

DAILY MARKET COMMENTARY

01 August 2019



[Fixed Income and Interest Rates](#) | [Currencies](#) | [Commodities](#) | [Equities](#) | [LDT](#) | [JSE performance](#) | [Economics](#) | [*Foreign flows](#) | [Economic calendar](#) | [#Contacts](#)

Click on any of the above links to access your point of interest

(when available)*

KEY DAILY DRIVERS

Nedbank CIB Market Commentary | CIBMarketComm@Nedbank.co.za | +27 11 537 4091

SNIPPETS

(Fixed Income)	Bear curve flattener as the market was disappointed by the Fed
(Currencies)	Fed cuts but statement on outlook disappoints
(Commodities)	Oil retreated from a two-week high as the Federal Reserve dimmed hopes for more U.S. interest rate cuts, countering a seventh weekly decline in American crude stockpiles
(Equities)	Global markets trade lower after Fed Chairman Jerome Powell dampened hopes for further US rate cuts
(Economics)	SA trade balance posts a wider surplus as imports slump; Eurozone GDP growth eases in Q2, CPI declines; US payrolls report upbeat, Fed interest rate decision

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

Nedbank CIB Market Commentary | CIBMarketComm@Nedbank.co.za | +27 11 537 4091

Date	Region	Event	Actual/expected/prior	Implications
31/07	EZ	GDP	0.2%/0.2%/0.4%	Growth expected to weaken on consumer spending and trade
31/07	SA	Trade balance	R4.4b/R4b/R1.7b	Trade balance improves, but due to an import slump
31/07	US	ADP payrolls and FOMC interest rate decision	--	Payrolls may show modest growth, but Fed cut on forecasted growth disappointment
01/08	Global	PMIs	--	
01/08	UK	BOE interest rate decision	--/0.75%/0.75%	BOE likely to maintain hawkish tone, despite easing global monetary policy rhetoric
02/08	EZ	Retail sales	--/1.3%/1.3%	Consumer demand has softened in the Eurozone, which may reflect in sales
02/08	US	Labour market data	--	Strong labour market gains set to persist, but we will be watching wage growth closely

Source: Nedbank

CONTACT FOR QUERIES

REEZWANA SUMAD
Strategy: Research Analyst
Tel: +27 11 537 4091
ReezwanaS@Nedbank.co.za

FIXED INCOME AND INTEREST RATES

[back to top](#)

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	
R208-1.7 yrs	6.66	1.75	1.75	-33.85	-110.55	↑
R186-7.4 yrs	8.30	1.35	1.35	-57.05	-36.45	↑
R2048-28.6 yrs	9.92	2.15	2.15	1.55	33.15	↑
US 10 yr	2.04	2.60	2.60	-64.38	-96.61	↑
UK 10 yr	0.61	-2.30	-22.20	-66.60	-71.90	↓
German 10 yr	-0.44	-4.10	-11.30	-68.20	-88.30	↓
Japan 10 yr	-0.14	1.40	1.40	-14.20	-27.00	↑

Money Market	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
SA repo rate	6.50	0.00	-25.00	-25.00	0.00	↓
SA prime rate	10.00	0.00	-25.00	-25.00	0.00	↓
SA CPI (MTD=previous month)	4.50		0.00	0.00	-10.00	→
SA 3m JIBAR	6.83	0.00	-19.20	-31.70	-13.40	↓
SA 3m NCD	6.85	0.00	0.00	-27.50	-10.00	→
SA 6m NCD	7.33	5.00	0.00	-42.50	-20.00	→
SA 12m NCD	7.70	0.00	0.00	-62.50	-37.50	→
US 3m LIBOR	2.27	1.25	-5.43	-54.20	-8.29	↓
UK 3m LIBOR	0.77	0.06	-0.11	-13.98	-2.56	↓
Japan 3m LIBOR	-0.07	-0.02	-0.78	-0.07	-4.13	↓

Source: Bloomberg & Nedbank CIB
Time: 2019/08/0107:43

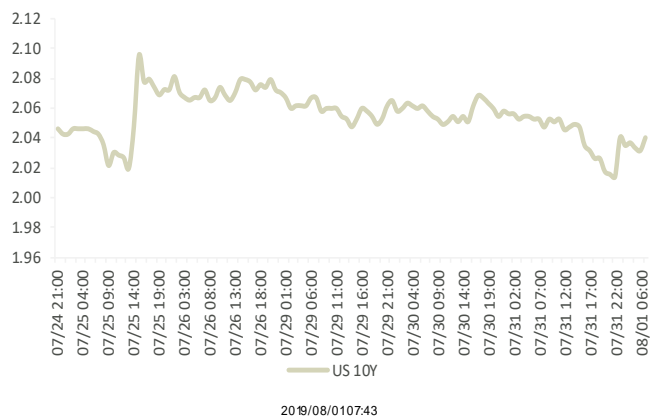
FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
3X6 FRA	6.77	0.00	0.00	-44.00	-26.00	→
6X9 FRA	6.67	0.00	4.00	3.00	4.00	↑
9X12 FRA	6.64	-0.50	-0.50	-69.50	-60.50	↓
18X21 FRA	6.77	0.00	0.00	-69.50	-72.50	→
SA 2yr Swap	6.74	-1.00	0.00	-60.00	-50.70	→
SA 3yr Swap	6.83	-2.00	0.00	-62.00	-54.00	→
SA 5yr Swap	7.10	-3.00	0.00	-57.00	-50.00	→
SA 10yr Swap	7.78	-1.50	0.00	-41.00	-30.00	→
SA 15yr Swap	8.11	-1.00	0.00	-35.50	-23.00	→

Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
2v10y	-1.05	0.50	0.00	-19.00	-20.70	→
3v10y	-0.96	-0.50	0.00	-21.00	-24.00	→
R186-R208	1.65	-0.40	-0.40	-23.20	74.10	↓
R2048-R186	1.61	0.80	0.80	58.60	69.60	↑
5y-R186	-1.20	-4.35	-1.35	0.05	-13.55	↓
10y-R186	-0.52	-2.85	-1.35	16.05	6.45	↓
15y-R186	-0.19	-2.35	-1.35	21.55	13.45	↓
SA 5yr CDS spread - basis points	174.23	0.95	0.95	-48.72	-13.27	↑

Source: Bloomberg & Nedbank CIB
Time: 2019/08/0107:43

US 10 year yield

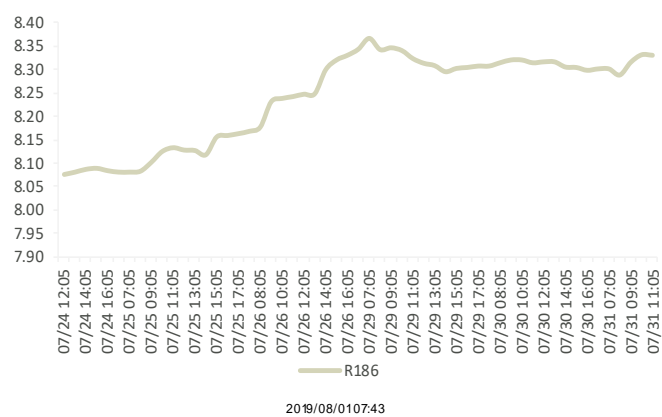
US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



Source: Bloomberg, Nedbank

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

- Yesterday, the local trading session opened with the rand trading around the 14.2000 level. The markets were awaiting the outcome of the FOMC, and flows were limited, with the rand trading around 14.1775 by the time of the local close. Ahead of the Fed meeting and with market conviction of a cut, the rand traded to a best level of 14.0900 in a limited-liquidity environment. After the event and the cut, with the statement suggesting little hope of further cuts this year, the USD rallied and briefly touched a high of 14.4000. This morning, the rand is trading at 14.3700, the EURZAR is trading at 15.8730 and the GBPZAR is trading at 17.4220.
- The international markets were similarly subdued ahead of the FOMC, with the EURUSD trading between 1.1129 and 1.1161; the USD rebound saw it trade to a low of 1.1035, and it is currently trading at 1.1050. The GBPUSD was again trading steadily weaker on the day, and this morning, it is currently trading at 1.2130. After having traded with a firmer bias over the most recent sessions, gold is currently trading at 1,409.50, USD21 off from the same time yesterday.
- Data releases schedule for today: locally, we have the manufacturing PMI; from Europe, we have manufacturing PMI releases for Italy, France, Germany and the zone; and from the US, we have Challenger job cuts, jobless claims, ISM manufacturing and construction spending.
- Although the Fed did cut rates by 25bps as expected, the decision was not unanimous, and hopes of a deeper cutting cycle were effectively quashed. This has seen the USD rebound across the board. The rand is likely to remain under sustained pressure, with local factors also weighing on it. The focus is now likely to shift to the US NFP data release tomorrow.
- Possible trading range for the rand today: 14.2500 to 14.5500

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.21	-0.68	-0.68	-4.83	-7.52	↓	USD strength
EURUSD	1.11	-0.70	-0.70	-3.51	-5.30	↓	USD strength
USDJPY	109.19	0.55	0.55	0.43	-2.27	↑	USD strength
USDAUD	1.46	0.47	0.47	2.82	7.96	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14.35	1.26	1.26	-0.19	7.78	↑	ZAR weakness
GBPZAR	17.41	0.59	0.59	-5.33	0.29	↑	ZAR weakness
EURZAR	15.86	0.57	0.57	-3.83	2.63	↑	ZAR weakness
AUDZAR	9.83	0.81	0.81	-3.08	0.45	↑	ZAR weakness
ZARJPY	7.61	-0.73	-0.73	-0.19	-10.88	↓	ZAR weakness

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	51.90	-1.28	-1.28	2.36	-5.62	↓	ZAR weakness
ZARBWP (Botswana pula)	0.74	-1.53	-1.53	-0.39	-4.33	↓	ZAR weakness
ZARKES (Kenyan shilling)	7.25	-1.28	-1.28	2.26	-4.75	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.50	-2.20	-2.20	4.62	-3.84	↓	ZAR weakness
ZARNGN (Nigerian naira)	25.24	-1.27	-1.27	-0.10	-8.41	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.38	-1.27	-1.27	9.81	4.56	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.90	-1.40	-1.40	7.88	16.43	↓	ZAR weakness
ZARMZN (Mozambican metical)	4.27	-1.27	-1.27	1.19	-2.98	↓	ZAR weakness

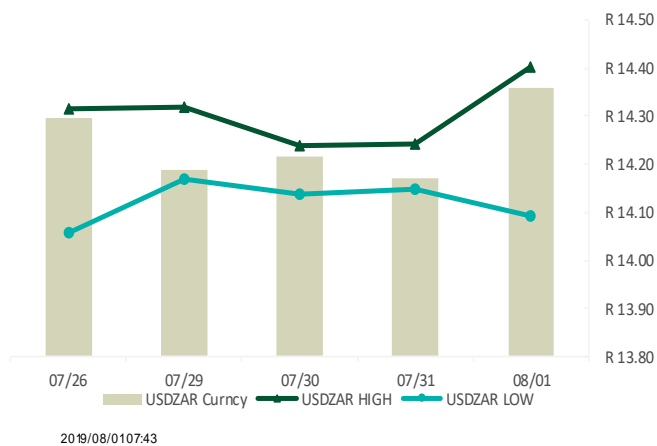
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3.81	0.54	0.00	-1.83	1.42	→	USD weakness
USDTRY (Turkish Lira)	5.58	0.53	0.53	5.13	10.71	↑	USD strength
USDMXN (Mexican Peso)	19.19	1.03	1.03	-2.46	3.07	↑	USD strength
USDINR (Indian Rupee)	69.07	0.39	0.39	-1.01	0.92	↑	USD strength
USDRUB (Russian Ruble)	63.60	0.27	0.27	-9.09	0.92	↑	USD strength

Source: Bloomberg & Nedbank CIB
Time: 2019/08/01 07:43

*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

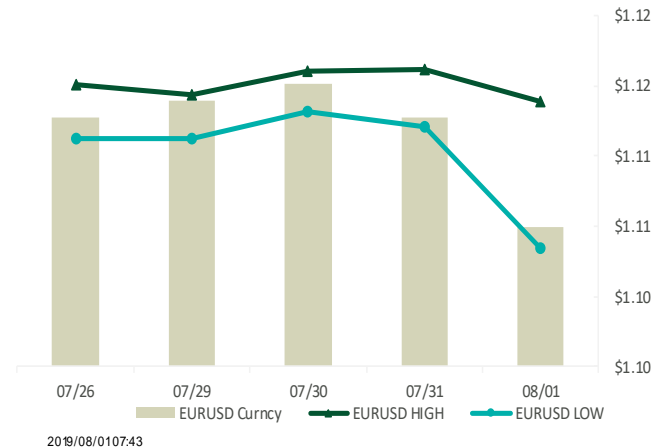
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/£ (close, high and low)



Source: Bloomberg, Nedbank

- Oil retreated from a two-week high as the Federal Reserve dimmed hopes for more U.S. interest rate cuts, countering a seventh weekly decline in American crude stockpiles. U.S. crude stockpiles dropped to the lowest level since November 2018 last week, according to EIA data Wednesday. Oil output expanded to 12.2 million barrels a day, climbing for the first time in three weeks and rebounding from the lowest since October 2018.
- Gold fell for a second day, while sustaining its hold above \$1,400 an ounce, after the Federal Reserve signalled it probably won't embark on a lengthy easing cycle following the first rate cut since the financial crisis. Other precious metals also dropped. Zinc led base metals lower.

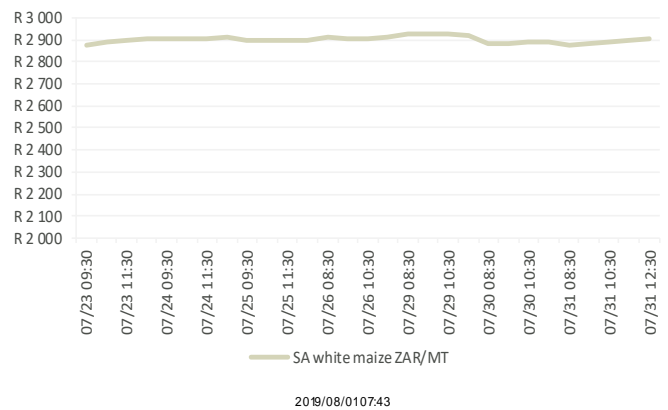
Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	64.36	-1.06	-1.24	19.63	-11.09	🔻
WTI crude (\$)	57.86	-1.23	-1.23	27.42	-14.48	🔻
Gold spot (\$)	1 409.17	-1.08	-1.08	9.96	15.67	🔻
Platinum spot (\$)	858.83	-1.82	-1.82	8.01	5.18	🔻
SA white maize spot (R)	2 903.00	0.35	0.00	-0.92	36.16	➡️

Source: Bloomberg & Nedbank CIB
Time: 2019/08/01 07:43

SA white maize

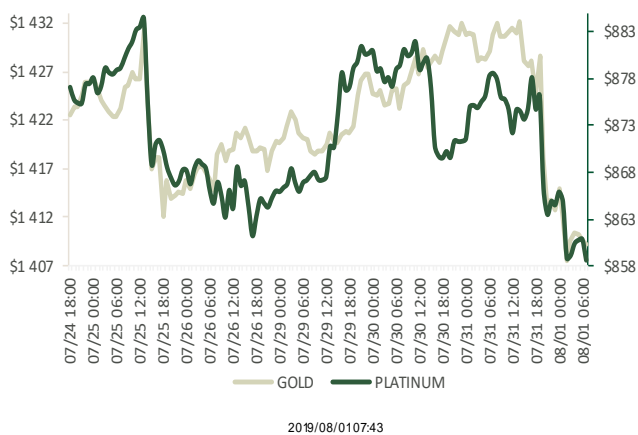
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

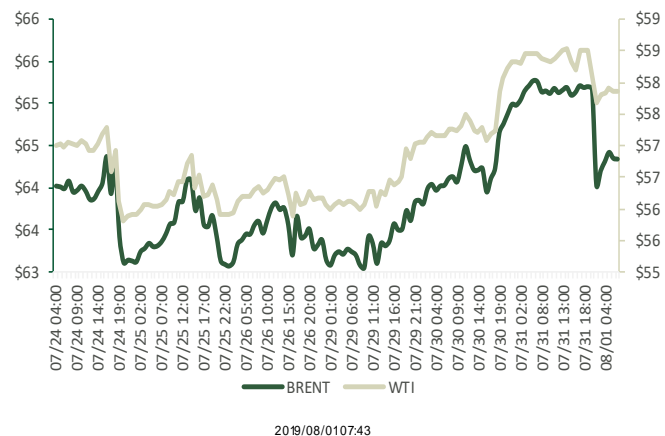
Platinum vs. Gold



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 continued lower on Wednesday, with the Top40 ending the day down 0.80% at 50,798.70.
- Intu Properties Plc tumbled 30.64%, trading at record lows, following disappointing results, reporting a decline in earnings and rental income.
- Brexit uncertainty continued to weigh on the likes of Hammerson Plc and Brait, which fell 9.9% and 15.47%, respectively.
- AngloGold weighed on the gold sector, losing 5.37%, after numbers in the trading statement came in below expectations.
- The value traded at the close was R20bn, and the rand was trading at 14.17 vs the USD.

UK/Europe

- European markets ended the session mostly firmer, buoyed by a number of strong corporate earnings reports and optimistic signs from US-China trade talks, while traders were seen to be trading cautiously as they awaited news from the Fed.
- Fashion group Next rallied 8% after reporting an unexpected rise in full-price sales, and Puma gained 8.4% after raising its outlook for sales growth and operating profit for 2019.
- BNP Paribas rose 1.6% following a strong performance in corporate and investment banking, while Credit Suisse added 2.48% after reporting its highest quarterly earnings in four years.
- On the downside, Lloyds Banking Group fell 3.2% after its pre-tax profits missed estimates.
- The FTSE 100 lost 0.78%, the DAX added 0.34% and the CAC 40 rose 0.14%.

USA

- US markets traded lower, seeing their biggest percentage drop in two months after Fed Chairman Jerome Powell announced their first interest rate cut in 10 years but warned against expectations of further cuts.
- All 11 of the major S&P 500 sectors closed lower, with consumer staples, materials and technology sectors the worst performers.
- Gold stocks also showed a notable move to the downside, with the Arca Gold BUGS Index falling 5.4%.
- The Dow fell 1.27%, the S&P 500 lost 1.1% and the Nasdaq declined 1.2%.

Asia

- Asian markets are taking their cue from the overnight close in the US.
- Japanese stocks crossed the unchanged line a few times in the session, with a weaker JPY lending support to exporters, which outperformed.
- Chinese and Hong Kong stocks remained under pressure amid ongoing trade tensions.
- In Australia, mining stocks fell to a three-week low, with the likes of Rio Tinto and BHP Billiton losing 1.42% and 1.1%, respectively.
- Gold miners fell more than 4% after the precious metal lost ground following the Fed's policy outlook statement.

Developed Markets	Last price	%Δ		%Δ		2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
Dow Jones	26 864.27	-1.23	0.00	15.16	6.04	-6.03	→	
Nasdaq	8 175.42	-1.19	0.00	23.21	6.07	-5.30	→	
S&P 500	2 980.38	-1.09	0.00	18.89	5.94	-7.01	→	
DJ Eurostoxx 50	3 466.85	0.12	0.00	15.51	-1.21	-14.00	→	
DAX	12 189.04	0.34	0.00	15.44	-4.30	-17.97	→	
CAC	5 518.90	0.14	0.00	16.66	0.37	-10.55	→	
FTSE	7 586.78	-0.78	0.00	12.76	-0.86	-12.03	→	
ASX200	6 792.70	-0.29	-0.29	20.30	8.24	-6.84	↓	
Nikkei 225	21 504.00	-0.08	-0.08	7.44	-5.46	-14.85	↓	
MSCI World	2 187.56	-0.72	0.00	16.12	1.78	-10.97	→	

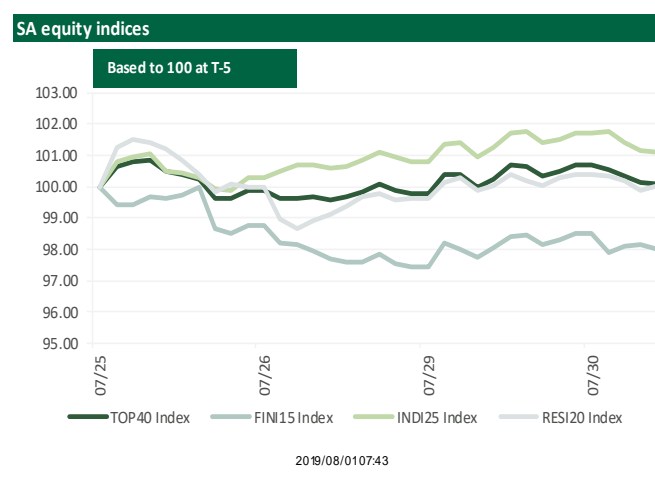
Emerging Markets	Last price	%Δ		%Δ		2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
Hang Seng	27 570.47	-0.75	-0.75	6.67	-2.72	-15.30	↓	
Shanghai	2 908.18	-0.83	-0.83	16.61	2.96	-25.52	↓	
Brazil Bovespa	101 812.10	-1.09	0.00	15.84	28.39	12.83	→	
India - NSE	37 146.06	-0.89	-0.89	2.99	-1.00	6.67	↓	
Russia Micex	2 739.50	0.18	0.00	15.62	18.33	9.55	→	
MSCI Emerging	1 037.01	-0.59	0.00	7.38	-4.59	-18.02	→	

SA Indices	Last price	%Δ		%Δ		2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
JSE All Share	56 784.61	-0.80	0.00	7.68	-1.07	-11.71	→	
Top 40	50 798.70	-0.80	0.00	8.71	-0.93	-11.54	→	
Resi 10	45 112.71	-1.10	0.00	9.91	9.45	12.01	→	
Indi 25	72 776.47	-0.53	0.00	14.28	-1.61	-20.20	→	
Fini 15	15 770.22	-0.84	0.00	-3.72	-7.64	-6.54	→	

Source: Bloomberg & Nedbank CIB

Time 2019/08/01 07:43

Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

LAST DAY TO TRADE

[back to top](#)

Susan Correia | Scorreia@Nedbankcapital.co.za | +27 11 295 8227

SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
5 August 2019		
AMS	Anglo American Platinum Ltd	dividend @ 1100cps
HDC	Hudaco Industries Ltd	dividend @ 190cps
TLM	Telemaster Holdings Ltd	dividend @ 1.50cps

Source: JSE

JSE PERFORMANCE

[back to top](#)

Nedbank CIB Market Commentary | CIBMarketComm@Nedbank.co.za | +27 11 537 4091

Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
ABG : Absa Group Ltd	159.68	-1.26	0.00	-1.32	-6.06	-11.08	➔
AGL : Anglo American Plc	352.09	-1.78	0.00	9.25	18.61	26.07	➔
AMS : Anglo American Platinum Ltd	854.14	-1.53	0.00	58.78	108.37	52.19	➔
ANG : Anglogold Ashanti Ltd	253.82	-5.37	0.00	39.65	120.04	41.31	➔
APN : Aspen Pharmacare Holdings Lt	90.32	0.64	0.00	-33.01	-65.13	-51.42	➔
BHP : Bhp Group Plc	343.48	0.05	0.00	18.66	21.97	21.24	➔
BID : Bid Corp Ltd	300.04	-4.66	0.00	13.22	12.39	-11.96	➔
BTI : British American Tobacco Plc	512.41	-0.45	0.00	9.19	-29.23	-43.42	➔
BVT : Bidvest Group Ltd	185.22	-1.48	0.00	-10.46	-3.28	-5.15	➔
CFR : Financiere Richemont-Dep Rec	122.70	0.17	0.00	31.02	6.02	-16.20	➔
CLS : Clicks Group Ltd	204.25	-0.46	0.00	6.69	5.15	5.70	➔
CPI : Capitec Bank Holdings Ltd	1 180.00	-3.12	0.00	5.55	22.96	1.83	➔
DSY : Discovery Ltd	132.30	-0.63	0.00	-17.20	-22.04	-14.09	➔
EXX : Exxaro Resources Ltd	167.35	-1.18	0.00	21.38	26.99	-15.16	➔
FSR : Firststrand Ltd	61.75	-1.29	0.00	-5.81	-10.21	-2.51	➔
GFI : Gold Fields Ltd	76.04	-4.53	0.00	54.11	55.98	-8.80	➔
GRT : Growthpoint Properties Ltd	23.86	-0.75	0.00	2.40	-8.93	-15.76	➔
INL : Investec Ltd		-0.92	0.00	3.73	-12.17	-11.95	➔
INP : Investec Plc	81.85	-0.79	0.00	2.75	-12.93	-11.25	➔
MCG : Multichoice Group Ltd	134.41	-0.50	0.00				➔
MNP : Mondi Plc	311.97	-0.64	0.00	2.60	-14.94	-4.78	➔
MRP : Mr Price Group Ltd	176.66	-1.91	0.00	-28.23	-24.18	0.52	➔
MTN : Mtn Group Ltd	112.73	2.11	0.00	26.66	-0.77	-34.85	➔
NED : Nedbank Group Ltd	241.14	-0.84	0.00	-12.22	-10.68	7.27	➔
NPN : Naspers Ltd-N Shs	3 507.43	-1.03	0.00	25.06	10.65	-16.19	➔
NRP : Nepi Rockcastle Plc	129.67	0.44	0.00	14.75	8.47	-47.09	➔
OMU : Old Mutual Ltd	19.22	0.00	0.00	-14.20	-8.88		➔
PSG : Psg Group Ltd	228.79	-2.01	0.00	-6.54	-1.76	-9.33	➔
RDF : Redefine Properties Ltd	8.80	-0.45	0.00	-9.00	-17.76	-9.63	➔
REM : Remgro Ltd	179.10	-0.59	0.00	-8.03	-16.94	-17.48	➔
RMH : Rmb Holdings Ltd	75.77	-1.30	0.00	-3.97	-7.26	-0.34	➔
SAP : Sappi Limited	52.18	0.99	0.00	-36.09	-45.33	-8.77	➔
SBK : Standard Bank Group Ltd	179.55	-0.71	0.00	0.41	-11.59	-8.61	➔
SHP : Shoprite Holdings Ltd	154.50	0.34	0.00	-18.75	-28.66	-14.03	➔
SLM : Sanlam Ltd	74.65	-0.04	0.00	-6.45	-1.54	-8.28	➔
SOL : Sasol Ltd	310.75	-1.11	0.00	-26.88	-39.62	-0.74	➔
SPP : Spar Group Limited/The	184.20	-1.06	0.00	-11.23	-4.88	2.05	➔
TBS : Tiger Brands Ltd	222.88	0.31	0.00	-11.01	-30.37	-40.48	➔
TFG : The Foschini Group Ltd	166.10	-2.01	0.00	-0.08	-2.88	-15.76	➔
VOD : Vodacom Group Ltd	117.66	0.06	0.00	-10.86	-13.82	-9.39	➔
WHL : Woolworths Holdings Ltd	55.00	-0.51	0.00	-0.16	5.18	-15.65	➔

Source: Bloomberg & Nedbank CIB

Time 2019/08/0107:43

US

- ADP payrolls provided an upside surprise, with 156k jobs created in July, from 112k in June, better than consensus of 150k. Both the goods and services sectors created jobs in July, with some of the main industries being construction, business services, and leisure and hospitality.
- Fed interest rate decision: The Fed reduced the Fed Funds target range by 25bps, to 2-2.25%. The reason for the cut was attributed to negative global developments on the economic outlook, as well as muted inflationary pressures in the US. The Fed has indicated that persistent trade tensions have made it more difficult to assess the impact on US growth, while there are still downside risks to global growth which could filter into the US economy. Even though the Fed assesses the outlook for the economy as favourable, the cut was designed to support that outlook. The Fed will watch incoming data closely to decide on further rates actions.

Synopsis: The Fed has turned sharply dovish as a result of sluggishly low inflation, threats to the growth outlook due to weaker global trade and geopolitical tensions from the trade war. Wage pressures remain muted and unable to boost inflation, while the threat of a recession mounts. The market is currently pricing in a 61.5% probability of another 25bps cut in September.

Europe

- Eurozone CPI fell to 1.1% y/y in July, from 1.3% in June, in line with consensus. A slump in energy and services prices were the main drivers of the weaker inflation print. In contrast, food and non-energy industrial goods prices picked up.
- Eurozone Q2 advance GDP growth fell to 0.2% q/q, from 0.4% in Q1, in line with consensus. On an annualised basis, growth slowed to a 5-year low of 1.1%. A decline in German manufacturing activity and exports, fuelled by weaker global growth and uncertain trade conditions are key reason for the slowdown in Q2.

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

- The SA trade balance posted a surplus of R4.4bn in June, from a R1.7bn surplus in May, marginally ahead of consensus of R4.2bn. While the headline figure is encouraging, the details are not – both exports and imports declined over the month, with the -5.8% slump in imports being the key catalyst for a wider trade surplus.
- Exports of key products like chemicals, base metals, machinery and electronics fell, while exports of lower value items like vegetables and wood, rose. The decline in global trade activity is evident in our trade figures, with exports to all our major trading partner regions contracting in June. The 8.7% decline in exports to Europe, and the 8.2% decline in exports to Africa signals the shift in demand from these regions. Imports of all products declined, apart from imports of minerals, while only imports from the rest of Africa ticked up.

Synopsis: For the YTD, the trade balance remains in deficit, at -R1.9bn, compared to a marginal surplus recorded during the same period last year. However, YTD exports have risen by 8%, while imports advanced 8.4%, well above nominal GDP growth projections of 5.6%. SA trade will remain sensitive to the global backdrop, although the recent launch of the Africa Free Trade Area trade agreement may provide an opportunity to diversify away from some of the larger regions showing sluggish growth. SA's biggest export market after China and the EU, is Africa, with exports to Africa amounting to 20% of total SA exports in 2018. This is also where SA's biggest regional trade surplus lies.

ECONOMIC CALENDAR

[back to top](#)

Nedbank CIB Market Commentary | CIBMarketComm@Nedbank.co.za | +27 11 537 4091

	Country	Event	Period	Survey	Actual	Prior	Revised
31-July							
08:00 AM	GE	Retail Sales YoY	JUN	0.00%	-1.60%	4.00%	3.80%
11:00 AM	EC	CPI Core YoY	JUL A	1.00%	0.90%	1.10%	-
11:00 AM	EC	Unemployment Rate	JUN	7.50%	7.50%	7.50%	7.60%
11:00 AM	EC	CPI Estimate YoY	JUL	1.10%	1.10%	1.20%	-
11:00 AM	EC	GDP SA QoQ	2QA	0.20%	0.20%	0.40%	-
11:00 AM	EC	GDP SA YoY	2QA	1.00%	1.10%	1.20%	-
01:00 PM	US	MBA Mortgage Applications	FEB 23	-	-1.40%	-1.90%	-
02:00 PM	SA	Trade Balance Rand	JUN	4.2b	4.4b	1.7b	-
02:15 PM	US	ADP Employment Change	JUL	150k	156k	102k	112k
03:45 PM	US	Chicago Purchasing Manager	JUL	51.0	44.4	49.7	-
08:00 PM	US	FOMC Rate Decision (Upper Bound)	JUL 31	2.25%	2.25%	2.50%	-
08:00 PM	US	FOMC Rate Decision (Lower Bound)	JUL 31	2.00%	2.00%	2.25%	-
01-August							
12:00 AM	SA	Naamsa Vehicle Sales YoY	JUL	-	-1.6%	-1.6%	-
02:30 AM	JN	Nikkei Japan PMI Mfg	JUL F	-	49.4	49.3	-
03:45 AM	CH	Caixin China PMI Mfg	JUL	49.5	49.9	49.4	-
09:55 AM	GE	Markit/BME Germany Manufacturing PMI	JUL F	43.1	-	43.1	-
10:00 AM	EC	Markit Eurozone Manufacturing PMI	JUL F	46.4	-	46.4	-
10:30 AM	UK	Markit UK PMI Manufacturing SA	JUL	47.6	-	48.0	-
11:00 AM	SA	Barclays Manufacturing PMI	JUL	46.5	-	46.2	-
01:00 PM	UK	Bank of England Bank Rate	AUG 1	0.75%	-	0.75%	-
01:00 PM	UK	BOE Asset Purchase Target	AUG	GBP 435b	-	GBP 435b	-
01:00 PM	UK	BOE Corporate Bond Target	AUG	GBP 10b	-	GBP 10b	-
03:45 PM	US	Markit US Manufacturing PMI	JUL F	50.0	-	50.0	-
04:00 PM	US	ISM Manufacturing	JUL	52.0	-	51.7	-
02-August							
11:00 AM	EC	Retail Sales YoY	JUN	1.3%	-	1.3%	-
11:00 AM	EC	PPI YoY	JUN	0.8%	-	1.6%	-
02:30 PM	US	Average Hourly Earnings YoY	JUL	3.1%	-	3.1%	-
02:30 PM	US	Change in Nonfarm Payrolls	JUL	165k	-	224k	-
02:30 PM	US	Labor Force Participation Rate	JUL	62.9%	-	62.9%	-
02:30 PM	US	Unemployment Rate	JUL	3.6%	-	3.7%	-
02:30 PM	US	Trade Balance	JUN	USD -54.6b	-	USD -55.5b	-
04:00 PM	US	U. of Mich. Sentiment	JUL F	98.5	-	98.4	-
04:00 PM	US	Factory Orders	JUN	0.7%	-	-0.7%	-
04:00 PM	US	Factory Orders Ex Trans	JUN	-	-	0.1%	-
05-August							
03:45 AM	CH	Caixin China PMI Services	JUL	52.0	-	52.0	-
09:55 AM	GE	Markit Germany Services PMI	JUL F	-	-	55.4	-
10:00 AM	EC	Markit Eurozone Services PMI	JUL F	-	-	53.3	-
10:30 AM	EC	Sentix Investor Confidence	AUG	-	-	-5.8	-
10:30 AM	UK	Markit/CIPS UK Services PMI	JUL	-	-	50.2	-
03:45 PM	US	Markit US Services PMI	JUL F	-	-	52.2	-

Source: Bloomberg 2019/08/01 07:42

CONTACTS

Research Analyst Reezwana Sumad (011) 537 4091	Fixed Income and Currency Strategist Walter de Wet (011) 537 4140	Research Publishers (011) 294 0206
ALM Portfolio Management (011) 535 4042	Bond Trading (011) 535 4021	Credit Derivatives (011) 535 4047
Equities Sales and Distribution (011) 535 4030/31	Forex Business Banking Sales Desk (011) 535 4003	Forex Corporate Sales Desk JHB (011) 535 4002; DBN (031) 327 3000; CTN (021) 413 9300
Forex Institutional Sales Desk (011) 535 4005	Forex Retail Sales Desk (011) 535 4020	Inflation Trading (011) 535 4026
Interest Rate Swaps & FRA's Trading (011) 535 4004	Money Market Business Banking Sales Desk (011) 535 4006	Money Market Corporate Sales Desk JHB (011) 535 4007; DBN (031) 327 3000; CTN (021) 413 9300
Money Market Institutional Sales Desk (011) 535 4008	Non Soft & Soft Commodities Trading (011) 535 4038	Preference shares desk (011) 535 4072

Please click here to view our [Nedbank CIB disclaimer](#)