

DAILY MARKET COMMENTARY

02 May 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)	SAGB curve steepens in the back-end as a result of greater supply, thin liquidity
(Currencies)	Rand trades weaker after neutral FOMC
(Commodities)	Oil extended losses after a bigger-than-expected jump in U.S. stockpiles overshadowed a deepening crisis in Venezuela and the prospect of OPEC and its allies extending their production cuts
(Equities)	Global equity markets experienced thin volumes, with many markets closed for bank holidays and focus shifting to the US FOMC meeting
(Economics)	SA budget balance deteriorates, deficit widens, trade balance surprises to the upside in March; Eurozone GDP growth rises in Q1 preliminary print; US consumer confidence rises in April, ADP payrolls remains upbeat

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
30/04	EZ	GDP	0.4%/0.3%/0.2%	Advance GDP growth for Q1 surprises to the upside as concerns over Germany eased
30/04	SA	Budget and trade balances	--	Small budget deficit posts larger in March, as revenues disappoint; trade balance show small surplus on lower imports
01/05	Global	Manufacturing PMIs	--	Preliminary PMIs for April shows some improvement as a result of better trade activity
01/05	US	ADP and Fed FOMC	--	Strong labour market and upward surprise to GDP growth causes the Fed to acknowledge fewer downside risks
02/05	UK	BOE interest rate decision	--/0.75%/0.75%	BOE likely to maintain cautious bias amid uncertainty over Brexit and global risks

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 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
R208-1,9 yrs	6,78	-1,05	-1,05	-21,35	-64,65	↓
R186-7,6 yrs	8,53	0,10	0,10	-34,00	19,70	↑
R2048-28,8 yrs	9,73	0,20	0,20	-16,90	53,00	↑
US10 yr	2,50	-0,00	-0,19	-18,43	-46,64	↓
UK 10 yr	1,15	-3,50	-3,50	-12,70	-25,50	↓
German 10 yr	0,01	0,00	0,00	-22,90	-54,60	→
Japan 10 yr	-0,04	0,00	0,00	-4,30	-8,30	→

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)	4,50		40,00	0,00	70,00	↑
SA 3m JIBAR	7,16	0,00	0,80	0,80	25,80	↑
SA 3m NCD	7,13	0,00	-2,50	0,00	22,50	↓
SA 6m NCD	7,70	0,00	0,00	-5,00	32,50	→
SA 12m NCD	8,15	0,00	0,00	-17,50	32,50	→
US3m LIBOR	2,58	-0,01	-0,01	-23,21	22,18	↓
UK 3m LIBOR	0,82	0,24	0,24	-9,32	11,29	↑
Japan 3m LIBOR	-0,07	0,00	0,00	0,77	-3,30	→

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	0,00	-0,50	-10,50	26,50	↓
6X9 FRA	7,08	0,00	4,00	3,00	4,00	↑
9X12 FRA	7,07	0,00	1,00	-26,50	23,50	↑
18X21 FRA	7,19	0,00	0,50	-27,50	20,50	↑
SA 2yr Swap	7,13	-1,00	0,00	-21,00	27,50	→
SA 3yr Swap	7,22	-0,50	0,00	-23,00	24,50	→
SA 5yr Swap	7,48	0,00	0,00	-19,50	15,50	→
SA 10yr Swap	8,04	0,50	0,50	-15,50	23,50	↑
SA 15yr Swap	8,30	1,50	0,00	-16,50	29,00	→

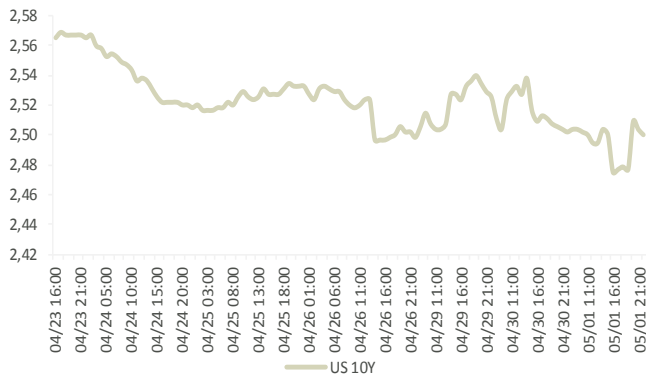
Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
2v10y	-0,91	-1,50	-0,50	-5,50	4,00	↓
3v10y	-0,82	-1,00	-0,50	-7,50	1,00	↓
R186-R208	1,75	1,15	1,15	-12,65	84,35	↑
R2048-R186	1,20	0,10	0,10	17,10	33,30	↑
5y-R186	-1,06	-0,10	-0,10	14,50	-4,20	↓
10y-R186	-0,50	0,40	0,40	18,50	3,80	↑
15y-R186	-0,23	1,40	-0,10	17,50	9,30	↓
SA 5yr CDS spread - basis points	186,88	-0,33	-0,30	-36,07	21,36	↓

Source: Bloomberg & Nedbank CIB

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US 10 year yield

US 10 year yield

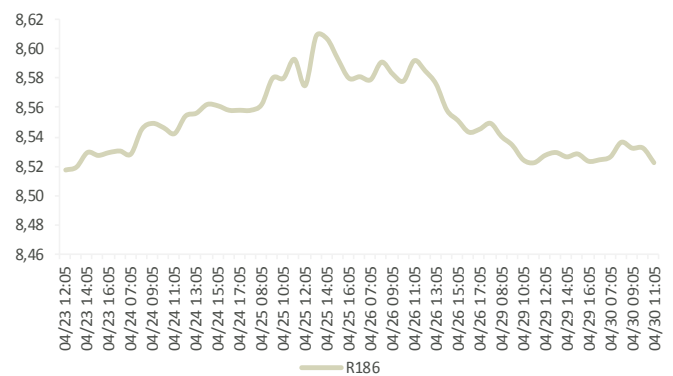


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Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



2019/05/02 07:39

Source: Bloomberg, Nedbank

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- The local unit opened on Tuesday trading at 14.3450. With a shortened week locally, the rand remained range-bound for most of the session. Ahead of the FOMC, it traded up to a worst level of 14.3875 early in the session; thereafter, the markets favoured some risk appetite, and the rand was able to trade to a best level of 14.2750 in the afternoon session. The FOMC minutes noted a removal of the dovish tone from previous meetings, which initially helped the USD across the board, but there was no real follow-through, with the EUR dropping to the 1.1180 area before rebounding above 1.1200, which is where it opened this morning. The rand seemed to take the brunt of the USD strength after the FOMC, trading to 14.4725 overnight. It opened this morning trading at 14.4300. The EURZAR opened at 16.1700, and the GBPZAR opened at 18.8400.
- International markets saw the EUR extend its gains as Eurozone first-quarter growth numbers exceeded expectations. The EUR broke the 1.1200 handle and traded to 1.1229 ahead of the FOMC. As mentioned earlier, the EUR did drop back towards 1.1180, but this morning, it opened back above the 1.1200 mark and is currently trading at 1.1207. The GBP experienced a very good trading session as reports of progress in Brexit talks emerged. After opening at 1.2943, it traded to 1.3050. This morning, it is holding on to gains made, opening at the previous session's high. Gold opened USD10 softer than at the close on Tuesday and is currently trading at USD1,284.
- On the data front, we have a number of US data releases scheduled for today: jobless claims, productivity, and factory and durable goods. Market focus will likely remain on US NFP data tomorrow.
- Possible trading range for the rand today: 14.3500-14.5500.

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1,31	-0,22	0,08	2,40	-4,04	↕	USD weakness
EURUSD	1,12	-0,31	-0,09	-2,14	-6,36	↕	USD strength
USDJPY	111,54	0,34	0,20	-1,69	1,51	↕	USD strength
USDAUD	1,42	0,18	0,44	0,32	6,85	↕	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14,43	0,40	0,67	0,33	12,44	↕	ZAR weakness
GBPZAR	18,83	0,18	0,75	2,62	8,76	↕	ZAR weakness
EURZAR	16,17	0,09	0,58	-1,85	6,49	↕	ZAR weakness
AUDZAR	10,13	0,22	0,24	-0,05	6,45	↕	ZAR weakness
ZARJPY	7,73	-0,01	-0,43	1,38	-12,48	↕	ZAR weakness

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	51,01	-0,24	-0,59	0,65	-12,58	↕	ZAR weakness
ZARBWP (Botswana pula)	0,74	-0,09	-0,38	-0,17	-5,66	↕	ZAR weakness
ZARKES (Kenyan shilling)	7,01	-0,41	-0,67	-1,01	-13,12	↕	ZAR weakness
ZARMUR (Mauritian rupee)	2,43	-0,55	0,19	2,00	-11,21	↕	ZAR strength
ZARNGN (Nigerian naira)	25,00	-0,43	-0,68	-1,05	-14,14	↕	ZAR weakness
ZARGHS (Ghanian cedi)	0,36	-0,42	-0,67	5,45	0,70	↕	ZAR weakness
ZARZMW (Zambian kwacha)	0,88	-0,41	-0,49	6,20	10,69	↕	ZAR weakness
ZARMZN (Mozambican metical)	4,44	-0,41	-0,68	4,78	-6,61	↕	ZAR weakness

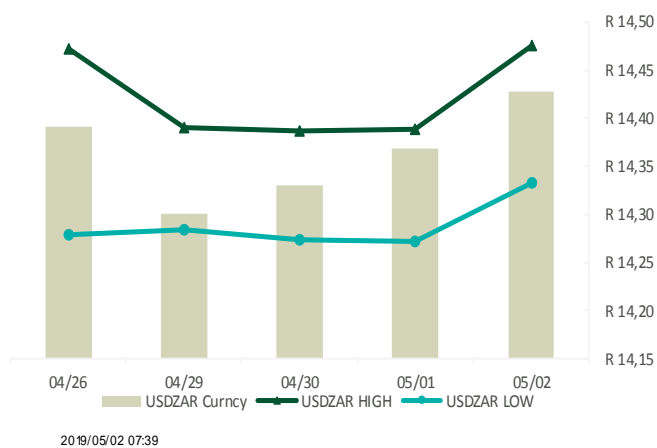
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3,92	-0,61	0,00	0,96	10,53	↔	USD weakness
USDTRY (Turkish Lira)	5,96	0,30	-0,07	11,26	30,28	↕	USD weakness
USDMXN (Mexican Peso)	18,98	0,67	-0,03	-3,61	-0,27	↕	USD weakness
USDINR (Indian Rupee)	69,55	-0,03	-0,03	-0,32	4,14	↕	USD weakness
USDRUB (Russian Ruble)	64,77	0,01	0,12	-7,12	1,31	↕	USD strength

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

USDZAR

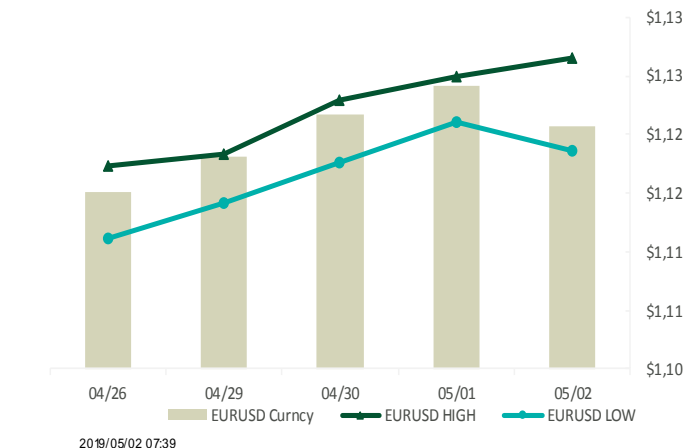
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high, low)



Source: Bloomberg, Nedbank

- Oil extended losses below \$64 a barrel after a bigger-than-expected jump in U.S. stockpiles overshadowed a deepening crisis in Venezuela and the prospect of OPEC and its allies extending their production cuts.
- Gold held a decline as Federal Reserve Chairman Jerome Powell pushed back against pressure for interest-rate cuts from traders and President Donald Trump, damping demand for the precious metal. Powell played down recent weakness in U.S. inflation as possibly “transitory,” and said that the central bank has no bias to either tighten or ease policy after leaving its main rate unchanged at its meeting Wednesday. Spot gold -2.81% at \$1,274.68/oz, Spot silver +0.2% after as much as -0.5% earlier to lowest since Dec. 20, Platinum +0.4%, Palladium +0.3%. Base metals mixed, copper extended drop after posting its biggest decline in eight months.

Source: Bloomberg

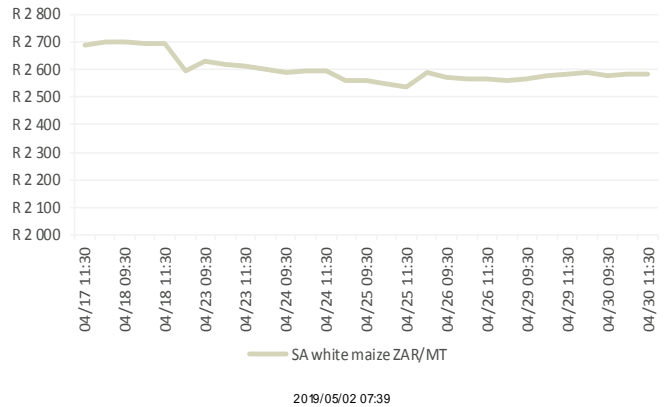
Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	71,98	-0,28	-1,13	33,79	-1,88	↓
WTI crude (\$)	63,44	-0,25	-0,74	39,70	-6,61	↓
Gold spot (\$)	1 273,98	-0,55	-0,75	-0,59	-2,41	↓
Platinum spot (\$)	865,15	-0,75	-2,91	8,80	-3,30	↓
SA white maize spot (R)	2 582,00	-0,04	0,00	-11,88	26,76	→

Source: Bloomberg & Nedbank CIB

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SA white maize

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

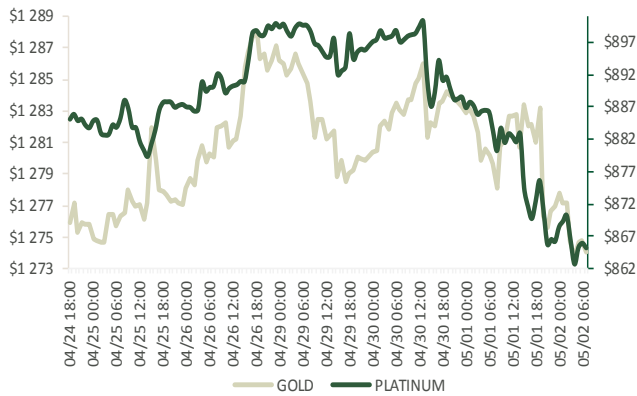


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Source: Bloomberg, Nedbank

Platinum vs Gold

Platinum vs. Gold



2019/05/02 07:39

Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



2019/05/02 07:39

Source: Bloomberg, Nedbank

Cash equities | +2711 535 4030/31

South Africa

- Local markets were closed on Wednesday for the Workers Day holiday.
- On Tuesday, the JSE got off to a slow start, eventually closing marginally lower after a lacklustre trading session.
- A few shares posted big moves, driven by earnings and overall sentiment towards the respective sectors. Rebois Property dropped over 7%, while Sun International gained over 6%.
- The value traded was R20bn, and the rand was at 14.35 to the USD.

UK/Europe

- Crude prices fell as reports showed that US stockpiles are at their highest levels in two years.
- The FTSE dropped four-tenths of a percent, weighed down by energy shares. Royal Dutch Shell and BP plc both lost over 1%.
- Sainsbury jumped close to 4% after reporting better-than-expected full-year profit.
- The German and French markets were closed for the Labour Day holiday.

USA

- US markets started the session higher, buoyed by Apple Inc. (+4.91%), which reported second-quarter earnings that beat estimates and provided upbeat guidance.
- Manufacturing data released by the Institute for Supply Management slid to 52.8 in April, hampering further gains and prompting investor caution ahead of the interest rate decision.
- The Fed kept interest rates unchanged for the third consecutive FOMC meeting.
- US markets eventually closed firmly in the red, with the Dow and S&P both losing around six-tenths of a percent and the Nasdaq losing close to eight-tenths of a percent.

Asia

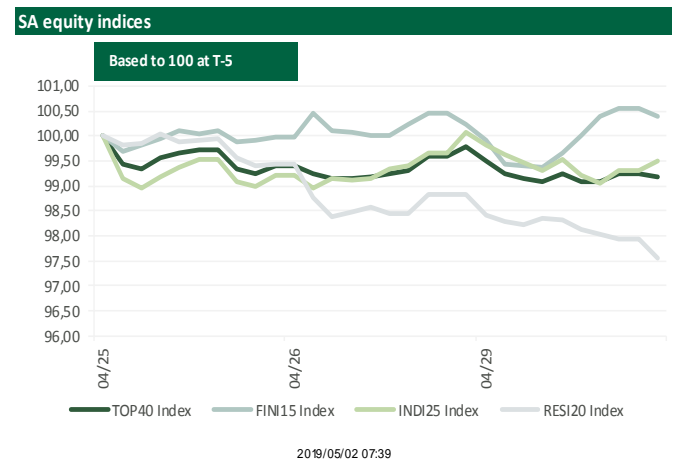
- With a few Asian markets remaining closed for the holidays, equity trading volumes remained light.
- At the time of writing, the Hang Seng was up half a percent, with further gains hampered by weaker energy shares on the back of the lower oil price.
- Banks are weighing on the ASX (-0.60%) after National Australia Bank cut its dividend.

Developed Markets	Last price	%Δ		%Δ		2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
Dow Jones	26 430,14	-0,61	-0,61	13,30	10,47	-6,03	↓	
Nasdaq	8 049,64	-0,57	-0,57	21,32	13,36	-5,30	↓	
S&P 500	2 923,73	-0,75	-0,75	16,63	10,93	-7,01	↓	
DJ Eurostoxx 50	3 514,62	0,00	0,00	17,10	-1,10	-14,00	→	
DAX	12 344,08	0,13	0,00	16,91	-2,13	-17,97	→	
CAC	5 586,41	0,10	0,00	18,09	1,19	-10,55	→	
FTSE	7 385,26	-0,44	-0,44	9,77	-2,09	-12,03	↓	
ASX200	6 329,80	-0,72	0,07	12,10	4,62	-6,84	↑	
Nikkei 225	22 258,73	-0,22	0,00	11,21	-0,93	-14,85	→	
MSCI World	2 170,03	-0,40	-0,40	15,19	4,49	-10,97	↓	
Emerging Markets	Last price	%Δ		%Δ		2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
Hang Seng	29 899,57	0,67	0,67	15,68	-2,95	-15,30	↑	
Shanghai	3 078,34	0,52	0,00	23,43	-0,13	-25,52	→	
Brazil Bovespa	96 353,33	0,17	0,00	9,63	11,89	12,83	→	
India - NSE	39 147,90	0,30	0,30	8,54	11,34	6,67	↑	
Russia Micex	2 559,32	-0,41	0,00	8,02	10,94	9,55	→	
MSCI Emerging	1 080,48	0,11	0,11	11,88	-6,16	-18,02	↑	
SA Indices	Last price	%Δ		%Δ		2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
JSE All Share	58 528,40	-0,23	0,00	10,98	0,50	-11,71	→	
Top 40	52 274,03	-0,21	0,00	11,87	1,70	-11,54	→	
Resi 10	45 937,21	-0,58	0,00	11,92	21,27	12,01	→	
Indi 25	73 365,45	-0,26	0,00	15,20	-3,34	-20,20	→	
Fini 15	17 125,87	0,26	0,00	4,55	-3,97	-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
06 May 2019		
ACT	AfroCentric Inv Corp Ltd	dividend @ 17cps
ANH	Anheuser-Busch InBev SA NV	dividend @ €1
EXX	Exxaro Resources Ltd	dividend @ 555cps
KST	PSG Konsult Limited	dividend @ 13.50cps
NTCP	Netcare Limited Pref	dividend @ 418.602740cps
WKF	Workforce Holdings Ltd	dividend @ 1.50cps
ZED	Zeder Inv Ltd	dividend @ 11cps

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	164,26	1,26	0,00	1,51	-9,98	-11,08	➔
AGL : Anglo American Plc	367,53	-1,28	0,00	14,04	21,96	26,07	➔
AMS : Anglo American Platinum Ltd	721,97	0,24	0,00	34,21	107,22	52,19	➔
ANG : AngloGold Ashanti Ltd	172,31	0,18	0,00	-5,19	46,93	41,31	➔
APN : Aspen Pharmacare Holdings Lt	102,90	1,38	0,00	-23,68	-62,34	-51,42	➔
BHP : Bhp Group Plc	337,77	-0,13	0,00	16,69	31,86	21,24	➔
BID : Bid Corp Ltd	302,07	0,02	0,00	13,99	8,06	-11,96	➔
BTI : British American Tobacco Plc	557,21	0,43	0,00	18,73	-18,21	-43,42	➔
BVT : Bidvest Group Ltd	217,10	0,43	0,00	4,96	-11,39	-5,15	➔
CFR : Financiere Richemont-Dep Rec	104,82	0,63	0,00	11,93	-13,35	-16,20	➔
CLS : Clicks Group Ltd	195,66	1,22	0,00	2,20	-9,17	5,70	➔
CPI : Capitec Bank Holdings Ltd	1336,69	-0,57	0,00	19,56	53,64	1,83	➔
DSY : Discovery Ltd	144,06	1,07	0,00	-9,84	-16,39	-14,09	➔
FSR : Firststrand Ltd	67,91	0,34	0,00	3,58	0,01	-2,51	➔
GFI : Gold Fields Ltd	53,95	0,17	0,00	9,34	8,79	-8,80	➔
GRT : Growthpoint Properties Ltd	24,88	1,55	0,00	6,78	-13,28	-15,76	➔
INL : Investec Ltd	91,35	-0,54	0,00	15,63	-10,05	-11,95	➔
INP : Investec Plc	90,34	-0,73	0,00	13,41	-11,69	-11,25	➔
MCG : Multichoice Group Ltd	128,45	3,51	0,00				➔
MND : Mondi Ltd	315,29	-0,71	0,00	1,85	-4,28	-3,04	➔
MNP : Mondi Plc	314,57	-0,77	0,00	3,45	-4,68	-4,78	➔
MRP : Mr Price Group Ltd	216,63	2,19	0,00	-11,99	-21,79	0,52	➔
MTN : Mtn Group Ltd	103,37	-0,02	0,00	16,15	-17,99	-34,85	➔
NED : Nedbank Group Ltd	266,06	0,32	0,00	-3,15	-10,11	7,27	➔
NPN : Naspers Ltd-N Shs	3655,10	-0,82	0,00	30,33	25,12	-16,19	➔
NRP : Nepi Rockcastle Plc	119,23	0,14	0,00	5,51	-10,69	-47,09	➔
NTC : Netcare Ltd	23,98	0,21	0,00	-7,86	-20,16	5,09	➔
OMU : Old Mutual Ltd	22,99	0,09	0,00	2,63			➔
PSG : Psg Group Ltd	265,08	0,66	0,00	8,28	19,20	-9,33	➔
RDF : Redefine Properties Ltd	9,85	0,72	0,00	1,86	-17,09	-9,63	➔
REM : Remgro Ltd	194,15	0,32	0,00	-0,30	-14,24	-17,48	➔
RMH : Rmb Holdings Ltd	83,48	0,31	0,00	5,80	6,30	-0,34	➔
SAP : Sappi Limited	68,18	-1,76	0,00	-16,50	-15,66	-8,77	➔
SBK : Standard Bank Group Ltd	199,00	-0,20	0,00	11,29	-7,87	-8,61	➔
SHP : Shoprite Holdings Ltd	172,34	-2,99	0,00	-9,37	-31,21	-14,03	➔
SLM : Sanlam Ltd	76,50	-0,21	0,00	-4,14	-5,56	-8,28	➔
SOL : Sasol Ltd	474,49	-0,41	0,00	11,64	4,87	-0,74	➔
SPP : Spar Group Limited/The	194,00	-0,31	0,00	-6,51	-7,62	2,05	➔
TBS : Tiger Brands Ltd	248,45	-0,42	0,00	-2,13	-31,11	-40,48	➔
TFG : The Foschini Group Ltd	184,76	0,47	0,00	11,14	-13,69	-15,76	➔
VOD : Vodacom Group Ltd	115,32	-2,34	0,00	-12,64	-27,01	-9,39	➔
WHL : Woolworths Holdings Ltd	47,71	-0,50	0,00	-13,40	-25,16	-15,65	➔

Source: Bloomberg & Nedbank CIB

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US

- ADP payrolls showed a surge in employment creation in April, with 275k jobs created from 151k previously, well ahead of consensus of 180k. Jobs were created in both the goods and services producing sectors of the economy. Among the key employers were the construction, business services, trade and transport, and leisure and hospitality industries.
- Consumer confidence surged to 129.2 points in April, from 124.2 previously, better than consensus of 126.8. Consumers are more upbeat about their present situation and prospects for the future.
- FOMC rate decision: The Fed left interest rates unchanged at the upper bound of 2.5%, with Chairman Powell indicating that the Fed does not see any strong case for moving interest rates in either direction despite markets already pricing in a rate cut this year. This is an about turn from the dovish sentiment on growth and inflation in the March meeting. The Fed speaks of transitory factors keeping inflation below its 2% target, despite wage growth and surveyed inflation remaining low.

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

- Eurozone advance GDP growth rose to 0.4% q/q in Q1, from 0.2% in the previous quarter, beating consensus of 0.3%. While the uptick was unexpected due to weakness in Germany, countries like Spain and Italy made up for the slack and buoyed regional growth as a result of strong consumer spending.
- The advance print provides little detail on the drivers of growth, however what we do know is that new export orders in Germany has waned, and this has hampered industrial production in the region. However, there is less concern over weakness in Eurozone economic activity as other economies make up for the slack emanating from Germany.

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. However the recent upside surprise in growth may cause the ECB to rethink its policy stimulus in the near term.

SA

- The SA budget balance for 2018/19 has been finalised, albeit missing the (much wider) target that was set in the 2019 Budget Speech. In March, the budget recorded a deficit of R20.3bn, from a surplus of R10.9bn in February, which is well ahead of the seasonal average deficit of R10bn for March. This implies that NT has missed its main budget deficit target of R225bn, with the deficit coming in R8bn wider at R233bn for the full year. The March figure is also significantly wider than the preliminary figures which showed a R6.6bn deficit and the adjustment came from a larger draw-down in the government's cash balances via a 'reconciliation between actual revenue and actual expenditure'.
- Looking at the detail: Revenue fell short of expectations by about R13bn (for the full fiscal year). However this came as no surprise as SARS had released its preliminary tax statistics earlier in the month which showed the decline relative to the Budget estimates. Our estimates back then pointed to R4bn of expenditure savings to obtain a net shortfall of about R9bn. Instead, NT obtained R5bn worth of expenditure savings.
- The Revenue shortfall was discussed in detail in our earlier note: https://www.nedbank.co.za/content/dam/nedbank-crp/reports/Walter-FixedIncome/FN_preliminarySARSdata_190402.pdf
- On the expenditure side, a bulk of the savings have come from National Departments – the largest departments such as Health, Basic Education, the Police and Transport have spent between 1%-2% less than the projected expenditure. The underspending was partly offset by higher debt-service costs and higher National Revenue Fund Payments.

Overall, the main budget deficit is now 4.6% of GDP, compared to 4.4% forecasted in the 2019 Budget. Should nominal GDP come in substantially lower than the R5.059trn projected in the budget (the numerator in Debt/GDP), then this ratio will obviously be larger.

- The SA trade balance showed a marginal improvement in March, with a surplus of R5bn, up from R3.9bn in February, marginally ahead of consensus of R4.8bn. Growth in exports exceeded that of imports, helping the trade surplus. Exports rose 7.5% m/m in March, and was driven by machinery and electronics, precious metals and stones and minerals. Imports rose by 6.6% over the month, and was driven by an increase in all product categories apart from textiles.
- Key export partners in March were Africa, Asia and Europe – all these regions saw modest increases in exports from SA. However exports to America continued to decline. This is quite concerning because the US is the 4th largest consumer of SA exports (preceded by the EU, China and Sub-Saharan Africa). However exports to the US are arguably dwarfed compared to exports to the other regions (SA exports to the US make up 6.6% of total exports). On the import side, SA consumed more imports from all regions apart from Africa, over the month of March. Sharp increases in imports from Europe and America were noted.

Overall, SA runs a deficit of R3.8bn for the YTD, compared to R18.7bn in the same period last year. Weak imports, and possibly larger portfolio flows may result in a current account deficit of 3.3% of GDP, relative to 3.7% recorded in 2018.

ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
01-May							
10:30 AM	UK	Markit UK PMI Manufacturing SA	APR	53,0	53,1	55,1	-
10:30 AM	UK	M4 Money Supply YoY	MAR	-	2,20%	1,20%	1,30%
10:30 AM	UK	Net Consumer Credit	MAR	GBP 1,00b	GBP 0,55b	GBP 1,10b	GBP 1,20b
01:00 PM	US	MBA Mortgage Applications	FEB 23	-	-4,30%	-7,30%	-
02:15 PM	US	ADP Employment Change	APR	180k	275k	129k	151k
03:45 PM	US	Markit US Manufacturing PMI	APR F	52,4	52,6	52,6	-
04:00 PM	US	ISM Manufacturing	APR	55,0	52,8	55,3	-
08:00 PM	US	FOMC Rate Decision (Upper Bound)	MAY 1	2,50%	2,50%	2,50%	-
08:00 PM	US	FOMC Rate Decision (Lower Bound)	MAY 1	2,25%	2,25%	2,25%	-
02-May							
12:00 AM	SA	Naamsa Vehicle Sales YoY	APR	-2,3%	-3,1%	-3,1%	-
08:00 AM	GE	Retail Sales YoY	MAR	2,90%	-	4,70%	-
09:55 AM	GE	Markit/BME Germany Manufacturing PMI	APR F	44,5	-	44,5	-
10:00 AM	EC	Markit Eurozone Manufacturing PMI	APR F	47,8	-	47,8	-
11:00 AM	SA	Barclays Manufacturing PMI	APR	45,8	-	45,0	-
01:00 PM	UK	Bank of England Bank Rate	MAY 2	0,75%	-	0,75%	-
01:00 PM	UK	BOE Asset Purchase Target	MAY	GBP 435b	-	GBP 435b	-
01:00 PM	UK	BOE Corporate Bond Target	MAY	GBP 10b	-	GBP 10b	-
04:00 PM	US	Factory Orders	MAR	1,5%	-	-0,5%	-
04:00 PM	US	Factory Orders Ex Trans	MAR	-	-	0,3%	-
03-May							
10:30 AM	UK	Markit/CIPS UK Services PMI	APR	50,3	-	48,9	-
11:00 AM	EC	CPI Core YoY	APR A	1,00%	-	0,80%	-
11:00 AM	EC	PPI YoY	MAR	3,0%	-	3,0%	-
11:00 AM	EC	CPI Estimate YoY	APR	1,60%	-	1,40%	-
02:30 PM	US	Wholesale Inventories MoM	MAR P	0,20%	-	0,20%	-
02:30 PM	US	Average Hourly Earnings YoY	APR	3,3%	-	3,2%	-
02:30 PM	US	Change in Nonfarm Payrolls	APR	190k	-	196k	-
02:30 PM	US	Labor Force Participation Rate	APR	63,0%	-	63,0%	-
02:30 PM	US	Unemployment Rate	APR	3,8%	-	3,8%	-
02:30 PM	US	Advance Goods Trade Balance	MAR	USD -73,0b	-	00:00	-
03:45 PM	US	Markit US Services PMI	APR F	52,9	-	52,9	-
06-May							
03:45 AM	CH	Caixin China PMI Services	APR	54,5	-	54,4	-
09:55 AM	GE	Markit Germany Services PMI	APR F	-	-	55,6	-
10:00 AM	EC	Markit Eurozone Services PMI	APR F	-	-	52,5	-
10:30 AM	EC	Sentix Investor Confidence	MAY	-	-	-0,3	-
11:00 AM	EC	Retail Sales YoY	MAR	-	-	2,8%	-

Source: Bloomberg 2019/05/02 07:39

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