

DAILY MARKET COMMENTARY

14 September 2018



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(* when available)*

KEY DAILY DRIVERS

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

SNIPPETS

(Fixed Income)	SAGB yields continue to decline, follows USDZAR trend
(Currencies)	USDZAR posts strongest one-day gain since December, aided by dollar weakness and a Turkish rate hike, global majors upbeat
(Commodities)	Gold price supported by a weaker dollar; Brent eases overnight, but set to end the week higher
(Equities)	Global markets trade mostly firmer as trade tensions between the US and China ease on renewed trade talks
(Economics)	US CPI eases in August, core drops unexpectedly; Both BOE and ECB leaves interest rates unchanged, ECB reduces growth estimates; Chinese data mixed this morning; SA mining production contracts sharply in July

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
13/09	SA	Mining production	-5.2/3%/3.7%	Mining output hampered by the sharp fall in commodity prices in July
13/09	UK	BOE interest rate decision	0.75%/0.75%/0.75%	BOE keeps rates unchanged, sound hawkish amid elevated inflation
13/09	EZ	ECB interest rate decision	0%/0%/0%	ECB remains hawkish as inflation has risen recently, set to end QE by year-end
14/09	US	Retail sales	--/0.4%/0.5%	Retail sales growth expected to be supported by strong consumer demand
14/09	US	Industrial production	--/0.3%/0.1%	Industrial activity likely to supported by upbeat economic activity and local demand

Source: Nedbank

CONTACT FOR QUERIES

REEZWANA SUMAD
Strategy: Research Analyst
Tel: +27 11 537 4091
ReezwanaS@Nedbank.co.za

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	Δ 12Month	MTD trend
R204-0.3 yrs	6.87	-1.00	4.60	-19.00	2.10	↑
R208-2.5 yrs	8.00	0.10	5.60	43.60	67.90	↑
R186-8.3 yrs	9.11	0.05	12.65	52.15	68.05	↑
R2048-29.5 yrs	10.01	-0.00	18.10	29.10	26.70	↑
US10 yr	2.97	-0.18	10.79	56.28	78.35	↑
UK 10 yr	1.50	2.00	7.70	31.40	35.90	↑
German 10 yr	0.42	1.20	9.70	-0.40	2.20	↑
Japan 10 yr	0.11	0.10	0.60	6.50	6.30	↑

Money Market	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
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	7.03	0.00	2.50	-12.50	-0.90	↑
SA 3m NCD	6.95	0.00	-6.25	-20.00	-10.00	↓
SA 6m NCD	7.68	0.00	2.50	7.50	35.00	↑
SA 12m NCD	8.43	0.00	5.00	52.50	80.00	↑
US3m LIBOR	2.33	0.26	1.34	63.99	101.41	↑
UK 3m LIBOR	0.80	-0.14	-0.08	27.87	49.76	↓
Japan 3m LIBOR	-0.04	-0.03	-0.78	-1.60	-0.78	↓

Source: Bloomberg & Nedbank CIB

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FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
3X6 FRA	7.27	-1.00	0.00	38.00	56.00	⇔
6X9 FRA	6.86	0.00	4.00	3.00	4.00	↑
9X12 FRA	7.66	-1.00	3.00	87.00	119.00	↑
18X21 FRA	7.96	0.00	6.00	98.00	140.00	↑
SA 2yr Swap	7.62	-0.63	2.37	68.69	99.37	↑
SA 3yr Swap	7.83	0.25	6.00	77.50	111.00	↑
SA 5yr Swap	8.12	0.00	10.50	78.50	110.00	↑
SA 10yr Swap	8.62	-0.50	13.50	69.00	93.50	↑
SA 15yr Swap	8.88	-1.00	13.00	71.50	92.00	↑

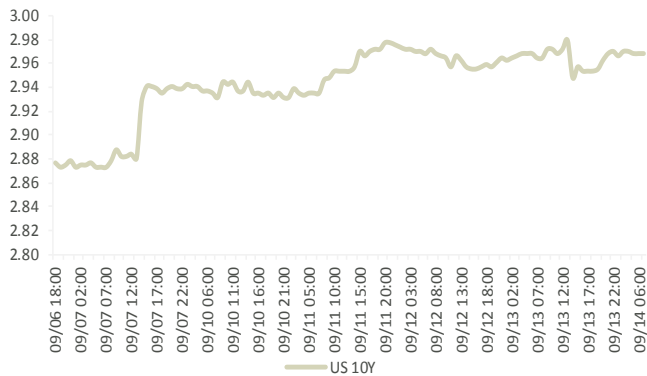
Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
2v10y	-1.00	-0.13	-11.13	-0.31	5.87	↓
3v10y	-0.79	0.75	-7.50	8.50	17.50	↓
R186-R204	2.24	1.05	8.05	71.15	65.95	↑
R2048-R186	0.90	-0.05	5.45	-23.05	-41.35	↓
5y-R186	-1.00	-0.05	-2.15	26.35	41.95	↓
10y-R186	-0.50	-0.55	0.85	16.85	25.45	↑
15y-R186	-0.24	-1.05	0.35	19.35	23.95	↑
SA 5yr CDS spread -basis points	221.33	-11.50	-2.89	64.39	56.09	↓

Source: Bloomberg & Nedbank CIB

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US 10 year yield

US 10 year yield

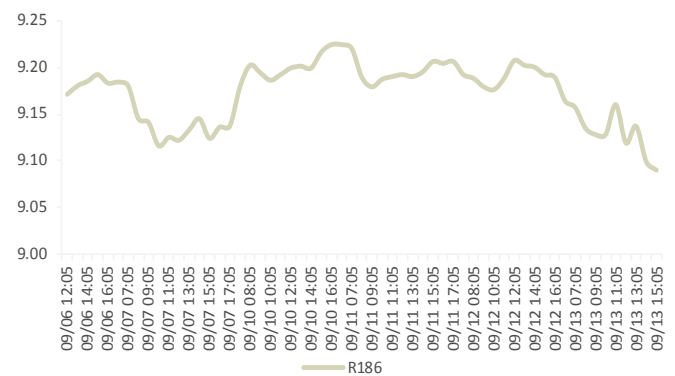


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Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



2018/09/14 07:21

Source: Bloomberg, Nedbank

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

- The local session saw the stars align for the rand, in what some describe as the ‘perfect storm’. The rand opened in the mid-14.90s and surged lower to trade at a best level of 14.6200 on the day. Several factors contributed to the local unit’s recovery: the Turkish central bank hiked rates; there were positive statements that the ECB is on track to end its bond purchase programme later this year; US inflation data printed weaker than expected, leaving many in doubt of the Fed hiking interest rates; and the possibility of trade negotiations between the US and China heightened. All these factors supported emerging markets, and the rand seemed to benefit the most, posting its best recovery since December last year. This morning, we opened trading at 14.7800, with the EURZAR at 17.2900 and the GBPZAR at 19.3950.
- International markets had a good trading day. With the ECB leaving rates unchanged and President Draghi’s comments on its QE programme, the euro strengthened to trade above the 1.1700 handle, where we opened this morning. The sterling also continued to trade firmer, touching 1.3124, on comments that a Brexit deal is close is supporting the currency in the short term. Gold traded at a high of USD1,212, opening weaker this morning and currently trading at USD1,205.
- On the data front, we have Eurozone trade numbers, US retail sales and industrial production to end the week.
- Possible trading range for the rand: 14.6000-14.9000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.31	0.08	1.23	-2.91	-1.99	↑	USD weakness
EURUSD	1.17	0.15	0.80	-2.58	-1.59	↑	USD weakness
USDJPY	111.84	-0.02	0.72	0.76	0.98	↑	USD strength
USDAUD	1.39	-0.03	-0.09	8.45	10.79	↓	USD weakness

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14.78	-0.23	0.61	16.21	10.80	↑	ZAR weakness
GBPZAR	19.39	-0.14	1.84	13.76	8.97	↑	ZAR weakness
EURZAR	17.28	-0.08	1.41	14.06	9.37	↑	ZAR weakness
AUDZAR	10.64	-0.19	0.71	9.16	1.18	↑	ZAR weakness
ZARJPY	7.57	0.21	0.00	-19.32	-11.00	↑	ZAR strength

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	49.01	-0.04	-0.58	-19.58	-12.29	↓	ZAR weakness
ZARBWP (Botswana pula)	0.73	0.33	-0.01	-8.43	-5.65	↓	ZAR weakness
ZARKES (Kenyan shilling)	6.84	0.18	-0.10	-21.82	-14.01	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.33	0.21	-0.13	-16.89	-8.56	↓	ZAR weakness
ZARNGN (Nigerian naira)	24.60	0.10	-0.11	-18.12	-11.03	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.32	-1.94	-0.93	-12.74	-3.67	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.70	0.23	1.18	-14.35	-1.47	↑	ZAR strength
ZARMZN (Mozambican metical)	4.08	0.65	0.08	-16.02	-13.81	↑	ZAR strength

Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	4.21	1.11	3.61	21.26	25.48	↑	USD strength
USDTRY (Turkish Lira)	6.13	0.09	-6.70	38.03	43.84	↓	USD weakness
USDMXN (Mexican Peso)	18.83	-0.12	-1.37	-4.42	5.75	↓	USD weakness
USDINR (Indian Rupee)	71.82	-0.52	1.14	11.06	10.71	↑	USD strength
USD RUB (Russian Ruble)	68.47	0.11	1.47	15.75	15.96	↑	USD strength

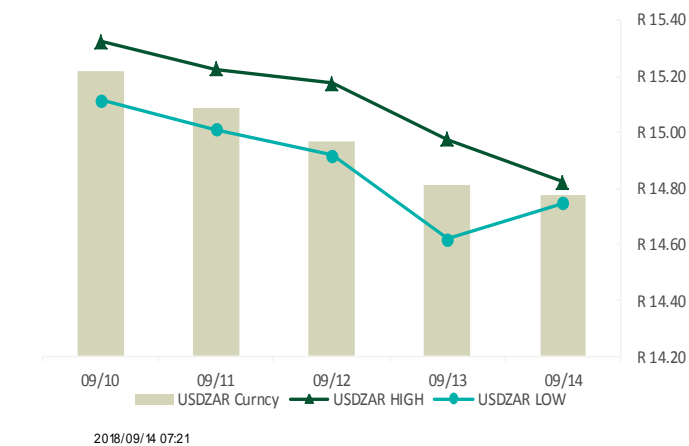
Source: Bloomberg & Nedbank CIB

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*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

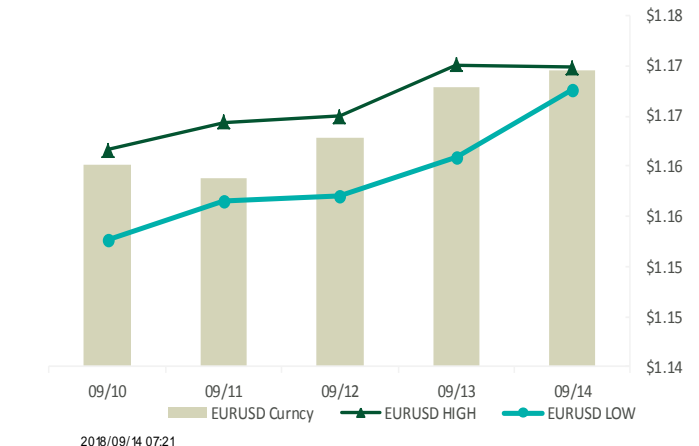
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

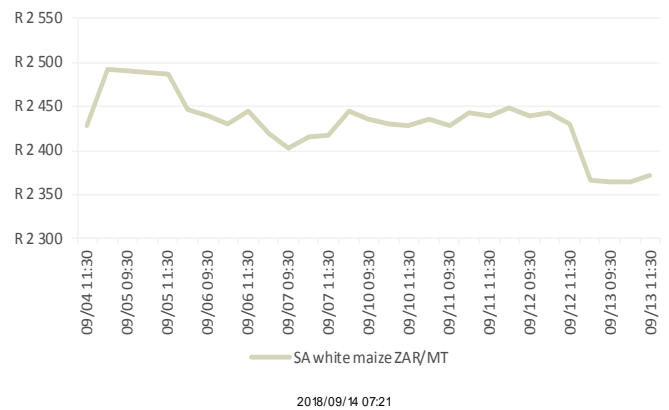
- Oil is poised for a weekly gain as investors weigh potential supply losses from Iran against on-going concerns over a trade spat. Futures increased 0.5%, on course for a weekly gain of 1.6%.
- Gold poised for first weekly gain in three after US CPI miss. Bullion for immediate delivery +0.2% to \$1,203.78/oz; +0.5% this week. Silver +0.3% to \$14.2079/oz. Platinum +0.2% to \$804.90/oz; +2.9% this week. Palladium -0.1% at \$981.15/oz.
- Zinc rises to trim a third weekly decline as the worst-performing metal this year finds support from the biggest slump in stockpiles in over a decade. LME zinc +0.4% to \$2,370/ton; -2.1% this week.
- LME copper -0.3%, but still on for weekly gain; other LME metals mixed. Iron ore for Jan. -0.4% to 501.5 yuan/ton on DCE. Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	78.39	0.27	1.25	17.23	41.32	↑
WTI crude (\$)	68.86	0.39	-1.35	13.97	38.02	↓
Gold spot (\$)	1205.47	0.16	0.45	-7.47	-9.01	↑
Platinum spot (\$)	808.90	1.07	2.68	-12.86	-17.38	↑
SA white maize spot (R)	2372.00	-2.43	2.42	24.84	28.70	↑

Source: Bloomberg & Nedbank CIB
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SA white maize

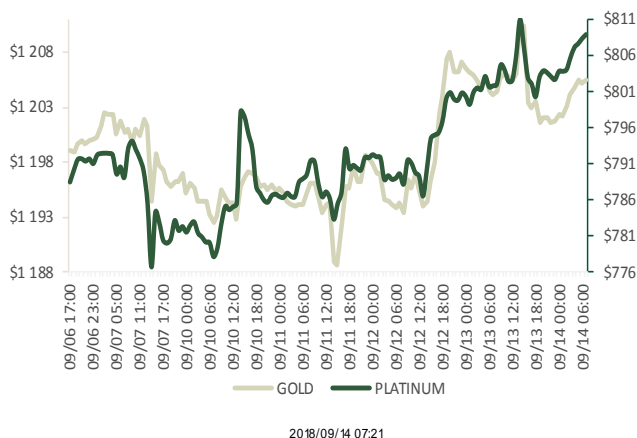
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

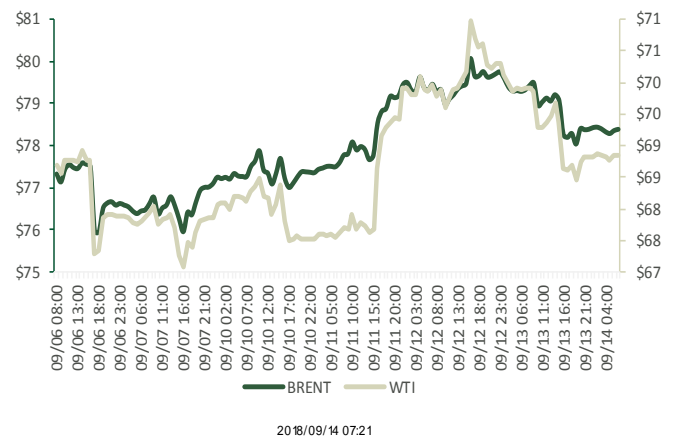
Platinum vs. Gold



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 JSE ended a choppy trading session firmer, after spending the day swinging between gains and losses, with the Top40 adding 0.35% to close at 49,991.20.
- Aspen tumbled 14.84% after posting results and announcing the sale of its infant-formula business for USD860m, which fell short of market expectations. Naspers was the biggest contributor to the gains on the index, climbing 3.31%.
- Impala Platinum added 5.38% after its results pleased the market, with a strong operational performance at Rustenburg, Mimosa and Marula.
- The value traded at the close was R27.5bn, and the ZAR was trading at 14.73 vs the dollar.

UK/Europe

- European markets ended Thursday mostly lower after the ECB left rates unchanged and as the Bank of England maintained its monetary policy stance and quantitative easing programme through asset purchases of GBP435bn.
- Trade-sensitive auto and mining stocks rose on the back of new US-China trade talks, with the tech sector rising after Apple launched its new iPhones, but gave back some gains after the US imposed new sanctions on a China-based tech firm, accusing it of moving illicit funding to North Korea in violation of US sanctions. The DAX added 0.19%, the CAC40 lost 0.08% and the FTSE100 declined 0.43%.

USA

- US markets closed firmer as trade tensions eased after China welcomed new talks with the US. The tech sector outperformed, boosted by a 2.4% gain in Apple shares.
- The US Labour Department released a report showing that US consumer prices rose less than expected in August and that inflation pressures appear to be easing. The Dow added 0.57%, the S&P500 rose 0.53% and the Nasdaq gained 0.75%.

Asia

- Asian markets are trading mostly firmer this morning as trade tensions between the US and China has eased.
- The Nikkei was trading at a seven-month high this morning, with exporters outperforming, boosted by a stronger yen.
- Chinese shares were mixed, moving between gains and losses, with market players uncertain over plans for the renewed trade talks. Tencent rose 1.73%.
- Bargain hunting was evident on the ASX, following recent weakness, and material stocks rose, tracking commodity prices higher. BHP Billiton, South32 and Rio Tinto were all up more than 1%.

Developed Markets	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	26 145.99	0.57	0.70	5.77	17.76	24.33	↑
Nasdaq	8 013.71	0.75	-1.18	16.08	24.65	27.16	↓
S&P 500	2 904.18	0.53	0.09	8.62	16.37	18.42	↑
DJ Eurostoxx 50	3 333.68	0.21	-1.75	-4.86	-5.47	5.70	↓
DAX	12 055.55	0.19	-2.50	-6.67	-3.87	11.51	↓
CAC	5 328.12	-0.08	-1.46	0.29	1.97	8.43	↓
FTSE	7 281.57	-0.43	-2.03	-5.28	-0.19	7.10	↓
ASX200	6 171.30	0.69	-2.35	1.75	7.54	6.42	↓
Nikkei 225	23 024.98	0.89	0.70	1.14	16.24	16.18	↑
MSCI World	2 162.68	0.46	-0.59	2.82	9.04	19.65	↓

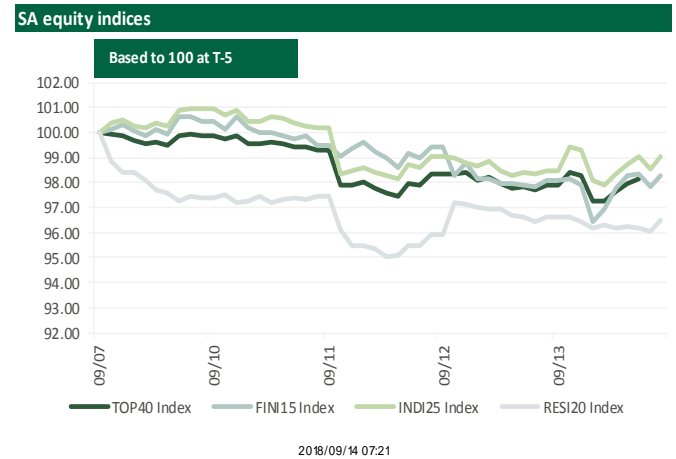
Emerging Markets	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Hang Seng	27 210.91	0.73	-2.43	-9.05	-2.04	35.19	↓
Shanghai	2 682.33	-0.16	-1.58	-18.89	-20.44	5.46	↓
Brazil Bovespa	74 686.67	-0.58	-2.60	-2.25	0.04	28.22	↓
India - NSE	37 948.23	0.61	-1.80	11.43	17.90	27.91	↓
Russia Micex	2 357.32	0.71	0.49	11.74	14.87	-7.69	↑
MSCI Emerging	1 017.64	1.30	-3.63	-12.16	-7.48	34.35	↓

SA Indices	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
JSE All Share	56 166.86	0.38	-4.26	-5.61	0.57	17.47	↓
Top 40	49 991.17	0.35	-4.71	-4.84	0.96	19.66	↓
Resi 10	42 035.62	-0.14	-3.81	15.82	19.41	13.03	↓
Indi 25	71 223.70	0.61	-5.16	-9.94	-6.13	23.03	↓
Fini 15	16 359.87	0.20	-4.45	-8.47	7.12	18.54	↓

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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Susan Correia | Scorreia@Nedbankcapital.co.za | +27 11 295 8227

SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
18 September 2018		
ACG	Anchor Group Limited	dividend @ 10.50cps
ADI	Adapt IT Holdings Ltd	dividend @ 17.10cps
BEL	Bell Equipment Ltd	dividend @ 20cps
BID	BID Corporation Ltd	dividend @ 280cps
BVT	Bidvest Ltd	dividend @ 301cps
CLI	Clientele Ltd	dividend @ 125cps
CPIP	Capitec Bank Holdings Pref	dividend @ 421.670cps
CSB	Cashbuild Ltd	dividend @ 346cps
EXX	Exxaro Resources Ltd	dividend @ 530cps
FFA	Fortress REIT Ltd A	dividend @ 70.57cps
FFB	Fortress REIT Ltd B	dividend @ 88.93cps
GNDP	Grindrod Ltd Pref	dividend @ 442cps
GRT	Growthpoint Prop Ltd	dividend @ 107.40cps
HET	Heriot REIT Ltd	dividend @ 44.18cps
KAP	KAP Industrial Holdings Ltd	dividend @ 23cps
PGFP	PSD Financial Services Pref	dividend @ 421.67cps
TFGP	Foschini Ltd 6.5% Pref	dividend @ 6.50cps

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	147.63	-1.38	-9.18	-18.88	7.03	7.05	↓
AGL : Anglo American Plc	291.34	0.64	-1.82	13.97	26.18	29.43	↓
ANG : AngloGold Ashanti Ltd	117.62	0.12	-0.24	-8.55	-8.54	-14.78	↓
APN : Aspen Pharmacare Holdings Lt	232.06	-14.84	-20.37	-16.37	-25.10	-1.62	↓
BID : Bid Corp Ltd	317.10	0.41	1.12	5.35	5.79	20.93	↑
BIL : Bhp Billiton Plc	293.70	-0.44	-6.77	17.22	22.60	11.95	↓
BTI : British American Tobacco Plc	717.49	-2.62	0.72	-13.50	-13.50	6.38	↑
BVT : Bidvest Group Ltd	188.24	-0.26	-12.85	-13.69	15.50	21.18	↓
CFR : Financiere Richemont-Dep Rec	123.80	-1.50	-5.15	10.78	4.65	24.15	↓
CLS : Clicks Group Ltd	190.44	-0.29	-6.19	5.14	24.88	54.21	↓
CPI : Capitec Bank Holdings Ltd	962.00	-0.82	-4.06	-12.38	8.46	58.44	↓
DSY : Discovery Ltd	174.79	1.05	-0.24	-6.03	22.66	61.26	↓
FSR : Firstrand Ltd	67.08	1.02	-5.12	-0.25	24.13	25.00	↓
GFI : Gold Fields Ltd	33.91	0.15	-5.81	-37.32	-41.31	23.12	↓
GRT : Growthpoint Properties Ltd	24.62	-1.12	-3.22	-10.99	-4.20	6.59	↓
INL : Investec Ltd	94.07	-0.90	-2.18	4.85	-6.21	-1.57	↓
INP : Investec Plc	94.46	-1.19	-2.39	5.24	-5.47	-1.52	↓
LHC : Life Healthcare Group Holdin	25.43	1.44	-4.61	-8.36	3.25	-9.23	↓
MEI : Mediclinic International Plc	90.08	-2.95	-4.68	-15.32	-27.72	-18.17	↓
MND : Mondi Ltd	403.48	-0.86	-1.64	31.75	17.79	14.66	↓
MNP : Mondi Plc	403.66	-0.66	-1.52	32.18	18.15	14.14	↓
MRP : Mr Price Group Ltd	214.83	1.82	-4.66	-12.27	16.28	53.52	↓
MTN : Mtn Group Ltd	70.50	0.71	-20.78	-48.39	-42.77	5.08	↓
NED : Nedbank Group Ltd	264.64	-0.36	-4.80	3.33	31.49	6.16	↓
NPN : Naspers Ltd-N Shs	3155.00	3.31	-3.39	-8.58	6.47	69.72	↓
NRP : Nepi Rockcastle Plc	137.99	-0.19	-1.44	-35.39			↓
NTC : Netcare Ltd	27.61	-0.29	-5.93	9.78	17.64	-20.66	↓
OMU : Old Mutual Ltd	29.20	0.34	-3.95				↓
RDF : Redefine Properties Ltd	10.05	-1.47	-2.90	-6.07	-5.10	-6.96	↓
REM : Remgro Ltd	207.40	0.75	-3.27	-12.12	-1.98	4.19	↓
RMH : Rmb Holdings Ltd	78.74	0.34	-6.60	-0.54	20.20	18.13	↓
SAP : Sappi Limited	94.62	-0.55	-5.75	5.72	12.18	0.56	↓
SBK : Standard Bank Group Ltd	175.42	1.50	-5.86	-10.34	10.68	28.22	↓
SHP : Shoprite Holdings Ltd	193.81	0.94	-5.00	-12.38	-8.52	27.89	↓
SLM : Sanlam Ltd	77.40	1.71	-2.45	-11.03	13.04	36.30	↓
SOL : Sasol Ltd	562.94	-0.23	-2.27	31.47	40.36	5.32	↓
SPP : Spar Group Limited/The	193.41	1.92	-5.65	-4.88	16.14	2.82	↓
TBS : Tiger Brands Ltd	287.20	-0.24	0.32	-37.57	-23.15	16.65	↑
TFG : The Foschini Group Ltd	167.87	3.37	-3.85	-14.93	19.28	24.11	↓
TRU : Truworths International Ltd	80.05	0.06	-6.96	-15.26	1.33	17.70	↓
VOD : Vodacom Group Ltd	123.99	1.81	-1.90	-14.89	-24.23	-3.27	↓
WHL : Woolworths Holdings Ltd	51.78	1.53	-4.50	-20.72	-11.94	-9.09	↓

Source: Bloomberg & Nedbank CIB

Time 2018/09/14 07:21

US

- US CPI fell to 2.7% year-on-year in August, from 2.9% in July, worse than consensus of 2.8%. The drop was driven by apparel, recreation and medical care goods.
- Energy costs, housing and transportation were key subcomponents keeping CPI elevated. Core inflation fell to 2.2% year-on-year from 2.4% in July as apparel prices slumped.
- While inflation remains well above the Fed's target, any easing in energy costs and commodity prices are likely to weigh on headline inflation. Services prices have also remained fairly upbeat – any correction in this trend will hamper price pressures.

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.

UK

- BOE interest rate decision: The BOE left interest rates unchanged at 0.75%, and the asset purchase programme at £445 billion, and remained hawkish amid improving economic activity and possible wage gains.
- Q3 GDP growth estimates were lifted by 10bps to 0.5%, and there is likely to be an on-going reduction of spare capacity in the economy, keeping inflation elevated. Despite the hawkish tone, the BOE said that rate hikes are likely to be gradual over the medium term. The market is expecting two hikes of 25bps each over the next two years, with one in the middle of each year.
- There are key risks on the BOE's radar – a no-deal Brexit which has become increasingly likely in recent weeks, and trade war fears amid an escalation in trade disputes, particularly between the US and China. Any sustained slowdown in global trade activity will hamper UK growth.

Synopsis: The BOE remains cognisant of inflation above its target, and trade tensions and Brexit negotiations weighing on sentiment and growth. The BOE remains hawkish. We maintain our view of gradual monetary policy tightening over the long run, but this will be dependent on a more moderate pace of economic expansion occurring over the next few quarters.

Europe

- ECB interest rate decision: The ECB kept interest rates as well as its QE programme unchanged, and remained fairly upbeat on the economy, despite slightly lower projections of GDP growth (10bps reduction to 2018 and 2019 estimates to 2% and 1.8% respectively). Inflation estimates remained unchanged at 1.7% for all years to 2020.
- The ECB still believes risks to the growth outlook are balanced, and any downside risks to growth (in the form of trade wars) are likely to be offset by a better labour market and rising wages.
- The ECB still plans to end its QE programme at the end of this year, after possible halving asset purchases to €15 billion from next month onwards.

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

- Chinese retail sales growth picked up to 9% year-on-year in August, from 8.8% in July, better than consensus of 8.8%. Sales of food, consumer goods and at restaurants supported retail sales. However, it was jewellery sales and household electronics surged, and this led to the higher retail activity.
- Industrial production growth rose to 6.1% year-on-year in August, from 6% in July, in line with consensus. All major categories showed growth in August – mining, manufacturing and utilities output were all higher, supporting industrial activity.

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.

SA

- Mining production posted a sharp decline in July, contracting by 5.2% year-on-year and 8.6% month-on-month, from +3.7% and +5.4% respectively in June. Both were much worse than consensus forecasts. However, to put this into context, we saw commodity prices begin to tumble in July, and this trend was maintained since then. We also saw a cumulative 10.7% growth in mining production in May and June, which would imply that the July output is coming off a high base. There has also been a sharp fall in exports in July, and possibly in August as well, limiting growth in mining output. Lastly, the gold mining companies started wage negotiations in July, with negotiations currently deadlocked, and strikes may be imminent.
- Within the mining production basket, gold, iron ore, coal and PGMs were the biggest negative drivers, reducing output by a cumulative 8.5% in July. On the other hand, diamond production surged, along with 'other metallic minerals' and manganese ore. These capped the slump in output somewhat in July. Mining sales contracted sharply in July, after posting double-digit growth over the previous two months. This is in line with what we have seen in the trade data and suggests a significant dampening of global demand for SA mineral exports. Should this trend persist, it will continue to weigh on mining production over the medium term.

Synopsis: The mining industry experienced a relatively upbeat Q2, so expectations are for some normalisation in Q3. So while the manufacturing industry is likely to ramp up output in Q3 as it rebuilds depleted inventories, mining output is expected to do the opposite (unless commodity prices recover or demand rises).

ECONOMIC CALENDAR

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

	Country	Event	Period	Survey	Actual	Prior	Revised
13-September							
01:50 AM	JN	PPI YoY	AUG	3.10%	3.00%	3.10%	3.00%
01:50 AM	JN	Machine Orders YoY	JUL	4.30%	13.90%	0.30%	-
08:00 AM	GE	CPI YoY	MAY F	2.00%	2.00%	2.00%	-
11:30 AM	SA	Mining Production YoY	JUL	2.95%	-5.20%	2.80%	3.70%
11:30 AM	SA	Gold Production YoY	JUL	-	-15.00%	-19.20%	-17.30%
11:30 AM	SA	Platinum Production YoY	JUL	-	-6.17%	28.20%	29.30%
01:00 PM	UK	Bank of England Bank Rate	SEP 13	0.75%	0.75%	0.75%	-
01:00 PM	UK	BOE Asset Purchase Target	SEP	GBP 435b	GBP 435b	GBP 435b	-
01:00 PM	UK	BOE Corporate Bond Target	SEP	GBP 10b	GBP 10b	GBP 10b	-
01:45 PM	EC	ECB Deposit Facility Rate	SEP 13	-0.40%	-0.40%	-0.40%	-
01:45 PM	EC	ECB Main Refinancing Rate	SEP 13	0.00%	0.00%	0.00%	-
01:45 PM	EC	ECB Marginal Lending Facility	SEP 13	0.25%	0.25%	0.25%	-
02:30 PM	US	Initial Jobless Claims	NOV 25	210k	204k	-	-
02:30 PM	US	Continuing Claims	NOV 18	1710k	1696k	-	-
02:30 PM	US	CPI YoY	AUG	2.80%	2.70%	2.90%	-
02:30 PM	US	Real Avg Weekly Earnings YoY	AUG	0.00%	0.50%	0.10%	-
02:30 PM	US	Real Avg Hourly Earning YoY	AUG	-	0.20%	-0.20%	-0.10%
08:00 PM	US	Monthly Budget Statement	AUG	USD -211.0b	USD -214.1b	USD -76.9b	-
14-September							
04:00 AM	CH	Industrial Production YoY	AUG	6.10%	6.10%	6.00%	-
04:00 AM	CH	Retail Sales YoY	AUG	8.80%	9.00%	8.80%	-
06:30 AM	JN	Industrial Production YoY	JUL F	-	2.20%	2.30%	-
11:00 AM	EC	Trade Balance SA	JUL	EUR 0.0b	-	EUR 0.0b	-
02:30 PM	US	Retail Sales Advance MoM	AUG	0.40%	-	0.50%	-
03:15 PM	US	Capacity Utilization	AUG	78.20%	-	78.10%	-
03:15 PM	US	Industrial Production MoM	AUG	0.30%	-	0.10%	-
03:15 PM	US	Manufacturing (SIC) Production	AUG	0.30%	-	0.30%	-
04:00 PM	US	U. of Mich. Sentiment	SEP P	96.6	-	96.2	-
17-September							
11:00 AM	EC	CPI Core YoY	AUG F	1.00%	-	1.00%	-
11:00 AM	EC	CPI YoY	AUG F	2.00%	-	2.00%	-
18-September							
10:00 PM	US	Net Long-term TIC Flows	JUL	USD 0.0b	-	USD -36.5b	-
10:00 PM	US	Total Net TIC Flows	JUL	USD 0.0b	-	USD 114.5b	-

Source: Bloomberg 2018/09/14 07:21

CONTACTS

Research Analyst Reezwana Sumad (011) 537 4091	Fixed Income and Currency Strategist Walter de Wet (011) 537 4140	Research Publishers (011) 294 0206
ALM Portfolio Management (011) 535 4042	Bond Trading (011) 535 4021	Credit Derivatives (011) 535 4047
Equities Sales and Distribution (011) 535 4030/31	Forex Business Banking Sales Desk (011) 535 4003	Forex Corporate Sales Desk JHB (011) 535 4002; DBN (031) 327 3000; CTN (021) 413 9300
Forex Institutional Sales Desk (011) 535 4005	Forex Retail Sales Desk (011) 535 4020	Inflation Trading (011) 535 4026
Interest Rate Swaps & FRA's Trading (011) 535 4004	Money Market Business Banking Sales Desk (011) 535 4006	Money Market Corporate Sales Desk JHB (011) 535 4007; DBN (031) 327 3000; CTN (021) 413 9300
Money Market Institutional Sales Desk (011) 535 4008	Non Soft & Soft Commodities Trading (011) 535 4038	Preference shares desk (011) 535 4072

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