

DAILY MARKET COMMENTARY

17 October 2019



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

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(when available)*

KEY DAILY DRIVERS

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SNIPPETS

(Fixed Income)	Load-shedding announcement causes yields to rise across the curve, in line with ZAR weakness
(Currencies)	Rand on the back foot as Eskom again falters
(Commodities)	Oil retreated in Asian trading after an industry report showed a sharp increase in U.S. crude stockpiles last week
(Equities)	Positive sentiment created by corporate earnings was offset by weaker economic data and Brexit concerns
(Economics)	SA retail sales growth disappoints in August; US retail sales contracts in September, Beige Book reflects concern over economic activity

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
16/10	UK	CPI	1.7%/1.8%/1.7%	Inflation remains unchanged as fuel prices edge lower
16/10	SA	Retail sales	1.1%/1.7%/2.0%	The SA consumer remains highly constrained, hence retail sales growth to remain below long-run trend
16/10	US	Fed Beige book	--	Beige book looks at economic conditions across the major districts; we expect it to reflect still positive momentum, albeit hints of a slowdown due to a decline in manufacturing activity and spending
17/10	US	Industrial production	--/-0.2%/0.6%	Contraction expected after the US ISM index slumped in September
18/10	CH	Various	--	Chinese retail, industrial and GDP data expected – GDP growth likely to have slowed in Q3
22/10	SA	Leading index	--/--/103.9	SARB leading index may ease in Aug on the back of weaker manufacturing activity and confidence

Source: Nedbank

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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				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
R208-1.5 yrs	6.65	-0.25	-2.35	-34.45	-104.05	↓
R186-7.2 yrs	8.26	-0.25	-5.85	-61.45	-90.75	↓
R2048-28.4 yrs	9.86	0.15	-6.05	-3.65	-22.25	↓
US 10 yr	1.74	-0.35	7.06	-94.82	-146.90	↓
UK 10 yr	0.71	1.90	22.50	-56.40	-89.60	↑
German 10 yr	-0.39	3.00	18.40	-62.90	-87.80	↑
Japan 10 yr	-0.15	1.20	6.40	-15.20	-29.70	↑

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)	4.30		30.00	-20.00	-60.00	↑
SA 3m JIBAR	6.78	0.00	-1.70	-37.50	-25.00	↓
SA 3m NCD	6.78	-1.25	-2.50	-35.00	-26.25	↓
SA 6m NCD	7.25	0.00	-5.00	-50.00	-37.50	↓
SA 12m NCD	7.60	0.00	-7.50	-72.50	-75.00	↓
US 3m LIBOR	2.00	0.11	-8.19	-80.44	-44.13	↓
UK 3m LIBOR	0.78	-0.14	2.56	-12.88	-2.66	↑
Japan 3m LIBOR	-0.11	-0.58	-0.97	-3.62	-2.53	↓

Source: Bloomberg & Nedbank CIB Time 20/10/17 07:45

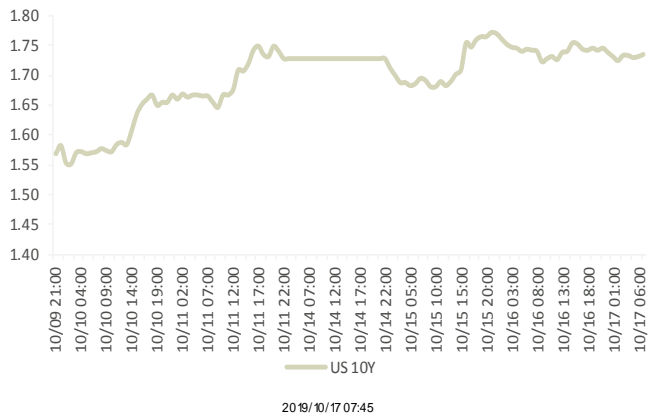
FRAs and Swaps	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
3X6 FRA	6.63	0.00	-5.50	-58.50	-55.50	↓
6X9 FRA	6.47	0.00	4.00	3.00	4.00	↑
9X12 FRA	6.43	0.25	-10.00	-90.00	-111.00	↓
18X21 FRA	6.55	0.25	-11.50	-91.50	-132.50	↓
SA 2yr Swap	6.55	2.50	-8.80	-79.00	-101.20	↓
SA 3yr Swap	6.64	3.80	-8.80	-80.50	-111.50	↓
SA 5yr Swap	6.90	4.50	-9.50	-77.50	-118.50	↓
SA 10yr Swap	7.59	4.50	-7.00	-60.00	-103.50	↓
SA 15yr Swap	7.93	4.00	-7.00	-53.50	-95.50	↓

Spreads	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
2v10y	-1.05	-2.00	-1.80	-19.00	2.30	↓
3v10y	-0.95	-0.70	-1.80	-20.50	-8.00	↓
R186-R208	1.61	0.00	-3.50	-27.00	13.30	↓
R2048-R186	1.61	0.40	-0.20	57.80	68.50	↓
5y-R186	-1.36	4.75	-3.65	-16.05	-27.75	↓
10y-R186	-0.67	4.75	-1.15	1.45	-12.75	↓
15y-R186	-0.33	4.25	-1.15	7.95	-4.75	↓
SA 5yr CDS spread - basis points	187.01	-1.82	-6.58	-35.94	-28.43	↓

Source: Bloomberg & Nedbank CIB Time 20/10/17 07:45

US 10 year yield

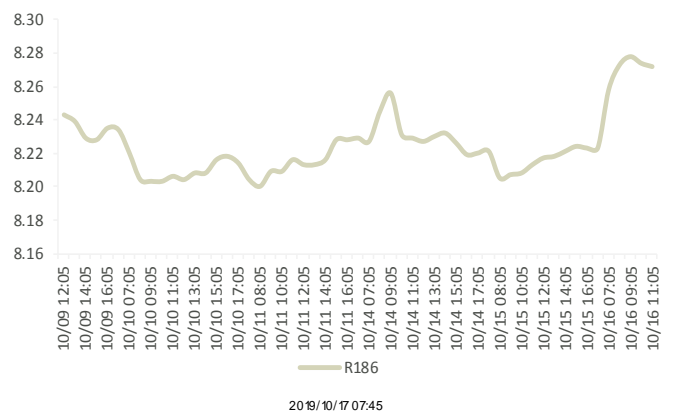
US 10 year yield



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 session got under way with the rand trading in the low 14.90s. Headlines that Eskom would be implementing load shedding put the local unit on the back foot, trading rapidly back above the 15.0000 handle to reach a high of 15.0550, thereafter retracing the earlier losses to end the day trading around the 14.9300 level. The overnight sessions were subdued, this morning the rand currently trades at 14.9400, EURZAR is trading at 16.5475 and GBPZAR at 19.1530.
- The international markets also trading at the mercy of headlines, GBPUSD trading erratically as various headlines provided the catalyst for market activity, ultimately it traded firmer to close the day at 1.2818 where it trades currently. EURUSD was subdued, trading between 1.1024 and 1.1060, this morning marginally firmer at 1.1075. Gold traded marginally firmer on the day, this morning currently trading at 1487.65.
- Data releases scheduled for today, no local releases, from Europe construction output, from the U.S jobless claims, housing starts, building permits, Philly FED business index, industrial production and capacity utilisation and various members of the FED scheduled to speak.
- The rand has recovered from the levels above the 15.0000 level, this despite ongoing load shedding from Eskom, which is likely to weigh on the outlook from the ratings agencies, the FED Beige book indicating a mildly weaker outlook in the U.S. on a month on month basis.
- Possible trading range in the rand today 14.8000 to 15.1000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.28	-0.32	4.20	0.47	-2.56	↑	USD weakness
EURUSD	1.11	-0.05	1.58	-3.29	-3.93	↑	USD weakness
USDJPY	108.75	0.07	0.55	0.84	-3.26	↑	USD strength
USDAUD	1.47	-0.37	-0.58	3.76	4.98	↓	USD weakness

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14.92	-0.08	-1.69	3.61	5.35	↓	ZAR strength
GBPZAR	19.10	-0.42	2.40	4.00	2.85	↑	ZAR weakness
EURZAR	16.52	-0.14	-0.13	0.31	1.47	↓	ZAR strength
AUDZAR	10.12	0.27	-1.11	-0.09	0.63	↓	ZAR strength
ZARJPY	7.29	0.17	2.23	-4.55	-9.08	↑	ZAR strength

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	49.03	0.09	1.22	-3.36	-5.14	↑	ZAR strength
ZARBWP (Botswana pula)	0.74	0.08	0.73	-1.35	-2.05	↑	ZAR strength
ZARKES (Kenyan shilling)	6.95	0.08	1.93	-1.84	-2.84	↑	ZAR strength
ZARMUR (Mauritian rupee)	2.44	-0.19	3.04	2.16	-0.17	↑	ZAR strength
ZARNGN (Nigerian naira)	24.17	-0.33	1.39	-4.55	-6.37	↑	ZAR strength
ZARGHS (Ghanian cedi)	0.37	0.08	3.07	7.66	6.95	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.88	0.15	1.67	6.20	3.43	↑	ZAR strength
ZARMZN (Mozambican metical)	4.16	0.08	2.21	-1.47	-2.78	↑	ZAR strength

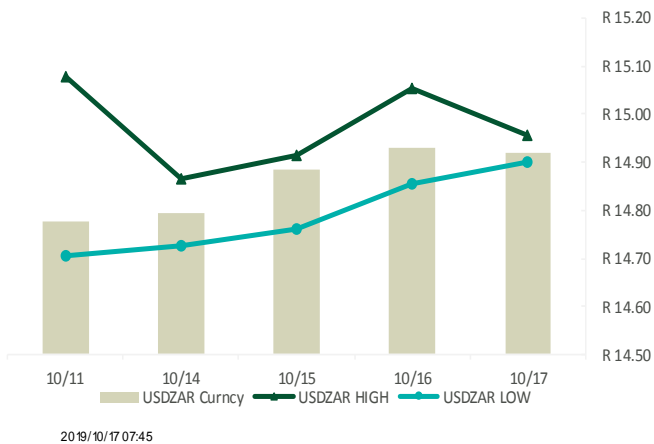
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	4.15	-0.63	-0.08	6.56	10.34	↓	USD weakness
USDTRY (Turkish Lira)	5.88	-0.19	3.91	10.06	5.39	↑	USD strength
USDMXN (Mexican Peso)	19.21	0.10	-2.70	-2.35	2.01	↓	USD weakness
USDINR (Indian Rupee)	71.41	-0.04	0.76	2.30	-3.08	↑	USD strength
USD RUB (Russian Ruble)	64.12	0.08	-1.18	-8.19	-1.93	↓	USD weakness

Source: Bloomberg & Nedbank CIB
Time: 2019/10/17 07:45

*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

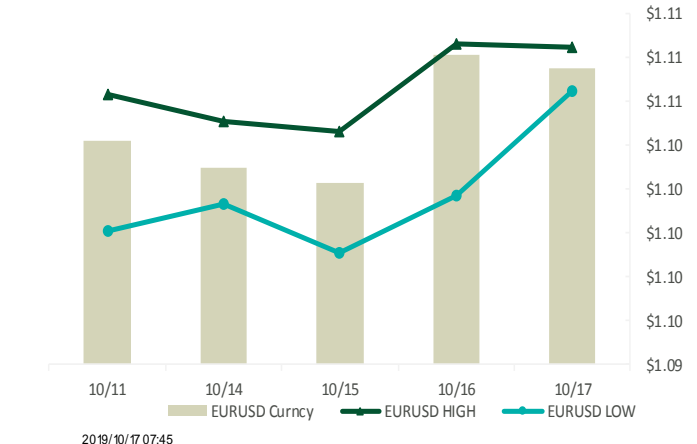
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

- Oil retreated in Asian trading after an industry report showed a sharp increase in U.S. crude stockpiles last week, adding to concern that supply keeps growing as demand ebbs. Gold prices are lower in early Asian trade, partly because of profit-taking by speculative investors.
- Most metals fell in Asian trading, led by nickel and zinc, as further signs of slowing global economic momentum added to concerns over the outlook for demand.

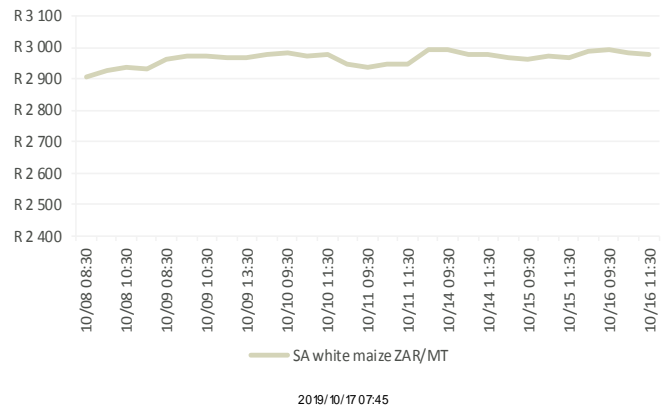
Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	58.93	-0.82	-3.04	9.54	-26.38	🔻
WTI crude (\$)	52.84	-0.97	-2.27	16.36	-24.24	🔻
Gold spot (\$)	1 488.40	-0.03	1.21	16.14	21.54	👤
Platinum spot (\$)	886.27	-0.15	0.19	11.46	5.94	👤
SA white maize spot (R)	2 975.00	0.20	2.98	1.54	23.50	👤

Source: Bloomberg & Nedbank CIB
Time: 2019/10/17 07:45

SA white maize

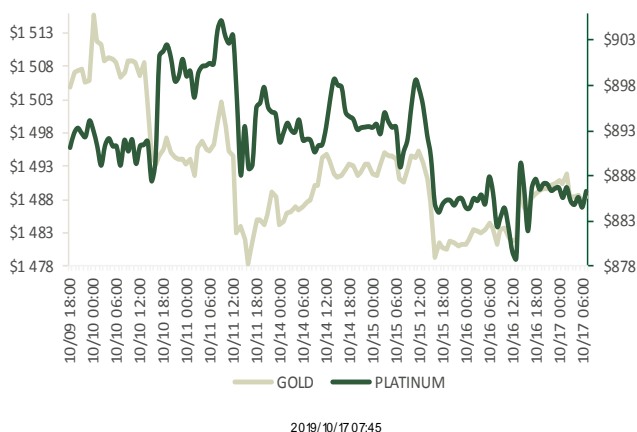
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

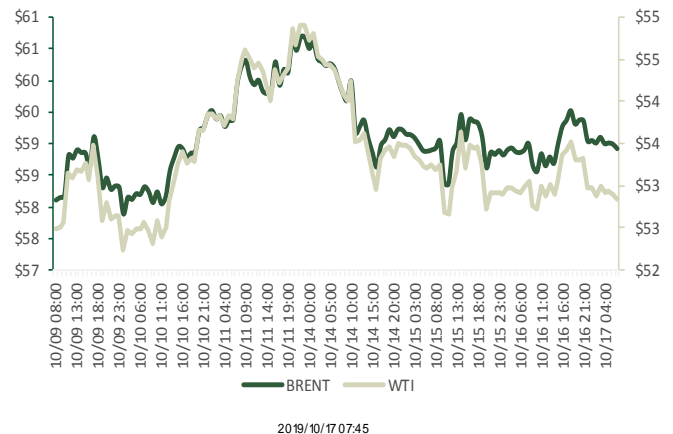
Platinum vs. Gold



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 returned to gains, with the Top40 and All Share gaining 0.94% and 0.86%, respectively.
- Notable moves included Sibanye Gold, Discovery Ltd, and Bidvest Group Ltd, which gained 2-5%.
- August retail sales missed consensus of 1.5% y/y, coming in at 1.1% y/y.
- The value traded was R23.4bn, and the rand was at 14.95 to the USD.

UK/Europe

- European markets ended mixed.
- Brexit concerns continued to weigh on the FTSE, which dropped six-tenths of a percent.
- Northern Ireland's relationship with the Eurozone remains a concern, with focus shifting to the EU summit next week.
- The DAX gained three-tenths of a percent, while the CAC lost a tenth of a percent.

USA

- US markets experienced choppy trading, eventually posting modest losses.
- The Dow fell a tenth of a percent, and the S&P and Nasdaq lost two-tenths of a percent and three-tenths of a percent, respectively.
- Weaker-than-expected retail sales data resurrected concerns of an economic slowdown. The Department of Commerce said that September retail sales fell 0.3%, while forecasts were for an increase of 0.3%.

Asia

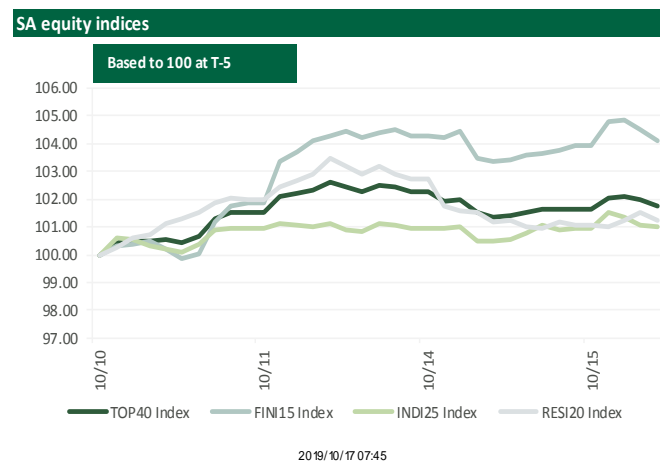
- Asian markets are exercising caution this morning as economic slowdown concerns resurface amid the ongoing trade deal between the US and China.
- At the time of writing, the Nikkei was up a tenth of a percent as weaker utilities offset gains.
- The Hang Seng was up seven-tenths of a percent as the consumer, IT and real estate sectors all rose over a percent.
- The ASX lagged peers as weaker miners and IT shares weighed on the bourse.

Developed Markets	Last price	%Δ		%Δ		2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
Dow Jones	27 001.98	-0.08	0.32	15.75	5.04	-6.03	↑	
Nasdaq	8 124.18	-0.30	1.56	22.44	6.30	-5.30	↑	
S&P 500	2 989.69	-0.20	0.44	19.26	6.42	-7.01	↑	
DJ Eurostoxx 50	3 599.25	0.02	0.83	19.92	10.98	-14.00	↑	
DAX	12 670.11	0.32	1.95	19.99	8.15	-17.97	↑	
CAC	5 696.90	-0.09	0.34	20.42	10.73	-10.55	↑	
FTSE	7 167.95	-0.61	-3.24	6.54	1.61	-12.03	↓	
ASX200	6 684.70	-0.77	-0.05	18.39	12.55	-6.84	↓	
Nikkei 225	22 493.65	0.09	3.39	12.39	-1.52	-14.85	↑	
MSCI World	2 195.35	-0.06	0.70	16.53	5.07	-10.97	↑	
Emerging Markets	Last price	%Δ		%Δ		2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
Hang Seng	26 832.43	0.63	2.84	3.82	5.38	-15.30	↑	
Shanghai	2 975.75	-0.10	2.43	19.32	16.17	-25.52	↑	
Brazil Bovespa	105 422.80	0.89	0.65	19.95	22.92	12.83	↑	
India - NSE	38 689.08	0.23	0.06	7.27	11.24	6.67	↑	
Russia Micex	2 744.35	1.07	-0.10	15.83	13.81	9.55	↓	
MSCI Emerging	1 024.08	0.47	2.31	6.04	4.10	-18.02	↑	
SA Indices	Last price	%Δ		%Δ		2018		MTD trend
		-1d	MTD	YTD	12Month	Performance		
JSE All Share	56 090.51	0.93	2.31	6.36	7.06	-11.71	↑	
Top 40	49 855.06	0.94	2.13	6.70	8.00	-11.54	↑	
Resi 10	44 681.60	0.53	2.79	8.86	8.18	12.01	↑	
Indi 25	70 079.84	1.19	0.63	10.04	10.57	-20.20	↑	
Fini 15	16 182.80	1.08	4.96	-1.20	4.14	-6.54	↑	

Source: Bloomberg & Nedbank CIB

Time 20/10/17 07:45

Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

LAST DAY TO TRADE

[back to top](#)

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SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
29 October 2019		
ACT	Afro Centric Inv Corp Ltd	dividend @ 17cps
BAWP	Barworld Ltd 6%Pref	dividend @ 6cps
BCF	Bowler Metcalf Ltd	dividend @ 25cps
CGN	Cognition Holdings Ltd	dividend @ 10cps
COM	Comair Ltd	dividend @ 18cps
CPI	Capitec Bank Holdings Ltd	dividend @ 755cps
KST	PSG Konsult Ltd	dividend @ 7.5cps
NRL	Nampak REIT Ltd	dividend @ 24.320740cps
NTCP	Netcare Ltd Pref	dividend @ 418.772260cps
PPR	Putprop Ltd	dividend @ 7cps
RCL	RCL Foods Ltd	dividend @ 10cps
RMI	Rand Merchant Inv Holdings Ltd	dividend @ 65cps
TLM	Telemaster Holdings Ltd	dividend @ 1.50cps

Source: JSE

JSE PERFORMANCE

[back to top](#)

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
ABG : Absa Group Ltd	160.76	1.28	5.16	-0.66	9.54	-11.08	↑
AGL : Anglo American Plc	365.19	0.77	3.82	13.32	17.49	26.07	↑
AMS : Anglo American Platinum Ltd	1067.16	1.34	16.88	98.38	126.57	52.19	↑
ANG : Anglogold Ashanti Ltd	300.19	2.11	5.67	65.17	115.67	41.31	↑
BHP : Bhp Group Plc	312.21	0.21	-3.98	7.86	12.34	21.24	↓
BID : Bid Corp Ltd	332.61	-0.07	3.28	25.51	20.40	-11.96	↑
BTI : British American Tobacco Plc	515.41	0.85	-8.33	9.83	-16.26	-43.42	↓
BVT : Bidvest Group Ltd	203.87	2.24	6.84	-1.44	7.79	-5.15	↑
CFR : Financiere Richemont-Dep Rec	110.01	0.71	-1.50	17.47	6.46	-16.20	↓
CLS : Clicks Group Ltd	255.38	0.14	18.79	33.39	61.57	5.70	↑
CPI : Capitec Bank Holdings Ltd	1353.53	1.08	5.13	21.07	38.80	1.83	↑
DSY : Discovery Ltd	123.86	2.85	8.60	-22.49	-17.78	-14.09	↑
EXX : Exxaro Resources Ltd	118.25	2.20	-2.69	-7.82	-15.66	-15.16	↓
FSR : Firststrand Ltd	67.56	1.11	8.63	3.05	9.71	-2.51	↑
GFI : Gold Fields Ltd	82.57	-0.13	8.47	67.35	102.23	-8.80	↑
GRT : Growthpoint Properties Ltd	22.85	0.75	-1.08	-1.93	-4.15	-15.76	↓
IMP : Impala Platinum Holdings Ltd	101.80	-0.03	6.84	177.54	285.61	13.07	↑
INL : Investec Ltd		0.81	2.65	3.76	-8.97	-11.95	↑
INP : Investec Plc	81.52	0.46	3.37	2.33	-9.84	-11.25	↑
MCG : Multichoice Group Ltd	119.14	0.88	0.99				↑
MNP : Mondi Plc	308.27	0.05	6.14	1.38	-10.70	-4.78	↑
MRP : Mr Price Group Ltd	161.00	1.65	1.74	-34.59	-30.05	0.52	↑
MTN : Mtn Group Ltd	94.17	1.10	-2.21	5.81	11.83	-34.85	↓
NED : Nedbank Group Ltd	240.05	0.36	5.83	-12.62	1.72	7.27	↑
NPN : Naspers Ltd-N Shs	2304.02	1.54	0.39	20.35	26.24	-16.19	↑
NRP : Nepi Rockcastle Plc	129.30	-0.15	-2.59	14.42	2.21	-47.09	↓
OMU : Old Mutual Ltd	20.18	1.05	4.40	-9.91	-11.65		↑
PRX : Prosus Nv	1090.00	0.99					→
RDF : Redefine Properties Ltd	7.96	1.14	1.66	-17.68	-17.77	-9.63	↑
REM : Remgro Ltd	175.42	1.78	7.49	-9.92	-6.70	-17.48	↑
RMH : Rmb Holdings Ltd	80.95	1.30	7.79	2.60	16.76	-0.34	↑
SBK : Standard Bank Group Ltd	181.75	1.05	4.04	1.64	10.96	-8.61	↑
SGL : Sibanye Gold Ltd	25.01	5.44	19.21	149.60	118.62	-34.13	↑
SHP : Shoprite Holdings Ltd	132.35	0.96	7.92	-30.40	-28.20	-14.03	↑
SLM : Sanlam Ltd	79.62	1.23	6.76	-0.23	10.22	-8.28	↑
SOL : Sasol Ltd	284.18	-1.30	12.30	-33.13	-45.33	-0.74	↑
SPP : Spar Group Limited/The	191.00	1.82	-0.01	-7.95	10.68	2.05	↓
TBS : Tiger Brands Ltd	213.43	0.85	1.36	-14.78	-10.43	-40.48	↑
TFG : The Foschini Group Ltd	169.16	1.66	3.49	1.76	3.21	-15.76	↑
VOD : Vodacom Group Ltd	126.39	2.11	5.64	-4.25	1.71	-9.39	↑
WHL : Woolworths Holdings Ltd	55.00	0.36	-0.15	-0.16	13.78	-15.65	↓

Source: Bloomberg & Nedbank CIB

Time 2019/10/17 07:45

US

- Retail sales contracted by 0.3% m/m in September, from 0.6% growth in August, worse than consensus forecasts of +0.3%. Even though consumer confidence has recently risen, and consumers assessed their income growth as sharply higher compared to a year ago, consumer remains apprehensive about spending as a result of expectations for growth to worsen, and trade uncertainty to hamper employment gains in the US.
- In September, there was a sharp decline in sales of motor vehicles, building materials, food and beverages, gasoline and sporting goods. Sales at department stores contracted by 1.4% m/m. Only sales of clothing, health products, and furniture rose modestly in September.
- Fed Beige book: the Fed assessed the economy as expanding at a slight to modest pace recently, as many businesses tempered their expectations for economic growth over the medium term. As a result of the trade war, manufacturing output has declined recently, weighed by weaker global growth, but the services industry remains upbeat. Household spending remains solid but could slow down in coming months as reflected in the recent retail sales and consumer confidence prints. The labour market remains tight, with shortages of skilled workers being reported.

Synopsis: The Fed has turned 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 83% probability of a 25bps reduction in December and a 71% probability of a rate cut in October.

IMF World Economic Outlook report: Global manufacturing downturn, rising trade barriers

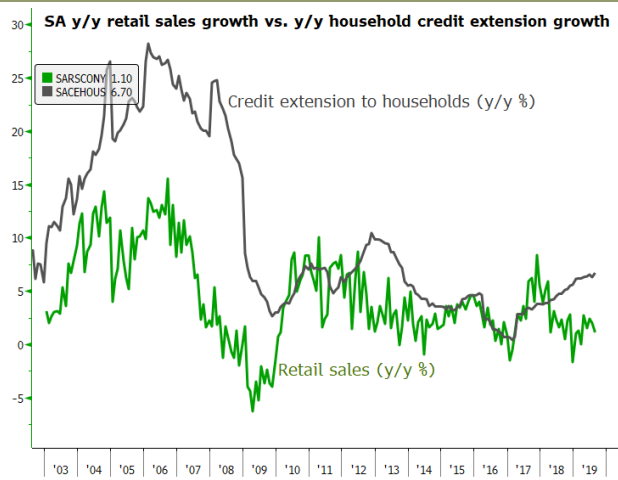
- The IMF revised its forecast for 2019 global growth to 3%, from 3.2% in July – its slowest pace since the 2008 recession. Its 2020 forecast was also lowered to 3.4%, from 3.6% previously, but notes that this recovery is not synchronized and is precarious. The notable feature in these estimates, is the role that the broad-based slowdown in manufacturing and global trade has played – trade volume growth in 1H19 fell to the lowest since 2012.
- In contrast, the global services sector has held up well despite the weakness in the secondary sector, but the IMF warns that this divergence has persisted for an atypically long duration and it is concerned that the weak manufacturing sector may spill over into the services sector soon. The IMF has also highlighted the fact that global growth is expected at a very weak 3% at a time when monetary policy remains quite loose across the world. Growth in the G4 economies (US, EU, CH, JN) is not expected to recover over the forecast horizon (to 2024), with EM growth being the key driver of world growth from 2020 onwards.
- The IMF continues to make the case for renewed efforts to push structural reforms, noting that structural reforms have slowed since the 2000s. Removing trade barriers and easing geopolitical tensions can boost confidence levels and raise output. The IMF has singled out Germany, noting that it being a surplus economy should take advantage of negative borrowing rates to invest in social and infrastructure capital, something that the ECB has been advocating for years. It has warned that at 3% growth, there is no room for policy errors – it is generally noted that global growth of below 3% is recessionary.
- The IMF has kept its SA growth estimates unchanged at 0.7% for 2019 and 1.1% for 2020 – it attributes this weak pace of growth to labour issues (strikes), an unreliable electricity supply, and weak agricultural production. It has called on the National Treasury to pursue gradual and growth-friendly fiscal consolidation (eliminating wasteful spending, expanding the tax base, reducing the wage bill, strengthening tax administration) in order to stabilise debt levels. Most importantly, structural reforms (increased competition, revamping SOEs, increasing labour market flexibility) are needed to regain investors' trust and raise potential growth.

SA

- SA retail sales growth fell to 1.1% y/y in August, from 2.0% in July, worse than consensus of 1.7%. This is the slowest pace of sales growth since March. Over the month, sales contracted by 0.9%, from growth of 0.2% in July. On a quarterly basis (3 months to Aug), growth eased to 0.7%, from +0.9% q/q in June. The slowdown in retail sales underscores the weak household sector in Q3 and will likely imply a slower pace of household final consumption expenditure growth in the Q3 GDP print, from +2.8% q/q SAAR recorded in Q2.
- Positive drivers of retail sales in August were 'all other retailers' (books, jewellery, sport goods, internet sales etc.), sales at general dealers and sales of food and beverages. On the other hand, sales of pharmaceutical goods, and textiles, clothing and footwear eased, while sales of hardware, paint and glass continued to decline.

Synopsis: Record high unemployment levels, weak growth, marginally higher inflation and utilities costs, weak confidence and high debt levels have kept retail sales growth well below its long run trend since April 2018. Unless structural reforms are implemented to raise output, productivity, employment and confidence, retail activity will remain seasonal and structurally weak.

Consumer spending lacklustre despite growth in credit



Source: Bloomberg, Nedbank

ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
16-October							
10:30 AM	UK	CPI YoY	SEP	1.80%	1.70%	1.70%	-
10:30 AM	UK	PPI Input NSA YoY	SEP	-1.70%	-2.80%	-0.80%	-0.90%
11:00 AM	EC	CPI Core YoY	SEP F	1.00%	1.00%	1.00%	-
11:00 AM	EC	CPI YoY	SEP F	0.90%	0.80%	1.00%	-
11:00 AM	EC	Trade Balance SA	AUG	EUR 0.0b	EUR 20.3b	EUR 19.0b	EUR 17.5b
01:00 PM	US	MBA Mortgage Applications	FEB 23	-	0.50%	5.20%	-
01:00 PM	SA	Retail Sales Constant YoY	AUG	1.70%	1.10%	2.00%	-
02:30 PM	US	Retail Sales Advance MoM	SEP	0.30%	-0.30%	0.40%	0.60%
10:00 PM	US	Net Long-term TIC Flows	AUG	-	USD -41.1b	USD 84.3b	USD 83.8b
10:00 PM	US	Total Net TIC Flows	AUG	-	USD 70.5b	USD 43.8b	USD 43.3b
17-October							
10:30 AM	UK	Retail Sales Inc Auto Fuel YoY	SEP	3.10%	-	2.70%	-
02:30 PM	US	Philadelphia Fed Business Outlook	OCT	7.6	-	12.0	-
02:30 PM	US	Building Permits MoM	SEP	-5.26%	-	7.70%	-
02:30 PM	US	Housing Starts MoM	SEP	-3.23%	-	12.30%	-
02:30 PM	US	Building Permits	SEP	1350k	-	1419k	-
02:30 PM	US	Housing Starts	SEP	1320k	-	1364k	-
03:15 PM	US	Industrial Production MoM	SEP	-0.20%	-	0.60%	-
03:15 PM	US	Manufacturing (SIC) Production	SEP	-0.30%	-	0.50%	-
03:15 PM	US	Capacity Utilization	SEP	77.70%	-	77.90%	-
18-October							
01:30 AM	JN	Natl CPI YoY	SEP	0.20%	-	0.30%	-
04:00 AM	CH	Industrial Production YoY	SEP	4.90%	-	4.40%	-
04:00 AM	CH	Retail Sales YoY	SEP	7.80%	-	7.50%	-
04:00 AM	CH	GDP SA QoQ	3Q	1.50%	-	1.60%	-
04:00 AM	CH	GDP YoY	3Q	6.10%	-	6.20%	-
10:00 AM	EC	ECB Current Account SA	AUG	-	-	EUR 20.5b	-
04:00 PM	US	Leading Index	SEP	0.00%	-	0.00%	-
21-October							
01:50 AM	JN	Imports YoY	SEP	-2.90%	-	-11.90%	-
01:50 AM	JN	Trade Balance Adjusted	SEP	JPY -286.4b	-	JPY -130.8b	-
01:50 AM	JN	Exports YoY	SEP	-3.05%	-	-8.20%	-
08:00 AM	GE	PPI YoY	SEP	-	-	0.30%	-
11:00 AM	EC	Govt Debt/GDP Ratio	2018	-	-	85.10%	-

Source: Bloomberg 2019/10/17 07:42

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