

# DAILY MARKET COMMENTARY

21 February 2019



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(\* when available)*

## KEY DAILY DRIVERS

Nedbank CIB Market Commentary | [CIBMarketComm@Nedbank.co.za](mailto:CIBMarketComm@Nedbank.co.za) | +27 11 537 4091

## SNIPPETS

|                |   |
|----------------|---|
| (Fixed Income) | Volatile reaction to budget, with yields initially spiking, then slumping                             |
| (Currencies)   | Local focus now drifts to rating agency reviews   |
| (Equities)     | Global markets traded higher ahead of the release of the Federal Reserve's minutes                    |
| (Economics)    | US FOMC minutes maintain dovish rhetoric; SA CPI surprises to the downside and budget speech downbeat |

## KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

Nedbank CIB Market Commentary | [CIBMarketComm@Nedbank.co.za](mailto:CIBMarketComm@Nedbank.co.za) | +27 11 537 4091

| Date  | Region | Event                | Actual/expected/prior | Implications  |
|-------|--------|----------------------|-----------------------|---|
| 20/02 | SA     | CPI                  | 4%/4.3%/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  |
| 22/02 | EZ     | CPI                  | --/1.4%/1.6%          | CPI expected to ease as a result of lower energy costs  |

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 | 7.07       | 0.95  | 12.55 | 7.75   | 18.25   | ↑         |
| R186-7.8 yrs | 8.80       | -0.35 | 23.65 | -7.25  | 78.05   | ↑         |
| R2048-29 yrs | 9.85       | -0.75 | 24.35 | -4.75  | 90.65   | ↑         |
| US10 yr      | 2.66       | 1.79  | 3.34  | -2.16  | -28.74  | ↑         |
| UK 10 yr     | 1.18       | 1.20  | -3.80 | -9.60  | -40.40  | ↓         |
| German 10 yr | 0.10       | -0.50 | -4.90 | -14.20 | -63.50  | ↓         |
| Japan 10 yr  | -0.04      | -0.70 | -4.50 | -4.30  | -9.60   | ↓         |

| 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) | 4.00       |       | -50.00 | -50.00 | -40.00  | ↓         |
| SA 3m JIBAR                 | 7.15       | 0.00  | 0.00   | 0.00   | 2.50    | →         |
| SA 3m NCD                   | 7.13       | -1.25 | -1.25  | 0.00   | 1.25    | ↓         |
| SA 6m NCD                   | 7.73       | 0.00  | 0.00   | -2.50  | 17.50   | →         |
| SA 12m NCD                  | 8.28       | -1.25 | 5.00   | -5.00  | 37.50   | ↑         |
| US3m LIBOR                  | 2.64       | -0.24 | -9.63  | -16.64 | 74.91   | ↓         |
| UK 3m LIBOR                 | 0.87       | -0.24 | -4.56  | -4.61  | 31.66   | ↓         |
| Japan 3m LIBOR              | -0.08      | 0.28  | 0.67   | -0.93  | -1.82   | ↑         |

Source: Bloomberg & Nedbank CIB  
Time: 2019/02/21 07:54

| FRAs and Swaps | Last price | Δ      |       |        |         | MTD trend |
|----------------|------------|--------|-------|--------|---------|-----------|
|                |            | 1d     | MTD   | YTD    | 12Month |           |
|                | %          | bps    | bps   | bps    | bps     |           |
| 3X6 FRA        | 7.15       | 1.00   | 2.00  | -6.00  | 23.00   | ↑         |
| 6X9 FRA        | 7.15       | 0.00   | 4.00  | 3.00   | 4.00    | ↑         |
| 9X12 FRA       | 7.16       | -1.00  | 4.00  | -17.00 | 50.00   | ↑         |
| 18X21 FRA      | 7.25       | -2.50  | 9.00  | -21.00 | 48.00   | ↑         |
| SA 2yr Swap    | 7.20       | -1.00  | 6.30  | -14.00 | 39.72   | ↑         |
| SA 3yr Swap    | 7.31       | 3.00   | 11.50 | -14.00 | 43.00   | ↑         |
| SA 5yr Swap    | 7.55       | 2.00   | 14.00 | -12.00 | 47.00   | ↑         |
| SA 10yr Swap   | 8.12       | 1.50   | 16.50 | -7.50  | 52.50   | ↑         |
| SA 15yr Swap   | 8.37       | -11.00 | 15.50 | -10.00 | 42.50   | ↑         |

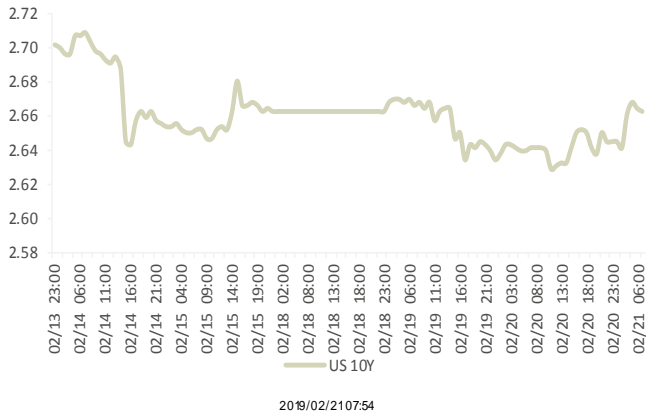
  

| Spreads                         | Last price | Δ      |        |        |         | MTD trend |
|---------------------------------|------------|--------|--------|--------|---------|-----------|
|                                 |            | 1d     | MTD    | YTD    | 12Month |           |
|                                 | %          | bps    | bps    | bps    | bps     |           |
| 2v10y                           | -0.92      | -2.50  | -10.20 | -6.50  | -12.78  | ↓         |
| 3v10y                           | -0.81      | 1.50   | -5.00  | -6.50  | -9.50   | ↓         |
| R186-R208                       | 1.73       | -1.30  | 11.10  | -15.00 | 59.80   | ↑         |
| R2048-R186                      | 1.05       | -0.40  | 0.70   | 2.50   | 12.60   | ↓         |
| 5y-R186                         | -1.25      | 2.35   | -9.65  | -4.75  | -31.05  | ↓         |
| 10y-R186                        | -0.69      | 1.85   | -7.15  | -0.25  | -25.55  | ↓         |
| 15y-R186                        | -0.44      | -10.65 | -8.15  | -2.75  | -35.55  | ↓         |
| SA 5yr CDS spread -basis points | 186.00     | 0.00   | 9.50   | -37.00 | 43.50   | ↑         |

Source: Bloomberg & Nedbank CIB  
Time: 2019/02/21 07:54

## US 10 year yield

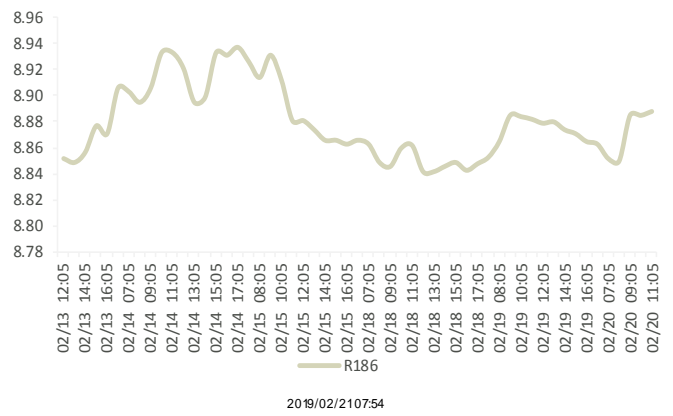
### US 10 year yield



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

- Yesterday, the rand opened the local session trading at 14.0400. Initial demand for dollars ahead of the Budget speech saw the local unit trade to around 14.1800. As details of the Budget became known, the rand traded rapidly weaker to a high print of 14.3700; thereafter, it traded back to sub-14.0000 by the time of the close of the session.
- In the overnight session, the rand traded to a best level of 13.9350, after the FOMC minutes. This morning, it is currently trading at 14.0000, the EURZAR is trading at 15.8925 and the GBPZAR is trading at 18.2630.
- International markets were again cautious, with the EURUSD confined to a trading range between 1.1325 and 1.1357. This morning, it is currently trading at 1.1350. The GBPUSD was also subdued on the day, and is currently at 1.3050.
- Gold is currently trading at 1,340.00 this morning, marginally off from the same time yesterday.
- Data releases scheduled for today: no local releases; from Europe, we have manufacturing and services PMI releases for France, Germany and the zone, as well as the French and German CPIs; from the UK, we have public finances and net borrowing; and from the US, jobless claims, the Philly Fed business index, durable goods orders, the leading index and existing home sales.
- After exceptionally volatile sessions yesterday before and after the Budget, the rand managed to recover to currently trade around 14.0000. Price action overnight suggests scope for additional strength, although this is likely to be relatively limited. The major currency pairs were unchanged as the Fed's message remained unclear.
- Possible trading range for the rand today: 13.9000 to 14.1500

| Majors | Last price | %Δ -1d | %Δ MTD | %Δ YTD | %Δ 12Month | MTD trend | USD trend    |
|--------|------------|--------|--------|--------|------------|-----------|--------------|
| GBPUSD | 1.30       | -0.15  | -0.60  | 2.17   | -6.37      | ↓         | USD strength |
| EURUSD | 1.13       | 0.02   | -0.94  | -1.11  | -7.68      | ↓         | USD strength |
| USDJPY | 110.75     | -0.09  | 1.68   | -0.96  | 2.68       | ↑         | USD strength |
| USDAUD | 1.41       | 0.78   | 2.35   | -0.85  | 9.79       | ↑         | USD strength |

| Rand crosses | Last price | %Δ -1d | %Δ MTD | %Δ YTD | %Δ 12Month | MTD trend | ZAR trend    |
|--------------|------------|--------|--------|--------|------------|-----------|--------------|
| USDZAR       | 14.03      | 0.09   | 5.50   | -2.29  | 16.84      | ↑         | ZAR weakness |
| GBPZAR       | 18.28      | -0.06  | 4.93   | -0.24  | 11.17      | ↑         | ZAR weakness |
| EURZAR       | 15.90      | 0.13   | 4.62   | -3.48  | 9.92       | ↑         | ZAR weakness |
| AUDZAR       | 9.97       | -0.68  | 3.32   | -1.54  | 8.68       | ↑         | ZAR weakness |
| ZARJPY       | 7.90       | -0.18  | -4.07  | 3.34   | -16.98     | ↓         | ZAR weakness |

| African FX                  | Last price | %Δ -1d | %Δ MTD | %Δ YTD | %Δ 12Month | MTD trend | ZAR trend    |
|-----------------------------|------------|--------|--------|--------|------------|-----------|--------------|
| ZARMWK (Malawian kwacha)    | 51.96      | 0.04   | -5.91  | 2.33   | -19.76     | ↓         | ZAR weakness |
| ZARBWP (Botswana pula)      | 0.75       | -0.08  | -3.26  | 0.86   | -8.42      | ↓         | ZAR weakness |
| ZARKES (Kenyan shilling)    | 7.15       | -0.11  | -6.25  | 0.67   | -21.75     | ↓         | ZAR weakness |
| ZARMUR (Mauritian rupee)    | 2.43       | -0.65  | -6.23  | 1.88   | -15.61     | ↓         | ZAR weakness |
| ZARNGN (Nigerian naira)     | 25.81      | -0.09  | -5.86  | 1.99   | -19.58     | ↓         | ZAR weakness |
| ZARGHS (Ghanian cedi)       | 0.39       | -0.38  | 3.82   | 12.63  | 2.03       | ↑         | ZAR strength |
| ZARZMW (Zambian kwacha)     | 0.85       | -0.06  | -5.85  | 2.75   | 0.95       | ↓         | ZAR weakness |
| ZARMZN (Mozambican metical) | 4.47       | -0.09  | -4.94  | 4.14   | -18.27     | ↓         | ZAR weakness |

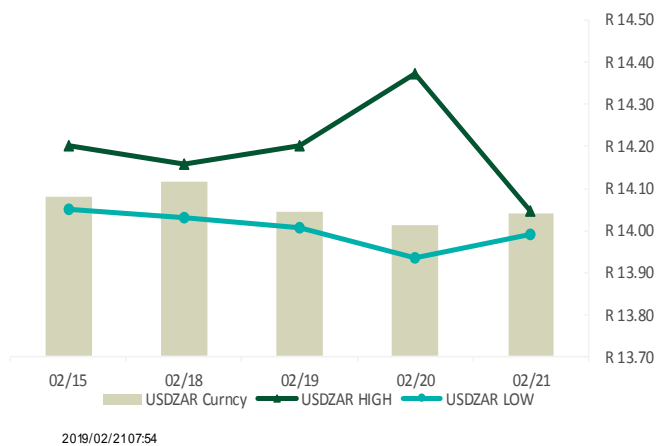
| Emerging Market FX      | Last price | %Δ -1d | %Δ MTD | %Δ YTD | %Δ 12Month | MTD trend | USD trend    |
|-------------------------|------------|--------|--------|--------|------------|-----------|--------------|
| USDBRL (Brazilian Real) | 3.73       | 0.23   | 2.24   | -3.87  | 12.79      | ↑         | USD strength |
| USDTRY (Turkish Lira)   | 5.33       | 0.02   | 3.04   | 0.70   | 28.87      | ↑         | USD strength |
| USDMXN (Mexican Peso)   | 19.26      | 0.24   | 0.82   | -2.01  | 2.21       | ↑         | USD strength |
| USDINR (Indian Rupee)   | 71.11      | 0.00   | 0.04   | 1.88   | 8.91       | ↑         | USD strength |
| USDRUB (Russian Ruble)  | 65.64      | -0.20  | 0.35   | -6.21  | 13.84      | ↑         | USD strength |

Source: Bloomberg & Nedbank CIB  
Time: 2019/02/21 07:54

\*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

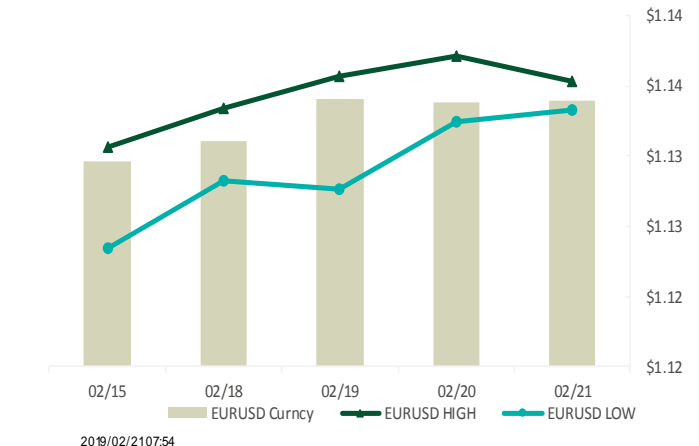
\$/R (close, high and low)



Source: Bloomberg, Nedbank

## EUR/USD

€/€ (close, high, low)



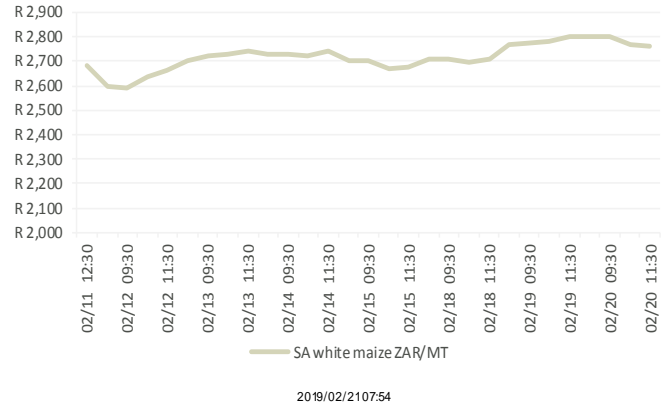
Source: Bloomberg, Nedbank

| Commodities             | Last price | %Δ -1d | %Δ MTD | %Δ YTD | %Δ 12Month | MTD trend |
|-------------------------|------------|--------|--------|--------|------------|-----------|
| Brent near future (\$)  | 67.19      | 0.16   | 8.56   | 24.89  | 2.71       | ↑         |
| WTI crude (\$)          | 57.45      | 0.51   | 6.80   | 26.51  | -6.86      | ↑         |
| Gold spot (\$)          | 1 339.49   | 0.08   | 1.38   | 4.44   | 1.12       | ↑         |
| Platinum spot (\$)      | 824.86     | -0.31  | 0.35   | 3.67   | -16.74     | ↑         |
| SA white maize spot (R) | 2 764.00   | -1.36  | -3.63  | -5.67  | 53.90      | ↓         |

Source: Bloomberg & Nedbank CIB  
Time: 2019/02/21 07:54

## SA white maize

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



Source: Bloomberg, Nedbank

## Platinum vs Gold

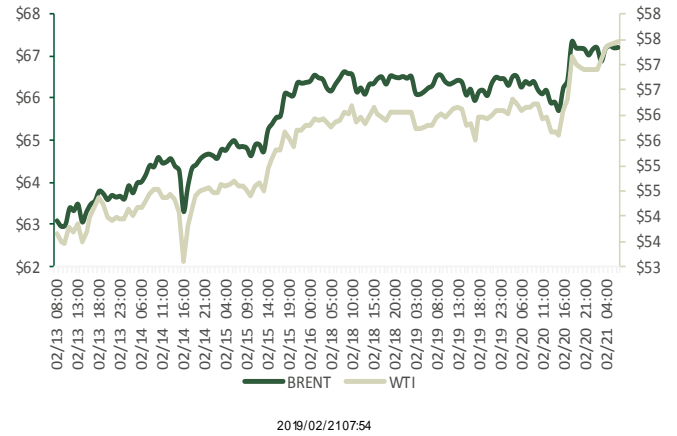
Platinum vs. Gold



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 on a positive note and maintained the momentum going into the Budget.
- The Top40 and All Share both closed around eight-tenths of a percent higher.
- Gold miners outperformed, led by Anglo Gold Ashanti, which gained over 10%. Sibanye lagged peers after a trading update mentioned an increased deferred tax charge due to changes in US tax legislation.
- The value traded was R23.9bn, and the rand was at 14.00 to the USD.

## UK/Europe

- European markets ended firmly in the black, with earnings and corporate news responsible for the big moves on the day.
- The FTSE rose seven-tenths of a percent. Lloyds Banking advanced over 4%, while Sainsbury tumbled 18% after the competition watchdog raised concerns over the merger with Asda.
- The DAX gained eight-tenths of a percent. Germany's producer price inflation dropped to its lowest level in eight months.
- The CAC advanced seven-tenths of a percent, led higher by stronger basic material, industrial and energy sectors.

## USA

- US markets ended marginally higher after a volatile trading session.
- The Dow gained a quarter of a percent, the S&P rose two-tenths of a percent and the Nasdaq ended flat.
- Caterpillar and Boeing were the major contributors to the Dow, gaining 3.3% and 1.25%, respectively.
- The Fed minutes showed that most of its members agreed that it should embark on normalising its balance sheet. However, uncertainty prevailed over whether it would raise interest rates in 2019 and a more patient approach would be adopted.

## Asia

- Asian markets are mixed this morning.
- At the time of writing, the Nikkei was a tenth of a percent lower as energy counters lagged.
- The Hang Seng gained over three-tenths of a percent. Casino and gaming stocks Sands China and Galaxy Entertainment advanced over 3%.
- Financials buoyed the Shanghai Composite and ASX; the former gained four-tenths of a percent and the latter nine-tenths of a percent.

| Developed Markets | Last price | %Δ   | %Δ   | %Δ    | %Δ      | 2018        |   | MTD trend |
|-------------------|------------|------|------|-------|---------|-------------|---|-----------|
|                   |            | -1d  | MTD  | YTD   | 12Month | Performance |   |           |
| Dow Jones         | 25 954.44  | 0.24 | 3.82 | 11.26 | 4.66    | -6.03       | ↑ |           |
| Nasdaq            | 7 489.07   | 0.03 | 2.85 | 12.87 | 3.75    | -5.30       | ↑ |           |
| S&P 500           | 2 784.70   | 0.18 | 2.98 | 11.08 | 3.09    | -7.01       | ↑ |           |
| DJ Eurostoxx 50   | 3 259.49   | 0.62 | 3.17 | 8.60  | -4.98   | -14.00      | ↑ |           |
| DAX               | 11 401.97  | 0.82 | 2.05 | 7.98  | -8.57   | -17.97      | ↑ |           |
| CAC               | 5 195.95   | 0.69 | 4.07 | 9.83  | -2.00   | -10.55      | ↑ |           |
| FTSE              | 7 228.62   | 0.69 | 3.73 | 7.44  | -0.73   | -12.03      | ↑ |           |
| ASX200            | 6 139.20   | 0.70 | 4.68 | 8.73  | 3.29    | -6.84       | ↑ |           |
| Nikkei 225        | 21 505.43  | 0.35 | 3.52 | 7.45  | -2.12   | -14.85      | ↑ |           |
| MSCI World        | 2 083.64   | 0.37 | 2.72 | 10.60 | -1.64   | -10.97      | ↑ |           |

| Emerging Markets | Last price | %Δ    | %Δ    | %Δ    | %Δ      | 2018        |   | MTD trend |
|------------------|------------|-------|-------|-------|---------|-------------|---|-----------|
|                  |            | -1d   | MTD   | YTD   | 12Month | Performance |   |           |
| Hang Seng        | 28 724.94  | 0.74  | 2.80  | 11.14 | -8.61   | -15.30      | ↑ |           |
| Shanghai         | 2 788.45   | 0.99  | 7.89  | 11.81 | -12.84  | -25.52      | ↑ |           |
| Brazil Bovespa   | 96 544.81  | -1.14 | -0.87 | 9.85  | 12.19   | 12.83       | ↓ |           |
| India - NSE      | 35 801.56  | 0.13  | -1.26 | -0.74 | 5.78    | 6.67        | ↓ |           |
| Russia Micex     | 2 487.82   | 1.19  | -1.32 | 5.00  | 7.22    | 9.55        | ↓ |           |
| MSCI Emerging    | 1 049.32   | 1.19  | -0.06 | 8.65  | -13.26  | -18.02      | ↓ |           |

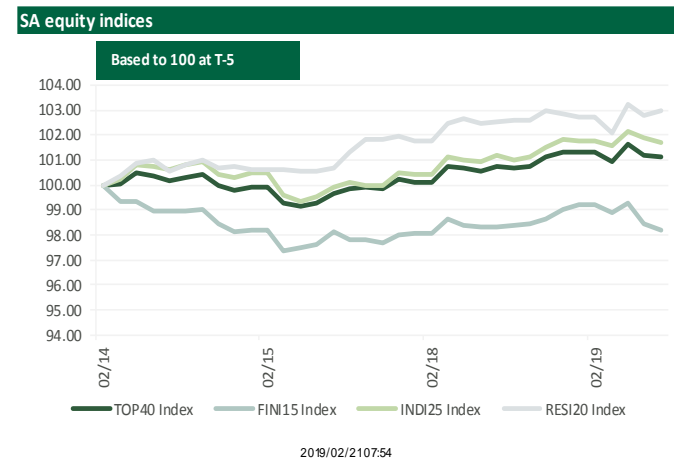
  

| SA Indices    | Last price | %Δ   | %Δ    | %Δ    | %Δ      | 2018        |   | MTD trend |
|---------------|------------|------|-------|-------|---------|-------------|---|-----------|
|               |            | -1d  | MTD   | YTD   | 12Month | Performance |   |           |
| JSE All Share | 55 691.58  | 0.90 | 2.83  | 5.60  | -4.97   | -11.71      | ↑ |           |
| Top 40        | 49 405.41  | 0.92 | 3.02  | 5.73  | -4.49   | -11.54      | ↑ |           |
| Resi 10       | 45 903.13  | 1.32 | 8.89  | 11.83 | 29.53   | 12.01       | ↑ |           |
| Indi 25       | 66 346.34  | 0.92 | 3.30  | 4.18  | -14.01  | -20.20      | ↑ |           |
| Fini 15       | 16 869.27  | 0.64 | -3.53 | 2.99  | -8.73   | -6.54       | ↓ |           |

Source: Bloomberg & Nedbank CIB

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## Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

## LAST DAY TO TRADE

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| SHARE CODE       | SHARE NAME              | DIVIDEND / INTEREST RATE       |
|------------------|-------------------------|--------------------------------|
| 26 February 2019 |                         |                                |
| EXG              | eXtract Group Ltd       | Scheme of Arrangement @ 600cps |
| HDC              | Hudaco Industries Ltd   | dividend @380cps               |
| IWE              | Interwaste Holdings Ltd | Scheme of Arrangement @ 120cps |
| NEWGBP           | Newwave GBP ETN 12Mat32 | interest @ 4cps                |
| NEWUSD           | Newwave USD ETN 12Mat32 | interest @ 14cps               |
| NPN              | Naspers Ltd -N-         | Unbundling of MultiChoice 1:1  |

Source: JSE

# 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               | 170.79     | 0.33      | -7.58     | 5.54      | -14.24        | -11.08              | ↓         |
| AGL : Anglo American Plc           | 365.01     | 1.79      | 6.70      | 13.26     | 26.45         | 26.07               | ↑         |
| ANG : AngloGold Ashanti Ltd        | 221.00     | 11.18     | 18.19     | 21.60     | 90.86         | 41.31               | ↑         |
| APN : Aspen Pharmacare Holdings Lt | 144.00     | -0.24     | -0.88     | 6.81      | -46.53        | -51.42              | ↓         |
| BHP : Bhp Group Plc                | 331.62     | 0.52      | 12.23     | 14.56     | 44.13         | 21.24               | ↑         |
| BID : Bid Corp Ltd                 | 291.90     | 0.18      | 3.01      | 10.15     | 3.37          | -11.96              | ↑         |
| BTI : British American Tobacco Plc | 521.52     | 0.84      | 11.94     | 11.13     | -28.21        | -43.42              | ↑         |
| BVT : Bidvest Group Ltd            | 198.86     | 0.80      | -1.85     | -3.86     | -16.09        | -5.15               | ↓         |
| CFR : Financiere Richemont-Dep Rec | 103.06     | 0.38      | 13.49     | 10.05     | -3.16         | -16.20              | ↑         |
| CLS : Clicks Group Ltd             | 178.10     | 2.72      | -9.55     | -6.97     | 5.38          | 5.70                | ↓         |
| CPI : Capitec Bank Holdings Ltd    | 1263.01    | 1.53      | 8.30      | 12.97     | 44.18         | 1.83                | ↑         |
| DSY : Discovery Ltd                | 145.15     | 2.18      | -8.84     | -9.16     | -18.84        | -14.09              | ↓         |
| FSR : Firstrand Ltd                | 64.27      | 0.30      | -7.38     | -1.97     | -14.53        | -2.51               | ↓         |
| GRT : Growthpoint Properties Ltd   | 24.92      | -0.04     | -4.04     | 6.95      | -15.53        | -15.76              | ↓         |
| INL : Investec Ltd                 | 88.08      | 0.48      | 1.17      | 11.49     | -13.41        | -11.95              | ↑         |
| INP : Investec Plc                 | 87.91      | -0.08     | 1.41      | 10.36     | -13.73        | -11.25              | ↑         |
| LHC : Life Healthcare Group Holdin | 27.40      | 2.39      | 1.03      | 3.79      | -1.30         | -4.86               | ↑         |
| MND : Mondi Ltd                    | 351.26     | -0.75     | 7.06      | 13.47     | 18.40         | -3.04               | ↑         |
| MNP : Mondi Plc                    | 343.94     | -0.49     | 6.49      | 13.11     | 15.76         | -4.78               | ↑         |
| MRP : Mr Price Group Ltd           | 209.83     | -0.33     | -5.91     | -14.76    | -23.71        | 0.52                | ↓         |
| MTN : Mtn Group Ltd                | 86.85      | 0.75      | -0.21     | -2.42     | -31.20        | -34.85              | ↓         |
| NED : Nedbank Group Ltd            | 284.75     | 0.29      | -0.36     | 3.65      | -2.45         | 7.27                | ↓         |
| NPN : Naspers Ltd-N Shs            | 3149.66    | 1.34      | 3.61      | 8.90      | -6.34         | -16.19              | ↑         |
| NRP : Nepi Rockcastle Plc          | 128.88     | 2.56      | 2.74      | 14.05     | 12.02         | -47.09              | ↑         |
| NTC : Netcare Ltd                  | 25.72      | 1.62      | 3.92      | -1.18     | 3.15          | 5.09                | ↑         |
| OMU : Old Mutual Ltd               | 22.96      | 0.70      | -1.84     | 2.50      |               |                     | ↓         |
| PSG : Psg Group Ltd                | 258.05     | 2.49      | 3.00      | 5.41      | 19.19         | -9.33               | ↑         |
| RDF : Redefine Properties Ltd      | 9.83       | -0.30     | -6.82     | 1.65      | -13.92        | -9.63               | ↓         |
| REM : Remgro Ltd                   | 200.04     | 2.75      | -5.21     | 2.72      | -14.49        | -17.48              | ↓         |
| RMH : Rmb Holdings Ltd             | 78.60      | 0.13      | -5.88     | -0.38     | -8.66         | -0.34               | ↓         |
| RNI : Reinet Investments Sca       | 216.26     | 0.47      | 7.77      | -1.00     | -9.51         | -20.27              | ↑         |
| SAP : Sappi Limited                | 75.38      | 0.31      | -3.38     | -7.68     | -6.03         | -8.77               | ↓         |
| SBK : Standard Bank Group Ltd      | 190.55     | 0.86      | -2.28     | 6.57      | -12.59        | -8.61               | ↓         |
| SHP : Shoprite Holdings Ltd        | 160.77     | -3.73     | -1.76     | -15.45    | -35.69        | -14.03              | ↓         |
| SLM : Sanlam Ltd                   | 76.40      | 0.47      | -9.17     | -4.26     | -19.15        | -8.28               | ↓         |
| SOL : Sasol Ltd                    | 415.50     | 0.36      | 3.77      | -2.24     | 5.19          | -0.74               | ↑         |
| SPP : Spar Group Limited/The       | 200.00     | 0.21      | 0.30      | -3.61     | -4.08         | 2.05                | ↑         |
| TBS : Tiger Brands Ltd             | 279.75     | 5.26      | 1.27      | 2.18      | -34.08        | -40.48              | ↑         |
| TFG : The Foschini Group Ltd       | 164.30     | 0.65      | -2.98     | -1.17     | -22.50        | -15.76              | ↓         |
| TRU : Truworths International Ltd  | 72.00      | -1.87     | -10.11    | -18.27    | -30.77        | -6.74               | ↓         |
| VOD : Vodacom Group Ltd            | 117.18     | 0.97      | -2.82     | -11.23    | -27.06        | -9.39               | ↓         |
| WHL : Woolworths Holdings Ltd      | 44.34      | -2.55     | -11.73    | -19.51    | -30.95        | -15.65              | ↓         |

Source: Bloomberg & Nedbank CIB

Time 2019/02/21 07:54

## SA

- SA CPI eased sharply in January, to 4% y/y compared to market consensus of 4.3%, and much lower than the December print of 4.5%. The predominant driver of the lower inflation print was transport inflation which fell below 3% y/y. Lower food costs also contributed marginally to the fall in the headline number. However transport costs may rise gradually over the near and medium term as a result of higher fuel costs adjustments at least until June 2019. This implies a rising inflation trajectory in coming months.
- The 2019 Budget builds on the 2018 MTBPS, with one sore caveat: the fiscal trajectory has deteriorated even further as NT chose to provide financial support to Eskom to the value of R23 billion per annum. However the bad news doesn't end there – growth estimates had to be revised sharply lower yet again, and along with this, revenue collection estimates.
- NT continues to kick the can down the road in terms of fiscal consolidation – the debt-to-GDP profile rises to a peak of 60.2% by 2023. The consolidated deficit as a percentage of GDP peaks at 4.5% in 2019/20, but does not compress below 4% over the forecast period. A primary budget surplus is envisaged in 2023/24; however we do not believe this will be achieved given the weak growth trajectory and rising spending pressures.
- The higher funding pressures (wider deficits) would necessitate an increase in the weekly auction sizes of both T-bills and nominal bonds, along with other creative sources of funding like a new Islamic Bond announced in the budget.

**Synopsis: SA CPI is likely to remain subdued and within the SARB's inflation target band over the medium term. However there are upside risks we look out for in the form of a possible drought later in the year, elevated and volatile international oil prices, a weak rand exchange rate and the NERSA ruling which may keep utilities costs high.**

**The SA Budget outlines a precarious fiscal path which requires large expenditure cuts in the absence of any revenue boost. We still anticipate further SOE bail-out requests over the MTEF, which will likely worsen the fiscal metrics if these are not done in a deficit neutral manner. More detail can be found [here](#).**



# ECONOMIC CALENDAR

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|                    | Country | Event                                | Period | Survey     | Actual      | Prior       | Revised     |
|--------------------|---------|--------------------------------------|--------|------------|-------------|-------------|-------------|
| <b>20-February</b> |         |                                      |        |            |             |             |             |
| 01:50 AM           | JN      | Exports YoY                          | JAN    | -5.70%     | -8.40%      | -3.80%      | -           |
| 01:50 AM           | JN      | Imports YoY                          | JAN    | -3.50%     | -0.60%      | 1.90%       | -           |
| 01:50 AM           | JN      | Trade Balance Adjusted               | JAN    | JPY 150.7b | JPY -370.0b | JPY -183.6b | JPY -221.5b |
| 09:00 AM           | GE      | PPI YoY                              | JAN    | 2.20%      | 2.60%       | 2.70%       | -           |
| 10:00 AM           | SA      | CPI YoY                              | JAN    | 4.30%      | 4.00%       | 4.50%       | -           |
| 02:00 PM           | US      | MBA Mortgage Applications            | FEB 23 | -          | 3.60%       | -3.70%      | -6.90%      |
| 05:00 PM           | EC      | Consumer Confidence                  | FEB A  | -7.70      | -7.40       | -7.90       | -           |
| 09:00 PM           | US      | FOMC Meeting Minutes                 | JAN 30 | -          | 0           | -           | -           |
| <b>21-February</b> |         |                                      |        |            |             |             |             |
| 02:30 AM           | JN      | Nikkei Japan PMI Mfg                 | FEB P  | -          | 48.5        | 50.3        | -           |
| 09:00 AM           | GE      | CPI YoY                              | MAY F  | 1.40%      | -           | 1.40%       | -           |
| 10:30 AM           | GE      | Markit Germany Services PMI          | FEB P  | 52.8       | -           | 53.0        | -           |
| 10:30 AM           | GE      | Markit/BME Germany Manufacturing PMI | FEB P  | 49.8       | -           | 49.7        | -           |
| 11:00 AM           | EC      | Markit Eurozone Services PMI         | FEB P  | 51.3       | -           | 51.2        | -           |
| 11:00 AM           | EC      | Markit Eurozone Manufacturing PMI    | FEB P  | 50.3       | -           | 50.5        | -           |
| 11:30 AM           | UK      | PSNB ex Banking Groups               | JAN    | GBP -10.0b | -           | GBP 3.0b    | -           |
| 03:30 PM           | US      | Cap Goods Orders Nondef Ex Air       | DEC P  | 0.2%       | -           | -0.6%       | -           |
| 03:30 PM           | US      | Durables Ex Transportation           | DEC P  | 0.25%      | -           | -0.40%      | -           |
| 03:30 PM           | US      | Durable Goods Orders                 | DEC P  | 1.7%       | -           | 0.7%        | -           |
| 03:30 PM           | US      | Philadelphia Fed Business Outlook    | FEB    | 14.0       | -           | 17.0        | -           |
| 04:45 PM           | US      | Markit US Services PMI               | FEB P  | 54.3       | -           | 54.2        | -           |
| 04:45 PM           | US      | Markit US Manufacturing PMI          | FEB P  | 54.8       | -           | 54.9        | -           |
| 05:00 PM           | US      | Leading Index                        | JAN    | 0.10%      | -           | -0.10%      | -           |
| 05:00 PM           | US      | Existing Home Sales                  | JAN    | 5.00m      | -           | 4.99m       | -           |
| 05:00 PM           | US      | Existing Home Sales MoM              | JAN    | 0.20%      | -           | -6.40%      | -           |
| <b>22-February</b> |         |                                      |        |            |             |             |             |
| 01:30 AM           | JN      | Natl CPI YoY                         | JAN    | 0.20%      | -           | 0.30%       | -           |
| 11:00 AM           | GE      | IFO Business Climate                 | FEB    | 98.9       | -           | 99.1        | -           |
| 11:00 AM           | GE      | IFO Current Assessment               | FEB    | 103.9      | -           | 104.3       | -           |
| 11:00 AM           | GE      | IFO Expectations                     | FEB    | 94.3       | -           | 94.2        | -           |
| 12:00 PM           | EC      | CPI Core YoY                         | JAN F  | 1.10%      | -           | 1.10%       | -           |
| 12:00 PM           | EC      | CPI YoY                              | JAN F  | 1.40%      | -           | 1.40%       | -           |
| <b>25-February</b> |         |                                      |        |            |             |             |             |
| 07:00 AM           | JN      | Leading Index CI                     | DEC F  | -          | -           | 97.9        | -           |
| 03:30 PM           | US      | Chicago Fed Nat Activity Index       | JAN    | 0.00       | -           | 0.27        | -           |
| 05:00 PM           | US      | Wholesale Inventories MoM            | DEC F  | 0.25%      | -           | 0.30%       | -           |
| 05:00 PM           | US      | Wholesale Trade Sales MoM            | DEC    | 0.00%      | -           | -0.60%      | -           |
| 05:30 PM           | US      | Dallas Fed Manf. Activity            | FEB    | 5.4        | -           | 1.0         | -           |

Source: Bloomberg 2019/02/21 07:53

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|  |   |   |
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