

# DAILY MARKET COMMENTARY

05 June 2019



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(\* when available)*

## KEY DAILY DRIVERS

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### SNIPPETS

|                |  |
|----------------|--|
| (Fixed Income) | Curve starts to price a SARB cut after disappointing GDP print, steepening driven by front-end yields  |
| (Currencies)   | Local GDP ends the rands strong showing  |
| (Commodities)  | Oil price remain on down-trend, while gold is elevated on safe haven demand  |
| (Equities)     | SA GDP print of -3.2% saw SA Inc under pressure from local accounts; Global markets have bounced over night post the FED's comments that it may act to minimize the trade war impact; Naspers remains the local driver into its listing of Newco in July |
| (Economics)    | SA GDP sharply negative in Q1; Eurozone CPI slumps after temporary rise in April   |

## KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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| Date  | Region | Event                           | Actual/expected/prior | Implications   |
|-------|--------|---------------------------------|-----------------------|--|
| 04/06 | SA     | GDP                             | -3.2%/-1.6%/1.4%      | SA economy likely to contract in Q1 as a result of weak demand, dismal secondary sector output |
| 04/06 | EZ     | CPI                             | --/1.4%/1.7%          | CPI may ease after the temporary surge in April (Easter-related spending raised CPI in April)  |
| 05/06 | SA     | SACCI business confidence index | --/94.0/93.7          | Business confidence may be lifted due to election-related hype                                 |
| 05/06 | US     | ADP payrolls                    | --/178k/275k          | Payrolls continue to reflect upbeat, but tighter labour market                                 |
| 06/06 | EZ     | GDP                             | --/0.4%/0.4%          | GDP likely to finalised at 0.4%, one-year high   |
| 06/06 | SA     | Current account bal             | --/-3.3%/-2.2%        | Given the steep decline in exports and portfolio outflows, deficit may widen                   |

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       |           |
| R208-1.8 yrs   | 6.55       | -0.05 | -3.45 | -44.65 | -112.05   | ↓         |
| R186-7.5 yrs   | 8.44       | 2.95  | -2.75 | -43.65 | -21.95    | ↓         |
| R2048-28.7 yrs | 9.83       | 10.55 | 4.45  | -7.45  | 24.05     | ↑         |
| US 10 yr       | 2.11       | -1.74 | -1.23 | -57.19 | -81.55    | ↓         |
| UK 10 yr       | 0.90       | 4.00  | 1.60  | -37.50 | -39.50    | ↑         |
| German 10 yr   | -0.21      | -0.50 | -0.40 | -44.80 | -62.40    | ↓         |
| Japan 10 yr    | -0.12      | -1.90 | -2.70 | -12.40 | -17.50    | ↓         |

| 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                 | 7.11       | -0.90 | -0.90  | -4.20  | 20.00     | ↓         |
| SA 3m NCD                   | 7.13       | -1.25 | -1.25  | 0.00   | 22.50     | ↓         |
| SA 6m NCD                   | 7.53       | -3.75 | -8.75  | -22.50 | 12.50     | ↓         |
| SA 12m NCD                  | 7.88       | -2.50 | -8.75  | -45.00 | -5.00     | ↓         |
| US 3m LIBOR                 | 2.48       | -2.40 | -2.40  | -32.91 | 16.07     | ↓         |
| UK 3m LIBOR                 | 0.80       | 0.14  | 0.14   | -11.52 | 17.98     | ↑         |
| Japan 3m LIBOR              | -0.06      | -0.07 | -0.07  | 1.13   | -3.57     | ↓         |

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        | 6.86       | -0.50 | -12.00 | -35.50 | -3.50     | ↓         |
| 6X9 FRA        | 6.69       | 0.00  | 4.00   | 3.00   | 4.00      | ↑         |
| 9X12 FRA       | 6.67       | -1.00 | -15.75 | -66.00 | -28.00    | ↓         |
| 18X21 FRA      | 6.83       | -1.50 | -13.50 | -63.50 | -39.50    | ↓         |
| SA 2yr Swap    | 6.83       | -4.50 | -12.00 | -50.50 | -21.80    | ↓         |
| SA 3yr Swap    | 6.92       | -3.50 | -10.50 | -52.50 | -27.00    | ↓         |
| SA 5yr Swap    | 7.19       | -0.50 | -6.50  | -48.50 | -29.50    | ↓         |
| SA 10yr Swap   | 7.80       | 0.00  | -7.00  | -39.00 | -15.00    | ↓         |
| SA 15yr Swap   | 8.07       | -0.50 | -7.00  | -39.50 | -14.50    | ↓         |

| Spreads                         | Last price | Δ 1d  | Δ MTD | Δ YTD  | Δ 12Month | MTD trend |
|---------------------------------|------------|-------|-------|--------|-----------|-----------|
|                                 | %          | bps   | bps   | bps    | bps       |           |
| 2v10y                           | -0.97      | -4.50 | -5.00 | -11.50 | -6.80     | ↓         |
| 3v10y                           | -0.88      | -3.50 | -3.50 | -13.50 | -12.00    | ↓         |
| R186-R208                       | 1.89       | 3.00  | 0.70  | 1.00   | 90.10     | ↑         |
| R2048-R186                      | 1.39       | 7.60  | 7.20  | 36.20  | 46.00     | ↑         |
| 5y-R186                         | -1.25      | -3.45 | -3.75 | -4.85  | -7.55     | ↓         |
| 10y-R186                        | -0.64      | -2.95 | -4.25 | 4.65   | 6.95      | ↓         |
| 15y-R186                        | -0.37      | -3.45 | -4.25 | 4.15   | 7.45      | ↓         |
| SA 5yr CDS spread -basis points | 205.00     | 2.50  | 3.00  | -18.00 | 25.50     | ↑         |

Source: Bloomberg & Nedbank CIB

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## US 10 year yield

### US 10 year yield

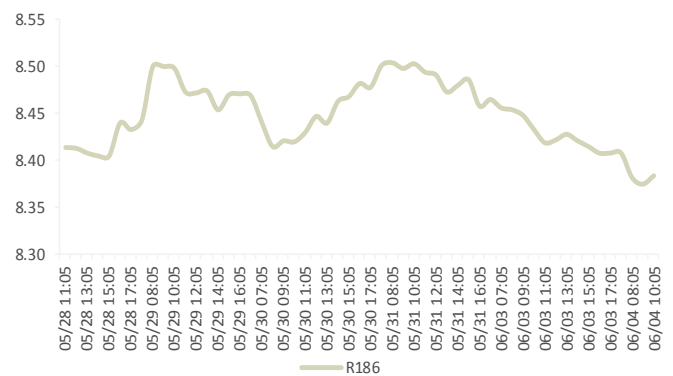


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Source: Bloomberg, Nedbank

## SA 10 year yield

### SA 10 year yield



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Source: Bloomberg, Nedbank

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

- The local trading session opened with the rand trading in the low 14.40s. Initially, the local unit held steady around the opening levels as the USD was on the back foot, but this scenario ended abruptly with the release of local GDP data, which exceeded even the worst forecasts. This saw the rand trade rapidly to the 14.6500 level, before some ill-timed, and apparently inaccurate, statements from a local politician regarding changes to the SARB mandate saw the rand reach a high of 14.7450. In the overnight session, the rand reached a high of 14.7750, before the finance minister and others suggested that the central bank's mandate would not be tampered with. This, along with further comments from the Fed regarding its willingness to act if necessary, saw the rand trade back to the current levels around 14.6300. The EURZAR is currently trading at 16.4760, and the GBPZAR is at 18.5975.
- On the international front, the major currency pairs had a subdued session, with the EURUSD trading between 1.1229 and 1.1276 on the day; it is currently trading at 1.1262. The GBPUSD managed to trade back above the 1.2700 level, and this morning, it is currently trading at 1.2712. Gold continued to find support in the wake of uncertainty, and this morning, it is currently trading at 1,326.20, basically unchanged from the same time yesterday.
- Data releases scheduled for today: locally, we have the PMI and the Sacci Business Confidence Index; from Europe, we have services PMIs for France, Germany and the zone as well as Eurozone retail sales and the PPI; and from the US, we have mortgage applications, ADP employment, the services PMI, non-manufacturing ISM and the Fed's Beige Book.
- Local economic data continues to weigh heavily on the prospects for a rand recovery, and the markets appear to continue to hope for some policy guidance and clarity, as such have yet to be forthcoming.
- Possible trading range for the rand today: 14.5000 to 14.8000

| Majors | Last price | %Δ -1d | %Δ MTD | %Δ YTD | %Δ 12Month | MTD trend | USD trend    |
|--------|------------|--------|--------|--------|------------|-----------|--------------|
| GBPUSD | 1.27       | 0.07   | 0.62   | -0.37  | -5.12      | ↑         | USD weakness |
| EURUSD | 1.13       | 0.09   | 0.83   | -1.79  | -3.89      | ↑         | USD weakness |
| USDJPY | 108.10     | -0.05  | -0.18  | 1.47   | -1.56      | ↓         | USD weakness |
| USDAUD | 1.43       | -0.11  | -0.88  | 0.70   | 8.83       | ↓         | USD weakness |

| Rand crosses | Last price | %Δ -1d | %Δ MTD | %Δ YTD | %Δ 12Month | MTD trend | ZAR trend    |
|--------------|------------|--------|--------|--------|------------|-----------|--------------|
| USDZAR       | 14.64      | -0.17  | 0.39   | 1.98   | 12.76      | ↑         | ZAR weakness |
| GBPZAR       | 18.60      | -0.10  | 0.97   | 1.50   | 8.04       | ↑         | ZAR weakness |
| EURZAR       | 16.48      | -0.08  | 1.18   | 0.17   | 9.22       | ↑         | ZAR weakness |
| AUDZAR       | 10.24      | -0.07  | 1.32   | 1.18   | 5.06       | ↑         | ZAR weakness |
| ZARJPY       | 7.39       | 0.12   | -0.60  | -3.36  | -16.45     | ↓         | ZAR weakness |

| African FX                  | Last price | %Δ -1d | %Δ MTD | %Δ YTD | %Δ 12Month | MTD trend | ZAR trend    |
|-----------------------------|------------|--------|--------|--------|------------|-----------|--------------|
| ZARMWK (Malawian kwacha)    | 51.51      | 0.17   | 0.12   | 1.48   | -10.20     | ↑         | ZAR strength |
| ZARBWP (Botswana pula)      | 0.74       | 0.18   | -0.36  | -0.72  | -6.23      | ↓         | ZAR weakness |
| ZARKES (Kenyan shilling)    | 6.93       | 0.17   | -0.27  | -2.50  | -14.06     | ↓         | ZAR weakness |
| ZARMUR (Mauritian rupee)    | 2.43       | 0.16   | -1.03  | 1.85   | -10.31     | ↓         | ZAR weakness |
| ZARNGN (Nigerian naira)     | 24.56      | 0.18   | -0.38  | -3.00  | -15.10     | ↓         | ZAR weakness |
| ZARGHS (Ghanian cedi)       | 0.37       | 0.16   | -1.31  | 7.27   | -0.90      | ↓         | ZAR weakness |
| ZARZMW (Zambian kwacha)     | 0.89       | -0.89  | -2.98  | 6.79   | 9.97       | ↓         | ZAR weakness |
| ZARMZN (Mozambican metical) | 4.24       | 0.19   | -0.54  | -1.00  | -9.84      | ↓         | ZAR weakness |

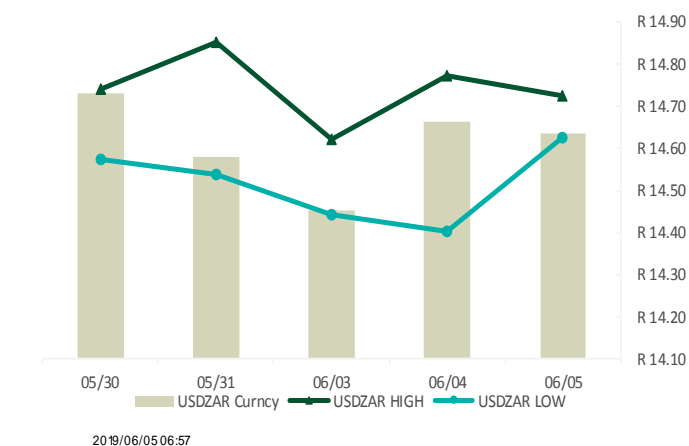
| Emerging Market FX      | Last price | %Δ -1d | %Δ MTD | %Δ YTD | %Δ 12Month | MTD trend | USD trend    |
|-------------------------|------------|--------|--------|--------|------------|-----------|--------------|
| USDBRL (Brazilian Real) | 3.86       | -0.77  | -1.72  | -0.46  | 2.89       | ↓         | USD weakness |
| USDTRY (Turkish Lira)   | 5.78       | -0.03  | -1.02  | 8.49   | 20.43      | ↓         | USD weakness |
| USDMXN (Mexican Peso)   | 19.64      | 0.38   | 0.12   | -0.06  | -4.19      | ↑         | USD strength |
| USDINR (Indian Rupee)   | 69.26      | -0.00  | -0.63  | -0.74  | 3.10       | ↓         | USD weakness |
| USD RUB (Russian Ruble) | 65.14      | -0.31  | -0.44  | -7.02  | 4.72       | ↓         | USD weakness |

Source: Bloomberg & Nedbank CIB  
Time: 2019/06/05 06:57

\*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

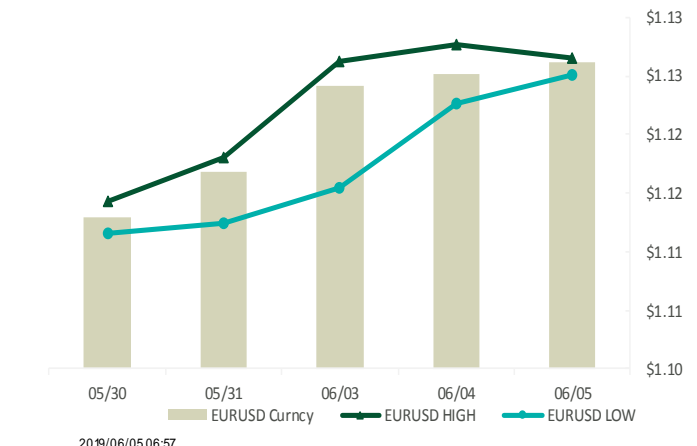
\$/R (close, high and low)



Source: Bloomberg, Nedbank

## EUR/USD

€/€ (close, high, low)



Source: Bloomberg, Nedbank

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- Oil resumed declines as an industry report signaling a surprise jump in inventories stirred fears of a supply glut at a time when trade wars are jeopardizing the global demand outlook. Futures dropped 1.2% after closing up 0.4% on Tuesday following a four-day drop.
- Gold steadied near a three-month high after Powell signaled an openness to rate cuts and as the U.S.-China trade spat escalates. Spot gold +0.1% to \$1,326.26/oz.
- Spot silver +0.1%. Platinum +0.2%. Palladium -0.3%

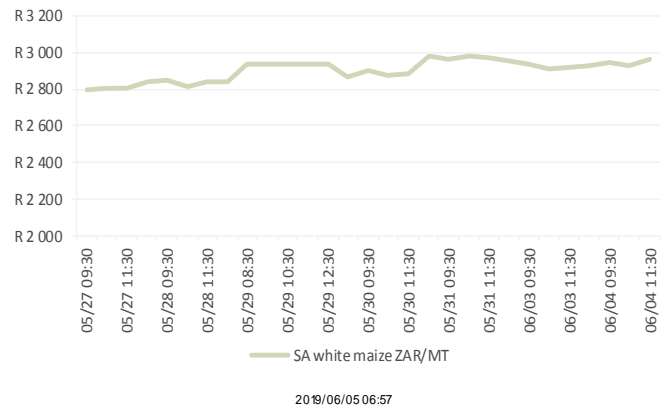
Source: Bloomberg

| Commodities             | Last price | %Δ    |       |       |         | MTD trend |
|-------------------------|------------|-------|-------|-------|---------|-----------|
|                         |            | -1d   | MTD   | YTD   | 12Month |           |
| Brent near future (\$)  | 61.69      | -0.45 | -4.34 | 14.67 | -18.16  | ↓         |
| WTI crude (\$)          | 53.09      | -0.73 | -0.77 | 16.91 | -18.97  | ↓         |
| Gold spot (\$)          | 1325.84    | 0.02  | 1.55  | 3.38  | 2.27    | ↑         |
| Platinum spot (\$)      | 822.17     | 0.21  | 3.58  | 3.33  | -8.83   | ↑         |
| SA white maize spot (R) | 2960.00    | 1.54  | -0.44 | 1.02  | 41.83   | ↓         |

Source: Bloomberg & Nedbank CIB  
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## SA white maize

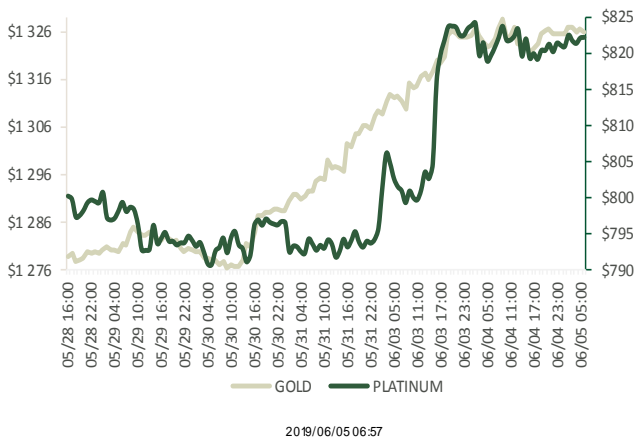
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

## Platinum vs Gold

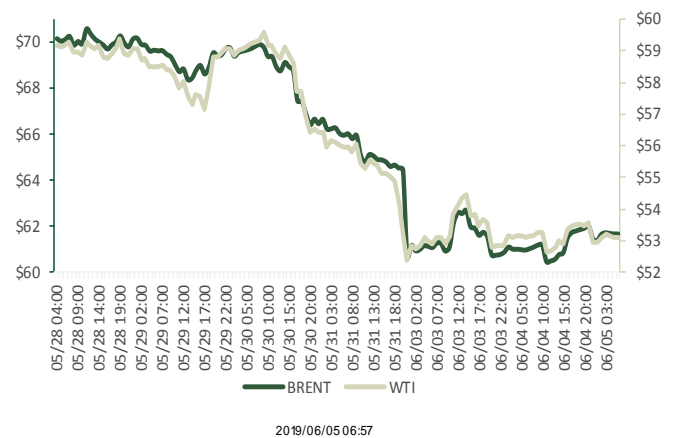
Platinum vs. Gold



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

- A weaker rand dictated play on a dismal SA GDP print of -3.2%; rand hedges CFR (+5.57%) and BTI (+3.89%) caught a decent bid. NPN (+0.67%) saw event-driven buying by offshore players; stub holders sold into this demand over the day. Banks were -3.83%; growth concerns took centre-stage, seeing fast money local accounts taking profits pre-GDP; GenRet: -2.08%. Resources (+2.19%) jumped with gold stocks outperforming; GFI: +5.01%. Interestingly, TKG (+1.62%) held up, while SA Inc. was sold off on what feels like ongoing short covering.

## UK/Europe

- Gains in banks, insurers and automakers pushed European stocks higher for a second day. The Stoxx Europe 600 Index added 0.6% at the close, reversing an early decline and holding gains as Fed Chairman Jerome Powell signalled an openness to rate cuts. Carmakers climbed the most in two months after Mexico's foreign minister said he expects to avoid levies that Donald Trump's administration has proposed. Euro Stoxx 50: up 1.0%, FTSE 100: up 0.4%, DAX: up 1.5%, CAC 40: up 0.5%, FTSEMIB: up 1.8%, IBEX 35: up 1.1%, AEX Index: up 0.1%, Swiss Market Index: down 0.1%.

## USA

- US stocks climbed the most since January as Fed Chairman Jerome Powell signalled an openness to rate cuts and Mexican officials said they expect to avoid Trump administration tariffs. Treasury yields rose from multi-year lows as Powell stopped short of signalling an imminent move. Carmakers and chip manufacturers rallied as Mexico's president said he hopes to reach a deal with the US before next week's deadline, with his foreign minister seeing 80% odds of negotiating a solution.

## Asia

- Stocks in Asia rose after Fed Chairman Jerome Powell signalled an openness to rate cuts, boosting risk appetite that remains fragile amid trade-war tensions. Treasuries steadied after Tuesday's drop. Japan led the charge, with the Topix Index up 2%, although gains elsewhere in the region were modest. Treasury yields climbed from multi-year lows on Tuesday as Powell said the central bank is monitoring the impact of the trade war and would act as appropriate to sustain the US expansion. Yields on Japanese bonds retreated. The Mexican peso slipped after President Donald Trump tweeted that the US was not bluffing on its tariff proposal due to kick in next week. Earlier, Mexico's president said he hoped to reach a deal before the deadline. The New Zealand dollar rose after the assistant central bank governor doused speculation on further rate cuts. Markets in India, Singapore, Indonesia, Malaysia and the Philippines are shut on Wednesday for holidays.

| Developed Markets | Last price | %Δ   |       |       |         | 2018 Performance | MTD trend |
|-------------------|------------|------|-------|-------|---------|------------------|-----------|
|                   |            | -1d  | MTD   | YTD   | 12Month |                  |           |
| Dow Jones         | 25 332.18  | 2.06 | 2.08  | 8.59  | 2.15    | -6.03            | ↑         |
| Nasdaq            | 7 527.12   | 2.65 | 0.99  | 13.44 | -1.45   | -5.30            | ↑         |
| S&P 500           | 2 803.27   | 2.14 | 1.86  | 11.82 | 1.98    | -7.01            | ↑         |
| DJ Eurostoxx 50   | 3 333.49   | 1.01 | 1.62  | 11.06 | -3.57   | -14.00           | ↑         |
| DAX               | 11 971.17  | 1.51 | 2.08  | 13.37 | -6.38   | -17.97           | ↑         |
| CAC               | 5 268.26   | 0.51 | 1.16  | 11.36 | -3.53   | -10.55           | ↑         |
| FTSE              | 7 214.29   | 0.41 | 0.73  | 7.23  | -6.15   | -12.03           | ↑         |
| ASX200            | 6 360.80   | 0.45 | -0.56 | 12.65 | 6.10    | -6.84            | ↓         |
| Nikkei 225        | 20 780.73  | 1.82 | 0.87  | 3.83  | -7.80   | -14.85           | ↑         |
| MSCI World        | 2 077.66   | 1.59 | 1.54  | 10.28 | -1.97   | -10.97           | ↑         |

| Emerging Markets | Last price | %Δ    |       |       |         | 2018 Performance | MTD trend |
|------------------|------------|-------|-------|-------|---------|------------------|-----------|
|                  |            | -1d   | MTD   | YTD   | 12Month |                  |           |
| Hang Seng        | 26 953.77  | 0.72  | 0.20  | 4.29  | -13.31  | -15.30           | ↑         |
| Shanghai         | 2 880.19   | 0.63  | -0.64 | 15.49 | -7.51   | -25.52           | ↓         |
| Brazil Bovespa   | 97 380.28  | 0.37  | 0.36  | 10.80 | 27.06   | 12.83            | ↑         |
| India - NSE      | 40 083.54  | -0.46 | 0.93  | 11.13 | 14.84   | 6.67             | ↑         |
| Russia Micex     | 2 706.29   | -0.87 | 1.54  | 14.22 | 16.74   | 9.55             | ↑         |
| MSCI Emerging    | 1 005.43   | -0.29 | 0.74  | 4.11  | -12.15  | -18.02           | ↑         |

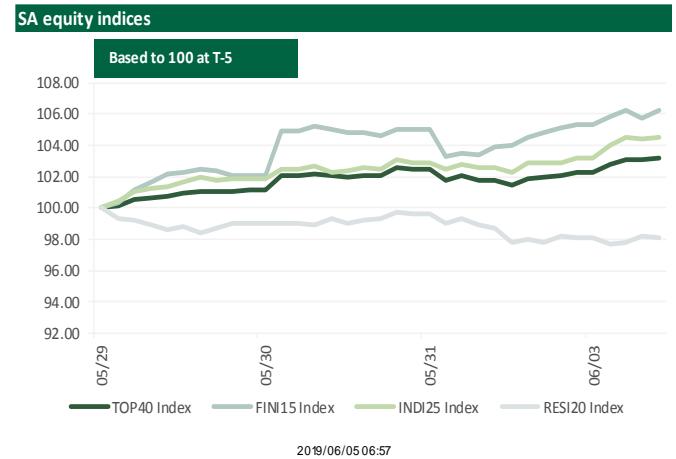
  

| SA Indices    | Last price | %Δ    |       |       |         | 2018 Performance | MTD trend |
|---------------|------------|-------|-------|-------|---------|------------------|-----------|
|               |            | -1d   | MTD   | YTD   | 12Month |                  |           |
| JSE All Share | 56 500.38  | 0.38  | 1.53  | 7.14  | -2.21   | -11.71           | ↑         |
| Top 40        | 50 452.38  | 0.48  | 1.74  | 7.97  | -1.87   | -11.54           | ↑         |
| Resi 10       | 44 665.83  | 2.19  | 2.71  | 8.82  | 9.18    | 12.01            | ↑         |
| Indi 25       | 70 650.53  | 0.94  | 2.56  | 10.94 | -5.61   | -20.20           | ↑         |
| Fini 15       | 16 520.36  | -2.54 | -1.43 | 0.86  | -1.95   | -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                                |
|-------------|--|---|
| 4 June 2019 |  |   |
| AFEP        | AECI Limited 5.5% Pref                 | dividend @ 51.109790cps                                 |
| ARL         | Astral Foods Ltd                       | dividend @ 475cps                                       |
| BAW         | Barloworld Limited                     | dividend @ 165cps                                       |
| CML         | Coronation Fund Managers Ltd           | dividend @ 165cps                                       |
| DCP         | Dis-Chem Pharmacies Ltd                | dividend @ 13.4725cps                                   |
| GPA         | Gemgrow Properties Ltd - A -           | dividend @ 54.53834cps                                  |
| GPB         | Gemgrow Properties Ltd - B -           | dividend @ 35.3117cps                                   |
| ILU         | Indluplace Properties Ltd              | dividend @ 37.49077cps                                  |
| INLP        | Investec Bank Ltd Non Red N Part Pref  | dividend @ 422.87121cps                                 |
| INPP        | Investec Bank Ltd N Red N Cum N Part P | dividend @ 160.825970cps                                |
| INPPR       | Investec Bank Ltd N Red N Cum N Part P | dividend @ 482.09247cps                                 |
| INPR        | Investec Bank Ltd N Red N Cum Pref     | dividend @ 394.65612cps                                 |
| KAL         | Kaap Agri Limited                      | dividend @ 38.50cps                                     |
| OAS         | Oasis Crescent Property Fund           | DRIP @ 57.445479cps or 2.61353 UOAS : 100 OAS @ 2198cps |
| PIK         | Pick n Pay Ltd                         | dividend @ 192cps                                       |
| SEA         | Spear REIT Ltd                         | dividend @ 44.69081cps                                  |
| SPP         | Spar Group Ltd                         | dividend @ 284cps                                       |
| TCP         | Transaction Capital Ltd                | dividend @ 27cps  |
| THA         | Tharisa PLC                            | dividend @ 7.127cps                                     |

Source: JSE

# JSE PERFORMANCE

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| Top40 constituents                 | Last price | %Δ<br>-1d | %Δ<br>MTD | %Δ<br>YTD | %Δ<br>12Month | 2018<br>Performance | MTD trend |
|------------------------------------|------------|-----------|-----------|-----------|---------------|---------------------|-----------|
| ABG : Absa Group Ltd               | 165.99     | -4.21     | -1.78     | 2.58      | 1.99          | -11.08              | ↓         |
| AGL : Anglo American Plc           | 359.01     | 2.68      | 3.12      | 11.40     | 12.92         | 26.07               | ↑         |
| AMS : Anglo American Platinum Ltd  | 746.06     | 0.61      | 1.81      | 38.69     | 113.52        | 52.19               | ↑         |
| ANG : Anglogold Ashanti Ltd        | 208.40     | 3.32      | 7.05      | 14.66     | 90.83         | 41.31               | ↑         |
| APN : Aspen Pharmacare Holdings Lt | 104.31     | 1.68      | 6.50      | -22.63    | -59.06        | -51.42              | ↑         |
| BHP : Bhp Group Plc                | 333.92     | 1.74      | 1.86      | 15.36     | 18.51         | 21.24               | ↑         |
| BID : Bid Corp Ltd                 | 307.56     | -0.29     | 1.06      | 16.06     | 17.51         | -11.96              | ↑         |
| BTI : British American Tobacco Plc | 526.62     | 3.89      | 3.87      | 12.21     | -17.66        | -43.42              | ↑         |
| BVT : Bidvest Group Ltd            | 204.12     | -3.00     | -1.44     | -1.32     | 2.56          | -5.15               | ↓         |
| CFR : Financiere Richemont-Dep Rec | 112.74     | 5.57      | 5.94      | 20.38     | -5.34         | -16.20              | ↑         |
| CLS : Clicks Group Ltd             | 191.44     | -2.84     | 0.40      | -0.01     | -7.14         | 5.70                | ↑         |
| CPI : Capitec Bank Holdings Ltd    | 1274.07    | -3.11     | -3.42     | 13.96     | 42.50         | 1.83                | ↓         |
| DSY : Discovery Ltd                | 139.34     | -1.33     | 0.44      | -12.80    | -10.06        | -14.09              | ↑         |
| FSR : Firststrand Ltd              | 65.44      | -3.79     | -2.18     | -0.18     | 6.23          | -2.51               | ↓         |
| GFI : Gold Fields Ltd              | 71.46      | 5.01      | 9.20      | 44.83     | 56.64         | -8.80               | ↑         |
| GRT : Growthpoint Properties Ltd   | 23.98      | -2.40     | -0.87     | 2.92      | -13.05        | -15.76              | ↓         |
| INL : Investec Ltd                 | 87.57      | 3.13      | 2.19      | 10.85     | -7.10         | -11.95              | ↑         |
| INP : Investec Plc                 |            |           |           |           |               |                     | →         |
| MCG : Multichoice Group Ltd        | 123.90     | 0.95      | 1.65      |           |               |                     | ↑         |
| MND : Mondi Ltd                    | 308.47     | 2.65      | 2.98      | -0.36     | -14.04        | -3.04               | ↑         |
| MNP : Mondi Plc                    | 309.63     | 2.61      | 3.65      | 1.83      | -13.72        | -4.78               | ↑         |
| MRP : Mr Price Group Ltd           | 199.10     | -2.40     | 0.99      | -19.11    | -20.50        | 0.52                | ↑         |
| MTN : Mtn Group Ltd                | 104.35     | -0.40     | 1.67      | 17.25     | -10.23        | -34.85              | ↑         |
| NED : Nedbank Group Ltd            | 256.50     | -3.54     | -2.12     | -6.63     | -6.71         | 7.27                | ↓         |
| NPN : Naspers Ltd-N Shs            | 3372.49    | 0.67      | 2.96      | 20.25     | 5.49          | -16.19              | ↑         |
| NRP : Nepi Rockcastle Plc          | 122.85     | -0.31     | -0.17     | 8.72      | -1.25         | -47.09              | ↓         |
| NTC : Netcare Ltd                  | 18.73      | -0.43     | 0.70      | -28.04    |               |                     | ↑         |
| OMU : Old Mutual Ltd               | 21.02      | 0.33      | -0.10     | -6.16     |               |                     | ↓         |
| PSG : Psg Group Ltd                | 239.77     | -3.08     | -1.35     | -2.05     | 7.43          | -9.33               | ↓         |
| RDF : Redefine Properties Ltd      | 9.03       | -2.48     | -0.44     | -6.62     | -18.43        | -9.63               | ↓         |
| REM : Remgro Ltd                   | 184.42     | -1.94     | -0.40     | -5.30     | -11.37        | -17.48              | ↓         |
| RMH : Rmb Holdings Ltd             | 80.48      | -2.97     | -2.29     | 2.00      | 7.80          | -0.34               | ↓         |
| SAP : Sappi Limited                | 58.26      | 4.97      | 5.74      | -28.65    | -31.36        | -8.77               | ↑         |
| SBK : Standard Bank Group Ltd      | 193.97     | -4.21     | -2.41     | 8.48      | -6.81         | -8.61               | ↓         |
| SHP : Shoprite Holdings Ltd        | 167.00     | -3.83     | -2.91     | -12.17    | -27.83        | -14.03              | ↓         |
| SLM : Sanlam Ltd                   | 74.70      | -2.61     | -1.92     | -6.39     | -7.24         | -8.28               | ↓         |
| SOL : Sasol Ltd                    | 373.27     | 1.84      | 1.82      | -12.17    | -22.42        | -0.74               | ↑         |
| SPP : Spar Group Limited/The       | 187.14     | -2.69     | -2.27     | -9.81     | -3.26         | 2.05                | ↓         |
| TBS : Tiger Brands Ltd             | 217.75     | -1.76     | -1.02     | -14.23    | -30.65        | -40.48              | ↓         |
| TFG : The Foschini Group Ltd       | 171.55     | -3.11     | -2.58     | 3.19      | -7.89         | -15.76              | ↓         |
| VOD : Vodacom Group Ltd            | 118.58     | -1.71     | -0.19     | -10.17    | -18.89        | -9.39               | ↓         |
| WHL : Woolworths Holdings Ltd      | 45.66      | -1.17     | -0.20     | -17.12    | -19.82        | -15.65              | ↓         |

Source: Bloomberg & Nedbank CIB

Time 2019/06/05 06:57

## Europe

- Eurozone CPI fell to 1.2% y/y in May, from 1.7% in April, worse than consensus of 1.3%. Core inflation also tumbled to 0.8% y/y, from 1.3% in April, worse than consensus of 1.3%. Prices of energy and services declined sharply after the Easter shopping season in April, causing the sharp drop in headline inflation.

**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.**

## SA

- SA GDP contracted by 3.2% q/q SAAR in Q1, from 1.4% growth in the previous quarter, worse than consensus of -1.6%. This is the worst quarterly GDP print since 1Q09. Both Nedbank and consensus estimates for 2019 growth are likely to be lowered on the back of this disappointment, barring any significant turnaround in investor and consumer confidence in the second half of the year.
- The biggest negative drivers of growth in Q1 were manufacturing, mining and trade. Notably, transport, agriculture and taxes also weighed heavily on growth in Q1. The manufacturing industry contracted by 8.8% q/q, with 70% of the divisions recording negative quarterly growth (petroleum, vehicles and wood products recording the most severe contractions). This industry contributed -1.1% to GDP in Q1. The mining and quarrying industry declined by 10.8% q/q, its third consecutive contraction. In fact, in the last eight quarters, the mining industry contracted in five of those eight quarters. Diamond, iron ore and coal mining were the worst affected in Q1. Trade and catering contracted by 3.6% and shed 0.5% off GDP growth – this industry was hard hit by a decline in retail, wholesale and vehicle sales. Finance, government spending and personal services were the only positive contributors to growth but managed to only contribute a cumulative 0.5% in Q1.
- On the expenditure side we see a deep contraction in exports, with net exports contributing -7.5% towards the GDE contraction of 3.4% q/q. There was a large inventory draw down in Q1, however this was not as large as the draw in Q4. Consequently, the q/q change in inventories made a positive contribution towards GDE in Q1. Importantly, inventories are quite constrained and would need to be restocked immediately – this could take place in Q2, which may contribute positively towards growth in Q2. Gross fixed capital formation contracted by 4.5% q/q in Q1 and contributed 0.3% towards the GDE decline. Deep contractions in investment in transport equipment, construction works, and non-residential building caused the decline in GFCF. Household consumption also contracted in Q1, weighing on growth. It was the first time since 1Q16 that household final consumption expenditure declined, which highlights the struggle of the SA consumer lately. Households have been giving up discretionary goods and services to safeguard spending on food, housing and healthcare recently.

**Synopsis: Given the low base effect in Q1, we expect Q2 growth to fare better. However, the mining and manufacturing industries have begun the quarter on a very weak note, with contractions in April despite new orders still growing strongly. While Nedbank anticipates Q2 real growth of 1.6% q/q, this would evolve based on the high-frequency monthly data. With no real uptick in confidence expected in 2H19, we could see further downward revisions to the full-year growth estimate, with any load-shedding exacerbating this decline. Conversely, fast-tracking structural reforms could lend some upside, however there would be a lagged effect taking these benefits into 2020, in our opinion.**



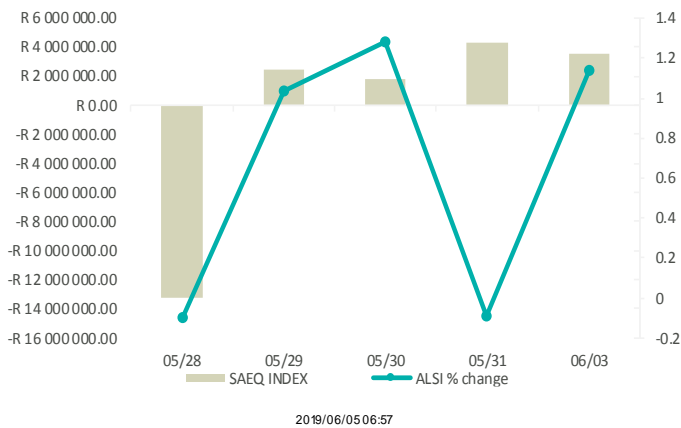
| Foreign flows (bn)                  | Week to 31 May 2019 | Month to 31 May 2019 | Year to 31 May 2019 |
|-------------------------------------|---------------------|----------------------|---------------------|
| Foreign flows into SA equity market | -R 4.282            | -R 8.229             | -R 43.887           |
| Foreign flows into SA bond market   | R 3.472             | -R 3.578             | R 10.059            |
| Total foreign flows                 | -R 0.811            | -R 11.807            | -R 33.828           |

Source: Bloomberg

2019/06/05 06:57

## Foreign equity flows: 5-day history

Net Foreign Flows: Equities (R'000) (LHS) vs. ALSI daily % change (RHS)

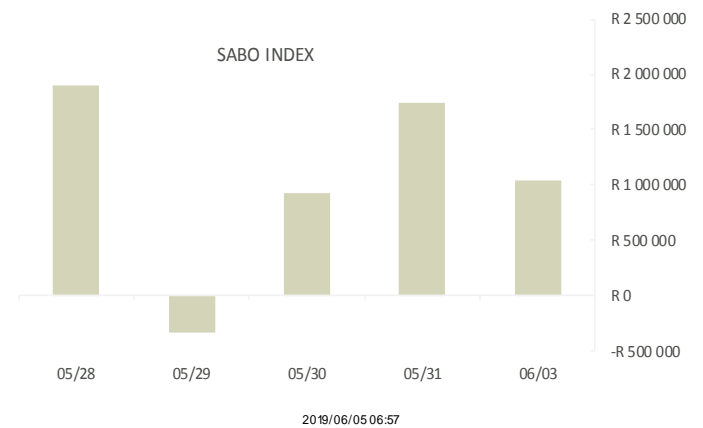


2019/06/05 06:57

Source: Bloomberg, Nedbank

## Foreign bond flows: 5-day history

Net Foreign Flows: Bonds (R'000)



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Source: Bloomberg, Nedbank

# ECONOMIC CALENDAR

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|                | Country | Event                          | Period | Survey     | Actual | Prior       | Revised |
|----------------|---------|--------------------------------|--------|------------|--------|-------------|---------|
| <b>04-June</b> |         |                                |        |            |        |             |         |
| 11:00 AM       | EC      | CPI Core YoY                   | MAY A  | 0.90%      | 0.80%  | 1.30%       | -       |
| 11:00 AM       | EC      | Unemployment Rate              | APR    | 7.70%      | 7.60%  | 7.70%       | -       |
| 11:00 AM       | EC      | CPI Estimate YoY               | MAY    | 1.30%      | 1.20%  | 1.70%       | -       |
| 11:30 AM       | SA      | GDP Annualized QoQ             | 1Q     | -1.6%      | -3.2%  | 1.4%        | -       |
| 11:30 AM       | SA      | GDP YoY                        | 1Q     | 0.6%       | 0.0%   | 1.1%        | -       |
| 04:00 PM       | US      | Cap Goods Orders Nondef Ex Air | APR F  | -          | -1.0%  | -1.0%       | -       |
| 04:00 PM       | US      | Durables Ex Transportation     | APR F  | -          | 0.00%  | 0.00%       | -       |
| 04:00 PM       | US      | Durable Goods Orders           | APR F  | -          | -2.1%  | -2.1%       | -       |
| 04:00 PM       | US      | Factory Orders                 | APR    | -1.0%      | -0.8%  | 1.9%        | 1.3%    |
| 04:00 PM       | US      | Factory Orders Ex Trans        | APR    | -          | 0.3%   | 0.8%        | 0.3%    |
| <b>05-June</b> |         |                                |        |            |        |             |         |
| 03:45 AM       | CH      | Caixin China PMI Services      | MAY    | 54.0       | 52.7   | 54.5        | -       |
| 09:55 AM       | GE      | Markit Germany Services PMI    | MAY F  | 55.0       | -      | 55.0        | -       |
| 10:00 AM       | EC      | Markit Eurozone Services PMI   | MAY F  | 52.5       | -      | 52.5        | -       |
| 10:30 AM       | UK      | Markit/CIPS UK Services PMI    | MAY    | 50.6       | -      | 50.4        | -       |
| 11:00 AM       | EC      | PPI YoY                        | APR    | 3.1%       | -      | 2.9%        | -       |
| 11:00 AM       | EC      | Retail Sales YoY               | APR    | 1.5%       | -      | 1.9%        | -       |
| 11:30 AM       | SA      | SACCI Business Confidence      | MAY    | 94.0       | -      | 93.7        | -       |
| 02:15 PM       | US      | ADP Employment Change          | MAY    | 185k       | -      | 275k        | -       |
| 03:45 PM       | US      | Markit US Services PMI         | MAY F  | 50.9       | -      | 50.9        | -       |
| <b>06-June</b> |         |                                |        |            |        |             |         |
| 08:00 AM       | GE      | Factory Orders WDA YoY         | APR    | -5.9%      | -      | -6.0%       | -       |
| 11:00 AM       | EC      | GDP SA QoQ                     | 1QF    | 0.40%      | -      | 0.40%       | -       |
| 11:00 AM       | EC      | GDP SA YoY                     | 1QF    | 1.20%      | -      | 1.20%       | -       |
| 11:00 AM       | SA      | Current Account as a % GDP     | 1Q     | -3.25%     | -      | -2.20%      | -       |
| 11:00 AM       | SA      | Current Account Balance        | 1Q     | ZAR -0.1b  | -      | ZAR -110.2b | -       |
| 01:45 PM       | EC      | ECB Deposit Facility Rate      | JUN 6  | -0.40%     | -      | -0.40%      | -       |
| 01:45 PM       | EC      | ECB Main Refinancing Rate      | JUN 6  | 0.00%      | -      | 0.00%       | -       |
| 01:45 PM       | EC      | ECB Marginal Lending Facility  | JUN 6  | 0.25%      | -      | 0.25%       | -       |
| 02:30 PM       | US      | Trade Balance                  | APR    | USD -50.7b | -      | USD -50.0b  | -       |
| <b>07-June</b> |         |                                |        |            |        |             |         |
| 12:00 AM       | CH      | Foreign Reserves               | MAY    | USD 3090b  | -      | USD 3095b   | -       |
| 01:30 AM       | JN      | Overall Household Spending YoY | APR    | 2.55%      | -      | 2.10%       | -       |
| 07:00 AM       | JN      | Leading Index CI               | APR P  | 95.8       | -      | 95.9        | -       |
| 08:00 AM       | GE      | Industrial Production WDA YoY  | APR    | -0.40%     | -      | -0.90%      | -       |
| 08:00 AM       | SA      | Net Reserves                   | MAY    | USD 43.2b  | -      | USD 43.3b   | -       |
| 08:00 AM       | SA      | Gross Reserves                 | MAY    | -          | -      | USD 49.5b   | -       |
| 08:00 AM       | GE      | Current Account Balance        | APR    | -          | -      | EUR 30.2b   | -       |
| 08:00 AM       | GE      | Exports SA MoM                 | APR    | -0.90%     | -      | 1.60%       | -       |
| 08:00 AM       | GE      | Imports SA MoM                 | APR    | -0.20%     | -      | 0.60%       | -       |
| 08:00 AM       | GE      | Trade Balance                  | APR    | EUR 19.5b  | -      | EUR 22.6b   | -       |
| 02:30 PM       | US      | Average Hourly Earnings YoY    | MAY    | 3.2%       | -      | 3.2%        | -       |
| 02:30 PM       | US      | Change in Nonfarm Payrolls     | MAY    | 180k       | -      | 263k        | -       |
| 02:30 PM       | US      | Labor Force Participation Rate | MAY    | -          | -      | 62.8%       | -       |
| 02:30 PM       | US      | Unemployment Rate              | MAY    | 3.6%       | -      | 3.6%        | -       |
| 04:00 PM       | US      | Wholesale Trade Sales MoM      | APR    | -0.20%     | -      | 2.30%       | -       |
| 09:00 PM       | US      | Consumer Credit                | APR    | USD 13.0b  | -      | USD 10.3b   | -       |

Source: Bloomberg 2019/06/05 06:55

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|  |   |   |
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