

ONE Minute Brief

23 October 2020

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Economic and political news

During a briefing on the current state of power utility, Eskom, Chief Executive Officer (CEO), Andre De Ruyter, stated that load shedding will "likely" be implemented in order to conduct maintenance and foresees the risk of load shedding to persist until maintenance programme is completed by the winter of 2021. Additionally, Andre stated that Eskom is working on a green deal that could not only bring clean power alternatives online but also help alleviate its ZAR488bn debt burden.

Transport Minister Fikile Mbalula has appointed a former African National Congress (ANC) MP Leonard Ramatlakane to head the new board of the Passenger Rail Agency of SA (Prasa).

The ANC provincial executive committee (PEC) has resolved that former Gauteng health MEC Bandile Masuku and President Cyril Ramaphosa's spokesperson, Khusela Diko should be barred from any organisational work pending the outcome of the investigation into their alleged personal protective equipment (PPE) corruption.

Four former officials from the Gauteng health department, implicated in a lucrative I.T tender, have been granted bail.

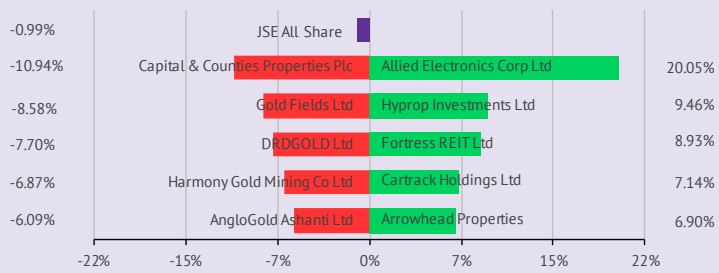
Western Cape Premier Alan Winde has rejected claims made by Health Minister Zweli Mkhize that the province was in the grip of a 'COVID-19 resurgence'.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in resources and platinum mining sector stocks. The JSE All Share Index fell 1.0% to close at 54,796.42.

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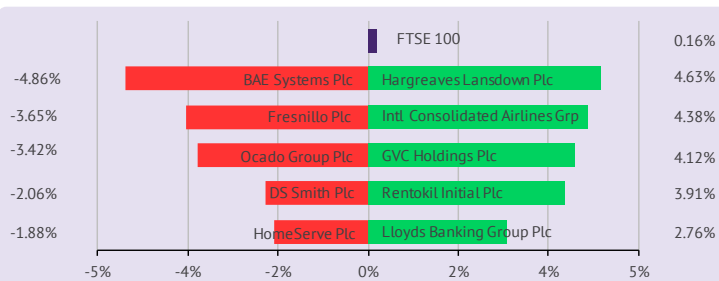


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid progress in the development of a potential COVID-19 vaccine and as UK's Finance Minister Rishi Sunak unveiled new measures to support the economy. The FTSE 100 Index advanced 0.2% to close at 5,785.65. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

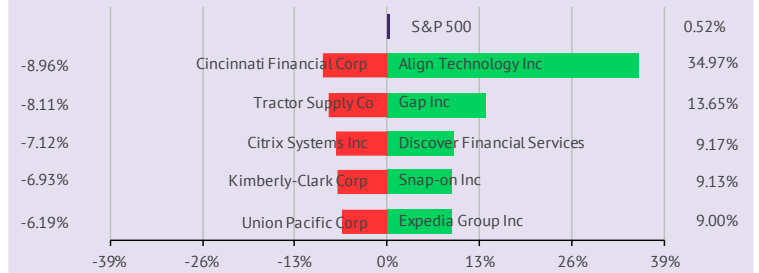
	As at 22 Oct 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54796.42	▼ -549.07	-0.99	-0.46	0.98	-2.18	-4.01
JSE Top 40 (ZAR)	50276.84	▼ -628.28	-1.23	-0.83	0.47	-2.31	-1.06
FTSE 100 (GBP)	5785.65	▲ 9.15	0.16	-2.26	-1.37	-1.63	-23.29
DAX 30 (EUR)	12543.06	▼ -14.58	-0.12	-2.83	-1.71	-1.43	-5.33
CAC 40 (EUR)	4851.38	▼ -2.57	-0.05	-1.71	1.00	-2.91	-18.85
S&P 500 (USD)	3453.49	▲ 17.93	0.52	-0.87	2.69	-3.92	6.89
Nasdaq Composite (USD)	11506.01	▲ 21.32	0.19	-1.42	3.03	-5.16	28.23
DJIA (USD)	28363.66	▲ 152.84	0.54	-0.85	2.09	-2.28	-0.61
MSCI Emerging Markets (USD)	1136.54	▼ -1.37	-0.12	1.11	5.04	-1.77	1.96
MSCI Developed World (USD)	2421.00	▲ 3.17	0.13	-0.78	2.27	-3.59	2.65

US Market ▲

US markets closed firmer

US markets closed higher yesterday, after House speaker Nancy Pelosi stated that Democrats and the Trump administration were on the verge of an agreement on the aid package. The S&P 500 Index climbed 0.5% to close at 3,453.49. Today, the S&P 500 futures are trading in the red.

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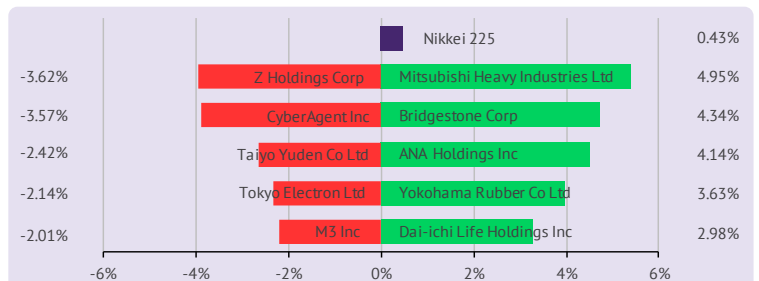


Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning, as losses in semiconductor-related stocks overshadowed rising hopes for US stimulus. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% higher at 23,575.30.

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USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R16.2266. Later today, traders will keep a close watch on the US Markit manufacturing and services PMIs for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US seasonally adjusted number of initial jobless claims unexpectedly dropped on a weekly basis in the week ended 16 October 2020, marking its lowest level since March. Additionally, existing home sales climbed to its highest level in 14 years in September. Moreover, leading indicator advanced in line with market anticipations in September.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound marginally declined against the South African Rand to trade at R21.2051. Ahead in the day, traders will keep an eye on UK's retail sales, the Markit manufacturing and services PMIs for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's CBI balance of firms reporting total order book above normal rose more-than-anticipated in October. Meanwhile, the GfK consumer confidence index dropped in October.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R19.1447. Going forward, market participants will keep a tab on the Markit manufacturing and services PMIs across the euro area.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's consumer confidence index fell to a five-month low in October. Separately, Germany's GfK consumer confidence index dropped in November.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar slightly rose against the South African Rand to trade at R11.5420. Earlier in the session, Australia's Commonwealth Bank manufacturing PMI unexpectedly fell in October. Meanwhile, the Commonwealth Bank services PMI unexpectedly advanced in October.

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	16.2266	▼	-0.71	-2.12	-3.21	-1.14	15.79
GBPZAR	21.2051	▲	-1.19	-0.83	-2.06	-4.39	14.24
EURZAR	19.1447	▲	-1.07	-1.23	-2.37	-2.94	22.05
AUDZAR	11.5420	▼	-0.71	-1.60	-3.82	-3.98	17.27
EURUSD	1.1799	▼	-0.36	0.85	0.83	-1.80	5.40
GBPUSD	1.3067	▼	-0.50	1.30	1.26	-3.37	-1.31
Brent (\$/barrel)	42.5	▲	1.75	-1.09	0.38	-6.58	-35.67
Gold (\$/oz)	1907.8	▲	-1.22	0.02	0.72	-4.21	24.82
Platinum (\$/oz)	879.0	▼	-1.14	1.70	-2.44	-3.93	-9.51
Copper (\$/MT)*	6907.0	▼	-1.01	2.72	3.58	-0.44	12.33

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.4% to trade at \$1,907.80/oz.

Yesterday, gold prices fell 1.2% to close at \$1,901.10/oz, amid strength in the US Dollar and following better-than-expected US jobs data.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged marginally higher to trade at \$42.48/bl.

Yesterday, Brent crude oil advanced 1.8% to settle at \$42.46/bl, as progress towards fresh fiscal stimulus package boosted prospects for oil demand.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices slightly fell to trade at \$879.00/oz.

Yesterday, platinum prices dropped 1.1% to close at \$879.00/oz.

Major South African corporate news

Anglo American Platinum Limited

In its 3Q20 production report, the company announced that managed mines PGM production increased by 1.0% to 652,000 ounces despite the continued impact of COVID-19. Further, Mogalakwena, Unki and Mototolo delivered strong performances. Refined PGM production owned decreased by 14.0% to 1,020,700 ounces. The lower output was principally due to interruptions at the Anglo Converter Plant, offset marginally by increased throughput.

Allied Electronics Corp Limited

In its 1H21 results, the company announced that revenues advanced 14.0% to ZAR8.35bn from ZAR7.3bn recorded in the same period of the preceding year. Its diluted EPS stood at 84.00c, compared to 67.00c recorded in the corresponding period of the previous year.

Clicks Group Limited

In its FY20 results, the company announced that revenues advanced 9.6% to ZAR36.59bn from ZAR33.37bn recorded in the preceding year. Its diluted EPS stood at 751.40c, compared to 663.20c recorded in the corresponding period of the previous year.

DataTec Limited

In its 1H21 results, the company announced that revenues fell to USD2.03bn from USD2.06bn posted in the corresponding period of the previous year. Its diluted EPS decreased 27.3% to 1.60c from the same period of the prior year.

EOH Holdings Limited

In its FY20 trading statement, the company announced that it expects total headline loss per share 406.00c and 496.00c, compared to 1,681.00c reported in the last year. The company expects its loss per share to be between 820.00c and 1,002.00c, compared to 2,995.00c in the prior year.

Kumba Iron Ore Limited

In its 3Q20 sales reports, the company announced that export sales increased by 13.0% to 10.90Mt, compared to prior year and by 35.0% relative to 2Q20. In line with expectations, there was no off-take from ArcelorMittal SA during the period. Total production decreased by 1.00Mt or 9.0% to 9.50Mt compared to same period of last year and increased by 12.0% relative to 2Q20.

Major global economic news

Asia

In Australia, the Commonwealth Bank manufacturing PMI unexpectedly slid to 54.20 in October, compared to a level of 55.40 in the prior month.

In October, the Commonwealth Bank services PMI unexpectedly rose to 53.80 in Australia, compared to a level of 50.80 in the previous month.

In Japan, the Jibun Bank manufacturing PMI unexpectedly advanced to 48.00 in October, compared to a level of 47.70 in the previous month.

In September, the national consumer price index (CPI) recorded a flat reading on an annual basis in Japan, compared to a rise of 0.2% in the prior month.

UK

In the UK, the CBI balance of firms reporting total order book above normal rose to a level of -34.0% in October, more than market expectations and compared to a level of -48.0% in the previous month.

In October, the GfK consumer confidence index dropped to -31.00 in the UK, more than market anticipations and compared to a level of -25.00 in the prior month.

US

In the US, seasonally adjusted number of initial jobless claims unexpectedly fell to 787.00K on a weekly basis in the week ended 16 October 2020, compared to a revised reading of 842.00K in the previous week.

In September, existing home sales jumped 9.4% to an annual rate of 6.54mn on a monthly basis in the US, compared to a revised reading of 5.98mn in previous month.

In the US, leading indicator rose 0.7% on a monthly basis in September, in line with market forecast and compared to a revised rise of 1.4% in the prior month.

Eurozone

In the Eurozone, the flash consumer confidence index declined more-than-expected to -15.50 in October, compared to a reading of -13.90 in the previous month.

In Germany, the GfK consumer confidence index eased to -3.10 in November, compared to a revised level of -1.70 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	GfK Consumer Confidence (Oct) (F)	✓	-31.00*	-25.00	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Sep)	✓✓✓	0.00%*	0.20%	Monthly
Japan	02:30	Nomura/JMMA Manufacturing PMI (Oct) (P)	✓✓✓	48.00*	47.70	Monthly
UK	08:00	Retail Sales (MoM) (Sep)	✓	0.40%	0.80%	Monthly
UK	08:00	Retail Sales (YoY) (Sep)	✓	3.70%	2.80%	Monthly
UK	08:00	Retail Sales Volume (Sep)	✓	-	111.70	Monthly
UK	08:00	Retail Sales Value (Sep)	✓	-	116.50	Monthly
France	09:15	Markit Manufacturing PMI (Oct) (P)	✓✓✓	51.00	51.20	Monthly
France	09:15	Markit Services PMI (Oct) (P)	✓✓✓	46.80	47.50	Monthly
France	09:15	Markit Composite PMI (Oct) (P)	✓✓✓	48.00	48.50	Monthly
Germany	09:30	Markit Manufacturing PMI (Oct) (P)	✓✓✓	55.10	56.40	Monthly
Germany	09:30	Markit Services PMI (Oct) (P)	✓✓✓	49.20	50.60	Monthly
Germany	09:30	Markit Composite PMI (Oct) (P)	✓✓✓	53.20	54.70	Monthly
Eurozone	10:00	Markit Composite PMI (Oct) (P)	✓✓✓	49.30	50.40	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Oct) (P)	✓✓✓	53.10	53.70	Monthly
Eurozone	10:00	Markit Services PMI (Oct) (P)	✓✓✓	47.00	48.00	Monthly
UK	10:30	Markit Manufacturing PMI (Oct) (P)	✓	53.10	54.10	Monthly
UK	10:30	Markit Services PMI (Oct) (P)	✓	54.00	56.10	Monthly
UK	10:30	Markit Composite PMI (Oct) (P)	✓	53.90	56.50	Monthly
US	15:45	Markit Manufacturing PMI (Oct) (P)	✓✓✓	53.40	53.20	Monthly
US	15:45	Markit Services PMI (Oct) (P)	✓✓✓	54.60	54.60	Monthly
US	15:45	Markit Composite PMI (Oct) (P)	✓✓✓	-	54.30	Monthly
US	19:00	Baker Hughes US Oil Rig Count (23-Oct)	✓	-	205.00	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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