

# DAILY MARKET COMMENTARY

13 February 2019



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(\* when available)*

## KEY DAILY DRIVERS

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### SNIPPETS

|                |   |
|----------------|---|
| (Fixed Income) | A good night for risk after positive trade comments from the US president and equities continue their strong US close in Asia               |
| (Currencies)   | Eskom remains in crisis   |
| (Commodities)  | Oil extended its gain as Saudi Arabia pledged to deepen production cuts and an industry report showed U.S. crude inventories fell last week |
| (Equities)     | Optimism over trade talks between the US and China buoyed markets   |
| (Economics)    | SA unemployment rate eases, manufacturing output disappoints in December  |

## KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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| Date  | Region | Event             | Actual/expected/prior | Implications  |
|-------|--------|-------------------|-----------------------|---|
| 12/02 | SA     | Unemployment rate | 27.1%/--/27.5%        | Unemployment expected to remain structurally elevated   |
| 13/02 | SA     | Retail sales      | --/--/3.1%            | Retail activity may have picked up slightly in December, however the overall trend remains weak |
| 13/02 | US     | CPI               | --/1.5%/1.9%          | CPI for January is expected to have fallen sharply due to energy costs                          |
| 13/02 | UK     | CPI               | --/1.9%/2.1%          | UK CPI may ease on the back of lower fuel costs   |
| 14/02 | EZ     | GDP               | --/0.2%/0.2%          | Eurozone growth may remain subdued, weighed by Germany  |

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 |           |
|              | %          | bps   | bps   | bps    | bps     |           |
| R208-2,1 yrs | 7,17       | -0,10 | 22,40 | 17,60  | -7,40   | ↑         |
| R186-7,9 yrs | 8,78       | -1,00 | 21,60 | -9,30  | 39,90   | ↑         |
| R2048-29 yrs | 9,86       | -0,30 | 24,60 | -4,50  | 40,10   | ↑         |
| US10 yr      | 2,69       | 0,54  | 6,39  | 0,89   | -13,63  | ↑         |
| UK 10 yr     | 1,19       | 0,50  | -3,40 | -9,20  | -41,60  | ↓         |
| German 10 yr | 0,13       | 1,20  | -1,70 | -11,00 | -62,50  | ↓         |
| Japan 10 yr  | -0,01      | 0,60  | -1,20 | -1,00  | -7,80   | ↓         |

| 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       | -2,50 | -1,25  | 0,00   | -2,50   | ↓         |
| SA 6m NCD                   | 7,73       | 0,00  | 0,00   | -2,50  | 12,50   | →         |
| SA 12m NCD                  | 8,25       | 0,00  | 2,50   | -7,50  | 27,50   | ↑         |
| US3m LIBOR                  | 2,69       | 0,49  | -4,46  | -11,48 | 85,95   | ↓         |
| UK 3m LIBOR                 | 0,87       | -0,68 | -4,38  | -4,42  | 33,26   | ↓         |
| Japan 3m LIBOR              | -0,08      | 0,65  | 0,65   | -0,95  | -1,62   | ↑         |

Source: Bloomberg & Nedbank CIB  
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| FRAs and Swaps | Last price | Δ     |       |        |         | MTD trend |
|----------------|------------|-------|-------|--------|---------|-----------|
|                |            | 1d    | MTD   | YTD    | 12Month |           |
|                | %          | bps   | bps   | bps    | bps     |           |
| 3X6 FRA        | 7,16       | 0,50  | 2,50  | -5,50  | 17,50   | ↑         |
| 6X9 FRA        | 7,16       | 0,00  | 4,00  | 3,00   | 4,00    | ↑         |
| 9X12 FRA       | 7,17       | 0,00  | 4,50  | -16,50 | 30,50   | ↑         |
| 18X21 FRA      | 7,28       | 0,50  | 12,00 | -18,00 | 26,00   | ↑         |
| SA 2yr Swap    | 7,20       | -0,20 | 6,80  | -13,50 | 22,80   | ↑         |
| SA 3yr Swap    | 7,31       | 0,00  | 11,50 | -14,00 | 22,50   | ↑         |
| SA 5yr Swap    | 7,56       | -0,50 | 15,00 | -11,00 | 18,00   | ↑         |
| SA 10yr Swap   | 8,11       | -0,50 | 16,00 | -8,00  | 13,00   | ↑         |
| SA 15yr Swap   | 8,38       | -0,50 | 17,00 | -8,50  | 21,00   | ↑         |

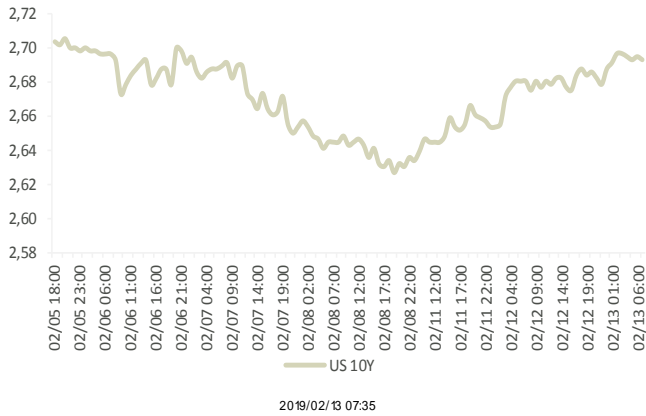
  

| Spreads                          | Last price | Δ     |       |        |         | MTD trend |
|----------------------------------|------------|-------|-------|--------|---------|-----------|
|                                  |            | 1d    | MTD   | YTD    | 12Month |           |
|                                  | %          | bps   | bps   | bps    | bps     |           |
| 2v10y                            | -0,91      | 0,30  | -9,20 | -5,50  | 9,80    | ↓         |
| 3v10y                            | -0,81      | 0,50  | -4,50 | -6,00  | 9,50    | ↓         |
| R186-R208                        | 1,61       | -0,90 | -0,80 | -26,90 | 47,30   | ↓         |
| R2048-R186                       | 1,08       | 0,70  | 3,00  | 4,80   | 0,20    | ↑         |
| 5y-R186                          | -1,22      | 0,50  | -6,60 | -1,70  | -21,90  | ↓         |
| 10y-R186                         | -0,67      | 0,50  | -5,60 | 1,30   | -26,90  | ↓         |
| 15y-R186                         | -0,40      | 0,50  | -4,60 | 0,80   | -18,90  | ↓         |
| SA 5yr CDS spread - basis points | 185,96     | -4,84 | 7,51  | -36,99 | 31,48   | ↑         |

Source: Bloomberg & Nedbank CIB  
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## US 10 year yield

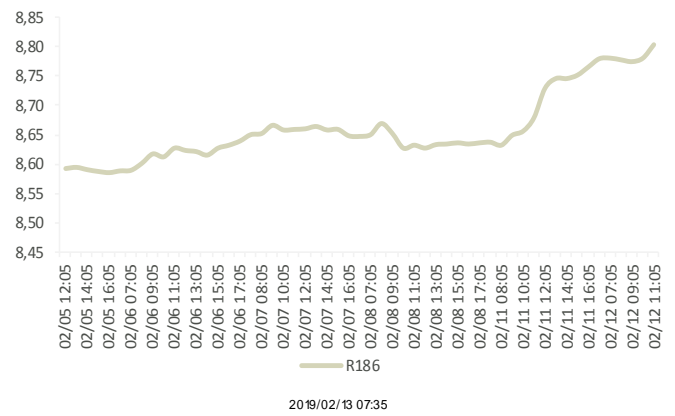
### US 10 year yield



Source: Bloomberg, Nedbank

## SA 10 year yield

### SA 10 year yield



Source: Bloomberg, Nedbank

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

- The local session opened with the rand having traded to a high above 13.80 in the overnight session. Flows on the day were relatively limited as the electricity utility continued with load shedding, and the local unit closed the local session trading at 13.7775. In the overnight session, the rand traded marginally firmer as the USD retreated and is currently trading at 13.7150. The EURZAR is trading at 15.5500 and the GBPZAR is trading at 17.6990.
- International markets are again trading on the back foot. The EURUSD traded down to a low of 1.1259 on the day but recovered marginally into the time of the local close. This morning, it is currently at 1.1334. The GBPUSD has also recovered to trade back above 1.2900. Gold has held largely steady over the most recent sessions, and this morning, it is currently trading at 1,312.60, some USD4 firmer since the time of the local close.
- Data releases scheduled for today: locally, we have retail sales; from Europe, we have industrial production for the zone; from the UK, we have the CPI, PPI and house price index; and from the US, we have mortgage applications, the CPI, and average earnings and various Fed representatives are scheduled to speak.
- This morning, the markets have recovered as the USD has lost ground on news regarding potential border-security funding and improved prospects of a US-China trade deal. This has seen risk and commodity currencies find support.
- Possible trading range for the rand today: 13.5500 to 13.8500

| Majors                      | Last price | %Δ<br>-1d | %Δ<br>MTD | %Δ<br>YTD | %Δ<br>12Month | MTD trend | USD trend    |
|-----------------------------|------------|-----------|-----------|-----------|---------------|-----------|--------------|
| GBPUSD                      | 1,29       | 0,12      | -1,66     | 1,24      | -6,93         | ↓         | USD strength |
| EURUSD                      | 1,13       | 0,13      | -1,00     | -1,02     | -8,24         | ↓         | USD strength |
| USDJPY                      | 110,63     | 0,10      | 1,64      | -0,88     | 2,66          | ↑         | USD strength |
| USDAUD                      | 1,40       | -0,50     | 1,97      | -1,25     | 10,11         | ↑         | USD strength |
| Rand crosses                | Last price | %Δ<br>-1d | %Δ<br>MTD | %Δ<br>YTD | %Δ<br>12Month | MTD trend | ZAR trend    |
| USDZAR                      | 13,72      | -0,48     | 2,93      | -4,85     | 12,89         | ↑         | ZAR weakness |
| GBPZAR                      | 17,70      | -0,37     | 1,32      | -3,61     | 6,41          | ↑         | ZAR weakness |
| EURZAR                      | 15,55      | -0,34     | 1,96      | -5,93     | 5,07          | ↑         | ZAR weakness |
| AUDZAR                      | 9,78       | 0,03      | 1,02      | -3,60     | 4,08          | ↑         | ZAR weakness |
| ZARJPY                      | 8,07       | 0,60      | -1,34     | 5,51      | -11,75        | ↓         | ZAR weakness |
| African FX                  | Last price | %Δ<br>-1d | %Δ<br>MTD | %Δ<br>YTD | %Δ<br>12Month | MTD trend | ZAR trend    |
| ZARMWK (Malawian kwacha)    | 53,15      | 0,47      | -3,03     | 4,64      | -14,25        | ↓         | ZAR weakness |
| ZARBWP (Botswana pula)      | 0,77       | 0,37      | -0,90     | 2,64      | -5,03         | ↓         | ZAR weakness |
| ZARKES (Kenyan shilling)    | 7,31       | 0,48      | -3,49     | 3,07      | -15,92        | ↓         | ZAR weakness |
| ZARMUR (Mauritian rupee)    | 2,50       | 0,02      | -2,67     | 4,81      | -9,68         | ↓         | ZAR weakness |
| ZARNGN (Nigerian naira)     | 26,37      | 0,47      | -3,10     | 4,21      | -14,24        | ↓         | ZAR weakness |
| ZARGHS (Ghanian cedi)       | 0,39       | 0,21      | 3,51      | 11,66     | 3,09          | ↑         | ZAR strength |
| ZARZMW (Zambian kwacha)     | 0,87       | 0,97      | -3,51     | 4,57      | 5,76          | ↓         | ZAR weakness |
| ZARMZN (Mozambican metical) | 4,53       | 0,47      | -2,95     | 6,86      | -12,41        | ↓         | ZAR weakness |
| Emerging Market FX          | Last price | %Δ<br>-1d | %Δ<br>MTD | %Δ<br>YTD | %Δ<br>12Month | MTD trend | USD trend    |
| USDBRL (Brazilian Real)     | 3,71       | -1,14     | 1,78      | -4,52     | 11,10         | ↑         | USD strength |
| USDTRY (Turkish Lira)       | 5,25       | -0,19     | 1,11      | -0,83     | 27,44         | ↑         | USD strength |
| USDMXN (Mexican Peso)       | 19,22      | -0,34     | 0,76      | -2,32     | 2,98          | ↑         | USD strength |
| USDINR (Indian Rupee)       | 70,53      | -0,26     | -0,78     | 1,08      | 8,82          | ↓         | USD weakness |
| USDRUB (Russian Ruble)      | 65,63      | -0,45     | 0,12      | -5,71     | 11,95         | ↑         | USD strength |

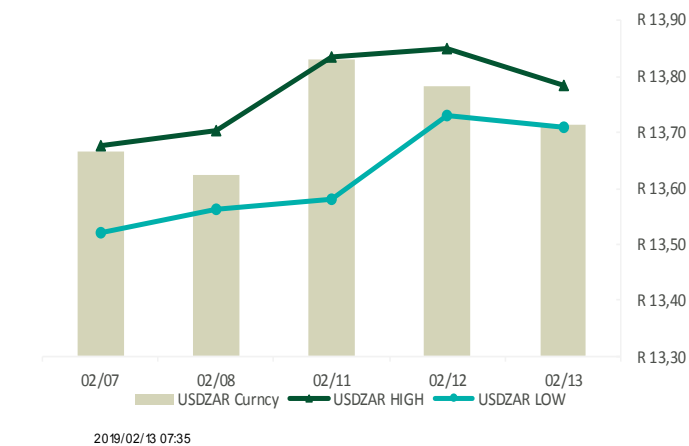
Source: Bloomberg & Nedbank CIB

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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

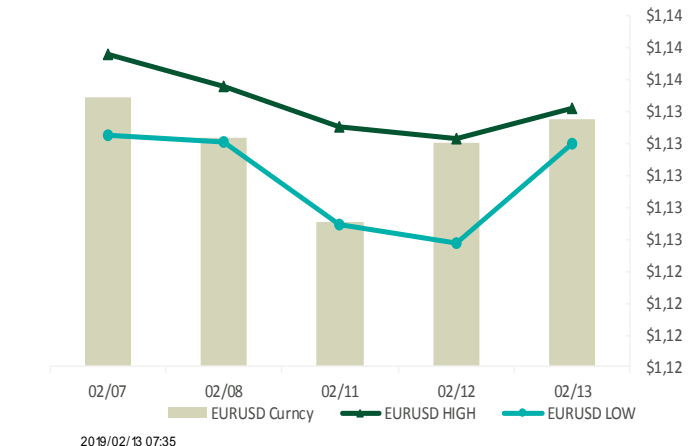
\$/R (close, high and low)



Source: Bloomberg, Nedbank

## EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

- Oil extended its gain as Saudi Arabia pledged to deepen production cuts and an industry report showed U.S. crude inventories fell last week.
- Gold steadies as investors track trade talks between the U.S. and China in Beijing. The dollar stabilizes after snapping an eight-day rally. Spot gold steady at \$1,311.39/oz, Silver +0.1%, Platinum -0.1%, Palladium +0.2%.

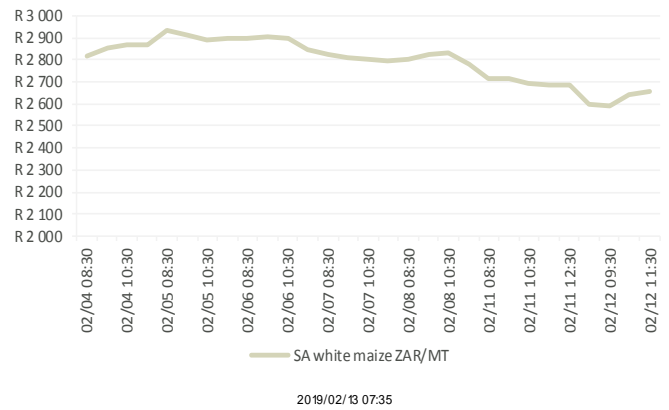
Source: Bloomberg

| Commodities             | Last price | %Δ    |       |       |         | MTD trend |
|-------------------------|------------|-------|-------|-------|---------|-----------|
|                         |            | -1d   | MTD   | YTD   | 12Month |           |
| Brent near future (\$)  | 63,06      | 1,03  | 1,89  | 17,21 | 0,54    | ↑         |
| WTI crude (\$)          | 53,65      | 1,04  | -0,26 | 18,15 | -9,36   | ↓         |
| Gold spot (\$)          | 1312,60    | 0,16  | -0,72 | 2,42  | -1,12   | ↓         |
| Platinum spot (\$)      | 791,12     | 0,37  | -3,78 | -0,51 | -18,85  | ↓         |
| SA white maize spot (R) | 2 660,00   | -0,86 | -7,25 | -9,22 | 45,59   | ↓         |

Source: Bloomberg & Nedbank CIB  
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## SA white maize

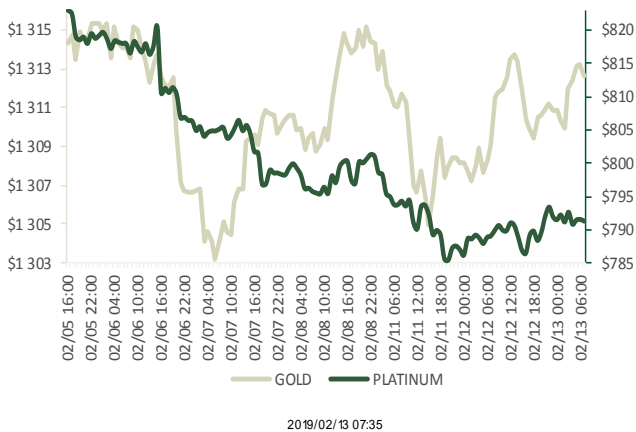
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

## Platinum vs Gold

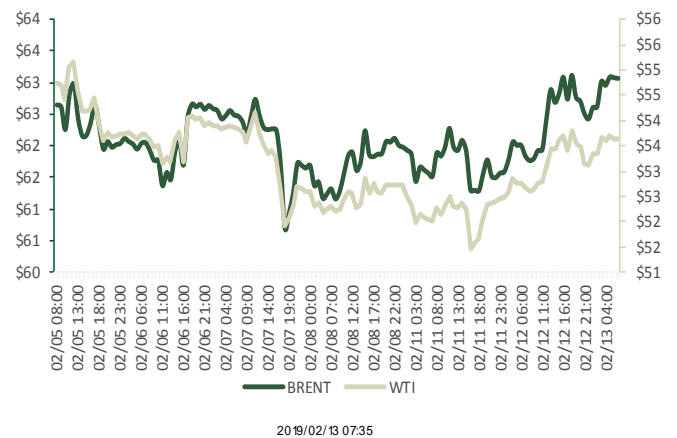
Platinum vs. Gold



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 gained over a percent, with the Top40 closing at 47,807.06 and the All Share at 53,960.51.
- The Spar Group led retailers higher after posting an upbeat trading statement.
- EOH tumbled 25% as news broke that Microsoft was terminating its two partner agreements with the IT firm.
- Banking shares surged, with Nedbank up over 3.5%.
- The value traded was R14.8bn, and the rand was at R13.77 to the USD.

## UK/Europe

- European markets added to Monday's gains.
- The FTSE lagged peers, gaining a tenth of a percent as yesterday's mediocre GDP data and the Brexit overhang still weighed on sentiment.
- The DAX gained over a percent. Thyssenkrupp posted higher-than-expected first-quarter profits, while earnings before income and taxation were lower. The share dropped 1.9%.
- The CAC rose over eight-tenths of a percent, with technology shares trading lower.

## USA

- Wall Street closed substantially higher as optimism over trade talks with China and a tentative agreement on border security increased investor appetite.
- Gains were broad-based, with the major averages all closing over a percent higher. The Dow and Nasdaq both advanced 1.5%, and the S&P rose 1.3%.
- Notable moves include Goldman Sachs', Boeing's and Caterpillar's, all of which gained over 1.5%.

## Asia

- Optimism over a trade deal between the US and China spilled over into Asian markets, pushing shares higher.
- At the time of writing, the Nikkei was up 1.5%.
- The Hang Seng rose half a percent, with gains hampered by a weaker communications sector. Tencent was down a percent.
- Mixed earnings from local companies led to choppy trading in Australian markets, with the benchmark ASX down two-tenths of a percent.

| Developed Markets | Last price | %Δ    |       |       |         | 2018 Performance | MTD trend |
|-------------------|------------|-------|-------|-------|---------|------------------|-----------|
|                   |            | -1d   | MTD   | YTD   | 12Month |                  |           |
| Dow Jones         | 25 425,76  | 1,49  | 1,70  | 8,99  | 3,19    | -6,03            | ↑         |
| Nasdaq            | 7 414,62   | 1,46  | 1,82  | 11,75 | 5,72    | -5,30            | ↑         |
| S&P 500           | 2 744,73   | 1,29  | 1,50  | 9,49  | 3,07    | -7,01            | ↑         |
| DJ Eurostoxx 50   | 3 190,75   | 0,79  | 0,99  | 6,31  | -4,50   | -14,00           | ↑         |
| DAX               | 11 126,08  | 1,01  | -0,42 | 5,37  | -8,78   | -17,97           | ↓         |
| CAC               | 5 056,35   | 0,84  | 1,27  | 6,88  | -1,04   | -10,55           | ↑         |
| FTSE              | 7 133,14   | 0,06  | 2,36  | 6,02  | -0,49   | -12,03           | ↑         |
| ASX200            | 6 063,60   | -0,25 | 3,39  | 7,39  | 3,55    | -6,84            | ↑         |
| Nikkei 225        | 21 165,91  | 1,45  | 1,89  | 5,75  | -0,37   | -14,85           | ↑         |
| MSCI World        | 2 045,12   | 1,16  | 0,82  | 8,56  | -1,71   | -10,97           | ↑         |

| Emerging Markets | Last price | %Δ   |       |      |         | 2018 Performance | MTD trend |
|------------------|------------|------|-------|------|---------|------------------|-----------|
|                  |            | -1d  | MTD   | YTD  | 12Month |                  |           |
| Hang Seng        | 28 417,63  | 0,87 | 1,70  | 9,95 | -4,77   | -15,30           | ↑         |
| Shanghai         | 2 698,68   | 1,00 | 4,41  | 8,21 | -15,27  | -25,52           | ↑         |
| Brazil Bovespa   | 96 168,40  | 1,86 | -1,26 | 9,42 | 18,88   | 12,83            | ↓         |
| India - NSE      | 36 293,95  | 0,39 | 0,10  | 0,63 | 5,81    | 6,67             | ↑         |
| Russia Micex     | 2 533,32   | 0,92 | 0,48  | 6,92 | 12,56   | 9,55             | ↑         |
| MSCI Emerging    | 1 042,13   | 0,65 | -0,74 | 7,91 | -10,51  | -18,02           | ↓         |

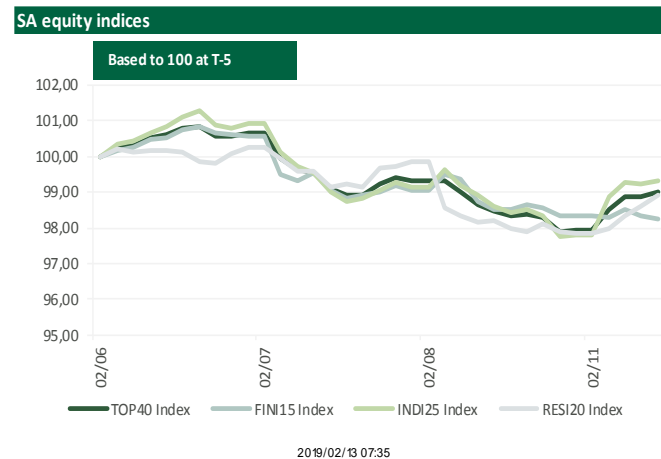
  

| SA Indices    | Last price | %Δ   |       |      |         | 2018 Performance | MTD trend |
|---------------|------------|------|-------|------|---------|------------------|-----------|
|               |            | -1d  | MTD   | YTD  | 12Month |                  |           |
| JSE All Share | 53 960,51  | 1,03 | -0,36 | 2,32 | -5,68   | -11,71           | ↓         |
| Top 40        | 47 807,06  | 1,23 | -0,31 | 2,31 | -5,15   | -11,54           | ↓         |
| Resi 10       | 42 360,03  | 0,79 | 0,49  | 3,20 | 18,74   | 12,01            | ↑         |
| Indi 25       | 64 470,65  | 1,44 | 0,38  | 1,23 | -13,79  | -20,20           | ↑         |
| Fini 15       | 16 957,60  | 1,24 | -3,02 | 3,53 | -4,04   | -6,54            | ↓         |

Source: Bloomberg & Nedbank CIB

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## Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

# JSE PERFORMANCE

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| Top40 constituents                 | Last price | %Δ<br>-1d | %Δ<br>MTD | %Δ<br>YTD | %Δ<br>12Month | 2018<br>Performance | MTD trend |
|------------------------------------|------------|-----------|-----------|-----------|---------------|---------------------|-----------|
| ABG : Absa Group Ltd               | 178,92     | 2,36      | -3,18     | 10,57     | -5,47         | -11,08              | ↓         |
| AGL : Anglo American Plc           | 338,48     | -0,01     | -1,06     | 5,03      | 21,28         | 26,07               | ↓         |
| ANG : AngloGold Ashanti Ltd        | 184,75     | 1,70      | -1,19     | 1,65      | 50,88         | 41,31               | ↓         |
| APN : Aspen Pharmacare Holdings Lt | 144,50     | 1,05      | -0,54     | 7,18      | -43,34        | -51,42              | ↓         |
| BHP : Bhp Group Plc                | 307,13     | 0,94      | 3,94      | 6,10      | 27,04         | 21,24               | ↑         |
| BID : Bid Corp Ltd                 | 287,00     | 1,10      | 1,28      | 8,30      | 14,15         | -11,96              | ↑         |
| BTI : British American Tobacco Plc | 486,80     | 0,05      | 4,49      | 3,73      | -33,47        | -43,42              | ↑         |
| BVT : Bidvest Group Ltd            | 196,17     | 0,29      | -3,17     | -5,16     | -16,83        | -5,15               | ↓         |
| CFR : Financiere Richemont-Dep Rec | 94,98      | 2,09      | 4,59      | 1,42      | -11,92        | -16,20              | ↑         |
| CLS : Clicks Group Ltd             | 184,71     | 1,49      | -6,19     | -3,52     | 13,07         | 5,70                | ↓         |
| CPI : Capitec Bank Holdings Ltd    | 1192,24    | 1,04      | 2,24      | 6,64      | 41,12         | 1,83                | ↑         |
| DSY : Discovery Ltd                | 151,09     | 0,54      | -5,11     | -5,44     | -8,15         | -14,09              | ↓         |
| FSR : Firstrand Ltd                | 65,47      | 0,63      | -5,65     | -0,14     | -6,47         | -2,51               | ↓         |
| GRT : Growthpoint Properties Ltd   | 24,93      | -0,87     | -4,00     | 7,00      | -12,98        | -15,76              | ↓         |
| INL : Investec Ltd                 | 87,01      | 1,28      | -0,06     | 10,14     | -12,98        | -11,95              | ↓         |
| INP : Investec Plc                 | 86,29      | 1,13      | -0,46     | 8,32      | -13,89        | -11,25              | ↓         |
| LHC : Life Healthcare Group Holdin | 25,83      | 0,82      | -4,76     | -2,16     | -7,75         | -4,86               | ↓         |
| MND : Mondi Ltd                    | 333,95     | 0,33      | 1,78      | 7,88      | 18,29         | -3,04               | ↑         |
| MNP : Mondi Plc                    | 328,56     | 0,19      | 1,72      | 8,05      | 16,20         | -4,78               | ↑         |
| MRP : Mr Price Group Ltd           | 210,32     | 1,85      | -5,69     | -14,56    | -23,52        | 0,52                | ↓         |
| MTN : Mtn Group Ltd                | 86,60      | 1,37      | -0,49     | -2,70     | -33,38        | -34,85              | ↓         |
| NED : Nedbank Group Ltd            | 288,88     | 3,75      | 1,09      | 5,15      | 4,14          | 7,27                | ↑         |
| NPN : Naspers Ltd-N Shs            | 3065,00    | 1,15      | 0,82      | 5,97      | -1,49         | -16,19              | ↑         |
| NRP : Nepi Rockcastle Plc          | 123,76     | -0,94     | -1,34     | 9,52      | -2,17         | -47,09              | ↓         |
| NTC : Netcare Ltd                  | 24,62      | 0,65      | -0,53     | -5,40     | -2,34         | 5,09                | ↓         |
| OMU : Old Mutual Ltd               | 22,80      | 1,51      | -2,52     | 1,79      |               |                     | ↓         |
| PSG : Psg Group Ltd                | 249,00     | 0,81      | -0,61     | 1,72      | 11,41         | -9,33               | ↓         |
| RDF : Redefine Properties Ltd      | 10,15      | -0,88     | -3,79     | 4,96      | -9,70         | -9,63               | ↓         |
| REM : Remgro Ltd                   | 203,14     | 2,23      | -3,74     | 4,31      | -9,31         | -17,48              | ↓         |
| RMH : Rmb Holdings Ltd             | 80,67      | 0,88      | -3,40     | 2,24      | 1,68          | -0,34               | ↓         |
| RNI : Reinet Investments Sca       | 207,00     | -0,71     | 3,16      | -5,24     | -14,29        | -20,27              | ↑         |
| SAP : Sappi Limited                | 72,00      | 0,84      | -7,72     | -11,82    | -10,00        | -8,77               | ↓         |
| SBK : Standard Bank Group Ltd      | 189,70     | 2,43      | -2,72     | 6,09      | -7,48         | -8,61               | ↓         |
| SHP : Shoprite Holdings Ltd        | 164,31     | 2,69      | 0,40      | -13,59    | -33,92        | -14,03              | ↑         |
| SLM : Sanlam Ltd                   | 77,84      | 0,53      | -7,45     | -2,46     | -12,54        | -8,28               | ↓         |
| SOL : Sasol Ltd                    | 390,10     | 1,79      | -2,58     | -8,21     | -0,91         | -0,74               | ↓         |
| SPP : Spar Group Limited/The       | 199,78     | 5,03      | 0,19      | -3,72     | -4,10         | 2,05                | ↑         |
| TBS : Tiger Brands Ltd             | 266,76     | 1,95      | -3,43     | -2,56     | -40,76        | -40,48              | ↓         |
| TFG : The Foschini Group Ltd       | 164,84     | 1,51      | -2,66     | -0,84     | -17,58        | -15,76              | ↓         |
| TRU : Truworths International Ltd  | 75,90      | 1,80      | -5,24     | -13,85    | -25,65        | -6,74               | ↓         |
| VOD : Vodacom Group Ltd            | 117,00     | 2,51      | -2,97     | -11,36    | -28,11        | -9,39               | ↓         |
| WHL : Woolworths Holdings Ltd      | 46,50      | 1,53      | -7,43     | -15,59    | -26,77        | -15,65              | ↓         |

Source: Bloomberg & Nedbank CIB

Time 2019/02/13 07:35

## SA

- SA manufacturing production growth eased sharply in December, to 0.1% y/y, from 1.3% growth achieved in November, worse than consensus estimates of 1.4%. However, for the month, manufacturing output rose 0.7% m/m, better than consensus of 0.4%. On a quarterly basis, manufacturing output fared well, recording growth of 1.2% q/q.
- This was down from the 1.8% q/q growth recorded in output in September but will still contribute positively towards 4Q18 real GDP growth. These gains however, are likely to be offset by a contraction in mining output over the quarter. As at November 2018, mining output was down 1.5% q/q, with the final print for the year expected later in the week, and likely to show a further contraction in mining output in December.
- Within manufacturing – the key positive drivers of output in December were food and beverage production, glass, furniture and motor vehicle production. The negative drivers were petroleum and chemicals, and metals and machinery production.

**Synopsis: Despite the on-going fear of a global slowdown and drop in demand, we see sales of manufactured items continuing to grow healthily on an annualised basis, and even over the quarter. The most popular items driving up sales in the last quarter are food and beverages, and motor vehicles and parts. However, we could see growth in sales easing into 2019, as we have already seen a decline in global trade activity (since November 2018). Global headwinds will pose the major threat to SA manufacturers over the medium term. Nedbank forecasts real GDP growth of 1.4% q/q in 4Q18, possibly slowing to 0.5% by 1Q19. Longer term risks to the growth outlook are still to the downside.**

- The SA unemployment rate dipped to 27.1% in 4Q18, from 27.5% recorded in the previous quarter, better than consensus of 27.5%. The number of people unemployed declined by 1.1% q/q, while the number of people employed rose 0.9% q/q. A bulk of the increase in employment was due to the formal sector, private households and agriculture. However, quite telling is the number of discouraged work seekers which surged by 4% q/q, and 12% y/y. This implies that many more people have become unemployable, and probably permanently excluded from the workforce (increased social funding pressures).
- The labour force absorption rate picked up slightly in Q4 (43.3% vs 43.1% in Q3), as one would expect given the increase in temporary and part-time work created during the festive season. However, given the sharp increase in discouraged workers in the economy, the labour force participation rate dropped by 10bps, to 59.4% in Q4.
- Within the formal industry, we had seen a sharp increase in employment in finance, private households, and in manufacturing and mining over the quarter. The financial services industry has seen the biggest jump in employment in 2018, creating 238k additional jobs for the year. What is quite concerning is the net decline in employment within manufacturing, transport and service industries in 2018 (cumulative -107k drop in employment in these industries). Across the whole economy, net 358k jobs were created last year.

**Synopsis: Unemployment among the youth (15y to 34y) increased to 38.9%, from 38.4% previously. The expanded definition of unemployment yields a rate of 37%, down from 37.3% in the previous quarter. SA has one of the highest youth unemployment rates in the world. The skills deficit is intensifying, and this can be seen in the rising number of discouraged work seekers every quarter. The poorly thought-out and implemented free education policy is adding to fiscal pressures without addressing the long-term skills shortfall. The unemployment rate is likely to remain elevated and rise further should we see a reduction in SOE and public-sector employment without the absorptive capacity in the private sector. Any increase in private sector investment and GDP growth could mitigate against rising unemployment rates over the medium term.**

# ECONOMIC CALENDAR

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|                    | Country | Event                          | Period | Survey     | Actual | Prior       | Revised |
|--------------------|---------|--------------------------------|--------|------------|--------|-------------|---------|
| <b>12-February</b> |         |                                |        |            |        |             |         |
| 01:50 AM           | JN      | Money Stock M3 YoY             | JAN    | 2,10%      | 2,10%  | 2,10%       | -       |
| 11:30 AM           | SA      | South Africa Unemployment      | 4Q     | 27,5%      | 27,1%  | 27,5%       | -       |
| 01:00 PM           | SA      | Manufacturing Prod NSA YoY     | DEC    | 1,35%      | 0,10%  | 1,60%       | 1,30%   |
| 05:00 PM           | US      | JOLTS Job Openings             | DEC    | 6846       | 7335   | 6888        | 7166    |
| <b>13-February</b> |         |                                |        |            |        |             |         |
| 01:50 AM           | JN      | PPI YoY                        | JAN    | 1,00%      | 0,60%  | 1,50%       | -       |
| 11:30 AM           | UK      | CPI YoY                        | JAN    | 1,90%      | -      | 2,10%       | -       |
| 11:30 AM           | UK      | PPI Input NSA YoY              | JAN    | 3,80%      | -      | 3,70%       | -       |
| 12:00 PM           | EC      | Industrial Production WDA YoY  | DEC    | -3,30%     | -      | -3,30%      | -       |
| 01:00 PM           | SA      | Retail Sales Constant YoY      | DEC    | 2,50%      | -      | 3,10%       | -       |
| 03:30 PM           | US      | CPI YoY                        | JAN    | 1,50%      | -      | 1,90%       | -       |
| 03:30 PM           | US      | Real Avg Weekly Earnings YoY   | JAN    | -          | -      | 1,20%       | -       |
| 03:30 PM           | US      | Real Avg Hourly Earning YoY    | JAN    | -          | -      | 1,10%       | -       |
| 09:00 PM           | US      | Monthly Budget Statement       | DEC    | USD -11,0b | -      | USD -204,9b | -       |
| <b>14-February</b> |         |                                |        |            |        |             |         |
| 12:00 AM           | CH      | Exports YoY CNY                | JAN    | 3,80%      | -      | 0,20%       | -       |
| 12:00 AM           | CH      | Imports YoY CNY                | JAN    | -1,90%     | -      | -3,10%      | -       |
| 12:00 AM           | CH      | Imports YoY                    | JAN    | -10,15%    | -      | -7,60%      | -       |
| 12:00 AM           | CH      | Exports YoY                    | JAN    | -3,3%      | -      | -4,4%       | -       |
| 12:00 AM           | CH      | Trade Balance CNY              | JAN    | CNY 245,0b | -      | CNY 395,0b  | -       |
| 12:00 AM           | CH      | Trade Balance                  | JAN    | USD 34,3b  | -      | USD 57,1b   | -       |
| 01:50 AM           | JN      | GDP SA QoQ                     | 4QP    | 0,40%      | -      | -0,60%      | -       |
| 01:50 AM           | JN      | GDP Annualized SA QoQ          | 4QP    | 1,40%      | -      | -2,50%      | -       |
| 09:00 AM           | GE      | GDP NSA YoY                    | 4QP    | 0,80%      | -      | 1,10%       | -       |
| 09:00 AM           | GE      | GDP SA QoQ                     | 4QP    | 0,10%      | -      | -0,20%      | -       |
| 09:00 AM           | GE      | Wholesale Price Index YoY      | JAN    | -          | -      | 2,50%       | -       |
| 11:30 AM           | SA      | Mining Production YoY          | DEC    | -4,25%     | -      | -5,60%      | -       |
| 11:30 AM           | SA      | Gold Production YoY            | DEC    | -          | -      | -14,03%     | -       |
| 11:30 AM           | SA      | Platinum Production YoY        | DEC    | -          | -      | 0,88%       | -       |
| 12:00 PM           | EC      | GDP SA QoQ                     | 4QP    | 0,20%      | -      | 0,20%       | -       |
| 12:00 PM           | EC      | GDP SA YoY                     | 4QP    | 1,20%      | -      | 1,20%       | -       |
| 03:30 PM           | US      | PPI Final Demand YoY           | JAN    | 2,10%      | -      | 2,50%       | -       |
| 03:30 PM           | US      | Retail Sales Advance MoM       | DEC    | 0,10%      | -      | 0,20%       | -       |
| <b>15-February</b> |         |                                |        |            |        |             |         |
| 12:00 AM           | CH      | BoP Current Account Balance    | 4QP    | -          | -      | USD 23,3b   | -       |
| 03:30 AM           | CH      | CPI YoY                        | JAN    | 1,90%      | -      | 1,90%       | -       |
| 03:30 AM           | CH      | PPI YoY                        | JAN    | 0,30%      | -      | 0,90%       | -       |
| 06:30 AM           | JN      | Industrial Production YoY      | DEC F  | -          | -      | -1,90%      | -       |
| 11:30 AM           | UK      | Retail Sales Inc Auto Fuel YoY | JAN    | 3,40%      | -      | 3,00%       | -       |
| 12:00 PM           | EC      | Trade Balance SA               | DEC    | EUR 0,0b   | -      | EUR 15,1b   | -       |
| 04:15 PM           | US      | Capacity Utilization           | JAN    | 78,70%     | -      | 78,73%      | -       |
| 04:15 PM           | US      | Industrial Production MoM      | JAN    | 0,10%      | -      | 0,35%       | -       |
| 04:15 PM           | US      | Manufacturing (SIC) Production | JAN    | 0,00%      | -      | 1,10%       | -       |
| 05:00 PM           | US      | U. of Mich. Sentiment          | FEB P  | 93,5       | -      | 91,2        | -       |
| 11:00 PM           | US      | Net Long-term TIC Flows        | DEC    | -          | -      | USD 37,6b   | -       |
| 11:00 PM           | US      | Total Net TIC Flows            | DEC    | -          | -      | USD 31,0b   | -       |

Source: Bloomberg 2019/02/13 07:35



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|  |   |   |
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