

DAILY MARKET COMMENTARY

15 February 2019



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(* when available)*

KEY DAILY DRIVERS

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SNIPPETS

(Fixed Income)	Yields remain elevated, follows ZAR weakness on the back of disappointment over Eskom plans
(Currencies)	The rand holds steady above 14.0000
(Commodities)	Brent crude remains elevated and continues to rise as Saudi and Venezuelan output under pressure
(Equities)	The JSE and European markets retraced early gains, following a sharp decline in US retail sales, with US and Asian markets trading mostly lower
(Economics)	SA mining production slumps in December; US retail sales contracts the most since 2009; Eurozone GDP growth holds at 2%; Asian data this morning

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
14/02	EZ	GDP	0.2%/0.2%/0.2%	Eurozone growth may remain subdued, weighed by Germany
14/02	US	Retail sales	-1.2%/0.1%/0.1%	Retail sales slump amid widespread belt-tightening
14/02	SA	Mining production	-4.8%/-5.8%/-4.3%	Mining output weighed by low confidence
15/02	UK	Retail sales	--/3.4%/3%	Retail activity forecasted to rise as a result of Brexit uncertainty and stockpiling
15/02	US	Industrial production	--/0.1%/0.3%	Industrial production may slow as a result of lower demand
20/02	SA	CPI	--/--/4.5%	CPI likely to remain low in January as a result of fuel price cut
20/02	SA	Budget Speech	--	We anticipate some slippage in the deficit and debt levels as SOE bail-outs put pressure on expenditure
20/02	US	FOMC meeting minutes	--	Minutes likely to reflect dovish tilt among policymakers

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	7,20	-0,35	25,45	20,65	20,65	↑
R186-7,8 yrs	8,93	-0,70	36,60	5,70	83,10	↑
R2048-29 yrs	9,99	-0,45	37,65	8,55	89,35	↑
US10 yr	2,65	0,00	2,44	-3,06	-25,59	↑
UK 10 yr	1,15	-3,20	-6,90	-12,70	-49,00	↓
German 10 yr	0,10	-2,00	-4,60	-13,90	-65,40	↓
Japan 10 yr	-0,02	-0,60	-2,50	-2,30	-8,70	↓

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	0,00	-1,25	0,00	-2,50	↓
SA 6m NCD	7,73	0,00	0,00	-2,50	15,00	→
SA 12m NCD	8,30	0,00	7,50	-2,50	37,50	↑
US3m LIBOR	2,69	1,01	-4,36	-11,38	84,39	↓
UK 3m LIBOR	0,87	-0,24	-4,48	-4,52	32,34	↓
Japan 3m LIBOR	-0,08	-0,13	0,52	-1,08	-1,98	↑

Source: Bloomberg & Nedbank CIB
Time: 2019/02/15 07:39

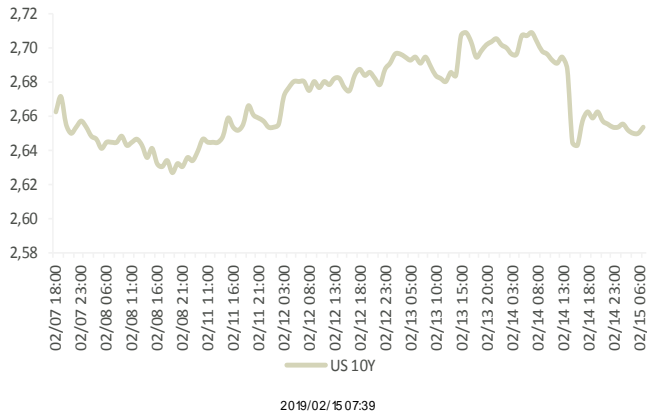
FRAs and Swaps	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
3X6 FRA	7,18	0,00	5,00	-3,00	25,00	↑
6X9 FRA	7,23	0,00	4,00	3,00	4,00	↑
9X12 FRA	7,26	1,00	13,50	-7,50	49,50	↑
18X21 FRA	7,41	-1,00	25,00	-5,00	53,00	↑
SA 2yr Swap	7,28	-0,30	15,00	-5,30	40,50	↑
SA 3yr Swap	7,41	-0,50	22,00	-3,50	41,50	↑
SA 5yr Swap	7,68	-1,50	26,50	0,50	42,25	↑
SA 10yr Swap	8,24	-2,00	29,00	5,00	46,00	↑
SA 15yr Swap	8,53	6,00	31,50	6,00	35,50	↑

Spreads	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
2v10y	-0,96	1,70	-14,00	-10,30	-5,50	↓
3v10y	-0,83	1,50	-7,00	-8,50	-4,50	↓
R186-R208	1,73	-0,35	11,15	-14,95	62,45	↑
R2048-R186	1,06	0,25	1,05	2,85	6,25	↑
5y-R186	-1,26	-0,80	-10,10	-5,20	-40,85	↓
10y-R186	-0,69	-1,30	-7,60	-0,70	-37,10	↓
15y-R186	-0,40	6,70	-5,10	0,30	-47,60	↓
SA 5yr CDS spread - basis points	195,46	0,41	17,00	-27,49	46,94	↑

Source: Bloomberg & Nedbank CIB
Time: 2019/02/15 07:39

US 10 year yield

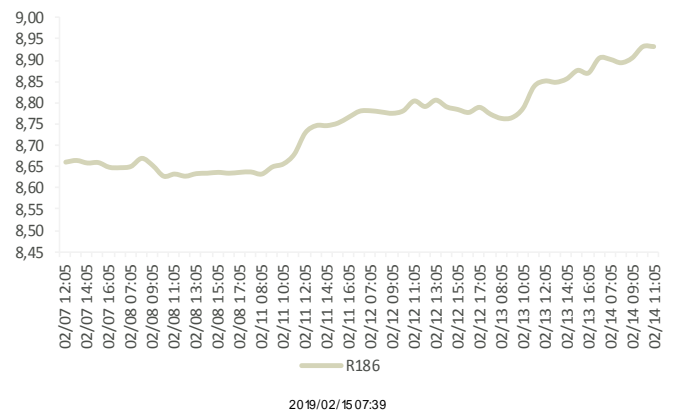
US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



Source: Bloomberg, Nedbank

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- The rand opened the local session yesterday trading above 14.0000 as the local unit succumbed to concerns regarding Eskom and a firmer USD. Although there were some initial USD inflows that saw it trade briefly back below 14.0000, this was short-lived, and for the rest of the day, it traded on the back foot, touching a high of 14.2200 by the time of the local close. In the overnight session, the rand traded to a high of 14.2700, but has posted a modest recovery since then. This morning, it is currently trading at 14.1500, the EURZAR is trading at 15.9680 and the GBPZAR is trading at 18.1090.
- On the international front the major currency pairs had another subdued trading session, EURUSD confined to a range between 1.1249 and 1.1306, this morning it currently trades at 1.1288 unchanged from the time of the local close last night, in the U.K Mrs Mays proposal was rejected which saw GBPUSD trade down to 1.2773, this morning back around 1.2800. Gold is trading marginally firmer from the same time yesterday, currently trading at 1312.50 which is 4 dollars firmer than the same time yesterday.
- Data releases scheduled for today, locally no data releases, from Europe Italian trade as well as trade for the Eurozone, from the U.K retail sales, from the U.S we have empire manufacturing, import and export prices, industrial production, capacity utilisation, Michigan survey and net capital flows.
- Yesterday the president attempted to provide clarity regarding Eskom, although the tangible details would only be known later this month when the budget is presented, this morning the electricity utility has indicated that no load shedding is scheduled, the currency is likely to remain vulnerable to further weakening, but this morning it is back from its worst levels.
- Possible trading range today 14.0000 to 14.3000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1,28	-0,06	-2,48	0,40	-8,89	↓	USD strength
EURUSD	1,13	-0,12	-1,45	-1,47	-9,53	↓	USD strength
USDJPY	110,32	-0,24	1,36	-0,60	3,30	↑	USD strength
USDAUD	1,41	0,24	2,62	-0,63	11,68	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14,15	-0,23	5,95	-1,60	17,53	↑	ZAR weakness
GBPZAR	18,11	-0,31	3,57	-1,24	9,48	↑	ZAR weakness
EURZAR	15,97	-0,35	4,57	-3,11	8,85	↑	ZAR weakness
AUDZAR	10,03	-0,48	3,48	-1,03	7,89	↑	ZAR weakness
ZARJPY	7,80	0,01	-4,87	2,22	-17,24	↓	ZAR weakness

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	51,51	0,31	-6,31	1,60	-20,64	↓	ZAR weakness
ZARBWP (Botswana pula)	0,75	0,11	-2,94	0,67	-7,99	↓	ZAR weakness
ZARKES (Kenyan shilling)	7,08	0,23	-6,76	0,01	-22,49	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2,42	-0,19	-6,08	1,65	-15,79	↓	ZAR weakness
ZARNGN (Nigerian naira)	25,52	0,22	-6,56	0,99	-20,69	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0,37	0,03	-1,50	7,08	-3,47	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0,84	-0,39	-6,98	1,37	0,11	↓	ZAR weakness
ZARMZN (Mozambican metical)	4,40	0,22	-6,21	3,91	-20,36	↓	ZAR weakness

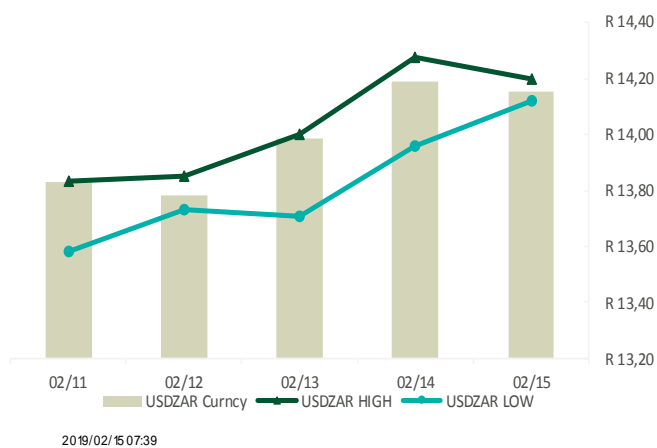
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3,72	-1,07	1,94	-4,35	13,30	↑	USD strength
USDTRY (Turkish Lira)	5,29	-0,02	1,91	-0,02	28,72	↑	USD strength
USDMXN (Mexican Peso)	19,28	-0,20	1,07	-2,00	3,89	↑	USD strength
USDINR (Indian Rupee)	71,35	0,27	0,37	2,22	10,42	↑	USD strength
USD RUB (Russian Ruble)	66,64	-0,35	1,63	-4,11	15,10	↑	USD strength

Source: Bloomberg & Nedbank CIB
Time: 2019/02/15 07:39

*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

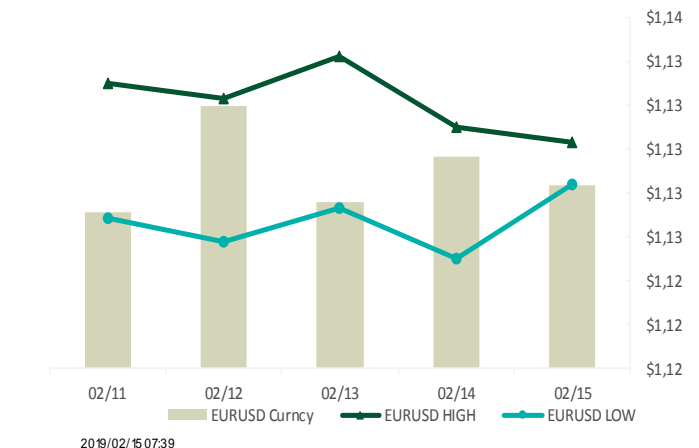
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high, low)



Source: Bloomberg, Nedbank

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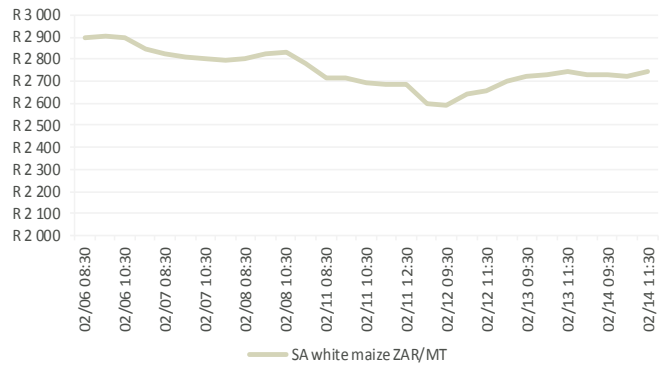
- Oil headed for its biggest weekly gain in a month as the OPEC+ coalition's supply cuts overshadowed renewed concern over the trade deal. Futures rose a fourth day, and are up 3.6% for the week.
- Spot gold jumped after retail sales fell the most in nine years, a sign of slowing economic momentum that boosted the precious metal's haven demand. Spot gold +0.4% at \$1,311.04/oz. Spot silver +0.1%; Platinum +0.2%; Palladium +1%.
- Copper headed for headed for its first weekly loss in six weeks, as fragile optimism around U.S.-China trade negotiations took a blow from lack of progress in Beijing talks. Copper -0.3% at \$6,121.50/ton for -1.4% this week. Other metals mixed, with aluminium +0.1% after seven days of losses.
- Iron ore on track for a weekly decline, eroding the rally of more than 20% that was seen in the fortnight immediately after Vale SA's dam disaster and mine suspensions. Iron ore -0.6% to 624.5 yuan/ton on DCE.

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	64,95	0,59	4,94	20,72	0,96	↑
WTI crude (\$)	54,67	0,48	1,64	20,39	-10,87	↑
Gold spot (\$)	1 312,77	-0,11	-0,70	2,43	-2,86	↓
Platinum spot (\$)	784,85	-0,61	-4,54	-1,30	-21,43	↓
SA white maize spot (R)	2 743,00	0,07	-4,36	-6,38	52,22	↓

Source: Bloomberg & Nedbank CIB
Time: 2019/02/15 07:39

SA white maize

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

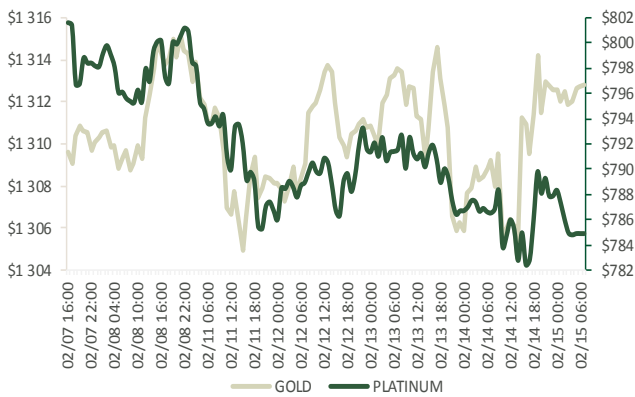


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Source: Bloomberg, Nedbank

Platinum vs Gold

Platinum vs. Gold

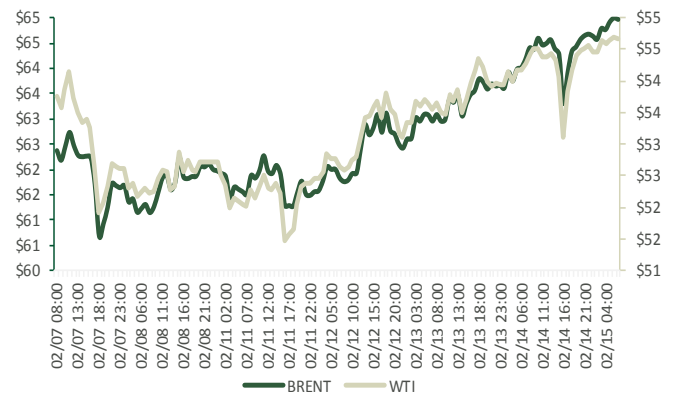


2019/02/15 07:39

Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



2019/02/15 07:39

Source: Bloomberg, Nedbank

Cash equities | +2711 535 4030/31

South Africa

- The JSE traded lower into the close, tracking international markets lower, after US retail sales data disappointed.
- The Top40 ended the day down 0.08% at 48,349.80.
- Gold and platinum miners outperformed, while banks and retailers lost ground.
- The weaker currency continued to lend support to the likes of Naspers (+1.98%) and BTI (+1.33%).
- On the corporate news front, City Lodge lost 3.81% after its interim results disappointed, while Sibanye Gold added 1.6% after its trading statement reflected an improvement in operational performance, benefiting from significantly higher PGM basket prices.
- Dis-Chem Pharmacies slumped 6.17% after reporting a R50m loss of income due to costs relating to labour unrests.
- RCL Foods tumbled 12.5% after its trading update disappointed, reporting a decline of more than 23.5% in HEPS.
- The value traded at the close was R20.5bn, and the ZAR was trading at 14.21 vs the USD.

UK/Europe

- European markets retraced early morning gains to end mostly lower, following the sharp decline in US retail sales.
- Germany's DAX was the worst performer in the region, ending the day down 0.69%, after just escaping falling into recession in the fourth quarter, after GDP was unchanged from the third quarter, while economists were looking for an increase of 0.1%.
- A number of solid results helped reduce losses. Nestlé traded at all-time highs following an upbeat outlook, and France's Airbus added 2.7% after reporting better-than-expected results.
- The FTSE 100 rose 0.09% and the CAC 40 lost 0.23%.

USA

- US markets ended the session mixed, with the S&P 500 and the Dow closing lower, while the Nasdaq posted marginal gains, weighed down by poor retail sales.
- Cisco Systems rose 1.9% after posting solid results, while on the down side, CocaCola Inc. plunged 8.4% after warning of higher finance costs and weak consumer spending in most of its markets this year.
- Avon Products Inc. tumbled 11% after its results missed quarterly estimates.
- The Dow fell 0.41%, the S&P 500 lost 0.27% and the Nasdaq added 0.09%.

Asia

- Asian markets are trading lower this morning, following US markets lower, with sentiment dampened by poor US retail sales data.
- In Japan, exporters were among the worst performers, with financials also lower on the back of falling US Treasury yields.
- Chinese and Hong Kong stocks fell after factory gate inflation slowed for a seventh straight month to its weakest pace since September 2016 and consumer inflation eased to a 12-month low due to slower gains in food prices.
- Tencent was down 2.4% at the time of writing.
- The ASX ended the day up 0.20%, with the energy sector leading the gains.

Developed Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	25 439,39	-0,41	1,76	9,05	0,95	-6,03	↑
Nasdaq	7 426,96	0,09	1,99	11,93	2,35	-5,30	↑
S&P 500	2 745,73	-0,27	1,54	9,53	0,53	-7,01	↑
DJ Eurostoxx 50	3 182,66	-0,62	0,74	6,04	-6,11	-14,00	↑
DAX	11 089,79	-0,69	-0,75	5,03	-10,18	-17,97	↓
CAC	5 062,52	-0,23	1,40	7,01	-3,06	-10,55	↑
FTSE	7 197,01	0,09	3,27	6,97	-0,52	-12,03	↑
ASX200	6 066,10	0,11	3,43	7,43	2,66	-6,84	↑
Nikkei 225	20 870,32	-1,27	0,47	4,27	-2,77	-14,85	↑
MSCI World	2 047,56	-0,25	0,94	8,69	-3,91	-10,97	↑

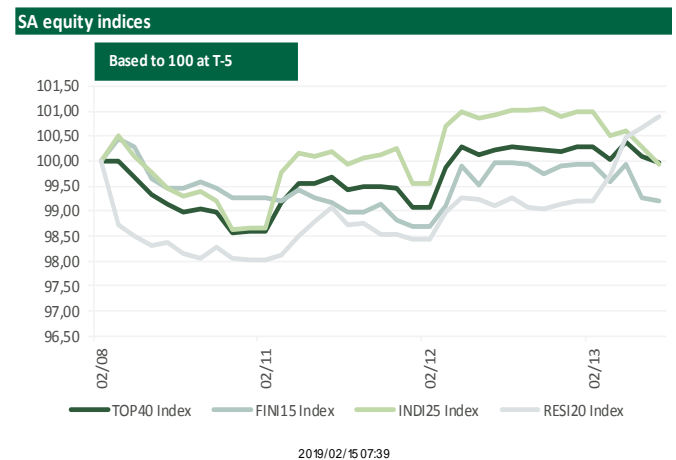
Emerging Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Hang Seng	27 916,75	-1,81	-0,09	8,01	-10,28	-15,30	↓
Shanghai	2 697,35	-0,82	4,36	8,16	-15,69	-25,52	↑
Brazil Bovespa	98 015,09	2,27	0,64	11,52	16,28	12,83	↑
India - NSE	35 694,78	-0,51	-1,55	-1,04	4,07	6,67	↓
Russia Micex	2 460,82	-1,00	-2,39	3,86	8,62	9,55	↓
MSCI Emerging	1 039,20	-0,25	-1,02	7,60	-13,59	-18,02	↓

SA Indices	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
JSE All Share	54 527,11	-0,03	0,68	3,39	-8,41	-11,71	↑
Top 40	48 349,82	-0,08	0,82	3,47	-8,02	-11,54	↑
Resi 10	43 996,01	0,62	4,37	7,19	20,32	12,01	↑
Indi 25	65 083,10	0,50	1,34	2,20	-17,08	-20,20	↑
Fini 15	16 763,19	-1,80	-4,13	2,34	-9,68	-6,54	↓

Source: Bloomberg & Nedbank CIB

Time 2019/02/15 07:39

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
19 February 2019		
DAW	Distribution & Warehousing Network Ltd	Scheme of Arrangement @ 1cps
FSRP	Firstrand Ltd B Pref	dividend @ 381.681520cps
HWN	Howden Africa Holdings Ltd	Scheme of Arrangement @ 4400cps
IMRP3	IM Redeemable Pref 3Nov21	dividend @ 2577.43290cps
IMRP6	IM Redeemable Pref 6Aug21	dividend @ 882.559040cps
MIX	Mix Telematics Ltd	dividend @ 3cps
TASN	Taste Holdings Ltd NPL	take up @10cps

Source: JSE

JSE PERFORMANCE

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
ABG : Absa Group Ltd	178,01	-3,52	-3,67	10,00	-13,48	-11,08	↓
AGL : Anglo American Plc	347,74	-0,53	1,65	7,90	22,78	26,07	↑
ANG : AngloGold Ashanti Ltd	190,38	2,62	1,82	4,75	54,22	41,31	↑
APN : Aspen Pharmacare Holdings Lt	145,82	-0,26	0,37	8,16	-47,49	-51,42	↑
BHP : Bhp Group Plc	320,80	1,43	8,57	10,83	27,43	21,24	↑
BID : Bid Corp Ltd	292,64	-0,99	3,27	10,43	11,18	-11,96	↑
BTI : British American Tobacco Plc	513,00	1,33	10,11	9,31	-29,00	-43,42	↑
BVT : Bidvest Group Ltd	193,24	-1,52	-4,62	-6,58	-22,98	-5,15	↓
CFR : Financiere Richemont-Dep Rec	100,83	-0,12	11,03	7,67	-5,99	-16,20	↑
CLS : Clicks Group Ltd	177,00	-4,27	-10,11	-7,55	2,66	5,70	↓
CPI : Capitec Bank Holdings Ltd	1212,27	-0,63	3,95	8,43	46,06	1,83	↑
DSY : Discovery Ltd	145,00	-3,78	-8,93	-9,26	-19,49	-14,09	↓
FSR : Firstrand Ltd	63,20	-2,69	-8,92	-3,60	-16,12	-2,51	↓
GRT : Growthpoint Properties Ltd	24,77	-0,36	-4,62	6,31	-16,03	-15,76	↓
INL : Investec Ltd	87,25	-2,30	0,22	10,44	-14,23	-11,95	↑
INP : Investec Plc	87,11	-1,95	0,48	9,35	-14,60	-11,25	↑
LHC : Life Healthcare Group Holdin	26,29	-0,49	-3,06	-0,42	-7,43	-4,86	↓
MND : Mondi Ltd	349,72	2,10	6,59	12,97	23,28	-3,04	↑
MNP : Mondi Plc	343,19	1,65	6,25	12,87	17,88	-4,78	↑
MRP : Mr Price Group Ltd	206,00	-0,44	-7,62	-16,31	-29,40	0,52	↓
MTN : Mtn Group Ltd	85,97	0,55	-1,22	-3,40	-33,36	-34,85	↓
NED : Nedbank Group Ltd	286,57	-1,43	0,28	4,31	-1,46	7,27	↑
NPN : Naspers Ltd-N Shs	3069,49	1,98	0,97	6,13	-9,49	-16,19	↑
NRP : Nepi Rockcastle Plc	123,50	-0,64	-1,55	9,29	3,35	-47,09	↓
NTC : Netcare Ltd	25,12	-0,71	1,49	-3,48	-0,93	5,09	↑
OMU : Old Mutual Ltd	23,04	-0,17	-1,50	2,86			↓
PSG : Psg Group Ltd	248,61	-2,94	-0,77	1,56	16,97	-9,33	↓
RDF : Redefine Properties Ltd	9,90	-1,79	-6,16	2,38	-13,91	-9,63	↓
REM : Remgro Ltd	197,47	-1,90	-6,43	1,40	-17,20	-17,48	↓
RMH : Rmb Holdings Ltd	78,22	-1,99	-6,33	-0,86	-6,88	-0,34	↓
RNI : Reinet Investments Sca	215,00	1,08	7,15	-1,58	-11,05	-20,27	↑
SAP : Sappi Limited	74,00	-2,63	-5,15	-9,37	-7,36	-8,77	↓
SBK : Standard Bank Group Ltd	188,20	-1,24	-3,49	5,25	-13,91	-8,61	↓
SHP : Shoprite Holdings Ltd	157,77	-2,70	-3,59	-17,03	-39,53	-14,03	↓
SLM : Sanlam Ltd	75,61	-2,48	-10,11	-5,25	-21,24	-8,28	↓
SOL : Sasol Ltd	404,09	-1,90	0,92	-4,92	1,37	-0,74	↑
SPP : Spar Group Limited/The	202,35	-1,29	1,48	-2,48	-7,11	2,05	↑
TBS : Tiger Brands Ltd	263,76	-0,64	-4,51	-3,66	-43,43	-40,48	↓
TFG : The Foschini Group Ltd	160,59	-1,67	-5,17	-3,40	-26,82	-15,76	↓
TRU : Truworths International Ltd	72,38	-3,69	-9,64	-17,84	-33,47	-6,74	↓
VOD : Vodacom Group Ltd	115,61	-0,84	-4,12	-12,42	-30,61	-9,39	↓
WHL : Woolworths Holdings Ltd	45,12	-2,17	-10,17	-18,10	-32,66	-15,65	↓

Source: Bloomberg & Nedbank CIB

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US

- Retail sales contracted by 1.2% m/m in December, from 0.1% growth seen in November, worse than consensus of 0.1%. Sales of most categories of items decline in December.
- Sales of vehicles and parts picked up, as well as sales of building materials. These were some of key drivers of sales in December.
- Consumers have also been hampered by falling stock prices, a government shutdown, and various other issues hampering confidence.

Synopsis: The Fed has gone back to the drawing board to reassess its policy stance as it fears overshooting its targeted neutral interest rate if it hikes too aggressively. The threat of a slowdown in economic activity in 2019 and 2020 has caused the Fed to re-think its projected pace of tightening. The market has also reassessed the Fed's policy stance and now sees no hikes in 2019, with the Fed expected to reduce interest rates in 2020. The longer-term outlook is more uncertain. We could see a halt or slowdown in the pace of balance sheet normalisation, with the possibility of no hikes in 2019 if economic data disappoints.

Europe

- Eurozone GDP growth remained subdued and unchanged at 0.2% q/q in 4Q18, in line with consensus.
- The key driver of low growth has been a decline in export orders from Germany, which has been hampered by falling global trade. Lower confidence levels, uncertainty over Brexit and ECB monetary policy has been adding to the disappointing growth momentum.

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.

China

- Chinese CPI eased further in January, to 1.7% y/y, from 1.9% previously, worse than consensus for no change. PPI slumped to just 0.1% y/y, from 0.9% previously, again worse than consensus.
- Deflationary transport costs, lower food inflation and marginally lower housing costs were key reasons for the fall in CPI.
- Lower PPI costs was due to lower commodity costs, raw material costs as well as machinery prices.

Synopsis: China's PBOC have started to ease liquidity in order to counter the effects of the trade war with the US. However, inflation remains below the target and so interest rates are likely to be kept low for some time. Geopolitical and trade tensions are likely to weigh on growth over the medium term. In such an environment, monetary policy will likely be kept loose for some time.

Japan

- Industrial production slumped 1.9% y/y in Japan, from 1.5% growth seen in November, in line with consensus.
- Shipments were sharply lower as well as Japan is a net exporter and battles with the slowdown in global trade activity.
- As a result of the slump in shipments and production, inventories have climbed in recent months. Should this trend persist it is unlikely to bode well for the Japanese economy into 2019.

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

SA

- SA mining production slumped in December, by 4.8% y/y and 1.2% m/m, (both worse than consensus) from -5.8% y/y and -6.5% m/m in November. Over the quarter, mining production was down 1% compared to -2.3% q/q in 3Q18, however it is still a negative contribution towards 4Q18 GDP, but likely to be offset by the positive contribution from manufacturing.
- Within the mining basket, the largest negative drivers of output in December were iron ore, gold and other metallic minerals production which subtracted a cumulative 7.2% from the headline performance. The only positive drivers of output were PGMs, building materials and diamonds, and manganese ore.
- In contrast, sales of mineral products continues to show robust growth, with sales up a staggering 11.7% q/q in 4Q18, and 17.4% y/y in December. Demand for PGMs, coal, and iron ore remains strong, and the key drivers of sales in December. Sales of minerals were 5.2% higher in 2018 relative to 2017.

Synopsis: Any slowdown in global growth and demand would hamper demand for SA minerals in 2019. Trade activity has already slowed, and any further decline in global export activity will also hamper sales of SA minerals. Prospects for the mining industry looks bleak in the face of lower demand, and rising cost pressures. While growth is likely to rise of a low base, there are still material downside risks in 2019 that may only be mitigated by structural reform or a turnaround in global growth.

ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
14-February							
01:50 AM	JN	GDP SA QoQ	4Q P	0,40%	0,30%	-0,60%	-0,70%
01:50 AM	JN	GDP Annualized SA QoQ	4Q P	1,40%	1,40%	-2,50%	-2,60%
05:02 AM	CH	Exports YoY CNY	JAN	3,80%	13,90%	13,90%	-
05:02 AM	CH	Imports YoY CNY	JAN	-1,90%	2,90%	2,90%	-
05:02 AM	CH	Imports YoY	JAN	-10,15%	-1,50%	-7,60%	-
05:02 AM	CH	Exports YoY	JAN	-3,3%	9,1%	-4,4%	-
05:02 AM	CH	Trade Balance CNY	JAN	CNY 245,0b	CNY 271,2b	CNY 271,2b	-
05:02 AM	CH	Trade Balance	JAN	USD 34,3b	USD 39,2b	USD 57,1b	-
09:00 AM	GE	GDP NSA YoY	4Q P	0,80%	0,90%	1,10%	-
09:00 AM	GE	GDP SA QoQ	4Q P	0,10%	0,00%	-0,20%	-
09:00 AM	GE	Wholesale Price Index YoY	JAN	-	1,10%	2,50%	-
11:30 AM	SA	Mining Production YoY	DEC	-4,25%	-4,80%	-5,60%	-5,80%
11:30 AM	SA	Gold Production YoY	DEC	-	-31,01%	-14,00%	-13,50%
11:30 AM	SA	Platinum Production YoY	DEC	-	6,12%	0,90%	1,10%
12:00 PM	EC	GDP SA QoQ	4Q P	0,20%	0,20%	0,20%	-
12:00 PM	EC	GDP SA YoY	4Q P	1,20%	1,20%	1,20%	-
03:30 PM	US	Initial Jobless Claims	NOV 24	225k	239k	234k	-
03:30 PM	US	Continuing Claims	NOV 17	1740k	1773k	1736k	-
03:30 PM	US	PPI Final Demand YoY	JAN	2,10%	2,00%	2,50%	-
03:30 PM	US	Retail Sales Advance MoM	DEC	0,10%	-1,20%	0,20%	0,10%
15-February							
12:00 AM	CH	BoP Current Account Balance	4Q P	-	USD 23,3b	USD 0,0b	-
12:00 AM	CH	Money Supply M2 YoY	JAN	8,20%	8,10%	8,10%	-
12:00 AM	CH	New Yuan Loans CNY	JAN	CNY 3000b	CNY 1080b	CNY 1080b	-
03:30 AM	CH	CPI YoY	JAN	1,90%	1,70%	1,90%	-
03:30 AM	CH	PPI YoY	JAN	0,30%	0,10%	0,90%	-
06:30 AM	JN	Industrial Production YoY	DEC F	-	-1,90%	-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 0,0b	-
04:15 PM	US	Capacity Utilization	JAN	78,70%	-	78,70%	-
04:15 PM	US	Industrial Production MoM	JAN	0,10%	-	0,30%	-
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	-
18-February							
01:50 AM	JN	Machine Orders YoY	DEC	3,40%	-	0,80%	-
19-February							
11:00 AM	EC	ECB Current Account SA	DEC	-	-	EUR 20,3b	-
11:30 AM	UK	ILO Unemployment Rate 3Mths	DEC	4,00%	-	4,00%	-
12:00 PM	EC	ZEW Survey Expectations	FEB	-	-	-20,9	-
12:00 PM	GE	ZEW Survey Current Situation	FEB	-	-	27,6	-
12:00 PM	GE	ZEW Survey Expectations	FEB	0,0	-	-15,0	-

Source: Bloomberg 2019/02/15 07:39

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