

DAILY MARKET COMMENTARY

02 September 2019



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

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(when available)*

KEY DAILY DRIVERS

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

SNIPPETS

(Fixed Income)	SA yields come under pressure on Friday, but lacklustre curve as markets awaits for more clarity on fiscal woes
(Currencies)	The rand opens the new month trading firmer at 15.2000
(Commodities)	Oil prices lower after new tariffs imposed by the United States and China came into force
(Equities)	The JSE, European and US markets end the week with solid gains, while Asian markets retreat after the latest tariffs on Chinese goods kicked in and following data that showed further weakness in China's manufacturing sector
(Economics)	SA budget and trade balances disappoint in July; Eurozone CPI eases in July along with US personal income growth

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
30/08	SA	Trade and budget balance	--	SA monthly budget weighed by weak revenue collection; trade balance posts a deficit due to surge in imports
30/08	US	PCE deflator	1.4%/1.4%/1.3%	PCE likely to remain well below Fed target as a result of lower energy costs
02/09	SA	Manufacturing PMI	--/--/52.1	Manufacturing PMIs may have recovered marginally in August, due to possible rise in output
03/09	SA	GDP	--/2.8%/-3.2%	Rebound in SA growth may be driven by consumption and secondary sector activity
04/09	Global	PMIs	--	Preliminary PMIs reflect some uptick in August

Source: Nedbank

CONTACT FOR QUERIES

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

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				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
R208-1.6 yrs	6.59	1.95	1.95	-40.35	-137.45	↑
R186-7.3 yrs	8.22	0.70	0.70	-65.60	-78.20	↑
R2048-28.5 yrs	9.90	-0.10	-0.10	-0.30	5.70	↓
US 10 yr	1.50	0.00	0.00	-118.74	-136.35	→
UK 10 yr	0.48	4.30	-13.20	-79.80	-97.60	↓
German 10 yr	-0.70	-0.80	-26.00	-94.20	-104.60	↓
Japan 10 yr	-0.27	0.30	0.30	-26.90	-37.30	↑

Money Market	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
SA repo rate	6.50	0.00	0.00	-25.00	0.00	→
SA prime rate	10.00	0.00	0.00	-25.00	0.00	→
SA CPI (MTD=previous month)	4.00		-50.00	-50.00	-110.00	↓
SA 3m JIBAR	6.82	0.00	-1.60	-33.30	-19.10	↓
SA 3m NCD	6.78	0.00	0.00	-35.00	-22.50	→
SA 6m NCD	7.25	0.00	0.00	-50.00	-40.00	→
SA 12m NCD	7.55	0.00	0.00	-77.50	-85.00	→
US 3m LIBOR	2.14	0.59	-12.80	-67.00	-18.36	↓
UK 3m LIBOR	0.76	0.44	-1.34	-15.32	-4.26	↓
Japan 3m LIBOR	-0.09	-0.02	-1.87	-1.93	-6.08	↓

Source: Bloomberg & Nedbank CIB
Time: 20/09/02 07:25

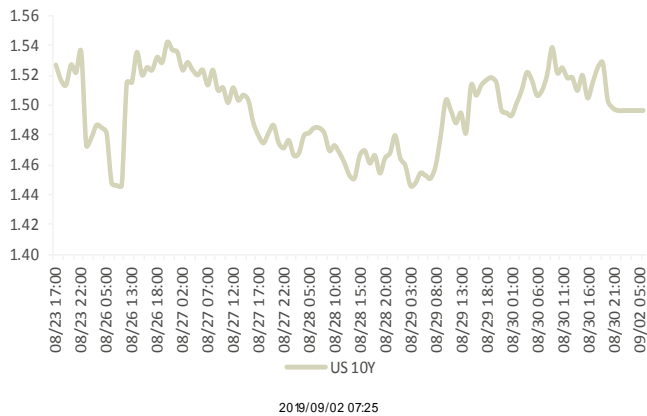
FRAs and Swaps	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
3X6 FRA	6.61	0.00	0.00	-60.00	-68.00	→
6X9 FRA	6.51	0.00	4.00	3.00	4.00	↑
9X12 FRA	6.40	0.00	0.00	-93.50	-126.50	→
18X21 FRA	6.45	0.00	0.00	-101.00	-147.00	→
SA 2yr Swap	6.52	-1.00	0.00	-82.00	-107.00	→
SA 3yr Swap	6.60	-1.00	0.00	-85.00	-116.50	→
SA 5yr Swap	6.86	-0.50	-0.50	-81.50	-119.50	↓
SA 10yr Swap	7.55	-0.50	-0.50	-64.50	-97.50	↓
SA 15yr Swap	7.88	0.00	0.00	-58.50	-90.00	→

Spreads	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
2v10y	-1.03	-0.50	0.50	-17.50	-9.50	↑
3v10y	-0.95	-0.50	0.50	-20.50	-19.00	↑
R186-R208	1.63	-1.25	-1.25	-25.25	59.25	↓
R2048-R186	1.68	-0.80	-0.80	65.30	83.90	↓
5y-R186	-1.36	-1.20	-1.20	-15.90	-41.30	↓
10y-R186	-0.67	-1.20	-1.20	1.10	-19.30	↓
15y-R186	-0.34	-0.70	-0.70	7.10	-11.80	↓
SA 5yr CDS spread - basis points	179.69	-2.41	-2.41	-43.26	-56.25	↓

Source: Bloomberg & Nedbank CIB
Time: 20/09/02 07:25

US 10 year yield

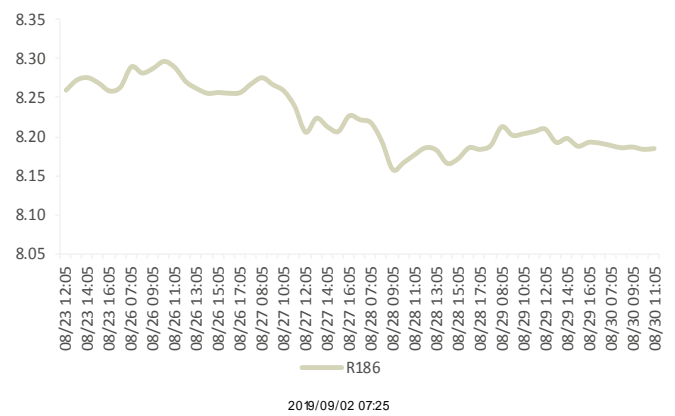
US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



Source: Bloomberg, Nedbank

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- The final session of the week and the month saw the rand open at 15.3200. The local unit traded steadily firmer for much of the session, trading to a best level of 15.1650 on the day, before closing the week at 15.2000. Activity since the time of the local close has been exceptionally subdued; this morning, the rand is currently trading at 15.2075, the EURZAR is trading at 16.7100 and the GBPZAR is trading at 18.4920.
- The international markets have traded steadily weaker relative to the USD, although the extent of the weakness has been relatively limited thus far, with the EURUSD trading from a high of 1.1060 down to 1.0988 on the day. This morning, it is currently trading unchanged at 1.0985. The GBPUSD is currently trading at 1.2160, also unchanged from the close of last week. Gold is trading at 1,525.75 this morning, USD7 off from the same time on Friday.
- Data releases scheduled for today: locally, we have the manufacturing PMI and vehicle sales, and from Europe, we have the Markit Eurozone manufacturing PMI. The US is on holiday today.
- The financial markets remain at the mercy of headlines regarding trade wars and Brexit. Locally, the focus will likely be on the turnaround plans for the various SOEs and the discontent among unions regarding the National Treasury's white paper on Eskom.
- Possible trading range for the rand today: 15.0800 to 15.3800

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.22	0.02	0.02	-4.61	-5.61	👆	USD weakness
EURUSD	1.10	0.05	0.05	-4.05	-5.41	👆	USD weakness
USDJPY	106.20	-0.08	-0.08	3.26	-4.61	👇	USD weakness
USDAUD	1.49	0.13	0.13	4.70	7.22	👆	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	15.19	-0.06	-0.06	5.31	2.28	👇	ZAR strength
GBPZAR	18.47	-0.01	-0.01	0.69	-3.53	👇	ZAR strength
EURZAR	16.69	0.03	0.03	1.32	-3.30	👆	ZAR weakness
AUDZAR	10.22	-0.11	-0.11	0.80	-4.78	👇	ZAR strength
ZARJPY	6.99	0.02	0.02	-8.99	-7.06	👆	ZAR strength

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	48.22	0.01	0.01	-5.11	-1.27	👆	ZAR strength
ZARBWP (Botswana pula)	0.73	0.01	0.01	-2.32	0.05	👆	ZAR strength
ZARKES (Kenyan shilling)	6.81	0.07	0.07	-4.06	0.29	👆	ZAR strength
ZARMUR (Mauritian rupee)	2.38	0.08	0.08	-0.28	2.37	👆	ZAR strength
ZARNGN (Nigerian naira)	23.90	0.02	0.02	-5.73	-2.20	👆	ZAR strength
ZARGHS (Ghanian cedi)	0.36	-1.12	-1.12	5.05	7.59	👇	ZAR weakness
ZARZMW (Zambian kwacha)	0.86	0.03	0.03	3.72	19.42	👆	ZAR strength
ZARMZN (Mozambican metical)	4.06	0.01	0.01	-4.13	0.21	👆	ZAR strength

Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	4.15	-0.61	0.00	6.38	-0.12	👉	USD weakness
USDTRY (Turkish Lira)	5.83	-0.02	-0.02	9.26	-13.83	👇	USD weakness
USDMXN (Mexican Peso)	20.09	0.15	0.15	2.12	4.37	👆	USD strength
USDINR (Indian Rupee)	71.41	-0.52	0.00	2.30	0.94	👉	USD weakness
USDRUB (Russian Ruble)	66.83	0.16	0.16	-3.82	-1.99	👆	USD strength

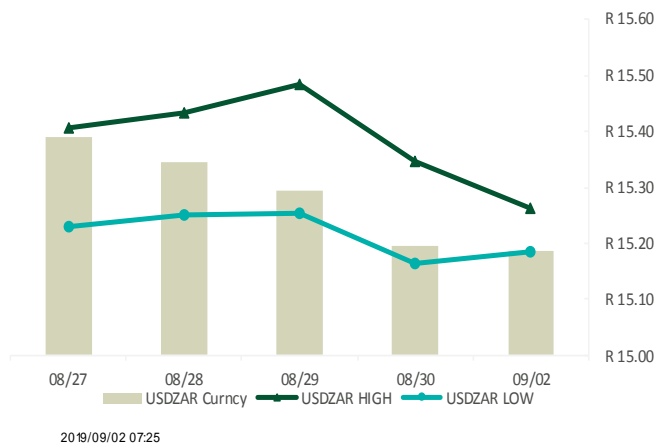
Source: Bloomberg & Nedbank CIB

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

USDZAR

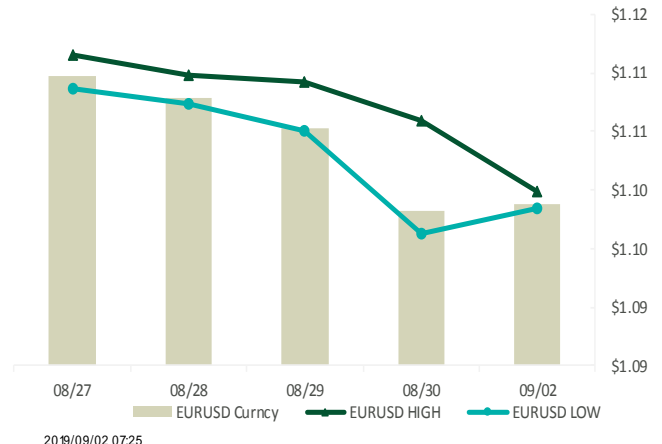
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

- Oil prices lower after new tariffs imposed by the United States and China came into force, raising concerns about a further hit to global growth and demand for crude.
- Gold rose as investors sought havens after the U.S. raised tariffs on Chinese goods, and data pointed to further weakness in China's economy. Precious metals mostly higher with base metals mixed.

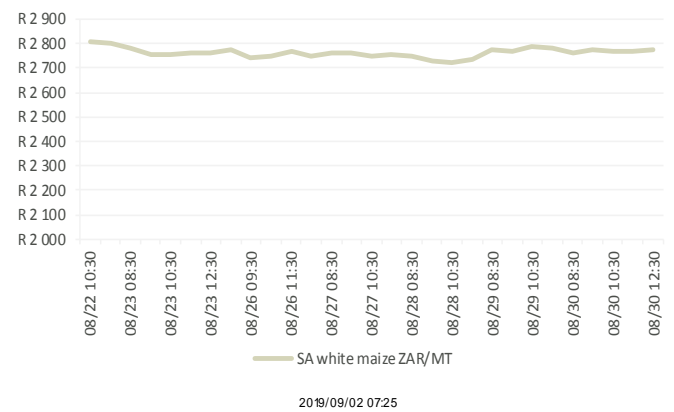
Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	58.99	-0.44	-2.38	9.65	-23.81	🔴
WTI crude (\$)	55.11	0.02	0.02	21.36	-21.05	🟢
Gold spot (\$)	1525.03	0.31	0.31	19.00	26.95	🟢
Platinum spot (\$)	938.54	0.51	0.51	18.03	18.94	🟢
SA white maize spot (R)	2 775.00	-0.32	0.00	-5.29	20.08	🟡

Source: Bloomberg & Nedbank CIB
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SA white maize

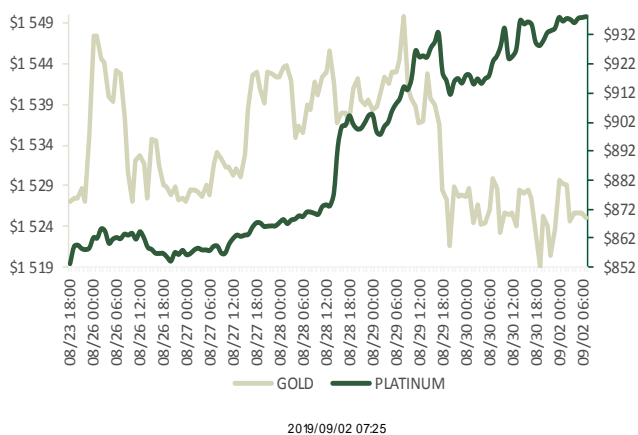
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

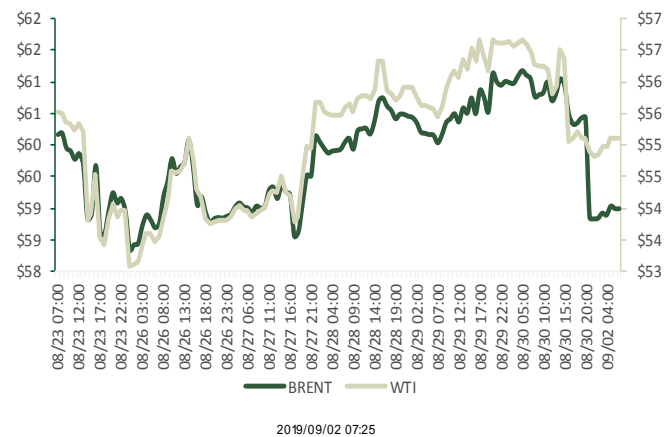
Platinum vs. Gold



Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



Source: Bloomberg, Nedbank

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South Africa

- The JSE tracked global markets higher on optimism surrounding an imminent resolution to the US-China trade talks.
- The Top40 ended the day up 1.56% at 49,320.20, with most sectors closing in the black.
- Banks and the industrial metals and mining sectors led the gains, adding more than 3%.
- Discovery rallied 6.6%, despite a trading statement expecting earnings to be down 5-10%, but bargain hunting was evident, as the stock has been under significant pressure since the NHI update.
- The value traded at the close was R22.8bn, and the rand was trading at 15.19 vs the USD.

UK/Europe

- European stocks rose on Friday to pare their worst monthly declines since May amid a confluence of concerns from Brexit to the US-China trade war.
- All of the STOXX 600 sectors rose; the telecoms sector had the biggest volume at 108% of its 30-day average; 466 STOXX 600 members gained, 127 declined.
- Investors were also pleased by media reports that suggested that Germany was seeking to cap its corporate tax burden at 25%.
- The FTSE 100 added 0.32%, the DAX gained 0.85% and the CAC 40 climbed 0.56%.

USA

- US equities closed out August with a weekly gain, breaking a streak of losses in a tumultuous month that was dominated by the trade war.
- The S&P 500 Index rose 2.8% in the five days through Friday.
- The Dow Jones Industrial Average increased 3% to 26,403.
- The Nasdaq Composite Index advanced 2.7%.
- While stocks rose this week, the S&P 500 ended the month 3.3% below its 26 July record-high.
- The S&P 500 posted its biggest weekly gain since early June. All 11 major industry groups advanced.
- Industrial stocks, which tend to be more affected by trade tensions, were the best performers, rallying 3.6%.

Asia

- Asian stocks fell with US equity futures, after the latest tariffs on Chinese goods kicked in and data showed further weakness in China's manufacturing sector.
- The yen edged higher and the yuan retreated.
- Japan, Hong Kong and Australia declined, while Chinese shares rose. S&P 500 futures dropped 1% before paring losses, and treasury contracts advanced.
- President Donald Trump's tariffs on USD110bn worth of Chinese imports came into effect on Sunday, as did retaliatory levies by China.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
Dow Jones	26 403.28	0.16	0.00	13.19	1.69	-6.03	→
Nasdaq	7 962.88	-0.13	0.00	20.01	-1.81	-5.30	→
S&P 500	2 926.46	0.06	0.00	16.74	0.86	-7.01	→
DJ Eurostoxx 50	3 426.76	0.45	0.00	14.17	1.00	-14.00	→
DAX	11 939.28	0.85	0.00	13.07	-3.44	-17.97	→
CAC	5 480.48	0.56	0.00	15.85	1.36	-10.55	→
FTSE	7 207.18	0.32	0.00	7.12	-3.03	-12.03	→
ASX200	6 578.40	-0.39	-0.39	16.51	4.10	-6.84	↓
Nikkei 225	20 633.37	-0.34	-0.34	3.09	-9.76	-14.85	↓
MSCI World	2 138.52	0.26	0.00	13.52	-1.70	-10.97	→

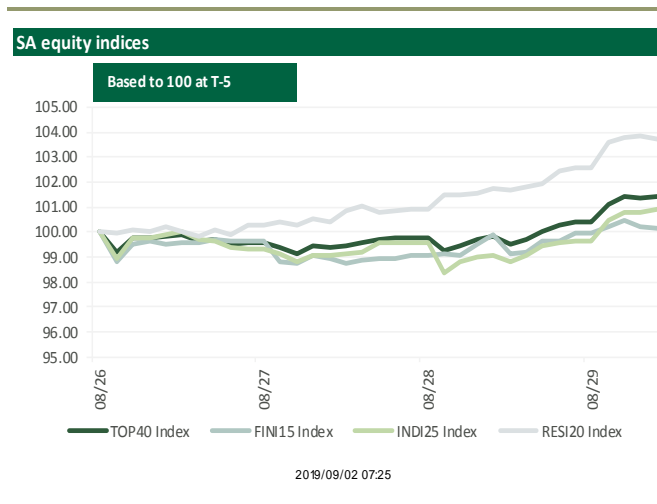
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
Hang Seng	25 594.12	-0.51	-0.51	-0.97	-8.23	-15.30	↓
Shanghai	2 917.13	1.07	1.07	16.97	7.04	-25.52	↑
Brazil Bovespa	101 134.60	0.61	0.00	15.07	31.90	12.83	→
India - NSE	37 332.79	0.71	0.00	3.51	-3.40	6.67	→
Russia Micex	2 740.04	0.95	0.00	15.65	16.80	9.55	→
MSCI Emerging	984.33	1.47	0.00	1.92	-6.78	-18.02	→

SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
JSE All Share	55 259.57	1.56	0.00	4.78	-5.81	-11.71	→
Top 40	49 320.23	1.56	0.00	5.55	-5.99	-11.54	→
Resi 10	44 351.90	1.52	0.00	8.05	1.49	12.01	→
Indi 25	70 645.45	1.10	0.00	10.93	-5.93	-20.20	→
Fini 15	15 132.84	2.94	0.00	-7.61	-11.62	-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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Susan Correia | Scorreia@Nedbankcapital.co.za | +27 11 295 8227

SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
3 September 2019		
ARH	ARB Holdings Limited	dividend @ 25cps
BWZ	Brainworks Limited	rights offer; 1:6.70691 held
CLH	City Lodge Hotels Ltd	dividend @ 137cps
EMI	Emira Property Fund Ltd	dividend @ 78.48cps
GFI	Gold Fields Ltd	dividend @ 60cps
MPT	Mpact Limited	dividend @ 18cps
RES	Resilient REIT Limited	dividend @ 267.40cps
SBKP	Standard Bank Group 6.5% Pref	dividend @ 3.25cps
SBPP	Standard Bank Group Pref	dividend @ 391.38cps
SHP	Shoprite Holdings Ltd	dividend @ 163cps

Source: JSE

JSE PERFORMANCE

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
ABG : Absa Group Ltd	153.69	4.20	0.00	-5.02	-5.45	-11.08	➔
AGL : Anglo American Plc	327.64	1.17	0.00	1.67	10.42	26.07	➔
AMS : Anglo American Platinum Ltd	930.74	2.43	0.00	73.02	116.45	52.19	➔
ANG : Anglogold Ashanti Ltd	346.14	0.47	0.00	90.45	193.59	41.31	➔
APN : Aspen Pharmacare Holdings Lt	78.70	3.53	0.00	-41.63	-72.99	-51.42	➔
BHP : Bhp Group Plc	327.27	1.60	0.00	13.06	9.02	21.24	➔
BID : Bid Corp Ltd	325.00	1.82	0.00	22.64	3.64	-11.96	➔
BTI : British American Tobacco Plc	535.26	0.08	0.00	14.05	-24.86	-43.42	➔
BVT : Bidvest Group Ltd	178.70	3.52	0.00	-13.61	-17.27	-5.15	➔
CFR : Financiere Richemont-Dep Rec	118.36	-0.19	0.00	26.39	-9.32	-16.20	➔
CLS : Clicks Group Ltd	199.00	3.07	0.00	3.94	-1.97	5.70	➔
CPI : Capitec Bank Holdings Ltd	1094.90	0.73	0.00	-2.07	9.19	1.83	➔
DSY : Discovery Ltd	115.17	6.64	0.00	-27.92	-34.27	-14.09	➔
EXX : Exxaro Resources Ltd	136.17	3.04	0.00	-1.23	-8.52	-15.16	➔
FSR : Firststrand Ltd	59.99	3.82	0.00	-8.50	-15.15	-2.51	➔
GFI : Gold Fields Ltd	90.86	0.42	0.00	84.15	152.39	-8.80	➔
GRT : Growthpoint Properties Ltd	23.00	0.52	0.00	-1.29	-9.59	-15.76	➔
INL : Investec Ltd		1.91	0.00	1.38	-16.72	-11.95	➔
INP : Investec Plc	78.76	1.48	0.00	-1.13	-18.61	-11.25	➔
MCG : Multichoice Group Ltd	133.12	1.54	0.00				➔
MNP : Mondi Plc	295.74	1.38	0.00	-2.74	-27.85	-4.78	➔
MRP : Mr Price Group Ltd	171.69	3.06	0.00	-30.25	-23.81	0.52	➔
MTN : Mtn Group Ltd	102.59	2.08	0.00	15.27	15.28	-34.85	➔
NED : Nedbank Group Ltd	226.00	3.34	0.00	-17.73	-18.70	7.27	➔
NPN : Naspers Ltd-N Shs	3453.80	0.90	0.00	23.15	9.07	-16.19	➔
NRP : Nepi Rockcastle Plc	134.49	1.60	0.00	19.02	-3.94	-47.09	➔
OMU : Old Mutual Ltd	18.19	2.88	0.00	-18.79	-14.50		➔
PSG : Psg Group Ltd	200.56	1.92	0.00	-18.07	-10.88	-9.33	➔
RDF : Redefine Properties Ltd	7.85	0.77	0.00	-18.82	-24.15	-9.63	➔
REM : Remgro Ltd	171.71	1.78	0.00	-11.83	-19.92	-17.48	➔
RMH : Rmb Holdings Ltd	71.45	3.75	0.00	-9.44	-15.24	-0.34	➔
SAP : Sappi Limited	45.22	4.17	0.00	-44.62	-54.96	-8.77	➔
SBK : Standard Bank Group Ltd	177.26	4.06	0.00	-0.87	-4.87	-8.61	➔
SHP : Shoprite Holdings Ltd	112.99	2.49	0.00	-40.58	-44.61	-14.03	➔
SLM : Sanlam Ltd	72.75	2.02	0.00	-8.83	-8.31	-8.28	➔
SOL : Sasol Ltd	287.95	1.93	0.00	-32.25	-50.01	-0.74	➔
SPP : Spar Group Limited/The	173.83	2.91	0.00	-16.23	-15.20	2.05	➔
TBS : Tiger Brands Ltd	208.92	1.18	0.00	-16.58	-20.22	-40.48	➔
TFG : The Foschini Group Ltd	150.50	1.15	0.00	-9.47	-13.80	-15.76	➔
VOD : Vodacom Group Ltd	115.29	3.23	0.00	-12.66	-8.78	-9.39	➔
WHL : Woolworths Holdings Ltd	55.18	2.32	0.00	0.16	1.77	-15.65	➔

Source: Bloomberg & Nedbank CIB

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US

- Personal income growth eased to 0.1% m/m in July, from 0.5% in June, worse than consensus of 0.3%. Compensation, wages and salaries and supplemental income growth eased. On the other hand, proprietor's income rose. Income from assets declined, along with wage growth in the manufacturing industry.
- Personal spending growth on the other hand surged, by 0.6% m/m, from 0.3% growth in June, better than consensus of 0.5%. Spending on both goods and services ticked up.
- The PCE deflator rose to 1.4% y/y in July, from 1.3% previously, in line with consensus. Higher goods, services and energy prices led to the marginal uptick.

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 100% probability of another 25bps cut in September.

Europe

- Eurozone CPI eased to 1% y/y in August, from 1.1% in July, in line with consensus. Core inflation remained unchanged at 0.9% y/y, worse than consensus of 1%. Energy costs declined relative to a year ago, while food and services prices rose.
- Inflation remains below the ECB's 2% target, and would likely maintain the loose monetary policy bias over the medium term.

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, with the ECB indicating that it would consider reducing interest rates to support growth and inflation.

SA

- The SA monthly budget posted a deficit of R99.1bn in July, from a R23.6bn surplus in June. This was much wider than the average July deficit over the last seven years of R74bn. The main reason for the large deficit is due to a large revenue collection shortfall, as well as a slight expenditure overshoot in July.
- For the YTD, only 27.9% of revenues were collected, compared to 29.4% achieved during the same time last year. The key areas in which revenue collection have disappointed were personal income taxes (PIT), corporate taxes (CIT), and VAT collection, essentially all three major tax categories. CIT remains a key laggard though, with our estimates pointing to a shortfall of about R19bn – this shortfall has been growing since the start of the year as growth estimates were revised lower. We believe that the MTBPS is likely to show a revenue shortfall of between R40-R58bn, the shortfall will depend on NT's growth and inflation projections for the current year, as well as whether the buoyancy rates are revised lower (highly likely).
- On the expenditure front, there are a few ministry's running ahead of their budget, relative to the pace of expenditure set last year. These are the Department of Home Affairs, Defence and Military Veterans, Transport, Telecommunications, Mineral Resources and Economic Development. Total pace of spending for the current year is 33.06% (of total budget already spent), compared to 33.03% spent during the same period last year. NT has been doing well to clamp down on runaway expenditure, with a few large departments undershooting their pace of spending – these are the Presidency, Cooperative Governance (COGTA) and Higher Education and Training. Nonetheless, municipalities begin their financial year in July, hence we saw the COGTA ministry drawing down a bulk of its budget (37%) to make these disbursements.
- The SA trade balance recorded a deficit of R2.9bn in July, from a surplus of R5.5bn in June, worse than consensus estimates for a small surplus. Imports surged 11.7% m/m, despite subdued local demand, while exports rose by a more muted 3.4%, resulting in a deficit. Factories are currently replenishing depleted inventories, hence this would have driven imports to some extent even though local demand is still weak. The YTD deficit is currently R4.3bn, close to last year's cumulative deficit of R3.8bn during the same period.
- In July, exports were driven by chemicals, vehicles and vegetable products, with exports to Africa, America and Europe rising. On the import side, imports from all regions apart from Africa surged, and these imports were driven by growth in most product categories (apart from minerals).
- Any worsening in global growth and trade conditions will likely weigh heavily on SA exports – for now Nedbank forecasts a trade surplus of R44bn in 2019, and a current account deficit of 3.1% of GDP, with the CA deficit being driven by large portfolio outflows and interest payments this year.

Synopsis: Overall, the fiscal trajectory is concerning. The only light at the end of the tunnel seems to be the expenditure reduction guidelines provided by NT, in which a compulsory expenditure reduction is applicable to national departments over the MTEF. These cuts to expenditure will be made from the 2020/21 fiscal year, and so while the main budget deficit is likely to be above 6% of GDP for the current fiscal year in the absence of expenditure cuts, we could see the 2020/21 deficit fall below 6% of GDP if these expenditure cuts are enforced. For now, revenue collection remains weak, and there really is no fiscal space to muscle this area of the budget in the near term.

ECONOMIC CALENDAR

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

	Country	Event	Period	Survey	Actual	Prior	Revised
30-August							
01:30 AM	JN	Job-To-Applicant Ratio	JUL	-	1.59	1.61	-
01:30 AM	JN	Jobless Rate	JUL	-	2.20%	2.30%	-
01:50 AM	JN	Industrial Production YoY	JUL P	-	0.70%	-3.80%	-
01:50 AM	JN	Retail Trade YoY	JUL	-	-2.00%	0.50%	-
08:00 AM	SA	Money Supply M3 YoY	JUL	-	8.28%	8.99%	-
08:00 AM	SA	Private Sector Credit YoY	JUL	-	7.19%	6.91%	6.88%
08:00 AM	GE	Retail Sales YoY	JUL	-	4.40%	-1.60%	-
10:30 AM	UK	M4 Money Supply YoY	JUL	-	2.70%	2.30%	-
10:30 AM	UK	Net Consumer Credit	JUL	-	GBP 0.90b	GBP 1.00b	GBP 1.10b
11:00 AM	EC	CPI Core YoY	AUG A	-	0.90%	0.90%	-
11:00 AM	EC	CPI Estimate YoY	AUG	-	1.00%	1.10%	-
11:00 AM	EC	Unemployment Rate	JUL	-	7.50%	7.50%	-
02:00 PM	SA	South Africa Budget	JUL	-	ZAR -99.1b	ZAR 23.6b	-
02:00 PM	SA	Trade Balance Rand	JUL	-	-2.9b	4.4b	5.5b
02:30 PM	US	PCE Core YoY	JUL	-	1.58%	1.60%	-
02:30 PM	US	PCE Deflator YoY	JUL	-	1.40%	1.40%	1.30%
02:30 PM	US	Real Personal Spending	JUL	-	0.40%	0.20%	-
02:30 PM	US	Personal Income	JUL	-	0.10%	0.40%	0.50%
02:30 PM	US	Personal Spending	JUL	-	0.60%	0.30%	-
03:45 PM	US	Chicago Purchasing Manager	AUG	-	50.4	50.4	-
04:00 PM	US	U. of Mich. Sentiment	AUG F	-	89.8	89.8	-
02-September							
02:30 AM	JN	Nikkei Japan PMI Mfg	AUG F	-	49.3	49.4	-
03:45 AM	CH	Caixin China PMI Mfg	AUG	49.8	50.4	49.9	-
09:55 AM	GE	Markit/BME Germany Manufacturing PMI	AUG F	43.6	-	43.6	-
10:00 AM	EC	Markit Eurozone Manufacturing PMI	AUG F	47.0	-	47.0	-
10:30 AM	UK	Markit UK PMI Manufacturing SA	AUG	48.4	-	48.0	-
11:00 AM	SA	Naamsa Vehicle Sales YoY	AUG	-2.0%	-	-3.7%	-
11:00 AM	SA	Barclays Manufacturing PMI	AUG	51.4	-	52.1	-
03-September							
11:00 AM	EC	PPI YoY	JUL	0.2%	-	0.7%	-
11:30 AM	SA	GDP Annualized QoQ	2Q	2.5%	-	-3.2%	-
11:30 AM	SA	GDP YoY	2Q	0.7%	-	0.0%	-
03:45 PM	US	Markit US Manufacturing PMI	AUG F	50.0	-	49.9	-
04:00 PM	US	ISM Manufacturing	AUG	51.2	-	51.2	-
04-September							
03:45 AM	CH	Caixin China PMI Services	AUG	51.7	-	51.6	-
09:55 AM	GE	Markit Germany Services PMI	AUG F	54.4	-	54.4	-
10:00 AM	EC	Markit Eurozone Services PMI	AUG F	53.4	-	53.4	-
10:30 AM	UK	Markit/CIPS UK Services PMI	AUG	51.0	-	51.4	-
11:00 AM	EC	Retail Sales YoY	JUL	2.0%	-	2.6%	-
02:30 PM	US	Trade Balance	JUL	USD -53.5b	-	USD -55.2b	-

Source: Bloomberg 2019/09/02 07:25

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

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