

DAILY MARKET COMMENTARY

11 April 2019



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

KEY DAILY DRIVERS

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SNIPPETS

(Fixed Income)	Continued EM risk-on fuels demand for SAGBs with yields falling and further curve flattening into the 30y point
(Currencies)	USDZAR breaks below R14.00/USD due to dovish global central banks
(Commodities)	Oil struggled to extend gains beyond a five-month high as an increase in U.S. crude inventories to the highest since late 2017 overshadowed OPEC's efforts to reduce production
(Equities)	Global growth concerns were shrugged off as investors digested economic data and company earnings
(Economics)	Fed, ECB remain dovish due to external headwinds; US CPI surges temporarily; UK industrial production surprises to the upside; Chinese inflation distorted by New Year holiday; SACCI business confidence index falls to a 7-month low

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
10/04	SA	SACCI business confidence index	91.8/--/93.4	Confidence indices likely to remain downbeat in SA as a result of electricity supply constraints and weak demand
10/04	UK	Industrial production	0.1%/-0.9%/-0.3%	Industrial production supported by broad-based gains
10/04	EZ	ECB interest rate decision	0%/0%/0%	ECB maintains dovish stance on monetary policy amid weaker economy
10/04	US	CPI	1.9%/1.8%/1.5%	CPI rises on energy costs, but underlying inflation remains weak
10/04	US	FOMC meeting minutes	--	Minute show dovish tilt, debate over health of the economy and external headwinds
11/04	SA	Mining and manufacturing production	--	Mining output expected to contract, manufacturing production likely to remain very weak in the midst of a low PMI
12/04	EZ	Industrial production	--/-0.9%/-1.1%	Industrial production may be weighed by weaker export activity in Germany

Source: Nedbank

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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 yrs	6,81	-3,55	-8,85	-18,05	-33,65	↓
R186-7,7 yrs	8,44	-4,25	-15,55	-43,35	36,95	↓
R2048-28,9 yrs	9,54	-5,05	-16,55	-35,65	61,35	↓
US 10 yr	2,47	0,62	6,70	-21,22	-30,88	↑
UK 10 yr	1,10	-0,70	9,70	-18,00	-31,00	↑
German 10 yr	-0,03	-1,60	4,40	-26,80	-54,20	↑
Japan 10 yr	-0,06	-0,80	2,00	-6,40	-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	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	7,16	0,00	0,80	0,80	25,80	↑
SA 3m NCD	7,13	-2,50	-1,25	0,00	22,50	↓
SA 6m NCD	7,70	0,00	-2,50	-5,00	30,00	↓
SA 12m NCD	8,18	0,00	-5,00	-15,00	35,00	↓
US 3m LIBOR	2,60	2,23	0,38	-20,41	26,45	↑
UK 3m LIBOR	0,82	0,23	-2,44	-8,84	5,98	↓
Japan 3m LIBOR	-0,06	-0,03	0,17	1,03	-2,52	↑

Source: Bloomberg & Nedbank CIB
Time: 2019/04/11 06:35

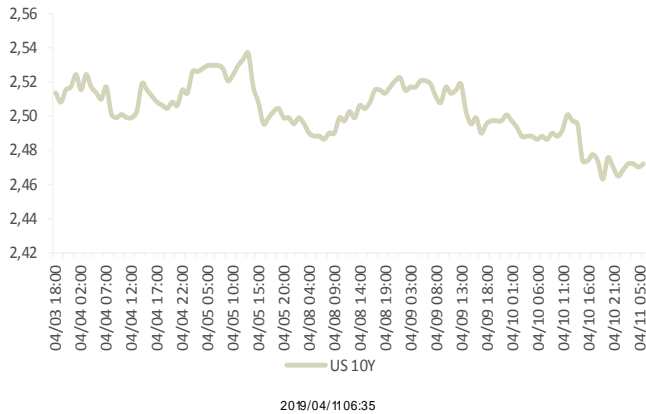
FRAs and Swaps	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
3X6 FRA	7,11	0,00	0,00	-10,00	27,00	→
6X9 FRA	7,04	0,00	4,00	3,00	4,00	↑
9X12 FRA	7,03	0,00	-5,50	-30,50	27,50	↓
18X21 FRA	7,12	0,00	-8,00	-34,50	24,50	↓
SA 2yr Swap	7,09	-1,00	-5,00	-25,00	25,60	↓
SA 3yr Swap	7,15	-2,00	-7,00	-29,50	20,00	↓
SA 5yr Swap	7,36	-3,50	-8,00	-31,00	15,00	↓
SA 10yr Swap	7,90	-4,00	-8,50	-29,00	19,50	↓
SA 15yr Swap	8,17	-3,50	-8,20	-29,50	20,00	↓

Spreads	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
2v10y	-0,82	3,00	3,50	4,00	6,10	↑
3v10y	-0,75	2,00	1,50	-0,50	0,50	↑
R186-R208	1,63	-0,70	-6,70	-25,30	70,60	↓
R2048-R186	1,10	-0,80	-1,00	7,70	24,40	↓
5y-R186	-1,08	0,75	7,55	12,35	-21,95	↑
10y-R186	-0,54	0,25	7,05	14,35	-17,45	↑
15y-R186	-0,27	0,75	7,35	13,85	-16,95	↑
SA 5yr CDS spread - basis points	181,36	1,65	-25,22	-41,59	22,93	↓

Source: Bloomberg & Nedbank CIB
Time: 2019/04/11 06:35

US 10 year yield

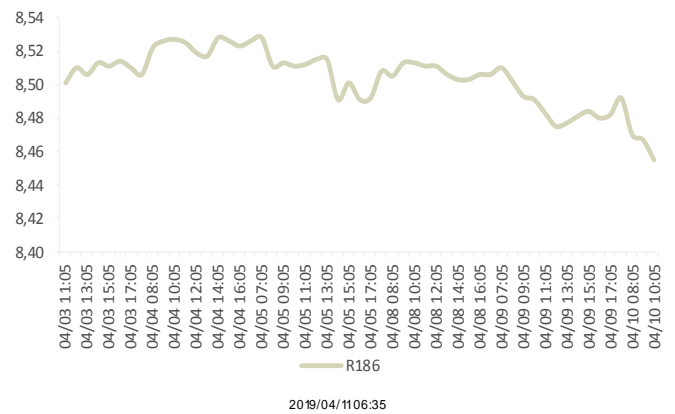
US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



Source: Bloomberg, Nedbank

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- Yesterday, the local trading session opened with the rand trading at around the 14.0800 level. The local unit once again posted consistent gains, which saw it breach below the 14.0000 handle and extend its gains to reach a best level of 13.9100 on the day, closing the session trading at 13.9275. After a subdued overnight session, the rand is currently trading at 13.9400, the EURZAR at 15.7215 and the GBPZAR at 18.2640.
- International markets continue to trade within limited ranges. The EURUSD was trading between 1.1237 and 1.1281 yesterday. This morning, it is trading at 1.1280. The GBPUSD is currently trading at 1.3100, which has proven to be the pivot price of late. Gold held steady above the 1,300.00 level as the dollar came under minor pressure. This morning, it is trading at 1,306.55, which is basically unchanged from the local close last night.
- Data releases scheduled for today: locally, we have mining and manufacturing production; from Europe, we have the German and French CPI; from the US, we have jobless claims, and Bullard and Williams from the FED are scheduled to speak.
- This morning, markets are trading largely unchanged from the time of the local close last night. The ECB once again disappointed with its lack of details, and last night, the FOMC minutes indicated that the FED would remain patient, with indications that there would be no interest rate hikes in 2019. Sluggish US growth, Brexit and continuing trade tensions with China are causes for concern. The rand has breached the sub 14.0000 level. The technical objective on this formation toward the 13.8000 level initially.
- Possible trading range in the rand today: 13.8000 to 14.1000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1,31	-0,08	0,51	2,79	-7,58	↑	USD weakness
EURUSD	1,13	0,03	0,54	-1,51	-8,86	↑	USD weakness
USDJPY	111,09	0,20	0,21	-1,29	3,80	↑	USD strength
USDAUD	1,40	0,17	-0,87	-1,63	8,41	↓	USD weakness

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	13,93	0,13	-4,06	-3,20	14,15	↓	ZAR strength
GBPZAR	18,26	0,08	-3,50	-0,46	7,11	↓	ZAR strength
EURZAR	15,72	0,16	-3,53	-4,79	5,81	↓	ZAR strength
AUDZAR	9,98	-0,03	-3,16	-1,58	6,92	↓	ZAR strength
ZARJPY	7,97	0,09	4,12	4,41	-12,03	↑	ZAR strength

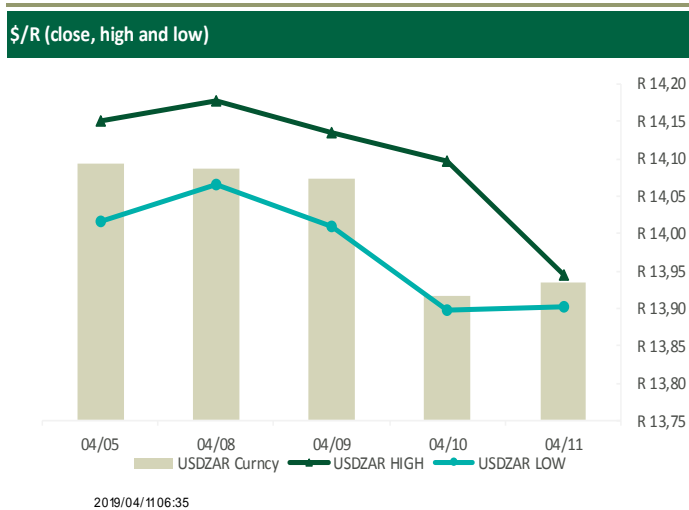
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	52,62	-0,27	3,71	3,68	-15,15	↑	ZAR strength
ZARBWP (Botswana pula)	0,76	-0,16	1,56	1,49	-5,97	↑	ZAR strength
ZARKES (Kenyan shilling)	7,26	-0,14	4,20	2,38	-16,39	↑	ZAR strength
ZARMUR (Mauritian rupee)	2,51	-0,10	3,44	4,96	-12,25	↑	ZAR strength
ZARNGN (Nigerian naira)	25,85	-0,15	3,17	2,28	-16,71	↑	ZAR strength
ZARGHS (Ghanian cedi)	0,38	-0,16	-0,88	9,72	2,20	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0,88	0,99	3,81	5,33	9,13	↑	ZAR strength
ZARMZN (Mozambican metical)	4,60	-0,15	4,36	8,12	-9,83	↑	ZAR strength

Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3,82	-0,74	-2,52	-1,47	10,85	↓	USD weakness
USDTRY (Turkish Lira)	5,68	-0,13	1,97	6,88	27,27	↑	USD strength
USDMXN (Mexican Peso)	18,84	0,02	-3,15	-4,41	3,24	↓	USD weakness
USDINR (Indian Rupee)	69,15	0,05	-0,02	-0,89	5,56	↓	USD weakness
USD RUB (Russian Ruble)	64,30	0,06	-2,27	-7,90	2,40	↓	USD weakness

Source: Bloomberg & Nedbank CIB
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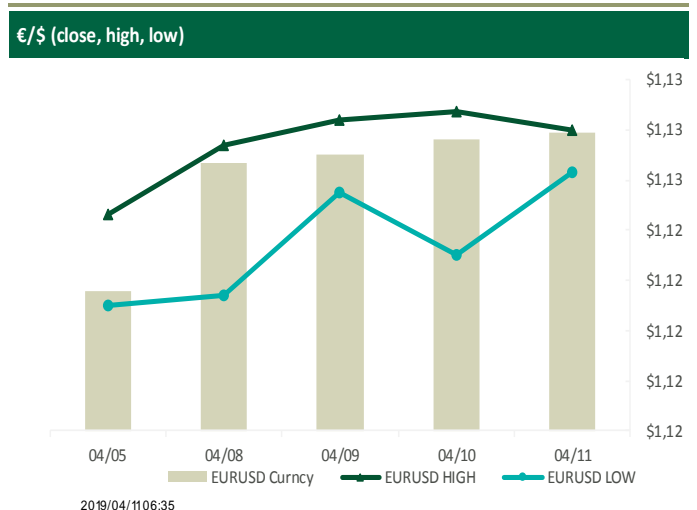
*Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks

USDZAR



Source: Bloomberg, Nedbank

EUR/USD



Source: Bloomberg, Nedbank

- Oil struggled to extend gains beyond a five-month high as an increase in U.S. crude inventories to the highest since late 2017 overshadowed OPEC's efforts to reduce production. U.S. crude stockpiles expanded by more than double what analysts had forecast to 456.6 million barrels, well above the five-year average, EIA data showed. This suggests American output, which held at a record 12.2 million barrels a day last week, may still add to a global glut. That may undermine Saudi Arabian-led efforts to curb a glut, with OPEC saying in its monthly report that production tumbled by 534,000 barrels a day last month to around 30 million.
- Gold hovered near a two-week peak touched in the previous session, as the dollar struggled after the U.S. Federal Reserve and the ECB signalled steady interest rates amid a slowing global economy. Silver steady, while platinum held gains.

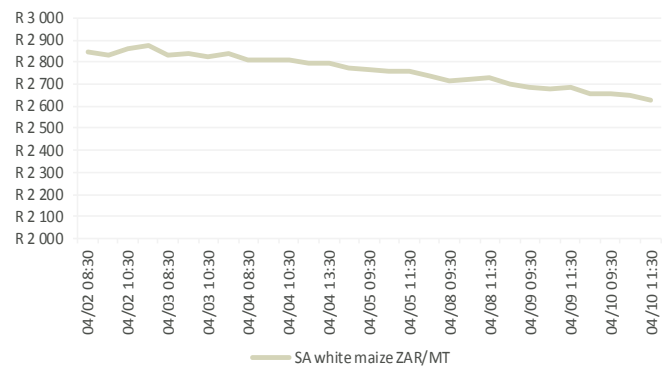
Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	71,45	-0,39	4,47	32,81	-0,85	↑
WTI crude (\$)	64,28	-0,51	6,88	41,55	-3,80	↑
Gold spot (\$)	1 306,40	-0,28	1,08	1,94	-3,82	↑
Platinum spot (\$)	905,71	0,15	6,62	13,90	-3,46	↑
SA white maize spot (R)	2 625,00	-2,27	-8,95	-10,41	30,60	↓

Source: Bloomberg & Nedbank CIB
Time: 2019/04/11 06:35

SA white maize

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

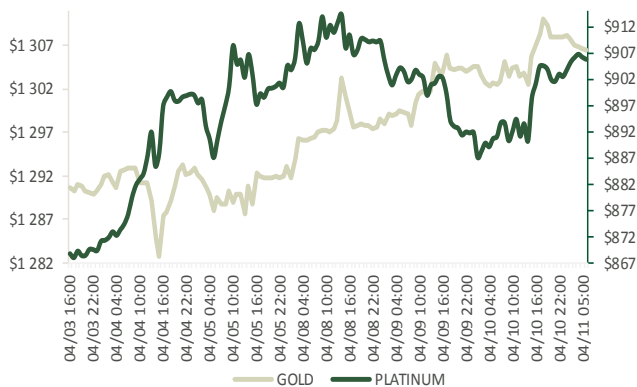


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Source: Bloomberg, Nedbank

Platinum vs Gold

Platinum vs. Gold

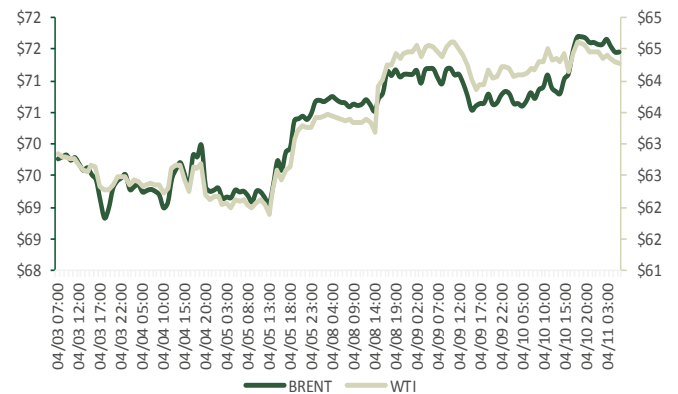


2019/04/11 06:35

Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



2019/04/11 06:35

Source: Bloomberg, Nedbank

Cash equities | +2711 535 4030/31

South Africa

- The JSE rebounded in the morning session as Naspers took a cue from Tencent in the Asian market.
- The positive momentum continued throughout the session, with the Top 40 and All Share gaining a percent and eight-tenths of a percent, respectively.
- Naspers rose 2%, while Sibanye Gold Ltd. plunged 17% as the company raised R1.7bn through the placement of new shares.
- Value traded was R24bn, and the rand was at R13.92 to the dollar.

UK/Europe

- European markets traded mostly higher, with the European Central Bank keeping interest rates unchanged, as expected. Investors were disappointed with the lack of details provided by the ECB on its long-term loans programme.
- The DAX outperformed its peers, gaining half a percent, as the technology sector outperformed.
- The CAC rose a quarter of a percent, while the FTSE lost under a tenth of a percent.

USA

- US markets experienced choppy trading ahead of the release of the minutes of the Fed's last monetary policy meeting but managed to close higher.
- The Nasdaq advanced seven-tenths of a percent, followed by the S&P and the Dow, which gained four-tenths of a percent and a tenth of a percent, respectively.
- Data released by the Labor department showed that the CPI increased 0.4% in March, largely due to a spike in energy prices.

Asia

- Asian shares are trading mostly lower this morning.
- At the time of writing, the Nikkei was down two-tenths of a percent as the yen held on to recent gains and financial shares lost ground.
- Strength in Tencent continued, with the share up 1.8%. The Hang Seng fell six-tenths of a percent as consumer and industrial counters came under pressure.
- Weaker basic materials and banks weighed on the ASX; the bourse dropped six-tenths of a percent.

Developed Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	26 157,16	0,03	0,88	12,13	8,13	-6,03	↑
Nasdaq	7 964,24	0,69	3,04	20,03	12,66	-5,30	↑
S&P 500	2 888,21	0,35	1,90	15,21	9,31	-7,01	↑
DJ Eurostoxx 50	3 424,65	0,22	2,18	14,10	0,14	-14,00	↑
DAX	11 905,91	0,47	3,30	12,76	-3,16	-17,97	↑
CAC	5 449,88	0,25	1,86	15,20	3,26	-10,55	↑
FTSE	7 421,91	-0,05	1,96	10,31	2,27	-12,03	↑
ASX200	6 205,50	-0,29	0,40	9,90	6,46	-6,84	↑
Nikkei 225	21 686,74	-0,00	2,27	8,35	-0,00	-14,85	↑
MSCI World	2 147,99	0,22	1,91	14,02	3,14	-10,97	↑

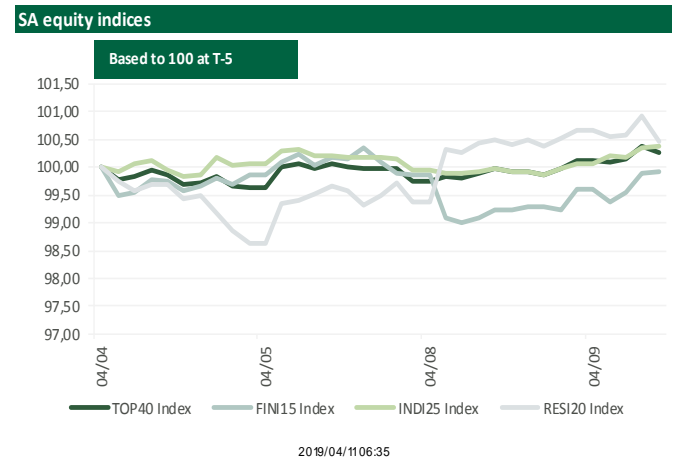
Emerging Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Hang Seng	29 841,01	-0,92	2,72	15,46	-3,42	-15,30	↑
Shanghai	3 197,90	-1,36	3,47	28,23	-0,32	-25,52	↑
Brazil Bovespa	95 953,45	-0,35	0,56	9,18	12,56	12,83	↑
India - NSE	38 611,29	0,07	-0,16	7,05	13,76	6,67	↓
Russia Micex	2 578,58	0,32	3,26	8,83	17,63	9,55	↑
MSCI Emerging	1 096,05	0,24	3,58	13,49	-6,76	-18,02	↑

SA Indices	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
JSE All Share	58 411,65	0,99	3,45	10,76	3,99	-11,71	↑
Top 40	52 161,05	1,16	3,75	11,63	5,43	-11,54	↑
Resi 10	48 275,90	-0,46	2,97	17,61	34,92	12,01	↑
Indi 25	71 536,86	1,80	3,80	12,33	-2,24	-20,20	↑
Fini 15	17 019,27	1,66	4,66	3,90	-1,56	-6,54	↑

Source: Bloomberg & Nedbank CIB

Time 2019/04/11 06:35

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
15 April 2019		
ACG	Anchor Group Ltd	dividend @ 10cps
AVI	AVI Limited	dividend @ 165cps
BRN	Brimstone Investment Corp Ltd N	dividend @ 45cps
BRT	Brimstone Investment Corp Ltd	dividend @ 45cps
CPI	Capitec Bank Ltd	dividend @ 1120cps
DTA	Delta EMD Limited	dividend @ 70cps
MFL	Metrofile Holdings Ltd	dividend Option @ 5cps or 3.48319 per 100 held
MTA	Metair Investments Ltd	dividend @ 100cps
TLM	Telemasters Holdings Ltd	dividend @ 1cps
TRL	Trellidor Holdings Ltd	dividend @ 9.1cps

SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
16 April 2019		
CCO	Capital Counties Properties PLC	dividend @ 18.39590cps or 1 new per 245.69627 held

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	161,17	2,58	5,96	-0,40	-8,94	-11,08	↑
AGL : Anglo American Plc	403,73	0,15	4,64	25,28	41,76	26,07	↑
AMS : Anglo American Platinum Ltd	812,54	-3,94	10,38	51,05	160,58	52,19	↑
ANG : Anglogold Ashanti Ltd	191,72	-1,76	0,07	5,49	65,42	41,31	↑
APN : Aspen Pharmacare Holdings Lt	99,00	1,10	6,47	-26,57	-61,72	-51,42	↑
BHP : Bhp Group Plc	353,61	-0,27	1,78	22,16	50,32	21,24	↑
BID : Bid Corp Ltd	290,50	1,30	-2,52	9,62	7,62	-11,96	↓
BTI : British American Tobacco Plc	565,82	-0,59	-5,36	20,57	-21,65	-43,42	↓
BVT : Bidvest Group Ltd	210,61	1,79	8,84	1,82	-10,23	-5,15	↑
CFR : Financiere Richemont-Dep Rec	97,92	0,05	-6,45	4,56	-12,57	-16,20	↓
CLS : Clicks Group Ltd	178,50	2,84	-3,10	-6,76	-4,83	5,70	↓
CPI : Capitec Bank Holdings Ltd	1403,75	2,19	3,98	25,56	64,44	1,83	↑
DSY : Discovery Ltd	143,36	1,77	4,80	-10,28	-16,01	-14,09	↑
FSR : Firststrand Ltd	67,11	4,31	6,59	2,36	2,52	-2,51	↑
GFI : Gold Fields Ltd	55,05	-1,26	3,32	11,57	18,98	-8,80	↑
GRT : Growthpoint Properties Ltd	24,37	1,54	-0,20	4,59	-13,67	-15,76	↓
INL : Investec Ltd	88,71	2,06	5,18	12,29	-5,63	-11,95	↑
INP : Investec Plc	87,94	1,35	5,46	10,39	-7,58	-11,25	↑
MCG : Multichoice Group Ltd	131,10	1,85	8,62				↑
MND : Mondi Ltd	322,64	0,92	1,21	4,22	5,00	-3,04	↑
MNP : Mondi Plc	322,69	1,72	1,51	6,12	5,09	-4,78	↑
MRP : Mr Price Group Ltd	210,86	7,42	11,26	-14,34	-22,48	0,52	↑
MTN : Mtn Group Ltd	93,35	1,36	5,34	4,89	-19,13	-34,85	↑
NED : Nedbank Group Ltd	266,62	4,55	6,12	-2,95	-6,61	7,27	↑
NPN : Naspers Ltd-N Shs	3 601,66	2,17	8,09	28,42	23,68	-16,19	↑
NRP : Nepi Rockcastle Plc	119,08	1,43	-1,94	5,38	-10,47	-47,09	↓
NTC : Netcare Ltd	24,25	2,41	3,85	-6,83	-11,10	5,09	↑
OMU : Old Mutual Ltd	23,07	1,94	5,49	2,99			↑
PSG : Psg Group Ltd	270,00	1,91	3,25	10,29	23,92	-9,33	↑
RDF : Redefine Properties Ltd	10,01	2,88	3,20	3,52	-12,65	-9,63	↑
REM : Remgro Ltd	193,55	3,03	4,47	-0,61	-11,20	-17,48	↑
RMH : Rmb Holdings Ltd	81,04	3,57	6,66	2,71	6,49	-0,34	↑
SAP : Sappi Limited	68,26	0,18	2,42	-16,40	-11,50	-8,77	↑
SBK : Standard Bank Group Ltd	194,70	3,51	5,11	8,89	-6,81	-8,61	↑
SHP : Shoprite Holdings Ltd	169,84	4,67	7,08	-10,68	-30,54	-14,03	↑
SLM : Sanlam Ltd	77,53	3,47	5,11	-2,84	-4,52	-8,28	↑
SOL : Sasol Ltd	467,32	0,32	3,85	9,96	10,43	-0,74	↑
SPP : Spar Group Limited/The	201,00	4,23	4,75	-3,13	-0,52	2,05	↑
TBS : Tiger Brands Ltd	268,41	0,73	1,29	-1,96	-31,00	-40,48	↑
TFG : The Foschini Group Ltd	176,01	3,23	7,98	5,88	-15,80	-15,76	↑
VOD : Vodacom Group Ltd	114,47	2,21	2,73	-13,28	-22,94	-9,39	↑
WHL : Woolworths Holdings Ltd	47,80	3,49	2,84	-13,23	-22,60	-15,65	↑

Source: Bloomberg & Nedbank CIB

Time 2019/04/11 06:35

US

- US CPI surged to 1.9% y/y in March, from 1.5% in February, ahead of consensus of 1.8%. In the last few months energy price disinflation has been weighing on the inflation outlook. However, the recent surge in the international oil price has resulted in energy inflation surging over the month, lifting CPI. Higher services inflation, transportation costs, prices of medical care all added to the upside in CPI in March. Despite the surge in headline inflation, we saw core, underlying inflationary pressures remaining muted, with core CPI falling to 2% from 2.1% in February.
- FOMC minutes: Fed policymakers are grappling with significant uncertainty (with global headwinds combined with low inflation) and have indicated that they believe the Fed Funds rate could shift in either direction given the fluidity of global developments. Of its key concerns are the Brexit developments (or lack thereof given the recently announced 6 month extension), weak consumer spending in the US and the possibility of deeper slowdowns in Europe and China. Therefore, the tone of the minutes were fairly dovish, with the ultimate decision to keep the target range unchanged this year given the uncertain global and local outlooks. Despite the headwinds, the Fed is still anticipating continued growth, low unemployment levels and for inflation to stay close to the 2% target.

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.

Europe

- The ECB left interest rates unchanged and maintained its dovish stance, with further commitments to cheap funding (TLTRO's) in the latter part of the year in order to support the economy. Draghi had indicated that the ECB stands ready to act using all policy tools available in order to prevent a deeper economic slowdown.
- It continued to stress that the weak growth from last year is filtering into the current year and that growth risks are to the downside as a result of global risks, trade concerns, weaker export growth, protectionist policies and Brexit uncertainty.
- The ECB also expected inflation to decline in coming months and it doesn't see inflation reaching its 2% target over the medium term but remains committed to restoring inflation to its 2% target. The ECB has not made a decision on whether to adopt negative loan rates, with this decision deferred to future meetings.
- The major concern from a growth perspective is the sharp slowdown in the German economy – the Eurozone's largest – as a result of a contraction in export orders due to weak global trade.

Synopsis: The ECB has had to buckle under pressure, after the economy showed significant cracks as a result of trade tensions and weak global demand. As a result, more stimulus was pledged until at least March 2020, and the monetary policy rhetoric has reverted to accommodation, just three months after the ECB ended its bond-buying programme. The global central bank sentiment has shifted more dovish as a result of weak inflationary pressure, and deteriorating growth, therefore it is

UK

- UK industrial production growth rose to 0.1% y/y in February, from -0.3% in January, a welcome surprise relative to consensus of -0.9%. Production of durables, non-durables and intermediate goods surged, mining and quarrying activity improved sharply, with output of oil and gas also showed significant improvement.
- There has been indications that UK businesses and consumers are 'stockpiling' inventories as a result of an uncertain Brexit outcome. Indeed, global PMI's are still weak, export activity has fallen sharply, hence the UK stands out as an anomaly with sharp improvements in industrial output seen recently.

Synopsis: Like other central banks, the BOE has done an about-turn in its monetary policy stance, however this was more as a result of the fall in growth as a result of the uncertainty surrounding Brexit. Its inflation forecasts have come down, and is expected to decline below 2% as a result of low fuel costs in the near term while remaining elevated in the long run. However, Governor Carney still indicated that the possibility of rate hikes should not be discounted. Brexit negotiations remains a key risk to the growth and inflation outlook – markets are not expecting any hikes from the BOE over the next 18 months.

China

- Chinese CPI rose sharply in March, to 2.3% y/y, from 1.5% in February, in line with consensus – the February and March period always presents distorted economic data as a result of the week-long lunar New Year holiday which results in sharply higher food inflation. In fact, food and tobacco inflation was the only upward drivers of inflation in March, with all other category of goods and services inflation remaining quite subdued. The PBOC does tend to look past these anomalies, with inflation likely settling well below the 3% target this year.
- PPI rose to 0.4% y/y in March, from 0.1% in February, in line with expectations. The uptick was driven by higher goods price inflation, as prices of mining products, food and clothing surged.

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.

SA

- The SACCI business confidence index fell to 91.8 points in March, from 93.4 in February, worse than consensus of 93. The index is currently at a six-month low, weighed by policy uncertainty, energy constraints, weak domestic demand and limited investment. Of the 13 subcomponents, four deteriorated, four improved, while the balance remained unchanged.
- Factors weighing negatively on confidence levels were weak retail sales and the rand exchange rate, load shedding, a decline in manufacturing production and lower precious metal prices. On the other hand, construction activity improved in March, along with merchandise trade, with low inflation and higher share prices keeping the index from a free-fall.

Synopsis: We believe business confidence may remain downbeat over the medium term, as a result of continued load shedding expected in 2H19 and weak domestic demand. While SACCI anticipates some form of policy certainty to emerge after elections and for this to support confidence levels, we concur with the IMF that this is unlikely to take place and that policy malaise is likely to remain a feature for the rest of the year. Nedbank anticipates real GDP growth of 0.9% this year, with downside risks still on the radar, particularly if load shedding intensifies.

ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
10-April							
01:50 AM	JN	Machine Orders YoY	FEB	-4,55%	-5,50%	-2,90%	-
01:50 AM	JN	PPI YoY	MAR	1,00%	1,30%	0,80%	0,90%
10:30 AM	UK	Industrial Production YoY	FEB	-0,90%	0,10%	-0,90%	-0,30%
10:30 AM	UK	Manufacturing Production YoY	FEB	-0,60%	0,60%	-1,10%	-0,70%
10:30 AM	UK	Trade Balance	FEB	GBP -3789m	GBP -4860m	GBP -3825m	GBP -5345m
11:38 AM	SA	SACCI Business Confidence	MAR	93,0	91,8	93,4	-
01:00 PM	US	MBA Mortgage Applications	FEB 23	-	-5,60%	18,60%	-
01:45 PM	EC	ECB Deposit Facility Rate	APR 10	-0,40%	-0,40%	-0,40%	-
01:45 PM	EC	ECB Main Refinancing Rate	APR 10	0,00%	0,00%	0,00%	-
01:45 PM	EC	ECB Marginal Lending Facility	APR 10	0,25%	0,25%	0,25%	-
02:30 PM	US	CPI YoY	MAR	1,80%	1,90%	1,50%	-
02:30 PM	US	Real Avg Weekly Earnings YoY	MAR	-	1,30%	1,60%	-
02:30 PM	US	Real Avg Hourly Earning YoY	MAR	-	1,30%	1,90%	-
08:00 PM	US	Monthly Budget Statement	MAR	USD -181,0b	USD -146,9b	USD -234,0b	-
08:00 PM	US	FOMC Meeting Minutes	MAR 20	-	0	-	-
11-April							
01:50 AM	JN	Money Stock M3 YoY	MAR	2,10%	2,10%	2,10%	-
03:30 AM	CH	CPI YoY	MAR	2,30%	2,30%	1,50%	-
03:30 AM	CH	PPI YoY	MAR	0,40%	0,40%	0,10%	-
08:00 AM	GE	CPI YoY	MAY F	1,30%	-	1,30%	-
11:30 AM	SA	Mining Production YoY	FEB	-2,50%	-	-3,30%	-
11:30 AM	SA	Gold Production YoY	FEB	-	-	-22,50%	-
11:30 AM	SA	Platinum Production YoY	FEB	-	-	28,10%	-
01:00 PM	SA	Manufacturing Prod NSA YoY	FEB	0,50%	-	0,30%	-
02:30 PM	US	PPI Final Demand YoY	MAR	1,90%	-	1,90%	-
12-April							
12:00 AM	CH	Exports YoY CNY	MAR	6,30%	-	-16,60%	-
12:00 AM	CH	Imports YoY CNY	MAR	2,60%	-	-0,30%	-
12:00 AM	CH	Imports YoY	MAR	0,20%	-	-5,20%	-
12:00 AM	CH	Exports YoY	MAR	6,5%	-	-20,8%	-
12:00 AM	CH	Trade Balance CNY	MAR	CNY 76,6b	-	CNY 34,5b	-
12:00 AM	CH	Trade Balance	MAR	USD 5,7b	-	USD 4,1b	-
08:00 AM	GE	Wholesale Price Index YoY	MAR	-	-	1,60%	-
11:00 AM	EC	Industrial Production WDA YoY	FEB	-0,90%	-	-1,10%	-
04:00 PM	US	U. of Mich. Sentiment	APR P	98,1	-	98,4	-
15-April							
10:00 PM	US	Net Long-term TIC Flows	FEB	-	-	USD -7,2b	-
10:00 PM	US	Total Net TIC Flows	FEB	-	-	USD -143,7b	-

Source: Bloomberg 2019/04/11 06:34

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