

ONE Minute Brief

21 July 2020

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Economic and political news

News reports indicate that the Democratic Alliance (DA) is planning to withdraw its application to stop Finance Minister Tito Mboweni from appropriating funding for South African Airways (SAA).

Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in South Africa (SA) had increased to 373,628.

Former Environmental Affairs Minister, Nomvula Mokonyane has denied a number of allegations made against her by former Bosasa Chief Operating Officer, Angelo Agrizzi when he testified earlier before the state capture inquiry.

Denel announced that its Chief Executive Officer (CEO) Danie du Toit, who had signed a five-year contract, would be leaving the company on 15 August and that it would appoint an interim CEO shortly.

News reports indicate that the International Monetary Fund's (IMF) executive board would meet next Monday to consider SA's request for a Covid-19 response loan.

Former head of the State Security Agency Arthur Fraser has threatened he would be compelled to expose "state secrets" implicating presidents, former and current, judges and parliamentarians when he testifies at the Zondo Commission.

Key indices

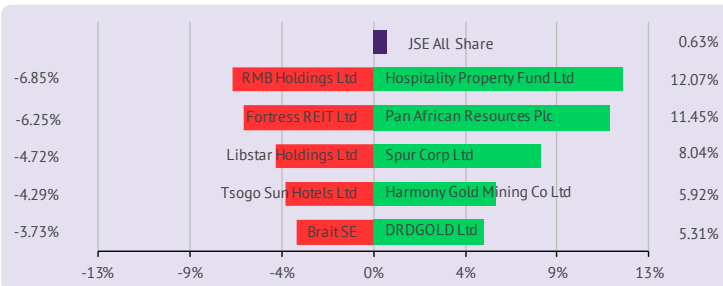
	As at 20 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56265.36	▲ 353.56	0.63	0.63	3.50	7.68	-1.43
JSE Top 40 (ZAR)	51852.22	▲ 336.34	0.65	0.65	3.34	7.80	2.04
FTSE 100 (GBP)	6261.52	▼ -28.78	-0.46	-0.46	1.49	1.53	-16.98
DAX 30 (EUR)	13046.92	▲ 127.31	0.99	0.99	5.98	6.25	-1.53
CAC 40 (EUR)	5093.18	▲ 23.76	0.47	0.47	3.18	5.12	-14.80
S&P 500 (USD)	3251.84	▲ 27.11	0.84	0.84	4.89	1.84	0.65
Nasdaq Composite (USD)	10767.09	▲ 263.90	2.51	2.51	7.04	5.99	20.00
DJIA (USD)	26680.87	▲ 8.92	0.03	0.03	3.36	1.69	-6.51
MSCI Emerging Markets (USD)	1064.50	▲ 9.44	0.89	0.89	6.97	6.96	-4.50
MSCI Developed World (USD)	2312.95	▲ 19.04	0.83	0.83	5.05	2.51	-1.93

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid expectations of further stimulus measures from global central banks to support economic growth. The JSE All Share Index rose 0.6% to close at 56,265.36.

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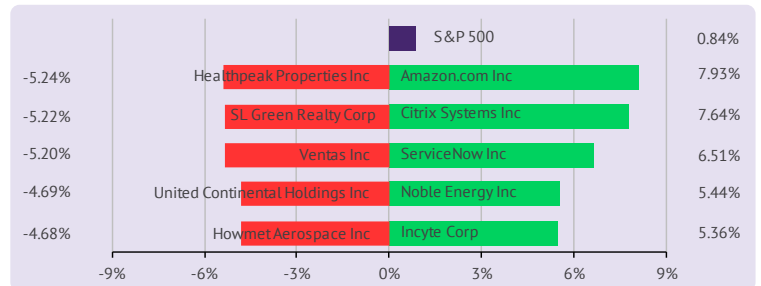


US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid encouraging results from early-stage clinical trials in the development of a potential coronavirus vaccine and on stimulus hopes. The S&P 500 Index climbed 0.8% to close at 3,251.84. Today, the S&P 500 futures are trading in the green.

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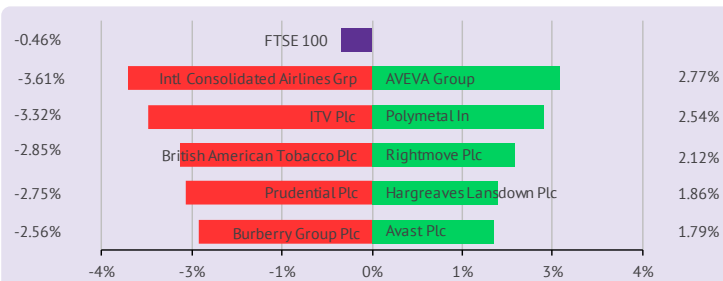


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, as energy sector stocks declined on the back of lower oil prices. The FTSE 100 Index declined 0.5% to close at 6,261.52. Today, the FTSE 100 futures are trading in positive territory.

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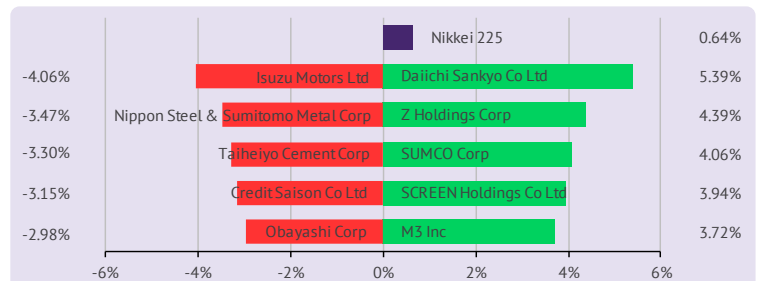


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, on vaccines hopes and prospects of a deal by European Union leaders to jointly fund recovery of their economies. As at 6:00 SAST, the Nikkei 225 Index is trading 0.6% higher at 22,862.20.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.2% against the South African Rand to trade at R16.6088. Later today, traders will keep a close watch on the US Chicago Fed National Activity Index for further direction.

The US Dollar fell against the South African Rand yesterday.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R21.0373. Ahead in the day, traders will keep an eye on UK's public sector net borrowings for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R19.0114. 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. On the data front, Eurozone's current account surplus unexpectedly narrowed in May. On the other hand, Germany's producer price index (PPI) fell for the fifth consecutive month in June.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R11.6649.

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	16.6088	▲	-0.34	-0.34	-4.11	-1.11	18.84
GBPZAR	21.0373	▲	0.39	0.39	-2.19	-0.70	13.39
EURZAR	19.0114	▲	-0.16	-0.16	-2.29	0.09	21.33
AUDZAR	11.6649	▼	-0.07	-0.07	-2.63	2.35	18.54
EURUSD	1.1446	▼	0.18	0.18	1.90	1.20	2.10
GBPUSD	1.2666	▲	0.74	0.74	2.10	0.47	-4.50
Brent (\$/barrel)	43.4	▲	0.32	0.32	4.87	9.06	-34.42
Gold (\$/oz)	1821.9	▲	0.41	0.41	0.94	3.66	19.32
Platinum (\$/oz)	850.7	▼	1.05	1.05	1.19	-3.88	-12.43
Copper (\$/MT)*	6494.3	▲	0.59	0.59	8.16	12.19	5.61

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,821.90/oz.

Yesterday, gold prices rose 0.4% to close at \$1,817.40/oz, jumped to its highest level since September 2011, as rising COVID-19 infections increased demand for the safe haven metal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.2% to trade at \$43.36/bl.

Yesterday, Brent crude oil advanced 0.3% to settle at \$43.28/bl, as further progress in the development of a potential coronavirus vaccine overshadowed energy-demand concerns.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally dropped to trade at \$850.70/oz.

Yesterday, platinum prices climbed 1.1% to close at \$850.70/oz.

Major South African corporate news

Spur Corp Limited

The company announced that Chief Executive Officer (CEO) and Executive Director, Pierre van Tonder, would retire from the group at the end of December 2020.

Major global economic news

Asia

In Japan, the national consumer price index (CPI) rose 0.1% on an annual basis in June, compared to a similar rise in the previous month.

The Reserve Bank of Australia (RBA), in its latest monetary policy meeting minutes, indicated that the target for three-year yields would be maintained until progress is made towards full employment, inflation. Meanwhile, negative interest rates remained “extraordinarily unlikely”; however accommodative approach would be maintained for as long as necessary. Moreover, the minutes highlighted that global economic outlook remained uncertain and would depend upon containment of the virus.

Eurozone

In the Eurozone, current account surplus unexpectedly narrowed to EUR8.00bn in May, compared to a surplus of EUR14.40bn in the previous month.

In Germany, the PPI dropped 1.8% on an annual basis in June, more than market expectations and compared to a fall of 2.2% in the prior month.

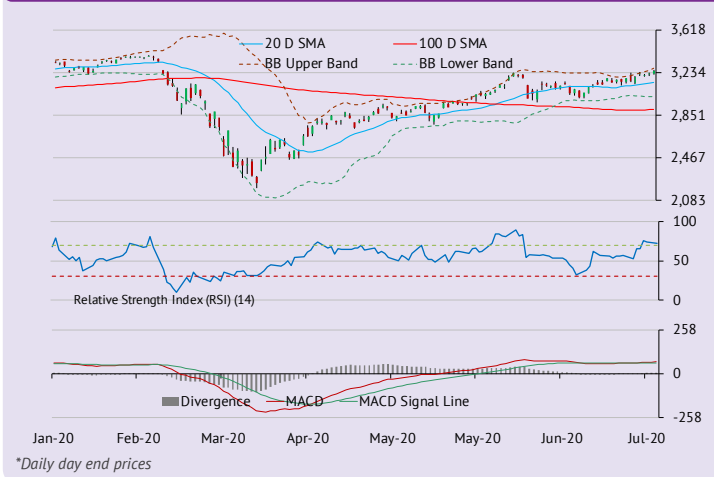
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 55,333.61, and a fall through could take it to the next support level of 54,401.85. The index is expected to find its first resistance at 56,826.28, and a rise through could take it to the next resistance level of 57,387.19.

S&P 500



The S&P 500 index is expected to find support at 3,166.80, and a fall through could take it to the next support level of 3,081.75. The index is expected to find its first resistance at 3,297.75, and a rise through could take it to the next resistance level of 3,343.65.

USD ZAR



The pair is expected to find support at 16.4693, and a fall through could take it to the next support level of 16.3003. The pair is expected to find its first resistance at 16.8468, and a rise through could take it to the next resistance level of 17.0553.

XAU USD



Gold is expected to find support at \$1,797.87/oz, and a fall through could take it to the next support level of \$1,778.33/oz. The precious metal is expected to find its first resistance at \$1,830.17/oz, and a rise through could take it to the next resistance level of \$1,842.93/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Jun)	✓✓✓	0.00%*	-0.20%	Monthly
Japan	01:30	National CPI Ex Food, Energy (YoY) (Jun)	✓✓	0.40%*	0.40%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Jun)	✓✓✓	0.10%*	0.10%	Monthly
UK	08:00	Public Sector Net Borrowing (Jun)	✓	GBP34.30bn	GBP54.50bn	Monthly
South Africa	09:00	Leading Indicator (May)	✓	-	97.2	Monthly
Switzerland	09:00	M3 Money Supply (YoY) (Jun)	✓	-	2.50%	Monthly
Switzerland	09:00	M1 Money Supply (YoY) (Jun)	✓	-	3.30%	Monthly
Switzerland	09:00	M2 Money Supply (YoY) (Jun)	✓	-	1.30%	Monthly
Canada	14:30	Retail Sales (MoM) (May)	✓✓	21.00%	-26.40%	Monthly
Canada	14:30	Retail Sales ex Autos (MoM) (May)	✓	-	-22.00%	Monthly
Canada	14:30	New Housing Price Index (MoM) (Jun)	✓✓	0.20%	0.10%	Monthly
Canada	14:30	New Housing Price Index (YoY) (Jun)	✓	-	1.10%	Monthly
US	14:30	Chicago Fed National Activity Index (Jun)	✓✓✓	-	2.61	Monthly
Eurozone	15:00	Consolidated Financial Statement of the Eurosystem	✓	-	-	As Scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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