

ONE
Minute Brief

6 November 2020

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Economic and political news

In South Africa (SA), electricity production dropped 3.1% in September, compared to a fall of 2.4% in the previous month. Additionally, electricity consumption fell 2.1% in September, compared to a drop of 0.4% in the prior month.

The State Capture Commission legal team has urged its chairperson, deputy chief justice Raymond Zondo, to instruct the commission's secretary to lay criminal charges against former SAA chairperson Dudu Myeni for revealing the identity of a secret witness.

Minister in the presidency Jackson Mthembu indicated that the National Coronavirus Command Council (NCCC) would meet next week and President Cyril Ramaphosa would address the country afterwards about the government's response to Covid-19.

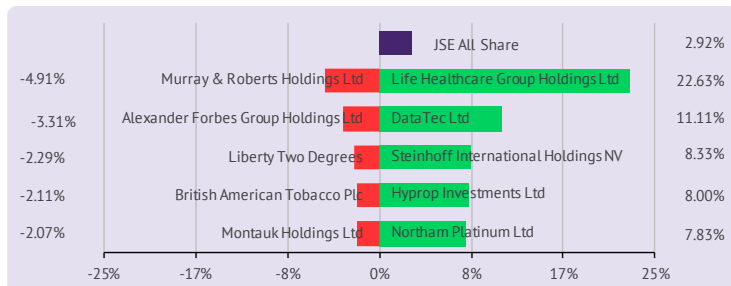
Public Enterprises Minister, Pravin Gordhan stated that he has been "absolutely categorical" in talks with prospective airline partners that the government will not put any further capital into South African Airways (SAA) other than what has been promised in the business rescue plan.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid indications that the US was heading for a contested election. The JSE All Share Index rose 2.9% to close at 55,225.24.

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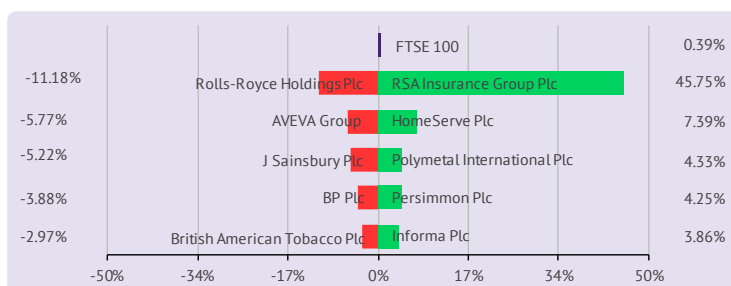


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, after the Bank of England (BoE) extended its stimulus programme to support the economy withstand the damage caused by the COVID-19 pandemic. The FTSE 100 Index advanced 0.4% to close at 5,906.18. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

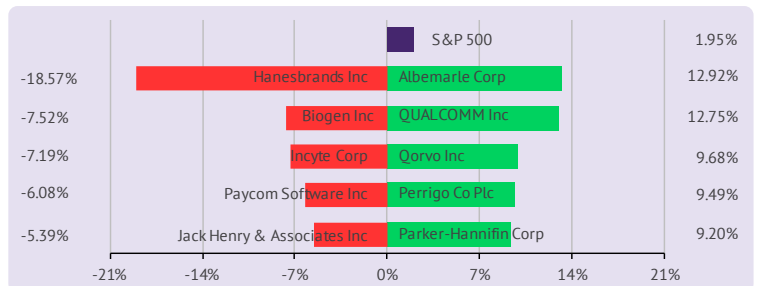
	As at 05 Nov 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55225.24	▲	1569.03	2.92	6.85	6.85	-4.75	-3.26
JSE Top 40 (ZAR)	50762.83	▲	1461.94	2.97	6.93	6.93	-5.13	-0.10
FTSE 100 (GBP)	5906.18	▲	22.92	0.39	5.90	5.90	-4.92	-21.69
DAX 30 (EUR)	12568.09	▲	243.87	1.98	8.75	8.75	-9.44	-5.14
CAC 40 (EUR)	4983.99	▲	61.14	1.24	8.48	8.48	-4.36	-16.63
S&P 500 (USD)	3510.45	▲	67.01	1.95	7.35	7.35	-2.77	8.66
Nasdaq Composite (USD)	11890.93	▲	300.15	2.59	8.98	8.98	-2.29	32.52
DJIA (USD)	28390.18	▲	542.52	1.95	7.13	7.13	-4.61	-0.52
MSCI Emerging Markets (USD)	1166.23	▲	30.97	2.73	5.69	5.69	1.98	4.63
MSCI Developed World (USD)	2466.58	▲	49.97	2.07	7.57	7.57	-3.14	4.58

US Market ▲

US markets closed firmer

US markets closed higher yesterday, extending its post-election rally and helped by gains in technology sector stocks. The S&P 500 Index climbed 2.0% to close at 3,510.45. Today, the S&P 500 futures are trading in the red.

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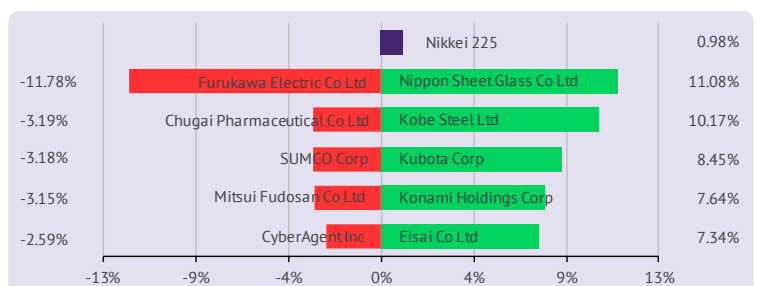


Asian Market ▲▶

Trading mixed

Asian markets are trading mixed this morning, ahead of the outcome of US presidential elections. As at 6:00 SAST, the Nikkei 225 Index is trading 1.0% higher at 24,341.00.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar climbed 0.2% against the South African Rand to trade at R15.7203. Later today, traders will keep a close watch on the US nonfarm payrolls, average hourly earnings, consumer credit change and the unemployment rate for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US initial jobless claims fell less-than-anticipated on a weekly basis in the week ended 30 October 2020. Separately, data indicated that SA's, both, electricity production and electricity consumption fell in September.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R20.6459. Ahead in the day, traders will keep an eye on UK's Halifax house prices for further indication.

The British Pound advanced against the South African Rand yesterday, as speculations over negative interest rate eased and as Britain's central bank boosted its bond-buying programme. Data indicated that UK's Markit construction activity expanded at its slowest pace in five months in October.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.2% against the South African Rand to trade at R18.5909. Going forward, market participants will keep a tab on Germany's industrial production for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted retail sales dropped more than market consensus in September. Separately, Germany's seasonally adjusted factory orders advanced less-than-expected in September.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand to trade at R11.4093. Earlier in the session, Australia's service sector activity expanded in October.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	15.7203	▼	-1.18	-3.43	-3.43	-3.01	12.05
GBPZAR	20.6459	▼	0.07	-1.97	-1.97	-2.81	11.13
EURZAR	18.5909	▼	-0.33	-1.94	-1.94	-3.59	18.20
AUDZAR	11.4093	▲	0.30	0.08	0.08	-4.83	16.14
EURUSD	1.1826	=	0.85	1.54	1.54	-0.63	5.47
GBPUSD	1.3130	▼	1.23	1.55	1.55	0.21	-0.82
Brent (\$/barrel)	40.2	▼	-0.73	7.88	7.88	-10.31	-37.98
Gold (\$/oz)	1940.1	▼	2.67	3.56	3.56	-0.40	27.82
Platinum (\$/oz)	895.7	▼	3.42	6.07	6.07	-5.84	-7.36
Copper (\$/MT)*	6842.8	▲	0.21	2.02	2.02	0.59	11.28

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped 0.3% to trade at \$1,940.10/oz.

Yesterday, gold prices rose 2.7% to close at \$1,946.80/oz, amid weakness in the US Dollar and rising hopes for a larger US stimulus package.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.8% lower to trade at \$40.18/bL.

Yesterday, Brent crude oil declined 0.7% to settle at \$40.93/bL, amid concerns over rising coronavirus cases in several countries and ahead of the US presidential election result.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.5% to trade at \$895.70/oz.

Yesterday, platinum prices climbed 3.4% to close at \$899.90/oz.

Major South African corporate news

AVI Limited

In its 1H20 trading update, the company announced that it expects its EPS to be between 279.00c and 320.00c, compared to 410.20c in the last year.

Sappi Limited

In its 4Q20 results, the company announced that revenues fell to USD1.09bn from USD1.45bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 16.00c, compared to an EPS of 9.00c in the same period of the prior year.

Foschini Group Limited

In its 1H20 results, the company announced that revenues declined 25.3% to ZAR13.86bn from the same period of the preceding year. Its diluted EPS stood at 161.00c, compared to 530.60c recorded in the corresponding period of the previous year.

Truworths International Limited

In its business update, the company announced that retail sales for the period from 29 June 2020 to 1 November 2020 decreased by 10.0% to ZAR5.70bn, compared with the period from 1 July 2019 to 3 November 2019 of the prior year. Further, retail sales for the group's UK-based office segment decreased in Sterling terms by 26.0% to GBP70.00mn, relative to the prior period's GBP95.00mn. The group also announced the successful acquisition of the Barrie Cline Clothing business, with effect from 1 December 2020.

Major global economic news

UK

In the UK, the Markit construction PMI dropped to 53.10 in October, compared to a level of 56.80 in the prior month.

The BoE, in its latest monetary policy decision, kept its benchmark interest rate unchanged at 0.1% and extended its bond purchase programme by GBP150bn in a bid to support the economy. Further, the central bank downgraded its economic outlook and now expects gross domestic product (GDP) to grow 7.25% in 2021 down from 9.0% projected in August. However, the outlook for 2022 was revised up to 6.25% from 3.50%.

BoE Governor Andrew Bailey, in his speech, indicated that the central bank is ready to inject more stimulus into the economy if the outlook for inflation weakens and will "take whatever additional action is necessary" to achieve its 2% inflation target.

Asia

In Australia, the AiG performance of services index jumped to 51.40 in October, compared to a level of 36.20 in the previous month.

In Japan, overall household spending declined 10.2% on an annual basis in September, less than market anticipations and compared to a drop of 6.9% in the prior month.

The Reserve Bank of Australia (RBA), in its latest monetary policy statement, signalled that it is not considering a further reduction in interest rates. On the outlook front, the central bank expects a large shortfall in economy activity and a slowdown in recovery. Further, the RBA warned that the unemployment rate is likely to increase in the near term.

US

In the US, seasonally adjusted number of initial jobless claims dropped to 751.00K on a weekly basis in the week ended 30 October 2020, less than market expectations and compared to a revised reading of 758.00K in the previous week.

The US Federal Reserve (Fed), in its latest monetary policy decision, kept its key interest rate unchanged at 0.0%-0.25%, as widely expected. Further, the central bank indicated that economic activity and employment have continued to recover but remain well below pre-pandemic levels. Additionally, the Fed reiterated that it expects rates to remain unchanged until it achieves consistent levels of labour market conditions and inflation target of 2.0%.

Eurozone

In the Eurozone, seasonally adjusted retail sales fell 2.0% on a monthly basis in September, more than market anticipation and compared to a rise of 4.2% in the prior month.

In Germany, seasonally adjusted factory orders rose 0.5% on a monthly basis in September, less than market forecast and compared to a revised rise of 4.9% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Household Spending (YoY) (Sep)	✓✓	-10.20%*	-6.90%	Monthly
Japan	01:50	Foreign Buying Japan Stocks (30-Oct)	✓	-JPY212.70bn*	JPY228.40bn	Weekly
South Africa	08:00	Net Gold & Forex Reserve (Oct)	✓	-	USD50.66bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Oct)	✓	USD55.20bn	USD54.42bn	Monthly
Germany	09:00	Industrial Production n.s.a. and w.d.a. (YoY) (Sep)	✓✓✓	-	-9.60%	Monthly
Germany	09:00	Industrial Production s.a. (MoM) (Sep)	✓✓✓	2.70%	-0.20%	Monthly
France	09:45	Nonfarm Payrolls (QoQ) (Q3) (P)	✓	-	-0.80%	Quarterly
France	09:45	Current Account (Sep)	✓✓	-	-EUR4.70bn	Monthly
France	09:45	Trade Balance (Sep)	✓✓✓	-EUR6.32bn	-EUR7.71bn	Monthly
Switzerland	10:00	Foreign Currency Reserves (Oct)	✓✓✓	-	CHF873.53bn	Monthly
UK	10:30	Halifax House Prices (3m/YoY) (Oct)	✓	-	7.30%	Monthly
UK	10:30	Halifax House Prices (MoM) (Oct)	✓	-	1.60%	Monthly
Italy	11:00	Retail Sales n.s.a. (YoY) (Sep)	✓✓	-	0.80%	Monthly
Italy	11:00	Retail Sales s.a. (MoM) (Sep)	✓✓✓	-	8.20%	Monthly
Canada	15:30	Full Time Employment Change (Oct)	✓✓	-	334.00K	Monthly
Canada	15:30	Unemployment Rate (Oct)	✓✓	8.80%	9.00%	Monthly
US	15:30	Average Hourly Earnings All Employees (MoM) (Oct)	✓✓	0.20%	0.10%	Monthly
US	15:30	Average Hourly Earnings All Employees (YoY) (Oct)	✓✓	4.60%	4.70%	Monthly
US	15:30	Average Weekly Hours All Employees (Oct)	✓	34.70	34.70	Monthly
US	15:30	Change in Private Payrolls (Oct)	✓✓	700.00K	877.00K	Monthly
US	15:30	Unemployment Rate (Oct)	✓✓✓	-	7.90%	Monthly
US	15:30	Underemployment Rate (Oct)	✓✓	-	12.80%	Monthly
US	15:30	Labor Force Participation Rate (Oct)	✓✓	-	61.40%	Monthly
US	17:00	Wholesale Inventories (MoM) (Sep) (F)	✓✓✓	-0.10%	0.30%	Monthly
US	20:00	Baker Hughes US Oil Rig Count (06-Nov)	✓	-	221.00	Weekly
US	22:00	Consumer Credit Change (Sep)	✓✓	USD9.00bn	-USD7.22bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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