

DAILY MARKET COMMENTARY

26 October 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 sharply higher after MTBPS, persistent weakness through the course of the day
(Currencies)	Rand remains on the back foot
(Commodities)	Brent remains range-bound, below the \$80/bbl. level; Gold remains elevated
(Equities)	The JSE, European and US markets end their trading session firmer, but Asian markets opened Friday's session lower, following disappointing results from Alphabet and Amazon.com
(Economics)	SA PPI eases on the back of transport inflation; US durable goods orders disappoint, ECB keeps rates unchanged in a hawkish statement

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
25/10	EZ	Interest decision	rate 0%/0%/0%	Interest rate remains unchanged, hawkish language maintained
25/10	SA	PPI	6.2%/6.2%/6.3%	PPI eases on the back of petrol inflation
26/10	US	GDP	--/3.3%/4.2%	GDP likely to ease in Q3, after sharp Q2 surprise
29/10	US	PCE	--/2%/2%	PCE to remain unchanged at 2%, high energy prices may help buoy prices

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				MTD trend
		1d	MTD	YTD	12Month	
R204-0,2 yrs	6,08	-3,20	-24,90	-98,70	-133,10	↓
R208-2,4 yrs	7,88	0,25	-0,35	32,35	-29,45	↓
R186-8,2 yrs	9,36	0,00	36,90	76,80	8,40	↑
R2048-29,3 yrs	10,30	0,25	38,75	58,75	1,55	↑
US10 yr	3,10	-1,49	4,06	69,64	64,10	↑
UK 10 yr	1,44	-1,60	-13,20	25,10	3,70	↓
German 10 yr	0,40	0,20	-7,20	-2,90	-8,40	↓
Japan 10 yr	0,12	-0,10	-1,40	6,80	4,60	↓

Money Market	Last price	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)	4,90	0,00	0,00	20,00	-20,00	→
SA 3m JIBAR	7,02	-0,80	1,70	-14,10	-0,80	↑
SA 3m NCD	6,95	-7,50	0,00	-20,00	-5,00	→
SA 6m NCD	7,68	0,00	10,00	7,50	12,50	↑
SA 12m NCD	8,40	0,00	10,00	50,00	25,00	↑
US3m LIBOR	2,51	0,13	11,09	81,50	113,48	↑
UK 3m LIBOR	0,81	0,06	0,84	28,76	39,24	↑
Japan 3m LIBOR	-0,10	-0,53	-4,03	-7,10	-5,89	↓

Source: Bloomberg & Nedbank CIB
Time: 2018/10/26 07:41

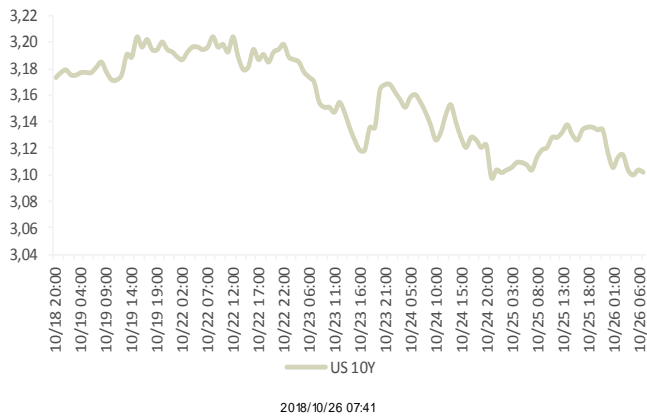
FRAs and Swaps	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
3X6 FRA	7,31	-0,50	14,50	41,50	10,50	↑
6X9 FRA	7,44	0,00	4,00	3,00	4,00	↑
9X12 FRA	7,62	0,00	11,00	83,00	15,00	↑
18X21 FRA	7,91	0,00	9,00	93,00	15,00	↑
SA 2yr Swap	7,58	0,00	7,00	64,32	10,50	↑
SA 3yr Swap	7,82	1,00	13,00	76,50	46,35	↑
SA 5yr Swap	8,13	0,25	15,25	80,25	16,25	↑
SA 10yr Swap	8,69	0,50	18,00	76,00	0,75	↑
SA 15yr Swap	8,96	1,00	21,00	79,50	35,65	↑

Spreads	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
2v10y	-1,11	-0,50	-11,00	-11,68	9,75	↓
3v10y	-0,87	0,50	-5,00	0,50	45,60	↓
R186-R204	3,28	3,20	61,80	175,50	141,50	↑
R2048-R186	0,95	0,25	1,85	-18,05	-6,85	↓
5y-R186	-1,22	0,25	-21,65	3,45	7,85	↓
10y-R186	-0,67	0,50	-18,90	-0,80	-7,65	↓
15y-R186	-0,40	1,00	-15,90	2,70	27,25	↓
SA 5yr CDS spread - basis points	225,70	2,38	23,26	68,76	35,09	↑

Source: Bloomberg & Nedbank CIB
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US 10 year yield

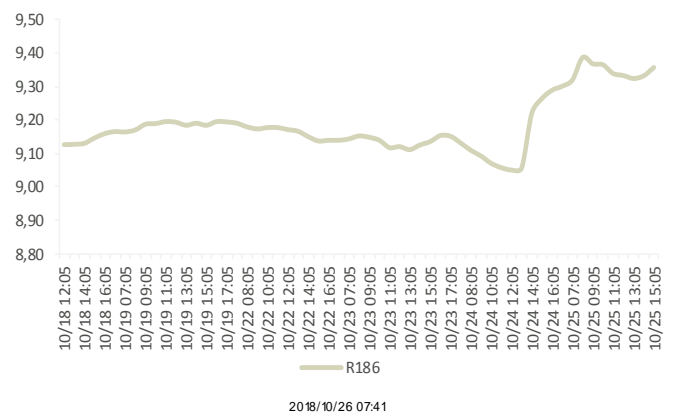
US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



Source: Bloomberg, Nedbank

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- The local session opened the day with the rand trading at 14.60. The rand initially tried to stage a recovery but failed to break through the 14.4500 handle trading to a best level of 14.4550. The local unit was unable to hold onto gains and traded back towards 14.6400 through the NYK session closing back around the 14.6100 mark. The rand opens this morning weaker, currently trading at 14.6600. EURZAR opens at 16.6700 and GBPZAR opens at 18.8100.
- International markets yesterday remained focused on the ECB Meeting. Rates were left unchanged. The initial response to president Draghi's comments were positive as the euro traded to 1.1431, but as the news was digested, and there were no mention of any changes to their QE stimulus the dynamics changed and the euro traded significantly weaker into the session close. The euro ended the day at the low of 1.1365. This morning the Euro opens at 1.1362, Sterling opens at 1.2815 and Yen opens at 112.11. Gold closed the day some \$8 softer, at \$1229, and starts the day marginally firmer at \$1231.
- On the data front we have US GDP data and the US Michigan survey.
- Possible trading range: 14.5000-14.8000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1,28	-0,05	-1,65	-5,16	-2,73	↓	USD strength
EURUSD	1,14	-0,08	-2,08	-5,35	-2,73	↓	USD strength
USDJPY	112,15	-0,40	-1,38	0,48	-1,42	↓	USD weakness
USDAUD	1,42	0,72	2,79	11,09	9,28	↑	USD strength
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14,66	0,89	3,54	15,54	2,85	↑	ZAR weakness
GBPZAR	18,79	0,84	1,91	11,01	0,13	↑	ZAR weakness
EURZAR	16,66	0,81	1,48	10,83	0,13	↑	ZAR weakness
AUDZAR	10,30	0,14	0,78	6,17	-6,19	↑	ZAR weakness
ZARJPY	7,65	-1,30	-5,13	-18,03	-4,39	↓	ZAR weakness
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	49,72	-0,86	-3,17	-17,85	-2,44	↓	ZAR weakness
ZARBWP (Botswana pula)	0,74	-0,50	-1,19	-7,44	-0,38	↓	ZAR weakness
ZARKES (Kenyan shilling)	6,91	-0,90	-3,24	-20,74	-5,48	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2,33	-1,66	-3,99	-16,97	-2,20	↓	ZAR weakness
ZARNGN (Nigerian naira)	24,77	-0,85	-3,86	-17,29	-2,02	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0,33	-0,85	-6,08	-10,62	6,45	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0,79	-0,89	-6,43	-1,06	12,19	↓	ZAR weakness
ZARMZN (Mozambican metical)	4,14	-0,54	-3,64	-14,36	-2,96	↓	ZAR weakness
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3,71	-0,76	-9,32	10,60	12,70	↓	USD weakness
USDTRY (Turkish Lira)	5,65	0,41	-7,15	32,79	32,22	↓	USD weakness
USDMXN (Mexican Peso)	19,54	0,62	4,19	-0,62	1,94	↓	USD strength
USDINR (Indian Rupee)	73,41	0,18	1,25	12,99	11,70	↑	USD strength
USDRUB (Russian Ruble)	65,66	0,31	0,15	12,13	11,90	↑	USD strength

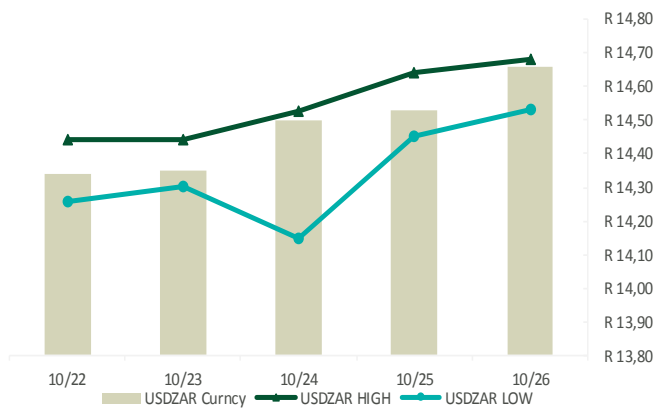
Source: Bloomberg & Nedbank CIB

Time 2018/10/26 07:41

**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)

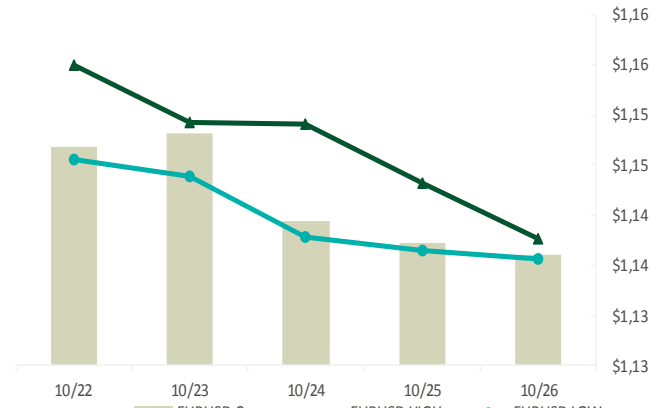


2018/10/26 07:41

Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



2018/10/26 07:41

Source: Bloomberg, Nedbank

- Gold is up for a fourth straight week, poised for the longest stretch of gains since January, as investors turn to havens amid gyrations in equity markets. Bullion for immediate delivery -0.1% to \$1,230.65/oz; +0.3% this week.
- Silver -0.1% this week. Platinum -0.8% this week; heads for 2nd weekly drop. Palladium retreats from a record high reached on Oct. 23 to pare weekly gain to 1.8%. Copper leads metals toward a second weekly decline as U.S. business-equipment orders. LME copper -1% to \$6,162.
- LME nickel -0.5%, heading for lowest close since Dec., aluminium -0.2% to \$1,990.50/ton, lowest since April, zinc -0.3%. Iron ore +0.8% to 537.5 yuan/ton on DCE.

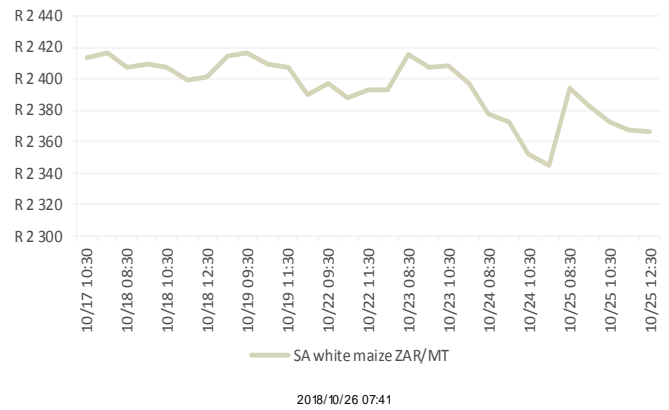
Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	76,45	-0,57	-7,58	14,33	28,92	↓
WTI crude (\$)	66,77	-0,83	-8,85	10,51	26,84	↓
Gold spot (\$)	1231,96	0,15	3,31	-5,44	-3,03	↑
Platinum spot (\$)	823,98	-0,39	0,98	-11,23	-10,55	↑
SA white maize spot (R)	2366,00	0,90	-0,13	24,53	19,13	↓

Source: Bloomberg & Nedbank CIB
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SA white maize

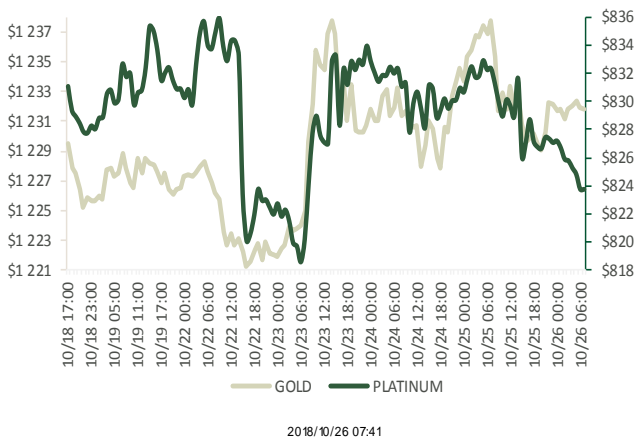
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

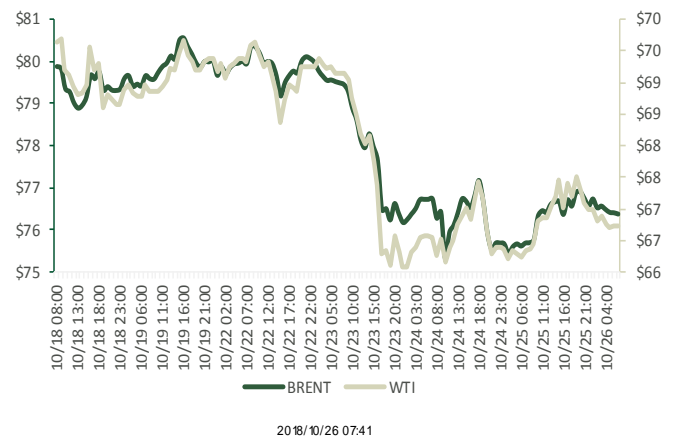
Platinum vs. Gold



Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



Source: Bloomberg, Nedbank

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South Africa

- The JSE erased early morning losses, tracking European markets higher, with the Top40 ending the day up 1.67% at 45,416.60.
- Banking stocks outperformed, with the likes of FirstRand and Absa group surging 4.91% and 3.52%, respectively.
- Clicks Group rallied 6.75% after reporting a 15.1% rise in full-year profit, boosted by rising sales in its health and beauty divisions.
- Naspers was another big contributor to the gains, adding 2.74%.
- Aspen disappointed yet again, losing a further 1.09% and closing at R142.67.
- The value traded at the close was R24bn, and the ZAR was trading at 14.36 vs the US dollar.

UK/Europe

- European markets ended Thursday's session well in positive territory, recovering from Wednesday's sharp sell-off, buoyed by some solid corporate results and a weaker euro, which gave a boost to exporters.
- The ECB left interest rates unchanged, maintaining its forward guidance.
- The euro zone's STOXX gained 1%, with France's CAC40 outperforming and adding 1.6%.
- Sportswear firm, Puma rallied 9.78% on positive results, while in Paris, Schneider Electric gained 7.48% after posting better-than-expected results.
- On the downside, advertising group WPP plunged 13.8%, cutting its outlook for sales and profit margins.
- ABI InBev slumped 10.4% after halving its dividend due to the volatility in emerging markets.
- The DAX added 1.03%, and the FTSE100 gained 0.59%.

USA

- US markets closed firmer, with the Nasdaq outperforming, surging 2.95%, lifted by solid results from Microsoft.
- Microsoft added 5.8%, beating consensus earnings for revenue and profit.
- Ford Motor Co rallied 9.9% after its earnings report raised hopes for a strong end to the year, boosting gains in the discretionary sector.
- Twitter surged 15.5% after its third quarter results beat estimates.
- After the close, Amazon and Alphabet fell 3.9% and 3.4%, respectively, after posting results.
- The Dow added 1.66%, and the S&P500 gained 1.86%.

Asia

- Asian markets are trading lower this morning, as concerns about domestic earnings are weighing on sentiment.
- Disappointing results from Alphabet, Google and Amazon renewed concerns over world trade and economic growth.
- In Japan, Canon lost 5% after cutting its net profit forecast due to weak camera sales.
- A weaker yuan dragged Chinese markets lower, hitting the aviation sector, which lost 1.2%.
- Tencent was down 3.05% at the time of writing.
- Australian stocks turned weaker in afternoon trading, tracking their global peers lower, with banks and mining stocks posting modest gains.
- Rio Tinto was up 0.57%, and BHP Billiton added 0.81%

Developed Markets	Last price	%Δ	%Δ	%Δ	%Δ	2017	MTD trend
		-1d	MTD	YTD	12Month	Performance	
Dow Jones	24 984,55	1,63	-5,57	1,07	6,77	24,33	↓
Nasdaq	7 318,34	2,95	-9,05	6,01	11,61	27,16	↓
S&P 500	2 705,57	1,86	-7,15	1,20	5,67	18,42	↓
DJ Eurostoxx 50	3 164,40	1,09	-6,91	-9,69	-13,00	5,70	↓
DAX	11 307,12	1,03	-7,67	-12,47	-13,90	11,51	↓
CAC	5 032,30	1,60	-8,40	-5,28	-7,76	8,43	↓
FTSE	7 004,10	0,59	-6,74	-8,89	-6,44	7,10	↓
ASX200	5 665,20	0,02	-8,74	-6,59	-4,24	6,42	↓
Nikkei 225	21 307,71	0,18	-11,66	-6,40	-1,99	16,18	↓
MSCI World	2 006,27	0,89	-8,14	-4,62	-0,96	19,65	↓

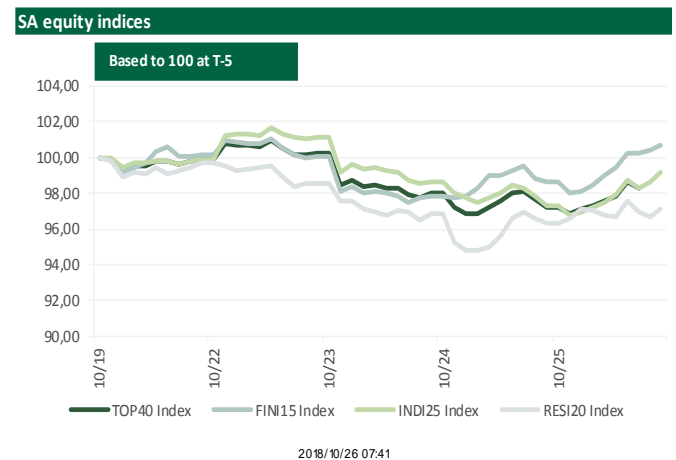
Emerging Markets	Last price	%Δ	%Δ	%Δ	%Δ	2017	MTD trend
		-1d	MTD	YTD	12Month	Performance	
Hang Seng	24 769,34	-0,90	-10,86	-17,21	-12,17	35,19	↓
Shanghai	2 589,28	-0,56	-8,23	-21,71	-24,01	5,46	↓
Brazil Bovespa	84 083,51	1,23	5,98	10,05	10,79	28,22	↑
India - NSE	33 585,01	-0,31	-7,29	-1,39	1,32	27,91	↓
Russia Micex	2 331,59	-0,21	-5,81	10,52	13,92	-7,69	↓
MSCI Emerging	948,96	-0,43	-9,44	-18,08	-14,37	34,35	↓

SA Indices	Last price	%Δ	%Δ	%Δ	%Δ	2017	MTD trend
		-1d	MTD	YTD	12Month	Performance	
JSE All Share	51 624,86	1,47	-7,33	-13,24	-11,87	17,47	↓
Top 40	45 416,62	1,67	-8,29	-13,55	-13,12	19,66	↓
Resi 10	40 064,01	0,84	-7,27	10,39	6,58	13,03	↓
Indi 25	62 297,70	1,88	-9,27	-21,23	-23,12	23,03	↓
Fini 15	15 607,80	2,10	-5,84	-12,68	2,57	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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SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
30 October 2018		
BAWP	Barwold Ltd 6% Pref	dividend @ 6cps
DCP	Dis-Chem Pharmacies Ltd	dividend @ 20.696780cps
EQU	Equites Prop Fund Ltd	dividend @ 68.116180cps or 3.40581 new per 100 held.
KST	PSG Konsult Ltd	dividend @ 7cps
NRL	Newpark REIT Ltd	dividend @24.948590cps
PHM	Phumelela Game Leisure	dividend @ 632cps

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	148,00	3,52	-2,55	-18,68	8,58	7,05	↓
AGL : Anglo American Plc	300,72	-0,65	-5,96	17,64	12,38	29,43	↓
ANG : Anglogold Ashanti Ltd	146,20	1,60	19,44	13,67	8,77	-14,78	↑
APN : Aspen Pharmacare Holdings Lt	142,67	-1,09	-15,77	-48,59	-55,19	-1,62	↓
BID : Bid Corp Ltd	272,57	1,39	-7,58	-9,44	-11,49	20,93	↓
BIL : Bhp Billiton Plc	282,79	0,51	-8,60	12,87	10,04	11,95	↓
BTI : British American Tobacco Plc	671,09	1,63	0,50	-19,10	-27,37	6,38	↑
BVT : Bidvest Group Ltd	181,95	-0,54	-1,65	-16,57	8,46	21,18	↓
CFR : Financiere Richemont-Dep Rec	102,53	1,83	-11,67	-8,25	-21,00	24,15	↓
CLS : Clicks Group Ltd	174,00	6,75	-0,57	-3,94	12,73	54,21	↓
CPI : Capitec Bank Holdings Ltd	977,76	0,01	-4,54	-10,95	6,16	58,44	↓
DSY : Discovery Ltd	151,37	2,19	-10,96	-18,62	5,48	61,26	↓
FSR : Firststrand Ltd	63,84	4,91	-5,94	-5,07	24,69	25,00	↓
GRT : Growthpoint Properties Ltd	23,12	-0,82	-0,47	-16,41	-4,11	6,59	↓
INL : Investec Ltd	87,85	0,42	-11,74	-2,08	-9,24	-1,57	↓
INP : Investec Plc	89,11	0,80	-10,67	-0,72	-8,23	-1,52	↓
LHC : Life Healthcare Group Holdin	24,00	1,39	-2,28	-13,51	-6,76	-9,23	↓
MEI : Mediclinic International Plc	64,56	-1,39	-18,79	-39,31	-41,65	-18,17	↓
MND : Mondi Ltd	337,90	2,71	-13,02	10,33	2,63	14,66	↓
MNP : Mondi Plc	337,30	2,99	-13,21	10,45	2,48	14,14	↓
MRP : Mr Price Group Ltd	228,30	1,26	0,02	-6,77	33,83	53,52	↑
MTN : Mtn Group Ltd	83,28	0,25	-4,91	-39,03	-32,40	5,08	↓
NED : Nedbank Group Ltd	237,57	1,85	-10,23	-7,24	15,44	6,16	↓
NPN : Naspers Ltd-N Shs	2 645,57	2,74	-13,31	-23,34	-21,57	69,72	↓
NRP : Nepi Rockcastle Plc	127,00	2,97	-1,20	-40,53	-35,48		↓
NTC : Netcare Ltd	24,17	0,92	-0,17	-3,90	-0,21	-20,66	↓
OMU : Old Mutual Ltd	22,90	1,01	4,40				↑
RDF : Redefine Properties Ltd	9,55	0,74	-4,69	-10,75	-9,74	-6,96	↓
REM : Remgro Ltd	184,00	1,76	-6,72	-22,03	-13,21	4,19	↓
RMH : Rmb Holdings Ltd	73,77	3,65	-6,80	-6,82	17,79	18,13	↓
RNI : Reinet Investments Sca	249,38	3,56	-5,22	-8,99			↓
SAP : Sappi Limited	81,07	3,39	-8,65	-9,42	-18,52	0,56	↓
SBK : Standard Bank Group Ltd	161,42	1,84	-7,76	-17,50	0,88	28,22	↓
SHP : Shoprite Holdings Ltd	188,50	0,53	-1,64	-14,78	-8,34	27,89	↓
SLM : Sanlam Ltd	71,39	0,52	-9,76	-17,94	3,57	36,30	↓
SOL : Sasol Ltd	488,88	1,63	-10,71	14,18	18,13	5,32	↓
SPP : Spar Group Limited/The	174,92	1,70	-5,00	-13,97	5,06	2,82	↓
TBS : Tiger Brands Ltd	258,18	1,78	-2,58	-43,87	-32,80	16,65	↓
TFG : The Foschini Group Ltd	161,00	0,16	-7,14	-18,41	24,36	24,11	↓
TRU : Truworths International Ltd	80,19	0,04	-3,96	-15,12	9,53	17,70	↓
VOD : Vodacom Group Ltd	121,52	1,59	-3,50	-16,58	-20,94	-3,27	↓
WHL : Woolworths Holdings Ltd	49,08	2,04	-1,05	-24,85	-12,81	-9,09	↓

Source: Bloomberg & Nedbank CIB

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US

- US capital goods orders, nondefense excluding aircraft, contracted by 0.1% month-on-month in September, from -0.2% in August, worse than consensus of 0.5%.
- Orders for durable goods also disappointed, only rising by 0.8% over the month, from +4.6% previously. Orders for vehicles and machinery grew over the month, while orders of aircraft, electrical equipment and metals contracted sharply over the month.
- The decline in nondefense capital goods orders does not bode well for economic activity, if sustained. This is usually a proxy for business spending, confidence and capex investment decisions, which typically acts as a leading indicator to growth. If this negative trend in nondefense capital goods orders is sustained, it would imply worsening economic activity by 2Q19.

Synopsis: The Fed remains increasingly hawkish, as economic growth has surprised to the upside, despite concerns from rising geopolitical and trade uncertainty. Furthermore, inflation is at or above its 2% inflation target, and the Fed foresees inflation remaining close to its target over the medium term. As a result, it is seeing one more rate hike this year, and three hikes in 2019. Any deterioration in growth or inflation metrics are likely to compromise this view.

Europe

- ECB interest rate decision: The ECB left interest rates unchanged at 0% and remained committed to ending its QE programme at the end of the year, whilst keeping interest rates unchanged until 3Q19. The statement remained hawkish in nature, highlighting that demand remains upbeat, supporting consumption, and supported by rising wages.
- The ECB has halved its monthly QE purchases, to €15 billion, until the end of the year, thereafter ending asset purchases, but still reinvesting the proceeds of maturing bonds, in order to maintain monetary accommodation.
- Risks to the growth outlook are still assessed as broadly balanced, however there are external risks in the form of rising trade protectionism, fragilities within emerging markets and financial market volatility.
- The ECB continues to see inflation rising close to, but remaining below, the ECB target of 2%. The ECB still believes that significant monetary accommodation is still necessary for the continued and sustained convergence of inflation to levels close to 2%. President Draghi continued to stress that deep structural reforms are still needed within individual member countries in order to boost productivity and growth.

Synopsis: The ECB is committed to weaning the economy off its support by ending QE activity by the end of the year. Economic activity remains upbeat despite the recent disappointment, while inflation is currently above its target of 2%. The ECB is likely to maintain its hawkish tone, but to maintain an accommodative monetary policy stance at least until 3Q19 when it may decide on raising interest rates.

SA

- SA PPI eased to 6.2% year-on-year in September, from 6.3% in August, in line with consensus. The key downward driver of input prices was petroleum and chemicals costs, which decelerated to 13.6% year-on-year in September, from 15.8% in August.
- However the sharp increase in fuel costs in October would likely raise this subcomponent and consequently headline CPI and PPI. Prices of electrical machinery and equipment also eased in September.
- Food inflation has started to creep up marginally, adding 20bps to headline PPI relative to the August print. This was mainly due to prices of grain mill products emerging from deflation in September.
- We expect food inflation to rise marginally over the next few months, with the threat of the El Nino hanging in the balance.

Synopsis: While we don't expect headline CPI to breach the SARB's 6% level, we do anticipate CPI to rise gradually to peak at 5.8% in September 2019, due to low base effects from 2018 and higher food and transport costs. If the rand continues to weaken excessively above our baseline, then this would need to be revised. We do believe that the SARB's inflation estimates are likely to rise by at least 10bps for 2019 and 2020, and the elevated CPI projection well above the targeted 4.5% mid-point would make the SARB uncomfortable enough to raise rates in the near term. Our base case is for a 25bps hike in November, if not then in January 2019.

ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
25-October							
10:00 AM	GE	IFO Business Climate	OCT	103,2	102,8	103,7	-
10:00 AM	GE	IFO Current Assessment	OCT	106,0	105,9	106,4	-
10:00 AM	GE	IFO Expectations	OCT	100,4	99,8	101,0	-
11:30 AM	SA	PPI YoY	SEP	6,20%	6,20%	6,30%	-
01:45 PM	EC	ECB Deposit Facility Rate	OCT 25	-0,40%	-0,40%	-0,40%	-
01:45 PM	EC	ECB Main Refinancing Rate	OCT 25	0,00%	0,00%	0,00%	-
01:45 PM	EC	ECB Marginal Lending Facility	OCT 25	0,25%	0,25%	0,25%	-
02:30 PM	US	Initial Jobless Claims	NOV 25	215k	215k	210k	-
02:30 PM	US	Continuing Claims	NOV 18	1644k	1636k	1640k	-
02:30 PM	US	Wholesale Inventories MoM	SEP P	0,50%	0,30%	1,00%	0,90%
02:30 PM	US	Cap Goods Orders Nondef Ex Air	SEP P	0,5%	-0,1%	-0,9%	-0,2%
02:30 PM	US	Durables Ex Transportation	SEP P	0,40%	0,10%	0,00%	0,30%
02:30 PM	US	Advance Goods Trade Balance	SEP	USD -75,1b	USD -76,0b	00:00	USD -75,5b
02:30 PM	US	Durable Goods Orders	SEP P	-1,5%	0,8%	4,4%	4,6%
04:00 PM	US	Pending Home Sales NSA YoY	SEP	-2,60%	-3,40%	-2,50%	-2,60%
05:00 PM	US	Kansas City Fed Manf. Activity	OCT	13,5	8,0	13,0	-
26-October							
02:30 PM	US	Core PCE QoQ	3QA	1,80%	-	2,10%	-
02:30 PM	US	GDP Annualized QoQ	3QA	3,30%	-	4,20%	-
02:30 PM	US	Personal Consumption	3QA	3,30%	-	3,80%	-
04:00 PM	US	U. of Mich. Sentiment	OCT F	99,0	-	99,0	-
29-October							
01:50 AM	JN	Retail Trade YoY	SEP	2,05%	-	2,70%	-
08:00 AM	SA	Money Supply M3 YoY	SEP	0,00%	-	6,95%	-
08:00 AM	SA	Private Sector Credit YoY	SEP	6,40%	-	6,74%	-
11:30 AM	UK	M4 Money Supply YoY	SEP	-	-	1,20%	-
11:30 AM	UK	Net Consumer Credit	SEP	GBP 1,20b	-	GBP 1,12b	-
02:30 PM	US	PCE Core YoY	SEP	2,00%	-	1,96%	-
02:30 PM	US	PCE Deflator YoY	SEP	2,00%	-	2,20%	-
02:30 PM	US	Personal Income	SEP	0,40%	-	0,30%	-
02:30 PM	US	Personal Spending	SEP	0,40%	-	0,30%	-
02:30 PM	US	Real Personal Spending	SEP	-	-	0,20%	-
04:30 PM	US	Dallas Fed Manf. Activity	OCT	29,0	-	28,1	-
30-October							
01:30 AM	JN	Jobless Rate	SEP	2,40%	-	2,40%	-
01:30 AM	JN	Job-To-Applicant Ratio	SEP	1,63	-	1,63	-
11:30 AM	SA	South Africa Unemployment	3Q	0,0%	-	27,2%	-
12:00 PM	EC	Business Climate Indicator	OCT	1,18	-	1,21	-
12:00 PM	EC	Economic Confidence	OCT	110,1	-	110,9	-
12:00 PM	EC	GDP SA QoQ	3QA	0,35%	-	0,40%	-
12:00 PM	EC	GDP SA YoY	3QA	1,80%	-	2,20%	-
02:00 PM	SA	South Africa Budget	SEP	ZAR 0,0b	-	ZAR -7,9b	-
03:00 PM	GE	CPI YoY	MAY F	2,35%	-	2,30%	-
03:00 PM	US	S&P CoreLogic CS 20-City YoY NSA	AUG	0,00%	-	5,92%	-
04:00 PM	US	Conf. Board Consumer Confidence	OCT	136,2	-	138,4	-

Source: Bloomberg 2018/10/26 07:26

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