

# DAILY MARKET COMMENTARY

13 June 2019



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(\* when available)*

## KEY DAILY DRIVERS

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### SNIPPETS

|                |   |
|----------------|---|
| (Fixed Income) | Volatile trading day for SA yields, as risk off resumes on the back of trade uncertainty, curve steepens marginally as a result   |
| (Currencies)   | Local political headlines weigh on the rand   |
| (Commodities)  | WTI held its biggest daily loss this month to trade near \$51 a barrel as a surprise increase in inventories and no sign of a breakthrough in the U.S.-China trade war damped sentiment |
| (Equities)     | Global markets traded lower as trade tensions resurfaced, and investors took profits after the recent rally   |
| (Economics)    | SA retail sales surprises to the upside in April as a result of seasonal spending; US CPI eases in May on softer energy prices  |

## KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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| Date  | Region | Event                   | Actual/expected/prior | Implications  |
|-------|--------|-------------------------|-----------------------|---|
| 12/06 | SA     | Retail sales            | 2.4%/1.2%/0.2%        | Retail activity expands but remains below long term trend   |
| 12/06 | US     | CPI                     | 1.8%/1.9%/2.0%        | CPI declines due to lower energy and services costs   |
| 13/06 | SA     | Mining production       | --/-0.8%/-1.1%        | Mining output to contract on weak demand, lower commodity prices  |
| 13/06 | SA     | BER business confidence | --/28/28              | Business confidence may remain stable or improve marginally on the back of the recent elections and stable electricity supply |
| 14/06 | US     | Retail sales            | --/0.6%/-0.2%         | Retail activity expected to advance on seasonal spending  |

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   | 6.51       | -0.35 | -7.65  | -48.85 | -140.75   | ↓         |
| R186-7.5 yrs   | 8.34       | 0.50  | -12.30 | -53.20 | -59.60    | ↓         |
| R2048-28.7 yrs | 9.86       | 0.30  | 7.60   | -4.30  | 4.50      | ↑         |
| US10 yr        | 2.11       | -1.22 | -1.63  | -57.59 | -85.81    | ↓         |
| UK 10 yr       | 0.87       | 0.80  | -1.90  | -41.00 | -53.40    | ↓         |
| German 10 yr   | -0.24      | -0.40 | -3.40  | -47.80 | -72.70    | ↓         |
| Japan 10 yr    | -0.12      | -0.70 | -2.40  | -12.10 | -17.20    | ↓         |

| 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                 | 7.06       | 0.00  | -5.90  | -9.20  | 14.10     | ↓         |
| SA 3m NCD                   | 7.03       | -5.00 | -11.25 | -10.00 | 12.50     | ↓         |
| SA 6m NCD                   | 7.48       | 0.00  | -13.75 | -27.50 | 2.50      | ↓         |
| SA 12m NCD                  | 7.78       | 0.00  | -18.75 | -55.00 | -31.25    | ↓         |
| US3m LIBOR                  | 2.43       | -2.16 | -7.46  | -37.98 | 9.23      | ↓         |
| UK 3m LIBOR                 | 0.79       | 0.48  | -0.31  | -11.97 | 16.36     | ↓         |
| Japan 3m LIBOR              | -0.07      | 0.00  | -0.62  | 0.58   | -3.17     | ↓         |

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        | 6.84       | -1.00 | -13.50 | -37.00 | -14.00    | ↓         |
| 6X9 FRA        | 6.66       | 0.00  | 4.00   | 3.00   | 4.00      | ↑         |
| 9X12 FRA       | 6.59       | 0.00  | -24.25 | -74.50 | -65.50    | ↓         |
| 18X21 FRA      | 6.75       | 0.00  | -21.50 | -71.50 | -79.50    | ↓         |
| SA 2yr Swap    | 6.75       | 2.50  | -20.50 | -59.00 | -58.00    | ↓         |
| SA 3yr Swap    | 6.84       | 4.00  | -19.00 | -61.00 | -71.00    | ↓         |
| SA 5yr Swap    | 7.13       | 6.00  | -12.00 | -54.00 | -75.00    | ↓         |
| SA 10yr Swap   | 7.79       | 6.50  | -8.00  | -40.00 | -61.00    | ↓         |
| SA 15yr Swap   | 8.07       | 6.00  | -7.00  | -39.50 | -61.50    | ↓         |

| Spreads                          | Last price | Δ 1d  | Δ MTD  | Δ YTD  | Δ 12Month | MTD trend |
|----------------------------------|------------|-------|--------|--------|-----------|-----------|
|                                  | %          | bps   | bps    | bps    | bps       |           |
| 2v10y                            | -1.05      | -4.00 | -12.50 | -19.00 | 3.00      | ↓         |
| 3v10y                            | -0.96      | -2.50 | -11.00 | -21.00 | -10.00    | ↓         |
| R186-R208                        | 1.83       | 0.85  | -4.65  | -4.35  | 81.15     | ↓         |
| R2048-R186                       | 1.52       | -0.20 | 19.90  | 48.90  | 64.10     | ↑         |
| 5y-R186                          | -1.21      | 5.50  | 0.30   | -0.80  | -15.40    | ↑         |
| 10y-R186                         | -0.55      | 6.00  | 4.30   | 13.20  | -1.40     | ↑         |
| 15y-R186                         | -0.27      | 5.50  | 5.30   | 13.70  | -1.90     | ↑         |
| SA 5yr CDS spread - basis points | 201.63     | 0.91  | -4.00  | -21.32 | -0.90     | ↓         |

Source: Bloomberg & Nedbank CIB

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## US 10 year yield

### US 10 year yield

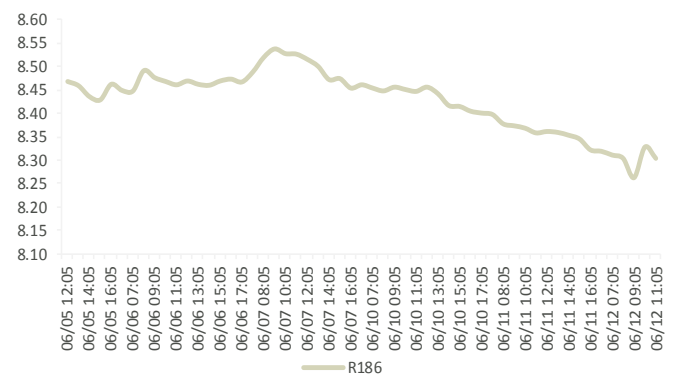


2019/06/13 07:41

Source: Bloomberg, Nedbank

## SA 10 year yield

### SA 10 year yield



2019/06/13 07:41

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 in the mid-14.60s. Thereafter, the local unit traded on the back foot, with the president officially implicated in the Bosasa scandal investigated by the public protector. This, combined with a broadly firmer USD, saw it trade to a high of 14.8525 on the day, where it closed. This morning, the rand has continued to underperform, and is currently trading at 14.9150, the EURZAR is trading at 16.8510 and the GBPZAR is trading at 18.9270.
- The international markets were subdued on the day, although the majority of the currencies traded steadily weaker relative to the USD. The EURUSD has traded from a high of 1.1343 yesterday to currently trade at 1.1296. The GBPUSD, too, traded weaker, and this morning, it is currently trading at 1.2688. Gold has held steady since yesterday and is currently trading at 1,335.60 as the markets grapple with uncertainty.
- Data releases scheduled for today: locally, we have mining production; from Europe, we have the German CPI and Eurozone industrial production; and from the US, we have jobless claims, and import and export prices.
- After working hard to recover from the worst levels of last week, the rand is again trading on the back foot as local headlines continue to cast doubt over our politicians. On the international front, there seems to be no sign of a breakthrough in the trade talks, keeping the USD on the front foot. In the UK, the succession race for prime minister is heating up.
- Possible trading range for the rand today: 14.8000 to 15.1500

| Majors | Last price | %Δ<br>-1d | %Δ<br>MTD | %Δ<br>YTD | %Δ<br>12Month | MTD trend | USD trend    |
|--------|------------|-----------|-----------|-----------|---------------|-----------|--------------|
| GBPUSD | 1.27       | 0.02      | 0.49      | -0.43     | -5.19         | ↕         | USD weakness |
| EURUSD | 1.13       | 0.02      | 1.16      | -1.34     | -4.17         | ↕         | USD weakness |
| USDJPY | 108.34     | -0.15     | 0.05      | 1.22      | -1.90         | ↕         | USD strength |
| USDAUD | 1.45       | 0.35      | 0.39      | 1.91      | 10.01         | ↕         | USD strength |

| Rand crosses | Last price | %Δ<br>-1d | %Δ<br>MTD | %Δ<br>YTD | %Δ<br>12Month | MTD trend | ZAR trend    |
|--------------|------------|-----------|-----------|-----------|---------------|-----------|--------------|
| USDZAR       | 14.91      | 0.48      | 2.24      | 3.58      | 11.21         | ↕         | ZAR weakness |
| GBPZAR       | 18.93      | 0.49      | 2.67      | 3.11      | 6.33          | ↕         | ZAR weakness |
| EURZAR       | 16.85      | 0.50      | 3.34      | 2.28      | 7.35          | ↕         | ZAR weakness |
| AUDZAR       | 10.31      | 0.13      | 1.92      | 1.68      | 2.32          | ↕         | ZAR weakness |
| ZARJPY       | 7.26       | -0.63     | -2.28     | -4.93     | -14.75        | ↕         | ZAR weakness |

| African FX                  | Last price | %Δ<br>-1d | %Δ<br>MTD | %Δ<br>YTD | %Δ<br>12Month | MTD trend | ZAR trend    |
|-----------------------------|------------|-----------|-----------|-----------|---------------|-----------|--------------|
| ZARMWK (Malawian kwacha)    | 51.33      | -0.49     | -0.09     | 1.26      | -6.78         | ↕         | ZAR weakness |
| ZARBWP (Botswana pula)      | 0.73       | -0.26     | -1.82     | -2.04     | -5.15         | ↕         | ZAR weakness |
| ZARKES (Kenyan shilling)    | 6.80       | -0.46     | -2.12     | -4.12     | -12.27        | ↕         | ZAR weakness |
| ZARMUR (Mauritian rupee)    | 2.39       | -0.10     | -2.70     | 0.08      | -7.64         | ↕         | ZAR weakness |
| ZARNGN (Nigerian naira)     | 24.19      | -0.48     | -1.75     | -4.46     | -12.52        | ↕         | ZAR weakness |
| ZARGHS (Ghanian cedi)       | 0.36       | -0.47     | -2.57     | 6.08      | 1.88          | ↕         | ZAR weakness |
| ZARZMW (Zambian kwacha)     | 0.89       | -0.32     | -3.27     | 6.50      | 13.33         | ↕         | ZAR weakness |
| ZARMZN (Mozambican metical) | 4.17       | -0.48     | -2.11     | -1.23     | -6.96         | ↕         | ZAR weakness |

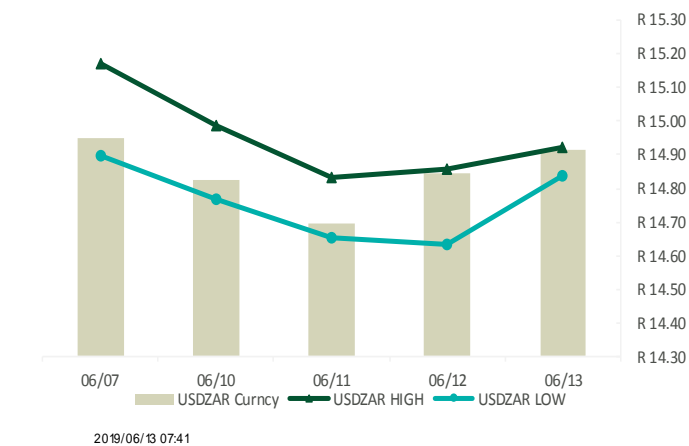
| Emerging Market FX      | Last price | %Δ<br>-1d | %Δ<br>MTD | %Δ<br>YTD | %Δ<br>12Month | MTD trend | USD trend    |
|-------------------------|------------|-----------|-----------|-----------|---------------|-----------|--------------|
| USDBRL (Brazilian Real) | 3.87       | 0.26      | -1.43     | -0.35     | 3.82          | ↕         | USD weakness |
| USDTRY (Turkish Lira)   | 5.84       | 0.76      | -0.05     | 9.33      | 20.80         | ↕         | USD weakness |
| USDMXN (Mexican Peso)   | 19.20      | 0.17      | -2.16     | -2.41     | -7.40         | ↕         | USD weakness |
| USDINR (Indian Rupee)   | 69.36      | 0.01      | -0.50     | -0.59     | 2.47          | ↕         | USD weakness |
| USDRUB (Russian Ruble)  | 64.83      | 0.01      | -0.95     | -7.02     | 3.81          | ↕         | USD weakness |

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

## USDZAR

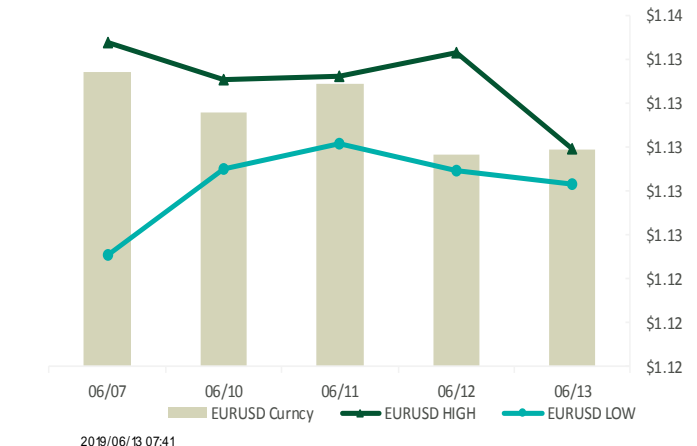
\$/R (close, high and low)



Source: Bloomberg, Nedbank

## EUR/USD

€/\$(close, high and low)



Source: Bloomberg, Nedbank

- Oil held its biggest daily loss this month to trade near \$51 a barrel as a surprise increase in inventories and no sign of a breakthrough in the U.S.-China trade war damped sentiment. Futures steady after dropping 4% in the previous session.
- Gold held an advance as weaker-than-expected inflation bolstered the case for the Fed to cut rates. Spot gold steady at \$1,332.52/oz after +0.5% Wednesday. Spot silver -0.2%. Platinum +0.1%. Palladium +0.1%.
- Copper held Wednesday losses as pessimism around global growth and trade tensions outweighed supply disruptions. LME copper steady at \$5,851.50/ton; -0.4% on Wednesday. LME aluminium -0.4% to \$1,783/ton, LME nickel +0.2%, zinc +0.3%.

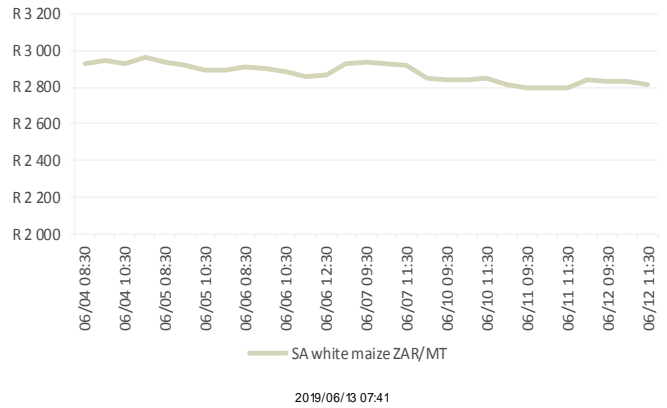
Source: Bloomberg

| Commodities             | Last price | %Δ   |       |       |         | MTD trend |
|-------------------------|------------|------|-------|-------|---------|-----------|
|                         |            | -1d  | MTD   | YTD   | 12Month |           |
| Brent near future (\$)  | 60.35      | 0.63 | -6.42 | 12.17 | -21.36  | ↓         |
| WTI crude (\$)          | 51.21      | 0.14 | -4.28 | 12.77 | -23.15  | ↓         |
| Gold spot (\$)          | 1336.44    | 0.29 | 2.36  | 4.28  | 2.94    | ↑         |
| Platinum spot (\$)      | 813.65     | 0.16 | 2.51  | 2.33  | -9.75   | ↑         |
| SA white maize spot (R) | 2 814.00   | 0.68 | -5.35 | -3.96 | 35.94   | ↓         |

Source: Bloomberg & Nedbank CIB  
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## SA white maize

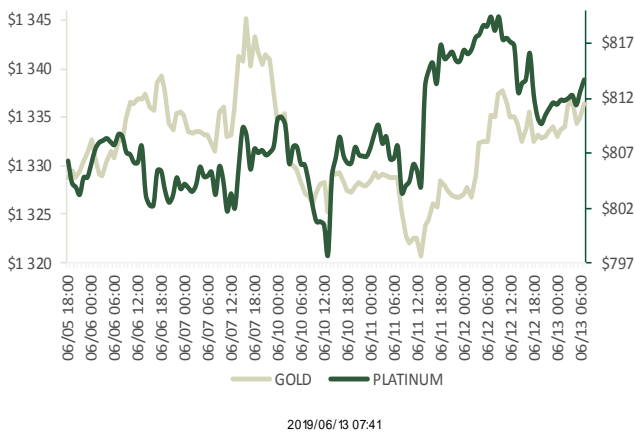
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

## Platinum vs Gold

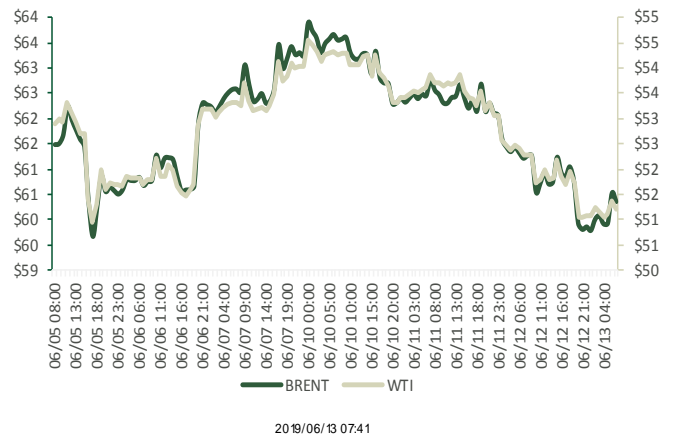
Platinum vs. Gold



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 traded lighter after seven days of consecutive gains, with both major indices falling around a tenth of a percent.
- Gold and platinum miners outperformed while retailers retreated.
- Retail sales rose 2.4% y/y in April, above expectations.
- The value traded was R22.5bn, and the rand was at 14.80 to the USD.

## UK/Europe

- European markets ended firmly in the red as a lower crude price weighed on energy counters.
- The FTSE lost four-tenths of a percent. British American Tobacco plunged over 4% after posting a first-half trading update.
- Weaker healthcare and consumer stocks led the DAX three-tenths of a percent lower.
- Technip FMC Plc and Total SA lost 3.5% and 2.7%, respectively, as the CAC lost six-tenths of a percent.

## USA

- US markets ended lower for a second consecutive session as trade tensions with China took centre stage.
- President Trump commented that he will impose new tariffs on Chinese goods if President Xi Jinping does not meet with him at the G20 summit.
- The Dow and S&P lost around two-tenths of a percent each, while the tech-heavy Nasdaq fell four-tenths of a percent.

## Asia

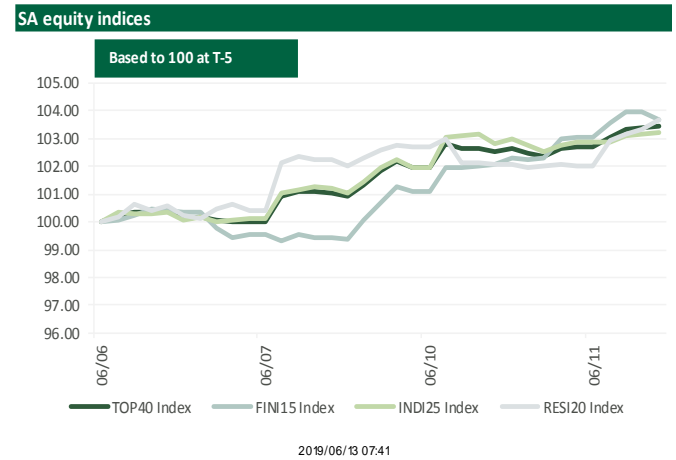
- Asian markets are trading firmly in the red this morning, taking direction from US markets overnight, as trade concerns resurface while weaker oil prices weigh on energy shares.
- At the time of writing, the Nikkei was down eight-tenths of a percent, with the technology and energy sectors both losing around 2%.
- Tencent dropped 2.5%, with the Hang Seng losing over a percent. The ASX was flat as gains in consumer stocks and financials offset losses.

| Developed Markets | Last price | %Δ    |       |       |         | 2018 Performance | MTD trend |
|-------------------|------------|-------|-------|-------|---------|------------------|-----------|
|                   |            | -1d   | MTD   | YTD   | 12Month |                  |           |
| Dow Jones         | 26 004.83  | -0.17 | 4.79  | 11.48 | 3.19    | -6.03            | ↑         |
| Nasdaq            | 7 792.72   | -0.38 | 4.56  | 17.44 | 1.26    | -5.30            | ↑         |
| S&P 500           | 2 879.84   | -0.20 | 4.64  | 14.88 | 3.75    | -7.01            | ↑         |
| DJ Eurostoxx 50   | 3 386.63   | -0.43 | 3.24  | 12.83 | -2.67   | -14.00           | ↑         |
| DAX               | 12 115.68  | -0.33 | 3.32  | 14.74 | -6.01   | -17.97           | ↑         |
| CAC               | 5 374.92   | -0.62 | 3.21  | 13.62 | -1.43   | -10.55           | ↑         |
| FTSE              | 7 367.62   | -0.42 | 2.88  | 9.50  | -4.36   | -12.03           | ↑         |
| ASX200            | 6 535.80   | -0.12 | 2.17  | 15.75 | 8.50    | -6.84            | ↑         |
| Nikkei 225        | 20 985.25  | -0.68 | 1.86  | 4.85  | -8.63   | -14.85           | ↑         |
| MSCI World        | 2 134.42   | -0.25 | 4.31  | 13.30 | -0.27   | -10.97           | ↑         |
| Emerging Markets  | Last price | %Δ    |       |       |         | 2018 Performance | MTD trend |
|                   |            | -1d   | MTD   | YTD   | 12Month |                  |           |
| Hang Seng         | 27 028.01  | -1.03 | 0.47  | 4.57  | -12.03  | -15.30           | ↑         |
| Shanghai          | 2 906.32   | -0.11 | 0.26  | 16.54 | -4.70   | -25.52           | ↑         |
| Brazil Bovespa    | 98 320.88  | -0.65 | 1.33  | 11.87 | 36.33   | 12.83            | ↑         |
| India - NSE       | 39 570.22  | -0.47 | -0.36 | 9.71  | 10.72   | 6.67             | ↓         |
| Russia Micex      | 2 751.75   | 0.33  | 3.24  | 16.14 | 21.13   | 9.55             | ↑         |
| MSCI Emerging     | 1 026.24   | -0.54 | 2.83  | 6.26  | -9.64   | -18.02           | ↑         |
| SA Indices        | Last price | %Δ    |       |       |         | 2018 Performance | MTD trend |
|                   |            | -1d   | MTD   | YTD   | 12Month |                  |           |
| JSE All Share     | 58 710.55  | -0.10 | 5.50  | 11.33 | 0.47    | -11.71           | ↑         |
| Top 40            | 52 619.43  | -0.07 | 6.11  | 12.61 | 0.80    | -11.54           | ↑         |
| Resi 10           | 47 466.75  | 1.13  | 9.16  | 15.64 | 12.46   | 12.01            | ↑         |
| Indi 25           | 73 187.06  | -0.54 | 6.24  | 14.92 | -3.89   | -20.20           | ↑         |
| Fini 15           | 17 084.75  | -0.55 | 1.93  | 4.30  | 2.52    | -6.54            | ↑         |

Source: Bloomberg & Nedbank CIB

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## Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

# 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               | 173.89     | -0.18     | 2.89      | 7.46      | 6.86          | -11.08              | ↑         |
| AGL : Anglo American Plc           | 389.52     | 1.16      | 11.88     | 20.87     | 22.38         | 26.07               | ↑         |
| AMS : Anglo American Platinum Ltd  | 804.27     | 3.78      | 9.76      | 49.51     | 144.44        | 52.19               | ↑         |
| ANG : Anglogold Ashanti Ltd        | 225.30     | 6.11      | 15.73     | 23.96     | 99.03         | 41.31               | ↑         |
| APN : Aspen Pharmacare Holdings Lt | 103.35     | 0.09      | 5.52      | -23.34    | -62.16        | -51.42              | ↑         |
| BHP : Bhp Group Plc                | 358.68     | 1.11      | 9.42      | 23.91     | 21.62         | 21.24               | ↑         |
| BID : Bid Corp Ltd                 | 315.86     | 0.89      | 3.79      | 19.19     | 13.54         | -11.96              | ↑         |
| BTI : British American Tobacco Plc | 554.28     | -3.12     | 9.32      | 18.11     | -15.63        | -43.42              | ↑         |
| BVT : Bidvest Group Ltd            | 197.90     | -2.31     | -4.44     | -4.33     | -3.18         | -5.15               | ↓         |
| CFR : Financiere Richemont-Dep Rec | 119.36     | 0.90      | 12.16     | 27.45     | -4.21         | -16.20              | ↑         |
| CLS : Clicks Group Ltd             | 209.23     | 1.97      | 9.73      | 9.29      | 4.63          | 5.70                | ↑         |
| CPI : Capitec Bank Holdings Ltd    | 1280.00    | -0.64     | -2.97     | 14.49     | 45.29         | 1.83                | ↓         |
| DSY : Discovery Ltd                | 151.58     | 1.47      | 9.26      | -5.14     | 4.54          | -14.09              | ↑         |
| FSR : Firststrand Ltd              | 67.54      | -1.70     | 0.96      | 3.02      | 10.54         | -2.51               | ↑         |
| GFI : Gold Fields Ltd              | 76.47      | 4.67      | 16.86     | 54.99     | 57.64         | -8.80               | ↑         |
| GRT : Growthpoint Properties Ltd   | 24.25      | -0.41     | 0.25      | 4.08      | -9.55         | -15.76              | ↑         |
| INL : Investec Ltd                 | 91.35      | 0.10      | 6.61      | 15.63     | -7.75         | -11.95              | ↑         |
| INP : Investec Plc                 |            |           |           |           |               |                     | →         |
| MCG : Multichoice Group Ltd        | 128.24     | 1.96      | 5.21      |           |               |                     | ↑         |
| MND : Mondi Ltd                    | 322.69     | 1.35      | 7.72      | 4.24      | -13.18        | -3.04               | ↑         |
| MNP : Mondi Plc                    | 322.99     | 1.09      | 8.12      | 6.22      | -13.36        | -4.78               | ↑         |
| MRP : Mr Price Group Ltd           | 206.50     | -2.77     | 4.74      | -16.11    | -12.99        | 0.52                | ↑         |
| MTN : Mtn Group Ltd                | 110.62     | 0.11      | 7.77      | 24.29     | -1.75         | -34.85              | ↑         |
| NED : Nedbank Group Ltd            | 259.12     | -2.03     | -1.12     | -5.68     | -5.82         | 7.27                | ↓         |
| NPN : Naspers Ltd-N Shs            | 3461.47    | -1.10     | 5.67      | 23.43     | 5.21          | -16.19              | ↑         |
| NRP : Nepi Rockcastle Plc          | 130.34     | 1.60      | 5.92      | 15.35     | 1.46          | -47.09              | ↑         |
| NTC : Netcare Ltd                  | 17.99      | -3.28     | -3.28     | -30.88    |               |                     | ↓         |
| OMU : Old Mutual Ltd               | 22.28      | 0.81      | 5.89      | -0.54     |               |                     | ↑         |
| PSG : Psg Group Ltd                | 241.16     | -1.32     | -0.78     | -1.49     | 13.84         | -9.33               | ↓         |
| RDF : Redefine Properties Ltd      | 9.18       | 0.44      | 1.21      | -5.07     | -13.56        | -9.63               | ↑         |
| REM : Remgro Ltd                   | 189.37     | -0.85     | 2.27      | -2.76     | -6.83         | -17.48              | ↑         |
| RMH : Rmb Holdings Ltd             | 82.65      | -1.85     | 0.34      | 4.75      | 12.74         | -0.34               | ↑         |
| SAP : Sappi Limited                | 59.25      | 5.69      | 7.53      | -27.43    | -35.34        | -8.77               | ↑         |
| SBK : Standard Bank Group Ltd      | 198.67     | -0.88     | -0.04     | 11.11     | -4.08         | -8.61               | ↓         |
| SHP : Shoprite Holdings Ltd        | 168.67     | -0.99     | -1.94     | -11.30    | -26.60        | -14.03              | ↓         |
| SLM : Sanlam Ltd                   | 79.00      | 0.80      | 3.73      | -1.00     | 5.94          | -8.28               | ↑         |
| SOL : Sasol Ltd                    | 368.00     | -3.04     | 0.38      | -13.41    | -24.61        | -0.74               | ↑         |
| SPP : Spar Group Limited/The       | 192.75     | -1.15     | 0.66      | -7.11     | 2.10          | 2.05                | ↑         |
| TBS : Tiger Brands Ltd             | 227.00     | 0.00      | 3.19      | -10.58    | -24.68        | -40.48              | ↑         |
| TFG : The Foschini Group Ltd       | 181.44     | 1.59      | 3.03      | 9.14      | -2.39         | -15.76              | ↑         |
| VOD : Vodacom Group Ltd            | 128.41     | 0.63      | 8.09      | -2.72     | -6.61         | -9.39               | ↑         |
| WHL : Woolworths Holdings Ltd      | 49.44      | 0.18      | 8.07      | -10.26    | -11.87        | -15.65              | ↑         |

Source: Bloomberg & Nedbank CIB

Time 2019/06/13 07:41

## US

- US CPI eased to 1.8% y/y in May, from 2% in April, worse than consensus of 1.9%. Energy prices declined sharply, weighing on CPI. Prices of housing, services, transportation, recreation and commodities either eased or contracted in May.
- The only upside drivers of inflation were foods and beverage costs. Underlying inflationary pressure, as measured by core CPI fell to 2% y/y in May, from 2.1% in April, worse than consensus for no change. This implies that inflation has structurally weakened in the economy.
- Due to the softer inflation print, the Fed funds futures market is now pricing in an 85% probability of a Fed rate cut in July.

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

## SA

- SA retail sales growth surged to 2.4% y/y in April, from 0.1% growth in March, well ahead of consensus of 1.2%. This represents the fastest pace of sales growth since November 2018 (since the Black Friday promotions). Retail sales grew by 0.8% m/m in April, from a 0.7% contraction in the previous month.
- In April, sales were driven by textiles, clothing and footwear, sales at general dealers, and sales of pharmaceutical products. Improved sales growth were seen across all product categories apart from food and beverages, and hardware, paint and glass.
- In the first quarter, retail sales contracted by 0.7% q/q – this contributed towards the 0.8% q/q decline in household final consumption expenditure in the Q1 GDP print. While the surge in sales in April signals a recovery in household spending early into the second quarter, it is still due to seasonal effects and one-off factors, rather than a broad based and sustained recovery in consumer attitudes. In March, large tax refunds were settled (R6bn in refunds went to VAT vendors, individuals and SOEs, while R22.2bn in refunds were paid to companies because of tax and earnings overestimation), which would have also buoyed spending activity in April. This benefit will gradually fall away as the year progresses.

**Synopsis: Nedbank forecasts real GDP growth of 0.5% in 2019, down from 0.8% achieved in 2018. The consumer drives 63% of GDP growth, and persistently low confidence levels will not help growth over the medium term. The slow pace of growth will cause fiscal and structural problems to fester. Unless private investment, employment and consumer demand recovers, SA is likely to maintain the negative output gap for some time.**

# ECONOMIC CALENDAR

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|                | Country | Event                          | Period | Survey      | Actual      | Prior      | Revised |
|----------------|---------|--------------------------------|--------|-------------|-------------|------------|---------|
| <b>12-June</b> |         |                                |        |             |             |            |         |
| 01:50 AM       | JN      | Machine Orders YoY             | APR    | █ -5.30% █  | █ 2.50% █   | █ -0.70%   | -       |
| 01:50 AM       | JN      | PPI YoY                        | MAY    | █ 0.70% █   | █ 0.70% █   | █ 1.20%    | █ 1.30% |
| 03:30 AM       | CH      | CPI YoY                        | MAY    | █ 2.70% █   | █ 2.70% █   | █ 2.50%    | -       |
| 03:30 AM       | CH      | PPI YoY                        | MAY    | █ 0.60% █   | █ 0.60% █   | █ 0.90%    | -       |
| 10:01 AM       | CH      | New Yuan Loans CNY             | JAN    | CNY 1300b   | CNY 1180b   | CNY 1020b  | -       |
| 10:01 AM       | CH      | Money Supply M2 YoY            | JAN    | █ 8.60% █   | █ 8.50% █   | █ 8.50%    | -       |
| 01:00 PM       | US      | MBA Mortgage Applications      | FEB 23 | - █         | █ 26.80%    | █ 1.50%    | -       |
| 01:00 PM       | SA      | Retail Sales Constant YoY      | APR    | █ 1.20% █   | █ 2.40% █   | █ 0.20%    | █ 0.10% |
| 02:30 PM       | US      | CPI YoY                        | MAY    | █ 1.90% █   | █ 1.80% █   | █ 2.00%    | -       |
| 02:30 PM       | US      | Real Avg Weekly Earnings YoY   | MAY    | - █         | █ 1.00%     | █ 0.90%    | -       |
| 02:30 PM       | US      | Real Avg Hourly Earning YoY    | MAY    | - █         | █ 1.30%     | █ 1.20%    | -       |
| 08:00 PM       | US      | Monthly Budget Statement       | MAY    | USD -202.5b | USD -207.8b | USD 160.3b | -       |
| <b>13-June</b> |         |                                |        |             |             |            |         |
| 08:00 AM       | GE      | CPI YoY                        | MAY F  | █ 1.40%     | - █         | █ 1.40%    | -       |
| 11:00 AM       | EC      | Industrial Production WDA YoY  | APR    | █ -0.55%    | - █         | █ -0.60%   | -       |
| 11:30 AM       | SA      | Mining Production YoY          | APR    | █ -0.50%    | - █         | █ -1.10%   | -       |
| 11:30 AM       | SA      | Gold Production YoY            | APR    | -           | - █         | █ -17.70%  | -       |
| 11:30 AM       | SA      | Platinum Production YoY        | APR    | -           | - █         | █ -0.50%   | -       |
| 12:00 PM       | SA      | BER Business Confidence        | 2Q     | █ 28        | - █         | █ 28       | -       |
| <b>14-June</b> |         |                                |        |             |             |            |         |
| 06:30 AM       | JN      | Industrial Production YoY      | APR F  | -           | - █         | █ -1.10%   | -       |
| 08:00 AM       | GE      | Wholesale Price Index YoY      | MAY    | -           | - █         | █ 2.10%    | -       |
| 09:00 AM       | CH      | Industrial Production YoY      | MAY    | █ 5.40%     | - █         | █ 5.40%    | -       |
| 09:00 AM       | CH      | Retail Sales YoY               | MAY    | █ 8.05%     | - █         | █ 7.20%    | -       |
| 02:30 PM       | US      | Retail Sales Advance MoM       | MAY    | █ 0.60%     | - █         | █ -0.20%   | -       |
| 03:15 PM       | US      | Capacity Utilization           | MAY    | █ 78.00%    | - █         | █ 77.93%   | -       |
| 03:15 PM       | US      | Industrial Production MoM      | MAY    | █ 0.20%     | - █         | █ -0.51%   | -       |
| 03:15 PM       | US      | Manufacturing (SIC) Production | MAY    | █ 0.15%     | - █         | █ -0.50%   | -       |
| 04:00 PM       | US      | U. of Mich. Sentiment          | JUN P  | █ 98.0      | - █         | █ 100.0    | -       |
| <b>17-June</b> |         |                                |        |             |             |            |         |
| 10:00 PM       | US      | Net Long-term TIC Flows        | APR    | -           | -           | USD -28.4b | -       |
| 10:00 PM       | US      | Total Net TIC Flows            | APR    | -           | -           | USD -8.1b  | -       |

Source: Bloomberg 2019/06/13 07:41



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|  |   |   |
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