

ONE Minute Brief

12 November 2020

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Economic and political news

In his latest address to the nation on the Covid-19 pandemic, President Cyril Ramaphosa announced further easing of lockdown restrictions to level 1. Additionally, he stated that retail sales of alcohol will be allowed on weekends and that international travel to South Africa (SA) will be eased further. Moreover, the national state of disaster would be extended until 15 December and the Unemployment Insurance Fund's (UIF) Temporary Employer/Employee Relief Scheme (Ters) would also be extended by a month.

The African National Congress (ANC) has indicated that it has not asked its Secretary-General Ace Magashule to step aside and neither does it expect him to do so.

The South African Broadcasting Corporation (SABC) management stated that it will proceed with job cuts affecting at least 400 employees, despite objections by the government, MPs and labour unions.

Public Enterprises Minister, Pravin Gordhan stated that South African Airways (SAA) has received interest from several private equity partners and a transaction advisor has been appointed to engage with parties in a process which could be wrapped up either in December this year or early 2021.

Key indices

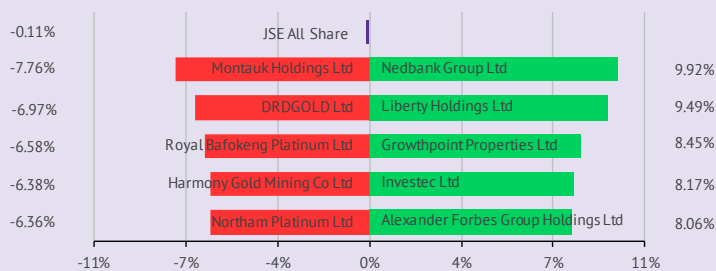
	As at 11 Nov 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57607.30	▼	-64.82	-0.11	2.16	11.46	-4.75	0.92
JSE Top 40 (ZAR)	52784.39	▼	-138.12	-0.26	1.75	11.19	-5.13	3.87
FTSE 100 (GBP)	6382.10	▲	85.25	1.35	7.99	14.43	-4.92	-15.38
DAX 30 (EUR)	13216.18	▲	53.07	0.40	5.90	14.36	-9.44	-0.25
CAC 40 (EUR)	5445.21	▲	26.24	0.48	9.76	18.52	-4.36	-8.91
S&P 500 (USD)	3572.66	▲	27.13	0.77	1.80	9.26	-2.77	10.58
Nasdaq Composite (USD)	11786.43	▲	232.57	2.01	-0.91	8.02	-2.29	31.36
DJIA (USD)	29397.63	▼	-23.29	-0.08	3.79	10.93	-4.61	3.01
MSCI Emerging Markets (USD)	1178.86	▼	-1.07	-0.09	0.21	6.83	1.98	5.76
MSCI Developed World (USD)	2528.25	▲	21.15	0.84	2.36	10.26	-3.14	7.20

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in technology sector stocks. The JSE All Share Index fell 0.1% to close at 57,607.30.

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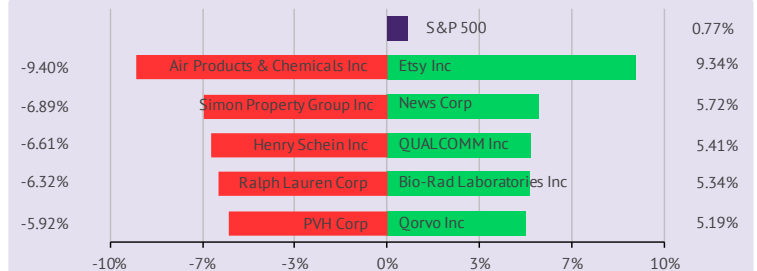


US Market ▲

US markets closed mostly firmer

US markets closed mostly higher yesterday, boosted by gains in technology sector stocks and amid progress in the development of a possible coronavirus vaccine. The S&P 500 Index climbed 0.8% to close at 3,572.66. Today, the S&P 500 futures are trading in the red.

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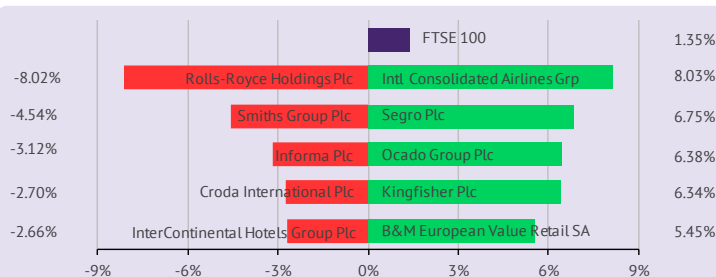


UK Market ▲

UK markets closed in the green

UK markets finished higher for the eighth consecutive session yesterday, amid weakness in the British Pound and optimism over a potential COVID-19 vaccine. The FTSE 100 Index advanced 1.4% to close at 6,382.10. Today, the FTSE 100 futures are trading in negative territory.

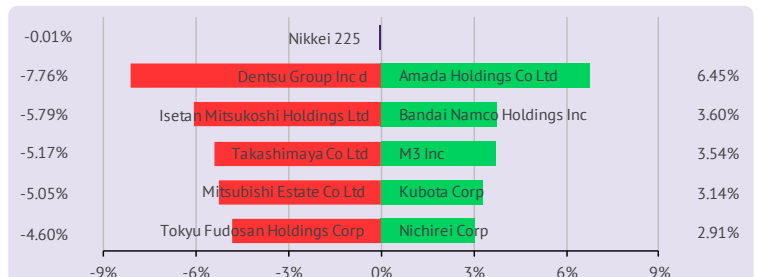
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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. As at 6:00 SAST, the Nikkei 225 Index is trading marginally lower at 25,346.88.



USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading marginally higher against the South African Rand at R15.6418, as optimism over a potential coronavirus vaccine was offset by concerns over how the drug will be delivered. Later today, traders will keep a close watch on the US initial jobless claims, US monthly budget statement and the consumer price index (CPI) for further direction.

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The US Dollar rose against the South African Rand yesterday. On the macro front, the US MBA mortgage applications dropped on a weekly basis in the week ended 06 November 2020.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound slightly declined against the South African Rand to trade at R20.6705. Ahead in the day, traders will keep an eye on UK's total trade balance, industrial production, manufacturing production, the NIESR GDP estimate and gross domestic product (GDP) for further indications. Data indicated that UK's RICS housing price balance advanced in October, recording its highest reading since September 1999.

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 slightly higher against the South African Rand at R18.4193. Going forward, market participants will keep a tab on Eurozone's industrial production along with Germany's CPI for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally weaker against the South African Rand at R11.3814.

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	15.6418	▼	0.05	0.20	-3.75	-3.01	11.68
GBPZAR	20.6705	▲	-0.31	0.78	-1.74	-2.81	11.38
EURZAR	18.4193	▼	-0.28	-0.65	-2.68	-3.59	17.30
AUDZAR	11.3814	▲	-0.01	0.52	-0.30	-4.83	15.70
EURUSD	1.1776	▼	-0.32	-0.82	1.12	-0.63	5.03
GBPUSD	1.3215	▼	-0.38	0.50	2.12	0.21	-0.26
Brent (\$/barrel)	44.0	▲	0.44	11.03	15.45	-10.31	-33.64
Gold (\$/oz)	1868.8	▲	-0.79	-4.62	-0.97	-0.40	22.22
Platinum (\$/oz)	868.8	▲	-2.76	-3.48	2.32	-5.84	-10.63
Copper (\$/MT)*	6866.0	▼	-0.68	-0.99	2.36	0.59	11.66

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,868.80/oz.

Yesterday, gold prices fell 0.8% to close at \$1,861.60/oz, amid strength in the US Dollar.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.3% to trade at \$43.95/bl.

Yesterday, Brent crude oil advanced 0.4% to settle at \$43.80/bl, amid rising prospects for a COVID-19 vaccine.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.1% to trade at \$868.80/oz.

Yesterday, platinum prices dropped 2.8% to close at \$868.10/oz.

Major South African corporate news

Growthpoint Properties Limited

In its 1Q21 trading update, the company announced that it has given a further ZAR50.40mn in discounts to tenants as well as an additional ZAR19.30mn in deferrals while ZAR66.20mn of deferrals were recovered during the quarter. Highlighting the pressure that its tenants are under, tenant arrears increased to ZAR594.40mn at end-September from ZAR511.00mn at end-June. The company's funds management strategy is particularly well positioned for growth in this market, with its capital efficient structure.

PPC Limited

In its operational update, the company announced that in the three months from July to September, cement sales volumes increased by 20.0% to 25.0% year-on-year and this trend has continued in October 2020 with strong cement sales volumes experienced for the month. Further, PPC continues to make positive progress on the restructuring project, with finalisation of revised facilities documentation with its South African lenders expected this month and restructuring negotiations progressing constructively with its DRC lenders on the basis of the term sheet and de facto standstill agreed in September 2020.

Major global economic news

Eurozone

European Central Bank (ECB) President, Christine Lagarde, in her speech, warned of an "unsteady" Eurozone recovery and excessive optimism over vaccine news. She reiterated that the central bank would continue to support the economy through its bond purchase program.

UK

In the UK, the RICS housing price balance climbed to 68.00% in October, more than market anticipations and compared to a revised growth of 62.00% in the prior month.

US

In the US, the MBA mortgage applications fell 0.5% on a weekly basis in the week ended 06 November 2020, compared to a rise of 3.8% in the previous week.

Asia

In Japan, the producer price index dropped 2.1% on an annual basis in October, in line with market expectations and compared to a fall of 0.8% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Machinery Orders (YoY) (Sep)	✓✓	-11.50%*	-15.20%	Monthly
Japan	01:50	Producer Price Index (YoY) (Oct)	✓✓	-2.10%*	-0.80%	Monthly
Japan	01:50	Producer Price Index (MoM) (Oct)	✓✓	-0.20%*	-0.20%	Monthly
Japan	01:50	Machinery Orders (MoM) (Sep)	✓	-4.40%*	0.20%	Monthly
UK	02:01	RICS Housing Price Balance (Oct)	✓	68.00%*	61.00%	Monthly
Germany	09:00	Consumer Price Index (MoM) (Oct) (F)	✓✓✓	0.10%	-0.20%	Monthly
Germany	09:00	Consumer Price Index (YoY) (Oct) (F)	✓✓✓	-0.20%	-0.20%	Monthly
UK	09:00	Index of Services (MoM) (Sep)	✓	-	2.40%	Monthly
UK	09:00	Industrial Production (MoM) (Sep)	✓	0.80%	0.30%	Monthly
UK	09:00	Industrial Production (YoY) (Sep)	✓✓	-6.10%	-6.40%	Monthly
UK	09:00	Manufacturing Production (MoM) (Sep)	✓	1.00%	0.70%	Monthly
UK	09:00	Manufacturing Production (YoY) (Sep)	✓	-7.40%	-8.40%	Monthly
UK	09:00	Construction Output s.a. (MoM) (Sep)	✓	-	3.00%	Monthly
UK	09:00	Total Trade Balance (Sep)	✓	-	GBP1.36bn	Monthly
UK	09:00	Gross Domestic Product s.a. (QoQ) (Q3) (P)	✓	15.80%	-19.80%	Quarterly
UK	10:00	BoE Governor Bailey Speech	✓	-	-	As Scheduled
South Africa	11:30	Unemployment Rate (Q3)	✓✓	33.40%	23.30%	Quarterly
South Africa	11:30	Gold Production (YoY) (Sep)	✓	-	-14.80%	Monthly
South Africa	11:30	Mining Production (YoY) (Sep)	✓✓	-1.50%	-3.30%	Monthly
South Africa	11:30	Platinum Production (YoY) (Sep)	✓	-	12.70%	Monthly
Eurozone	12:00	Industrial Production s.a. (MoM) (Sep)	✓✓✓	0.70%	0.70%	Monthly
Eurozone	12:00	Industrial Production w.d.a. (YoY) (Sep)	✓✓✓	-5.80%	-7.20%	Monthly
US	15:30	Initial Jobless Claims (07-Nov)	✓✓✓	735.00K	751.00K	Weekly
US	15:30	Consumer Price Index (MoM) (Oct)	✓✓✓	0.10%	0.20%	Monthly
US	15:30	Consumer Price Index (YoY) (Oct)	✓✓✓	1.30%	1.40%	Monthly
UK	16:00	NIESR GDP Estimate (3M) (Oct)	✓	20.10%	15.20%	Monthly
South Africa	17:00	SACCI Business Confidence Index (Oct)	✓✓	-	85.70	Monthly
US	18:00	EIA Crude Oil Stocks Change (Barrels) (06-Nov)	✓✓✓	-0.91mn	-8.00mn	Weekly
US	18:45	Fed's Chair Powell speech	✓✓✓	-	-	As Scheduled
US	21:00	Monthly Budget Statement (Oct)	✓✓✓	-	-	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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