

# DAILY MARKET COMMENTARY

18 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

Nedbank CIB Market Commentary | [CIBMarketComm@Nedbank.co.za](mailto:CIBMarketComm@Nedbank.co.za) | +27 11 537 4091

## SNIPPETS

(Fixed Income)	Potential Brexit deal gives SAGBs a boost, yields decline across the curve
(Currencies)	Brexit deal remains the focus
(Commodities)	Oil headed for a weekly drop as optimism over U.S.-China trade detente was tempered by signs it will still be hard to reach even a limited deal
(Equities)	The JSE and global markets traded lower as optimism surrounding the Brexit deal waned and the DUP said it would vote against the accord
(Economics)	Chinese growth slows in Q3, driven by weaker investment, Japanese CPI subdued; UK retail sales surprises to the upside, while US economic data disappoints in September

## KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
17/10	US	Industrial production	-0.4%/-0.2%/0.8%	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
23/10	SA	CPI	--/4.3%/4.3%	SA inflation may rise marginally as a result of food costs
24/10	EZ	ECB interest rate decision	--/0%/0%	ECB expected to provide more clarity on its loose monetary policy stance, and QE

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	
R208-1.5 yrs	6.65	-0.15	-2.65	-34.75	-107.45	↓
R186-7.2 yrs	8.24	0.10	-8.00	-63.60	-95.80	↓
R2048-28.4 yrs	9.85	0.65	-7.85	-5.45	-26.65	↓
US10 yr	1.74	-1.13	7.51	-94.37	-143.81	↓
UK 10 yr	0.68	-3.60	18.90	-60.00	-89.80	↓
German 10 yr	-0.41	-2.10	16.30	-65.00	-86.90	↓
Japan 10 yr	-0.15	0.00	6.20	-15.40	-30.30	↓

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	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	6.95	17.50	15.00	-17.50	-7.50	↑
SA 6m NCD	7.49	23.75	18.75	-26.25	-16.25	↑
SA 12m NCD	8.00	37.50	32.50	-32.50	-35.00	↑
US 3m LIBOR	1.97	-3.74	-11.93	-84.18	-48.38	↓
UK 3m LIBOR	0.79	0.95	3.51	-11.93	-1.03	↑
Japan 3m LIBOR	-0.11	-0.08	-1.05	-3.70	-2.62	↓

Source: Bloomberg & Nedbank CIB  
Time: 2019/10/18 08:01

FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
3X6 FRA	6.60	0.75	-8.50	-61.50	-65.50	↓
6X9 FRA	6.47	0.00	4.00	3.00	4.00	↑
9X12 FRA	6.43	1.50	-10.50	-90.50	-109.50	↓
18X21 FRA	6.54	-0.25	-12.50	-92.50	-132.50	↓
SA 2yr Swap	6.53	-1.90	-10.70	-80.90	-100.90	↓
SA 3yr Swap	6.63	0.50	-10.30	-82.00	-112.00	↓
SA 5yr Swap	6.88	-1.50	-11.00	-79.00	-116.00	↓
SA 10yr Swap	7.58	-1.00	-8.00	-61.00	-101.00	↓
SA 15yr Swap	7.92	-1.00	-8.00	-54.50	-93.00	↓

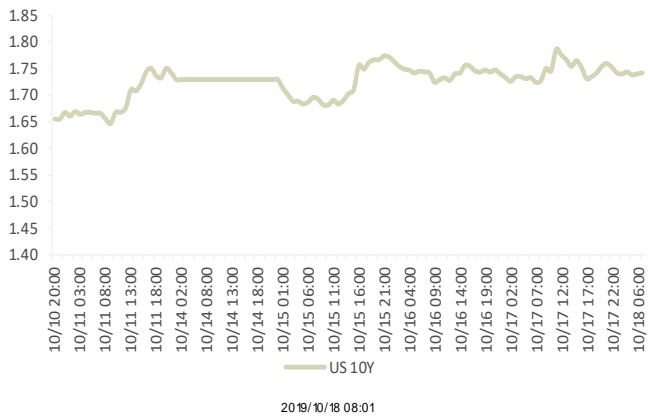
  

Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
2v10y	-1.05	-0.90	-2.70	-19.90	0.10	↓
3v10y	-0.96	1.50	-2.30	-21.00	-11.00	↓
R186-R208	1.59	0.25	-5.35	-28.85	11.65	↓
R2048-R186	1.61	0.55	0.15	58.15	69.15	↑
5y-R186	-1.36	-1.60	-3.00	-15.40	-20.20	↓
10y-R186	-0.66	-1.10	0.00	2.60	-5.20	→
15y-R186	-0.32	-1.10	0.00	9.10	2.80	→
SA 5yr CDS spread - basis points	182.14	-1.16	-11.44	-40.81	-33.21	↓

Source: Bloomberg & Nedbank CIB  
Time: 2019/10/18 08:01

## US 10 year yield

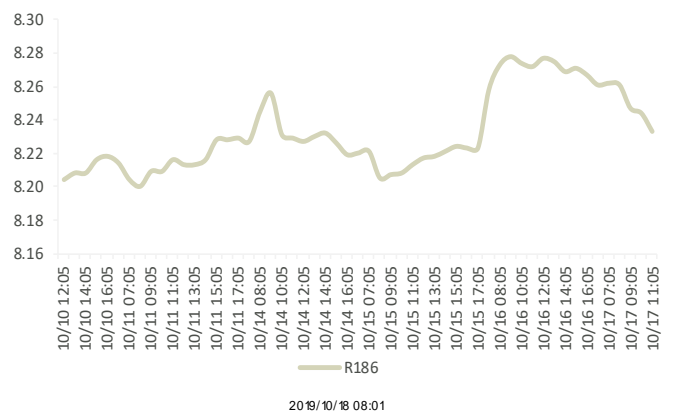
### US 10 year yield



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

- The local session kicked off with the rand trading in the 14.80s. Given that the rand had breached the 15.0500 handle earlier in the week – following comments stating that Eskom would resume load shedding again, as the power utility remained constrained – it has done remarkably well to recover. It seems that the cabinet has approved the Integrated Resource Plan (IRP 2019), which has relieved some pressure of the local unit. The rand has been able to absorb the current electricity crisis; it traded to a best level of 14.7700 yesterday and opened at 14.8400 this morning. The EURZAR opened at 16.5250 and the GBPZAR at 19.0880.
- International markets have finally seen an in-principle agreement being made on Brexit. The deal is to be tabled at parliament tomorrow, and the uphill battle for British PM Johnson is far from over. The sterling traded to a day low of 1.2748 and high of 1.2988. It opened at 1.2851 this morning. Headlines will continue to dominate the day; so, expect further extreme volatility during the session. Gold is trading USD3 softer this morning at USD1,492.
- Today is going to be a quiet day on the data front, as Chinese data has already been released, seeing the economy growing at 6.0% missing expectations. EZ current account data is also due this morning, and the US leading index in the afternoon.
- Possible trading range: 14.7000-15.0500

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.29	0.02	4.56	0.82	-1.47	↑	USD weakness
EURUSD	1.11	-0.01	2.04	-2.86	-3.02	↑	USD weakness
USDJPY	108.55	0.03	0.37	1.02	-3.33	↑	USD strength
USDAUD	1.46	-0.12	-1.24	3.07	4.11	↓	USD weakness
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14.83	-0.02	-2.29	3.05	3.00	↓	ZAR strength
GBPZAR	19.06	0.02	2.19	3.79	1.56	↑	ZAR weakness
EURZAR	16.50	-0.03	-0.25	0.19	-0.02	↓	ZAR strength
AUDZAR	10.13	0.10	-1.01	0.01	-0.98	↓	ZAR strength
ZARJPY	7.32	0.03	2.59	-4.17	-6.55	↑	ZAR strength
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	49.25	0.00	1.65	-2.91	-2.72	↑	ZAR strength
ZARBPW (Botswana pula)	0.73	0.04	0.50	-1.58	-1.38	↑	ZAR strength
ZARKES (Kenyan shilling)	6.99	0.02	2.48	-1.26	-0.43	↑	ZAR strength
ZARMUR (Mauritian rupee)	2.45	-0.36	3.47	2.60	1.97	↑	ZAR strength
ZARNGN (Nigerian naira)	24.37	-0.07	2.23	-3.66	-3.52	↑	ZAR strength
ZARGHS (Ghanian cedi)	0.37	0.08	3.38	7.96	8.58	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.89	0.15	2.37	6.87	7.46	↑	ZAR strength
ZARMZN (Mozambican metical)	4.19	-0.04	2.83	-0.82	-0.27	↑	ZAR strength
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	4.17	0.28	0.20	6.83	11.48	↑	USD strength
USDTRY (Turkish Lira)	5.79	-2.17	2.44	8.69	2.86	↑	USD strength
USDMXN (Mexican Peso)	19.21	0.19	-2.72	-2.37	0.33	↓	USD weakness
USDINR (Indian Rupee)	71.21	0.06	0.48	2.02	-3.37	↑	USD strength
USDRUB (Russian Ruble)	63.98	-0.34	-1.41	-8.44	-2.75	↓	USD weakness

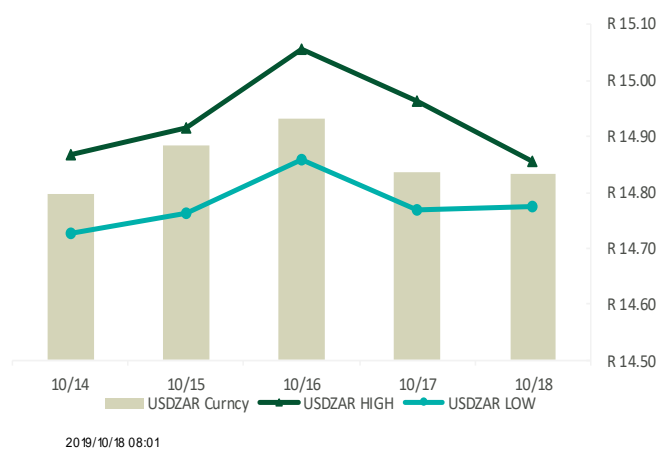
Source: Bloomberg & Nedbank CIB

Time 2019/10/18 08:01

\*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

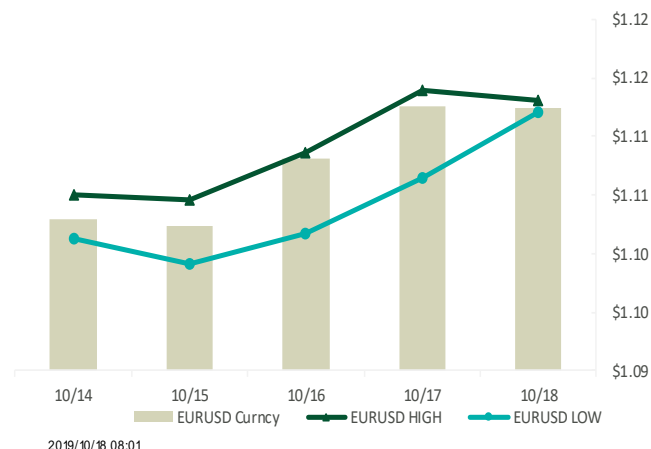
\$/R (close, high and low)



Source: Bloomberg, Nedbank

## EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

- Oil headed for a weekly drop as optimism over U.S.-China trade detente was tempered by signs it will still be hard to reach even a limited deal. Futures edged lower; down 1.5% for the week.
- Palladium is heading for the biggest weekly gain in five and is steadily closing in on \$1,800 an ounce amid concerns over tight supply. Gold ticked higher this week as investors weighed a weaker dollar, rising equities, trade talk and Brexit developments. Palladium -0.1% to \$1,760.40/oz after reaching an all-time high of \$1,784.94 Thursday; +3.6% this week. Spot gold steady at \$1,492.06/oz; +0.2% this week. Spot silver -0.1% to \$17.5334/oz. Platinum -0.9% this week. Base metals fell, with nickel heading for its biggest weekly drop since 2017, as slowing growth in China weighs on demand.
- LME nickel steady at \$16,270/ton; -7.3% this week, heading for the biggest loss since March 2017. LME zinc -0.5%, aluminium -0.1%. Copper +0.2%, paring weekly decline of 0.8%. Iron ore sinks as China's steel production in September drops on-month, and GDP slows more than expected in the third quarter.

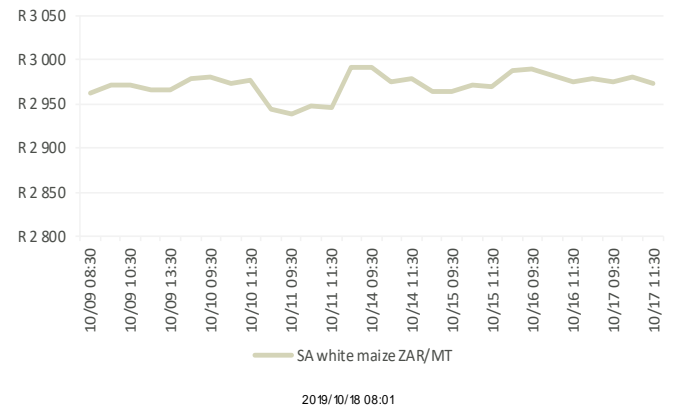
Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	59.55	-0.60	-2.02	10.69	-24.90	🔴
WTI crude (\$)	53.79	-0.26	-0.52	18.45	-21.65	🔴
Gold spot (\$)	1 491.95	-0.19	1.46	16.41	21.51	🟢
Platinum spot (\$)	885.98	-0.22	0.16	11.42	6.82	🟢
SA white maize spot (R)	2 974.00	-0.03	2.94	1.50	23.10	🟢

Source: Bloomberg & Nedbank CIB  
Time: 2019/10/18 08:01

## SA white maize

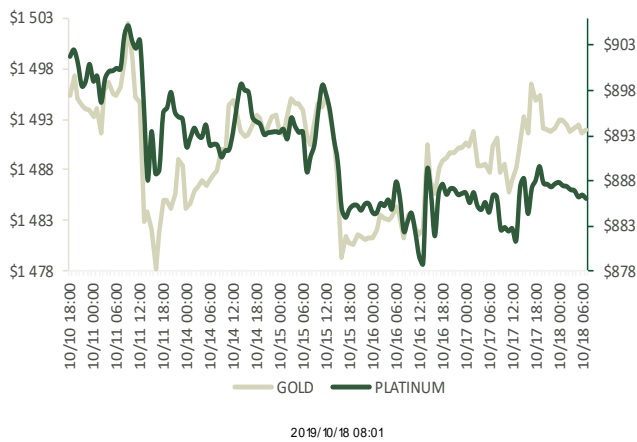
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

## Platinum vs Gold

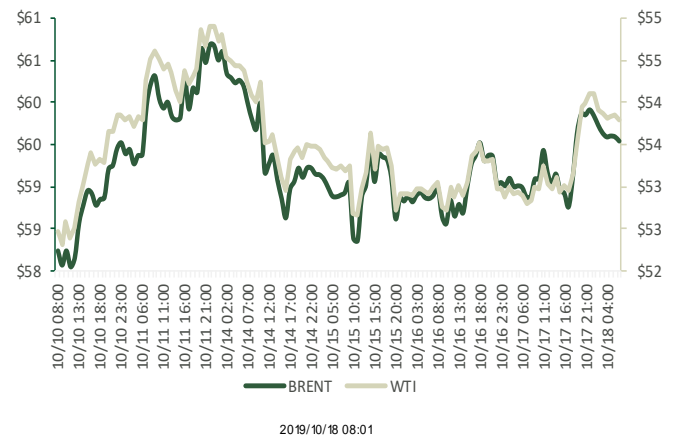
Platinum vs. Gold



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 ended the day lower after spending most of the day trading in positive territory, lifted by Brexit-related news.
- The Top40 lost 0.28% to close at 43,715.30, with the forestry and paper sectors being the worst performers after a Goodbody analyst cited declines in testliner and kraftliner prices, weighing on paper stocks globally (MNP -5.21%).
- Platinum stocks continued to outperform, with the sector adding 2.17%.
- Value traded at the close was R25.4bn, and the ZAR was trading at R14.81 vs the dollar.

**UK/Europe**

- European markets closed Thursday's session lower, retracing early gains as optimism surrounding the Brexit deal faded after the Democratic Unionist Party (DUP) said it would vote against the accord at an extraordinary session on Saturday.
- Ericsson stood out among the gainers, surging 6% after posting earnings that were well above expectations.
- Nestle lost 2% after announcing a new share buy-back programme of up to USD20.13bn. Organic sales growth came in lower in the third quarter.
- The FTSE100 added 0.2%, the CAC40 lost 0.42% and the DAX fell 0.12%.

**USA**

- Corporate earnings and encouraging geopolitical developments lifted US markets last night, with all three major indices posting gains.
- Morgan Stanley rose 1.5%, as its results beat estimates, while Netflix added 2.5% after reporting a rebound in subscribers in the third quarter.
- IBM was the biggest drag on the Dow, losing 5.5% after it missed quarterly estimates.
- The Dow added 0.09%, the S&P500 rose 0.28% and the Nasdaq gained 0.4%.

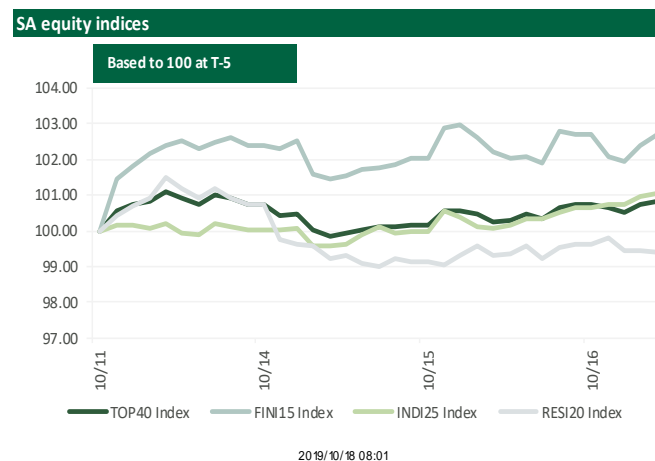
**Asia**

- Asian markets are trading mixed this morning, with tech stocks boosting the Nikkei, lifted by the strong earnings reported by Taiwan's TSMC.
- Stocks in China and Hong Kong traded lower, dragged by weak GDP data.
- Stocks in Australia traded lower as a weaker US dollar dragged healthcare firms, with scepticism over the Brexit deal and Sino-US trade talks adding to the weaker sentiment.

Developed Markets	Last price	%Δ		%Δ		%Δ		2018 Performance	MTD trend
		-1d	MTD	YTD	12Month	2018			
Dow Jones	27 025.88	0.09	0.41	15.85	6.49	-6.03	↑		
Nasdaq	8 156.85	0.40	1.97	22.93	8.97	-5.30	↑		
S&P 500	2 997.95	0.28	0.71	19.59	8.28	-7.01	↑		
DJ Eurostoxx 50	3 588.62	-0.30	0.54	19.56	11.74	-14.00	↑		
DAX	12 654.95	-0.12	1.83	19.85	9.20	-17.97	↑		
CAC	5 673.07	-0.42	-0.08	19.92	10.87	-10.55	↓		
FTSE	7 182.32	0.20	-3.05	6.75	2.21	-12.03	↓		
ASX200	6 649.70	-0.52	-0.58	17.77	11.90	-6.84	↓		
Nikkei 225	22 507.87	0.25	3.46	12.46	-0.66	-14.85	↑		
MSCI World	2 201.92	0.30	1.00	16.88	6.66	-10.97	↑		
Emerging Markets	Last price	%Δ		%Δ		%Δ		2018 Performance	MTD trend
		-1d	MTD	YTD	12Month	2018			
Hang Seng	26 805.15	-0.16	2.73	3.71	5.31	-15.30	↑		
Shanghai	2 956.83	-0.69	1.78	18.56	18.92	-25.52	↑		
Brazil Bovespa	105 015.80	-0.39	0.26	19.49	25.25	12.83	↑		
India - NSE	39 232.39	0.46	1.46	8.77	12.80	6.67	↑		
Russia Micex	2 748.64	0.16	0.05	16.01	15.56	9.55	↑		
MSCI Emerging	1 028.39	0.42	2.74	6.48	5.92	-18.02	↑		
SA Indices	Last price	%Δ		%Δ		%Δ		2018 Performance	MTD trend
		-1d	MTD	YTD	12Month	2018			
JSE All Share	55 993.42	-0.17	2.13	6.18	7.41	-11.71	↑		
Top 40	49 715.30	-0.28	1.85	6.40	8.23	-11.54	↑		
Resi 10	44 138.12	-1.22	1.54	7.53	6.99	12.01	↑		
Indi 25	70 293.44	0.30	0.94	10.38	11.86	-20.20	↑		
Fini 15	16 167.13	-0.10	4.86	-1.30	4.31	-6.54	↑		

Source: Bloomberg &amp; Nedbank CIB

Time 20/10/18 08:01

**Short-term performance of SA equity indices**

Source: Bloomberg, Nedbank

# LAST DAY TO TRADE

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SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
<b>29 October 2019</b>		
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

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
ABG : Absa Group Ltd	159.05	-1.06	4.04	-1.71	8.63	-11.08	↑
AGL : Anglo American Plc	360.54	-1.27	2.50	11.88	16.06	26.07	↑
AMS : Anglo American Platinum Ltd	1088.97	2.04	19.27	102.44	127.93	52.19	↑
ANG : Anglogold Ashanti Ltd	300.63	0.15	5.82	65.41	113.14	41.31	↑
BHP : Bhp Group Plc	305.93	-2.01	-5.91	5.69	9.57	21.24	↓
BID : Bid Corp Ltd	331.84	-0.23	3.04	25.22	17.93	-11.96	↑
BTI : British American Tobacco Plc	512.63	-0.54	-8.82	9.23	-16.97	-43.42	↓
BVT : Bidvest Group Ltd	204.14	0.13	6.99	-1.31	8.30	-5.15	↑
CFR : Financiere Richemont-Dep Rec	110.79	0.71	-0.80	18.30	7.78	-16.20	↓
CLS : Clicks Group Ltd	249.00	-2.50	15.82	30.06	57.42	5.70	↑
CPI : Capitec Bank Holdings Ltd	1360.26	0.50	5.66	21.67	37.75	1.83	↑
DSY : Discovery Ltd	124.27	0.33	8.96	-22.23	-17.47	-14.09	↑
EXX : Exxaro Resources Ltd	120.76	2.12	-0.62	-5.86	-11.92	-15.16	↓
FSR : Firststrand Ltd	67.26	-0.44	8.15	2.59	10.57	-2.51	↑
GFI : Gold Fields Ltd	81.53	-1.26	7.11	65.24	96.27	-8.80	↑
GRT : Growthpoint Properties Ltd	22.66	-0.83	-1.90	-2.75	-5.39	-15.76	↓
IMP : Impala Platinum Holdings Ltd	104.23	2.39	9.39	184.16	294.36	13.07	↑
INL : Investec Ltd		0.17	2.83	3.94	-9.58	-11.95	↑
INP : Investec Plc	81.84	0.39	3.78	2.74	-10.47	-11.25	↑
MCG : Multichoice Group Ltd	117.95	-1.00	-0.02				↓
MNP : Mondi Plc	292.20	-5.21	0.60	-3.90	-15.97	-4.78	↑
MRP : Mr Price Group Ltd	160.86	-0.09	1.65	-34.65	-28.33	0.52	↑
MTN : Mtn Group Ltd	92.99	-1.25	-3.44	4.48	9.94	-34.85	↓
NED : Nedbank Group Ltd	240.30	0.10	5.94	-12.53	2.15	7.27	↑
NPN : Naspers Ltd-N Shs	2319.50	0.67	1.07	21.15	28.59	-16.19	↑
NRP : Nepi Rockcastle Plc	128.32	-0.76	-3.33	13.56	1.04	-47.09	↓
OMU : Old Mutual Ltd	20.40	1.09	5.54	-8.93	-10.72		↑
PRX : Prosus Nv	1097.32	0.67					→
RDF : Redefine Properties Ltd	7.83	-1.63	0.00	-19.03	-19.03	-9.63	→
REM : Remgro Ltd	175.03	-0.22	7.26	-10.12	-5.36	-17.48	↑
RMH : Rmb Holdings Ltd	81.00	0.06	7.86	2.66	17.00	-0.34	↑
SBK : Standard Bank Group Ltd	181.82	0.04	4.08	1.68	11.47	-8.61	↑
SGL : Sibanye Gold Ltd	25.50	1.96	21.54	154.49	131.40	-34.13	↑
SHP : Shoprite Holdings Ltd	132.50	0.11	8.04	-30.32	-28.72	-14.03	↑
SLM : Sanlam Ltd	79.90	0.35	7.13	0.13	11.50	-8.28	↑
SOL : Sasol Ltd	284.78	0.21	12.53	-32.99	-44.15	-0.74	↑
SPP : Spar Group Limited/The	191.88	0.46	0.46	-7.53	8.47	2.05	↑
TBS : Tiger Brands Ltd	213.54	0.05	1.42	-14.74	-8.81	-40.48	↑
TFG : The Foschini Group Ltd	168.62	-0.32	3.16	1.43	6.06	-15.76	↑
VOD : Vodacom Group Ltd	126.29	-0.08	5.56	-4.33	2.88	-9.39	↑
WHL : Woolworths Holdings Ltd	55.60	1.09	0.94	0.93	15.81	-15.65	↑

Source: Bloomberg &amp; Nedbank CIB

Time 2019/10/18 08:01

## US

- Housing starts contracted by 9.4% m/m in September, from 15.1% previously, worse than consensus of -3.2%. Multifamily housing starts slumped sharply as consumers downsize or become cautious ahead of any economic slowdown.
- Building permits also fell by 2.7% m/m, from growth of 8.2% in August, better than consensus of -5.3%.
- Industrial production contracted by 0.4% m/m in September, from 0.8% growth in August, worse than consensus of -0.2%. production of motor vehicles, machinery and natural gas contracted, along with mining production. Weaker global growth and the ongoing trade war has dampened output recently.

**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.**

## UK

- UK retail sales growth accelerated to 3.1% y/y in September, from 2.6% in August, in line with consensus. Sales was driven by food, textiles, clothing, footwear.
- Sales of household goods contracted, while sales of fuel and internet purchases eased.
- Despite weak confidence from the Brexit uncertainty, a strong labour market has kept sales growth buoyant.

**Synopsis: The BOE shifted from its neutral monetary policy outlook to one that is seemingly more hawkish, as it expects to raise interest rates more frequently should there be a smooth Brexit outcome. This may be required in the event of a weaker sterling which would raise import costs and inflation to levels well above the BOE target of 2%. There is significant uncertainty over the growth trajectory, however policymakers have conceded that most businesses are ready for the Brexit.**

## China

- Chinese GDP growth eased to 1.5% q/q in Q3, from 1.6% in Q2, in line with consensus. On an annualised basis, growth slowed to 6% y/y, from 6.2% in Q2, worse than consensus of 6.1%. Weakness was driven by the primary and secondary industries as exports come under pressure.
- Retail sales growth rose to 7.8% y/y in September, from 7.5% in August, in line with consensus. Sales was driven by consumer goods, cosmetics, furniture, household electronics.
- Industrial production growth surged to 5.8% y/y in September, from 4.4% previously, better than consensus of 4.9%. Both mining and manufacturing output surged in September, despite a weaker global backdrop.

**Synopsis: China's PBOC have started to ease liquidity in order to counter the effects of the trade war with the US. However, inflation remains below the target and so interest rates are likely to be kept low for some time. Geopolitical and trade tensions are likely to weigh on growth over the medium term. In such an environment, monetary policy will likely be kept loose for some time**

## Japan

- Japanese CPI fell to 0.2% y/y in September, from 0.3% previously, in line with consensus.
- Even though food costs surged, prices of clothing, footwear, transport, communication, declined, weighing on both core and headline inflation.

**Synopsis: Japan continues to battle with low inflation and disappointing economic growth and would likely keep monetary policy unchanged and loose for some time. The tighter labour market has not aided wage growth enough to impact inflation – inflation is likely to remain well below the BOJ target over the medium term, warranting loose monetary policy. Despite recent adjustments to the range in which it commits to buy bonds, policy remains loose.**



# ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
<b>17-October</b>							
10:30 AM	UK	Retail Sales Inc Auto Fuel YoY	SEP	3.10%	3.10%	2.70%	2.60%
02:30 PM	US	Continuing Claims	JUN 29	1675k	1679k	1684k	-
02:30 PM	US	Initial Jobless Claims	JUL 6	215k	214k	210k	-
02:30 PM	US	Philadelphia Fed Business Outlook	OCT	7.6	5.6	12.0	-
02:30 PM	US	Building Permits MoM	SEP	-5.26%	-2.70%	7.70%	8.20%
02:30 PM	US	Housing Starts MoM	SEP	-3.23%	-9.40%	12.30%	15.10%
02:30 PM	US	Building Permits	SEP	1350k	1387k	1419k	1425k
02:30 PM	US	Housing Starts	SEP	1320k	1256k	1364k	1386k
03:15 PM	US	Industrial Production MoM	SEP	-0.20%	-0.39%	0.60%	0.80%
03:15 PM	US	Manufacturing (SIC) Production	SEP	-0.30%	-0.50%	0.50%	0.60%
03:15 PM	US	Capacity Utilization	SEP	77.70%	77.47%	77.90%	-
<b>18-October</b>							
01:30 AM	JN	Natl CPI YoY	SEP	0.20%	0.20%	0.30%	-
04:00 AM	CH	Industrial Production YoY	SEP	4.90%	5.80%	4.40%	-
04:00 AM	CH	Retail Sales YoY	SEP	7.80%	7.80%	7.50%	-
04:00 AM	CH	GDP SA QoQ	3Q	1.50%	1.50%	1.60%	-
04:00 AM	CH	GDP YoY	3Q	6.10%	6.00%	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%	-
<b>21-October</b>							
01:50 AM	JN	Imports YoY	SEP	-2.20%	-	-11.90%	-
01:50 AM	JN	Trade Balance Adjusted	SEP	JPY -178.1b	-	JPY -130.8b	-
01:50 AM	JN	Exports YoY	SEP	-3.60%	-	-8.20%	-
08:00 AM	GE	PPI YoY	SEP	0.00%	-	0.30%	-
11:00 AM	EC	Govt Debt/GDP Ratio	2018	-	-	85.10%	-
<b>22-October</b>							
09:00 AM	SA	Leading Indicator	AUG	103.7	-	103.9	-
10:30 AM	UK	PSNB ex Banking Groups	SEP	GBP 0.0b	-	GBP 6.4b	-
04:00 PM	US	Richmond Fed Manufact. Index	OCT	-	-	-9	-
04:00 PM	US	Existing Home Sales	SEP	5.46m	-	5.49m	-
04:00 PM	US	Existing Home Sales MoM	SEP	-0.50%	-	1.29%	-

Source: Bloomberg 2019/10/18 07:56

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