

DAILY MARKET COMMENTARY

01 April 2019



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

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(* when available)*

KEY DAILY DRIVERS

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SNIPPETS

(Fixed Income)	Offshore quarter end inflows result in SAGB yields sharply lower on the day
(Currencies)	USDZAR Recovers after Moody's review
(Commodities)	Oil extended gains on signs China is stabilizing, and as investors hope for a breakthrough in U.S.-China trade talks that will resume this week
(Equities)	Asian markets are seeing gains this morning as global equity markets saw their best quarter since 2010 as major central banks moved to support risk assets; Chinese PMI data out this morning also helped ease concerns around a global growth slowdown
(Economics)	SA budget and trade balances surprise to the upside in February; US PCE declines; personal income and spending recovers

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
29/03	UK	GDP	0.2%/0.2%/0.2%	GDP likely to remain lacklustre, weighed by weak spending and investment
29/03	SA	Budget and trade balances	--	SA budget posts larger surplus as revenue slightly higher, trade balance shows small surplus on the back of better exports
29/03	US	PCE deflator	1.4%/1.4%/1.7%	PCE edges lower on falling energy costs
01/04	Global	PMIs	--	PMIs likely to continue to ease, reflective of weak manufacturing conditions
01/04	EZ	CPI	--/1.5%/1.5%	No change to CPI envisaged as lower energy costs to offset higher service costs
01/04	US	Retail sales	--/0.3%/0.2%	Retail activity may reflect limited willingness to spend, despite the ability to do so, as confidence has recently declined
03/04	US	ADP payrolls	--/180k/183k	Labour market gains have eased recently as a result of the reduced supply and disappointing economic data
05/04	US	Labour market data	--/175k/20k	NFP may be revised higher for the previous print, tighter labour market persists

Source: Nedbank

CONTACT FOR QUERIES

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FIXED INCOME AND INTEREST RATES

[back to top](#)

Bond flow sales | +2711 535 4021 | Corporate Money Markets | +2711 535 4007 | Business Bank Money Markets | +2711 535 4006

Bonds	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
R208-2 yrs	6,84	-6,15	-6,15	-15,35	-19,05	↓
R186-7,7 yrs	8,56	-3,45	-3,45	-31,25	55,45	↓
R2048-28,9 yrs	9,70	-0,60	-0,60	-19,70	79,50	↓
US10 yr	2,43	2,83	2,83	-25,09	-30,56	↑
UK 10 yr	1,00	0,00	-30,20	-27,70	-35,00	↓
German 10 yr	-0,07	-0,10	-25,30	-31,20	-56,70	↓
Japan 10 yr	-0,08	0,20	0,20	-8,20	-12,80	↑

Money Market	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
SA repo rate	6,75	0,00	0,00	0,00	25,00	→
SA prime rate	10,25	0,00	0,00	0,00	25,00	→
SA CPI (MTD=previous month)	4,10		10,00	-40,00	10,00	↑
SA 3m JIBAR	7,15	0,00	0,00	0,00	28,30	→
SA 3m NCD	7,13	-1,25	-1,25	0,00	22,50	↓
SA 6m NCD	7,73	0,00	0,00	-2,50	32,50	→
SA 12m NCD	8,23	0,00	0,00	-10,00	47,50	→
US3m LIBOR	2,60	0,80	-1,54	-20,79	28,80	↓
UK 3m LIBOR	0,85	1,51	-0,36	-6,41	13,66	↓
Japan 3m LIBOR	-0,06	0,07	1,43	0,87	-3,27	↑

Source: Bloomberg & Nedbank CIB

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FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
3X6 FRA	7,11	-0,50	-0,50	-10,50	29,00	↓
6X9 FRA	7,09	0,00	4,00	3,00	4,00	↑
9X12 FRA	7,08	0,00	0,00	-25,00	36,50	→
18X21 FRA	7,19	-0,50	-0,50	-27,00	36,50	↓
SA 2yr Swap	7,14	0,50	0,50	-19,50	35,00	↑
SA 3yr Swap	7,22	-4,00	0,00	-22,50	31,80	→
SA 5yr Swap	7,45	0,50	0,50	-22,50	31,00	↑
SA 10yr Swap	7,99	0,00	0,00	-20,50	36,50	→
SA 15yr Swap	8,25	-0,20	-0,20	-21,50	35,50	↓

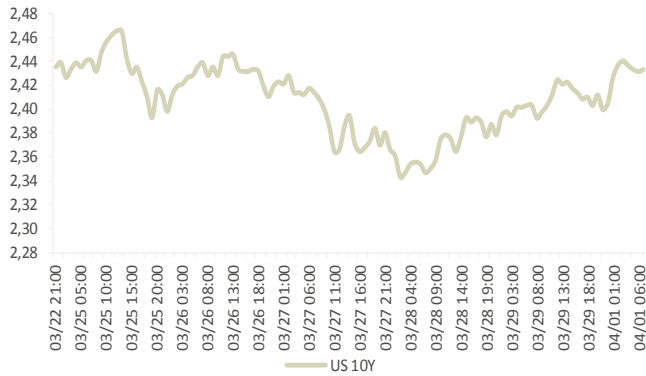
Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
2v10y	-0,85	0,50	0,50	1,00	-1,50	↑
3v10y	-0,77	-4,00	0,00	-2,00	-4,70	→
R186-R208	1,72	2,70	2,70	-15,90	74,50	↑
R2048-R186	1,14	2,85	2,85	11,55	24,05	↑
5y-R186	-1,12	3,95	3,95	8,75	-24,45	↑
10y-R186	-0,58	3,45	3,45	10,75	-18,95	↑
15y-R186	-0,31	3,25	3,25	9,75	-19,95	↑
SA 5yr CDS spread - basis points	202,83	-3,74	-3,74	-20,12	50,92	↓

Source: Bloomberg & Nedbank CIB

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US 10 year yield

US 10 year yield

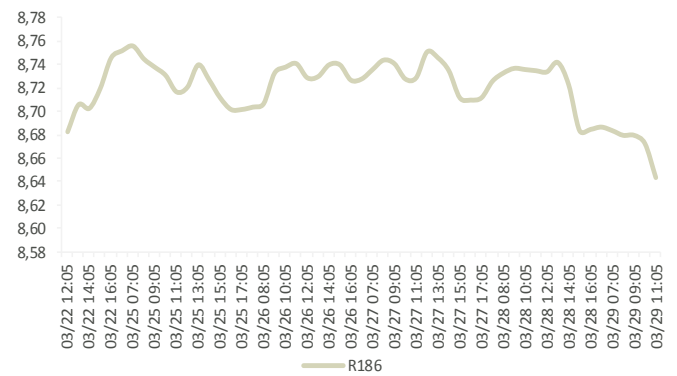


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Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



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Source: Bloomberg, Nedbank

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- The final session of the week saw the rand trading in the high 14.50s when the local session opened. Thereafter, the local unit posted steady gains, despite some caution ahead of Moody's review. After having touched a best level of 14.4275, it closed the day trading at 14.4825. This morning, the rand is currently trading at 14.3800, the EURZAR is trading at 16.1545 and the GBPZAR is trading at 18.7585.
- International markets remained largely unchanged, with the EURUSD trading between 1.1210 and 1.1243 on the day. This morning, it is currently trading at 1.1235. The GBPUSD is currently trading at 1.3046, basically unchanged from the close last week, as the Brexit scenario wears on. Gold has held steady after trading sub the 1300.00 level since last week; this morning, it is currently trading at 1,293.20.
- Data releases scheduled for today: locally, we have the PMI; from Europe, we have the Markit PMI, employment and CPI releases for the zone; and from the US, we have retail sales and ISM manufacturing data.
- Last week, the markets were eagerly awaiting the outcome of the Moody's review, with price action somewhat skittish going into the local close. However, this proved to be a non-event, with no statement or review amendment. This morning, the rand is currently trading in the mid-14.30s. Focus relating to the rand will likely now shift to the local elections, scheduled to occur in little more than a month.
- Possible trading range for the rand today: 14.1500 to 14.4500

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1,31	0,14	0,14	2,41	-6,99	↑	USD weakness
EURUSD	1,12	0,18	0,18	-1,87	-8,59	↑	USD weakness
USDJPY	111,04	0,16	0,16	-1,24	4,52	↑	USD strength
USDAUD	1,40	-0,36	-0,36	-1,13	7,56	↓	USD weakness

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14,31	-1,37	-1,37	-0,53	17,08	↓	ZAR strength
GBPZAR	18,67	-1,19	-1,19	1,79	10,85	↓	ZAR strength
EURZAR	16,08	-1,22	-1,22	-2,45	9,28	↓	ZAR strength
AUDZAR	10,19	-1,01	-1,01	0,53	10,81	↓	ZAR strength
ZARJPY	7,76	1,53	1,53	1,83	-15,12	↑	ZAR strength

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	50,96	0,57	0,57	0,55	-20,02	↑	ZAR strength
ZARBWP (Botswana pula)	0,75	0,81	0,81	0,75	-7,32	↑	ZAR strength
ZARKES (Kenyan shilling)	7,05	1,35	1,35	-0,53	-21,01	↑	ZAR strength
ZARMUR (Mauritian rupee)	2,48	2,37	2,37	3,90	-14,04	↑	ZAR strength
ZARNGN (Nigerian naira)	25,24	0,81	0,81	-0,10	-20,24	↑	ZAR strength
ZARGHS (Ghanian cedi)	0,38	-1,12	-1,12	9,50	0,98	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0,85	0,65	0,65	2,22	5,77	↓	ZAR strength
ZARMZN (Mozambican metical)	4,43	0,81	0,81	4,71	-18,15	↑	ZAR strength

Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3,92	0,48	0,00	1,02	15,68	↔	USD weakness
USDTRY (Turkish Lira)	5,56	-0,14	-0,14	4,88	28,58	↓	USD weakness
USDMXN (Mexican Peso)	19,33	-0,49	-0,49	-1,72	5,35	↓	USD weakness
USDINR (Indian Rupee)	69,16	-0,25	0,00	-0,88	5,76	↔	USD weakness
USD RUB (Russian Ruble)	65,36	-0,60	-0,60	-6,14	11,95	↓	USD weakness

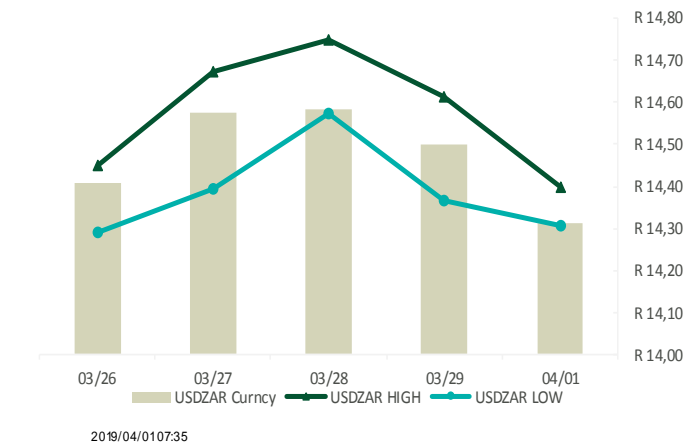
Source: Bloomberg & Nedbank CIB

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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

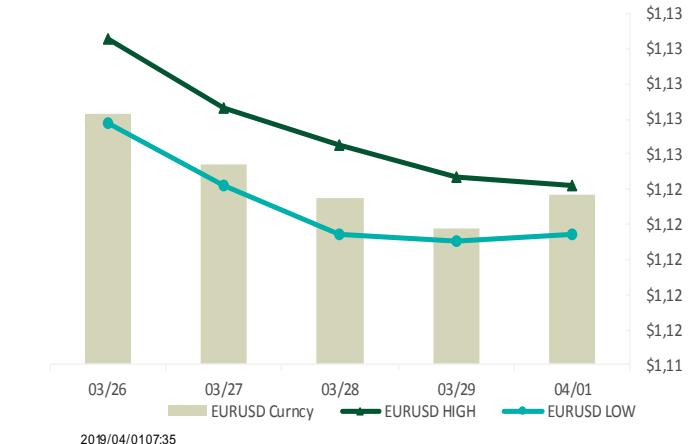
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

- Oil extended gains above \$60 a barrel on signs China is stabilizing, and as investors hope for a breakthrough in U.S.-China trade talks that will resume this week. Crude futures rose 0.6% after capping their strongest quarter since 2009.
- Gold steady even as bond yields recovered amid signs that concerns over global growth are easing. Spot gold steady at \$1,292.42/oz. Spot silver little changed. Platinum +0.3%. Palladium -0.1% to \$1,384/oz.
- All LME metals advanced after China's official purchasing managers index for March rose to 50.5 from 49.2, the biggest increase since 2012. LME copper +0.7% to \$6,527/ton. Nickel jumps 2.2%; other metals higher. Iron ore futures rise after Rio Tinto Group warned it expects to lose about 14 million tons of output this year. Iron ore +0.5% to 634.5 yuan/ton on DCE.

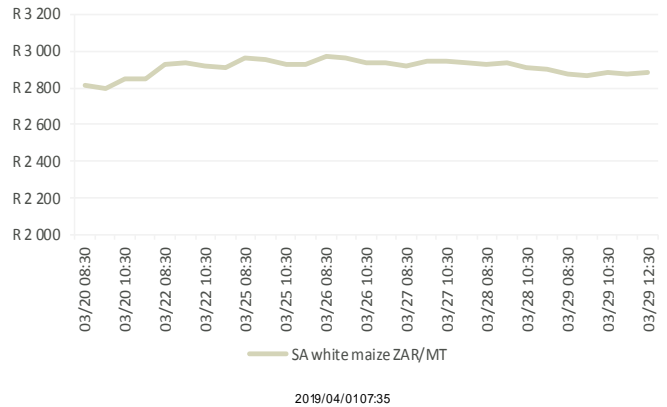
Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	68,19	0,90	-0,29	26,75	-2,96	↓
WTI crude (\$)	60,59	0,75	0,75	33,43	-6,70	↑
Gold spot (\$)	1 293,72	0,10	0,10	0,95	-3,41	↑
Platinum spot (\$)	854,53	0,60	0,60	7,47	-8,38	↑
SA white maize spot (R)	2 883,00	-0,55	0,00	-1,60	50,71	→

Source: Bloomberg & Nedbank CIB
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SA white maize

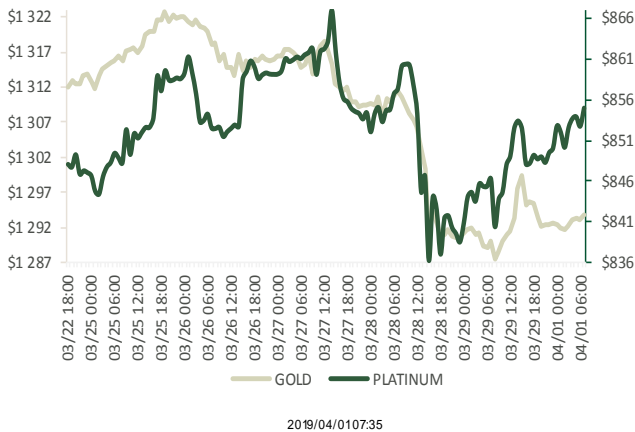
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

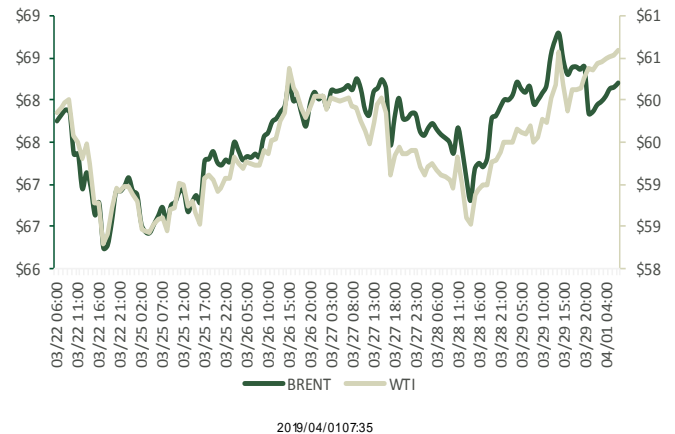
Platinum vs. Gold



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 Top40 rallied 0.74% on Friday, closing off session highs at 50,273 points, driven higher by the likes of NPN (+0.85%), SBK (+3.31%) and MTN (+2.29%), which together contributed 173 index points to the upward move, while diversified miners faded on the last day of the week, along with rand hedges on a stronger rand ahead of Moody's rate decision, which did not happen after all.
- General retailers caught a bid, with the index up 1.65% on a stronger rand, with the likes of WHL (+5.06%), MRP (+4.67%) and TFG (+3.89%) all seeing decent gains. Life insurers were not to be left behind as the index gained 2.91%, along with the property sector as SA Inc. enjoyed a little short squeeze.
- On the company front, ADR (+6.61%) released a pleasing trading statement saying it expects HEPS to increase by 231-265 cents, against a 173.6 cent loss the previous year.
- The value traded was at R23.bn, with volume spikes in the likes of MND, REM and NTC in the Top40, while SBK's 3% move higher was also on some decent volume, up 40% versus its 10-day average. The currency was at R14.46 vs the USD at the close.

UK/Europe

- European markets rallied on Friday as German retail sales surprised to the upside, advancing 4.7% and encouraging sound bites from US-China trade talks, with US Treasury Secretary Steven Mnuchin describing last week's negotiations as "constructive".
- The FTSE 100 gained 0.62% as the GBP weakened, with Theresa May preparing to table her third iteration of the Brexit deal to Parliament this week. Amid this, UK GDP data beat expectations, coming in at 1.4% (y/y).
- The Stoxx 600 was up 0.60%, with H&M jumping 9.56%, after it posted its Q1 numbers that beat estimates, with the stock up 16% intraday on a short squeeze, while Nordea Bank retreated 10.96% as money-laundering investigations by US authorities on transactions with Danske Bank spooked investors.

USA

- US markets traded higher on optimism around trade talks, with the S&P 500 having its best quarter since 2009, gaining c.13% as Lyft Inc. surged on listing as investors scrambled to get a piece of the action.
- The Dow Jones advanced 0.82%, with the likes of Boeing seeing gains, while 3M Co. slipped as the New Jersey Attorney General sued it over contamination. The S&P 500 was up 0.67%, with the healthcare index climbing 1.18%.
- On the economic data front, personal income data came below expectations, along with the PCE core at 1.8%, while new home sales printed above expectations.

Asia

- Asian markets are seeing gains this morning as global equity markets saw their best quarter since 2010 as major central banks moved to support risk assets. Chinese PMI data out this morning also helped ease concerns around a global slowdown.
- The Nikkei is up 1.41%, and the Hang Seng has advanced 1.63%, with the likes of Tencent jumping 1.39%, with US equity futures pointing to a higher open.
- The Australian market is trading in positive territory, with the likes of BHP gaining 1.45%.

Developed Markets	Last price	%Δ	%Δ	%Δ	%Δ	2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
Dow Jones	25 928,68	0,82	0,00	11,15	7,57	-6,03		→
Nasdaq	7 729,32	0,78	0,00	16,49	9,43	-5,30		→
S&P 500	2 834,40	0,67	0,00	13,07	7,33	-7,01		→
DJ Eurostoxx 50	3 351,71	0,95	0,00	11,67	-0,29	-14,00		→
DAX	11 526,04	0,86	0,00	9,16	-4,72	-17,97		→
CAC	5 350,53	1,02	0,00	13,10	3,55	-10,55		→
FTSE	7 279,19	0,62	0,00	8,19	3,15	-12,03		→
ASX200	6 217,00	0,59	0,59	10,11	7,95	-6,84		↑
Nikkei 225	21 509,09	1,43	1,43	7,47	0,26	-14,85		↑
MSCI World	2 107,74	0,60	0,00	11,88	1,98	-10,97		→

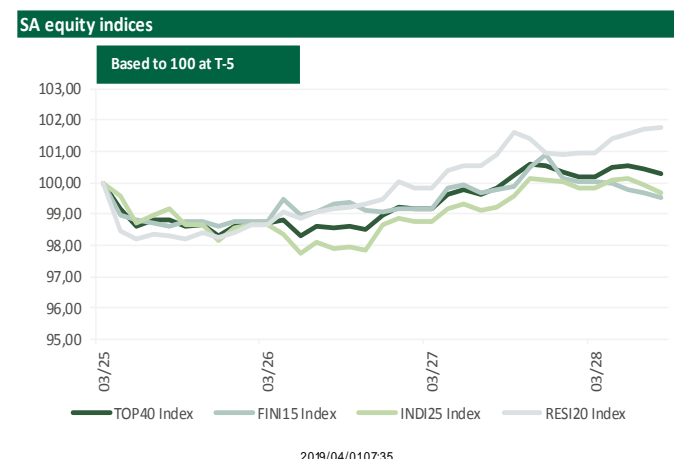
Emerging Markets	Last price	%Δ	%Δ	%Δ	%Δ	2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
Hang Seng	29 525,76	1,63	1,63	14,24	-1,89	-15,30		↑
Shanghai	3 168,55	2,52	2,52	27,05	-0,01	-25,52		↑
Brazil Bovespa	95 414,55	1,09	0,00	8,56	11,77	12,83		→
India - NSE	38 934,97	0,68	0,68	7,95	18,10	6,67		↑
Russia Micex	2 497,10	0,19	0,00	5,39	9,96	9,55		→
MSCI Emerging	1 058,13	1,24	0,00	9,56	-9,63	-18,02		→

SA Indices	Last price	%Δ	%Δ	%Δ	%Δ	2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
JSE All Share	56 462,55	0,72	0,00	7,06	1,78	-11,71		→
Top 40	50 273,93	0,74	0,00	7,59	3,03	-11,54		→
Resi 10	46 883,79	-0,22	0,00	14,22	35,09	12,01		→
Indi 25	68 915,66	0,92	0,00	8,21	-3,99	-20,20		→
Fini 15	16 262,09	1,66	0,00	-0,72	-7,36	-6,54		→

Source: Bloomberg & Nedbank CIB

Time 2019/04/01 07:35

Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

LAST DAY TO TRADE

[back to top](#)

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SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
02 April 2019		
AFE	AECI Limited	dividend @ 366cps
AFX	African Oxygen Limited	dividend @ 25cps
ARI	African Rainbow Minerals Ltd	dividend @ 400cps
BEL	Bell Equipment Ltd	dividend @ 25cps
FSR	Firststrand Ltd	dividend @ 139cps
FVT	Fairvest Property Holdings	dividend @ 10.6160cps
LBH	Liberty Holdings Ltd	dividend @ 415cps
LBR	Libstar Holdings Ltd	dividend @ 22cps
MPT	Mpact Ltd	dividend @ 55cps
NED	Nedbank Group Ltd	dividend @ 720cps
OLG	Onelogix Group Ltd	dividend @ 6cps
PPR	Putprop Ltd	dividend @ 6cps
RLF	Rolfes Technology Holdings	dividend @ 4cps
RMH	RMH Holdings Ltd	dividend @ 178cps
RMI	Rand Merchant Investment Holdings Ltd	dividend @ 45cps
SAC	SA Corp Real Estate Ltd	dividend @ 20.520cps
SBKP	Std Bbank Group 6.5% Pref	dividend @ 3.25cps
SBPP	Standard Bank Group Pref	dividend @ 390.22cps
SBV	Sabvest Ltd	dividend @ 36cps
SFNP	Sasfin Holdings Ltd Pref	dividend @ 408.09cps
SVN	Sabvest Ltd-N-	dividend @ 36cps

Source: JSE

JSE PERFORMANCE

[back to top](#)

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
ABG : Absa Group Ltd	152,10	0,53	0,00	-6,01	-19,82	-11,08	➔
AGL : Anglo American Plc	385,82	0,71	0,00	19,72	39,65	26,07	➔
AMS : Anglo American Platinum Ltd	736,15	1,11	0,00	36,85	127,21	52,19	➔
ANG : Anglogold Ashanti Ltd	191,59	-0,73	0,00	5,41	70,27	41,31	➔
APN : Aspen Pharmacare Holdings Lt	92,98	0,61	0,00	-31,03	-64,16	-51,42	➔
BHP : Bhp Group Plc	347,43	-0,48	0,00	20,03	54,76	21,24	➔
BID : Bid Corp Ltd	298,00	0,15	0,00	12,45	15,62	-11,96	➔
BTI : British American Tobacco Plc	597,87	-0,88	0,00	27,40	-14,17	-43,42	➔
BVT : Bidvest Group Ltd	193,50	2,80	0,00	-6,45	-13,65	-5,15	➔
CFR : Financiere Richemont-Dep Rec	104,67	-0,16	0,00	11,77	-1,92	-16,20	➔
CLS : Clicks Group Ltd	184,21	3,38	0,00	-3,78	1,15	5,70	➔
CPI : Capitec Bank Holdings Ltd	1 349,99	0,75	0,00	20,75	55,13	1,83	➔
DSY : Discovery Ltd	136,80	2,96	0,00	-14,39	-19,77	-14,09	➔
FSR : Firststrand Ltd	62,96	1,45	0,00	-3,97	-5,89	-2,51	➔
GFI : Gold Fields Ltd	53,28	-2,04	0,00	7,99	11,05	-8,80	➔
GRT : Growthpoint Properties Ltd	24,42	1,58	0,00	4,81	-14,04	-15,76	➔
INL : Investec Ltd	84,34	-0,02	0,00	6,76	-8,60	-11,95	➔
INP : Investec Plc	83,39	-0,28	0,00	4,68	-9,75	-11,25	➔
MCG : Multichoice Group Ltd	120,70	1,53	0,00				➔
MND : Mondi Ltd	318,78	-1,31	0,00	2,98	3,13	-3,04	➔
MNP : Mondi Plc	317,88	-1,28	0,00	4,54	2,91	-4,78	➔
MRP : Mr Price Group Ltd	189,52	4,67	0,00	-23,01	-33,50	0,52	➔
MTN : Mtn Group Ltd	88,62	2,29	0,00	-0,43	-25,54	-34,85	➔
NED : Nedbank Group Ltd	251,24	0,24	0,00	-8,55	-12,01	7,27	➔
NPN : Naspers Ltd-N Shs	3 332,14	0,85	0,00	18,81	18,83	-16,19	➔
NRP : Nepi Rockcastle Plc	121,44	0,36	0,00	7,47	5,60	-47,09	➔
NTC : Netcare Ltd	23,35	-1,81	0,00	-10,28	-15,31	5,09	➔
OMU : Old Mutual Ltd	21,87	2,68	0,00	-2,37			➔
PSG : Psg Group Ltd	261,50	2,32	0,00	6,82	16,19	-9,33	➔
RDF : Redefine Properties Ltd	9,70	1,78	0,00	0,31	-16,31	-9,63	➔
REM : Remgro Ltd	185,26	0,83	0,00	-4,87	-16,55	-17,48	➔
RMH : Rmb Holdings Ltd	75,98	1,80	0,00	-3,70	-1,52	-0,34	➔
SAP : Sappi Limited	66,65	2,21	0,00	-18,37	-12,53	-8,77	➔
SBK : Standard Bank Group Ltd	185,23	3,31	0,00	3,59	-15,30	-8,61	➔
SHP : Shoprite Holdings Ltd	158,61	2,34	0,00	-16,59	-37,20	-14,03	➔
SLM : Sanlam Ltd	73,76	2,26	0,00	-7,57	-13,53	-8,28	➔
SOL : Sasol Ltd	450,00	-0,83	0,00	5,88	11,60	-0,74	➔
SPP : Spar Group Limited/The	191,88	2,87	0,00	-7,53	-5,27	2,05	➔
TBS : Tiger Brands Ltd	265,00	0,67	0,00	-3,21	-28,76	-40,48	➔
TFG : The Foschini Group Ltd	163,00	3,89	0,00	-1,95	-27,15	-15,76	➔
VOD : Vodacom Group Ltd	111,43	0,97	0,00	-15,58	-27,20	-9,39	➔
WHL : Woolworths Holdings Ltd	46,48	5,06	0,00	-15,63	-22,53	-15,65	➔

Source: Bloomberg & Nedbank CIB

Time 2019/04/0107:35

US

- US PCE deflator fell to 1.4% y/y in January, from 1.8% in December, in line with consensus. Core PCE declined by 20bps to 1.8% y/y. Lower energy costs, and the second-round effects thereof have been key drivers of the decline in inflation in recent months.
- Personal income growth rose to 0.2% m/m in February, from -0.1% in January, worse than consensus of 0.3%. Growth in wages, salaries, proprietor's income and rental income rose in February.
- Personal spending growth also rebounded, rising by 0.1% over the month, from -0.6% in January. However, worryingly, the personal savings rate fell to 7.5%, from a high of 7.7% in December. Spending on nondurable goods and services picked up in February.
- Michigan consumer sentiment index rose to 98.4 points in March, from 97.8 previously, better than consensus. The main reason for the uptick was due to a perceived improvement in current conditions, expectations of the future deteriorated.

Synopsis: The Fed has adjusted its monetary policy stance in line with the slowdown in the US economy, with its balance sheet decline expected to end as soon as September, and interest rates likely to be left unchanged this year. The shift comes as a result of global economic conditions deteriorating, as well as muted US inflation pressures. The Fed has indicated that it is watching macroeconomic data closely, along with global developments in order to decide on policy rates.

SA

- The SA trade balance posted a surplus of R4 billion in February, from a deficit of R13.1 billion in January, better than consensus of R3.3 billion. The key reason for the upside surprise was due to the 10.7% m/m increase in exports, while imports slumped by 7.4%. Exports were driven by a sharp uptick in exports of vehicles, transport equipment, machinery and electronics. A modest increase in exports of base metals also aided overall exports.
- Imports of all product categories declined, apart from imports of mineral products. Imports from all regions, other than Africa, declined, while exports to all regions, other than America, rose modestly.

The trade deficit for the first two months of the year is R9 billion, compared to -R28 billion in the same period last year – a combination of better exports and a decline in imports have improved the trade balance y/y, despite lingering concerns over a slowdown in global growth, and weak global demand, as well as a fall in trade activity. The outlook for the trade balance is almost entirely dependent on the global outlook, as domestic demand is likely to remain weak this year, limiting import growth.

- The SA monthly Budget posted a surplus of R10.8 billion in February, from a deficit of R60.3 billion in January, better than consensus of R4 billion. While the surplus is a welcome surprise, it is still lagging seasonal trends as the 6-year average surplus for February is closer to R15 billion. We therefore need to see the March deficit coming in in line with seasonal trends (R10bn) in order to meet the main budget deficit projection of R225bn for 2018/19.
- The pace of revenue collection continues to lag behind the pace seen last year, but it has gained some ground in February. With 11 months' worth of fiscal year data now available, revenues collected thus far are 88.5% of the total (in the 2018 MTBPS), marginally below the 88.7% collected last year. The main reasons for the improvement in revenue collection in February was due to payroll tax collection rising (skills development levy), along with VAT collection normalising with import VAT collection slightly ahead of schedule. Customs duties have also gained some pace recently, buoying overall import duties relative to last year.
- On the other hand, the major tax categories remain laggards, with both PIT and CIT collection well behind the pace of collection seen last year. Small business taxes collected thus far into the year is less than half of what was collected last year, testimony to the difficult operating environment. Overall, it does look like NT could meet its revenue collection targets, save for a small R3bn disappointment – this may be easily absorbed by lowering expenditures.
- On the expenditure front, we see consistent expenditure restraint in recent months, with 89.4% of the total budget spent, compared to 90% spent in the same period last year. There are a few large Departments that are slightly ahead of its spending pace relative to last year. These are – Higher Education, Defence and Military Veterans. However, the overshoot is more than made up for by most other Departments that have underspent relative to last year's pace. Hence on the expenditure front, NT may easily absorb any revenue disappointment, given the net underspend.

Synopsis: Barring any unprecedented expenditure pressures creeping up in March, NT remains on track to meet its main budget deficit target of 4.4% of GDP for 2018/19.

ECONOMIC CALENDAR

[back to top](#)

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	Country	Event	Period	Survey	Actual	Prior	Revised
29-March							
01:30 AM	JN	Jobless Rate	FEB	-	2,30%	2,50%	-
01:30 AM	JN	Job-To-Applicant Ratio	FEB	-	1,63	1,63	-
01:50 AM	JN	Industrial Production YoY	FEB P	-	-1,00%	0,30%	-
01:50 AM	JN	Retail Trade YoY	FEB	-	0,40%	0,60%	-
08:00 AM	SA	Money Supply M3 YoY	FEB	-	5,30%	5,09%	-
08:00 AM	SA	Private Sector Credit YoY	FEB	-	6,03%	6,51%	-
09:00 AM	GE	Retail Sales YoY	FEB	-	4,70%	2,60%	3,10%
11:30 AM	UK	M4 Money Supply YoY	FEB	-	1,20%	0,50%	-
11:30 AM	UK	Net Consumer Credit	FEB	-	GBP 1,15b	GBP 1,10b	GBP 1,20b
11:30 AM	UK	GDP QoQ	4Q F	-	0,20%	0,20%	-
11:30 AM	UK	GDP YoY	4Q F	-	1,40%	1,40%	-
11:34 AM	CH	BoP Current Account Balance	4Q F	-	USD 54,6b	USD 54,6b	-
02:00 PM	SA	Trade Balance Rand	FEB	-	4,0b	-13,1b	-
02:00 PM	SA	South Africa Budget	FEB	-	ZAR 10,9b	ZAR -60,3b	-
02:30 PM	US	Personal Income	FEB	-	0,20%	-0,10%	-
02:30 PM	US	PCE Core YoY	JAN	-	1,79%	1,90%	2,00%
02:30 PM	US	PCE Deflator YoY	JAN	-	1,40%	1,70%	1,80%
02:30 PM	US	Personal Spending	JAN	-	0,10%	-0,50%	-0,60%
02:30 PM	US	Real Personal Spending	JAN	-	0,10%	-0,60%	-
03:45 PM	US	Chicago Purchasing Manager	MAR	-	58,7	58,7	-
04:00 PM	US	New Home Sales	FEB	-	667k	607k	636k
04:00 PM	US	New Home Sales MoM	FEB	-	4,90%	-6,90%	8,20%
04:00 PM	US	U. of Mich. Sentiment	MAR F	-	98,4	98,4	-
01-April							
12:00 AM	SA	Naamsa Vehicle Sales YoY	MAR	-	-5,0%	-6,7%	-6,5%
02:30 AM	JN	Nikkei Japan PMI Mfg	MAR F	-	49,2	48,9	-
03:45 AM	CH	Caixin China PMI Mfg	MAR	-	50,0	50,8	49,9
09:55 AM	GE	Markit/BME Germany Manufacturing PMI	MAR F	-	44,7	44,7	-
10:00 AM	EC	Markit Eurozone Manufacturing PMI	MAR F	-	47,6	47,6	-
10:30 AM	UK	Markit UK PMI Manufacturing SA	MAR	-	51,2	52,0	-
11:00 AM	EC	CPI Core YoY	MAR A	-	0,90%	1,00%	-
11:00 AM	EC	CPI Estimate YoY	MAR	-	1,50%	1,50%	-
11:00 AM	SA	Barclays Manufacturing PMI	MAR	-	46,5	46,2	-
11:00 AM	EC	Unemployment Rate	FEB	-	7,80%	7,80%	-
02:30 PM	US	Retail Sales Advance MoM	FEB	-	0,30%	0,20%	-
03:45 PM	US	Markit US Manufacturing PMI	MAR F	-	52,5	52,5	-
04:00 PM	US	ISM Manufacturing	MAR	-	54,5	54,2	-
02-April							
11:00 AM	EC	PPI YoY	FEB	-	3,1%	3,0%	-
02:30 PM	US	Cap Goods Orders Nondef Ex Air	FEB P	-	0,1%	0,8%	-
02:30 PM	US	Durables Ex Transportation	FEB P	-	0,20%	-0,20%	-
02:30 PM	US	Durable Goods Orders	FEB P	-	-1,8%	0,3%	-
03-April							
03:45 AM	CH	Caixin China PMI Services	MAR	-	52,3	51,1	-
09:55 AM	GE	Markit Germany Services PMI	MAR F	-	54,9	54,9	-
10:00 AM	EC	Markit Eurozone Services PMI	MAR F	-	52,7	52,7	-
10:30 AM	UK	Markit/CIPS UK Services PMI	MAR	-	50,9	51,3	-
11:00 AM	EC	Retail Sales YoY	FEB	-	2,2%	2,2%	-
02:15 PM	US	ADP Employment Change	MAR	-	175k	183k	-
03:45 PM	US	Markit US Services PMI	MAR F	-	54,8	54,8	-

Source: Bloomberg 2019/04/01 07:35

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