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## Key daily drivers

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### SNIPPETS

(Fixed Income)	SAGB open unchanged, liquidity remains thin as the ZAR is still on the back foot
(Currencies)	Dollar remains elevated, majors remain weak, emerging market currencies under pressure while the rand maintains break out of the medium term pivot
(Commodities)	Gold still on a down-trend as bargain buying drops; Brent still elevated as a result of OPEC
(Equities)	The JSE ended the day lower, while European markets closed higher for the sixth consecutive session. US markets closed marginally higher with the S&P closing at another record high. Asian markets are trading mostly firmer this morning
(Economics)	SA sees private sector turnover rebounding in Q2, but investment continues to slump; SA PPI rise due to higher petrol costs; Eurozone confidence indicators improve in September; US GDP third revision surprises to the upside; Japanese data upbeat this morning

## Key overnight factors and upcoming events this week

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Date	Region	Event <span style="color:red">↓</span> <span style="color:green">↑</span> <span style="color:blue">→</span>	Actual/expected/prior	Implications
27/09	SA	Moody's comments on SA	--	See update: <a href="https://www.nedbank.co.za/content/dam/nedbank-crp/reports/MonthlyInsights/2017/SACreditRatings%20Moody%27s_170927.pdf">https://www.nedbank.co.za/content/dam/nedbank-crp/reports/MonthlyInsights/2017/SACreditRatings%20Moody%27s_170927.pdf</a>
28/09	US	GDP qoq	3.1%/3%/3%	Third revision to Q2 US GDP growth expected to show minimal changes, the main concern now is a slowdown in Q3 growth
29/09	SA	Trade and budget balances	--	Trade is expected to post a small surplus driven by exports, while the budget may post a R7 billion deficit in August, budget print is key because it is the last set of monthly data before MTBPS
29/09	US	Core PCE y/y	--/1.4%/1.4%	Core PCE expected to remain unchanged, any further deterioration likely to present some concern for the Fed

Source: Nedbank

# Fixed income and interest rates

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Bond flow sales | +2711 535 4021 | Corporate Money Markets | +2711 535 4007 | Business Bank Money Markets | +2711 535 4006

Bonds	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
R204-1.2 yrs	7.02	-0.55	5.25	-90.55	↑
R208-3.5 yrs	7.56	-0.05	12.65	-71.85	↑
R186-9.2 yrs	8.63	-0.15	6.55	-28.45	↑
R2048-30.4 yrs	9.80	-0.10	0.10	18.20	↑
US 10 yr	2.31	0.54	19.70	-13.04	↑
UK 10 yr	1.38	-0.80	34.10	13.60	↑
German 10 yr	0.48	1.10	11.80	27.10	↑
Japan 10 yr	0.06	-1.00	5.50	1.80	↑
Money Market	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
SA repo rate	6.75	0.00	0.00	-25.00	→
SA prime rate	10.25	0.00	0.00	-25.00	→
SA CPI (MTD = previous month)	4.80		20.00		↑
SA 3m JIBAR	6.99	0.00	-5.80	-36.60	↓
SA 3m NCD	7.00	0.00	-2.50	-37.50	↓
SA 6m NCD	7.40	0.00	2.50	-57.50	↑
SA 12m NCD	7.80	0.00	13.75	-65.00	↑
US 3m LIBOR	1.34	0.22	1.72	33.71	↑
UK 3m LIBOR	0.33	0.38	5.61	-3.31	↑
Japan 3m LIBOR	-0.05	-1.00	-2.09	-0.25	↓

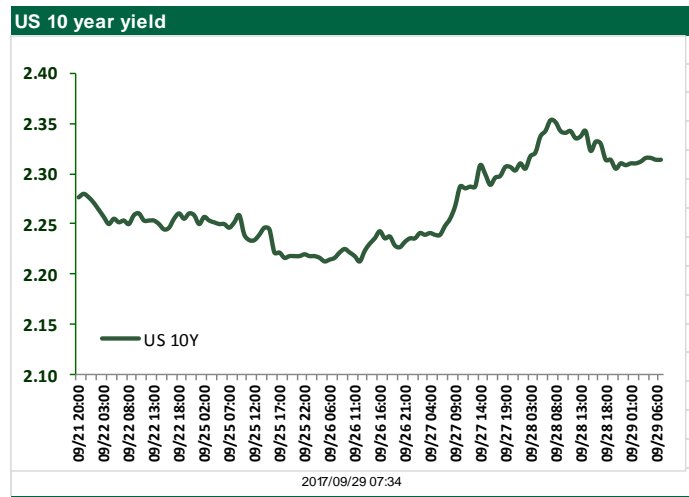
Source: Bloomberg & Nedbank CIB  
Time: 2017/09/29 07:34

FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
3X6 FRA	6.91	0.00	15.00	-48.00	↑
6X9 FRA	6.77	0.00	12.00	-65.00	↑
9X12 FRA	6.74	0.00	23.00	-71.00	↑
18X21 FRA	6.84	0.00	24.00	-69.00	↑
SA 2yr Sw ap	6.84	-1.25	17.70	-62.10	↑
SA 3yr Sw ap	6.96	0.00	18.40	-59.60	↑
SA 5yr Sw ap	7.27	0.00	15.50	-54.10	↑
SA 10yr Sw ap	7.90	0.00	12.50	-42.60	↑
SA 15yr Sw ap	8.20	0.00	17.00	-28.50	↑
Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
2v10y	-1.06	-1.25	5.20	-19.50	↑
3v10y	-0.94	0.00	5.90	-17.00	↑
R186-R204	1.60	0.40	1.30	62.10	↑
R2048-R186	1.18	0.05	-6.45	46.65	↓
5y-R186	-1.36	0.15	8.95	-25.65	↑
10y-R186	-0.73	0.15	5.95	-14.15	↑
15y-R186	-0.43	0.15	10.45	-0.05	↑
SA 5yr CDS spread - basis points	189.50	0.00	19.50	-25.50	↑

Source: Bloomberg & Nedbank CIB  
Time: 2017/09/29 07:34

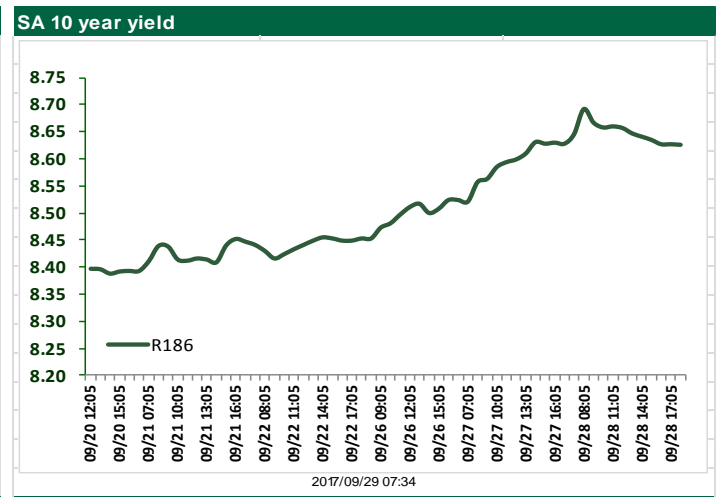
- We open unchanged in line with risk as the ZAR holds around the 13.50 level after looking at 13.7150 yesterday, as USTs also came off the yield highs.
- Coupons pay just shy of R10bn on Monday - R2032s, R209s and R208s in the Govi space - so there should be some cash around into any further liquidations from offshore. SA trade balance the main local data point today.

## US 10 year yield



Source: Bloomberg, Nedbank

## SA 10 year yield



Source: Bloomberg, Nedbank

# Currencies

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Business Banking FX | +27 11 535 4003 | Corporate FX | +2711 535 4002 | Institutional FX | +2711 535 4005

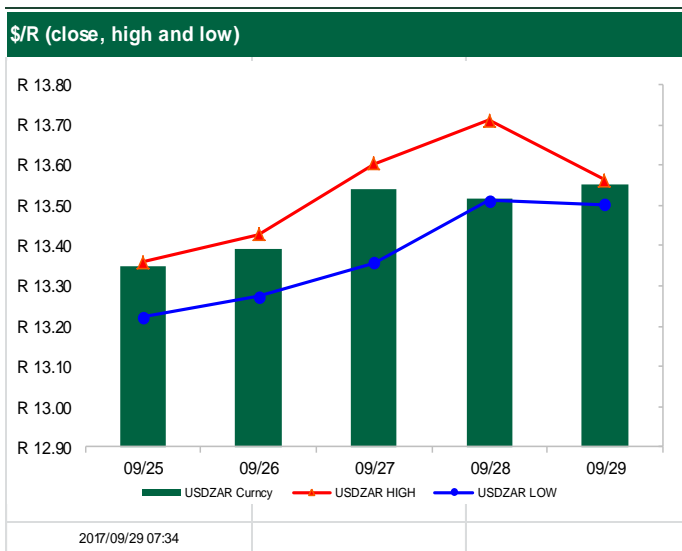
- Yesterday the local session opened with the rand trading in the low 13.60's , further demand for dollars saw the local unit trade to a high pf 13.7100 before dollar any sellers emerged and this saw it trade back to a best level of 13.5100 on the day , closing the session at 13.5400. In the overnight session there was very little trading activity and this morning it is currently trading at 13.5350, EURZAR is trading at 15.9425 and GBPZAR at 18.1560.
- On the international front after the bout of sustained dollar strength, we had a session of minor corrections , after EURUSD started the day trading at 1.1725 it traded to marginally above the 1.1800 level for the briefest of periods before closing the day trading at 1,1786 , this morning currently trading marginally below that. Gold recovered around 5 dollars over the course of the day yesterday's session to close at 1285.00 where it currently trades.
- Data releases scheduled for today, locally we have money supply, private credit, trade and monthly budget releases, the SARB governor is scheduled to speak in London, from Europe we have German retails sales and unemployment, French consumer spending, Eurozone CPI and various from the U.K. and the BOEs Broadbent to speak. From the U.S we have personal income , personal spending PCE core , Chicago PMI, Michigan survey and the FEDs Harker is scheduled to speak
- Possible trading range in the rand today 13.4000 to 13.7000.

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBPUSD	1.34	-0.18	4.04	8.71	↑	USD weakness
EURUSD	1.18	-0.05	-0.87	11.99	↓	USD strength
USDJPY	112.65	0.18	2.22	-3.83	↑	USD strength
USDAUD	1.28	0.09	1.13	-8.14	↑	USD strength
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	13.55	0.25	3.95	-1.41	↑	ZAR weakness
GBPZAR	18.18	0.08	7.68	6.78	↑	ZAR weakness
EURZAR	15.96	0.20	3.12	9.45	↑	ZAR weakness
AUDZAR	10.62	0.16	2.89	6.80	↑	ZAR weakness
ZARJPY	8.31	-0.07	-1.80	-2.58	↓	ZAR weakness
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMWK (Malawian kwacha)	53.46	-0.23	-4.29	0.89	↓	ZAR weakness
ZARBWP (Botswana pula)	0.76	-0.26	-2.38	-2.22	↓	ZAR weakness
ZARKES (Kenyan shilling)	7.62	-0.24	-3.82	2.06	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.50	-0.17	-0.60	-4.78	↓	ZAR weakness
ZARNGN (Nigerian naira)	26.50	-0.52	-3.84	13.43	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.33	-0.12	-4.95	4.40	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.72	0.77	2.47	-1.23	↑	ZAR strength
ZARMZN (Mozambican metical)	4.54	-0.25	-3.97	-14.86	↓	ZAR weakness

Source: Bloomberg & Nedbank CIB Time: 2017/09/29 07:34

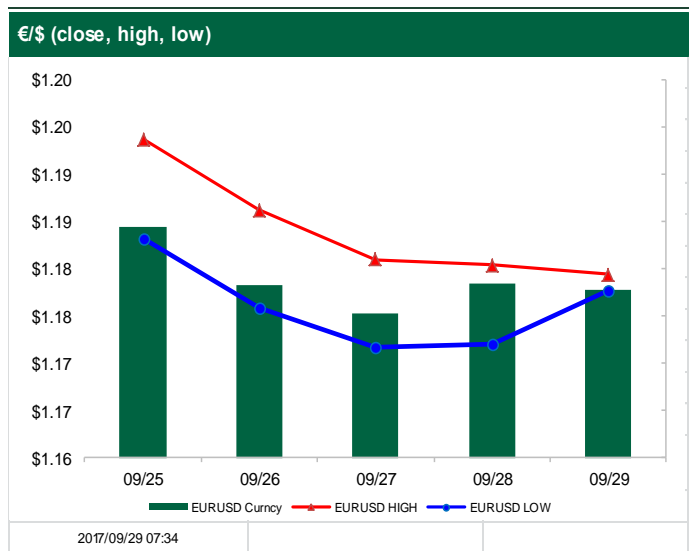
*\*Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks*

## USDZAR



Source: Bloomberg, Nedbank

## EUR/USD



Source: Bloomberg, Nedbank

# Commodities

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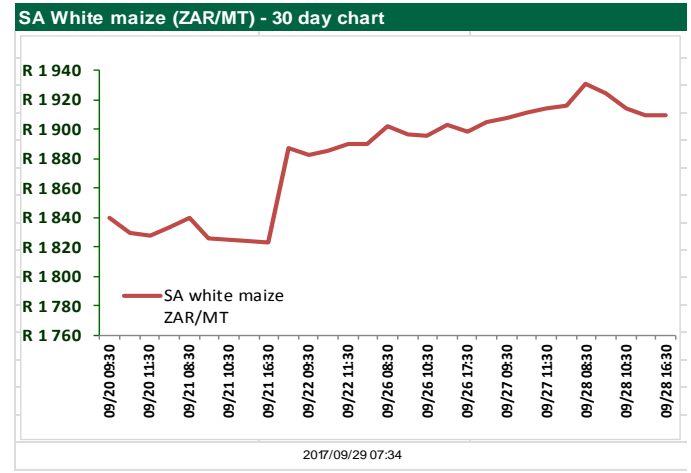
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- Oil is set for the biggest monthly gain since April 2016 on forecasts for rising demand and as Turkey threatened to halt Kurdish exports through its territory after the region voted for independence from Iraq. Futures little changed, up 9.2% this month.
- Gold is on course for the biggest monthly decline this year as the dollar rebounds. Bullion for immediate delivery little changed at \$1,286.48/oz; down 2.7% for the month.

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	57.50	0.16	9.77	1.20	↑
WTI crude (\$)	51.49	-0.14	9.02	-4.15	↑
Gold spot (\$)	1 285.13	-0.18	-2.42	11.99	↓
Platinum spot (\$)	922.80	0.24	-7.27	2.18	↓
SA white maize spot (R)	1 910.00	-0.31	6.53	-46.08	↑

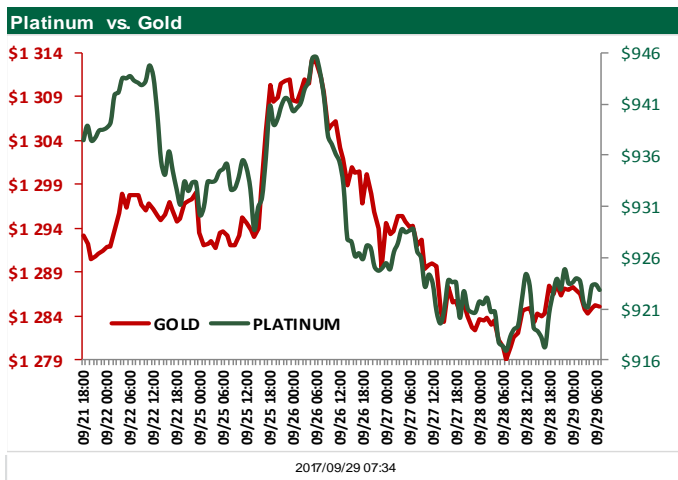
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## SA white maize



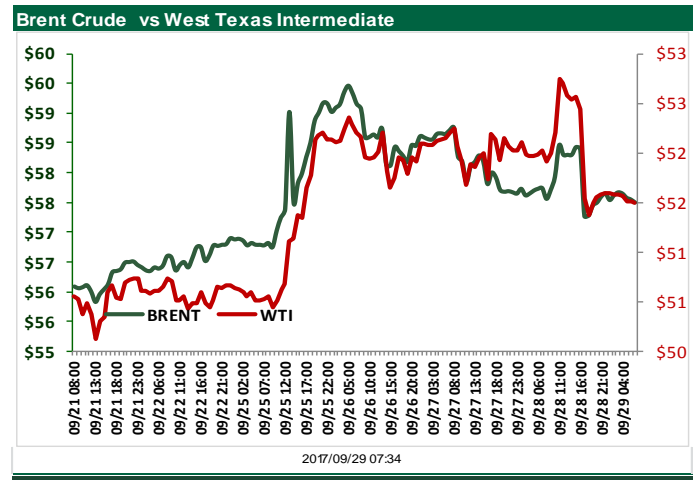
Source: Bloomberg, Nedbank

## Platinum vs Gold



Source: Bloomberg, Nedbank

## Brent Crude vs West Texas Intermediate



Source: Bloomberg, Nedbank

# Equities

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Cash equities | +2711 535 4030/31

## South Africa

- The JSE ended the day lower, with the Top40 losing 0.36%, closing at 48842.90. Most sectors closed in the red, with mining stocks the worst performers on the day. Netcare lifted the healthcare sector, adding 4.13% following an upbeat pre-close trading update. They have also agreed to buy out Apax's interest in the UK's General Healthcare Group. Sun International fell 3.39%, following a disappointing trading update, reporting an expected headline loss of between 71 and 85c per share. In other corporate news, Naspers (-0.37%) paid 660 million euros to increase their stake in Germany's Delivery Hero to 24%, strengthening their position in internet food delivery.
- The value traded at the close was R20.1 billion and the ZAR was trading at 13.53 vs the dollar.

## UK/Europe

- European markets ended Thursday's session firmer and was up for the sixth straight day, with banking stocks leading the gains on expectations of higher interest rates. Retailers were dragged lower following disappointing results from Hennes & Mauritz, which declined 5.08%. In London, Ryan Air fell 4.23% as they faced legal action from a UK regulator, for "persistently misleading" passengers about their rights following the wave of flight cancellations due to a shortage of pilots. The DAX added 0.37%, the CAC40 climbed 0.22% and the FTSE100 closed up 0.13%

## USA

- US markets ended a lacklustre session marginally firmer after spending the day swinging between gains and losses. The S&P500 closed at another record high, adding 3.02 points or 0.1%. Material stocks were amongst the best performers, with the gold index adding 1.1%, while computer hardware and natural gas stocks traded lower. McDonald's Corp was the best performer on the Dow(+0.2%), adding 2.23%. Blackberry Ltd rallied 13.4% after reporting a surprise profit and their revenues beat estimates. The Nasdaq was barely changed, adding 0.19points.

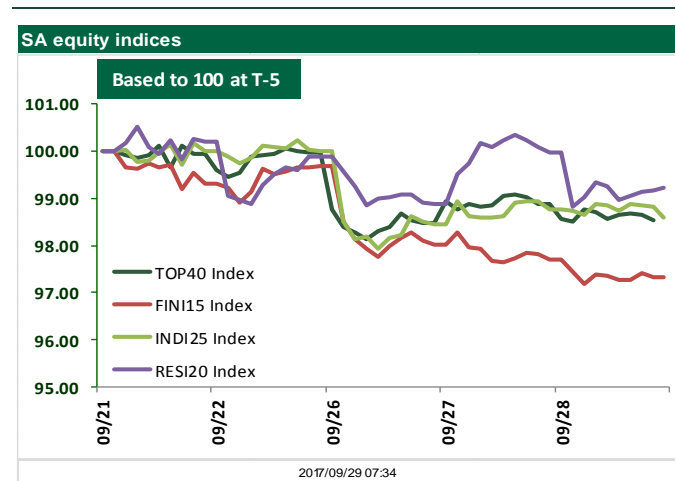
## Asia

- Asian markets are trading mostly firmer this morning, with mining stocks leading the gains, boosted by higher metal prices. The Japanese market was little changed, with gains from major exporters off-setting the weaker automakers. In Australia, mining stocks stood out amongst the gainers, with the likes of BHP Billiton and Rio Tinto adding more than 1% and South 32 was up more than 2% at the time of writing. Banking stocks were trading lower. In Hong Kong, Tencent was up 0.84%.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	22 381.20	0.18	1.97	13.25	↑
Nasdaq	6 453.45	0.00	0.39	19.88	↑
S&P 500	2 510.06	0.12	1.55	12.11	↑
DJ Eurostoxx 50	3 563.64	0.24	4.16	8.30	↑
DAX	12 704.65	0.37	5.38	10.66	↑
CAC	5 293.77	0.22	4.09	8.87	↑
FTSE	7 322.82	0.13	-1.45	2.52	↓
ASX200	5 683.40	0.23	-0.54	0.31	↓
Nikkei 225	20 352.03	-0.05	3.59	6.48	↑
MSCI World	1 992.36	0.22	1.66	13.77	↑
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	27 505.56	0.31	-1.66	25.02	↓
Shanghai	3 350.40	0.32	-0.31	7.95	↓
Brazil Bovespa	73 567.25	-0.31	3.86	22.15	↑
India - NSE	31 386.07	0.33	-1.09	17.88	↓
Russia Micex	2 071.64	-0.46	2.44	-7.21	↑
MSCI Emerging	1 072.38	-0.57	-1.41	24.37	↓
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	54 994.35	-0.40	-2.70	8.57	↓
Top 40	48 842.89	-0.36	-2.31	11.25	↓
Resi 10	34 688.08	-0.75	-3.04	8.03	↓
Indi 25	74 762.97	-0.17	-1.81	16.30	↓
Fini 15	15 012.92	-0.40	-4.37	-0.43	↓

Source: Bloomberg & Nedbank CIB  
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## Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

## Last day to trade

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Share code	Share name	Dividend / interest rate
2 October 2017		
COH	Curro Holdings Ltd	Unbundling (div in specie) 1 Stadio Hldgs Ltd (SDO) : 1 COH
3 October 2017		
AFX	African Oxygen Ltd	dividend @ 46cps
APN	Aspen Pharmacare Hldgs Ltd	dividend @ 287cps
CRP	Capital & Regional PLC	dividend @ 31.074260cps or 2.513166 new shares per 100 held
CVH	Capevin Holdings Ltd	dividend @ 13.6cps
DSY	Discovery Holdings Ltd	dividend @ 98cps
FSR	Firststrand Ltd	dividend @ 136cps
FVT	Fairvest Property Holdings Ltd	dividend @ 9.38cps
JSC	Jasco Electronics Holdings Ltd	dividend @ 1cps
MFL	Metrofile Holdings Ltd	dividend @ 17cps
MSP	Mas Real Estate Inc	dividend @ 50.51652 cps or 1.91254 new shares per 100 held
MUR	Murray & Roberts Holdings Ltd	dividend @ 45cps
OLG	Onelogix Group Ltd	dividend @ 5cps
PFF	Premier Food and Fishing Ltd	Name change to Premier Fishing and Brands Ltd
RMH	RMB Hldgs Ltd	dividend @ 174cps
RMI	RandMerchant Inv Hldgs Ltd	DRIP @ 65cps or 1.71053 : 100
SGL	Sibanye Gold Ltd	Bonus Issue <i>TBA</i>
TRL	Trellidor Holdings Ltd	dividend @ 19.50c[s
WNH	Winhold Ltd	Scheme of Arrangement @ 125cps

Source: JSE

## JSE performance

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
AGL : Anglo American Plc	236.43	-0.73	0.58	21.18	↑
ANG : Anglogold Ashanti Ltd	125.50	-1.21	-4.68	-17.75	↓
APN : Aspen Pharmacare Holdings Lt	301.00	-0.56	3.83	6.14	↑
BGA : Barclays Africa Group Ltd	137.20	0.88	-7.53	-18.67	↓
BID : Bid Corp Ltd	297.36	2.48	0.65	21.30	↑
BIL : Bhp Billiton Plc	236.53	-1.51	-4.22	8.16	↓
BTI : British American Tobacco Plc	842.99	-1.06	4.40	8.27	↑
BVT : Bidvest Group Ltd	172.01	1.30	0.33	-5.10	↑
CFR : Financiere Richemont-Dep Rec	121.42	0.02	4.89	33.81	↑
CPI : Capitec Bank Holdings Ltd	857.50	-2.22	-4.78	23.38	↓
DSY : Discovery Ltd	140.30	-1.20	-6.84	22.53	↓
FFA : Fortress Income Fund Ltd-A	17.25	-1.15	-1.65	4.10	↓
FFB : Fortress Income Fund Ltd	38.47	-1.28	-2.39	18.99	↓
FSR : Firstrand Ltd	51.83	-0.31	-6.66	-2.52	↓
GFI : Gold Fields Ltd	57.76	-0.50	-0.41	32.51	↓
GRT : Grow thpoint Properties Ltd	24.30	-1.62	-3.38	-6.14	↓
INL : Investec Ltd	97.18	-1.04	-1.91	7.09	↓
INP : Investec Plc	97.95	-0.24	-0.81	7.93	↓
ITU : Intu Properties Plc	41.68	1.04	0.10	-11.28	↑
LHC : Life Healthcare Group Holdin	23.41	-1.10	-11.22	-22.82	↓
MEI : Mediclinic International Plc	115.91	-0.42	-9.26	-10.84	↓
MND : Mondi Ltd	362.36	-0.86	2.15	29.42	↑
MNP : Mondi Plc	363.26	-0.34	2.47	30.33	↑
MRP : Mr Price Group Ltd	175.07	-0.30	-3.41	9.73	↓
MTN : Mtn Group Ltd	123.49	-0.77	-4.44	-2.12	↓
NED : Nedbank Group Ltd	202.30	0.45	-7.99	-15.05	↓
NPN : Naspers Ltd-N Shs	2 865.00	-0.37	-2.52	42.35	↓
NRP : Nepi Rockcastle Plc	184.99	-0.12	-1.86		↓
NTC : Netcare Ltd	23.95	4.13	-0.66	-24.78	↓
OML : Old Mutual Plc	34.50	-1.15	-0.72	0.17	↓
RDF : Redefine Properties Ltd	10.77	-0.28	1.03	-3.75	↑
REI : Reinet Investments Sa-Dr	28.26	-0.32	1.62	5.45	↑
REM : Rengro Ltd	204.95	-1.06	-5.71	-8.11	↓
RMH : Rmb Holdings Ltd	63.30	0.48	-4.74	-4.67	↓
SAP : Sappi Limited	90.66	2.26	3.73	0.79	↑
SBK : Standard Bank Group Ltd	157.25	0.43	-6.08	3.62	↓
SHP : Shoprite Holdings Ltd	203.62	-0.09	-9.66	18.76	↓
SLM : Sanlam Ltd	66.47	-0.57	-7.42	5.68	↓
SNH : Steinhoff International H Nv	59.28	-0.22	-5.70	-16.84	↓
SOL : Sasol Ltd	371.50	-0.07	-5.20	-6.87	↓
TBS : Tiger Brands Ltd	372.93	0.07	-7.46	-6.26	↓
VOD : Vodacom Group Ltd	161.05	0.34	-11.31	5.68	↓
WHL : Woolworths Holdings Ltd	59.86	1.11	0.88	-15.71	↑

Source: Bloomberg & Nedbank CIB

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## US

- The third estimate of US Q2 GDP growth yielded an upward revision to 3.1% q/q, from 1.2% in Q1, better than consensus of 3%. This compares to a previous estimate of 3%.
- The main reason for the higher estimate was gross private investment, which was driven by better investment in non-residential structures. While remaining unchanged, personal income was the key driver of growth in Q2, led by a surge in spending on goods. Core PCE remained unchanged at 0.9% y/y and there was a small improvement in government consumption over the quarter.

**Synopsis: Overall, better economic data has allowed the Fed to maintain its hawkishness, despite inflation surprising to the downside. The Fed's dot plot still reflects policymaker's forecast for a final rate hike for the year in December, thereafter for 3 rate hikes in 2018. Our base case is for inflation to be maintained at current levels and for economic activity to expand at a moderate pace, which may warrant a rate hike in December.**

## Europe

- Eurozone business climate indicator (BCI) improved sharply in September, rising to 1.34 points from 1.08 previously, better than consensus of 1.12. Some of the reasons underlying this improvement were better confidence in the manufacturing, retail, services and construction industries.
- Business confidence improved due to higher new order volumes, improved perception of past production, and sharp increases in exports and selling prices.
- Consumer confidence improved to -1.2 points in September, from -1.5 points previously, as households deemed their financial positions and job prospects to have improved. Brexit has had a limited impact on Eurozone confidence levels, however as uncertainty rises and the rebellion against Brexit rises, we are likely to see this weigh on sentiment marginally.

**Synopsis: There have been growing calls for tighter monetary policy from the ECB as the economic recovery strengthens. Despite this the ECB has continued to defend its loose monetary policy stance by citing subdued underlying inflation. The ECB may have buckled under pressure in that it has said it will review its monetary policy stance in October. We may see further debate within the GC for tapering of QE to begin next year.**

## Japan

- Japanese inflation accelerated to 0.7% y/y in August, from 0.4% previously, better than consensus of 0.6%. The reason was a surge in fresh food prices, along with sharp increases in utilities, medical care and clothing prices. Most CPI subcomponents increased and CPI is now at a 2-year high but has a long way to go to reach the 2% target.
- Household spending growth edged up in August, by 0.6% y/y, from -0.2% previously, worse than expectations of 0.9%. The main drivers of spending were food, housing, household goods and entertainment. Even though income growth eased in August, a tight labour market has boosted spending recently.
- The unemployment rate remained unchanged at 2.8%, along with the jobs to applicant ratio.
- US retail sales growth eased to 1.7% y/y last month, from 1.9% previously, worse than expectations of 2.5%. While sales of vehicles and medicine picked up, sales of general merchandise and apparel remained weak. Since the labour market has tightened, we could see retail sales remain supported over the medium term.
- Japanese industrial production growth rose to 5.4% y/y in August, from 4.7% previously, better than expectations of 5.2%. Production was boosted by manufacturing, electronic equipment and transport equipment.

**Synopsis: The market has also started to price in some form of QE tapering of the ¥80trn worth of asset purchases by the BOJ, taking a cue from other developed market central banks, however it seems premature at this stage given that the Japanese economy is still within a whisker away from deflation, and therefore well below the BOJ's 2% inflation target.**

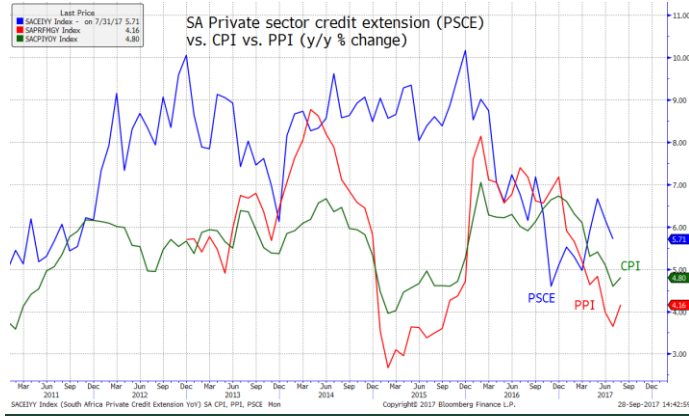
## SA

- SA's PPI rose to 4.2% y/y in August, from 3.6% previously, worse than consensus of 4.1%. The key upward driver of producer prices was 'coke, petroleum and chemical products', which added 90 bps to the headline print. Both petrol and diesel input prices went from deflation in July, to 5.7% and 2.8% y/y inflation rates respectively in August. This was due to the 19-cent petrol price hike and 29-cent hike in diesel prices in August. However, most other subcomponents continued to disinflate, with food and beverages, non-metallic minerals and metals and machinery products offsetting some of the inflationary impact of fuel costs.
- Notable declines in input costs were seen in the food basket, with most subcomponents in disinflation – oil, grain mill products, animal feeds, and sugar prices are in deflation currently. Food prices are expected to remain on a down-trend, with most of the inflationary impact from higher meat prices expected to be more than offset by a slump in the abovementioned categories.
- Stats SA released its Quarterly Financial Statistics for Q2. It looks at turnover, inventories and capital expenditure across the different industries (excl. agriculture, finance and government) and generally lags the GDP print.
- While total turnover rose 2.5% q/q in Q2, from -4.7% in Q1, and inventories increased 1.2% q/q (prev. +0.6%), total capital expenditure on property, plant and equipment (essentially business investment in the economy), slumped 15.9% q/q, from -13.1% in Q1. All industries, other than real estate and business services, contributed to the investment slump, with the main negative driver being the utilities industry.



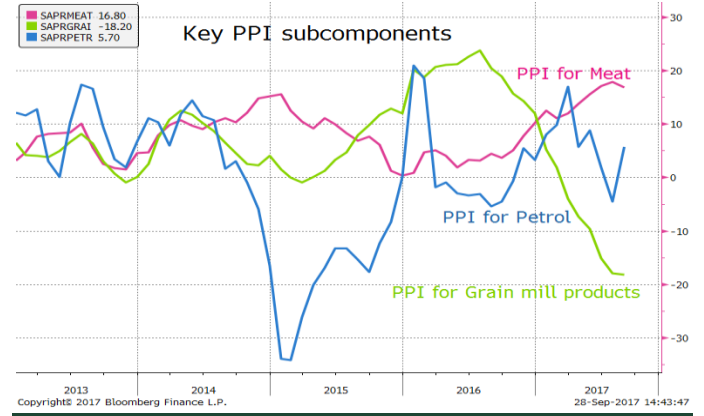
**Synopsis:** Subdued confidence levels amid rising political uncertainty has been the main reason for the decline in private sector business investment – in such an uncertain socio-economic and political environment, businesses have opted to hold out on expansion plans, until some semblance of policy predictability is restored. Gross Fixed Capital Formation (GFCF) in the GDP print contracted in Q2, essentially undoing the progress made in the previous two quarters. We anticipate further pressure on investment spending over the medium term, with GFCF probably remain subdued in the next two quarters as well. Both PPI and CPI are expected to remain within the target band over the medium term. The local growth outlook remains subdued and well below potential, and therefore represents an ideal environment for looser monetary policy, barring sustained rand weakness into 2018. We therefore anticipate two more rate cuts by the end of 1H18.

**Slow credit growth helps to keep a lid on demand-pull inflation**



Source: Bloomberg, Nedbank

**Fuel costs rise in August, raising PPI, higher fuel prices likely over the next two months**



Source: Bloomberg, Nedbank

## Economic calendar

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	Country	Event	Period	Survey	Actual	Prior	Revised
<b>28-September</b>							
10:44 AM	CH	BoP Current Account Balance	2Q F	-	USD 50.9b	USD 50.9b	-
11:00 AM	EC	Consumer Confidence	SEP A	-1.20	-1.20	-1.20	-
11:00 AM	EC	Business Climate Indicator	SEP	1.12	1.34	1.09	1.08
11:00 AM	EC	Economic Confidence	SEP	112.0	113.0	111.9	-
11:30 AM	SA	PPI YoY	AUG	4.10%	4.20%	3.60%	-
02:00 PM	GE	CPI YoY	MAY F	1.80%	1.80%	1.80%	-
02:30 PM	US	Initial Jobless Claims		270k	272k	259k	-
02:30 PM	US	Continuing Claims		1993k	1934k	1980k	-
02:30 PM	US	Wholesale Inventories MoM	AUG P	0.40%	1.00%	0.60%	-
02:30 PM	US	Core PCE QoQ	2Q T	0.90%	0.90%	0.90%	-
02:30 PM	US	GDP Annualized QoQ	2Q T	3.00%	3.10%	3.10%	-
02:30 PM	US	Personal Consumption	2Q T	3.30%	3.30	3.30	-
02:30 PM	US	Advance Goods Trade Balance	AUG	USD -65.1b	USD -62.9b	00:00	USD -63.9b
05:00 PM	US	Kansas City Fed Manf. Activity	SEP	14.5	17.0	16.0	-
<b>29-September</b>							
01:30 AM	JN	Jobless Rate	AUG	2.80%	2.80%	2.80%	-
01:30 AM	JN	Job-To-Applicant Ratio	AUG	1.53	1.52	1.52	-
01:30 AM	JN	Overall Household Spending YoY	AUG	0.90%	0.60%	-0.20%	-
01:30 AM	JN	Natl CPI YoY	AUG	0.60%	0.40%	0.40%	-
01:50 AM	JN	Industrial Production YoY	AUG P	5.20%	5.40%	4.70%	-
01:50 AM	JN	Retail Trade YoY	AUG	2.50%	1.70%	1.90%	-
08:00 AM	SA	Money Supply M3 YoY	AUG	6.50%	-	6.81%	-
08:00 AM	SA	Private Sector Credit YoY	AUG	6.05%	-	5.71%	-
08:00 AM	GE	Retail Sales YoY	AUG	3.20%	-	2.70%	-
10:30 AM	UK	M4 Money Supply YoY	AUG	-	-	4.40%	-
10:30 AM	UK	Net Consumer Credit	AUG	GBP 1.40b	-	GBP 1.20b	-
10:30 AM	UK	GDP QoQ	2Q F	0.30%	-	0.30%	-
10:30 AM	UK	GDP YoY	2Q F	1.70%	-	1.70%	-
11:00 AM	EC	CPI Core YoY	SEP A	1.20%	-	1.20%	-
11:00 AM	EC	CPI Estimate YoY	SEP	1.60%	-	1.50%	-
02:00 PM	SA	Trade Balance Rand	AUG	2.1b	-	9.0b	-
02:00 PM	SA	South Africa Budget	AUG	-	-	ZAR -92.2b	-
02:30 PM	US	PCE Core YoY	AUG	1.40%	-	1.40%	-
02:30 PM	US	PCE Deflator YoY	AUG	1.50%	-	1.40%	-
02:30 PM	US	Personal Income	AUG	0.20%	-	0.40%	-
02:30 PM	US	Personal Spending	AUG	0.10%	-	0.30%	-
02:30 PM	US	Real Personal Spending	AUG	-0.10%	-	0.20%	-
03:45 PM	US	Chicago Purchasing Manager	SEP	58.7	-	58.9	-
04:00 PM	US	U. of Mich. Sentiment	SEP F	95.3	-	95.3	-
<b>02-October</b>							
12:00 AM	SA	Naamsa Vehicle Sales YoY	SEP	-	-	6.7%	-
10:30 AM	UK	Markit UK PMI Manufacturing SA	SEP	56.2	-	56.9	-
11:00 AM	EC	Unemployment Rate	AUG	9.00%	-	9.10%	-
11:00 AM	SA	Barclays Manufacturing PMI	SEP	-	-	44.0	-
04:00 PM	US	ISM Manufacturing	SEP	57.5	-	58.8	-

Source: Bloomberg

2017/09/29 07:34

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