

ONE Minute Brief

22 July 2020

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Economic and political news

In South Africa (SA), the leading indicator dropped to 95.69 in May, compared to a revised level of 96.34 in the prior month.

In an answering affidavit to a case filed by the Democratic Alliance, Finance Minister Tito Mboweni stated that the government has not committed to fund the restructuring plan for South African Airways (SAA), however, a range of funding options that involved investments by the private sector were being considered.

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 381,798.

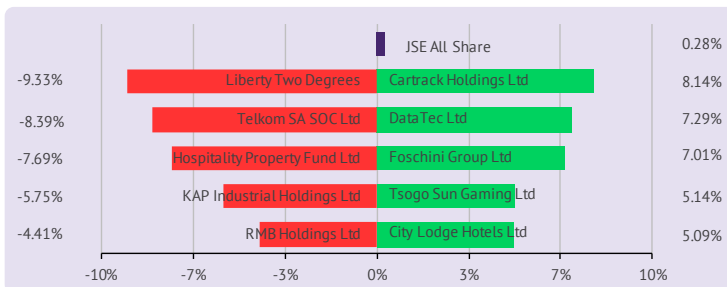
Deputy Communications Minister Pinky Kekana stated that the department found that unions at the South African Broadcasting Corporation (SABC) were not adequately briefed on the retrenchment process and the ministry of communications has every right to order SABC's board and management to suspend the planned retrenchment of workers.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid optimism over the development of a potential coronavirus vaccine and after the European Union (EU) agreed on a Covid-19 rescue package. The JSE All Share Index rose 0.3% to close at 56,422.14.

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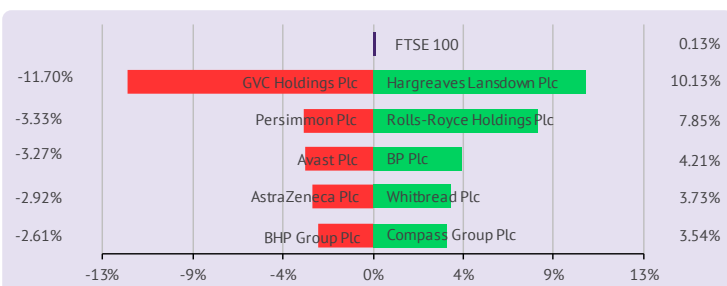


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, after the EU leaders reached deal on a EUR750bn rescue package to aid economic recovery. The FTSE 100 Index advanced 0.1% to close at 6,269.73. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

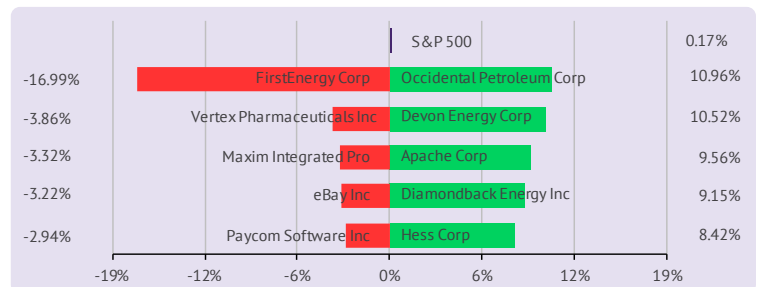
	As at 21 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56422.14	▲ 156.78	0.28	0.91	3.79	7.68	-1.16
JSE Top 40 (ZAR)	52016.52	▲ 164.30	0.32	0.97	3.67	7.80	2.36
FTSE 100 (GBP)	6269.73	▲ 8.21	0.13	-0.33	1.62	1.53	-16.87
DAX 30 (EUR)	13171.83	▲ 124.91	0.96	1.95	6.99	6.25	-0.58
CAC 40 (EUR)	5104.28	▲ 11.10	0.22	0.69	3.41	5.12	-14.62
S&P 500 (USD)	3257.30	▲ 5.46	0.17	1.01	5.06	1.84	0.82
Nasdaq Composite (USD)	10680.36	▼ -86.73	-0.81	1.69	6.18	5.99	19.03
DJIA (USD)	26840.40	▲ 159.53	0.60	0.63	3.98	1.69	-5.95
MSCI Emerging Markets (USD)	1085.86	▲ 21.36	2.01	2.92	9.12	6.96	-2.58
MSCI Developed World (USD)	2321.55	▲ 8.59	0.37	1.20	5.44	2.51	-1.57

US Market ▲

US markets closed mostly firmer

US markets closed mostly higher yesterday, amid hopes that the US government would announce new round of stimulus measures to support the economy. The S&P 500 Index climbed 0.2% to close at 3,257.30. Today, the S&P 500 futures are trading in the green.

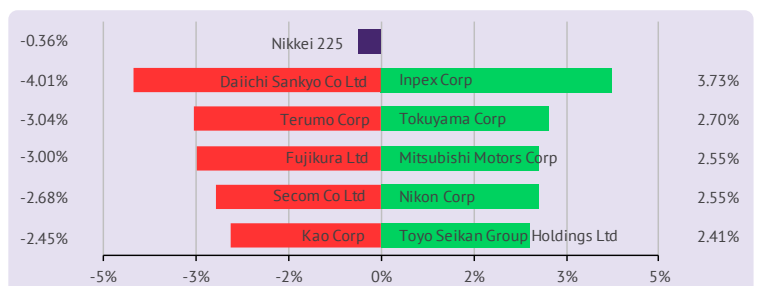
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that Japan's manufacturing PMI advanced in July. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% lower at 22,801.30.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R16.3956. Later today, traders will keep a close watch on the US MBA mortgage applications, the housing price index and existing home sales for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Chicago Fed National Activity Index improved in June. Separately, data indicated that SA's leading indicator dropped in May.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R20.8624. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's public sector net borrowing deficit narrowed less than market expectations in June.

EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading slightly firmer against the South African Rand at R18.9209. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R11.7036. Earlier in the session, Australia's Westpac leading indicator advanced on a monthly basis in June. Meanwhile, seasonally adjusted retail sales rose less-than-expected on a monthly basis in June.

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	16.3956	▲	-1.37	-1.70	-5.42	-1.11	17.22
GBPZAR	20.8624	▲	-0.73	-0.34	-2.91	-0.70	12.56
EURZAR	18.9209	▼	-0.69	-0.84	-2.96	0.09	20.49
AUDZAR	11.7036	▼	0.34	0.26	-2.31	2.35	18.94
EURUSD	1.1540	▲	0.69	0.87	2.61	1.20	2.80
GBPUSD	1.2724	▼	0.55	1.30	2.66	0.47	-3.97
Brent (\$/barrel)	44.1	▼	2.40	2.74	7.39	9.06	-32.85
Gold (\$/oz)	1858.5	▲	1.46	1.87	2.41	3.66	21.06
Platinum (\$/oz)	920.0	▲	7.14	8.26	8.41	-3.88	-6.18
Copper (\$/MT)*	6544.5	▲	0.77	1.37	8.99	12.19	6.43

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.8% to trade at \$1,858.50/oz.

Yesterday, gold prices rose 1.5% to close at \$1,843.90/oz, amid weakness in the US Dollar and hopes for more stimulus by the US government to support the economy.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$44.13/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose by 7.5mn bls last week.

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Yesterday, Brent crude oil advanced 2.4% to settle at \$44.32/bl, hitting its highest level in more than four months after the EU leaders agreed on a EUR750bn rescue fund to prop up coronavirus-hit economies.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.9% higher to trade at \$920.00/oz.

Yesterday, platinum prices climbed 7.1% to close at \$911.40/oz.

Major South African corporate news

DataTec Limited

In its 4M21 business update, the company announced that group revenues were slightly lower than revenues in the same period last year. Given the uncertain operating environment, the group continues with its policy of not issuing any forward-looking guidance. Its focus remains on optimising its business in the current environment, which includes cost and liquidity management.

Major global economic news

Asia

In Japan, the Jibun Bank manufacturing PMI unexpectedly climbed to 42.60 in July, compared to a level of 40.10 in the previous month.

In Australia, the Westpac leading indicator rose 0.4% on a monthly basis in June, compared to a rise of 0.2% in the prior month.

In June, seasonally adjusted retail sales advanced 2.4% on a monthly basis in Australia, less than market forecast and compared to a jump of 16.9% in the previous month.
















UK

In the UK, public sector net borrowing deficit narrowed to GBP34.80bn in June, less than market anticipations and compared to a revised deficit of GBP44.70bn in the previous month.

US

In the US, the Chicago Fed National Activity Index unexpectedly rose to a level of 4.11 in June, compared to a revised level of 3.50 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	02:30	Nomura/JMMA Manufacturing PMI (Jul) (P)	✓✓✓	42.60*	40.10	Monthly
 Japan	02:30	Nikkei Japan Services PMI (Jul) (P)	✓✓	45.20*	45.00	Monthly
 Japan	02:30	Nikkei Japan Composite PMI (Jul) (P)	✓✓✓	43.90*	40.80	Monthly
 South Africa	13:00	Retail Sales (MoM) (May)	✓✓	-	2.30%	Monthly
 South Africa	13:00	Retail Sales (YoY) (May)	✓✓	-	2.70%	Monthly
 US	13:00	MBA Mortgage Applications (17-Jul)	✓	-	5.10%	Weekly
 Canada	14:30	Consumer Price Index Core (MoM) (Jun)	✓✓	-	0.40%	Monthly
 Canada	14:30	Consumer Price Index Core (YoY) (Jun)	✓✓	-	1.20%	Monthly
 Canada	14:30	Consumer Price Index Core s.a. (MoM) (Jun)	✓✓	-	0.10%	Monthly
 Canada	14:30	Consumer Price Index n.s.a. (MoM) (Jun)	✓✓✓	0.40%	0.30%	Monthly
 Canada	14:30	Consumer Price Index (YoY) (Jun)	✓✓✓	0.30%	-0.40%	Monthly
 Canada	14:30	Consumer Price Index s.a. (MoM) (Jun)	✓✓✓	-	-0.70%	Monthly
 US	15:00	Housing Price Index (MoM) (May)	✓	0.30%	0.20%	Monthly
 US	16:00	Existing Home Sales (MoM) (Jun)	✓✓✓	24.50%	-9.70%	Monthly
 US	16:30	EIA Crude Oil Stocks Change (bls) (17-Jul)	✓✓✓	-1.95mn	-7.49mn	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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