

ONE Minute Brief

13 October 2020

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Economic and political news

In South Africa (SA), seasonally adjusted manufacturing production declined 10.8% on a yearly basis in August, compared to a revised drop of 10.2% in the previous month.

According to an advisory panel appointed by President Cyril Ramaphosa, SA would not be able to meet its finance ministry's debt targets and it may be undesirable for it to attempt to do so at a time when the economy is being battered by the fallout from the coronavirus.

Lieutenant General Bonang Mgwenya, Deputy National Commissioner for human resources management at the SA Police Service (SAPS) who is facing corruption, fraud, theft and money laundering charges over ZAR191mn tender case has been granted a bail of ZAR20,000.

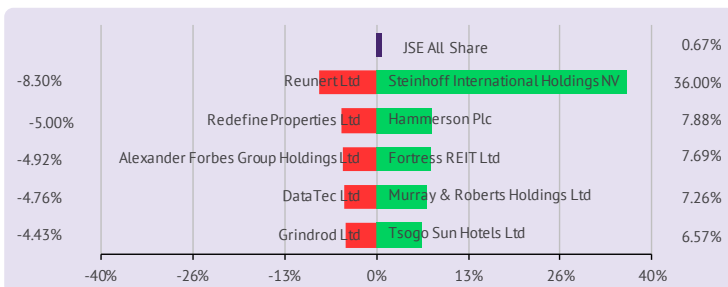
The National Union of Metalworkers of SA (Numsa) stated that it was not backing on its demands regarding proposed wage increases as its strike at the Gautrain entered a second week.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining, banking and financial sector stocks. The JSE All Share Index rose 0.7% to close at 55,552.35.

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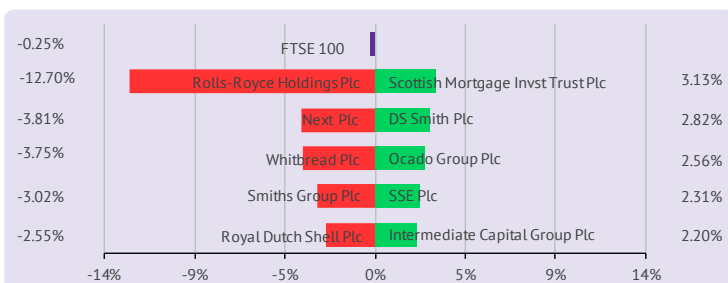


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, weighed down by losses in energy sector stocks and as Prime Minister Boris Johnson introduced new lockdown restrictions to contain COVID-19. The FTSE 100 Index declined 0.3% to close at 6,001.38. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

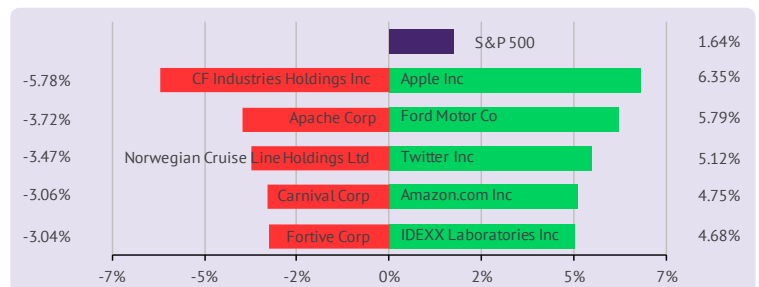
	As at 12 Oct 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55552.35	▲ 369.36	0.67	0.67	2.37	-2.18	-2.68
JSE Top 40 (ZAR)	51158.56	▲ 377.38	0.74	0.74	2.23	-2.31	0.67
FTSE 100 (GBP)	6001.38	▼ -15.27	-0.25	-0.25	2.31	-1.63	-20.43
DAX 30 (EUR)	13138.41	▲ 87.18	0.67	0.67	2.96	-1.43	-0.83
CAC 40 (EUR)	4979.29	▲ 32.48	0.66	0.66	3.66	-2.91	-16.71
S&P 500 (USD)	3534.22	▲ 57.09	1.64	1.64	5.09	-3.92	9.39
Nasdaq Composite (USD)	11876.26	▲ 296.32	2.56	2.56	6.35	-5.16	32.36
DJIA (USD)	28837.52	▲ 250.62	0.88	0.88	3.80	-2.28	1.05
MSCI Emerging Markets (USD)	1137.17	▲ 14.66	1.31	1.31	5.10	-1.77	2.02
MSCI Developed World (USD)	2477.92	▲ 30.16	1.23	1.23	4.67	-3.59	5.06

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid expectations of a fresh stimulus from the US government and buoyed by gains in technology sector stocks. The S&P 500 Index climbed 1.6% to close at 3,534.22. Today, the S&P 500 futures are trading in the red.

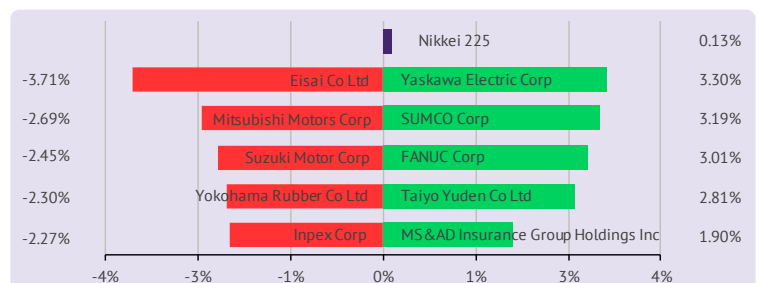
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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.1% higher at 23,588.96.



USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar gained 0.3% against the South African Rand to trade at R16.5631. Later today, traders will keep a close watch on the US NFIB business optimism index, the consumer price index (CPI) and monthly budget statement for further direction.

The US Dollar rose against the South African Rand yesterday. Separately, data indicated that SA's factory output contracted for a fifteenth month in August.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R21.6023. Ahead in the day, traders will keep an eye on UK's ILO unemployment rate and average earning including bonus for further indications. Data indicated that UK's BRC retail sales advanced less-than-anticipated in September.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R19.5338. Going forward, market participants will keep a tab on Eurozone's ZEW economic sentiment indicator along with Germany's CPI and ZEW survey indices for further cues.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R11.8830.

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	16.5631	▼	0.27	0.27	-1.41	-1.14	17.94
GBPZAR	21.6023	▼	0.43	0.43	-0.37	-4.39	16.22
EURZAR	19.5338	▼	0.16	0.16	-0.61	-2.94	24.25
AUDZAR	11.8830	▲	-0.18	-0.18	-0.76	-3.98	21.01
EURUSD	1.1794	▼	-0.11	-0.11	0.78	-1.80	5.35
GBPUSD	1.3042	▼	0.21	0.21	1.11	-3.37	-1.46
Brent (\$/barrel)	41.8	▲	-2.64	-2.64	-1.37	-6.58	-36.79
Gold (\$/oz)	1915.9	▼	0.16	0.16	1.85	-4.21	26.22
Platinum (\$/oz)	870.0	-	-2.02	-2.02	-3.44	-3.93	-10.44
Copper (\$/MT)*	6728.0	▼	-0.58	-0.58	0.90	-0.44	9.42

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,915.90/oz.

Yesterday, gold prices rose 0.2% to close at \$1,922.50/oz, amid ongoing uncertainty over the US presidential elections and hopes for further stimulus.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.1% to trade at \$41.77/bl.

Yesterday, Brent crude oil declined 2.6% to settle at \$41.72/bl, after the US producers began restoring output as Hurricane Delta weakened and as Norwegian strike affecting oil production ended.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally retreated to trade at \$870.00/oz.

Yesterday, platinum prices dropped 2.0% to close at \$870.00/oz.

Major South African corporate news

FirstRand Limited

The company announced that it has started a new incentive programme to retain top managers after the economic fallout of the coronavirus pandemic hit earnings and sank share-based rewards.

Major global economic news

Eurozone

European Central Bank (ECB) President, Christine Lagarde, in her speech, indicated that the central bank is "very seriously" considering the creation of a digital euro. However, she stated that, a digital euro will only be a "supplement" to cash, and would never replace it. Meanwhile, Lagarde called on Eurozone governments not to suddenly withdraw the stimulus implemented over the last months.

UK

In the UK, the BRC retail sales advanced 6.1% on an annual basis in September, less than market expectations and compared to a rise of 4.7% in the previous month.

Bank of England (BoE) Governor, Andrew Bailey, in his speech indicated that the central bank is not yet ready to implement negative interest rates. Moreover, he stated that country's economic risks are all on the downside.

Asia

In China, trade surplus unexpectedly narrowed to USD37.00bn in September, compared to a surplus of USD58.90bn in the prior month.

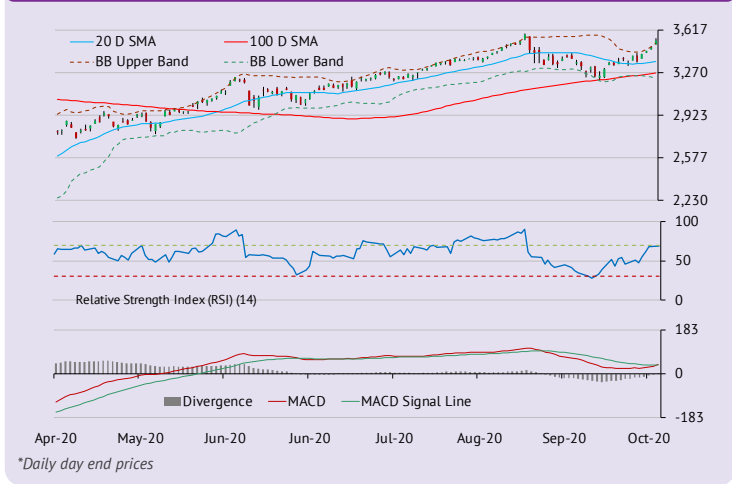
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 54,467.24, and a fall through could take it to the next support level of 53,382.13. The index is expected to find its first resistance at 56,202.32, and a rise through could take it to the next resistance level of 56,852.29.

S&P 500



The S&P 500 index is expected to find support at 3,409.22, and a fall through could take it to the next support level of 3,284.23. The index is expected to find its first resistance at 3,604.53, and a rise through could take it to the next resistance level of 3,674.85.

USD ZAR



The pair is expected to find support at 16.3620, and a fall through could take it to the next support level of 16.2122. The pair is expected to find its first resistance at 16.7020, and a rise through could take it to the next resistance level of 16.8922.

XAU USD



Gold is expected to find support at \$1,887.37/oz, and a fall through could take it to the next support level of \$1,852.23/oz. The precious metal is expected to find its first resistance at \$1,943.37/oz, and a rise through could take it to the next resistance level of \$1,964.23/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Sep)	✓	6.10%*	4.70%	Monthly
Germany	08:00	Consumer Price Index (MoM) (Sep) (F)	✓✓✓	-0.20%	-0.10%	Monthly
Germany	08:00	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	-0.20%	0.00%	Monthly
UK	08:00	Average Earnings Excluding Bonus (3Mo/Yr) (Aug)	✓	0.60%	0.20%	Monthly
UK	08:00	Average Earnings Including Bonus (3Mo/Yr) (Aug)	✓	-0.60%	-1.00%	Monthly
UK	08:00	Claimant Count Change (Sep)	✓	80.00K	73.70K	Monthly
UK	08:00	Claimant Count Rate s.a. (Sep)	✓	-	7.60%	Monthly
UK	08:00	Employment Change (3M/3M) (Aug)	✓	-24.00K	-12.00K	Monthly
UK	08:00	ILO Unemployment Rate (3M) (Aug)	✓	4.30%	4.10%	Monthly
Eurozone	11:00	ZEW Survey - Economic Sentiment (Oct)	✓✓	-	73.90	Monthly
Germany	11:00	ZEW Survey - Current Situation (Oct)	✓✓	-60.00	-66.20	Monthly
Germany	11:00	ZEW Survey - Economic Sentiment (Oct)	✓✓✓	74.00	77.40	Monthly
South Africa	11:30	Gold Production (YoY) (Aug)	✓	-	-10.20%	Monthly
South Africa	11:30	Mining Production (YoY) (Aug)	✓✓	-	-9.10%	Monthly
South Africa	11:30	Platinum Production (YoY) (Aug)	✓	-	4.60%	Monthly
Portugal	12:00	Consumer Price Index (MoM) (Sep) (F)	✓	-	-0.30%	Monthly
Portugal	12:00	Consumer Price Index (YoY) (Sep) (F)	✓	-	0.00%	Monthly
Portugal	12:00	Harmonized CPI (MoM) (Sep) (F)	✓✓	-	-0.30%	Monthly
Portugal	12:00	Harmonized CPI (YoY) (Sep) (F)	✓	-	-0.20%	Monthly
US	12:00	NFIB Small Business Optimism (Sep)	✓	-	100.20	Monthly
US	14:30	Average Weekly Hours All Employees Net Change (Sep)	✓	-	39.50	Monthly
US	14:30	Real Average Weekly Earnings (YoY) (Sep)	✓	-	0.30%	Monthly
US	14:30	Consumer Price Index (MoM) (Sep)	✓✓✓	0.20%	0.40%	Monthly
US	14:30	Consumer Price Index (YoY) (Sep)	✓✓✓	1.40%	1.30%	Monthly
US	14:30	Consumer Price Index Core s.a. (Sep)	✓	-	268.75	Monthly
US	16:00	IBD/TIPP Economic Optimism (MoM) (Oct)	✓	-	45.00	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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