

ONE
Minute Brief

5 November 2020

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Economic and political news

In South Africa (SA), the IHS Markit Purchasing Managers' Index (PMI) rose to 51.00 in October, compared to a level of 49.40 in the previous month.

The State Capture Inquiry has warned former President Jacob Zuma's lawyers that it "may have to resort" to approaching the Constitutional Court to ensure that he honours the subpoena issued against him by commission chair deputy chief justice Raymond Zondo.

Pharmacy Direct has agreed to pay workers their Unemployment Insurance Fund (UIF) Temporary Employee Relief Scheme (TERS) monies, after meeting with the Economic Freedom Fighters (EFF). Separately, the EFF has planned a mass march to the Department of Labour and South African Social Security Agency (SASSA) to demand that people be paid their UIF, as well as, the ZAR350 social grant.

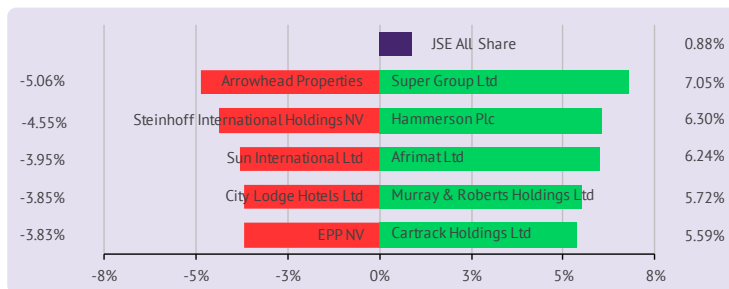
The National Education, Health and Allied Workers' Union (Nehawu) stated that it would embark on an indefinite strike next week to force the government to employ an estimated 20,000 community health workers as part of an agreement reached in the public health and social development sectoral bargaining council in 2019.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial, platinum mining and financial sector stocks. The JSE All Share Index rose 0.9% to close at 53,656.21.

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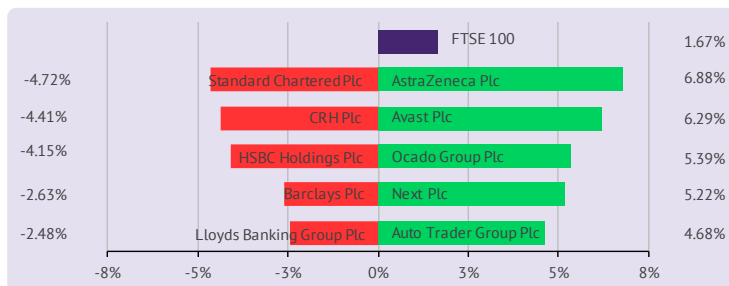


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid weakness in the British Pound. The FTSE 100 Index advanced 1.7% to close at 5,883.26. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

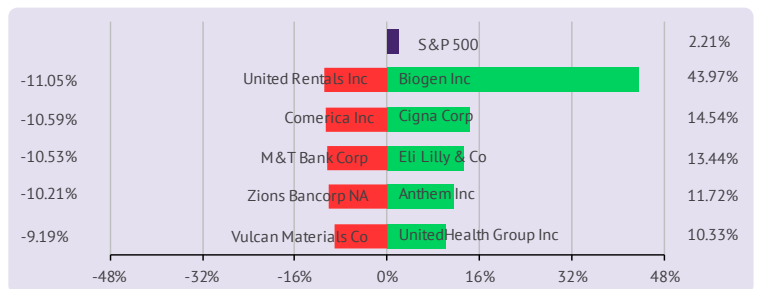
	As at 04 Nov 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53656.21	▲	468.40	0.88	3.81	3.81	-4.75	-6.00
JSE Top 40 (ZAR)	49300.89	▲	447.75	0.92	3.85	3.85	-5.13	-2.98
FTSE 100 (GBP)	5883.26	▲	96.49	1.67	5.49	5.49	-4.92	-22.00
DAX 30 (EUR)	12324.22	▲	235.24	1.95	6.64	6.64	-9.44	-6.98
CAC 40 (EUR)	4922.85	▲	117.24	2.44	7.15	7.15	-4.36	-17.65
S&P 500 (USD)	3443.44	▲	74.42	2.21	5.31	5.31	-2.77	6.58
Nasdaq Composite (USD)	11590.78	▲	430.21	3.85	6.22	6.22	-2.29	29.18
DJIA (USD)	27847.66	▲	367.63	1.34	5.08	5.08	-4.61	-2.42
MSCI Emerging Markets (USD)	1135.26	▲	14.38	1.28	2.88	2.88	1.98	1.85
MSCI Developed World (USD)	2416.61	▲	47.34	2.00	5.39	5.39	-3.14	2.47

US Market ▲

US markets closed firmer

US markets closed higher yesterday, led by gains in technology sector stocks and ahead of the outcome of US presidential election. The S&P 500 Index climbed 2.2% to close at 3,443.44. Today, the S&P 500 futures are trading in the green.

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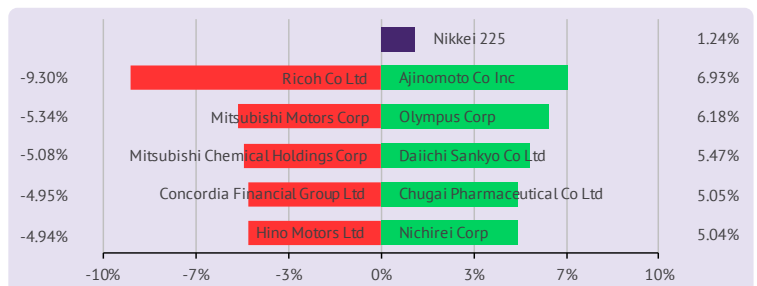


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. As at 6:00 SAST, the Nikkei 225 Index is trading 1.2% higher at 23,989.21.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally declined against the South African Rand to trade at R15.8717. Later today, traders will keep a close watch on the US initial jobless claims and the Federal Reserve's interest rate decision for further direction.

The US Dollar fell against the South African Rand yesterday, amid uncertainty over the outcome of the US presidential election. On the macro front, the US final Markit services PMI advanced in October. Additionally, the MBA mortgage applications rose on a weekly basis in the week ended 30 October 2020. Meanwhile, the private sector employment advanced less-than-expected in September. Moreover, trade deficit narrowed less than market forecast in September. Also, the ISM Services Index dropped in October. Separately, data indicated that SA's factory activity expanded for the first time in 18 months in October.

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GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.2% against the South African Rand to trade at R20.5663. Ahead in the day, traders will keep an eye on UK's Markit construction PMI, the Bank of England's (BoE) interest rate decision and BoE minutes along with Governor Andrew Bailey's speech for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's final Markit services PMI weakened in October.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R18.6263. Going forward, market participants will keep a tab on Eurozone's retail sales along with Germany's factory orders for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's producer price index (PPI) fell at par with market expectation in September. Additionally, the final Markit services PMI dropped in October. Separately, Germany's final Markit services PMI fell in October.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar slightly fell against the South African Rand to trade at R11.3890. Earlier in the session, Australia's trade surplus narrowed on a monthly basis in September.

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	15.8717	▲	-1.17	-2.28	-2.28	-3.01	13.39
GBPZAR	20.5663	▲	-1.67	-2.04	-2.04	-2.81	11.05
EURZAR	18.6263	▼	-1.03	-1.61	-1.61	-3.59	18.58
AUDZAR	11.3890	▲	-0.79	-0.22	-0.22	-4.83	15.80
EURUSD	1.1735	▲	0.09	0.68	0.68	-0.63	4.58
GBPUSD	1.2958	▼	-0.54	0.32	0.32	0.21	-2.03
Brent (\$/barrel)	40.8	▼	3.83	8.67	8.67	-10.31	-37.53
Gold (\$/oz)	1907.8	▲	-0.74	0.87	0.87	-0.40	24.50
Platinum (\$/oz)	876.2	▲	-0.56	2.56	2.56	-5.84	-10.43
Copper (\$/MT)*	6828.5	▲	0.32	1.80	1.80	0.59	11.05

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,907.80/oz, as early US election results indicated a lead for the Democrat leader, Joe Biden.

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Yesterday, gold prices fell 0.7% to close at \$1,896.20/oz, amid speculation that the Democrats will be unable to take control of the US Senate, denting hopes for a large stimulus package.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.1% lower to trade at \$40.78/bl.

Yesterday, Brent crude oil advanced 3.8% to settle at \$41.23/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories fell by 8mn bls for the week ended 30 October 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.7% to trade at \$876.20/oz.

Yesterday, platinum prices dropped 0.6% to close at \$870.10/oz.

Major South African corporate news

Mr Price Group Limited

In its 1H20 trading statement, the company announced that it expects basic EPS to be between 275.00c and 297.20c, compared to 443.60c in the same period of last year. Also, it expects basic HEPS to be between 319.10c and 341.30c, compared to 443.20c in the last year.

Major global economic news

US

In the US, the ISM services PMI eased to 56.60 in October, compared to a level of 57.80 in the previous month.

In October, the final Markit services PMI rose to 56.90 in the US, compared to a level of 54.60 in the prior month. The preliminary figures had recorded a rise to 56.00.

In the US, trade deficit narrowed less-than-expected to USD63.90bn in September, compared to a revised deficit of USD67.00bn in the prior month.

In October, the private sector employment rose by 365.00K in the US, compared to a revised growth of 753.00K jobs in the prior month.

In the US, the MBA mortgage applications climbed 3.8% on a weekly basis in the week ended 30 October 2020, compared to a rise of 1.7% in the previous week.

Eurozone

In the Eurozone, the PPI dropped 2.4% on an annual basis in September, in line with market anticipations and compared to a revised fall of 2.6% in the previous month.

In October, the final Markit services PMI fell to a level of 46.90 in the Eurozone, compared to a level of 48.00 in the previous month. The preliminary figures had recorded a drop to 46.20.

In Germany, the final Markit services PMI declined to 49.50 in October, compared to a level of 50.60 in the prior month. The preliminary figures had recorded a fall to 48.90.

Asia

In Japan, the Jibun Bank services PMI advanced to 47.70 in October, compared to a level of 46.90 in the previous month.

In Australia, trade surplus narrowed to AUD0.56bn on a monthly basis in September, compared to a revised surplus of AUD2.62bn in the prior month.

UK

In the UK, the final Markit services PMI dropped to a level of 51.40 in October, compared to a level of 56.10 in the previous month. The preliminary figures had recorded a fall to 52.30.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	02:30	Nikkei Japan Services PMI (Oct) (F)	✓✓	47.70*	46.90	Monthly
Switzerland	08:45	SECO Consumer Climate (Q4) (F)	✓✓	-8.00	-12.00	Quarterly
Germany	09:00	Factory Orders n.s.a. (YoY) (Sep)	✓✓✓	-	-2.20%	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Sep)	✓✓	2.00%	4.50%	Monthly
Switzerland	09:00	UBS Real Estate Bubble Index (Q3)	✓✓	-	1.52	Quarterly
Germany	10:30	Markit Construction PMI (Oct)	✓✓	-	45.50	Monthly
UK	11:00	New Car Registrations (YoY) (Oct)	✓	-	-4.40%	Monthly
UK	11:30	Markit Construction PMI (Oct)	✓	55.00	56.80	Monthly
Eurozone	12:00	Retail Sales (MoM) (Sep)	✓✓✓	-1.00%	4.40%	Monthly
Eurozone	12:00	Retail Sales (YoY) (Sep)	✓✓✓	2.80%	3.70%	Monthly
Eurozone	12:00	Retail Sales Index s.a. (Sep)	✓✓	-	113.40	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Sep)	✓	-	-0.40%	Monthly
South Africa	13:00	Electricity Production (YoY) (Sep)	✓	-	-2.40%	Monthly
UK	14:00	BoE Interest Rate Decision	✓	0.10%	0.10%	As Scheduled
UK	14:00	Bank of England Minutes	✓	-	-	As Scheduled
UK	14:00	Monetary Policy Summary	✓	-	-	As Scheduled
UK	14:00	Bank of England Monetary Policy Report	✓	-	-	As Scheduled
UK	14:30	BoE Governor Bailey Speech	✓	-	-	As Scheduled
US	14:30	Initial Jobless Claims - Net Change (31-Oct)	✓	-	-40.00K	Weekly
US	15:30	Non-Farm Productivity (Q3) (P)	✓	5.60%	10.10%	Quarterly
US	15:30	Unit Labour Costs (Q3) (P)	✓	-11.50%	9.00%	Quarterly
US	15:30	Continuing Jobless Claims (24-Oct)	✓✓✓	7200.00K	7756.00K	Weekly
US	15:30	Initial Jobless Claims (31-Oct)	✓✓✓	732.00K	751.00K	Weekly
US	16:30	EIA Natural Gas Storage Change (30-Oct)	✓✓✓	-	29.00Bcf	Weekly
US	21:00	Fed Interest Rate Decision	✓✓✓	0.25%	0.25%	As Scheduled
US	21:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As Scheduled
US	21:30	FOMC Press Conference	✓✓✓	-	-	As Scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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