

# DAILY MARKET COMMENTARY

24 May 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)	SAGB yield curve bull steepens as front end moves lower, prompted by dovish MPC
(Currencies)	The rand trades on the back foot
(Commodities)	Oil headed for its biggest weekly drop since December as the rapidly escalating trade war caused investors to reassess the outlook for global growth
(Equities)	The JSE and global markets trade sharply lower as US-China trade wars and Brexit concerns weigh on sentiment
(Economics)	SARB turns more dovish as QPM reflects a cut; Japanese data this morning

## KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
23/05	SA	SARB MPC	6.75%/6.75%/6.75%	SARB holds rates, but changes tone to one of significant dovishness as QPM reprices to reflect a cut
24/05	UK	Retail sales	--/4.5%/6.7%	Retail activity may continue to grow strongly as consumers prepare for the uncertainty over Brexit conditions
24/05	US	Durable goods orders	--/-2%/2.6%	Preliminary orders likely to provide some insight into Q2 growth in the US, weaker quarter expected due to a slump in business investment and trade uncertainty
30/05	SA	Monthly Budget	--/--/-20.3b	A deficit that is wider than the seasonal average of R35bn would concern us
30/05	US	GDP	--/3.1%/3.2%	Growth may be revised lower in second print as spending and net exports were weak

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 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
R208-1.9 yrs	6.57	-0.51	-22.31	-42.61	-93.31	↓
R186-7.6 yrs	8.37	-0.20	-15.70	-49.80	-6.80	↓
R2048-28.8 yrs	9.67	-0.15	-6.25	-23.35	34.65	↓
US 10 yr	2.33	0.61	-17.72	-35.96	-65.24	↓
UK 10 yr	0.95	-6.20	-23.20	-32.40	-48.60	↓
German 10 yr	-0.12	-3.40	-13.30	-36.20	-62.70	↓
Japan 10 yr	-0.07	-1.30	-3.20	-7.50	-12.10	↓

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)	4.40		-10.00	-10.00	-10.00	↓
SA 3m JIBAR	7.14	-1.60	-1.60	-0.80	24.20	↓
SA 3m NCD	7.13	-2.50	-2.50	0.00	22.50	↓
SA 6m NCD	7.65	-1.25	-5.00	-10.00	22.50	↓
SA 12m NCD	8.05	0.00	-10.00	-27.50	17.50	↓
US 3m LIBOR	2.52	-0.41	-5.50	-28.70	19.06	↓
UK 3m LIBOR	0.80	-0.31	-2.11	-11.67	17.68	↓
Japan 3m LIBOR	-0.08	-0.93	-1.08	-0.32	-4.32	↓

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	7.03	1.00	-8.00	-18.00	15.00	↓
6X9 FRA	6.92	0.00	4.00	3.00	4.00	↑
9X12 FRA	6.87	-1.00	-18.50	-46.00	-4.00	↓
18X21 FRA	6.96	2.00	-22.50	-50.50	-16.50	↓
SA 2yr Swap	6.96	-6.60	-16.50	-37.50	-0.50	↓
SA 3yr Swap	7.02	-6.50	-19.50	-42.50	-10.00	↓
SA 5yr Swap	7.26	-5.50	-22.00	-41.50	-18.50	↓
SA 10yr Swap	7.85	-4.00	-18.50	-34.50	-8.50	↓
SA 15yr Swap	8.11	-4.20	-19.20	-35.70	-9.20	↓

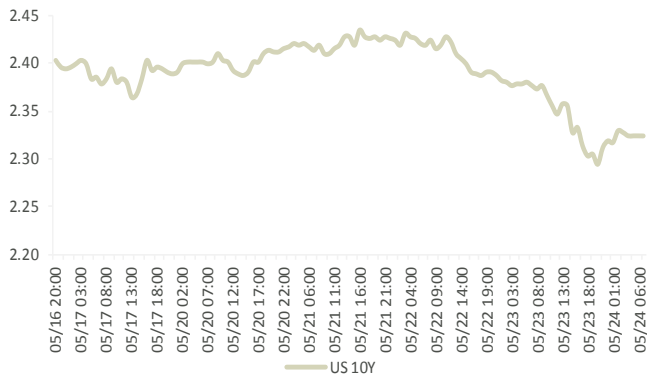
Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
2v10y	-0.89	-2.60	2.00	-3.00	8.00	↑
3v10y	-0.83	-2.50	-1.00	-8.00	-1.50	↓
R186-R208	1.81	0.31	6.61	-7.19	86.51	↑
R2048-R186	1.29	0.05	9.45	26.45	41.45	↑
5y-R186	-1.12	-5.30	-6.30	8.30	-11.70	↓
10y-R186	-0.53	-3.80	-2.80	15.30	-1.70	↓
15y-R186	-0.27	-4.00	-3.50	14.10	-2.40	↓
SA 5yr CDS spread - basis points	196.69	-0.91	9.51	-26.26	30.68	↑

Source: Bloomberg & Nedbank CIB

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## US 10 year yield

### US 10 year yield

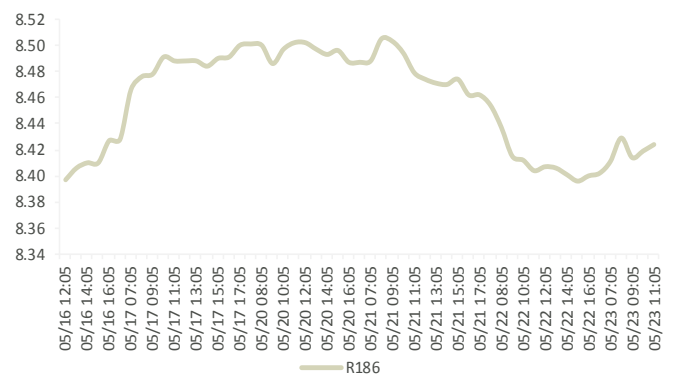


Time 2019/05/24 07:13

Source: Bloomberg, Nedbank

## SA 10 year yield

### SA 10 year yield



Time 2019/05/24 07:13

Source: Bloomberg, Nedbank

Business Banking FX | +27 11 535 4003 | Corporate FX | +2711 535 4002 | Institutional FX | +2711 535 4005

- Yesterday, the local session opened with the rand trading around the 14.4000 level. Steady USD demand saw the rand trade steadily weaker ahead of the MPC meeting. Although interest rates were left unchanged, the rand lost ground as comments regarding Eskom's defaults and the local economy's vulnerability to the China-US trade war saw it breach above the 14.5000 level, reaching a high of 14.5350, before closing the day at 14.4625. This morning, the rand is currently trading at 14.4875, the EURZAR is trading at 16.1998 and the GBPZAR at 18.3410.
- The international markets were largely on the back foot relative to the USD, with the EURUSD trading down to a low of 1.1110 on the day, before recovering the day's losses going into the time of the local close. This morning, it has continued to post gains to reach 1.1185 currently. The GBPUSD, after trading to a low of 1.2605, closed the session at 1.2665, where it currently trades. Gold posted some gains as the USD recovered and is currently trading at 1,284.50, some USD10 firmer than the same time yesterday.
- Data releases scheduled for today: no local releases, but S&P is scheduled to review SA; nothing from Europe; from the UK, we have retail sales; and from the US, we have durable goods orders.
- Although the markets expected an unchanged rate scenario from the SARB MPC, the 3-2 committee split in favour of the decision was closer than expected. The weaker rand was partly due to the aforementioned comments and various external factors. This morning, it opens close to the highs posted yesterday.
- Possible trading range for the rand today: 14.3500 to 14.6500

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.27	-0.14	-2.93	-0.67	-5.42	↓	USD strength
EURUSD	1.12	0.00	-0.31	-2.36	-4.69	↓	USD strength
USDJPY	109.57	0.05	-1.60	0.08	0.22	↓	USD weakness
USDAUD	1.45	0.16	2.37	2.24	9.93	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14.48	0.24	1.06	0.72	14.34	↑	ZAR weakness
GBPZAR	18.34	0.13	-1.91	0.00	9.45	↓	ZAR strength
EURZAR	16.20	0.24	0.76	-1.68	10.14	↑	ZAR weakness
AUDZAR	9.98	0.10	-1.28	-1.57	5.83	↓	ZAR strength
ZARJPY	7.56	-0.19	-2.62	-0.76	-16.49	↓	ZAR weakness

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	51.37	-0.27	0.11	1.34	-13.91	↑	ZAR strength
ZARBWP (Botswana pula)	0.75	-0.24	-0.27	-0.07	-7.25	↓	ZAR weakness
ZARKES (Kenyan shilling)	6.99	-0.24	-0.95	-1.29	-16.42	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.44	-0.32	0.66	2.47	-16.06	↑	ZAR strength
ZARNGN (Nigerian naira)	24.82	-0.29	-1.42	-1.80	-16.69	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.37	-0.27	2.19	8.13	-0.46	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.89	-5.70	0.29	6.93	7.02	↑	ZAR strength
ZARMZN (Mozambican metical)	4.33	-0.06	-3.26	2.35	-11.61	↓	ZAR weakness

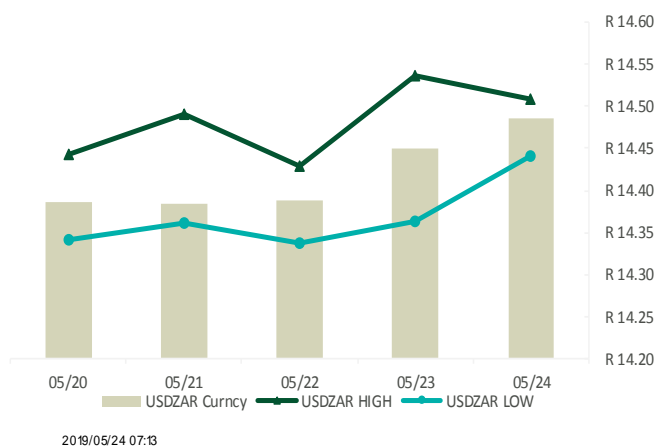
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	4.04	0.01	3.00	3.93	10.18	↑	USD strength
USDTRY (Turkish Lira)	6.12	0.40	2.47	13.52	22.88	↑	USD strength
USDMXN (Mexican Peso)	19.04	-0.02	0.27	-3.30	-3.24	↓	USD strength
USDINR (Indian Rupee)	69.76	-0.37	0.27	-0.02	2.02	↑	USD strength
USDRUB (Russian Ruble)	64.79	-0.02	0.15	-7.08	5.09	↑	USD strength

Source: Bloomberg & Nedbank CIB  
Time: 2019/05/24 07:13

\*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

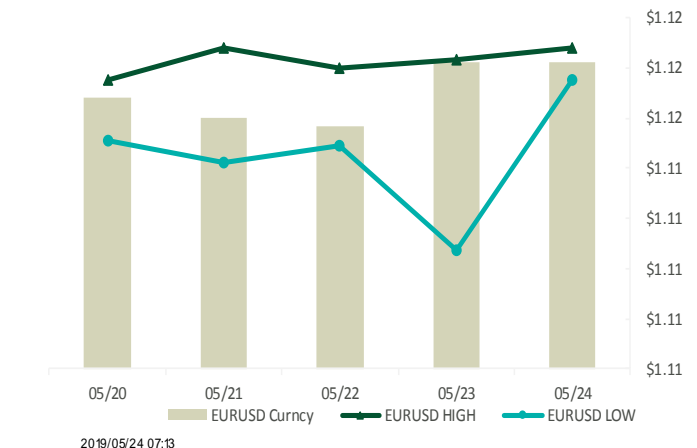
\$/R (close, high and low)



Source: Bloomberg, Nedbank

## EUR/USD

€/£ (close, high, low)



Source: Bloomberg, Nedbank

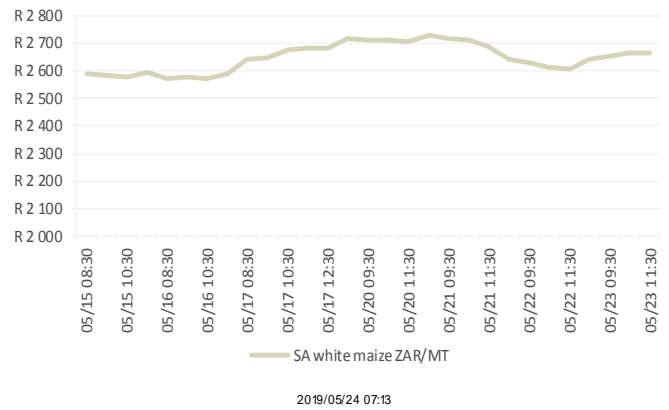
- Oil headed for its biggest weekly drop since December as the rapidly escalating trade war caused investors to reassess the outlook for global growth. Futures up 1.3% after plunging 5.7% yesterday.
- Gold steady after rising above \$1280 yesterday. Spot gold unchanged at \$1283.18 an ounce; +0.8% Thursday.
- Spot silver little changed; +1.4% this week to snap 3 weeks of losses.
- Platinum heads for fifth straight weekly decline. Palladium +0.2% this week.
- Copper advances with other metals, trimming a weekly decline. LME copper +0.4% at \$5,948/ton, -1.8% this week for longest run of losses since July last year. On LME, most other metals post modest gains. Source: Bloomberg

Commodities	Last price	%Δ				MTD trend
		-1d	MTD	YTD	12Month	
Brent near future (\$)	68.57	1.20	-5.81	27.45	-12.97	↓
WTI crude (\$)	58.59	1.17	-8.32	29.02	-17.14	↓
Gold spot (\$)	1283.86	-0.15	0.02	0.18	-1.60	↑
Platinum spot (\$)	803.05	0.43	-9.88	0.99	-11.96	↓
SA white maize spot (R)	2665.00	2.34	3.21	-9.04	25.23	↑

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

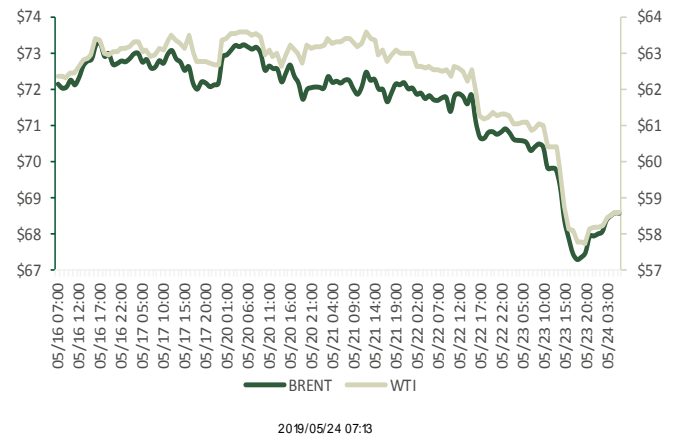
Platinum vs. Gold



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 JSE tracked its global peers lower, ending down for the fifth consecutive session, with the Top40 falling 1.84% to 48,290.10.
- Tencent ended the Hong Kong session down 3.83%, weighing heavily on heavyweight Naspers, which fell 2.4%, dragging the market lower.
- Sasol continued lower, losing a further 5.72%, following its disappointing results released on Wednesday.
- Massmart tumbled 13.14% as its trading statement disappointed. It also announced the appointment of Mitchell Slake, a 24-year veteran of the global giant, as CEO.
- Another loser was Brait, which slumped 12.42% after reporting that it had trimmed the NAV of its assets by at least 23%.
- The value traded at the close was R22.8bn, and the ZAR was trading at 14.46 vs the USD.

## UK/Europe

- European markets ended the session lower, with US-China trade tensions, a weak business survey from Germany and Brexit concerns weighing on sentiment.
- In Germany, Deutsche Bank traded at an all-time low, losing 2.4%, after the CEO promised shareholders "tough cutbacks" at the underperforming investment bank, in an effort to turn around Germany's biggest lender.
- In London, Royal Mail slumped 10.3% to a record low on reports that the privatised postal service could be renationalised.
- The FTSE 100 lost 1.41%, and both the DAX and the CAC 40 fell 1.8%.

## USA

- US markets fell, with energy and tech stocks leading the declines, while stocks in growth and cyclical sectors came under pressure on fears that the US-China trade war could impact global economic growth.
- Adding to the concerns, Beijing said that Washington needs to correct its wrong actions in order for trade talks to continue after the US blacklisted Huawei Technology last week.
- Oil prices fell 5%, dragging the energy sector lower, while a fall in 10-year Treasury yields weighed on the financial sector.
- The Dow lost 1.1%, the S&P 500 fell 1.19% and the Nasdaq declined 1.58%.

## Asia

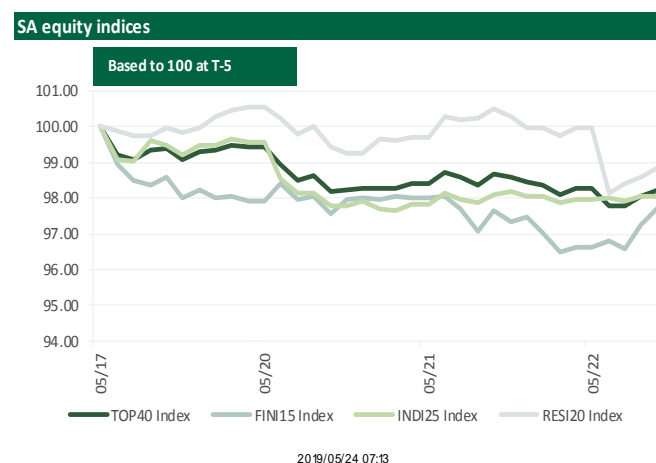
- Asian markets are trading mostly lower this morning.
- In Japan, Panasonic fell 1.7% after saying that it had stopped shipments of certain components to Huawei to comply with US regulations.
- Chinese and Hong Kong stocks were firmer, with bargain hunting evident following the recent steep losses, while traders remain cautious.
- Tencent was up 0.21%.
- Financial and energy stocks weighed on the ASX, but the market was still on track for a weekly gain of about 1.3%, its best performance in a month.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
Dow Jones	25 490.47	-1.11	-4.15	9.27	2.74	-6.03	↓
Nasdaq	7 628.28	-1.58	-5.77	14.97	2.75	-5.30	↓
S&P 500	2 822.24	-1.19	-4.20	12.58	3.46	-7.01	↓
DJ Eurostoxx 50	3 327.20	-1.76	-5.33	10.85	-5.52	-14.00	↓
DAX	11 952.41	-1.78	-3.17	13.20	-7.02	-17.97	↓
CAC	5 281.37	-1.81	-5.46	11.64	-4.81	-10.55	↓
FTSE	7 231.04	-1.41	-2.52	7.47	-6.29	-12.03	↓
ASX200	6 441.50	-0.77	1.83	14.08	6.70	-6.84	↑
Nikkei 225	21 060.77	-0.43	-5.38	5.23	-6.13	-14.85	↓
MSCI World	2 087.46	-1.15	-4.19	10.81	-1.43	-10.97	↓
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
Hang Seng	27 323.09	0.21	-8.00	5.72	-11.17	-15.30	↓
Shanghai	2 851.40	-0.04	-7.37	14.34	-9.61	-25.52	↓
Brazil Bovespa	93 910.03	-0.48	-2.54	6.85	17.21	12.83	↓
India - NSE	38 917.67	0.27	-0.29	7.90	12.27	6.67	↓
Russia Micex	2 618.61	-0.76	2.32	10.52	14.15	9.55	↑
MSCI Emerging	984.81	-1.32	-8.75	1.97	-13.24	-18.02	↓
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
JSE All Share	54 271.24	-1.74	-7.27	2.91	-4.28	-11.71	↓
Top 40	48 290.13	-1.84	-7.62	3.35	-4.08	-11.54	↓
Resi 10	42 383.00	-1.27	-7.74	3.26	7.49	12.01	↓
Indi 25	67 157.15	-1.70	-8.46	5.45	-8.86	-20.20	↓
Fini 15	16 248.68	-2.53	-5.12	-0.80	-1.94	-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
28 May 2019		
AEE	African Equity Empowerment Invest	dividend @ 11cps
AEL	Allied Electronics Corp Ltd	dividend @ 44cps
EQU	Equities Property Fund Ltd	DRIP @ 70.31469cps or share ratio TBA
GAM	Global Asset Management Ltd	Merger @ 210cps & Tender @ 183cps
LTE	Lighthouse Capital Ltd	dividend @ 24.0536cps
MIX	Mix Telematics Ltd	dividend @ 4cps
OCT	Octodec Investments Ltd	dividend @ 101.7cps
RBX	Raubex Group Ltd	dividend @ 22cps

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	161.24	-2.98	-1.84	-0.36	1.63	-11.08	↓
AGL : Anglo American Plc	347.59	-0.49	-5.43	7.86	15.86	26.07	↓
AMS : Anglo American Platinum Ltd	658.16	-2.50	-8.84	22.35	93.64	52.19	↓
ANG : Anglogold Ashanti Ltd	171.34	1.00	-0.56	-5.73	65.00	41.31	↓
APN : Aspen Pharmacare Holdings Lt	99.47	-4.62	-3.33	-26.22	-59.01	-51.42	↓
BHP : Bhp Group Plc	322.81	-0.72	-4.43	11.52	18.86	21.24	↓
BID : Bid Corp Ltd	295.93	0.39	-2.03	11.67	12.41	-11.96	↓
BTI : British American Tobacco Plc	539.90	-0.49	-3.11	15.04	-15.03	-43.42	↓
BVT : Bidvest Group Ltd	193.57	-3.22	-10.84	-6.42	-9.55	-5.15	↓
CFR : Financiere Richemont-Dep Rec	106.20	-0.03	1.32	13.40	-8.18	-16.20	↑
CLS : Clicks Group Ltd	189.95	-3.25	-2.92	-0.78	-5.50	5.70	↓
CPI : Capitec Bank Holdings Ltd	1297.18	-1.70	-2.96	16.03	55.59	1.83	↓
DSY : Discovery Ltd	134.28	-4.56	-6.79	-15.96	-14.99	-14.09	↓
FSR : Firststrand Ltd	64.21	-2.18	-5.45	-2.06	6.82	-2.51	↓
GFI : Gold Fields Ltd	55.51	1.39	2.89	12.51	23.25	-8.80	↑
GRT : Growthpoint Properties Ltd	23.87	-1.00	-4.06	2.45	-12.95	-15.76	↓
INL : Investec Ltd	86.00	-3.37	-5.86	8.86	-10.05	-11.95	↓
INP : Investec Plc							→
MCG : Multichoice Group Ltd	127.65	-1.81	-0.62				↓
MND : Mondi Ltd	307.49	-1.18	-2.47	-0.67	-11.53	-3.04	↓
MNP : Mondi Plc	307.73	-1.08	-2.17	1.20	-11.67	-4.78	↓
MRP : Mr Price Group Ltd	189.81	-0.94	-12.38	-22.89	-24.25	0.52	↓
MTN : Mtn Group Ltd	100.15	-1.00	-3.12	12.53	-11.21	-34.85	↓
NED : Nedbank Group Ltd	248.63	-3.51	-6.55	-9.50	-11.74	7.27	↓
NPN : Naspers Ltd-N Shs	3126.00	-2.40	-14.48	11.46	-0.04	-16.19	↓
NRP : Nepi Rockcastle Plc	117.25	-1.30	-1.66	3.76	-6.22	-47.09	↓
NTC : Netcare Ltd	18.40	-2.39	-23.27	-29.30			↓
OMU : Old Mutual Ltd	21.70	-2.34	-5.61	-3.13			↓
PSG : Psg Group Ltd	239.89	-1.41	-9.50	-2.01	12.14	-9.33	↓
RDF : Redefine Properties Ltd	8.67	-4.20	-11.98	-10.34	-21.54	-9.63	↓
REM : Remgro Ltd	179.35	-2.03	-7.62	-7.90	-13.42	-17.48	↓
RMH : Rmb Holdings Ltd	79.00	-2.82	-5.37	0.13	10.80	-0.34	↓
SAP : Sappi Limited	55.46	-2.62	-18.66	-32.08	-33.70	-8.77	↓
SBK : Standard Bank Group Ltd	190.98	-2.44	-4.03	6.81	-5.98	-8.61	↓
SHP : Shoprite Holdings Ltd	163.11	-3.75	-5.36	-14.22	-28.15	-14.03	↓
SLM : Sanlam Ltd	71.75	-3.21	-6.21	-10.09	-4.04	-8.28	↓
SOL : Sasol Ltd	353.55	-5.72	-25.49	-16.81	-25.25	-0.74	↓
SPP : Spar Group Limited/The	194.04	-2.25	0.02	-6.49	4.94	2.05	↑
TBS : Tiger Brands Ltd	218.50	-5.00	-12.05	-13.93	-29.30	-40.48	↓
TFG : The Foschini Group Ltd	176.75	0.82	-4.34	6.32	-1.81	-15.76	↓
VOD : Vodacom Group Ltd	114.96	-2.99	-0.31	-12.91	-24.66	-9.39	↓
WHL : Woolworths Holdings Ltd	44.65	-1.76	-6.41	-18.95	-23.92	-15.65	↓

Source: Bloomberg & Nedbank CIB

Time 2019/05/24 07:13

## Japan

- Japanese CPI rose to 0.9% y/y in April, from 0.5% previously, in line with consensus. The main reason for the uptick was the sharp increase in food inflation, while household goods prices, entertainment costs and services costs also moved higher.
- Core CPI also edged higher, which could indicate that underlying inflationary pressures is starting to rise marginally.

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

## SA

- In line with our expectations, the SARB kept the repo rate at 6.75%, with three members voting for a hold. We have previously argued that the bias for the next move in interest rates being a cut is greater than that for a hike. We now see the QPM move reflecting this. The notable adjustment at this meeting was a QPM moving to reflect a 25bps cut in early 2020, compared to one hike for 2019 at the previous MPC meeting. We view this MPC statement as significantly more dovish than our and the market's expectations.
- The SARB revised its CPI forecasts to 4.5%, 5.1% and 4.6% for 2019 to 2021, a cumulative 60bps lower compared to the forecasts at its previous meeting. The SARB attributes the downward adjustment to lower food inflation, services inflation, rentals, unit labour costs and inflation expectations. The SARB also reduced its growth estimates, which likely means that the negative output gap, which has proved elusive in recent years, has widened. The SARB now sees 2019 growth at 1%, down from 1.3% at its previous meeting.
- While the MPC statement was clearly dovish, it was littered with caution, evident in the first sentence highlighting downside risks from a global trade war as well as a weak secondary-sector performance, which was worsened by the electricity outages in 1Q. The MPC acknowledged the neutral global monetary policy stance but cautioned that a renewed tightening of financial conditions should not be underestimated. Furthermore, the SARB sees a weaker rand exchange rate relative to its last meeting as it revises its forecast for the performance of the real effective exchange rate (weaker).

**Synopsis: While risks to the growth outlook remain to the downside, risks to the inflation outlook remain balanced. While the SARB seems to be on track to achieve its 4.5% CPI target in 2019, it has warned that the MPC would like to see inflation remain close to the midpoint of the target range on a more sustained basis. We read this as the 2020 CPI print needs to reduce more for the MPC to consider easing monetary policy further. We, therefore, maintain our view for flat interest rates in the interim, with the possibility of a 25bps reduction towards year-end or early 2020.**



# ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
<b>23-May</b>							
02:30 AM	JN	Nikkei Japan PMI Mfg	MAY P	-	49.6	50.2	-
08:00 AM	GE	GDP NSA YoY	1Q F	0.60%	0.60%	0.60%	-
08:00 AM	GE	GDP SA QoQ	1Q F	0.40%	0.40%	0.40%	-
09:30 AM	GE	Markit Germany Services PMI	MAY P	55.4	55.0	55.7	-
09:30 AM	GE	Markit/BME Germany Manufacturing PMI	MAY P	44.8	44.3	44.4	-
10:00 AM	EC	Markit Eurozone Services PMI	MAY P	53.0	52.5	52.8	-
10:00 AM	EC	Markit Eurozone Manufacturing PMI	MAY P	48.1	47.7	47.9	-
10:00 AM	GE	Ifo Business Climate	MAY	99.1	97.9	99.2	-
10:00 AM	GE	Ifo Current Assessment	MAY	103.5	100.6	103.3	-
10:00 AM	GE	Ifo Expectations	MAY	95.0	95.3	95.2	-
02:30 PM	US	Initial Jobless Claims	NOV 24	215k	211k	212k	-
02:30 PM	US	Continuing Claims	NOV 17	1666k	1676k	1660k	-
03:11 PM	SA	SARB Announce Interest Rate	MAY F	6.75%	-	6.75%	-
03:45 PM	US	Markit US Services PMI	MAY P	53.5	50.9	53.0	-
03:45 PM	US	Markit US Manufacturing PMI	MAY P	52.6	50.6	52.6	-
04:00 PM	US	New Home Sales	APR	675k	673k	692k	723k
04:00 PM	US	New Home Sales MoM	APR	-2.46%	-6.90%	4.50%	8.10%
05:00 PM	US	Kansas City Fed Manf. Activity	MAY	6.0	4.0	5.0	-
<b>24-May</b>							
01:30 AM	JN	Natl CPI YoY	APR	0.90%	0.90%	0.50%	-
10:30 AM	UK	Retail Sales Inc Auto Fuel YoY	APR	4.50%	-	6.70%	-
02:30 PM	US	Cap Goods Orders Nondef Ex Air	APR P	-0.3%	-	1.4%	-
02:30 PM	US	Durables Ex Transportation	APR P	0.10%	-	0.30%	-
02:30 PM	US	Durable Goods Orders	APR P	-2.0%	-	2.6%	-
<b>27-May</b>							
03:30 AM	CH	Industrial Profits YoY	APR	-	-	13.90%	-
07:00 AM	JN	Leading Index CI	MAR F	-	-	96.3	-
<b>28-May</b>							
10:00 AM	EC	M3 Money Supply YoY	APR	4.30%	-	4.50%	-
11:00 AM	EC	Business Climate Indicator	MAY	0.00	-	0.42	-
11:00 AM	EC	Economic Confidence	MAY	103.5	-	104.0	-
03:00 PM	US	S&P CoreLogic CS 20-City YoY NSA	MAR	0.00%	-	3.00%	-
04:00 PM	US	Conf. Board Consumer Confidence	MAY	130.5	-	129.2	-
04:30 PM	US	Dallas Fed Manf. Activity	MAY	7.0	-	2.0	-

Source: Bloomberg 2019/05/24 07:12

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