

DAILY MARKET COMMENTARY

10 September 2018



[Fixed Income and Interest Rates](#) | [Currencies](#) | [Commodities](#) | [Equities](#) | [LDT](#) | [JSE performance](#) | [Economics](#) | [*Foreign flows](#) | [Economic calendar](#) | [#Contacts](#)

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(when available)*

KEY DAILY DRIVERS

Nedbank CIB Market Commentary | CIBMarketComm@Nedbank.co.za | +27 11 537 4091

SNIPPETS

(Fixed Income)	Locals yields open higher, risk-off likely to drive markets today
(Currencies)	Focus in the FX market shifts back to local politics, dollar upbeat after strong payrolls data
(Commodities)	Gold declines as US dollar strengthens; Brent upbeat on concerns over supply shortages
(Equities)	S&P retreats after trade tensions escalate; European equities downbeat due to trade and EM tensions; Greenbay announced a return of capital to shareholders driving the share price 9.02% higher
(Economics)	US payrolls rises, labour market remains upbeat; Eurozone GDP finalised for Q2; Chinese inflation rises; Japanese GDP growth upbeat in Q2

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
07/09	EZ	GDP	0.4%/0.4%/0.4%	GDP remains unchanged in Q2, driven by upbeat demand
07/09	US	Labour market data	--	Labour market remains upbeat, NFP strong, unemployment rate steady
10/09	UK	Industrial production	--/1.1%/1.1%	Industrial activity likely to remain unchanged, but continue positive amid strong local demand
11/09	SA	Manufacturing production	--/1.1%/0.7%	Manufacturing output may show some growth in July, amid inventory rebuild
12/09	EZ	Industrial production	--/1.2%/2.5%	Industrial activity is projected to slow as a result of trade uncertainty and some slowdown in demand

Source: Nedbank

CONTACT FOR QUERIES

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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	Δ	Δ	Δ	MTD trend
	%	1d	MTD	YTD	12Month	
R204-0.3 yrs	6.93	3.45	10.45	-13.15	8.15	↑
R208-2.6 yrs	8.06	1.35	12.25	50.25	78.95	↑
R186-8.3 yrs	9.16	1.95	17.25	56.75	75.55	↑
R2048-29.5 yrs	10.03	1.90	20.30	31.30	33.40	↑
US 10 yr	2.94	-0.27	7.66	53.15	88.63	↑
UK 10 yr	1.46	4.30	3.20	26.90	48.70	↑
German 10 yr	0.39	3.20	6.10	-4.00	8.00	↑
Japan 10 yr	0.12	0.20	0.80	6.70	11.10	↑

Money Market	Last price	Δ	Δ	Δ	Δ	MTD trend
	%	1d	MTD	YTD	12Month	
SA repo rate	6.50	0.00	0.00	-25.00	-25.00	→
SA prime rate	10.00	0.00	0.00	-25.00	-25.00	→
SA CPI (MTD = previous month)	5.10		50.00	40.00	50.00	↑
SA 3m JIBAR	7.01	0.00	0.00	-15.00	-3.40	→
SA 3m NCD	6.95	-5.00	-6.25	-20.00	-10.00	↓
SA 6m NCD	7.68	1.25	2.50	7.50	35.00	↑
SA 12m NCD	8.40	1.25	2.50	50.00	77.50	↑
US 3m LIBOR	2.33	0.42	1.05	63.70	101.40	↑
UK 3m LIBOR	0.80	-0.13	0.18	28.12	51.65	↑
Japan 3m LIBOR	-0.04	-0.17	-0.42	-1.23	-0.51	↓

Source: Bloomberg & Nedbank CIB
Time: 2018/09/10 07:51

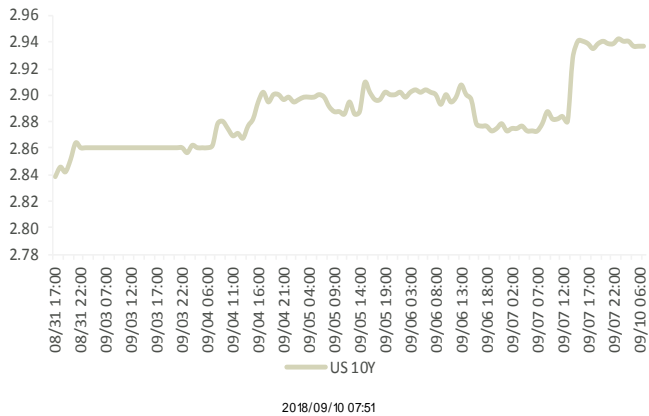
FRAs and Swaps	Last price	Δ	Δ	Δ	Δ	MTD trend
	%	1d	MTD	YTD	12Month	
3X6 FRA	7.27	0.50	-0.50	37.50	56.50	↓
6X9 FRA	6.86	0.00	4.00	3.00	4.00	↑
9X12 FRA	7.67	1.00	4.00	88.00	119.00	↑
18X21 FRA	7.96	-1.00	6.00	98.00	137.00	↑
SA 2yr Swap	7.62	0.42	2.42	68.74	98.07	↑
SA 3yr Swap	7.82	-0.25	5.75	77.25	108.90	↑
SA 5yr Swap	8.14	1.00	13.00	81.00	111.50	↑
SA 10yr Swap	8.63	0.50	14.50	70.00	96.50	↑
SA 15yr Swap	8.89	0.00	14.00	72.50	95.50	↑

Spreads	Last price	Δ	Δ	Δ	Δ	MTD trend
	%	1d	MTD	YTD	12Month	
2v10y	-1.01	-0.08	-12.08	-1.26	1.57	↓
3v10y	-0.80	-0.75	-8.75	7.25	12.40	↓
R186-R204	2.23	-1.50	6.80	69.90	67.40	↑
R2048-R186	0.87	-0.05	3.05	-25.45	-42.15	↓
5y-R186	-1.02	-0.95	-4.25	24.25	35.95	↓
10y-R186	-0.53	-1.45	-2.75	13.25	20.95	↓
15y-R186	-0.27	-1.95	-3.25	15.75	19.95	↓
SA 5yr CDS spread - basis points	241.56	4.22	17.34	84.61	73.17	↑

Source: Bloomberg & Nedbank CIB
Time: 2018/09/10 07:51

US 10 year yield

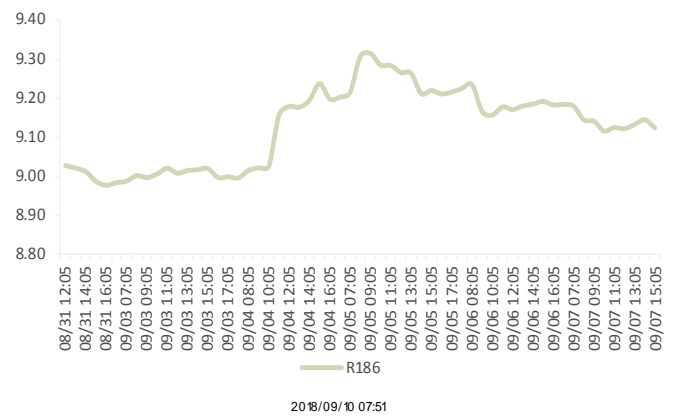
US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



Source: Bloomberg, Nedbank

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- On Friday, the local trading session opened with the rand trading in the low 15.30s. Despite the caution prevailing in the emerging-markets complex, the local unit traded relatively steady on the day, with relatively limited effect of US data. After touching a best level of 15.0575, the rand closed the day trading in the low 15.20s
- This morning, the rand is currently trading at 15.2550, the EURZAR at 17.6120 and the GBPZAR at 19.6972.
- International markets were somewhat more vulnerable to a robust set of US data releases. The EURUSD, having traded from a high of 1.1649 to 1.1553, currently trades at 1.1545 this morning. After opening above 1,200.00 on Friday, gold traded weaker since then and is currently trading at 1,193.20.
- No local data releases today. From the UK, we have trade, manufacturing and GDP. From Europe, we have investor confidence and from the US, consumer credit.
- On the local front, the rand has retreated from the extreme levels it reached last week; however, headlines regarding ex-President Zuma over the weekend have once again created a backdrop of caution. On the international front, continued talk from Mr Trump regarding further escalation of the trade war with China also does not bode well for emerging markets.
- Possible trading range in the rand today: 15.0500 to 15.5500.

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.29	-0.05	-0.36	-4.44	-2.02	↓	USD strength
EURUSD	1.15	-0.05	-0.47	-3.82	-3.53	↓	USD strength
USDJPY	110.95	-0.04	-0.07	1.57	1.68	↓	USD weakness
USDAUD	1.41	-0.02	1.18	9.84	13.02	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	15.27	0.21	3.80	18.90	15.17	↑	ZAR weakness
GBPZAR	19.72	0.17	3.47	15.19	13.43	↑	ZAR weakness
EURZAR	17.63	0.16	3.35	15.75	12.06	↑	ZAR weakness
AUDZAR	10.85	0.21	2.68	10.96	4.13	↑	ZAR weakness
ZARJPY	7.27	-0.26	-4.13	-24.26	-15.90	↓	ZAR weakness

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	47.56	-0.29	-3.64	-23.21	-17.77	↓	ZAR weakness
ZARBWP (Botswana pula)	0.72	-0.07	-2.05	-10.64	-8.62	↓	ZAR weakness
ZARKES (Kenyan shilling)	6.60	-0.21	-3.86	-26.40	-20.19	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.33	2.85	-0.46	-17.28	-7.93	↓	ZAR weakness
ZARNGN (Nigerian naira)	23.54	-0.32	-4.63	-23.46	-18.10	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.31	-4.76	-4.47	-16.70	-9.26	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.67	-0.19	-3.10	-19.31	-4.37	↓	ZAR weakness
ZARMZN (Mozambican metical)	3.95	-0.12	-3.32	-19.97	-19.96	↓	ZAR weakness

Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	4.06	-2.22	0.02	18.33	23.56	↑	USD strength
USDTRY (Turkish Lira)	6.43	0.37	-1.66	40.95	47.04	↓	USD weakness
USDMXN (Mexican Peso)	19.32	0.01	1.22	-1.75	8.64	↑	USD strength
USDINR (Indian Rupee)	72.41	0.92	1.95	11.78	11.70	↑	USD strength
USD RUB (Russian Ruble)	69.94	0.05	3.54	17.52	18.29	↑	USD strength

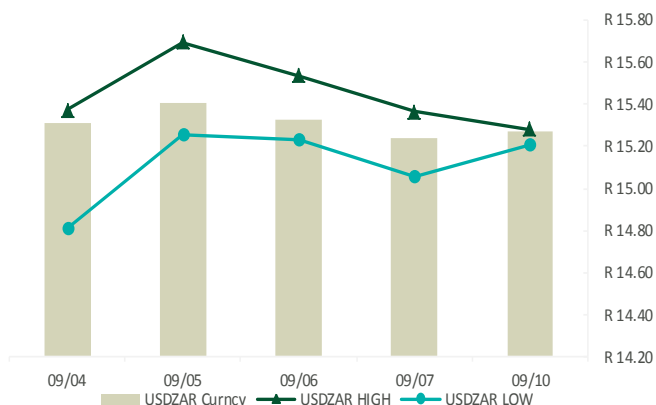
Source: Bloomberg & Nedbank CIB

Time 20/09/10 07:51

*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

\$/R (close, high and low)

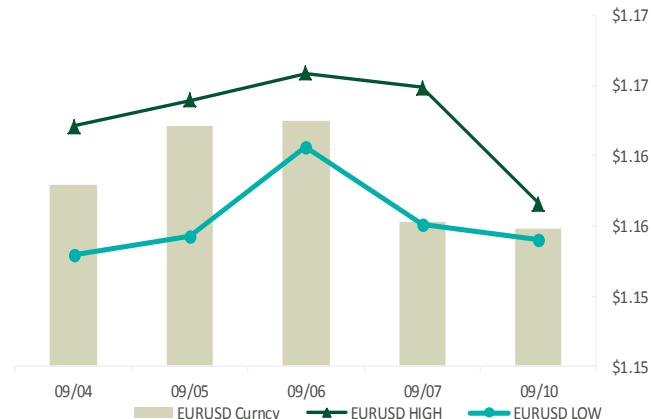


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Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



20/09/10 07:51

Source: Bloomberg, Nedbank

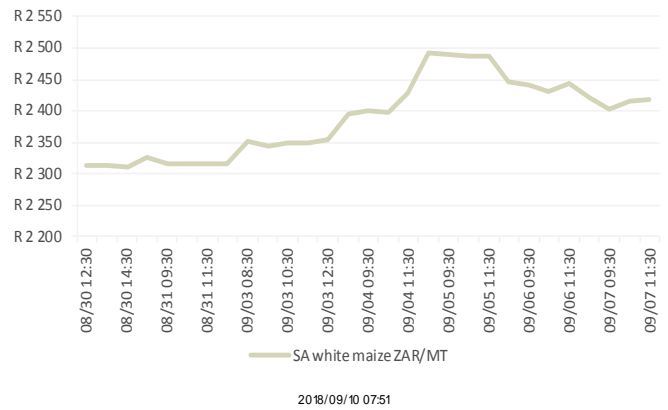
- Oil rebounded from the biggest weekly loss in two months as speculation of a crude-supply shortage took precedence over escalating trade tensions. Futures added 0.8% after a 2.9% slide last week.
- Gold drops for second day after data showing rise in U.S. wages indicate growing momentum in economy. Bullion for immediate delivery -0.2% to \$1,194.20/oz; -0.4% last week. Silver -0.2% to \$14.1471/oz, heading for lowest close since Jan. 2016. Platinum little changed at \$782.81/oz. Palladium steady at \$980.90/oz.
- Base metals decline amid escalation in U.S. and China trade tensions, with nickel heading to lowest close in more than eight months. LME copper -0.8% to \$5,883/ton; nickel -0.7% to \$12,275/ton, set for lowest close since Dec. 27. LME aluminium -0.6% as spread at 3-year low in sign of ample immediate supply. Iron ore for Jan. -0.3% to 496.5 yuan/ton on DCE. Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	77.21	0.49	-0.27	15.46	43.57	↓
WTI crude (\$)	68.09	0.50	-2.45	12.69	43.41	↓
Gold spot (\$)	1193.08	-0.32	-0.59	-8.42	-10.53	↓
Platinum spot (\$)	780.08	-0.28	-0.98	-15.96	-21.79	↓
SA white maize spot (R)	2417.00	-1.10	4.36	27.21	33.31	↑

Source: Bloomberg & Nedbank CIB Time: 2018/09/10 07:51

SA white maize

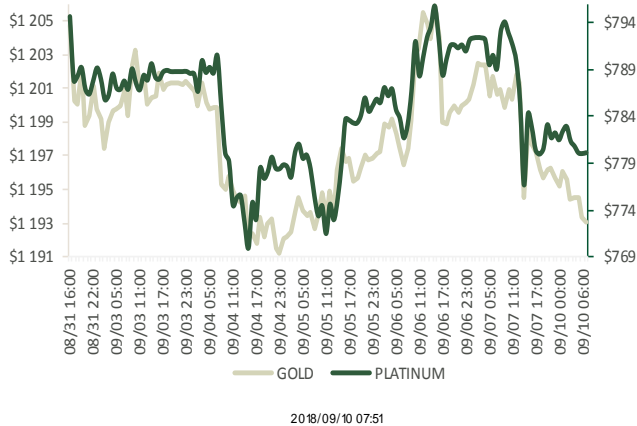
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

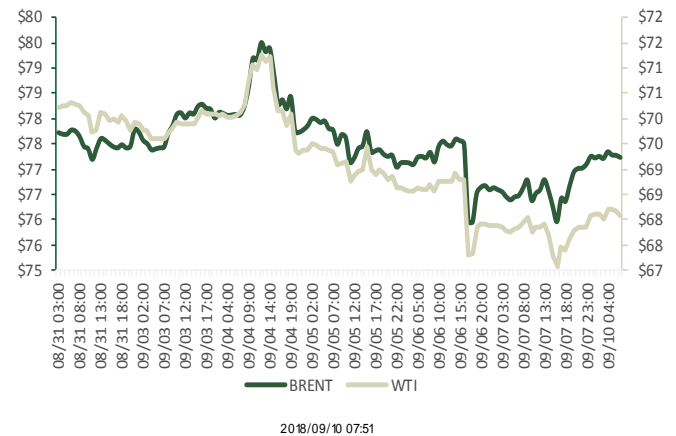
Platinum vs. Gold



Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



Source: Bloomberg, Nedbank

Cash equities | +2711 535 4030/31

South Africa

- The All Share index started its trading day in negative territory and continued to lose ground before seeing a small bounce towards the close, driven mostly by a move higher on Naspers.
- The Banking index was up 0.62% on the back of a stronger rand, with the likes of FirstRand advancing 2.32% after it posted a strong set of results the day before.
- On the company front, Greenbay announced a return of capital to shareholders, driving the share price 9.02% higher.
- Value traded at 17h00 was around R20bn, with the currency at R15.20c vs the US dollar at the close.

UK/Europe

- European markets were mostly weaker as the FTSE100 declined 0.56%.
- German Trade Balance came in below consensus estimates at EUR16.5bn.
- The Stoxx 50 was down 0.08%, with the likes of ING Groep and Bayer AG retreating 3.44% and 1.87%, respectively.

USA

- US markets closed lower on Friday as Trump's threat of more tariffs on Chinese goods dented sentiment.
- The Dow Jones was down 0.31%, while the S&P 500 retreated 0.22%, with utilities leading the downside.
- On the economic data front, Non-Farm Payrolls data came in above expectations, with the unemployment rate dropping to 3.9%.

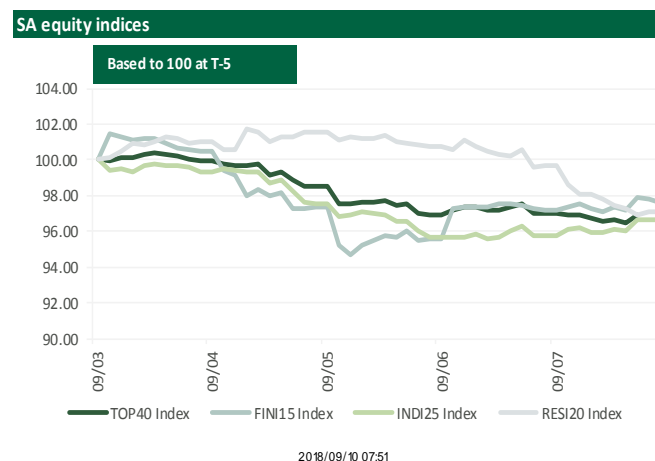
Asia

- Asian markets are trading weaker this morning as emerging-market sentiment remains poor, while Japan's GDP was above consensus estimates at 3% annualised QoQ.
- The Nikkei is up 0.21%, while the Hang Seng has declined 1.20%.
- The Australian ASX is flat, with the likes of BHP losing 0.40%.

Developed Markets	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	25 995.87	0.08	0.12	5.16	19.33	24.33	↑
Nasdaq	7 922.73	-0.91	-2.30	14.77	23.83	27.16	↓
S&P 500	2 878.05	-0.37	-0.81	7.65	16.75	18.42	↓
DJ Eurostoxx50	3 295.95	-0.59	-2.86	-5.94	-4.40	5.70	↓
DAX	11 955.25	-0.71	-3.31	-7.45	-2.78	11.51	↓
CAC	5 243.84	-0.31	-3.01	-1.29	2.53	8.43	↓
FTSE	7 318.96	-0.87	-1.53	-4.80	-1.05	7.10	↓
ASX200	6 130.50	-0.49	-2.99	1.08	7.74	6.42	↓
Nikkei 225	22 308.15	-0.80	-2.44	-2.01	15.01	16.18	↓
MSCI World	2 144.03	-0.41	-1.45	1.93	9.13	19.65	↓
Emerging Markets	Last price	%Δ				2017 Performance	MTD trend
-1d	MTD	YTD	12Month				
Hang Seng	26 907.46	-0.25	-3.52	-10.07	-2.24	35.19	↓
Shanghai	2 699.30	0.29	-0.95	-18.38	-19.79	5.46	↓
Brazil Bovespa	76 416.01	1.76	-0.34	0.02	4.09	28.22	↓
India - NSE	38 282.52	0.10	-0.94	12.41	20.91	27.91	↓
Russia Micex	2 320.65	-0.03	-1.07	10.00	15.45	-7.69	↓
MSCI Emerging	1 018.29	-0.34	-3.57	-12.10	-6.59	34.35	↓
SA Indices	Last price	%Δ				2017 Performance	MTD trend
-1d	MTD	YTD	12Month				
JSE All Share	57 130.48	0.05	-2.62	-3.99	2.24	17.47	↓
Top 40	50 893.14	0.12	-2.99	-3.12	2.96	19.66	↓
Resi 10	43 562.79	-1.05	-0.31	20.03	22.30	13.03	↓
Indi 25	71 901.93	0.04	-4.25	-9.08	-4.47	23.03	↓
Fini 15	16 646.17	1.69	-2.78	-6.87	8.30	18.54	↓

Source: Bloomberg & Nedbank CIB

Time 20/09/07 07:31

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
11 September 2018		
ABG	ABSA Group Ltd	dividend @ 490cps
ABSP	ABSA Bank Ltd Pref	dividend @ 3542.67cps
ADH	ADvTech Ltd	dividend @ 15cps
ARH	ARB Holdings Ltd	dividend @ 25cps and special dividend @ 10cps
DGH	Distell Group Holdings Ltd	dividend @ 230cps
DSBP	Discovery Ltd B Pref	dividend @ 501.917810cps
HIL	HomeChoice International Plc	dividend @ 95cps
MSM	Massmart Holdings Ltd	dividend @ 68cps
NPN	Naspers Ltd -N-	dividend @ 650cps
SBK	Standard Bank Group Ltd	dividend @ 430cps
TDHBP	Tradehold Ltd	dividend @ 2055.18510cps
TPC	Transpaco Ltd	dividend @ 90cps
TPF	Transcend Res	dividend @ 30.0988cps
TRU	Truworths Int Ltd	dividend @ 159cps
WHL	Woolworths Holdings Ltd	dividend @ 130.50cps

Source: JSE

JSE PERFORMANCE

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2017 Performance	MTD trend
ABG : Absa Group Ltd	156.00	-1.08	-4.03	-14.28	9.86	7.05	↓
AGL : Anglo American Plc	289.99	-3.98	-2.27	13.45	23.55	29.43	↓
ANG : Anglogold Ashanti Ltd	117.81	-0.40	-0.08	-8.40	-14.40	-14.78	↓
APN : Aspen Pharmacare Holdings Lt	267.06	-0.97	-8.36	-3.76	-6.87	-1.62	↓
BID : Bid Corp Ltd	316.98	0.22	1.08	5.31	7.96	20.93	↑
BIL : Bhp Billiton Plc	299.57	-3.06	-4.90	19.56	24.99	11.95	↓
BTI : British American Tobacco Plc	719.77	-1.58	1.04	-13.23	-13.92	6.38	↑
BVT : Bidvest Group Ltd	199.17	0.84	-7.79	-8.68	17.96	21.18	↓
CFR : Financiere Richemont-Dep Rec	128.53	-1.37	-1.52	15.02	8.21	24.15	↓
CLS : Clicks Group Ltd	196.25	2.04	-3.33	8.35	29.92	54.21	↓
CPI : Capitec Bank Holdings Ltd	979.03	-0.17	-2.37	-10.83	7.34	58.44	↓
DSY : Discovery Ltd	176.89	1.74	0.96	-4.90	23.79	61.26	↑
FSR : Firstrand Ltd	68.91	2.32	-2.53	2.47	25.52	25.00	↓
GFI : Gold Fields Ltd	35.09	-0.09	-2.53	-35.14	-40.51	23.12	↓
GRT : Growthpoint Properties Ltd	25.26	0.12	-0.71	-8.68	-1.37	6.59	↓
INL : Investec Ltd	95.11	-1.57	-1.10	6.01	-2.70	-1.57	↓
INP : Investec Plc	95.40	-1.84	-1.42	6.28	-2.77	-1.52	↓
LHC : Life Healthcare Group Holdin	26.13	0.50	-1.99	-5.84	3.44	-9.23	↓
MEI : Mediclinic International Plc	95.78	-0.75	1.35	-9.96	-24.21	-18.17	↑
MND : Mondi Ltd	407.16	-2.48	-0.74	32.95	23.70	14.66	↓
MNP : Mondi Plc	407.50	-2.96	-0.59	33.44	23.88	14.14	↓
MRP : Mr Price Group Ltd	211.80	1.29	-6.01	-13.51	17.34	53.52	↓
MTN : Mtn Group Ltd	74.76	0.44	-15.99	-45.27	-38.75	5.08	↓
NED : Nedbank Group Ltd	262.74	-0.22	-5.48	2.59	27.89	6.16	↓
NPN : Naspers Ltd-N Shs	3151.32	2.92	-3.50	-8.68	10.12	69.72	↓
NRP : Nepi Rockcastle Plc	138.58	-0.50	-1.01	-35.11			↓
NTC : Netcare Ltd	28.50	0.74	-2.90	13.32	17.53	-20.66	↓
OMU : Old Mutual Ltd	29.63	-1.23	-2.53				↓
RDF : Redefine Properties Ltd	10.19	-0.59	-1.55	-4.77	-5.47	-6.96	↓
REM : Remgro Ltd	209.77	-0.51	-2.16	-11.11	-2.54	4.19	↓
RMH : Rmb Holdings Ltd	81.24	1.40	-3.63	2.61	24.56	18.13	↓
SAP : Sappi Limited	96.83	-3.00	-3.55	8.19	15.56	0.56	↓
SBK : Standard Bank Group Ltd	181.00	1.49	-2.87	-7.49	10.95	28.22	↓
SHP : Shoprite Holdings Ltd	197.94	-0.35	-2.97	-10.51	-7.83	27.89	↓
SLM : Sanlam Ltd	77.96	1.58	-1.74	-10.39	15.33	36.30	↓
SOL : Sasol Ltd	562.23	-1.40	-2.39	31.31	43.06	5.32	↓
SPP : Spar Group Limited/The	197.88	-0.27	-3.47	-2.68	18.85	2.82	↓
TBS : Tiger Brands Ltd	293.74	1.99	2.61	-36.14	-21.50	16.65	↑
TFG : The Foschini Group Ltd	170.47	1.47	-2.36	-13.61	20.05	24.11	↓
TRU : Truworths International Ltd	82.82	1.27	-3.74	-12.33	0.39	17.70	↓
VOD : Vodacom Group Ltd	122.55	-0.12	-3.04	-15.88	-25.72	-3.27	↓
WHL : Woolworths Holdings Ltd	52.10	0.39	-3.91	-20.23	-13.54	-9.09	↓

Source: Bloomberg & Nedbank CIB

Time 2018/09/10 07:51

US

- US nonfarm payrolls rose 201k in August, from 147k in July, better than consensus of 194k. While the manufacturing industry shed jobs in August, construction created more jobs, and the services sector provided the bulk of the uplift to payrolls growth, creating 178k jobs in August, from 117k jobs in July. The following industries saw solid job-growth in August: trade, transport, business services, education, health and financial services.
- Despite the uptick in payrolls, total employment declined as the labour force participation rate fell sharply (62.7% vs 62.9% prev.), as more people took up retirement or other activities. The number of job-leavers surged 14% month-on-month in August. As a result, the unemployment rate remained steady at 3.9%, despite forecasts for a decline to 3.8%.
- The strain in the labour market as a result of a significant shortage of skilled labour has started to impact wage growth – average hourly earnings surged 2.9% year-on-year in August, from 2.7% in July, well ahead of consensus for no change. Wages were lifted in the retail, IT, transport, utilities and most service sector industries. While real wage growth is now just marginally positive, it will have an impact on consumer prices, producing demand-pull inflationary pressure over the medium term.
- The labour market remains fairly healthy, with unemployment levels well below full employment, there are more job vacancies in the country than unemployed people, and the supply shortage has kept the labour market quite tight. The Fed is likely to remain hawkish, given the upbeat employment situation, but will watch inflation and economic activity very closely for any sign of overheating.

Synopsis: For as long as the US economic data surprises to the upside, the Fed may remain hawkish. Inflation remains elevated above the Fed's 2% target, with markets expecting a hike in September, after the recent hike in June. Markets are also pricing in a further rate hike in December, but this will be dependent on growth and inflation in the interim. If economic data starts to surprise to the downside, then we could see the Fed temper its hawkishness.

Europe

- Eurozone GDP for Q2 was finalised at 0.4% quarter-on-quarter, unchanged from Q1, and in line with expectations. However, this pace of growth was driven predominantly by an increased pace of government spending, as household spending eased over the quarter.
- Gross fixed capital formation also surged over the quarter, making up for the loss from net exports. Household spending growth remained positive, despite easing in Q2. Domestic economic activity remains upbeat, supported by domestic demand. However, any sustained slowdown in demand will hamper growth over the medium term.

Synopsis: The ECB seems committed to ending its asset purchase programme at the end of the year, and have sounded more upbeat on inflation and growth recently. However regional tensions combined with global trade war fears does threaten to hamper economic activity. As a result, the ECB has committed to continue reinvesting proceeds from maturing bonds, while still promising unchanged interest rates until at least 3Q19.

China

- The Chinese trade surplus narrowed marginally in August, from \$28.05 billion in July, to \$27.91 billion, worse than consensus of \$31 billion. Growth in exports eased to 9.8% year-on-year, from 12.2% in July. Import growth remained well into double-digits, with growth of 20% year-on-year recorded in August. Imports were driven by crude oil, soybeans and natural gas. Exports of precious metals and jewellery rose sharply.
- CPI rose to 2.3% year-on-year in August, from 2.1% in July, better than consensus of 2.1%. The move was purely driven by a surge in food prices.
- PPI fell to 4.1% year-on-year in August, from 4.6% in July, better than consensus of 4%. Prices of raw materials, clothing and consumer goods rose. However, the decline in prices of manufactured goods outweighed the rise in the former.

Synopsis: China's PBOC have started to ease liquidity in order to counter the effects of the trade war with the US. However inflation remains below the target and so interest rates are likely to be kept low for some time.

Japan

- Japanese GDP rose to 0.7% quarter-on-quarter in Q2, from 0.5% in Q1, in line with consensus. GDP growth was driven by a surge in business spending, while private consumption remained stable. Growth is currently at a two-year high, amid optimism from businesses, given the recent surge in capex spending. Should this pace persist, it will be positive for the economy and region as a whole. However, uncertain trade conditions will remain a key risk to the growth outlook.
- The current account balance showed a narrower surplus of ¥1.5 trillion in July, from ¥1.8 trillion in June, worse than consensus. The narrower trade deficit, as well as the decline in primary incomes was the main reasons for the disappointing current account surplus.

Synopsis: Japan continues to battle with low inflation and disappointing economic growth, and would likely keep monetary policy unchanged and fairly loose for some time. The tighter labour market have not aided wage growth enough to impact inflation – inflation is likely to remain well below the BOJ target over the medium term, warranting loose monetary policy. Despite recent adjustments to the range in which it commits to buy bonds, policy still remains fairly loose.

ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
07-September							
01:30 AM	JN	Overall Household Spending YoY	JUL	-	0.10%	-1.20%	-
07:00 AM	JN	Leading Index CI	JUL P	-	103.5	104.7	104.6
08:00 AM	GE	Current Account Balance	JUL	-	EUR 15.3b	EUR 26.2b	EUR 26.6b
08:00 AM	GE	Exports SA MoM	JUL	-	-0.90%	0.00%	-
08:00 AM	GE	Imports SA MoM	JUL	-	2.80%	1.20%	-
08:00 AM	GE	Trade Balance	JUL	-	EUR 16.5b	EUR 21.8b	-
08:00 AM	GE	Industrial Production WDA YoY	JUL	-	1.10%	2.50%	2.70%
08:00 AM	SA	Gross Reserves	AUG	-	USD 49.8b	USD 50.5b	-
08:00 AM	SA	Net Reserves	AUG	-	USD 42.4b	USD 42.4b	-
10:11 AM	CH	Foreign Reserves	AUG	-	USD 3110b	USD 3118b	-
11:00 AM	EC	GDP SA QoQ	2Q F	-	0.40%	0.40%	-
11:00 AM	EC	GDP SA YoY	2Q F	-	2.10%	2.10%	-
02:30 PM	US	Average Hourly Earnings YoY	AUG	-	2.9%	2.7%	-
02:30 PM	US	Change in Nonfarm Payrolls	AUG	-	201k	157k	147k
02:30 PM	US	Labor Force Participation Rate	AUG	-	62.7%	62.9%	-
02:30 PM	US	Unemployment Rate	AUG	-	3.9%	3.9%	-
10-September							
01:50 AM	JN	GDP SA QoQ	2Q F	0.70%	0.70%	0.50%	-
01:50 AM	JN	GDP Annualized SA QoQ	2Q F	2.60%	3.00%	1.90%	-
01:50 AM	JN	Trade Balance BoP Basis	JUL	JPY -48b	JPY -1b	JPY 821b	-
01:50 AM	JN	BoP Current Account Adjusted	JUL	JPY 1527b	JPY 1485b	JPY 1762b	-
03:30 AM	CH	CPI YoY	AUG	2.10%	2.30%	2.10%	-
03:30 AM	CH	PPI YoY	AUG	4.00%	4.10%	4.60%	-
10:30 AM	UK	Industrial Production YoY	JUL	1.10%	-	1.10%	-
10:30 AM	UK	Manufacturing Production YoY	JUL	1.40%	-	1.50%	-
10:30 AM	UK	Trade Balance	JUL	GBP -2100m	-	GBP -1861m	-
10:30 AM	EC	Sentix Investor Confidence	SEP	14.3	-	14.7	-
09:00 PM	US	Consumer Credit	JUL	USD 14.4b	-	USD 10.2b	-
11-September							
01:50 AM	JN	Money Stock M3 YoY	AUG	2.60%	-	2.60%	-
10:30 AM	UK	ILO Unemployment Rate 3Mths	JUL	4.00%	-	4.00%	-
11:00 AM	EC	ZEW Survey Expectations	SEP	-	-	-11.1	-
11:00 AM	GE	ZEW Survey Current Situation	SEP	72.0	-	72.6	-
11:00 AM	GE	ZEW Survey Expectations	SEP	-13.5	-	-13.7	-
01:00 PM	SA	Manufacturing Prod NSA YoY	JUL	0.90%	-	0.70%	-
04:00 PM	US	Wholesale Inventories MoM	JUL F	0.70%	-	0.70%	-
04:00 PM	US	Wholesale Trade Sales MoM	JUL	0.10%	-	-0.10%	-
04:00 PM	US	JOLTS Job Openings	JUL	6675	-	6662	-
12-September							
11:00 AM	EC	Industrial Production WDA YoY	JUL	1.00%	-	2.50%	-
11:30 AM	SA	SACCI Business Confidence	AUG	91.5	-	94.7	-
01:00 PM	SA	Retail Sales Constant YoY	JUL	1.60%	-	0.70%	-
02:30 PM	US	PPI Final Demand YoY	AUG	3.20%	-	3.30%	-

Source: Bloomberg 2018/09/10 07:50

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