

ONE
Minute Brief

11 November 2020

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Economic and political news

In South Africa (SA), seasonally adjusted manufacturing production dropped 2.6% on an annual basis in September, compared to a revised drop of 11.1% in the previous month.

Former President Jacob Zuma's lawyers have confirmed that he will appear before deputy chief justice Raymond Zondo later this month.

The Hawks have confirmed that an arrest warrant has been issued against African National Congress (ANC) secretary-general Ace Magashule in connection with a controversial ZAR255mn asbestos audit contract in the Free State.

The National Assembly has rejected the Economic Freedom Fighters' (EFF) "divisive" motion to establish an ad hoc committee to look into the living conditions of farm workers and farm dwellers.

The Electoral Commission of SA (IEC) has upheld its decision to reject the registration of Herman Mashaba's ActionSA as a political party.

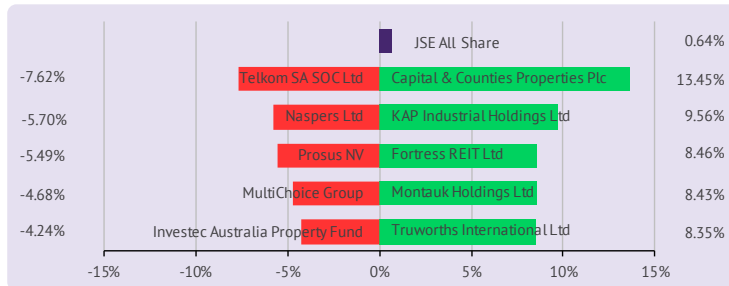
Business lobby group Business for SA (B4SA) has warned the government against a second hard lockdown, after the first one took a toll on the country's economic activity.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking, financial and retail sector stocks. The JSE All Share Index rose 0.6% to close at 57,672.12.

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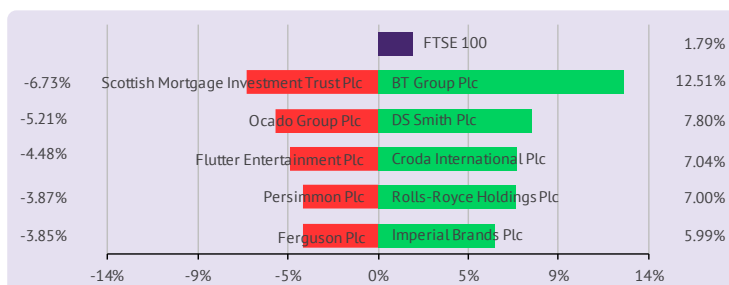


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid progress in the development of a potential coronavirus vaccine and optimism over Brexit trade deal. The FTSE 100 Index advanced 1.8% to close at 6,296.85. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

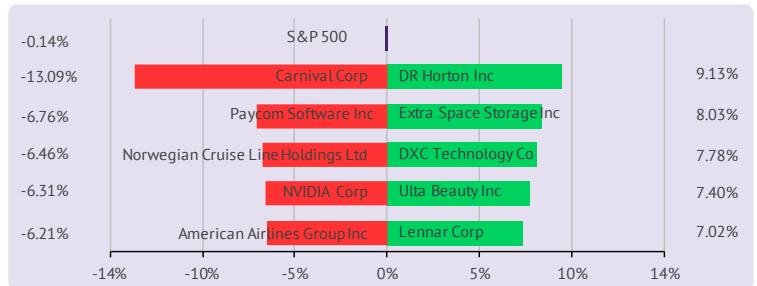
	As at 10 Nov 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57672.12	▲	364.63	0.64	2.28	11.58	-4.75	1.03
JSE Top 40 (ZAR)	52922.51	▲	238.14	0.45	2.02	11.48	-5.13	4.15
FTSE 100 (GBP)	6296.85	▲	110.56	1.79	6.55	12.90	-4.92	-16.51
DAX 30 (EUR)	13163.11	▲	67.14	0.51	5.47	13.90	-9.44	-0.65
CAC 40 (EUR)	5418.97	▲	82.65	1.55	9.23	17.95	-4.36	-9.35
S&P 500 (USD)	3545.53	▼	-4.97	-0.14	1.03	8.43	-2.77	9.74
Nasdaq Composite (USD)	11553.86	▼	-159.92	-1.37	-2.87	5.89	-2.29	28.77
DJIA (USD)	29420.92	▲	262.95	0.90	3.87	11.02	-4.61	3.09
MSCI Emerging Markets (USD)	1179.92	▼	-12.45	-1.04	0.30	6.93	1.98	5.85
MSCI Developed World (USD)	2507.10	▲	5.04	0.20	1.50	9.34	-3.14	6.30

US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, weighed down by losses in technology, communication services and consumer discretionary sector stocks. The S&P 500 Index dropped 0.1% to close at 3,545.53. Today, the S&P 500 futures are trading in the green.

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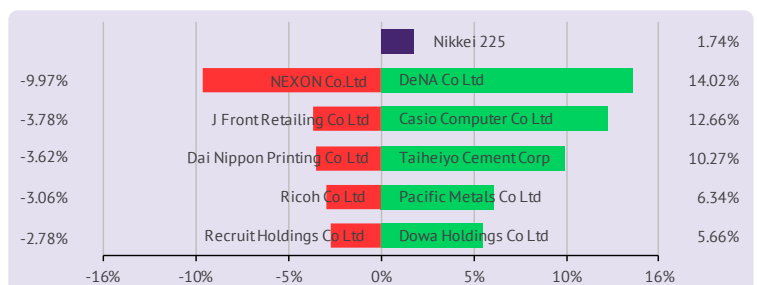


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, as vaccine news eased concerns over rising Covid-19 cases. As at 6:00 SAST, the Nikkei 225 Index is trading 1.7% higher at 25,339.02.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.4% against the South African Rand to trade at R15.5580. Later today, traders will keep a close watch on the US MBA mortgage applications for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US NFIB small business optimism index unexpectedly remained unchanged in October. Moreover, the JOLTs job openings climbed in September. Separately, data indicated that SA's manufacturing output contracted at its slowest pace in seven months in September.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.5% lower against the South African Rand at R20.6444. Ahead in the day, traders will keep an eye on UK's NIESR GDP estimate for further indication.

The British Pound advanced against the South African Rand yesterday, amid hopes that Britain and the EU would reach a post-Brexit trade deal before the end of the year. Data indicated that UK's ILO unemployment rate rose in September, marking its highest level since November 2016. Meanwhile, average earnings including bonus grew more-than-expected in September.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.3% lower against the South African Rand at R18.4024. Going forward, market participants will keep a tab on European Central Bank (ECB) President Christine Lagarde's speech for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's ZEW economic sentiment index unexpectedly dropped in November. Separately, Germany's ZEW current situation index dropped in November. Additionally, the ZEW economic sentiment index declined to a seven-month low in November.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R11.3761. Earlier in the session, Australia's Westpac consumer confidence index jumped to a 7-year high level in November.

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	15.5580	▲	1.64	0.15	-3.80	-3.01	11.62
GBPZAR	20.6444	▲	2.46	1.10	-1.43	-2.81	11.74
EURZAR	18.4024	▲	1.63	-0.37	-2.41	-3.59	17.62
AUDZAR	11.3761	▲	1.68	0.54	-0.28	-4.83	15.72
EURUSD	1.1828	▲	0.02	-0.50	1.44	-0.63	5.37
GBPUSD	1.3270	▼	0.81	0.88	2.51	0.21	0.11
Brent (\$/barrel)	44.1	▲	2.85	10.54	14.94	-10.31	-33.92
Gold (\$/oz)	1878.9	▲	1.19	-3.86	-0.19	-0.40	23.20
Platinum (\$/oz)	890.9	▼	2.92	-0.74	5.22	-5.84	-8.10
Copper (\$/MT)*	6913.3	▲	0.14	-0.31	3.07	0.59	12.43

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,878.90/oz.

Yesterday, gold prices rose 1.2% to close at \$1,876.40/oz, amid renewed hopes for further US fiscal stimulus.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.0% higher to trade at \$44.06/bl.

Yesterday, Brent crude oil advanced 2.9% to settle at \$43.61/bl, amid optimism over the development of a potential coronavirus vaccine.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.2% to trade at \$890.90/oz.

Yesterday, platinum prices climbed 2.9% to close at \$892.70/oz.

Major South African corporate news

Life Healthcare Group Holdings Limited

In its FY20 trading statement, the company announced that revenues in SA are expected to decrease by between 6.1% and 7.2%, with the business severely impacted by the pandemic in 2H20. Moreover, the group revenue is expected to decrease by between 0.5% and 2.0% over the prior year and normalised EBITDA before IFRS 16 is expected to decrease by between 27.4% and 30.2%.

Omnia Holdings Limited

In its 1H20 trading statement, the company announced that it expects EPS to be between 146.00c and 154.00c, compared to 39.00c in the last year. It also expects its HEPS to be between 143.00c and 153.00c, compared to 49.00c in prior year.

Sun International Limited

In its business update, the company announced that South African casino operations were able to resume trading, with effect from 1 July 2020. Additionally, all the company's South African operations have re-opened, with Sun City having re-commenced trading in September, once the restrictions on inter-provincial travel were lifted and the Maslow Sandton and Table Bay hotels having resumed operating in October and November respectively.

Telkom SA SOC Limited

In its 1H20 results, the company announced that revenues fell 0.4% to ZAR21.40bn from the same period of the preceding year. Its diluted EPS stood at 216.80c, compared to 164.50c recorded in the corresponding period of the previous year.

Tsogo Sun Hotels Limited

In its 1H20 trading statement, the company announced that revenue is expected to be between 81.0% and 87.0% lower compared to the prior comparative period of ZAR2.08bn. It expects its EPS to be between 24.00c and 29.00c lower, compared to the prior comparative period EPS of 9.80c.

Major global economic news

UK

In the UK, the three month moving average ILO unemployment rate advanced to 4.8% in September, compared to 4.5% in the previous month.

In October, the claimant count rate dropped to 7.3% in the UK, compared to a revised 7.4% in the prior month.

In the UK, average earnings including bonus rose 1.3% on an annual basis in September, more than market expectations and compared to a revised rise of 0.1% in the previous month.

Eurozone

In the Eurozone, the ZEW economic sentiment index unexpectedly fell to 32.80 in November, compared to a level of 52.30 in the prior month.

In Germany, the ZEW current situation index dropped to -64.30 in November, less than market anticipations and compared to a level of -59.50 in the previous month.

In November, the ZEW economic sentiment index fell to 39.00 in Germany, more than market forecast and compared to a level of 56.10 in the prior month.

US

In the US, the NFIB small business optimism index unexpectedly remained unchanged at 104.00 in October.

In September, JOLTs job openings rose to a level of 6436.00K in the US, compared to a revised level of 6352.00K in the previous month.

Asia

In Australia, the seasonally adjusted Westpac consumer confidence index rose to 107.70 in November, compared to a level of 105.00 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Money Supply M2+CD (YoY) (Oct)	✓	9.00%*	9.00%	Monthly
Eurozone	12:00	ECB Balance sheet (02-Nov)	✓✓	-	EUR6775.76bn	Weekly
Germany	12:30	Germany to Sell Bonds	✓✓✓	-	-	As Scheduled
Portugal	13:00	Consumer Price Index (MoM) (Oct) (F)	✓	0.10%	0.97%	Monthly
Portugal	13:00	Consumer Price Index (YoY) (Oct) (F)	✓	-0.10%	-0.10%	Monthly
Portugal	13:00	Harmonized CPI (MoM) (Oct) (F)	✓✓	-	0.80%	Monthly
Portugal	13:00	Harmonized CPI (YoY) (Oct) (F)	✓	-	-0.80%	Monthly
US	14:00	MBA Mortgage Applications (06-Nov)	✓	-	3.80%	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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