

DAILY MARKET COMMENTARY

04 September 2019



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(when available)*

KEY DAILY DRIVERS

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SNIPPETS

(Fixed Income)	SAGB yields marginally lower after a better than expected GDP print, follows rally in the ZAR
(Currencies)	USDZAR stages a modest recovery after the release of the GDP data
(Commodities)	Oil held near a one-week low amid trade tensions while gold held near the highest close since 2013 as investors turned to haven assets after a key U.S. factory gauge unexpectedly contracted for the first time since 2016
(Equities)	Global stocks are mixed this morning with Brexit and Trade headlines the main drivers of moves. All eyes in SA on SA Inc names as we digest the GDP print from yesterday.
(Economics)	SA Q2 growth rebounds, but mainly due to low base effect; global manufacturing PMIs deteriorate in August

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
03/09	SA	GDP	3.1%/2.8%/-3.1%	Rebound in Q2 SA growth driven by consumption and secondary sector activity
04/09	Global	PMIs	--	Manufacturing PMIs slump, led by the US and China
04/09	EZ	Retail sales	--/2.0%/2.6%	Retail sales growth likely to slow down on low confidence
05/09	SA	Current account balance	--/3%/-2.9%	A rise in imports and portfolio outflows will likely maintain the current account deficit in Q2
05/09	US	ADP employment	--/146k/156k	While job growth remains strong, a tight labour market implies some easing is likely
06/09	US	Labour market data	--	Wage and employment growth likely to slow in August, but overall labour market is still healthy

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				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
R208-1.6 yrs	6.61	0.15	3.75	-38.55	-151.15	↑
R186-7.3 yrs	8.14	-0.45	-7.15	-73.45	-107.75	↓
R2048-28.5 yrs	9.82	0.20	-7.90	-8.10	-26.20	↓
US 10 yr	1.47	1.17	-2.79	-121.52	-142.96	↓
UK 10 yr	0.41	-0.90	-7.30	-87.10	-99.80	↓
German 10 yr	-0.71	-0.40	-0.60	-94.80	-103.90	↓
Japan 10 yr	-0.28	0.00	-1.50	-28.70	-40.70	↓

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)	4.00		-50.00	-50.00	-110.00	↓
SA 3m JIBAR	6.81	0.00	-0.90	-34.20	-20.00	↓
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	2.13	-0.61	-1.10	-68.10	-18.90	↓
UK 3m LIBOR	0.76	-0.95	-0.20	-15.52	-4.30	↓
Japan 3m LIBOR	-0.09	0.03	0.15	-1.78	-5.48	↑

Source: Bloomberg & Nedbank CIB
Time: 20/09/04 07:45

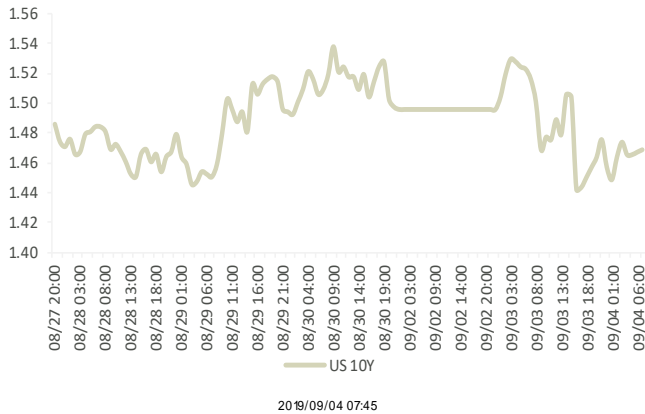
FRAs and Swaps	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
3X6 FRA	6.61	0.25	-0.50	-60.50	-67.50	↓
6X9 FRA	6.50	0.00	4.00	3.00	4.00	↑
9X12 FRA	6.39	0.25	-0.50	-94.00	-132.00	↓
18X21 FRA	6.44	-0.50	-1.50	-102.50	-158.50	↓
SA 2yr Swap	6.51	0.50	-1.00	-83.00	-109.50	↓
SA 3yr Swap	6.59	1.50	-1.00	-86.00	-118.50	↓
SA 5yr Swap	6.83	2.00	-3.50	-84.50	-122.50	↓
SA 10yr Swap	7.50	0.00	-5.00	-69.00	-102.00	↓
SA 15yr Swap	7.84	-0.50	-4.50	-63.00	-94.50	↓

Spreads	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
2v10y	-1.00	0.50	4.00	-14.00	-7.50	↑
3v10y	-0.92	1.50	4.00	-17.00	-16.50	↑
R186-R208	1.53	-0.60	-10.90	-34.90	43.40	↓
R2048-R186	1.68	0.65	-0.75	65.35	81.55	↓
5y-R186	-1.31	2.45	3.65	-11.05	-14.75	↑
10y-R186	-0.64	0.45	2.15	4.45	5.75	↑
15y-R186	-0.30	-0.05	2.65	10.45	13.25	↑
SA 5yr CDS spread - basis points	174.56	-1.53	-7.54	-48.39	-81.83	↓

Source: Bloomberg & Nedbank CIB
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US 10 year yield

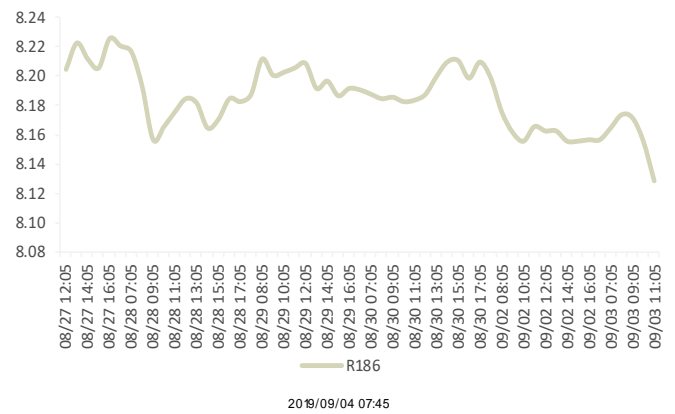
US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



Source: Bloomberg, Nedbank

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- The local session opened with the rand trading in the high 15.20s. The markets were once again initially cautious but the local GDP which surprised to the upside and saw the country avoid a recession, this boosted the local unit and it reached a best level of 15.0800 on the day, closing the day trading at 15.1275. In the overnight sessions the rand has traded to a best level of 15.0700, currently it trades at 15.0800, EURZAR at 16.5475 and GBPZAR is at 18.2465.
- The international markets have seen some activity, EURUSD holding relatively steady at around 1.0975, however GBPUSD traded to its lowest level relative to the dollar in some time, reaching a low of 1.1959, this as the British PM lost his house of commons majority on the defection of a party member, it has subsequently recovered the lost ground, this morning currently trading at 1.2100. Gold has also encountered renewed support as uncertainty prevails, this morning it currently trades at 1544.15, yesterday at the same time trading at 1527.25.
- Data releases scheduled for today, locally we have PMI, from Europe we have services PMI releases for France, Germany and the zone as well as retail sales for the eurozone. From the U.S we have mortgage applications, trade and the release of the FED Beige book as well as various speakers scheduled.
- The rand yesterday finding support as the local GDP data showed improvement and as a result some dollar sellers emerged to drive the price below 15.1000, the short term technical indicators currently stretched to the downside and the market trading at levels which are likely to prove attractive to dollar buyers, also the markets will most be waiting for the release of the U.S data on Friday.
- Possible trading range in the rand today 14.9500 to 15.3000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.21	0.15	-0.38	-4.99	-5.79	↓	USD strength
EURUSD	1.10	0.05	-0.05	-4.16	-5.22	↓	USD strength
USDJPY	106.04	0.16	-0.23	3.41	-5.05	↓	USD weakness
USDAUD	1.48	-0.23	-0.54	3.99	6.02	↓	USD weakness

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	15.08	-0.32	-0.78	4.63	-1.56	↓	ZAR strength
GBPZAR	18.26	-0.17	-1.15	-0.44	-7.80	↓	ZAR strength
EURZAR	16.55	-0.26	-0.81	0.49	-7.15	↓	ZAR strength
AUDZAR	10.21	-0.08	-0.16	0.75	-7.67	↓	ZAR strength
ZARJPY	7.03	0.47	0.60	-8.37	-3.44	↑	ZAR strength

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	48.56	0.32	0.72	-4.37	2.54	↑	ZAR strength
ZARBWP (Botswana pula)	0.73	0.37	0.67	-1.65	2.28	↑	ZAR strength
ZARKES (Kenyan shilling)	6.86	0.13	0.91	-3.18	4.14	↑	ZAR strength
ZARMUR (Mauritian rupee)	2.40	0.17	1.04	0.69	6.19	↑	ZAR strength
ZARNGN (Nigerian naira)	24.07	0.32	0.74	-4.97	2.46	↑	ZAR strength
ZARGHS (Ghanian cedi)	0.36	-0.33	0.60	6.67	11.55	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.87	0.30	0.83	4.48	22.34	↑	ZAR strength
ZARMZN (Mozambican metical)	4.09	0.32	0.81	-3.30	4.35	↑	ZAR strength

Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	4.17	-0.47	0.54	6.89	0.23	↑	USD strength
USDTRY (Turkish Lira)	5.73	-0.05	-1.85	7.60	-16.66	↓	USD weakness
USDMXN (Mexican Peso)	19.93	-0.35	-0.67	1.32	2.93	↓	USD weakness
USDINR (Indian Rupee)	72.19	-0.28	1.09	3.36	0.87	↑	USD strength
USD RUB (Russian Ruble)	66.77	-0.28	0.08	-3.90	-1.94	↑	USD strength

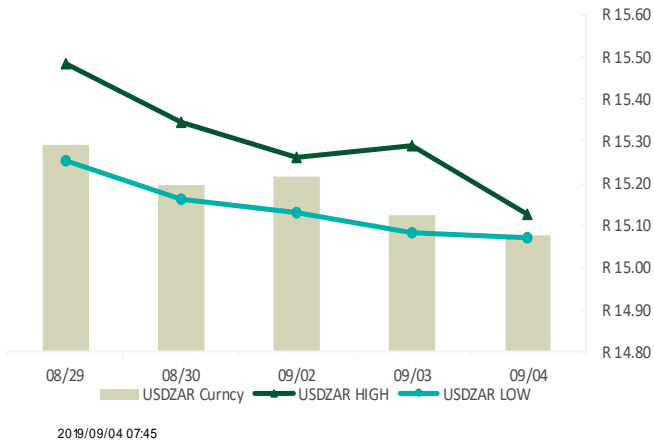
Source: Bloomberg & Nedbank CIB

Time 2019/09/04 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)

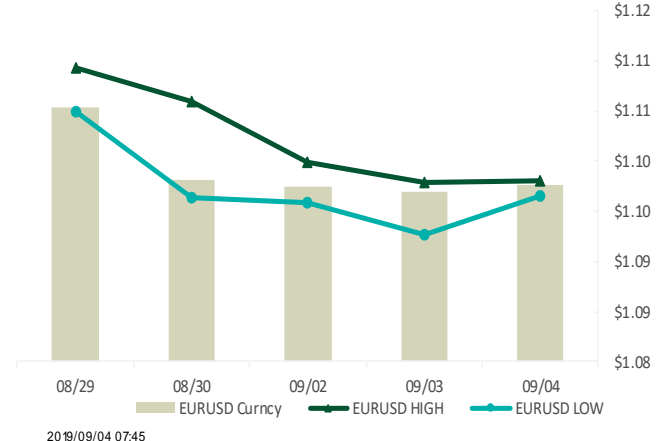


2019/09/04 07:45

Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



2019/09/04 07:45

Source: Bloomberg, Nedbank

- Oil held near a one-week low amid trade tensions. Prices were also undermined by plunging gasoline futures, as Hurricane Dorian threatened the U.S. East Coast.
- Silver surged to the highest level in three years and gold held near the highest close since 2013 as investors turned to haven assets after a key U.S. factory gauge unexpectedly contracted for the first time since 2016. Fed's Eric Rosengren said the U.S. economy remains "relatively strong" despite clearly heightened risks, leaving him unconvinced the central bank needs to cut interest rates at its upcoming meeting this month.

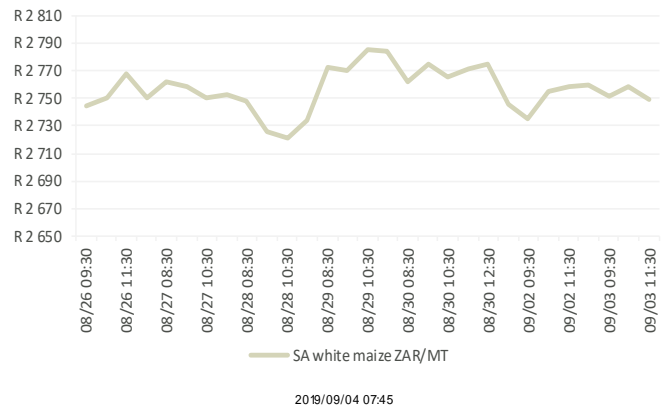
Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	58.47	0.36	-3.24	8.68	-25.20	↓
WTI crude (\$)	54.22	0.52	-1.60	19.40	-22.40	↓
Gold spot (\$)	1543.65	-0.15	1.53	20.45	29.35	↑
Platinum spot (\$)	965.05	1.08	3.35	21.37	23.98	↑
SA white maize spot (R)	2 749.00	-0.33	-0.94	-6.18	16.83	↓

Source: Bloomberg & Nedbank CIB
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SA white maize

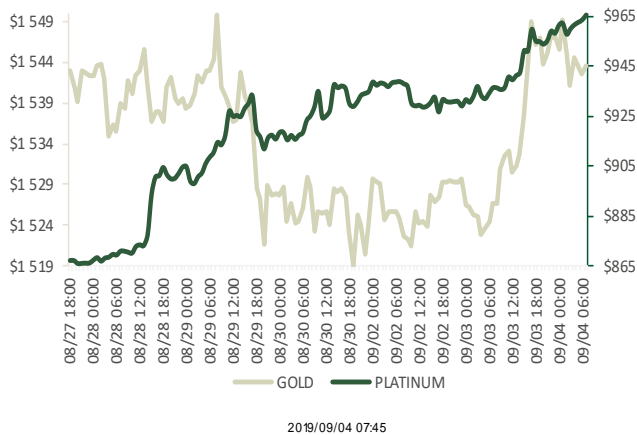
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

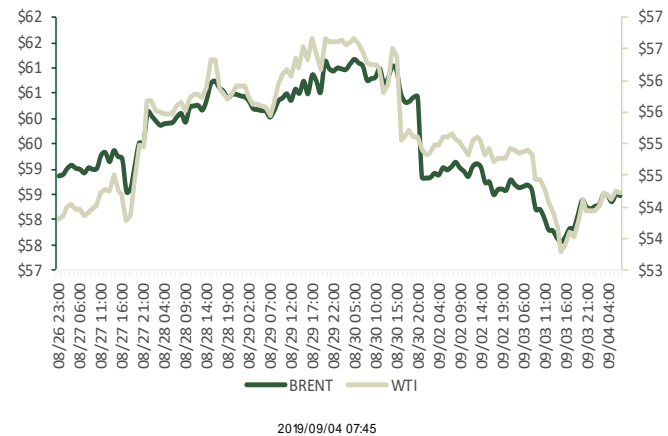
Platinum vs. Gold



Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



Source: Bloomberg, Nedbank

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South Africa

- JALSH Unch; Dire turnover yet again which left us tracking global headlines - bulk of the trade felt pipe driven. Retailers (+2.2%) took the lead with TFG (5.6%) providing a 21-week update (Broadly in line, but SSS surprised on the upside). We were better to buy across the sector. Resources (-0.7%) led declines with industrial metals under pressure – we continue to see selling of the precious metal plays, plats the standout. SOL remains a focal point, extending its downward momentum with a further 3.4% loss (-9.6% over 2 days) – we were sellers in the name. Worth Noting: APN (+6.9%); released a trading statement and after being up just under 14%, it traded lower into the close...Short covering seems to be the theme on the day. SA GDP posted a recovery in Q2, with real GDP growth rising to 3.1% q/q in Q2. An inventory rebuild process has resulted in a sharp increase in secondary sector output in Q2, after inventories declined in previous two quarters. As a result, the mining industry grew 14.4% q/q, contributing 1% to headline growth, while trade, manufacturing, and utilities production also rose and contributed a cumulative 0.9%.

UK/Europe

- European stocks closed lower Tuesday, with British opposition lawmakers bidding to seize control of the House of Commons and stop the U.K. leaving the European Union without a deal on October 31. Stoxx 600 eased 0.2%, after three sessions of gains, led by a 1% fall in oil and gas stocks and as industrial goods declined 0.7%. Euro Stoxx 50 down 0.3%, FTSE 100 down 0.2%, DAX down 0.4%, CAC 40 down 0.5%, FTSEMIB down 0.2%, IBEX 35 down 0.1%, AEX-Index down 0.1%, Swiss Market Index down 0.7%. Credit: iTraxx Main up 0.6bps at 50.1, iTraxx Crossover up 4.7bps at 257.0.

USA

- The Dow closed 285.26 points lower at 26,118.02, the S&P lost 0.7% to end the day at 2,906.27 while the Nasdaq pulled back 1.1% to 7,874.16. Retail stocks fell broadly. Chipmakers such as Nvidia and Skyworks Solutions fell 2% and 1.5%, respectively. Boeing and Caterpillar both declined more than 1.6% while Apple lost 1.5%. Boeing was also under pressure after a report said the 737 Max jet could remain grounded through the holiday season. VIX up 3.58%.

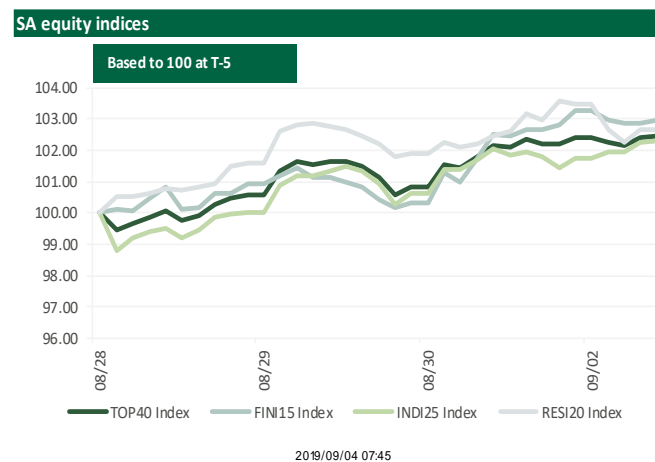
Asia

- Asian stocks were mixed Wednesday on low volumes after a disappointing U.S. manufacturing report reignited concern about global economic growth. The yuan edged up after a stronger-than forecast daily currency fixing. Most Japanese shares fell, along with those in Australia. Chinese equities climbed along with shares in Hong Kong, South Korea and Taiwan. S&P 500 futures edged up with Treasury yields after U.S. equities retreated and bonds rose overnight. The dollar was little changed. Australia's dollar climbed after growth came in line with estimates, easing fears of a further deterioration in the outlook.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
Dow Jones	26 118.02	-1.08	-1.08	11.96	0.64	-6.03	↓
Nasdaq	7 874.16	-1.11	-1.11	18.67	-2.68	-5.30	↓
S&P 500	2 906.27	-0.69	-0.69	15.93	0.33	-7.01	↓
DJ Eurostoxx 50	3 420.74	-0.34	-0.18	13.97	1.83	-14.00	↓
DAX	11 910.86	-0.36	-0.24	12.80	-2.45	-17.97	↓
CAC	5 466.07	-0.49	-0.26	15.54	2.31	-10.55	↓
FTSE	7 268.19	-0.19	0.85	8.03	-2.54	-12.03	↑
ASX200	6 544.10	-0.45	-0.91	15.90	3.99	-6.84	↓
Nikkei 225	20 678.20	0.26	-0.13	3.31	-8.89	-14.85	↓
MSCI World	2 126.92	-0.45	-0.54	12.90	-1.66	-10.97	↓
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
Hang Seng	25 870.93	1.34	0.57	0.10	-7.52	-15.30	↑
Shanghai	2 939.25	0.31	1.84	17.86	6.86	-25.52	↑
Brazil Bovespa	99 680.83	-0.94	-1.44	13.42	33.42	12.83	↓
India - NSE	36 447.86	-0.31	-2.37	1.05	-4.48	6.67	↓
Russia Micex	2 774.20	0.04	1.25	17.09	18.74	9.55	↑
MSCI Emerging	973.27	-1.07	-1.12	0.78	-6.43	-18.02	↓
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
JSE All Share	54 742.07	-0.08	-0.94	3.80	-5.44	-11.71	↓
Top 40	48 872.85	-0.03	-0.91	4.59	-5.45	-11.54	↓
Resi 10	43 376.39	-0.71	-2.20	5.68	-2.26	12.01	↓
Indi 25	70 380.58	0.06	-0.37	10.51	-3.95	-20.20	↓
Fini 15	15 050.11	0.68	-0.55	-8.12	-9.73	-6.54	↓

Source: Bloomberg & Nedbank CIB

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Short-term performance of SA equity indices

Source: Bloomberg, Nedbank

JSE PERFORMANCE

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
ABG : Absa Group Ltd	153.62	1.33	-0.05	-5.07	-2.17	-11.08	↓
AGL : Anglo American Plc	323.50	-1.15	-1.26	0.38	6.92	26.07	↓
AMS : Anglo American Platinum Ltd	892.26	-0.79	-4.13	65.87	103.95	52.19	↓
ANG : Anglogold Ashanti Ltd	352.88	2.61	1.95	94.16	197.66	41.31	↑
APN : Aspen Pharmacare Holdings Lt	82.41	7.26	4.71	-38.87	-69.57	-51.42	↑
BHP : Bhp Group Plc	321.92	-0.62	-1.63	11.21	5.47	21.24	↓
BID : Bid Corp Ltd	321.17	0.49	-1.18	21.20	2.77	-11.96	↓
BTI : British American Tobacco Plc	531.23	-0.18	-0.75	13.20	-27.48	-43.42	↓
BVT : Bidvest Group Ltd	183.29	0.18	2.57	-11.39	-8.36	-5.15	↑
CFR : Financiere Richemont-Dep Rec	113.85	-1.72	-3.81	21.57	-13.95	-16.20	↓
CLS : Clicks Group Ltd	196.58	-0.06	-1.22	2.68	-0.20	5.70	↓
CPI : Capitec Bank Holdings Ltd	1107.16	1.11	1.12	-0.97	12.38	1.83	↑
DSY : Discovery Ltd	115.00	3.14	-0.15	-28.03	-32.73	-14.09	↓
EXX : Exxaro Resources Ltd	133.63	-0.62	-1.87	-3.08	-13.33	-15.16	↓
FSR : Firstrand Ltd	59.89	1.13	-0.17	-8.65	-10.68	-2.51	↓
GFI : Gold Fields Ltd	90.10	1.49	-0.84	82.61	153.95	-8.80	↓
GRT : Growthpoint Properties Ltd	23.21	1.22	0.91	-0.39	-7.75	-15.76	↑
INL : Investec Ltd		-1.00	-2.43	-1.09	-18.16	-11.95	↓
INP : Investec Plc	77.23	-0.86	-1.94	-3.05	-19.91	-11.25	↓
MCG : Multichoice Group Ltd	126.20	-2.17	-5.20				↓
MNP : Mondi Plc	288.19	-1.12	-2.55	-5.22	-31.22	-4.78	↓
MRP : Mr Price Group Ltd	170.21	1.30	-0.86	-30.85	-20.83	0.52	↓
MTN : Mtn Group Ltd	100.71	0.66	-1.83	13.16	39.88	-34.85	↓
NED : Nedbank Group Ltd	224.79	0.20	-0.54	-18.17	-16.27	7.27	↓
NPN : Naspers Ltd-N Shs	3500.00	0.29	1.34	24.80	13.38	-16.19	↑
NRP : Nepi Rockcastle Plc	132.05	-0.34	-1.81	16.86	-7.22	-47.09	↓
OMU : Old Mutual Ltd	17.43	-1.86	-4.18	-22.19	-17.03		↓
PSG : Psg Group Ltd	198.55	0.08	-1.00	-18.89	-9.74	-9.33	↓
RDF : Redefine Properties Ltd	7.78	1.57	-0.89	-19.54	-23.65	-9.63	↓
REM : Remgro Ltd	169.92	0.79	-1.04	-12.75	-19.08	-17.48	↓
RMH : Rmb Holdings Ltd	71.69	1.20	0.34	-9.14	-11.20	-0.34	↑
SAP : Sappi Limited	41.24	-4.03	-8.80	-49.49	-60.27	-8.77	↓
SBK : Standard Bank Group Ltd	178.57	1.17	0.74	-0.13	-0.52	-8.61	↑
SHP : Shoprite Holdings Ltd	113.99	-0.36	0.89	-40.05	-43.38	-14.03	↑
SLM : Sanlam Ltd	71.79	0.48	-1.32	-10.04	-7.62	-8.28	↓
SOL : Sasol Ltd	260.20	-3.39	-9.64	-38.78	-55.04	-0.74	↓
SPP : Spar Group Limited/The	172.92	0.95	-0.52	-16.67	-13.05	2.05	↓
TBS : Tiger Brands Ltd	210.41	0.60	0.71	-15.99	-19.10	-40.48	↑
TFG : The Foschini Group Ltd	157.63	5.90	4.74	-5.18	-5.74	-15.76	↑
VOD : Vodacom Group Ltd	113.42	0.30	-1.62	-14.08	-6.38	-9.39	↓
WHL : Woolworths Holdings Ltd	54.16	0.86	-1.85	-1.69	2.05	-15.65	↓

Source: Bloomberg & Nedbank CIB

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Global

- Global PMIs deteriorated in August, as concerns over the Chins-US trade spat intensified, causing businesses to curb investment and factories to reduce its inventory build. Weaker global demand has also hampered new export orders.
- The Chinese manufacturing PMI fell to 49.5 point in August, from 49.7 in July, worse than consensus of 49.6. Almost all subcomponents declined – from new orders, inventories, employment, to imports and purchasing quantities and prices, the trade war with the US have had a significant impact on Chinese manufacturing activity.
- The Japanese manufacturing PMI fell to 49.3 from 49.4 points in July, as new orders fell to the lowest since March. In contrast, the output sub-index actually rose to the highest level this year, as Japanese demand has started to rise ahead of the implementation of a tax hike in October.
- The UK manufacturing PMI declined to 47.4 points in August, from 48 previously, worse than consensus of 48.4. this is the lowest reading since July 2012 as new orders continues to contract amid Brexit and trade uncertainty. IHS Markit, the source of the PMI index, indicated that optimism among firms fell to a record low in August, while some EU-based companies have started to re-route supply chains away from the UK because of the Brexit.
- Eurozone PMI was the only one (amongst the major economies) to have risen in August, with the PMI rising to 47 points, from 46.5 in July. New order and production were marginally higher but remained in contraction nonetheless.
- The US ISM manufacturing index fell to 49.1 points in August, from 51.2 in July, worse than consensus of 51.3. The index is currently at the lowest level since August 2016 and is the first time since 2016 that it had fallen in contraction. Production, new orders, deliveries, employment, imports and new export orders weakened sharply in August.

Synopsis: The global trading environment has weakened, while global trade volumes have fallen. Policy uncertainty in developed market economies remain high, and this has hampered business confidence and investment growth in the near term. Global demand has also weakened in the process, with a further slowdown likely in coming months in the absence of a trade truce. Factory activity is therefore likely to remain downbeat for some time.

SA

- SA GDP posted a recovery in Q2, with real GDP growth rising to 3.1% q/q in Q2, from -3.1% in Q2 (revised from -3.2%), ahead of consensus of +2.5%. On an annualised basis, GDP rose 0.9% y/y, from no growth in Q1, better than consensus of +0.7%. The main reason for the surge in growth is due to the low base effect in Q1, and not necessarily any significant improvement in the economy.
- An inventory rebuild process has resulted in a sharp increase in secondary sector output in Q2, after inventories declined in previous two quarters. As a result, the mining industry grew 14.4% q/q, contributing 1% to headline growth, while trade, manufacturing, and utilities production also rose and contributed a cumulative 0.9%. The financial services industry rose 4.1% q/q and contributed 0.9% towards Q2 growth, while government services also added to growth. Marginal negative contributions were made by agriculture and construction.
- On the expenditure side, the surge in inventories meant that this was the main driver of GDE growth of 3% q/q, with inventories rising by R26bn and contributing 5.1% towards GDE growth. Household final consumption expenditure rebounded as well, rising 2.8% q/q, and contributing 1.7% towards GDE growth – spending in all product categories improved, apart from spending at restaurants. Gross fixed capital formation rose after five consecutive quarters of contraction – the 6.1% rise in GFCF was driven by investment in machinery and equipment, transport equipment and residential property. The surge in imports in Q2, as a result of the inventory rebuild, combined with a contraction in exports meant that net exports contributed negatively towards Q2 growth. GFCF investment in machinery and equipment was also reflected in a surge in imports of these items.

Synopsis: While the Q2 recovery is welcome, confidence levels remain weak, and if it wasn't for dangerously low inventory levels, the secondary industry would have remained in the doldrums as well. We have seen sales of minerals and manufactured items start to slow down recently, and so the inventory rebuild comes at a time when both domestic and international demand is under pressure. This implies that growth in the last two quarters of the year will need to be driven by services, utilities and agriculture because output from the secondary industry may falter – we have already seen this in the PMI slump in August. Hence the potential for a disappointment is high, given recent downsizing taking place in the tertiary sector.

ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
03-September							
11:00 AM	EC	PPI YoY	JUL	0.2%	0.2%	0.7%	-
11:30 AM	SA	GDP Annualized QoQ	2Q	2.5%	3.1%	-3.2%	-3.1%
11:30 AM	SA	GDP YoY	2Q	0.7%	0.9%	0.0%	-
03:45 PM	US	Markit US Manufacturing PMI	AUG F	50.0	50.3	50.3	-
04:00 PM	US	ISM Manufacturing	AUG	51.3	49.1	51.2	-
04-September							
03:45 AM	CH	Caixin China PMI Services	AUG	51.7	52.1	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 -53.4b	-	USD -55.2b	-
05-September							
08:00 AM	GE	Factory Orders WDA YoY	JUL	-4.2%	-	-3.6%	-
11:00 AM	SA	Current Account as a % GDP	2Q	-3.00%	-	-2.90%	-
11:00 AM	SA	Current Account Balance	2Q	ZAR -0.1b	-	ZAR -142.5b	-
02:15 PM	US	ADP Employment Change	AUG	148k	-	156k	-
03:45 PM	US	Markit US Services PMI	AUG F	50.9	-	50.9	-
04:00 PM	US	Cap Goods Orders Nondef Ex Air	JUL F	-	-	0.4%	-
04:00 PM	US	Durable Goods Orders	JUL F	2.1%	-	2.1%	-
04:00 PM	US	Durables Ex Transportation	JUL F	-0.40%	-	-0.40%	-
04:00 PM	US	Factory Orders Ex Trans	JUL	-	-	0.1%	-
04:00 PM	US	Factory Orders	JUL	1.0%	-	0.6%	-
06-September							
01:30 AM	JN	Overall Household Spending YoY	JUL	0.80%	-	2.70%	-
07:00 AM	JN	Leading Index CI	JUL P	93.2	-	93.3	-
08:00 AM	GE	Industrial Production WDA YoY	JUL	-3.90%	-	-5.20%	-
08:00 AM	SA	Net Reserves	AUG	USD 44.3b	-	USD 43.9b	-
08:00 AM	SA	Gross Reserves	AUG	USD 0.0b	-	USD 49.4b	-
11:00 AM	EC	GDP SA YoY	2Q F	1.10%	-	1.10%	-
11:00 AM	EC	GDP SA QoQ	2Q F	0.20%	-	0.20%	-
02:30 PM	US	Average Hourly Earnings YoY	AUG	3.0%	-	3.2%	-
02:30 PM	US	Change in Nonfarm Payrolls	AUG	160k	-	164k	-
02:30 PM	US	Unemployment Rate	AUG	3.7%	-	3.7%	-
02:30 PM	US	Labor Force Participation Rate	AUG	-	-	63.0%	-

Source: Bloomberg 2019/09/04 07:42

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