

ONE
Minute Brief

10 November 2020

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Economic and political news

The Democratic Alliance (DA) has called upon deputy chief justice Raymond Zondo to summon Health Minister Zweli Mkhize to testify before the Commission of Inquiry into State Capture regarding allegations that he, in his capacity as former treasurer-general of the African National Congress (ANC), facilitated payments to the party from a beneficiary of the ZAR3.5bn Passenger Rail Agency of South Africa (PRASA) contract.

News reports indicate that on 11 November the National Energy Regulator of South Africa (Nersa) will consider approving the procurement of 2,500 megawatts of nuclear power in a bid to expand the industry.

News reports indicate that South Africa (SA) is planning to introduce a new short-dated bond to help lower government borrowing costs by lessening dependence on more expensive long-term debt.

News reports indicate that South African government is considering reimposing several curbs aimed at containing the coronavirus pandemic as fears mount about a second wave of infections.

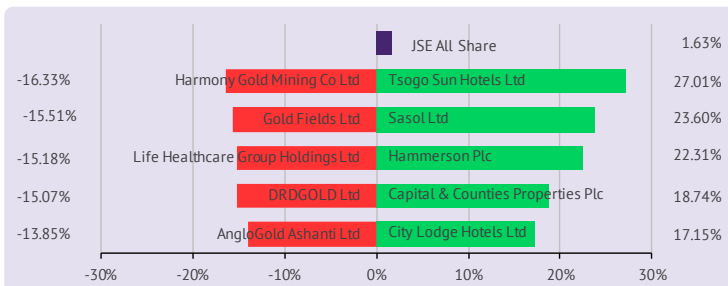
Key indices

	As at 09 Nov 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57307.49	▲	920.45	1.63	1.63	10.88	-4.75	0.39
JSE Top 40 (ZAR)	52684.37	▲	808.13	1.56	1.56	10.98	-5.13	3.68
FTSE 100 (GBP)	6186.29	▲	276.27	4.67	4.67	10.92	-4.92	-17.98
DAX 30 (EUR)	13095.97	▲	615.95	4.94	4.94	13.32	-9.44	-1.16
CAC 40 (EUR)	5336.32	▲	375.44	7.57	7.57	16.15	-4.36	-10.73
S&P 500 (USD)	3550.50	▲	41.06	1.17	1.17	8.58	-2.77	9.90
Nasdaq Composite (USD)	11713.78	▼	-181.45	-1.53	-1.53	7.35	-2.29	30.55
DJIA (USD)	29157.97	▲	834.57	2.95	2.95	10.02	-4.61	2.17
MSCI Emerging Markets (USD)	1192.37	▲	16.01	1.36	1.36	8.06	1.98	6.97
MSCI Developed World (USD)	2502.06	▲	32.02	1.30	1.30	9.12	-3.14	6.09

South Africa Market ▲

South African markets closed higher

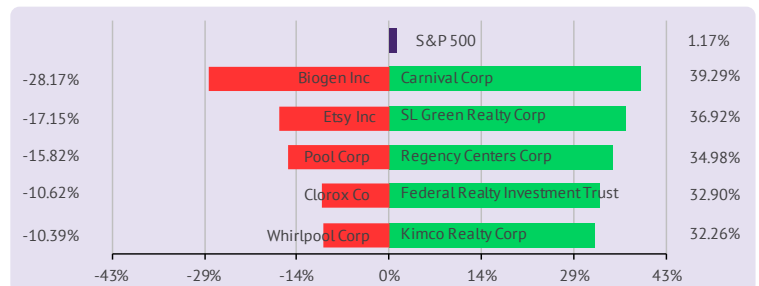
South African markets closed in the green yesterday, boosted by gains in banking, financial and industrial sector stocks. The JSE All Share Index rose 1.6% to close at 57,307.49.

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US Market ▲

US markets closed mostly firmer

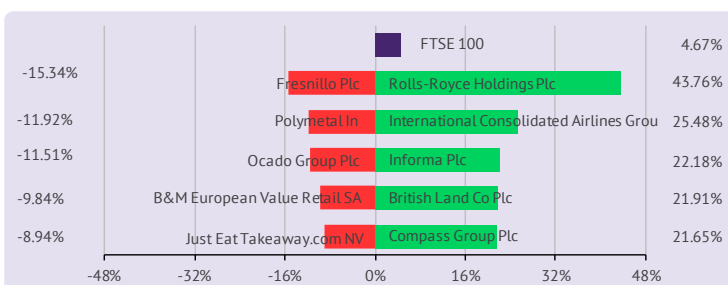
US markets closed mostly higher yesterday, after US drugmaker Pfizer and its German partner BioNTech showed encouraging results in their COVID-19 vaccine trial. The S&P 500 Index climbed 1.2% to close at 3,550.50. Today, the S&P 500 futures are trading in the green.

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UK Market ▲

UK markets closed in the green

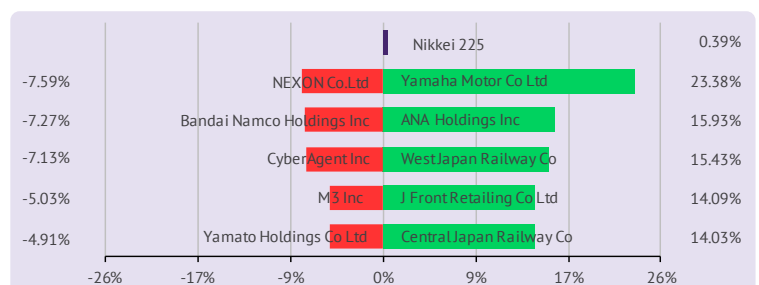
UK markets finished sharply higher yesterday, amid optimism over Brexit trade deal and signs of progress in the development of a COVID-19 vaccine. The FTSE 100 Index climbed 4.7% to close at 6,186.29. Today, the FTSE 100 futures are trading in negative territory.

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Asian Market ▲

Trading higher

Asian markets are trading higher this morning, as positive vaccine news buoyed gains in regional airline, tourism and travel sector stocks. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% higher at 24,937.14.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R15.4147. Later today, traders will keep a close watch on the US NFIB business optimism index and the JOLTS job openings for further direction.

The US Dollar fell against the South African Rand yesterday, as progress in development of a potential coronavirus vaccine and Democrat leader Joe Biden's victory in the US presidential elections boosted investors' risk appetite.

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GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.4% firmer against the South African Rand at R20.3260. Ahead in the day, traders will keep an eye on UK's ILO unemployment rate and average hourly earnings including bonus for further indication. Data indicated that UK's BRC like-for-like retail sales rose less than market consensus in October.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.4% higher against the South African Rand at R18.2438. Going forward, market participants will keep a tab on the Eurozone's ZEW economic sentiment indicator along with Germany's ZEW economic sentiment and current situation index for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's Sentix investor confidence weakened for the second straight month in November. Separately, Germany's both, current account surplus and trade surplus widened in September.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% firmer against the South African Rand at R11.2251. Earlier in the session, Australia's, both, the NAB business confidence index and the NAB business conditions index rebounded in October. Elsewhere, in China, Australia's largest trading partner, the consumer price index (CPI) rose less-than-anticipated in October. Meanwhile, the producer price index (PPI) dropped 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	15.4147	▼	-1.46	-1.46	-5.35	-3.01	9.82
GBPZAR	20.3260	▼	-1.32	-1.32	-3.80	-2.81	9.06
EURZAR	18.2438	▼	-1.97	-1.97	-3.98	-3.59	15.73
AUDZAR	11.2251	▼	-1.13	-1.13	-1.94	-4.83	13.80
EURUSD	1.1834	▲	-0.51	-0.51	1.43	-0.63	5.35
GBPUSD	1.3185	▲	0.08	0.08	1.69	0.21	-0.69
Brent (\$/barrel)	41.9	▼	7.48	7.48	11.76	-10.31	-35.76
Gold (\$/oz)	1879.2	▲	-4.99	-4.99	-1.36	-0.40	21.75
Platinum (\$/oz)	872.2	▲	-3.56	-3.56	2.24	-5.84	-10.71
Copper (\$/MT)*	6903.3	▼	-0.46	-0.46	2.92	0.59	12.27

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 1.3% to trade at \$1,879.20/oz.

Yesterday, gold prices fell 5.0% to close at \$1,854.40/oz, as Pfizer's Covid-19 vaccine trials showed positive results.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.3% lower to trade at \$41.87/bl.

Yesterday, Brent crude oil advanced 7.5% to settle at \$42.40/bl, amid renewed hopes for a Covid-19 vaccine.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.6% higher to trade at \$872.20/oz.

Yesterday, platinum prices dropped 3.6% to close at \$867.40/oz.

Major South African corporate news

Harmony Gold Mining Company Limited

In its 3Q20 operational update, the company announced that gold production increased by 38.0% from 7,049kg (226 632oz) to 9,758kg (313 725oz), with a 64.0% increase in gold production at the South African underground operations from 4,578kg (147 187oz) in the June 2020 quarter to 7,528kg (242 029oz) at the end of September 2020. Meanwhile, gold production at Hidden Valley decreased by 19.0% quarter-on-quarter to 983kg (31 604oz) from 1,212kg (38 967oz).

Raubex Group Limited

In its 1H20 results, the company announced that revenues declined 10.5% to ZAR3.94bn compared to the same period of the preceding year. Its diluted loss per share stood at 24.90c, compared to an EPS of 64.40c recorded in the corresponding period of the previous year.

Spur Corporation Limited

In its FY20 trading update, the company announced that it expects EPS to be between 71.21c and 79.90c, compared to 173.69c in the last year. The company also expects its HEPS to be between 78.16c and 86.84c, compared to 173.68c in prior year.

Major global economic news

Asia

In Japan, the preliminary leading economic index rose to a level of 92.90 in September, more than market forecast and compared to a revised level of 88.50 in the previous month.

In September, the flash coincident index unexpectedly advanced to a level of 80.80 in Japan, compared to a level of 79.40 in the previous month.

In Japan, non-seasonally adjusted current account surplus narrowed more-than-expected to JPY1660.20bn in September, compared to a surplus of JPY2102.80bn in the prior month.

In September, trade surplus (BOP basis) unexpectedly widened to JPY918.40bn in Japan, compared to a surplus of JPY413.20bn in the previous month.

In Australia, the NAB business confidence index climbed to 5.00 in October, compared to a level of -4.00 in the previous month.

In October, the NAB business conditions index increased to 1.00 in Australia, compared to a flat reading in the prior month.

In China, the CPI rose 0.5% on a yearly basis in October, less than market expectations and compared to a rise of 1.7% in the prior month.

In October, the PPI fell 2.1% on an annual basis in China, compared to a similar drop in the prior month.

Eurozone

In the Eurozone, the Sentix investor confidence index dropped to -10.00 in November, less than market expectations and compared to a level of -8.30 in the previous month.

In Germany, non-seasonally adjusted current account surplus widened to EUR26.30bn in September, compared to a surplus of EUR16.50bn in the prior month.

In September, seasonally adjusted trade surplus widened to EUR17.80bn in Germany, less than market anticipations and compared to a revised surplus of EUR15.40bn in the prior month.

UK

In the UK, the BRC like-for-like retail sales grew 5.2% on an annual basis in October, less than market consensus and compared to a rise of 6.1% in the prior month.

Bank of England (BoE) Governor, Andrew Bailey, in his speech, supported the central bank's decision to ignore climate change risks in its response to the initial impact of COVID-19 on the economy. Furthermore, he added that the central bank will launch its climate stress tests for commercial lenders in June 2021 and it would explore three different climate scenarios.

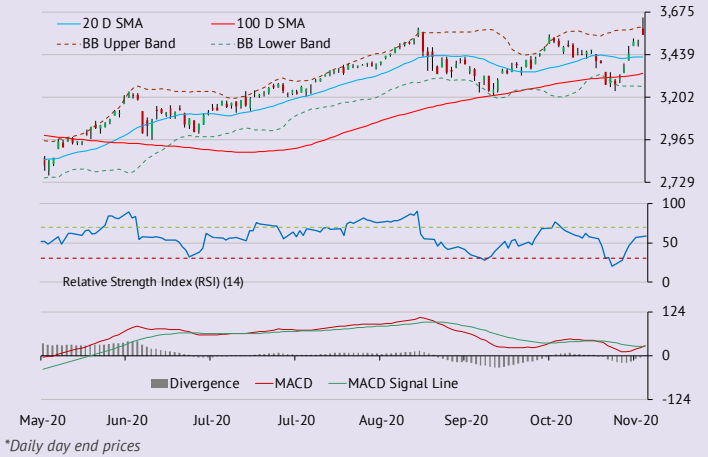
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 53,966.35, and a fall through could take it to the next support level of 50,625.21. The index is expected to find its first resistance at 59,300.32, and a rise through could take it to the next resistance level of 61,293.15.

S&P 500



The S&P 500 index is expected to find support at 3,375.84, and a fall through could take it to the next support level of 3,201.17. The index is expected to find its first resistance at 3,685.58, and a rise through could take it to the next resistance level of 3,820.65.

USD ZAR



The pair is expected to find support at 14.9135, and a fall through could take it to the next support level of 14.4520. The pair is expected to find its first resistance at 16.1335, and a rise through could take it to the next resistance level of 16.8920.

XAU USD



Gold is expected to find support at \$1,812.90/oz, and a fall through could take it to the next support level of \$1,771.40/oz. The precious metal is expected to find its first resistance at \$1,931.00/oz, and a rise through could take it to the next resistance level of \$2,007.60/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Trade Balance - BOP Basis (Sep)	✓✓✓	JPY918.40bn*	JPY413.20bn	Monthly
Japan	01:50	Current Account n.s.a. (Sep)	✓	JPY1660.20bn*	JPY102.80bn	Monthly
UK	02:01	BRC Sales Like-For-Like (YoY) (Oct)	✓	5.20%*	6.10%	Monthly
China	03:30	Consumer Price Index (MoM) (Oct)	✓✓✓	-0.30%*	0.20%	Monthly
China	03:30	Consumer Price Index (YoY) (Oct)	✓✓✓	0.50%*	1.70%	Monthly
China	03:30	Producer Price Index (YoY) (Oct)	✓✓✓	-2.10%*	-2.10%	Monthly
France	08:30	Unemployment Rate (Q3)	✓✓	7.50%	7.10%	Quarterly
UK	08:30	ILO Unemployment Rate (3M) (Sep)	✓	4.80%	4.50%	Monthly
UK	09:00	Average Earnings Excluding Bonus (3Mo/Yr) (Sep)	✓	1.50%	0.80%	Monthly
UK	09:00	Average Earnings Including Bonus (3Mo/Yr) (Sep)	✓	1.00%	0.00%	Monthly
UK	09:00	Claimant Count Change (Oct)	✓	-	28.10K	Monthly
UK	09:00	Claimant Count Rate s.a. (Oct)	✓	-	7.60%	Monthly
UK	09:00	Employment Change (3M/3M) (Sep)	✓	-135.00K	-153.00K	Monthly
France	09:45	Industrial Production (MoM) (Sep)	✓✓✓	0.70%	1.30%	Monthly
France	09:45	Industrial Production (YoY) (Sep)	✓✓✓	-	-6.20%	Monthly
France	09:45	Manufacturing Production (MoM) (Sep)	✓✓✓	-	1.00%	Monthly
France	09:45	Manufacturing Production (YoY) (Sep)	✓✓✓	-	-7.00%	Monthly
Italy	11:00	Industrial Production n.s.a. (YoY) (Sep)	✓✓	-2.20%	-0.30%	Monthly
Italy	11:00	Industrial Production s.a. (MoM) (Sep)	✓✓	-2.50%	7.70%	Monthly
Italy	11:00	Industrial Production w.d.a.(YoY) (Sep)	✓✓	-	-0.30%	Monthly
Italy	11:00	Industrial Production s.a. (Sep)	✓✓	-	105.10	Monthly
Eurozone	12:00	ZEW Survey - Economic Sentiment (Nov)	✓✓	-	52.30	Monthly
Germany	12:00	ZEW Survey - Current Situation (Nov)	✓✓✓	-65.00	-59.50	Monthly
Germany	12:00	ZEW Survey - Economic Sentiment (Nov)	✓✓✓	40.00	56.10	Monthly
South Africa	13:00	Manufacturing Production (YoY) (Sep)	✓✓	-	-10.80%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Sep)	✓✓	-	3.60%	Monthly
US	13:00	NFIB Small Business Optimism (Oct)	✓	102.20	104.00	Monthly
US	17:00	JOLTs Job Openings (Sep)	✓	5590.00K	6493.00K	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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