

ONE
Minute Brief

08 October 2020

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Economic and political news

In South Africa (SA), the SACCI business confidence index slightly fell to 85.70 in September, compared to 85.80 in the previous month. Additionally, gross gold & forex reserves unexpectedly fell to a level of USD54.42bn in September, compared to a level of USD55.75bn in the prior month. Meanwhile, net gold & forex reserves climbed to USD50.66bn in September, compared to a level of USD50.52bn in the previous month.

The South Gauteng High Court has granted the National Energy Regulator of SA (Nersa) leave to appeal a ruling which set aside its 2019 decision on Eskom tariff.

Deputy Governor Fundi Tshazibana stated that SA's consumer inflation is likely to remain within the target range of between 3% and 6%, allowing the SARB to keep an "accommodative" rate stance for at least the next two years.

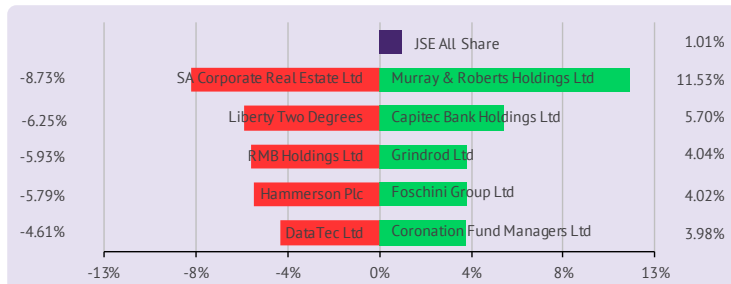
Eskom Chief Executive Officer (CEO) André de Ruyter has expressed support for independent power producers (IPPs), stating that the best way to increase SA's energy security is to bring more private producers onto the national grid.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, resources and platinum mining sector stocks. The JSE All Share Index rose 1.0% to close at 54,749.77.

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UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, as energy sector stocks declined driven by lower oil prices. The FTSE 100 Index declined 0.1% to close at 5,946.25. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

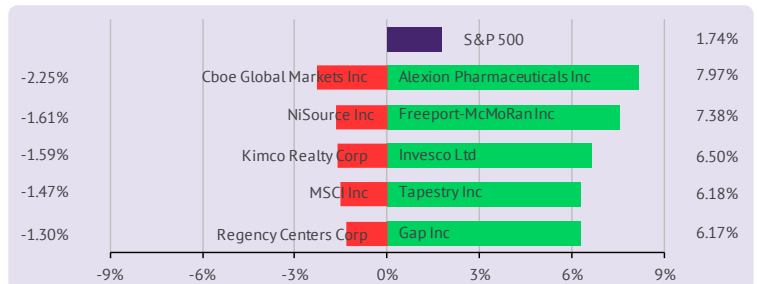
	As at 07 Oct 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54749.77	▲	545.94	1.01	0.98	0.89	-2.18	-4.09
JSE Top 40 (ZAR)	50412.19	▲	542.83	1.09	1.03	0.74	-2.31	-0.79
FTSE 100 (GBP)	5946.25	▼	-3.69	-0.06	0.75	1.37	-1.63	-21.16
DAX 30 (EUR)	12928.57	▲	22.55	0.17	1.89	1.32	-1.43	-2.42
CAC 40 (EUR)	4882.00	▼	-13.46	-0.27	1.18	1.64	-2.91	-18.33
S&P 500 (USD)	3419.45	▲	58.50	1.74	2.12	1.68	-3.92	5.84
Nasdaq Composite (USD)	11364.60	▲	210.00	1.88	2.61	1.76	-5.16	26.66
DJIA (USD)	28303.46	▲	530.70	1.91	2.24	1.88	-2.28	-0.82
MSCI Emerging Markets (USD)	1107.90	▲	5.43	0.49	2.42	2.39	-1.77	-0.61
MSCI Developed World (USD)	2409.40	▲	26.82	1.13	1.99	1.78	-3.59	2.16

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid hopes that atleast a partial fiscal stimulus deal may be approved. The S&P 500 Index climbed 1.7% to close at 3,419.45. Today, the S&P 500 futures are trading in the green.

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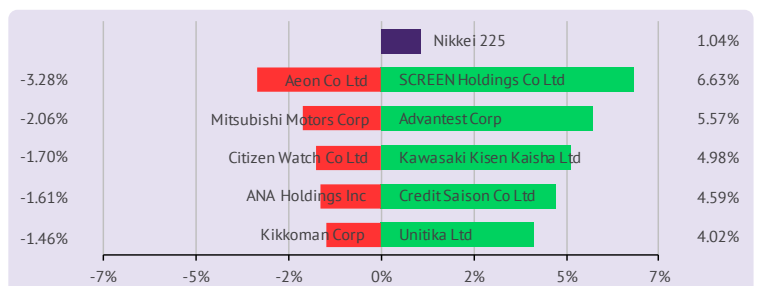


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, amid renewed optimism over US stimulus plans. As at 6:00 SAST, the Nikkei 225 Index is trading 1.0% higher at 23,666.37.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R16.6381. 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 on a weekly basis in the week ended 02 October 2020. Meanwhile, consumer credit declined in August. Separately, data indicated that the SACCI business confidence index fell in September. Moreover, the country's gross gold & forex reserves unexpectedly dropped in September. On the other hand, net gold & forex reserves climbed in September.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.2% against the South African Rand to trade at R21.5131. Ahead in the day, traders will keep an eye on Bank of England (BoE) Governor, Andrew Bailey's speech for further indication. Data indicated that UK's RICS house price balance jumped in September.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's Halifax house price index advanced on a monthly basis in September. Meanwhile, the DCLG house price index rose less-than-expected on an annual basis in July.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R19.5845. Going forward, market participants will keep a tab on the European Central Bank's monetary policy meeting accounts along with Germany's trade balance and current account balance for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's seasonally adjusted industrial production unexpectedly dropped on a monthly basis in August.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R11.8827.

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	16.6381	▼	-0.64	0.59	-0.73	-1.14	18.76
GBPZAR	21.5131	▼	-0.29	0.39	-0.80	-4.39	15.72
EURZAR	19.5845	▼	-0.40	0.98	-0.35	-2.94	24.58
AUDZAR	11.8827	▼	-0.11	0.26	-1.06	-3.98	20.64
EURUSD	1.1770	▲	0.25	0.40	0.36	-1.80	4.91
GBPUSD	1.2930	▲	0.30	-0.12	-0.01	-3.37	-2.55
Brent (\$/barrel)	42.1	▲	-1.55	6.93	-0.73	-6.58	-36.38
Gold (\$/oz)	1888.5	▲	-0.92	-0.87	-0.21	-4.21	23.67
Platinum (\$/oz)	863.5	▲	-0.31	-2.51	-4.42	-3.93	-11.34
Copper (\$/MT)*	6666.3	▲	2.34	1.83	-0.03	-0.44	8.41

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,888.50/oz.

Yesterday, gold prices fell 0.9% to close at \$1,883.60/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$42.10/bl.

Yesterday, Brent crude oil declined 1.6% to settle at \$41.99/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories rose by 501,000 bls to 492.9mn bls in the week ended 02 October 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$863.50/oz.

Yesterday, platinum prices dropped 0.3% to close at \$861.20/oz.

Major South African corporate news

DataTec Limited

In its 1H21 trading statement, the company indicated that it achieved a very resilient operational performance, despite the challenging economic environment resulting from the COVID-19 pandemic. Group revenues were USD2.03bn, compared with USD2.06bn in the same period of the previous year. EPS expected to be between 1.50c and 1.90c, which will be 34.0% to 48.0% lower than that recorded in 1H20.

Zeder Investments Limited

In its 1H20 results, the company announced that its underlying investment portfolio was valued at ZAR4.90bn on 31 August 2020. Further, the company registered a headline loss per share of 3.50c, mainly due to Zeder ceasing to consolidate its subsidiaries and equity account of its associates, as a result of the change in accounting policy to that of an Investment Entity. Further, the company invested ZAR262.00mn in the repurchase of shares during the period.

Pick n Pay Stores Limited

In its 1H20 trading update, the company announced that it expects diluted HEPS to be between 36.24c and 45.30c, compared to 90.61c in the same period of last year. It expects diluted EPS to be between 28.25c and 36.32c, compared to an EPS of 80.71c in the previous year.

Major global economic news

US

In the US, the MBA mortgage applications advanced 4.6% on a weekly basis in the week ended 02 October 2020, compared to a drop of 4.8% in the prior week.

In August, consumer credit fell by USD7.22bn in the US, compared to a revised rise of USD14.67bn in the previous month.

The Federal Open Market Committee (FOMC), in its September meeting minutes, indicated that it would maintain its interest rate near zero until it achieves its inflation target of 2%. Additionally, officials released projections showing they expected rates would stay near zero until the end of 2023 at least. However, the policymakers remained split over how to apply a new strategy for monetary policy at their September meeting and offered no clear sense of their next steps to offset the coronavirus recession.

Asia

In Japan, the flash leading economic index climbed less-than-expected to 88.80 in August, compared to a revised level of 86.70 in the previous month.

In August, the preliminary coincident index unexpectedly rose to 79.40 in Japan, compared to a revised level of 78.30 in the prior month.

In Japan, non-seasonally adjusted current account surplus widened to JPY2102.80bn in August, more than market consensus and compared to a surplus of JPY1468.30bn in the prior month

In August, trade surplus (BOP basis) widened to JPY413.20bn in Japan, compared to a surplus of JPY137.30bn in the prior month.

UK

In the UK, the Halifax house price index rose 1.6% on a monthly basis in September, compared to a revised rise of 1.7% in the prior month.

In the UK, the DCLG house price index advanced 2.3% on an annual basis in July, less than market forecast and compared to a revised rise of 2.9% in the previous month.

In the UK, the RICS house price balance surged 61.0% in September, compared to a jump of 44.0% in the prior month.

Eurozone

In Germany, seasonally adjusted industrial production unexpectedly fell 0.2% on a monthly basis in August, compared to a revised rise of 1.4% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	RICS Housing Price Balance (Sep)	✓	61.00%*	44.00%	Monthly
Japan	01:50	Trade Balance - BOP Basis (Aug)	✓✓✓	JPY413.20bn*	JPY137.30bn	Monthly
Japan	01:50	Current Account n.s.a. (Aug)	✓	JPY2102.80bn*	JPY1468.30bn	Monthly
Switzerland	07:45	Unemployment Rate n.s.a. (Sep)	✓✓	3.30%	3.30%	Monthly
Switzerland	07:45	Unemployment Rate s.a. (Sep)	✓✓	-	3.40%	Monthly
Germany	08:00	Current Account n.s.a. (Aug)	✓	-	EUR20.00bn	Monthly
Germany	08:00	Exports s.a. (MoM) (Aug)	✓	1.40%	4.70%	Monthly
Germany	08:00	Imports s.a. (MoM) (Aug)	✓	1.40%	1.10%	Monthly
Germany	08:00	Trade Balance n.s.a. (Aug)	✓✓✓	-	EUR19.20bn	Monthly
UK	09:25	BoE Governor Bailey Speech	✓	-	-	As Scheduled
Canada	14:15	Housing Starts s.a. (Sep)	✓✓✓	240.00K	262.40K	Monthly
US	14:30	Continuing Jobless Claims (26-Sep)	✓✓✓	11400.00K	11767.00K	Weekly
US	14:30	Initial Jobless Claims (03-Oct)	✓✓✓	820.00K	837.00K	Weekly
US	16:30	EIA Natural Gas Storage Change (02-Oct)	✓✓✓	-	76.00 Bcf	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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