

# DAILY MARKET COMMENTARY

01 February 2019



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

*Click on any of the above links to access your point of interest  
(\* when available)*

## KEY DAILY DRIVERS

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

## SNIPPETS

(Fixed Income)	Late month end inflows into SAGBs will still need clearing, and with risk continuing to trade well
(Currencies)	Focus now shifts to US data
(Commodities)	Oil halted gains after scoring its best January on record as a weak reading on China's manufacturing sentiment survey reignited concerns of a global slowdown
(Equities)	Global markets trade mostly higher, lifted by the US Federal Reserve's dovish report. The S&P 500 and Nasdaq end with strong gains on solid results from Facebook Inc.
(Economics)	SA PPI falls sharply in December, trade balance surprises to the upside, Eurozone growth unchanged in Q4

## KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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

Date	Region	Event	Actual/expected/prior	Implications
31/01	SA	Trade balance	17.2/--/R3.3b	Trade balance posts bumper surplus in December, as imports fall
01/02	US	Labour market data	--	NFP expected to ease after stellar December, unemployment rate likely unchanged
01/02	SA	PMI	--/50.5/50.7	SA PMI likely to remain in expansionary territory, with risks to the downside
04-08/02	US	GDP	--/2.5%/3.4%	GDP growth expected to ease in 4Q18 amid lower net exports, trade

Source: Nedbank

## CONTACT FOR QUERIES

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

# FIXED INCOME AND INTEREST RATES

[back to top](#)

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	
	%	bps	bps	bps	bps	
R208-2,2 yrs	6,94	-0,30	-0,30	-5,10	-41,30	↓
R186-7,9 yrs	8,56	-0,15	-0,15	-31,05	8,25	↓
R2048-29,1 yrs	9,61	-0,20	-0,20	-29,30	5,60	↓
US10 yr	2,63	0,14	0,14	-5,35	-15,90	↑
UK 10 yr	1,22	-3,60	-5,80	-5,80	-29,10	↓
German 10 yr	0,15	-3,90	-9,30	-9,30	-54,80	↓
Japan 10 yr	-0,02	-2,40	-2,40	-2,20	-11,90	↓

Money Market	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
SA repo rate	6,75	0,00	0,00	0,00	0,00	→
SA prime rate	10,25	0,00	0,00	0,00	0,00	→
SA CPI (MTD=previous month)	4,50		-70,00	-20,00	-20,00	↓
SA 3m JIBAR	7,15	0,00	0,00	0,00	1,70	→
SA 3m NCD	7,13	-1,25	-1,25	0,00	-2,50	↓
SA 6m NCD	7,75	2,50	2,50	0,00	15,00	↑
SA 12m NCD	8,23	0,00	0,00	-10,00	27,50	→
US3m LIBOR	2,74	0,13	-7,01	-7,01	95,97	↓
UK 3m LIBOR	0,91	-1,21	-0,04	-0,04	38,97	↓
Japan 3m LIBOR	-0,09	1,10	-1,60	-1,60	-4,80	↓

Source: Bloomberg & Nedbank CIB  
Time: 2019/02/01 07:32

FRAs and Swaps	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
3X6 FRA	7,13	-0,50	-0,50	-8,50	12,50	↓
6X9 FRA	7,12	0,00	4,00	3,00	4,00	↑
9X12 FRA	7,12	-0,50	-0,50	-21,50	27,50	↓
18X21 FRA	7,15	-1,50	-1,50	-31,50	13,50	↓
SA 2yr Swap	7,13	-0,20	-0,20	-20,50	15,80	↓
SA 3yr Swap	7,19	-0,50	-0,50	-26,00	7,25	↓
SA 5yr Swap	7,41	0,00	0,00	-26,00	-0,25	→
SA 10yr Swap	7,95	0,00	0,00	-24,00	-3,00	→
SA 15yr Swap	8,22	1,00	1,00	-24,50	2,00	↑

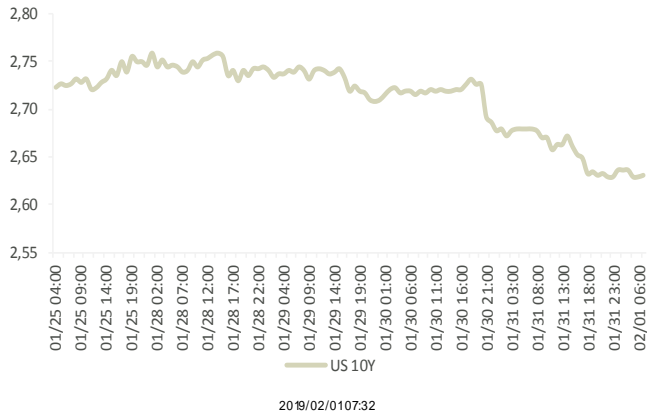
  

Spreads	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
2v10y	-0,82	-0,20	-0,20	3,50	18,80	↓
3v10y	-0,77	-0,50	-0,50	-2,00	10,25	↓
R186-R208	1,62	0,15	0,15	-25,95	49,55	↑
R2048-R186	1,05	-0,05	-0,05	1,75	-2,65	↓
5y-R186	-1,15	0,15	0,15	5,05	-8,50	↓
10y-R186	-0,61	0,15	0,15	7,05	-11,25	↑
15y-R186	-0,34	1,15	1,15	6,55	-6,25	↑
SA 5yr CDS spread - basis points	176,13	-2,33	-2,33	-46,82	32,86	↓

Source: Bloomberg & Nedbank CIB  
Time: 2019/02/01 07:32

## US 10 year yield

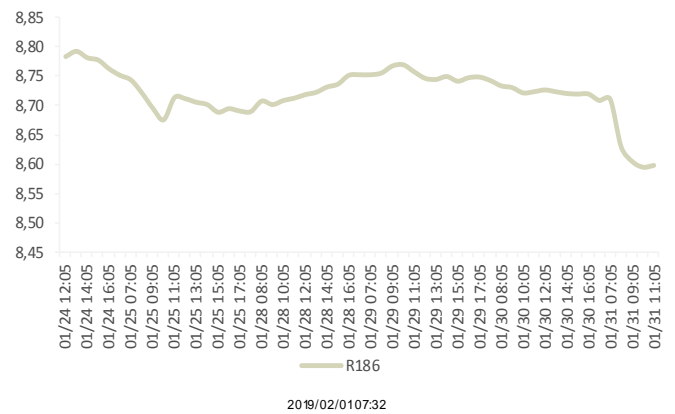
### US 10 year yield



Source: Bloomberg, Nedbank

## SA 10 year yield

### SA 10 year yield



Source: Bloomberg, Nedbank

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

- The day opened with the rand trading in the low 13.30s. As expected, significant demand for dollars initially saw the local unit trade weaker, but after reaching a high of 13.3950, it traded to a best level of 13.2350, closing the day at 13.2600. This morning, the rand is trading marginally weaker at 13.3050, the EURZAR is trading at 15.2210 and the GBPZAR is trading at 17.4270.
- International markets opened yesterday with the EURUSD trading above 1.1500, but it again failed to consolidate these gains and traded broadly weaker throughout the session. Although trading action was limited, it was trading at 1.1489 at the time of the local close. This morning, it is currently trading at 1.1440. The GBPUSD was similarly subdued, and this morning, it is currently trading at 1.3098, marginally weaker than the same time yesterday.
- Data releases scheduled for today: locally, we have manufacturing PMI data and vehicle sales; from Europe, we have manufacturing PMIs for most of the members and the zone, as well as the CPI for the zone; and from the US, we have NFP, manufacturing payrolls, the unemployment rate, average hourly earnings and the participation rate.
- The rand, along with emerging-market peers, has posted significant gains over the most recent sessions. Technically, the next objective to the downside is towards 13.1500. The possibility of this scenario will depend largely on a softer set of data from the US this afternoon, combined with EUR strength. Markets are likely to be cautious ahead of the aforementioned data releases, and liquidity is likely to be tested thereafter, going into the week's close.
- Possible trading range for the rand today: 13.2000 to 13.4500

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1,31	-0,18	-0,18	2,77	-7,95	↓	USD strength
EURUSD	1,14	-0,08	-0,08	-0,10	-8,31	↓	USD strength
USDJPY	108,89	0,06	0,06	0,71	-0,62	↑	USD strength
USDAUD	1,38	0,47	0,47	-2,71	10,87	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	13,29	-0,14	-0,14	-8,17	10,78	↓	ZAR strength
GBPZAR	17,41	-0,30	-0,30	-5,31	3,07	↓	ZAR strength
EURZAR	15,21	-0,21	-0,21	-8,27	2,70	↓	ZAR strength
AUDZAR	9,62	-0,60	-0,60	-5,30	1,08	↓	ZAR strength
ZARJPY	8,19	0,19	0,19	6,93	-12,77	↑	ZAR strength

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	54,83	0,13	0,13	7,57	-11,57	↑	ZAR strength
ZARBWP (Botswana pula)	0,77	0,04	0,04	3,54	-4,20	↑	ZAR strength
ZARKES (Kenyan shilling)	7,57	0,13	0,13	6,47	-13,45	↑	ZAR strength
ZARMUR (Mauritian rupee)	2,57	0,14	0,14	7,41	-5,79	↑	ZAR strength
ZARNGN (Nigerian naira)	27,23	0,13	0,13	7,21	-11,61	↑	ZAR strength
ZARGHS (Ghanian cedi)	0,37	0,51	0,51	8,92	-1,12	↑	ZAR strength
ZARZMW (Zambian kwacha)	0,90	0,00	0,00	7,81	8,38	→	ZAR strength
ZARMZN (Mozambican metical)	4,67	0,13	0,13	9,64	-9,83	↑	ZAR strength

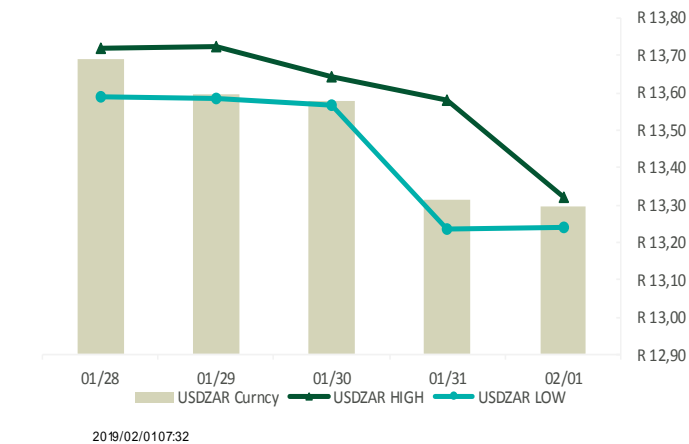
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3,65	-0,91	0,00	-6,42	12,60	→	USD weakness
USDTRY (Turkish Lira)	5,20	0,14	0,14	-1,82	28,13	↑	USD strength
USDMXN (Mexican Peso)	19,13	0,32	0,32	-2,78	3,88	↑	USD strength
USDINR (Indian Rupee)	71,19	0,15	0,15	2,00	10,07	↑	USD strength
USDRUB (Russian Ruble)	65,52	-0,05	-0,05	-5,88	14,43	↓	USD weakness

Source: Bloomberg & Nedbank CIB  
Time: 2019/02/01 07:32

\*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

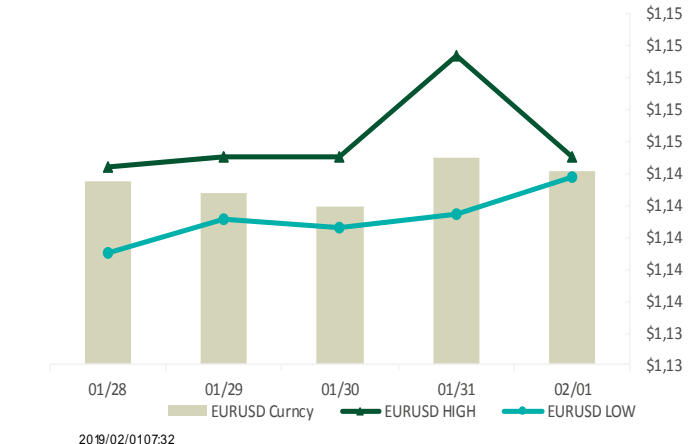
\$/R (close, high and low)



Source: Bloomberg, Nedbank

## EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

- Oil halted gains after scoring its best January on record as a weak reading on China’s manufacturing sentiment survey reignited concerns a global slowdown will hurt energy demand. Futures little changed after surging more than 18% last month.
- Gold held near a nine-month high after the Fed. Spot gold little changed at \$1,320.91/oz; +1.2% this week after +1.8% week earlier.
- Silver and platinum head for second weekly gain. Palladium +0.6% to pare second weekly decline.

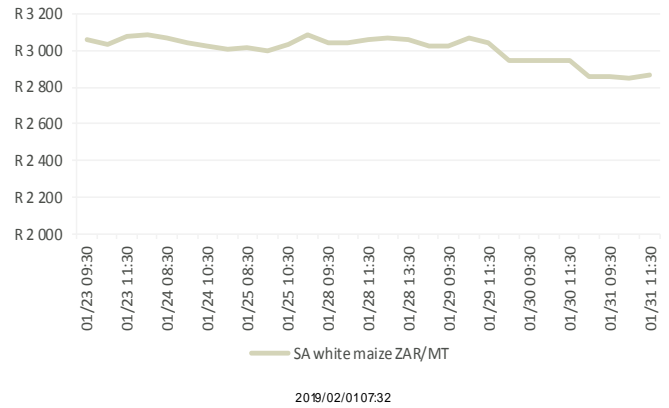
Source: Bloomberg

Commodities	Last price	%Δ				MTD trend
		-1d	MTD	YTD	12Month	
Brent near future (\$)	60,99	0,25	-1,45	13,36	-12,43	🔻
WTI crude (\$)	53,87	0,15	0,15	18,63	-18,13	🔼
Gold spot (\$)	1318,13	-0,30	-0,30	2,85	-1,75	🔻
Platinum spot (\$)	819,93	-0,27	-0,27	3,12	-18,28	🔻
SA white maize spot (R)	2 868,00	-2,65	0,00	-2,12	55,45	➡️

Source: Bloomberg & Nedbank CIB  
Time: 2019/02/01 07:32

## SA white maize

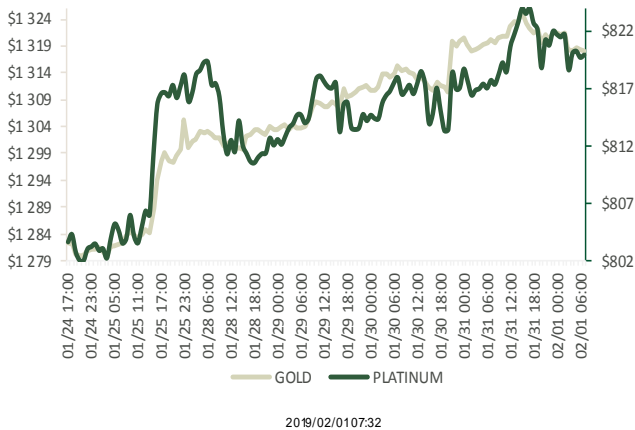
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

## Platinum vs Gold

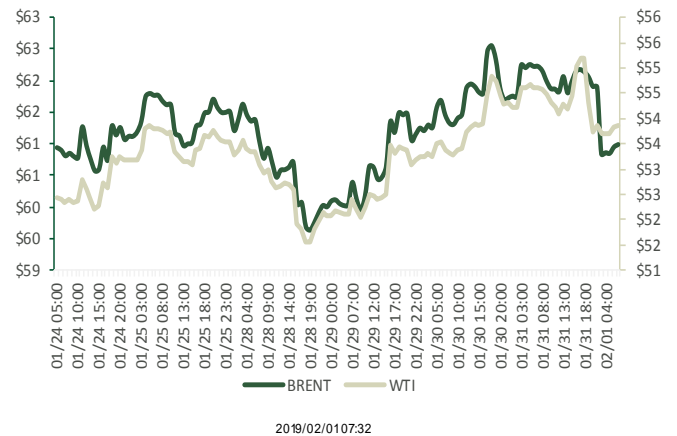
Platinum vs. Gold



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 started the day on a strong note, tracking its global peers higher, but eased lower into the close, with the Top40 ending the day almost unchanged, down 0.03% at 47,956.
- The retail sector was one of the best-performing sectors on the day, with Shoprite leading the gains, adding 6.87%, recovering somewhat from Wednesday's sharp fall.
- A stronger currency weighed on some of the rand hedges, with the likes of Richemont losing 3.86%.
- The value traded at the close was R30bn, and the ZAR was trading at 13.28 vs the USD.

## UK/Europe

- European markets ended a volatile session little changed, with markets retracing early-morning gains, following some disappointing economic data.
- Italy slid into a technical recession after its economy shrank for a second quarter in a row.
- German retail sales fell at the fastest rate in 11 years, British car production reported its biggest drop since 2009 and eurozone growth was the slowest in four years.
- Swatch tumbled 6.1% after posting disappointing results amid a downturn in Asia and France, while on the upside, Royal Dutch Shell added more than 3% after profits rose to their highest level since 2014, and spirits company Diageo rallied 4.6% after posting higher half-year sales, boosted by strength in India and China.
- The DAX lost 0.08%, the FTSE 100 added 0.39% and the CAC 40 rose 0.36%.

## USA

- US markets ended the last trading day in January on a strong note, with the S&P 500 showing its biggest monthly increase since 2015, boosted by strong earnings from Facebook Inc. and the Federal Reserve's dovish report.
- Facebook rallied 10.8% and General Electric Co. surged 11.65% after beating quarterly sales estimates.
- DowDuPont tumbled 9.23% after its revenue missed expectations.
- After the close, Amazon.com Inc. forecast sales that missed estimates, and the stock fell 2.5%.
- The Dow lost 0.06%, the S&P 500 gained 0.86% and the Nasdaq added 1.37%.

## Asia

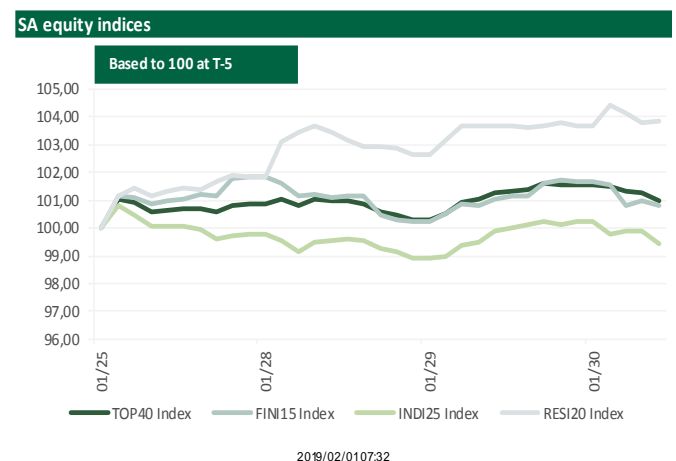
- Asian markets are trading mostly firmer this morning, with the Nikkei swinging between gains and losses, with strong gains from index heavyweight Fast Retailing (+2%) and Fanuc Corp. (+2.07%) offsetting losses from Nomura Holdings, which fell more than 3% after the brokerage firm put its wholesale business under review.
- Nintendo slumped more than 8% and was the biggest value trader on the day, after cutting its full-year forecast.
- Chinese and Hong Kong stocks traded firmer ahead of the week-long Lunar New Year holiday on progress on trade talks, but weak local economic data capped gains.
- Australian markets took their cue from the strong US close, with mining stocks outperforming on the back of strong iron ore prices.
- Lower oil prices weighed on the energy sector, while financials traded lower ahead of the release of a final report on Monday of a Royal Commission investigation of wrongdoings by the country's banking sector.

Developed Markets	Last price	%Δ	%Δ	%Δ	%Δ	2018	MTD trend
		-1d	MTD	YTD	12Month	Performance	
Dow Jones	24 999,67	-0,06	0,00	7,17	-4,53	-6,03	→
Nasdaq	7 281,74	1,37	0,00	9,74	-1,41	-5,30	→
S&P 500	2 704,10	0,86	0,00	7,87	-4,18	-7,01	→
DJ Eurostoxx50	3 159,43	-0,07	0,00	5,26	-11,68	-14,00	→
DAX	11 173,10	-0,08	0,00	5,82	-14,08	-17,97	→
CAC	4 992,72	0,36	0,00	5,54	-8,47	-10,55	→
FTSE	6 968,85	0,39	0,00	3,58	-6,96	-12,03	→
ASX200	5 862,80	-0,03	-0,03	3,83	-3,73	-6,84	↓
Nikkei 225	20 774,55	0,01	0,01	3,80	-11,55	-14,85	↑
MSCI World	2 028,49	0,87	0,00	7,68	-8,32	-10,97	→
Emerging Markets	Last price	%Δ	%Δ	%Δ	%Δ	2018	MTD trend
Hang Seng	27 837,49	-0,38	-0,38	7,71	-14,72	-15,30	↓
Shanghai	2 598,20	0,53	0,53	4,18	-24,62	-25,52	↑
Brazil Bovespa	97 393,74	0,41	0,00	10,82	13,92	12,83	→
India - NSE	36 378,31	0,34	0,34	0,86	1,31	6,67	↑
Russia Micex	2 521,10	0,37	0,00	6,41	9,49	9,55	→
MSCI Emerging	1 049,93	1,28	0,00	8,71	-15,91	-18,02	→
SA Indices	Last price	%Δ	%Δ	%Δ	%Δ	2018	MTD trend
JSE All Share	54 156,75	0,05	0,00	2,69	-8,61	-11,71	→
Top 40	47 955,98	-0,03	0,00	2,63	-8,57	-11,54	→
Resi 10	42 155,08	-1,25	0,00	2,70	11,97	12,01	→
Indi 25	64 225,42	0,27	0,00	0,85	-18,23	-20,20	→
Fini 15	17 486,21	0,88	0,00	6,75	-0,28	-6,54	→

Source: Bloomberg & Nedbank CIB

Time 2019/02/01 07:32

## Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

## LAST DAY TO TRADE

[back to top](#)

Susan Correia | [Scorreia@Nedbankcapital.co.za](mailto:Scorreia@Nedbankcapital.co.za) | +27 11 295 8227

SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
5 February 2019		
CULP	Cullinan Holdings 5.5%Prefs	dividend @ 5.50cps and scheme consideration @ 220cps
NWL	Nu-World Holdings Ltd	dividend @ 327.50cps
PGR	Peregrine Holdings Ltd	dividend @ 85cps

Source: JSE

# JSE PERFORMANCE

[back to top](#)

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

Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
ABG : Absa Group Ltd	184,79	-0,29	0,00	14,19	0,70	-11,08	➔
AGL : Anglo American Plc	342,09	0,32	0,00	6,15	19,40	26,07	➔
ANG : AngloGold Ashanti Ltd	186,98	-0,95	0,00	2,88	40,84	41,31	➔
APN : Aspen Pharmacare Holdings Lt	145,28	-1,71	0,00	7,76	-46,10	-51,42	➔
BHP : Bhp Group Plc	295,48	-1,39	0,00	2,08	17,23	21,24	➔
BID : Bid Corp Ltd	283,36	0,66	0,00	6,93	1,21	-11,96	➔
BTI : British American Tobacco Plc	465,89	-0,50	0,00	-0,73	-42,91	-43,42	➔
BVT : Bidvest Group Ltd	202,60	1,83	0,00	-2,05	-14,56	-5,15	➔
CFR : Financiere Richemont-Dep Rec	90,81	-3,86	0,00	-3,03	-20,84	-16,20	➔
CLS : Clicks Group Ltd	196,90	3,75	0,00	2,85	19,70	5,70	➔
CPI : Capitec Bank Holdings Ltd	1166,17	0,87	0,00	4,31	38,01	1,83	➔
DSY : Discovery Ltd	159,22	1,89	0,00	-0,36	-7,25	-14,09	➔
FSR : Firstrand Ltd	69,39	0,93	0,00	5,84	3,57	-2,51	➔
GRT : Growthpoint Properties Ltd	25,97	1,96	0,00	11,46	-5,15	-15,76	➔
INL : Investec Ltd	87,06	-2,41	0,00	10,20	-7,66	-11,95	➔
INP : Investec Plc	86,69	-2,37	0,00	8,83	-8,39	-11,25	➔
LHC : Life Healthcare Group Holdin	27,12	-0,18	0,00	2,73	0,82	-4,86	➔
MND : Mondi Ltd	328,11	-3,07	0,00	5,99	5,79	-3,04	➔
MNP : Mondi Plc	322,99	-3,52	0,00	6,22	4,42	-4,78	➔
MRP : Mr Price Group Ltd	223,00	2,53	0,00	-9,40	-20,92	0,52	➔
MTN : Mtn Group Ltd	87,03	2,17	0,00	-2,21	-34,32	-34,85	➔
NED : Nedbank Group Ltd	285,77	0,41	0,00	4,02	7,83	7,27	➔
NPN : Naspers Ltd-N Shs	3040,00	0,54	0,00	5,11	-8,24	-16,19	➔
NRP : Nepi Rockcastle Plc	125,44	1,17	0,00	11,01	-9,76	-47,09	➔
NTC : Netcare Ltd	24,75	0,16	0,00	-4,91	-2,96	5,09	➔
OMU : Old Mutual Ltd	23,39	1,21	0,00	4,42			➔
PSG : Psg Group Ltd	250,54	2,05	0,00	2,34	11,47	-9,33	➔
RDF : Redefine Properties Ltd	10,55	2,83	0,00	9,10	-1,49	-9,63	➔
REM : Remgro Ltd	211,04	2,35	0,00	8,37	-11,33	-17,48	➔
RMH : Rmb Holdings Ltd	83,51	1,84	0,00	5,84	5,00	-0,34	➔
RNI : Reinet Investments Sca	200,66	-1,09	0,00	-8,14	-22,22	-20,27	➔
SAP : Sappi Limited	78,02	-1,24	0,00	-4,45	-10,18	-8,77	➔
SBK : Standard Bank Group Ltd	195,00	1,18	0,00	9,05	-4,45	-8,61	➔
SHP : Shoprite Holdings Ltd	163,65	6,87	0,00	-13,94	-34,17	-14,03	➔
SLM : Sanlam Ltd	84,11	1,35	0,00	5,40	-6,22	-8,28	➔
SOL : Sasol Ltd	400,42	-3,51	0,00	-5,78	-6,55	-0,74	➔
SPP : Spar Group Limited/The	199,40	2,20	0,00	-3,90	-0,30	2,05	➔
TBS : Tiger Brands Ltd	276,23	2,18	0,00	0,89	-40,26	-40,48	➔
TFG : The Foschini Group Ltd	169,35	1,86	0,00	1,87	-11,83	-15,76	➔
TRU : Truworths International Ltd	80,10	3,35	0,00	-9,08	-18,32	-6,74	➔
VOD : Vodacom Group Ltd	120,58	0,72	0,00	-8,65	-27,87	-9,39	➔
WHL : Woolworths Holdings Ltd	50,23	1,95	0,00	-8,82	-20,52	-15,65	➔

Source: Bloomberg & Nedbank CIB

Time 2019/02/0107:32

## Europe

- Eurozone GDP growth for 4Q18 remained unchanged at 0.2% q/q, in line with consensus. On an annualised basis, growth slowed sharply, to 1.2% y/y, from 1.6% previously.
- The slowdown in industrial production would have weighed on growth in Q4, along with weak export sales as the slowdown in global trade hampers exports out of Germany.
- While German growth would have recovered off the deep contraction experienced in Q3, it is still likely to be slow. Spanish growth accelerated in Q4, lifted by better exports, and this offset a contraction in Italian growth as a result of subdued confidence levels and benign local demand. Growth in France remained unchanged over the quarter.

**Synopsis: The ECB will likely maintain the policy rate for much of this year before commencing debating a hike in 2020. However, this is entirely dependent on price pressures and growth in the region, which has thus far deteriorated. Policymakers have already started to consider ways to support the economy if the slowdown intensifies or persists, which could imply that the monetary policy bias over the medium term is for further loosening instead.**

## SA

- SA PPI slumped to 5.2% y/y in December, from 6.8% in November, better than consensus of 5.9%. The main reason for the sharp fall was as a result of coke, petroleum and chemical products, with input costs easing to 8.9% y/y, from 17.1% in November. To put this into perspective, this category contributed 3.8% towards the November headline PPI, and 2% towards the December headline PPI, a 180bps reduction. The key reason for this was as a result of the decline in international oil prices, along with the R1.84/litre drop in local fuels costs. Input costs of metals, machinery and equipment fell marginally, along with transport equipment and furniture costs.
- While we believe PPI is set for a further drop in the January print as well, we are watching food inflation closely for any signal that the agri market is pricing in an impending drought. Within the PPI basket, food input costs have gradually risen in recent months. In December, food, beverage and tobacco inflation increased by 30bps to 2.6% y/y. Although still too low to have a material impact on headline inflation, it is a key upside risk over the medium term. We anticipate average food inflation of 6.6% in the current year, with a more pronounced uptick likely in 2H19. Agricultural commodity prices have already started to increase since November, and any confirmation of the drought later in the year will raise prices further.

**Synopsis: A gradual uptick in CPI is expected in 2019, off the low base from 2018, but also due to upside pressures from higher utilities prices, food costs, along with upside risks from any potential rand weakness. Low growth would still imply low or non-existent demand pull inflation, and muted core inflation through the year.**

- The SA trade balance posted a bumper surplus of R17.2 billion in December, from R3.3 billion in November, well ahead of consensus of R9.1 billion. The main reason for the wider surplus was due to a sharp decline in imports in December, with imports falling 25.8% m/m. The uptick in imports in October and November as wholesalers restocked inventories, gave way to the decline in imports in December. All import categories contracted, particularly imports of textiles, equipment, base metals and machinery. Imports from all key trading partners declined, particularly from Asia and Africa.
- Exports however, did not fare well in December, contracting by 13.4% over the month as exports of minerals, precious metals and stones, base metals and machinery declined sharply. This may be an indication of the global slowdown and decline in global trade activity that began in November. Exports to all trading partner countries declined, particularly exports to Asia and Africa.

**Synopsis: The SA trade balance ended the year with a surplus of R11.3 billion, down from R76.7 billion in 2017. The smaller surplus in 2018 was due to a 11.6% increase in imports in 2018, while exports only rose by 5.4%. We are likely to experience a difficult trading environment in 2019, and trade activity eases further, trade war adds to the uncertainty, and global growth limits demand. We could also experience limited import growth as a result of muted domestic demand. Nedbank forecasts a current account deficit of 3.7% (of GDP) in 2018, after -2.4% achieved in 2017. The deficit is expected to narrow slightly in 2019, to 3.4% as a result of a combination of slightly higher portfolio flows, and the possibility of a small trade surplus as a result of a slump in imports.**



# ECONOMIC CALENDAR

[back to top](#)

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

	Country	Event	Period	Survey	Actual	Prior	Revised
<b>31-January</b>							
01:50 AM	JN	Industrial Production YoY	DEC P	-2,30%	-1,90%	1,50%	-
09:00 AM	GE	Retail Sales YoY	DEC	1,50%	-2,10%	1,10%	1,90%
11:30 AM	SA	PPI YoY	DEC	5,90%	5,20%	6,80%	-
12:00 PM	EC	Unemployment Rate	DEC	7,90%	7,90%	7,90%	-
12:00 PM	EC	GDP SA QoQ	4QA	0,20%	0,20%	0,20%	-
12:00 PM	EC	GDP SA YoY	4QA	1,20%	1,20%	1,60%	-
02:00 PM	SA	Trade Balance Rand	DEC	9,1b	17,2b	3,5b	3,3b
03:30 PM	US	Initial Jobless Claims	NOV 24	215k	253k	199k	-
03:30 PM	US	Continuing Claims	NOV 17	1721k	1782k	1713k	-
04:45 PM	US	Chicago Purchasing Manager	JAN	61,5	56,7	65,4	63,8
05:00 PM	US	New Home Sales	NOV	570k	657k	544k	562k
05:00 PM	US	New Home Sales MoM	NOV	4,78%	16,90%	-8,90%	-8,30%
11:00 PM	US	Net Long-term TIC Flows	NOV	-	USD 37,6b	USD 31,3b	USD 31,9b
11:00 PM	US	Total Net TIC Flows	NOV	-	USD 31,0b	USD 42,0b	USD 46,8b
<b>01-February</b>							
01:30 AM	JN	Jobless Rate	DEC	2,50%	2,40%	2,50%	-
01:30 AM	JN	Job-To-Applicant Ratio	DEC	1,63	1,63	1,63	-
02:30 AM	JN	Nikkei Japan PMI Mfg	JAN F	-	50,3	52,6	-
03:45 AM	CH	Caixin China PMI Mfg	JAN	49,6	48,3	49,7	-
10:55 AM	GE	Markit/BME Germany Manufacturing PMI	JAN F	49,9	-	49,9	-
11:00 AM	EC	Markit Eurozone Manufacturing PMI	JAN F	50,5	-	50,5	-
11:00 AM	SA	Barclays Manufacturing PMI	JAN	50,5	-	50,7	-
11:00 AM	SA	Naamsa Vehicle Sales YoY	JAN	0,1%	-	-1,9%	-
11:30 AM	UK	Markit UK PMI Manufacturing SA	JAN	53,5	-	54,2	-
12:00 PM	EC	CPI Core YoY	JAN A	1,00%	-	1,00%	-
12:00 PM	EC	CPI Estimate YoY	JAN	1,40%	-	1,60%	-
03:30 PM	US	Average Hourly Earnings YoY	JAN	3,2%	-	3,2%	-
03:30 PM	US	Change in Nonfarm Payrolls	JAN	165k	-	312k	-
03:30 PM	US	Labor Force Participation Rate	JAN	63,0%	-	63,1%	-
03:30 PM	US	Unemployment Rate	JAN	3,9%	-	3,9%	-
04:45 PM	US	Markit US Manufacturing PMI	JAN F	54,9	-	54,9	-
05:00 PM	US	U. of Mich. Sentiment	JAN F	90,7	-	90,7	-
05:00 PM	US	ISM Manufacturing	JAN	54,0	-	54,1	-
05:00 PM	US	Wholesale Inventories MoM	NOV F	0,50%	-	0,80%	-
05:00 PM	US	Wholesale Trade Sales MoM	NOV	0,00%	-	-0,20%	-
<b>04-February</b>							
11:30 AM	EC	Sentix Investor Confidence	FEB	0,0	-	-1,5	-
12:00 PM	EC	PPI YoY	DEC	0,0%	-	4,0%	-
05:00 PM	US	Cap Goods Orders Nondef Ex Air	NOV F	0,1%	-	-0,6%	-
05:00 PM	US	Durables Ex Transportation	NOV F	0,20%	-	-0,30%	-
05:00 PM	US	Durable Goods Orders	NOV F	1,7%	-	0,8%	-
05:00 PM	US	Factory Orders	NOV	0,3%	-	-2,1%	-
05:00 PM	US	Factory Orders Ex Trans	NOV F	-	-	0,3%	-
<b>05-February</b>							
10:55 AM	GE	Markit Germany Services PMI	JAN F	53,1	-	53,1	-
11:00 AM	EC	Markit Eurozone Services PMI	JAN F	50,8	-	50,8	-
11:30 AM	UK	Markit/CIPS UK Services PMI	JAN	51,0	-	51,2	-
12:00 PM	EC	Retail Sales YoY	DEC	0,0%	-	1,1%	-
04:45 PM	US	Markit US Services PMI	JAN F	54,2	-	54,2	-
#VALUE!	US	Retail Sales Advance MoM	DEC	0,10%	-	-	-

Source: Bloomberg 2019/02/01 07:32

## CONTACTS

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

## **Disclaimer**

This report is personal to the recipient and any unauthorised use, redistribution, retransmission or reprinting of this report (whether by digital, mechanical or other means) is strictly prohibited.

The information furnished in this report, brochure, document, material, or communication ("the Commentary"), has been prepared by Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division), a registered bank in the Republic of South Africa, with registration number: 1951/000009/06 and having its registered office at 135 Rivonia Road, Sandton, Johannesburg ("Nedbank"). The information contained herein may include facts relating to current events or prevailing market conditions as at the date of this Commentary, which conditions may change and Nedbank shall be under no obligation to notify the recipient thereof or modify or amend this Commentary. The information included herein has been obtained from various sources believed by Nedbank to be reliable and expressed in good faith, however, Nedbank does not guarantee the accuracy and/or completeness thereof and accepts no liability in relation thereto.

Nedbank does not expressly, or by implication represent, recommend or propose that any securities and/or financial or investment products or services referred to in this Commentary are appropriate and or/ suitable for the recipient's particular investment objectives or financial situation. This Commentary should not be construed as "advice" as contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002 in relation to the specified products. The recipient must obtain its own advice prior to making any decision or taking any action whatsoever.

This Commentary is neither an offer to sell nor a solicitation of an offer to buy any of the products mentioned herein. Any offer to purchase or sell would be subject to Nedbank's internal approvals and agreement between the recipient and Nedbank. Any prices or levels contained herein are preliminary and indicative only and do not represent bids or offers and may not be considered to be binding on Nedbank. All risks associated with any products mentioned herein may not be disclosed to any third party and the recipient is obliged to ascertain all such risks prior to investing or transacting in the product or services. Products may involve a high degree of risk including but not limited to a low or no investment return, capital loss, counterparty risk, or issuer default, adverse or unanticipated financial markets fluctuations, inflation and currency exchange. As a result of these risks, the value of the product may fluctuate. Nedbank cannot predict actual results, performance or actual returns and no guarantee, assurance or warranties are given in this regard. Any information relating to past financial performance is not an indication of future performance.

Nedbank does not warrant or guarantee merchantability, non-infringement or third party rights or fitness for a particular purpose. Nedbank, its affiliates and individuals associated with them may have positions or may deal in securities or financial products or investments identical or similar to the products.

This Commentary is available to persons in the Republic of South Africa, financial services providers as defined in the FAIS Act, as well as to other investment and financial professionals who have experience in financial and investment matters.

All rights reserved. Any unauthorized use or disclosure of this material is prohibited. This material may not be reproduced without the prior written consent of Nedbank, and should the information be so distributed and/or used by any recipients and/or unauthorized third party, Nedbank disclaims any liability for any loss of whatsoever nature that may be suffered by any party by relying on the information contained in this Commentary.

Certain information and views contained in this Commentary are proprietary to Nedbank and are protected under the Berne Convention and in terms of the Copyright Act 98 of 1978 as amended. Any unlawful or attempted illegal copyright or use of this information or views may result in criminal or civil legal liability.

All trademarks, service marks and logos used in this Commentary are trademarks or service marks or registered trademarks or service marks of Nedbank or its affiliates.

Nedbank Limited is a licensed Financial Services Provider and a Registered Credit Provider (FSP License Number 9363 and National Credit Provider License Number NCRCP 16).