

# ONE Minute Brief

26 October 2020

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## Economic and political news

On Friday, former Gauteng health Member of the Executive Council (MEC) Bandile Masuku has filed legal papers in the High Court of South Africa (SA) to have the Special Investigating Unit's (SIU) findings against him deemed unlawful, unconstitutional and invalid.

News reports indicate that Eskom Holdings has started a billion-dollar round of investments in Africa's oldest and only nuclear power plant at Koeberg before getting permission from safety regulators that the reactor's lifetime can be extended.

Transnet has reported ZAR9.97bn (USD617mn) of irregular expenditure in the last fiscal year, lower than that of ZAR18.51bn in the previous year.

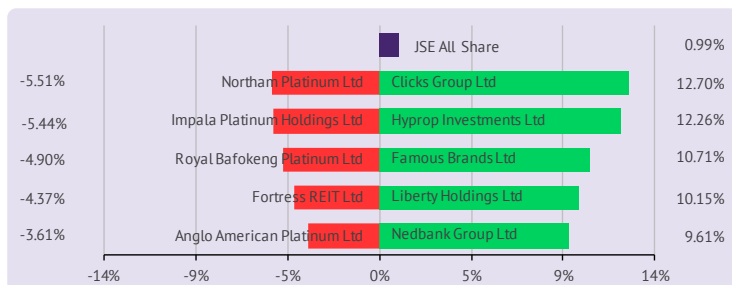
News reports indicate that SA's only high-speed rail network is drawing up a multi-billion Rand plan to expand outside Johannesburg and Pretoria, joining a potential bonanza of infrastructure projects the government says are key to reviving the economy.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in banking, financial and industrial sector stocks. The JSE All Share Index rose 1.0% to close at 55,339.58.

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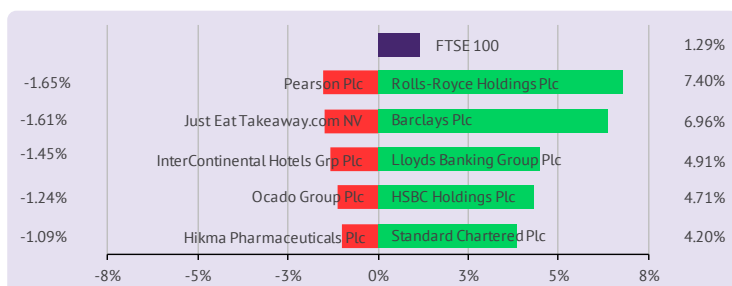


## UK Market ▲

### UK markets closed in the green

UK markets finished higher on Friday, amid upbeat corporate earnings report from Barclays and hopes that the Brexit trade deal would be finalised before the year end. The FTSE 100 Index advanced 1.3% to close at 5,860.28. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

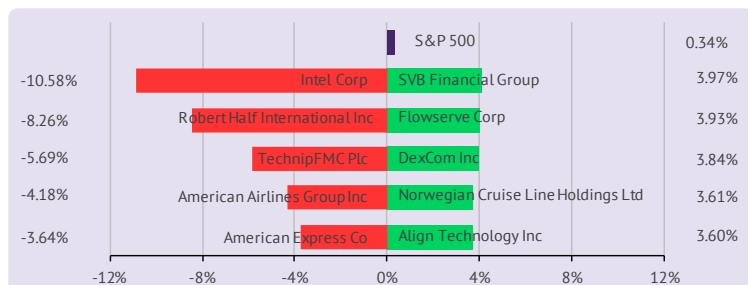
	As at 23 Oct 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55339.58	▲ 543.16	0.99	NA	1.98	-2.18	-3.06
JSE Top 40 (ZAR)	50692.28	▲ 415.44	0.83	NA	1.30	-2.31	-0.24
FTSE 100(GBP)	5860.28	▲ 74.63	1.29	NA	-0.10	-1.63	-22.30
DAX 30 (EUR)	12645.75	▲ 102.69	0.82	NA	-0.90	-1.43	-4.55
CAC 40 (EUR)	4909.64	▲ 58.26	1.20	NA	2.21	-2.91	-17.87
S&P 500 (USD)	3465.39	▲ 11.90	0.34	NA	3.04	-3.92	7.26
Nasdaq	11548.28	▲ 42.27	0.37	NA	3.41	-5.16	28.71
DJIA (USD)	28335.57	▼ -28.09	-0.10	NA	1.99	-2.28	-0.71
MSCI Emerging	1136.45	▼ -0.10	-0.01	NA	5.03	-1.77	1.95
MSCI Developed World (USD)	2430.54	▲ 9.54	0.39	NA	2.67	-3.59	3.06

## US Market ▲

### US markets closed mostly firmer

US markets closed mostly higher on Friday, amid expectations of further progress in negotiations of new fiscal stimulus talks. The S&P 500 Index climbed 0.3% to close at 3,465.39. Today, the S&P 500 futures are trading in the red.

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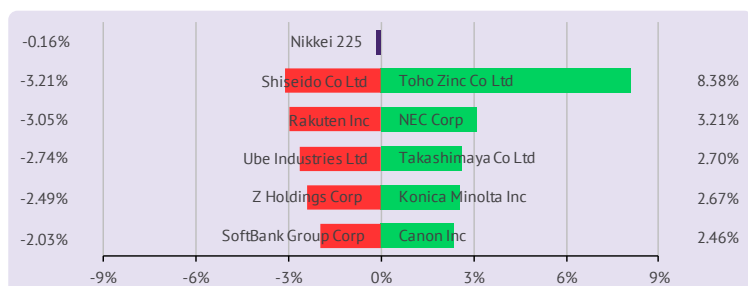


## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning, amid concerns over resurgence of coronavirus cases in the US and various countries across the Europe. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% lower at 23,478.09.

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## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.5% against the South African Rand to trade at R16.2599. Later today, traders will keep a close watch on the US new home sales, the Chicago Fed national activity index and the Dallas Fed manufacturing business index for further direction.

The US Dollar fell against the South African Rand on Friday. On the macro front, the US preliminary Markit manufacturing PMI advanced less-than-expected in October. Meanwhile, the preliminary Markit services PMI unexpectedly rose in October.

## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.2% against the South African Rand to trade at R21.1757. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand on Friday. Data indicated that UK's retail sales grew for a fifth consecutive month in September. Additionally, the flash Markit manufacturing PMI dropped less than market anticipation in October. Meanwhile, the preliminary Markit services PMI fell less than market forecast in October.

## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R19.2408. Going forward, market participants will keep a tab on Germany's Ifo indices for further cues.

The Euro strengthened against the South African Rand on Friday. On the data front, Eurozone's flash Markit manufacturing PMI unexpectedly advanced in October. Meanwhile, the preliminary Markit services PMI fell more-than-anticipated in October. Separately, Germany's preliminary Markit manufacturing PMI unexpectedly rose in October. On the other hand, the flash Markit services PMI dropped in October.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally weaker against the South African Rand at R11.5669.

The Australian Dollar rose against the South African Rand on Friday.

## Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	16.2599	▼	-0.18	NA	-3.38	-1.14	15.58
GBPZAR	21.1757	▼	-0.37	NA	-2.42	-4.39	13.82
EURZAR	19.2408	▼	0.29	NA	-2.09	-2.94	22.40
AUDZAR	11.5669	▲	0.27	NA	-3.57	-3.98	17.59
EURUSD	1.1833	▼	0.36	NA	1.19	-1.80	5.77
GBPUSD	1.3023	▼	-0.34	NA	0.92	-3.37	-1.64
Brent (\$/barrel)	41.1	▼	-1.63	NA	-1.25	-6.58	-36.71
Gold (\$/oz)	1899.5	▼	0.05	NA	0.77	-4.21	24.88
Platinum (\$/oz)	901.7	▼	2.58	NA	0.08	-3.93	-7.18
Copper (\$/MT)*	6852.3	▼	-0.79	NA	2.76	-0.44	11.44

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices dropped 0.1% to trade at \$1,899.50/oz.

On Friday, gold prices rose 0.1% to close at \$1,902.00/oz, amid expectations of fresh fiscal stimulus from the US government.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 1.7% lower to trade at \$41.07/bl, as rise in Covid-19 infections in the US and Europe raised demand concerns.

On Friday, Brent crude oil declined 1.6% to settle at \$41.77/bl, amid worries over surge in Libyan crude supply and demand concerns. Additionally, Baker Hughes reported that US oil rig count rose by 6 to 211 last week.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices retreated marginally to trade at \$901.70/oz.

On Friday, platinum prices climbed 2.6% to close at \$901.70/oz.

## Major South African corporate news

### Foschini Group Limited

In its 1H20 trading statement, the company announced that the Group's performance to date, has been negatively impacted by the COVID-19 pandemic, and the government-enforced lockdowns and measures taken to protect citizens in each of the group's major territories, SA, the UK and Australia.

### Massmart Holdings Limited

In its 9M20 sales update, the company announced that total sales amounted to ZAR60.50bn, representing a decrease of 8.9% on the same period last year, while comparable store sales decreased by 8.8%. Internal product inflation is estimated at 4.5%. Total sales from Massmart's South African stores decreased by 9.4% (decreased by 8.8% on a comparable stores basis), while total sales from rest of Africa stores decreased by 3.8%.

## Major global economic news

### Eurozone

In the Eurozone, the flash Markit manufacturing PMI unexpectedly rose to 54.40 in October, compared to a level of 53.70 in the prior month.

In October, the preliminary Markit services PMI dropped to 46.20 in the Eurozone, more than market consensus and compared to a level of 48.00 in the prior month.

In Germany, the preliminary Markit manufacturing PMI unexpectedly advanced to 58.00 in October, compared to a level of 56.40 in the prior month.

In October, the flash Markit services PMI fell to 48.90 in Germany, more than market expectations and compared to a level of 50.60 in the previous month.

### UK

In the UK, the flash Markit manufacturing PMI dropped to 53.30 in October, less than market expectations and compared to a reading of 54.10 in the prior month.

In October, the preliminary Markit services PMI fell to 52.30 in the UK, more than market anticipations and compared to a level of 56.10 in the previous month.

In the UK, retail sales rose 1.5% on a monthly basis in September, compared to a revised rise of 0.9% in the previous month.

### US

In the US, the preliminary Markit manufacturing PMI rose to 53.30 in October, less than market expectations and compared to a level of 53.20 in the previous month.

In October, the preliminary Markit services PMI unexpectedly advanced to 56.00 in the US, compared to a level of 54.60 in the prior month.

## 40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Pan African Resources PLC	441	-7.93	-4.75	104.17
Montauk Holdings Ltd	7700	-6.52	67.35	102.63
Gold Fields Ltd	18389	-10.49	-9.54	95.19
Cartrack Holdings Ltd	4499	-4.13	21.53	91.66
Harmony Gold Mining Co Ltd	8635	-9.06	-3.13	68.65
African Rainbow Minerals Ltd	24004	2.66	24.05	60.50
Blue Label Telecoms Ltd	385	-0.26	5.48	49.22
Northam Platinum Ltd	18143	-2.00	6.57	46.76
Kumba Iron Ore Ltd	51500	-2.63	3.91	35.74
Naspers Ltd	301293	-3.92	1.79	31.52
Royal Bafokeng Platinum Ltd	6437	-7.38	-7.42	29.73
AngloGold Ashanti Ltd	40484	-9.01	-6.53	28.62
Zeder Investments Ltd	265	6.43	13.73	26.81
Omnia Holdings Ltd	4125	3.31	33.06	22.22
Impala Platinum Holdings Ltd	16483	-2.58	13.31	19.90
Stenprop Ltd	2749	2.77	6.76	19.50
Afrimat Ltd	3845	-2.66	6.10	18.50
Shoprite Holdings Ltd	14416	4.39	5.50	17.96
Allied Electronics Corp Ltd	2679	20.40	21.22	17.42
African Oxygen Ltd	2400	37.06	33.63	16.95
Peregrine Holdings Ltd	2105	0.00	0.00	15.08
AfroCentric Investment Corp Ltd	371	6.30	0.27	14.79
Vodacom Group Ltd	12754	3.21	3.46	14.19
Trencor Ltd	555	-3.98	-0.89	14.05
Italtile Ltd	1430	-0.21	13.76	12.09
BHP Group PLC	34092	-2.87	-5.04	9.60
Anglo American PLC	42000	0.59	3.12	9.02
Exxaro Resources Ltd	12679	-1.63	1.86	7.57
Coronation Fund Managers Ltd	4100	-3.71	1.69	6.99
Cashbuild Ltd	22758	2.92	12.05	6.45
Mondi PLC	33714	-2.04	-5.16	6.36
Rand Merchant Investment Holdings Ltd	3212	8.15	10.64	6.32
Transaction Capital Ltd	2237	-1.80	3.23	6.02
Sirius Real Estate Ltd	1659	-0.30	6.89	5.80
Discovery Ltd	12552	2.78	-1.88	5.32
Investec Australia Property Fund	1488	-6.24	-5.22	5.07
JSE Ltd	11534	-1.42	-1.63	4.71
Cie Financiere Richemont SA	11259	-1.02	0.24	4.35
Anglo American Platinum Ltd	130300	-4.85	12.03	4.20
PSG Group Ltd	5562	11.35	20.97	4.00
<b>JSE All Share Index</b>	<b>55340</b>	<b>0.53</b>	<b>1.98</b>	<b>-3.06</b>

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (Sep)	✓	1.30%*	1.00%	Monthly
Japan	07:00	Coincident Index (Aug) (F)	✓	79.40	78.30	Monthly
Japan	07:00	Leading Economic Index (Aug) (F)	✓✓✓	88.80	86.70	Monthly
Spain	10:00	Producer Price Index (MoM) (Sep)	✓	-	-0.20%	Monthly
Spain	10:00	Producer Price Index (YoY) (Sep)	✓	-	-3.50%	Monthly
Germany	11:00	Ifo - Business Climate (Oct)	✓✓✓	92.90	93.40	Monthly
Germany	11:00	Ifo - Current Assessment (Oct)	✓✓	89.40	89.20	Monthly
Germany	11:00	Ifo - Expectations (Oct)	✓✓	96.00	97.70	Monthly
Switzerland	11:00	Total Sight Deposits (CHF) (23-Oct)	✓	-	CHF705100.00mn	Weekly
Switzerland	11:00	Domestic Sight Deposits (CHF) (23-Oct)	✓	-	CHF632200.00mn	Weekly
US	14:30	Chicago Fed National Activity Index (Sep)	✓✓✓	0.39	0.79	Monthly
US	16:00	New Home Sales (Sep)	✓✓✓	1000.00K	1011.00K	Monthly
US	16:00	New Home Sales (MoM) (Sep)	✓✓✓	-	4.80%	Monthly
Switzerland	16:30	SNB Chairman Jordan Speech	✓✓	-	-	As Scheduled
US	16:30	Dallas Fed Manufacturing Business Index (Oct)	✓✓✓	-	13.60	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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