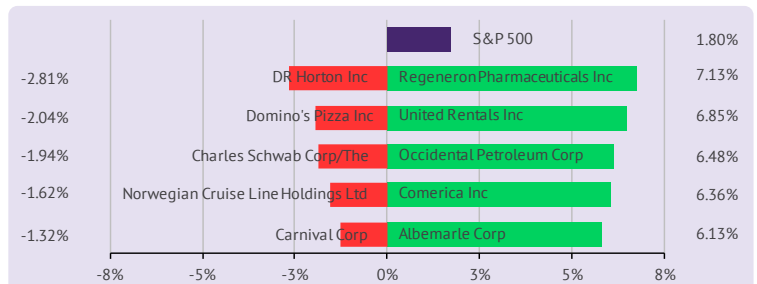


US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid news that US President Donald Trump's health is improving and hopes for additional fiscal stimulus from the US government. The S&P 500 Index climbed 1.8% to close at 3,408.63. Today, the S&P 500 futures are trading in the green.

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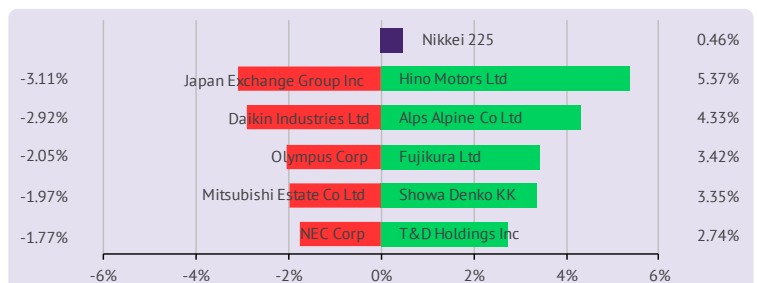


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, amid prospects for a US stimulus package and reports of an improvement in Donald Trump's health. As at 6:00 SAST, the Nikkei 225 Index is trading 0.5% higher at 23,419.86.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell 0.4% against the South African Rand to trade at R16.5195. Later today, traders will keep a close watch on the US trade balance, the JOLTS job openings and Federal Reserve (Fed) Chairman Jerome Powell's speech for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US final Markit services PMI dropped in September. Meanwhile, the ISM services index unexpectedly climbed in September. Separately, data indicated that SA's IHS Markit PMI advanced to a 11-month high level in September.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.3% against the South African Rand to trade at R21.4552. Ahead in the day, traders will keep an eye on UK's Markit construction PMI for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's final Markit services PMI fell in September.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.3% lower against the South African Rand at R19.4759. Going forward, market participants will keep a tab on European Central Bank President Christine Lagarde's speech and Germany's factory orders for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's final Markit services PMI dropped in September. Additionally, the Sentix investor confidence index unexpectedly fell in October. On the other hand, seasonally adjusted retail sales advanced more-than-expected in August. Separately, Germany's final Markit services PMI fell in September.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R11.8708. Earlier in the session, Australia's AiG performance of construction index advanced in September. Additionally, both, the NAB business confidence index and the NAB business conditions index improved in September. Meanwhile, trade balance unexpectedly narrowed on a monthly basis in August.

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	16.5195	▲	0.34	0.34	-0.98	-1.14	18.46
GBPZAR	21.4552	▲	0.59	0.59	-0.60	-4.39	15.94
EURZAR	19.4759	▲	0.90	0.90	-0.43	-2.94	24.48
AUDZAR	11.8708	▲	0.59	0.59	-0.74	-3.98	21.03
EURUSD	1.1790	▲	0.57	0.57	0.53	-1.80	5.08
GBPUSD	1.2987	▲	0.34	0.34	0.46	-3.37	-2.10
Brent (\$/barrel)	41.4	▲	5.14	5.14	-2.39	-6.58	-37.44
Gold (\$/oz)	1916.7	▲	0.65	0.65	1.32	-4.21	25.57
Platinum (\$/oz)	897.2	■	1.56	1.56	-0.42	-3.93	-7.64
Copper (\$/MT)*	6514.3	▼	-0.50	-0.50	-2.31	-0.44	5.94

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,916.70/oz.

Yesterday, gold prices rose 0.7% to close at \$1,912.50/oz, amid weakness in the US Dollar.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$41.44/bl.

Yesterday, Brent crude oil advanced 5.1% to settle at \$41.29/bl, amid optimism over US President Donald Trump's COVID-19 recovery.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally retreated to trade at \$897.20/oz.

Yesterday, platinum prices climbed 1.6% to close at \$897.20/oz.

Major South African corporate news

Allied Electronics Corporation Limited

The company announced that the Supreme Court of Appeal has overturned with costs the previous judgment of the High Court in Pretoria in its entirety. This is regarding the matter of Altech Radio Holdings Proprietary Limited (now called Altron Nexus) and others vs The City of Tshwane Metropolitan Municipality.

Tongaat Hulett Limited

The company released a notification regarding the fulfillment of the suspensive conditions to the disposal by THL of its starch business to a wholly owned subsidiary of Barloworld. Further, the firm announced that the Takeover Regulation Panel has issued a compliance certificate in respect of the Disposal in terms and that all the suspensive conditions to which the Disposal was subject have therefore now been fulfilled or waived. It is anticipated that the Disposal would be implemented on 31 October 2020.

Major global economic news

Asia

In Australia, the AiG performance of construction index advanced to 45.20 in September, compared to a level of 37.90 in the previous month.

In August, trade balance unexpectedly narrowed to AUD2.64bn in Australia, compared to a surplus of AUD4.29bn in the prior month.

In Australia, the NAB business confidence index rose to -4.00 in September, compared to a level of -8.00 in the previous month.

In September, the NAB business conditions index recorded a flat reading in Australia, compared to a level of -6.00 in the prior month.

Bank of Japan (BoJ) Governor, Haruhiko Kuroda, in his speech, warned that uncertainty over the country's economic and price outlook remained "very high" as the coronavirus pandemic continued to impact global growth. Meanwhile, he indicated that the country is headed towards a moderate recovery.

Eurozone

In the Eurozone, seasonally adjusted retail sales grew 4.4% on a monthly basis in August, more than market expectations and compared to a revised drop of 1.8% in the previous month.

In October, the Sentix investor confidence index dropped less-than-expected to -8.30 in the Eurozone, compared to a level of -8.00 in the previous month.

In the Eurozone, the final Markit services PMI declined to a level of 48.00 in September, compared to a level of 50.50 in the previous month. The preliminary figures had indicated a fall to 47.60.

In Germany, the final Markit services PMI slid to 50.60 in September, compared to a level of 52.50 in the prior month. The preliminary figures had recorded a drop to 49.10.

US

In the US, the final Markit services PMI eased to 54.60 in September, compared to a level of 55.00 in the previous month. The preliminary figures had also recorded a level of 54.60.

In September, the ISM services PMI unexpectedly climbed to 57.80 in the US, compared to a level of 56.90 in the prior month.

UK

In the UK, the final Markit services PMI fell to a level of 56.10 in September, compared to a level of 58.80 in the previous month. The preliminary figures had indicated a fall to 55.10.

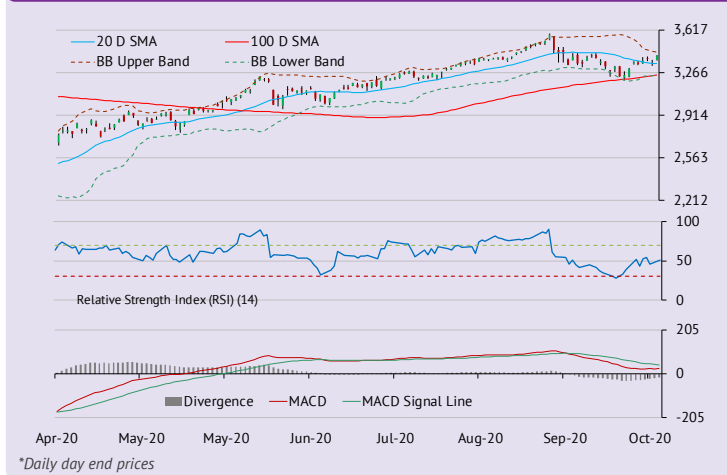
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 53,932.17, and a fall through could take it to the next support level of 53,340.29. The index is expected to find its first resistance at 54,965.94, and a rise through could take it to the next resistance level of 55,407.83.

S&P 500



The S&P 500 index is expected to find support at 3,351.69, and a fall through could take it to the next support level of 3,294.75. The index is expected to find its first resistance at 3,437.57, and a rise through could take it to the next resistance level of 3,466.51.

USD ZAR


















The pair is expected to find support at 16.2276, and a fall through could take it to the next support level of 15.8714. The pair is expected to find its first resistance at 17.0742, and a rise through could take it to the next resistance level of 17.5646.

XAU USD



Gold is expected to find support at \$1,884.73/oz, and a fall through could take it to the next support level of \$1,856.97/oz. The precious metal is expected to find its first resistance at \$1,927.93/oz, and a rise through could take it to the next resistance level of \$1,943.37/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Germany	08:00	Factory Orders n.s.a. (YoY) (Aug)	✓✓✓	-	-7.30%	Monthly
 Germany	08:00	Factory Orders s.a. (MoM) (Aug)	✓✓	2.60%	2.80%	Monthly
 Eurozone	09:15	European Council President Speech	✓	-	-	As Scheduled
 Germany	09:30	Markit Construction PMI (Sep)	✓✓	-	48.00	Monthly
 UK	10:30	Markit Construction PMI (Sep)	✓	54.10	54.60	Monthly
 Canada	14:30	International Merchandise Trade (Aug)	✓✓✓	-CAD2.50bn	-CAD2.45bn	Monthly
 Canada	14:30	Exports (Customs) s.a. (Aug)	✓	-	CAD44350.10mn	Monthly
 Canada	14:30	Imports (Customs) s.a. (Aug)	✓	-	CAD46472.30mn	Monthly
 US	14:30	Trade Balance (Aug)	✓✓✓	-USD66.20bn	-USD63.60bn	Monthly
 US	14:30	Exports (MoM) (Aug)	✓✓	-	-20.50%	Monthly
 US	14:30	Imports (MoM) (Aug)	✓✓	-	-13.70%	Monthly
 US	14:55	Redbook Index (YoY) (03-Oct)	✓	-	2.20%	Weekly
 US	14:55	Redbook Index s.a. (MoM) (03-Oct)	✓	-	-0.30%	Weekly
 US	16:00	JOLTs Job Openings (Aug)	✓	-	6618.00K	Monthly
 US	18:50	Fed's Chair Powell speech	✓✓✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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