

ONE
Minute Brief

27 October 2020



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Economic and political news

Former South African Revenue Service (SARS) Commissioner, Tom Moyane has won an approval from the State Capture Commission to cross-examine Public Enterprises Minister, Pravin Gordhan on 30 November.

The Johannesburg High Court has ruled that the National Prosecuting Authority cannot freeze assets belonging to Gupta-linked Regiments Capital worth more than ZAR1.1bn.

News reports indicate that Eskom will announce its annual results this week as the company was forced to delay the publication because of over-payments related to the construction of its new Kusile power station and issues with its pension fund.

News reports indicate that South Africa's (SA) treasury is likely to announce additional funding for Denel in this week's budget of between ZAR2bn (USD123mn) and ZAR3bn while the Land and Agricultural Development Bank of SA is likely to get ZAR1.5bn to ZAR2bn.

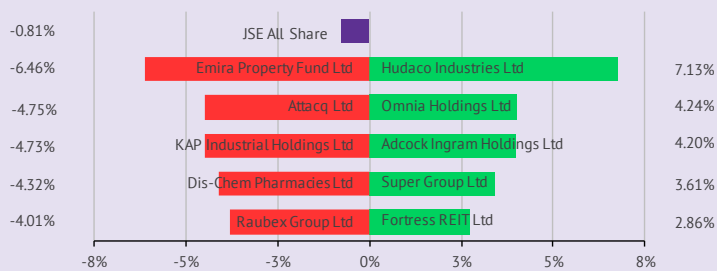
Economic Freedom Fighters (EFF) leader Julius Malema has urged employers to ensure that at least 60% of their staff are South Africans.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and financial sector stocks. The JSE All Share Index fell 0.8% to close at 54,890.88.

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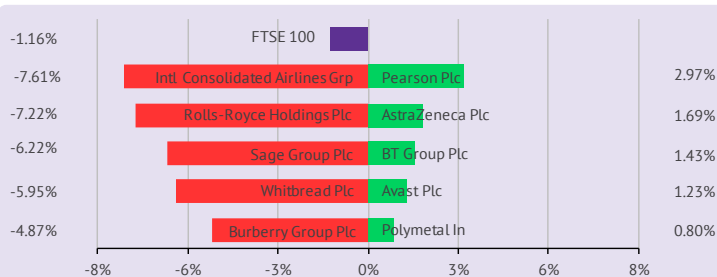


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, led by losses in travel and energy sector stocks. The FTSE 100 Index declined 1.2% to close at 5,792.01. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

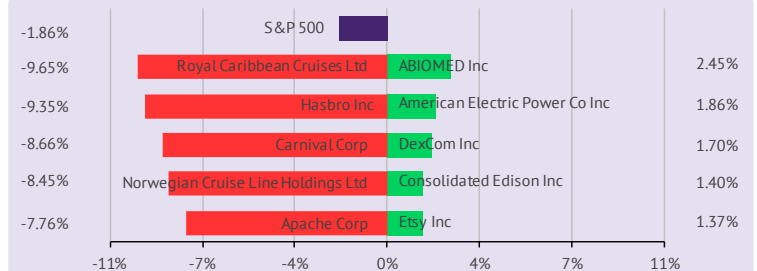
	As at 26 Oct 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54890.88	▼ -448.70	-0.81	-0.81	1.15	-2.18	-3.84
JSE Top 40 (ZAR)	50286.90	▼ -405.38	-0.80	-0.80	0.49	-2.31	-1.04
FTSE 100 (GBP)	5792.01	▼ -68.27	-1.16	-1.16	-1.26	-1.63	-23.21
DAX 30 (EUR)	12177.18	▼ -468.57	-3.71	-3.71	-4.57	-1.43	-8.09
CAC 40 (EUR)	4816.12	▼ -93.52	-1.90	-1.90	0.26	-2.91	-19.44
S&P 500 (USD)	3400.97	▼ -64.42	-1.86	-1.86	1.13	-3.92	5.27
Nasdaq Composite (USD)	11358.94	▼ -189.34	-1.64	-1.64	1.71	-5.16	26.60
DJIA (USD)	27685.38	▼ -650.19	-2.29	-2.29	-0.35	-2.28	-2.99
MSCI Emerging Markets (USD)	1130.65	▼ -5.80	-0.51	-0.51	4.50	-1.77	1.43
MSCI Developed World (USD)	2390.08	▼ -40.46	-1.66	-1.66	0.96	-3.59	1.34

US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid concerns over surging coronavirus cases in the country and uncertainty related to the fiscal stimulus package. The S&P 500 Index dropped 1.9% to close at 3,400.97. Today, the S&P 500 futures are trading in the green.

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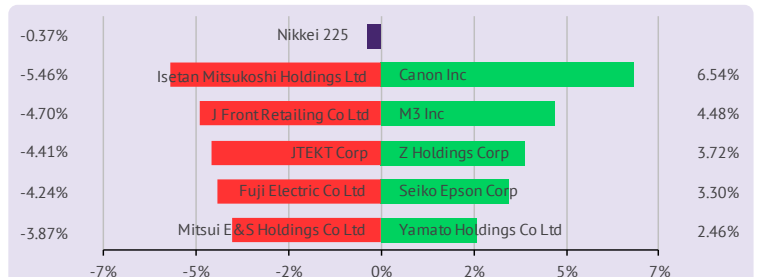


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% lower at 23,408.19.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.3% against the South African Rand to trade at R16.1712. Later today, traders will keep a close watch on the US durable goods orders, the consumer confidence index, the housing price index and the Richmond Fed manufacturing index for further direction.

The US Dollar rose against the South African Rand yesterday, as surge in coronavirus cases and lack of progress in the US stimulus talks increased demand for the safe haven asset. On the macro front, the US Dallas Fed manufacturing business index advanced in October. Meanwhile, the Chicago Fed National Activity Index fell more-than-expected in September. Additionally, new home sales dropped on a monthly basis in September.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound eased 0.2% against the South African Rand to trade at R21.0823. Amid no major economic releases in the UK today investor sentiment would be determined by global macroeconomic factors.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R19.1168. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Germany Ifo current assessment index rose more than market forecast in October. On the other hand, the Ifo business expectations index and the Ifo business climate index dropped for the first time in six months in October.

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 R11.5339.

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	16.1712	▲	0.27	0.27	-3.12	-1.14	15.90
GBPZAR	21.0823	▲	-0.04	-0.04	-2.46	-4.39	13.77
EURZAR	19.1168	▲	-0.28	-0.28	-2.36	-2.94	22.06
AUDZAR	11.5339	▲	-0.12	-0.12	-3.68	-3.98	17.45
EURUSD	1.1822	▲	-0.42	-0.42	0.76	-1.80	5.32
GBPUSD	1.3036	▲	-0.12	-0.12	0.80	-3.37	-1.76
Brent (\$/barrel)	40.7	▲	-3.14	-3.14	-4.35	-6.58	-38.70
Gold (\$/oz)	1910.1	▲	0.04	0.04	0.81	-4.21	24.92
Platinum (\$/oz)	872.5	▼	-3.24	-3.24	-3.16	-3.93	-10.18
Copper (\$/MT)*	6760.8	▼	-1.34	-1.34	1.39	-0.44	9.95

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.4% to trade at \$1,910.10/oz, as a spike in coronavirus infections raised concerns over global economic recovery.

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Yesterday, gold prices marginally rose to close at \$1,902.70/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.5% to trade at \$40.68/bl.

Yesterday, Brent crude oil declined 3.1% to settle at \$40.46/bl, as rising coronavirus cases in the Europe and the US stoked concerns over energy demand.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices slightly fell to trade at \$872.50/oz.

Yesterday, platinum prices dropped 3.2% to close at \$872.50/oz.

Major South African corporate news

Astral Foods Limited

In its FY20 trading update, the company announced that it expects EPS to be between ZAR13.77 and ZAR14.60, compared to ZAR16.59 reported in the last year. The company expects its HEPS to be between ZAR13.89 and ZAR14.73, compared to ZAR16.74 posted in the prior year.

Famous Brands Limited

In its 1H20 results, the company announced that revenues decreased to ZAR2.01bn from ZAR3.86bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 1,532.00c compared to an EPS of 139.00c reported in the same period of the prior year.

MTN Group Limited

The company announced that Ferdi Moolman will step down from his role as MTN Nigeria Chief Executive Officer (CEO), with effect from 1 March 2021 and will return to the head office in SA to assume the Group Chief Risk Officer role on the same date. Further, Karl Toriola has been appointed as the new CEO of MTN Nigeria.

Major global economic news

US

In the US, the Dallas Fed manufacturing business index rose to 19.80 in October, compared to a level of 13.60 in the previous month.

In September, the Chicago Fed National Activity Index dropped more-than-expected to a level of 0.27 in the US, compared to a revised level of 1.11 in the previous month.

In the US, new home sales fell 3.5% on a monthly basis in September, compared to a revised rise of 3.0% in the previous month.

Asia

In Japan, the final leading economic index advanced to 88.40 in August, compared to a level of 86.70 in the previous month. The preliminary figures had indicated an advance to 88.80.

In August, the final coincident index rose to 79.20 in Japan, compared to a level of 78.30 in the prior month. The preliminary figures had recorded a rise to 79.40.

Eurozone

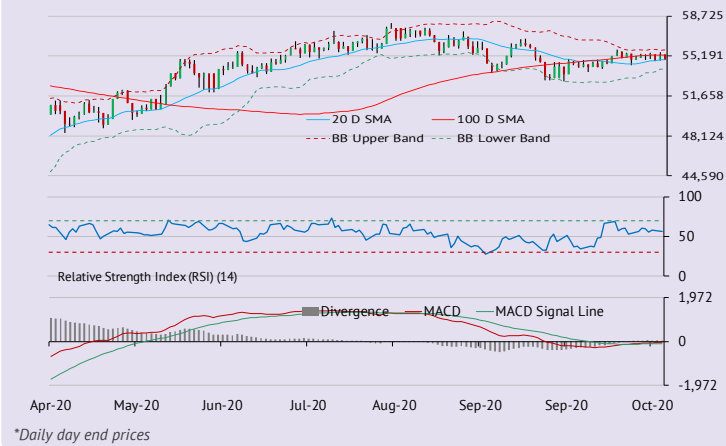
In Germany, the Ifo current assessment index climbed to 90.30 in October, compared to a level of 89.20 in the prior month.

In October, the Ifo business expectations index declined to 95.00 in Germany, more than market forecast and compared to a revised level of 97.40 in the prior month.

In Germany, the Ifo business climate index eased to 92.70 in October, compared to a revised level of 93.20 in the prior month.

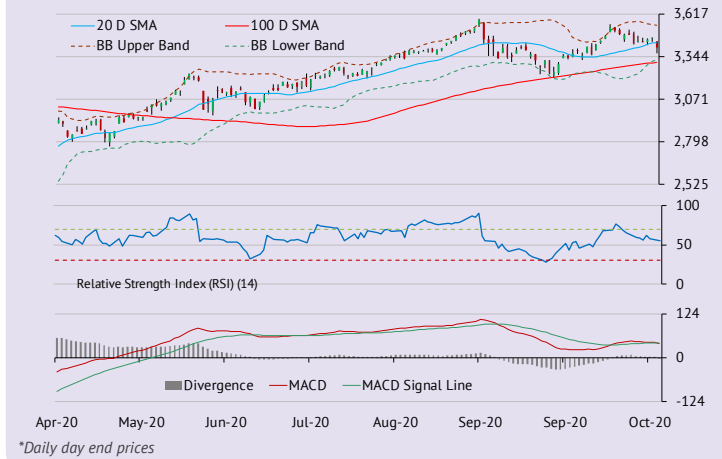
Technical snapshot

JSE All Share



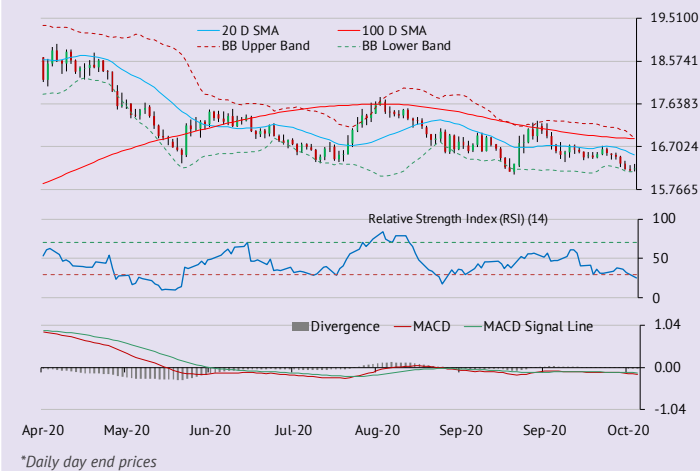
The JSE All Share index is expected to find support at 54,573.44, and a fall through could take it to the next support level of 54,255.99. The index is expected to find its first resistance at 55,366.03, and a rise through could take it to the next resistance level of 55,841.17.

S&P 500



The S&P 500 index is expected to find support at 3,351.58, and a fall through could take it to the next support level of 3,302.18. The index is expected to find its first resistance at 3,463.65, and a rise through could take it to the next resistance level of 3,526.32.

USD ZAR






















The pair is expected to find support at 16.0608, and a fall through could take it to the next support level of 15.8955. The pair is expected to find its first resistance at 16.4836, and a rise through could take it to the next resistance level of 16.7411.

XAU USD



Gold is expected to find support at \$1,888.37/oz, and a fall through could take it to the next support level of \$1,874.03/oz. The precious metal is expected to find its first resistance at \$1,922.17/oz, and a rise through could take it to the next resistance level of \$1,941.63/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 France	09:45	Producer Price Index (YoY) (Sep)	✓	-	-2.50%	Monthly
 France	09:45	Producer Price Index (MoM) (Sep)	✓✓	-	0.10%	Monthly
 Spain	10:00	Unemployment Rate (Survey) (Q3)	✓	-	15.33%	Quarterly
 Eurozone	11:00	M3 Money Supply (3m) (Sep)	✓	-	9.60%	Monthly
 Eurozone	11:00	M3 Money Supply (YoY) (Sep)	✓	9.60%	9.50%	Monthly
 Eurozone	11:00	Private Loans (YoY) (Sep)	✓	-	3.00%	Monthly
 Eurozone	11:00	ECB Bank Lending Survey	✓✓✓	-	-	As Scheduled
 South Africa	12:30	Unemployment Rate (Q3)	✓✓	-	23.30%	Quarterly
 France	13:00	Total Jobseekers s.a. (Sep)	✓	-	3621.50K	Monthly
 France	13:00	Jobseekers Net Change (Sep)	✓✓	-	-171.00k	Monthly
 UK	13:00	CBI Distributive Trades Survey - Realised (Oct)	✓	0.00%	11.00%	Monthly
 US	14:30	Durable Goods Orders (Sep) (P)	✓✓✓	0.50%	0.50%	Monthly
 US	14:30	Durable Goods Orders ex Transportation (Sep) (P)	✓✓✓	0.40%	0.60%	Monthly
 US	14:55	Redbook Index (YoY) (24-Oct)	✓	-	2.50%	Weekly
 US	14:55	Redbook Index s.a. (MoM) (24-Oct)	✓	-	1.00%	Weekly
 US	15:00	Housing Price Index (MoM) (Aug)	✓	-	1.00%	Monthly
 US	15:00	House Price Index s.a. (Aug)	✓✓	-	293.00	Monthly
 US	16:00	Consumer Confidence (Oct)	✓✓✓	102.50	101.80	Monthly
 US	16:00	Richmond Fed Manufacturing Index (Oct)	✓	-	21.00	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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