

# **International Economic Indicators**

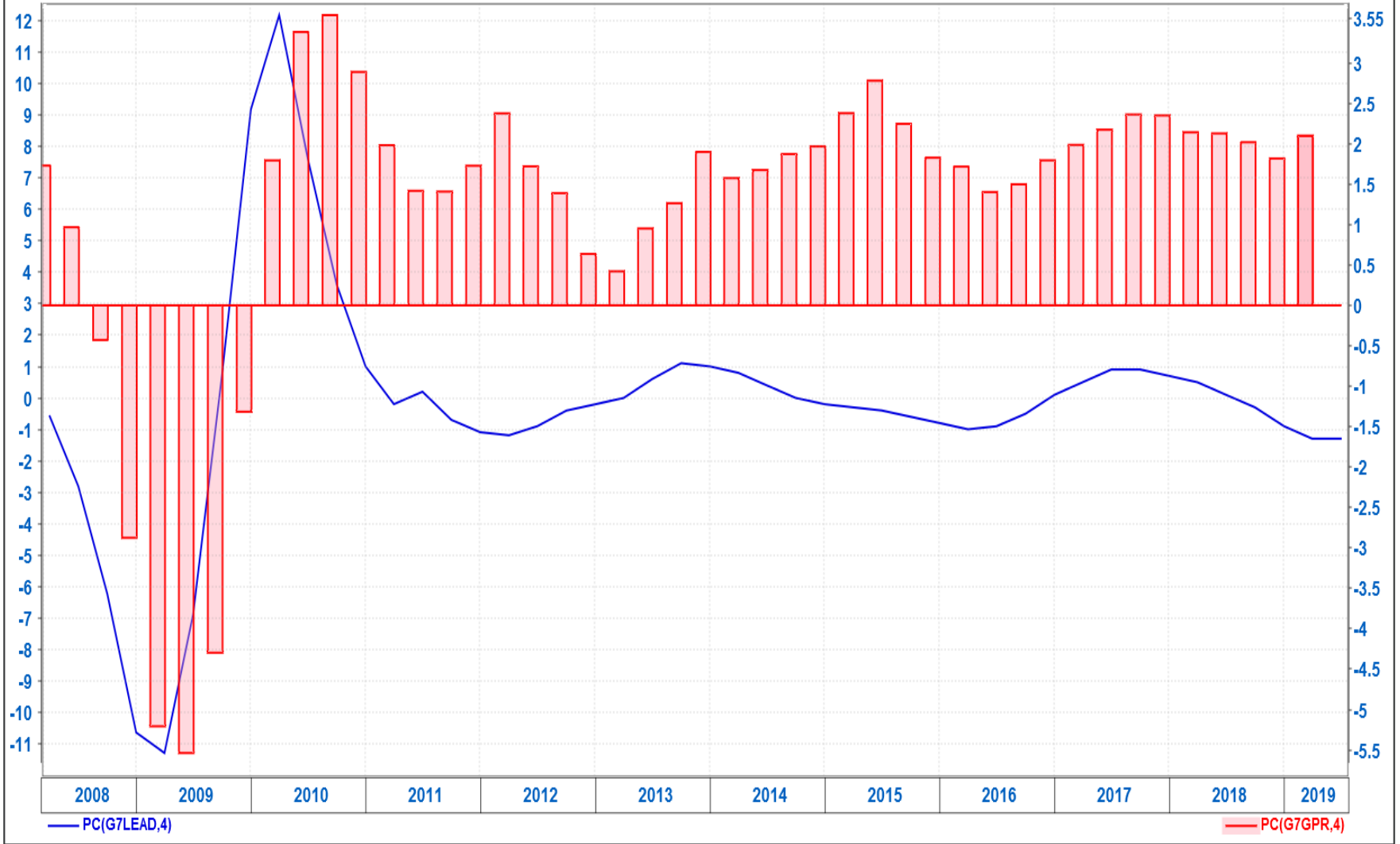
## **Worldwide: G7**

Although economic growth is higher at 2.1% in the first quarter of 2019 for the G7 countries, leading indicators are still signaling an overall slowdown in the economic growth for the next quarter. Most of the growth recorded in the G7 countries was due to the high growth experienced in the U.S. for the same period.

Unemployment rates have moderated to 4.3% in the second quarter of 2019; while the latest inflation figures have decreased to below the 1.5% level.

# G7 – Economic Growth Rate

Percentage Change 4 of G7 : G D P - TOTAL AT CONSTANT PRICES (2015=100), Percentage Change 4 of G7 : COMPOSITE LEADING INDICATOR  
Quarterly 2008-03-31 to 2019-06-30

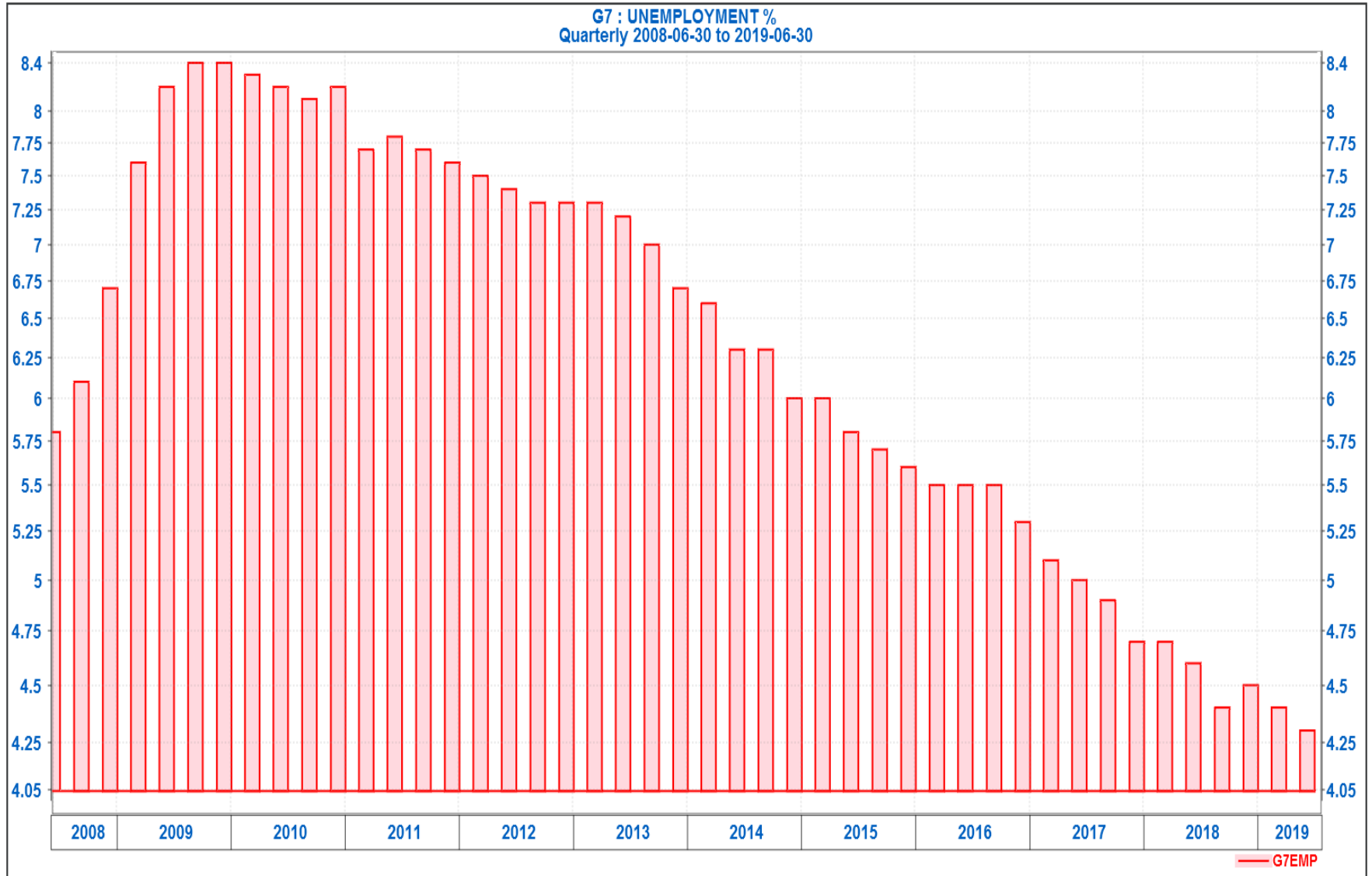


— G7 Leading Indicator

— G7 Growth Rate

Period

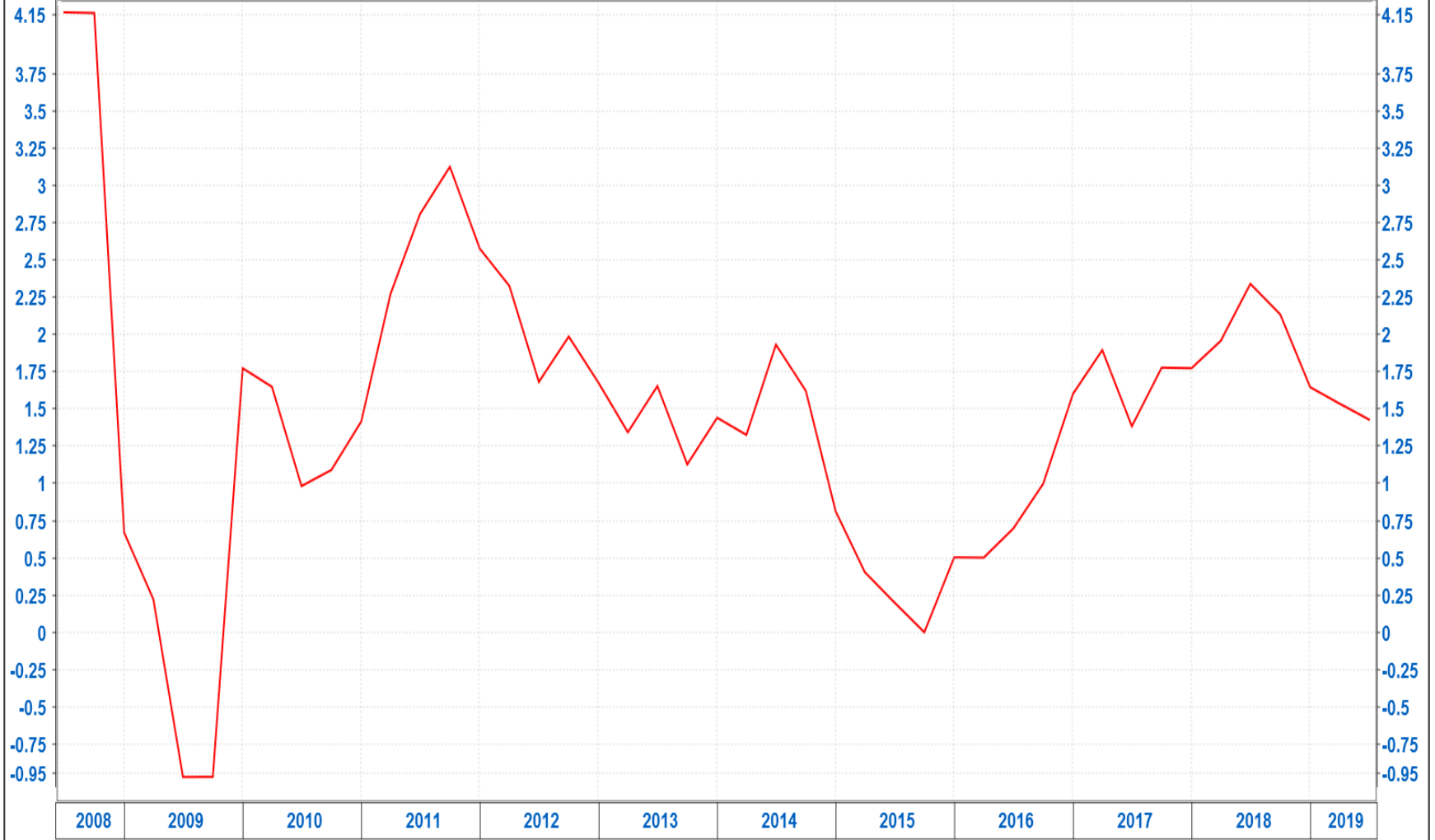
# G7 – Unemployment



# G7 – Inflation

Percentage Change 4 of G7 : CONSUMER PRICE INDEX (2015=100)  
Quarterly 2008-06-30 to 2019-06-30

% Change



PC(G7CPI,4)

Period

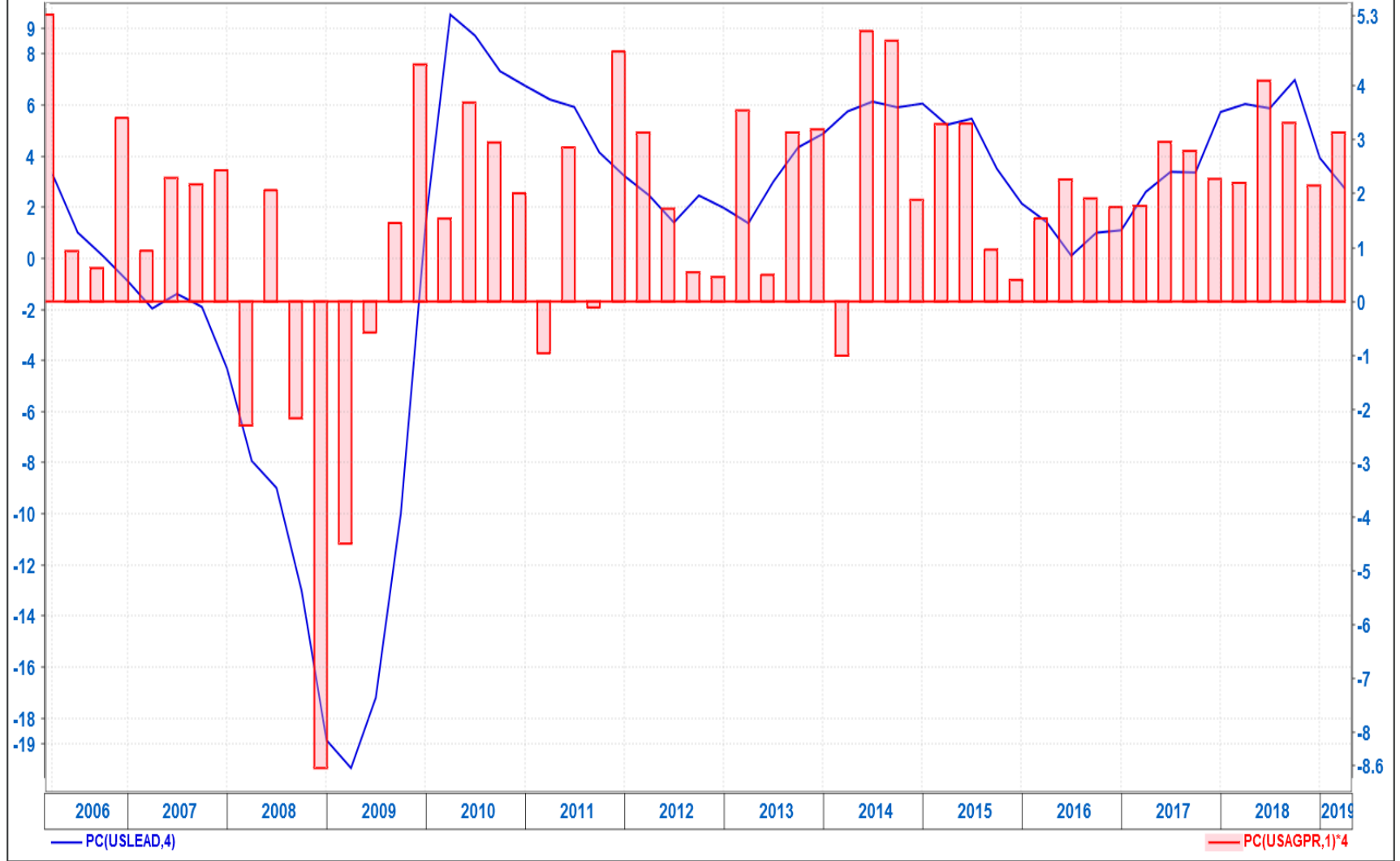
## **Unites States:**

US economic growth came in at 3.1% for the first quarter of 2019, whilst leading indicators suggests a slowdown in economic growth for the next quarter. Inflation came in at 1.6% for June 2019. The unemployment rate printed higher at 3.7% and real wages growth is slightly down to 0.2%. for the same period.

Earnings growth of companies was -0.4% in the first quarter of 2019, and is expected to drop to -2.6% in the second quarter, after which it is expected to recover to 0.5% in the third quarter.

# USA – Economic Growth Rate

PC(USAGPR,1)\*4 , Percentage Change 4 of USA : COMPOSITE LEADING INDICATOR (2016=100)  
Quarterly 2006-03-31 to 2019-03-31

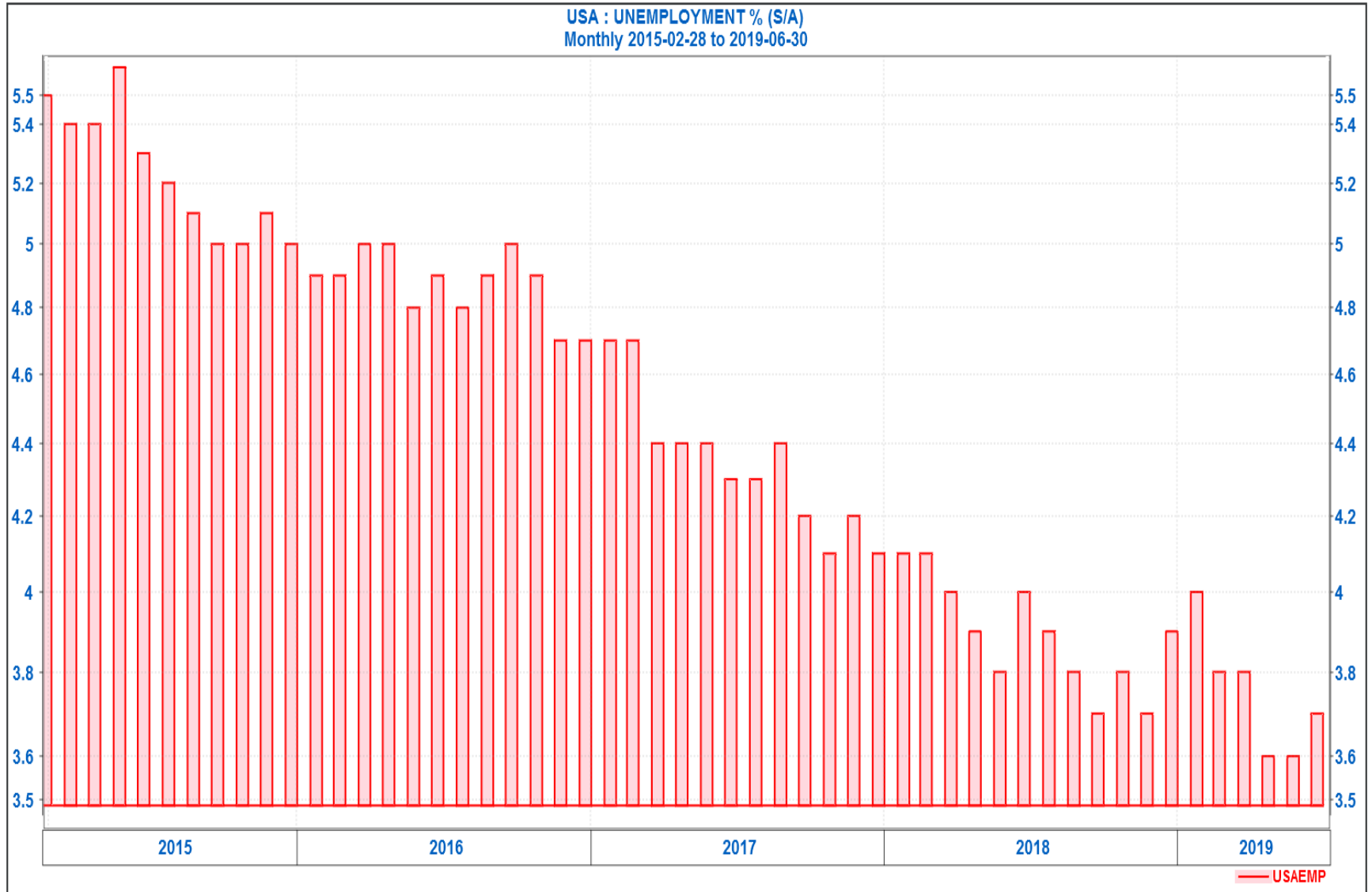


— USA Growth Rate

— USA Leading Indicator

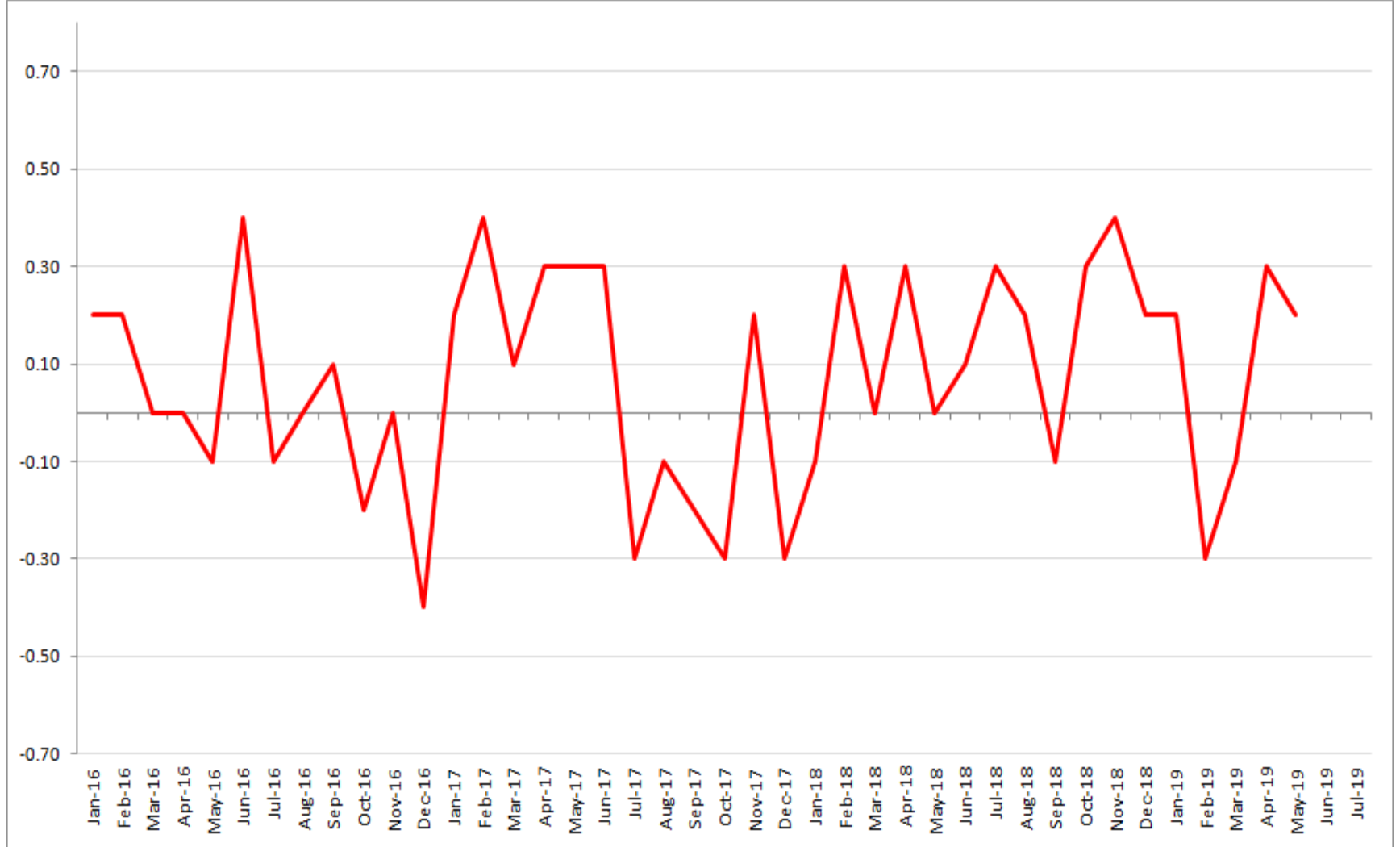
Period

# USA – Unemployment



Period

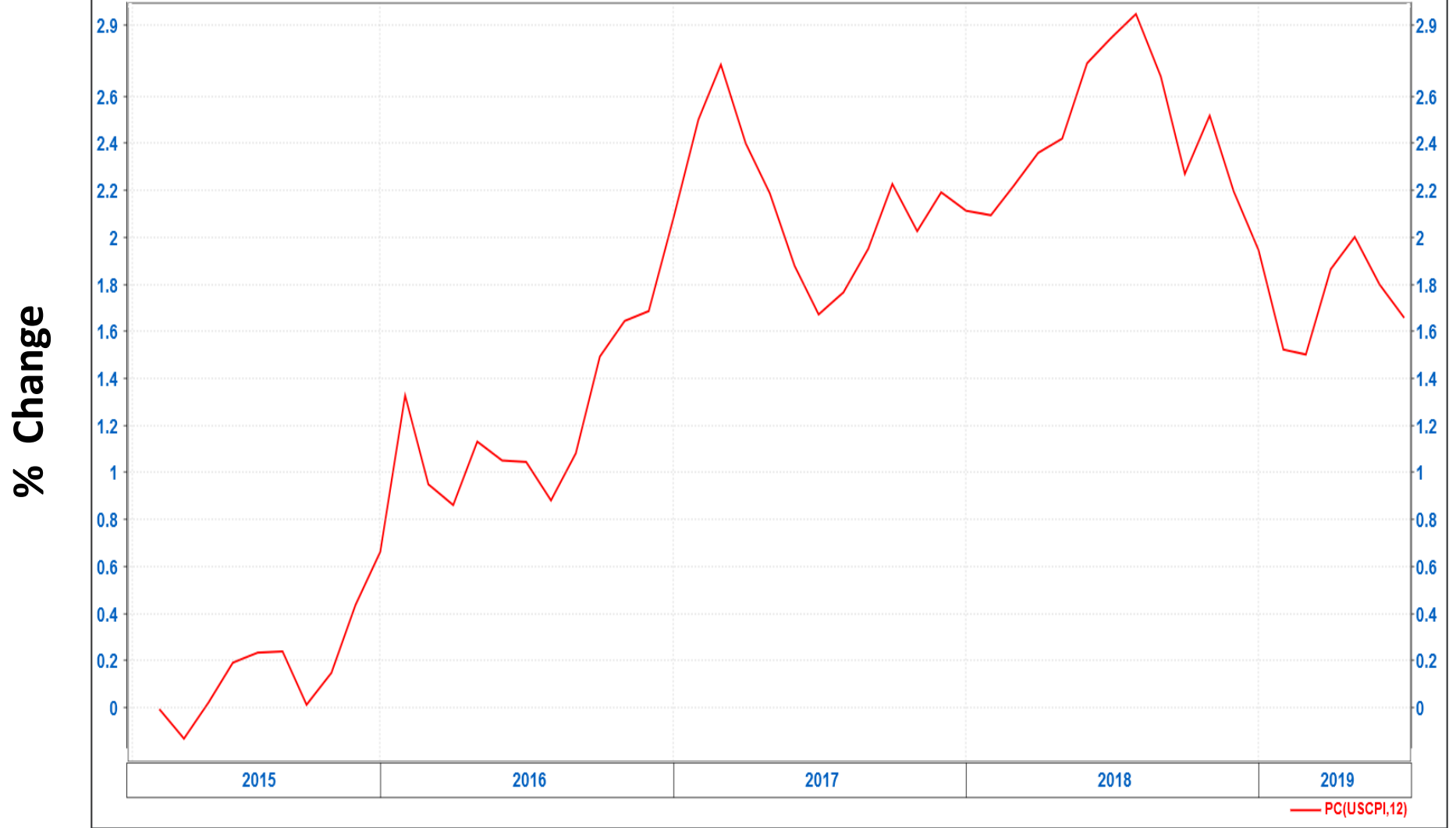
# Real US Wages Growth (MoM)



Period

# USA – Inflation

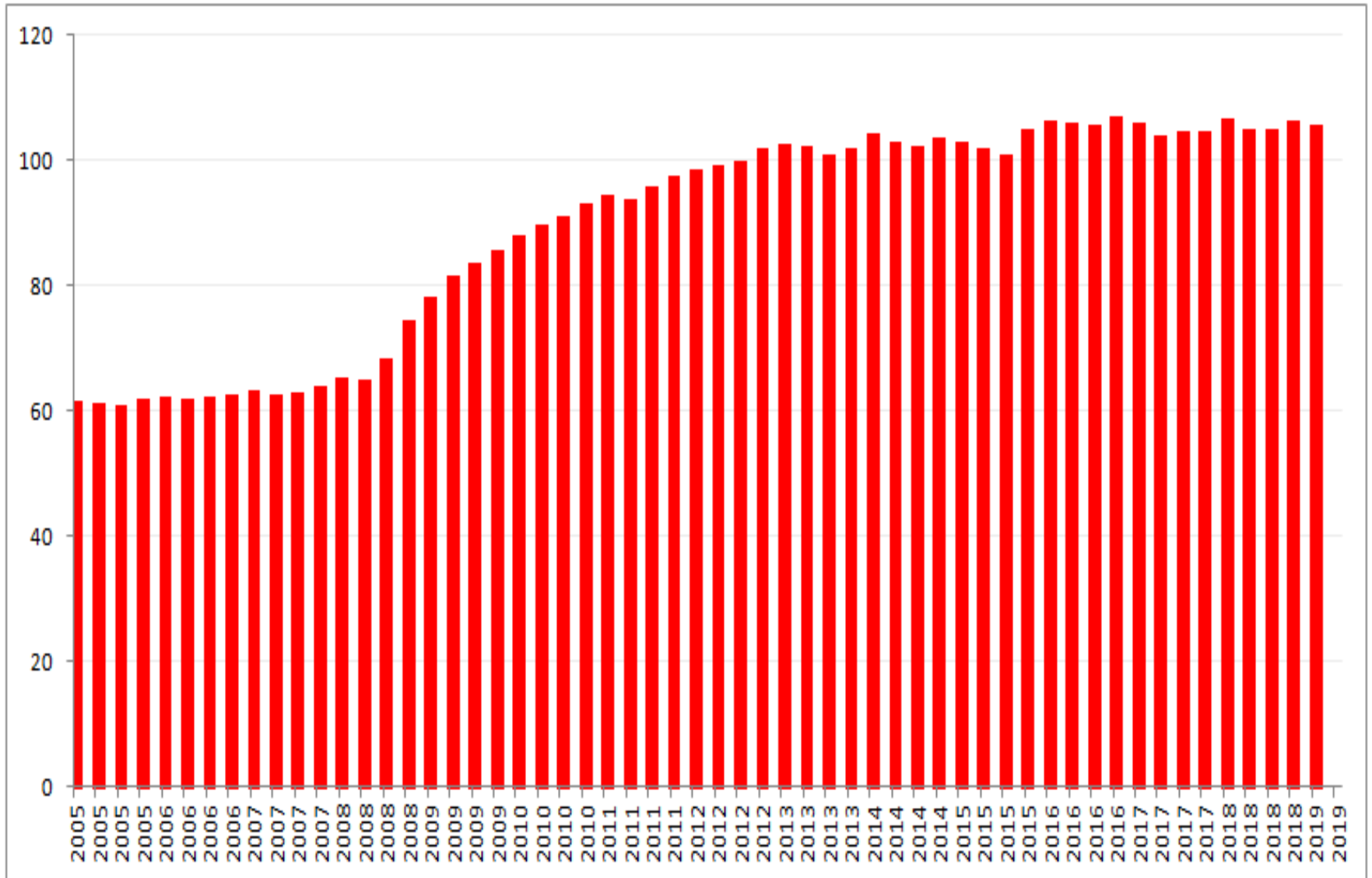
Percentage Change 12 of USA : CONSUMER PRICE INDEX - ALL URBAN S/A  
Monthly 2015-02-28 to 2019-06-30



— PC(USCPI,12)

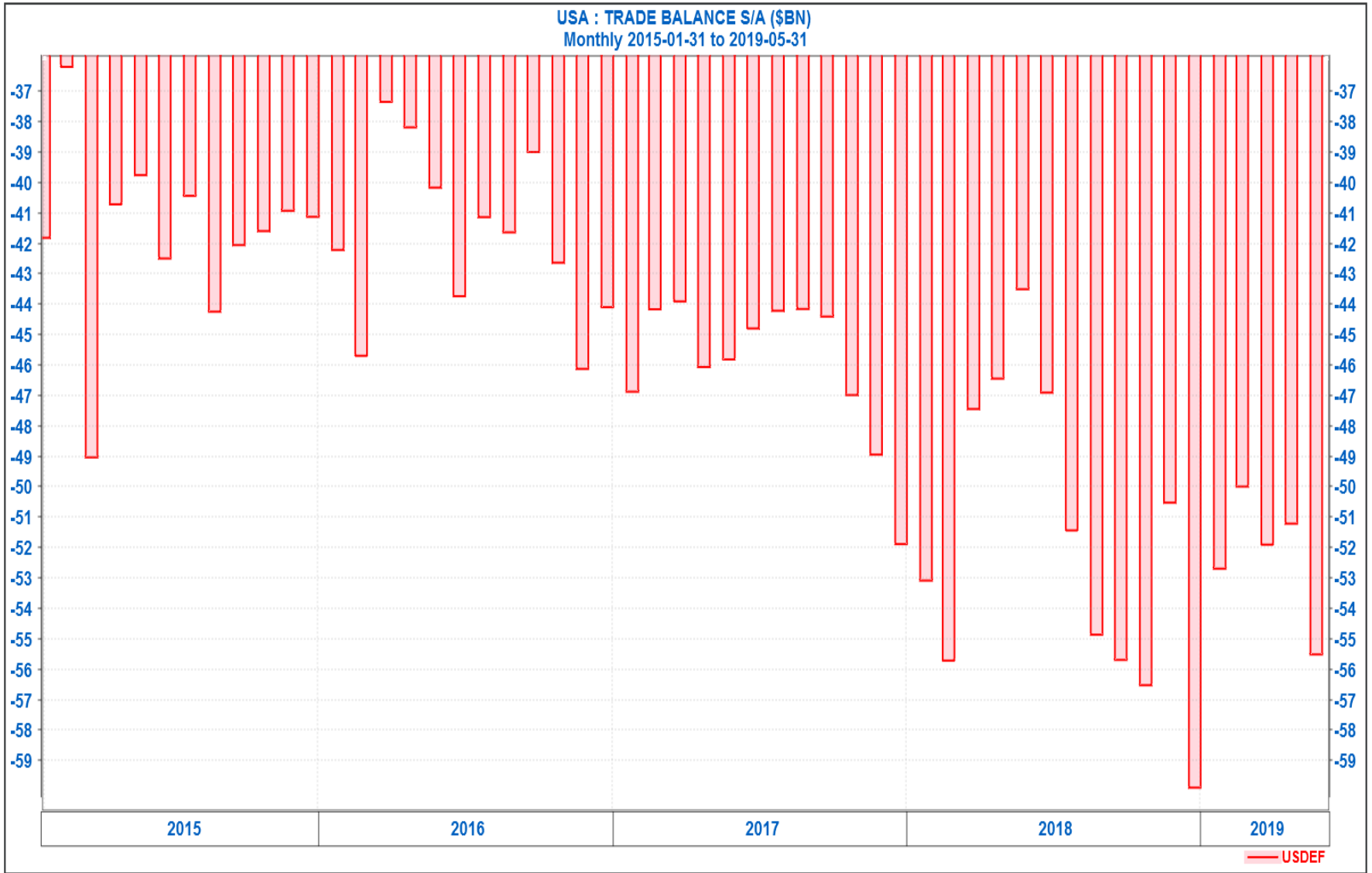
Period

# USA – Government Debt %GDP (\$ Million)



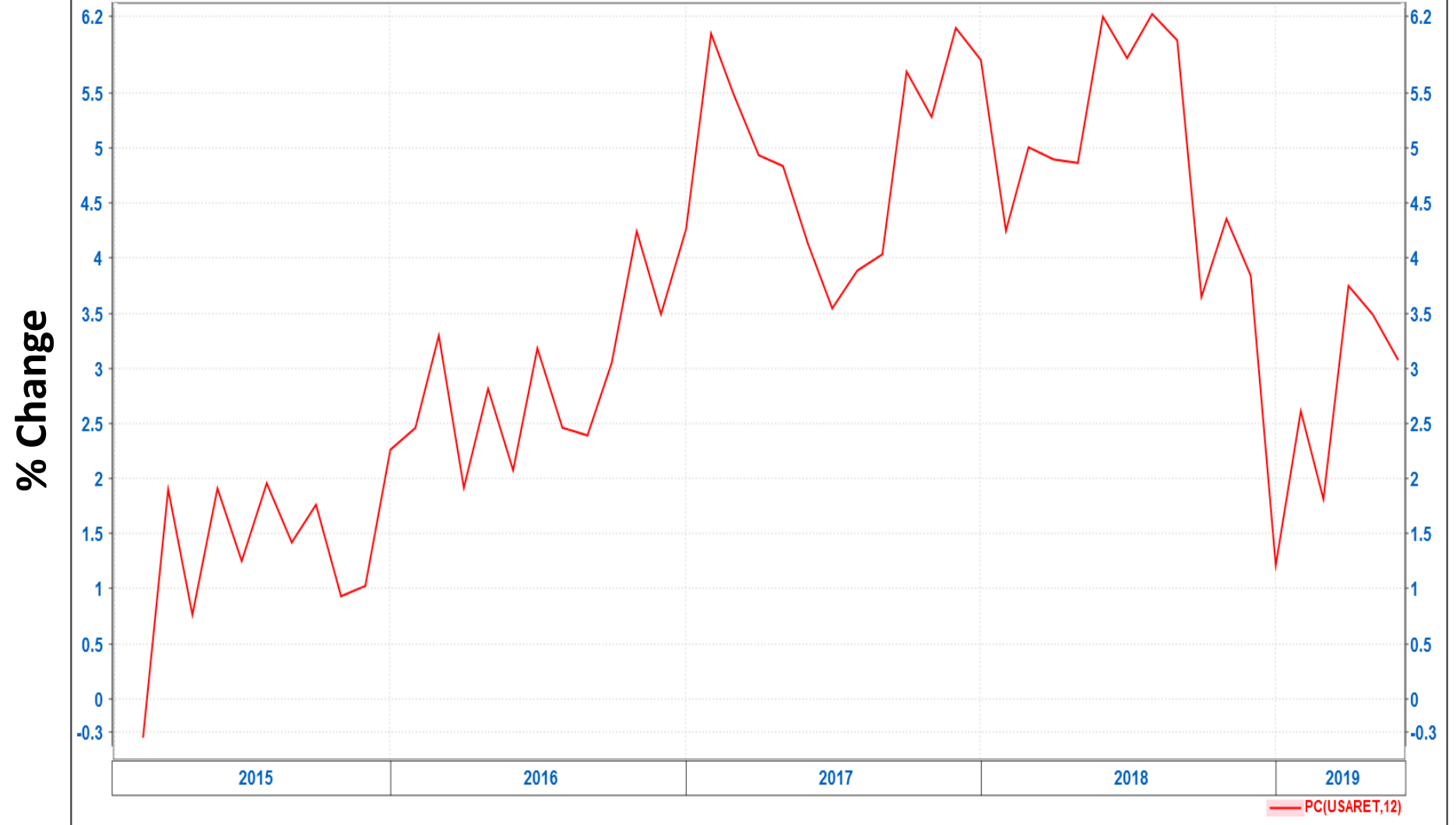
Period

# USA - Trade Balance Deficit (\$ Billion)



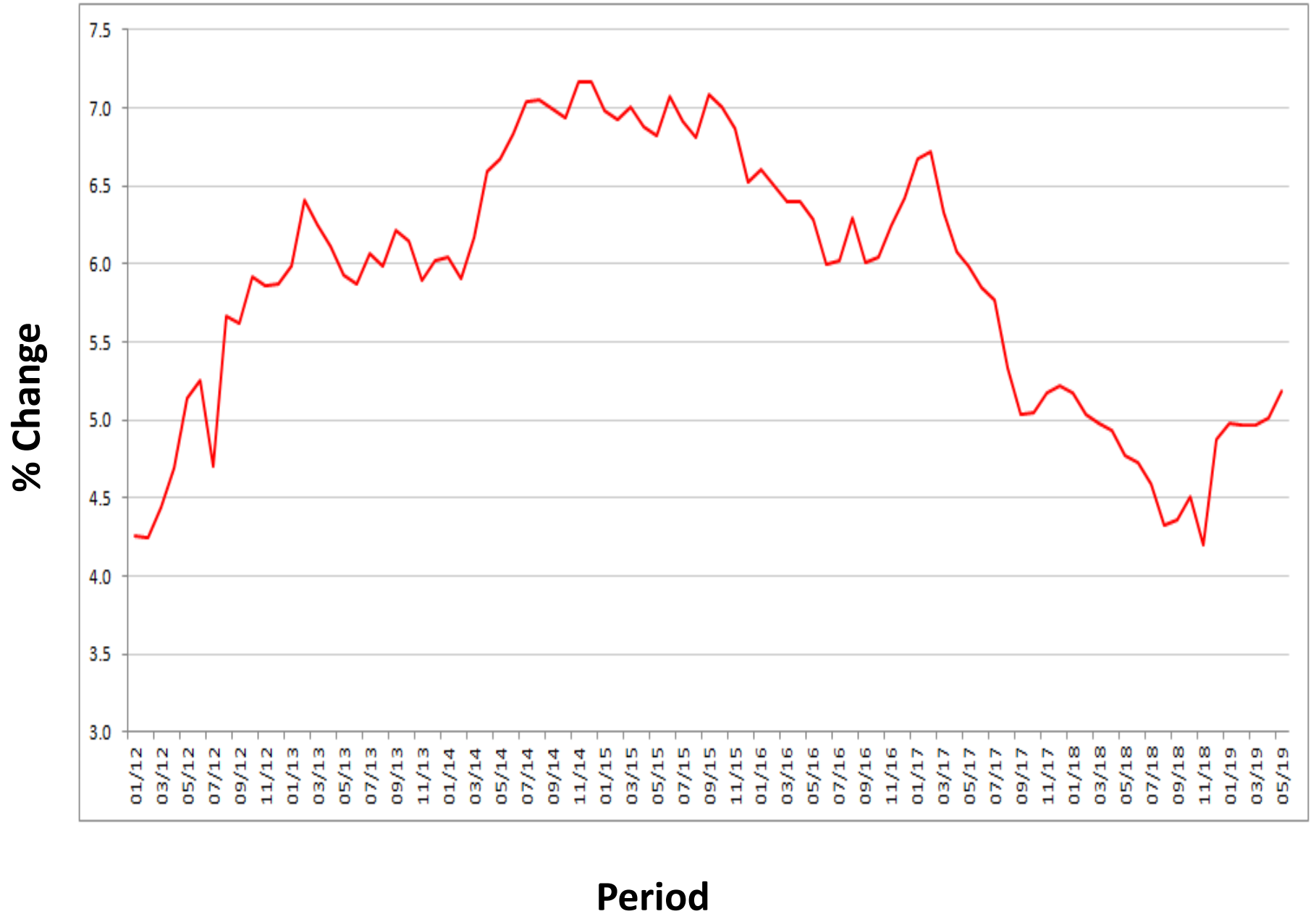
# USA - Retail Sales

PC(USARET,12)  
Monthly 2015-01-31 to 2019-05-31



Period

# USA – Consumer Credit



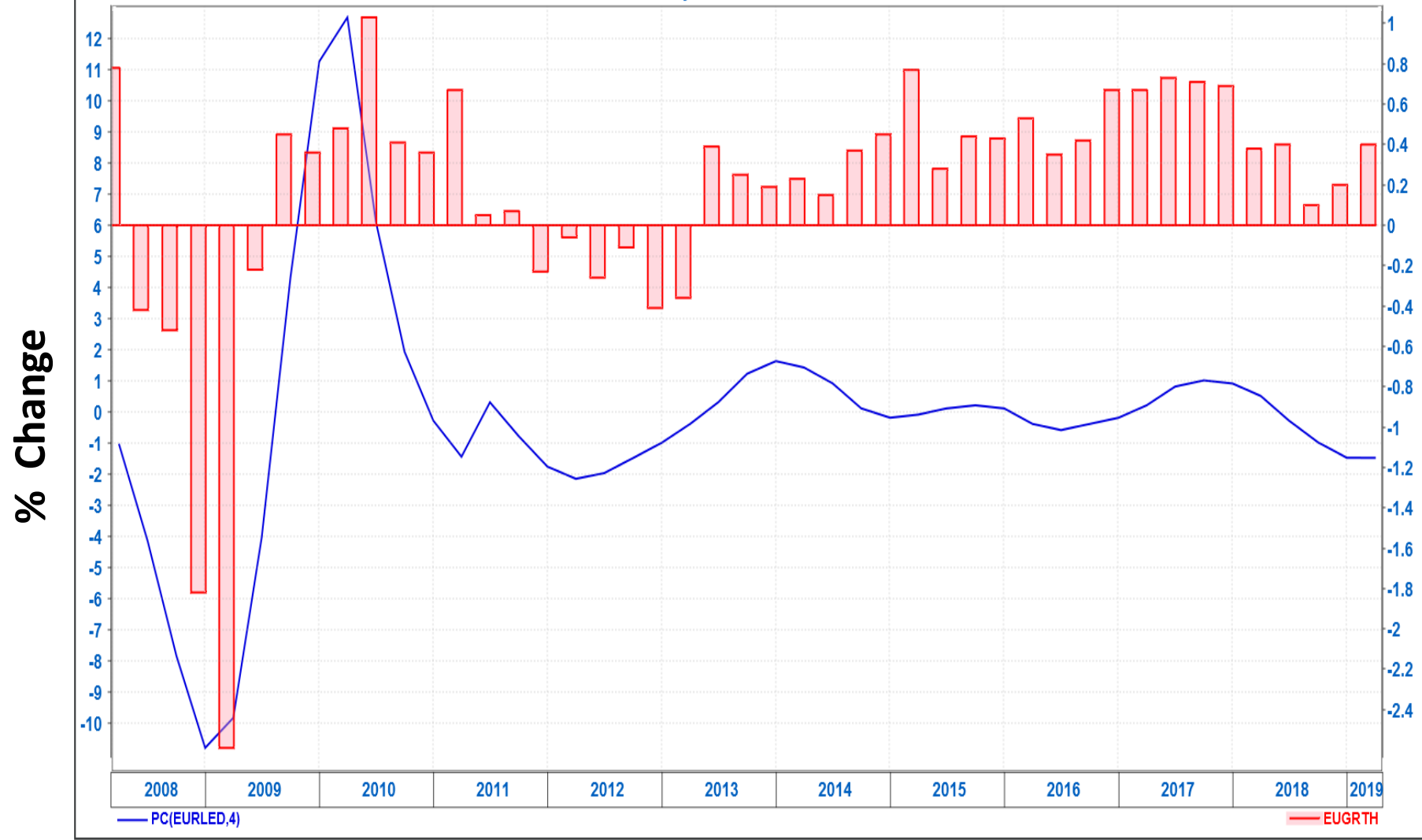


## **Euro Area:**

Economic growth in the Euro area picked up to 0.4% for Q1 of 2019. Unemployment remains on a downward trend and stabilized at 7.6% for Q1 of 2019. Inflation remains far below the 2% level and has consolidated around the 1.2% level in June. The European Economy remains weak, but seems to be on the recovery.

# Europe – Economic Growth Rate Quarterly

EURO-ZONE : G D P-TOTAL- CONSTANT PRICES - GROWTH , Percentage Change 4 of EURO-ZONE : COMPOSITE LEADING INDICATOR  
Quarterly 2008-03-31 to 2019-03-31

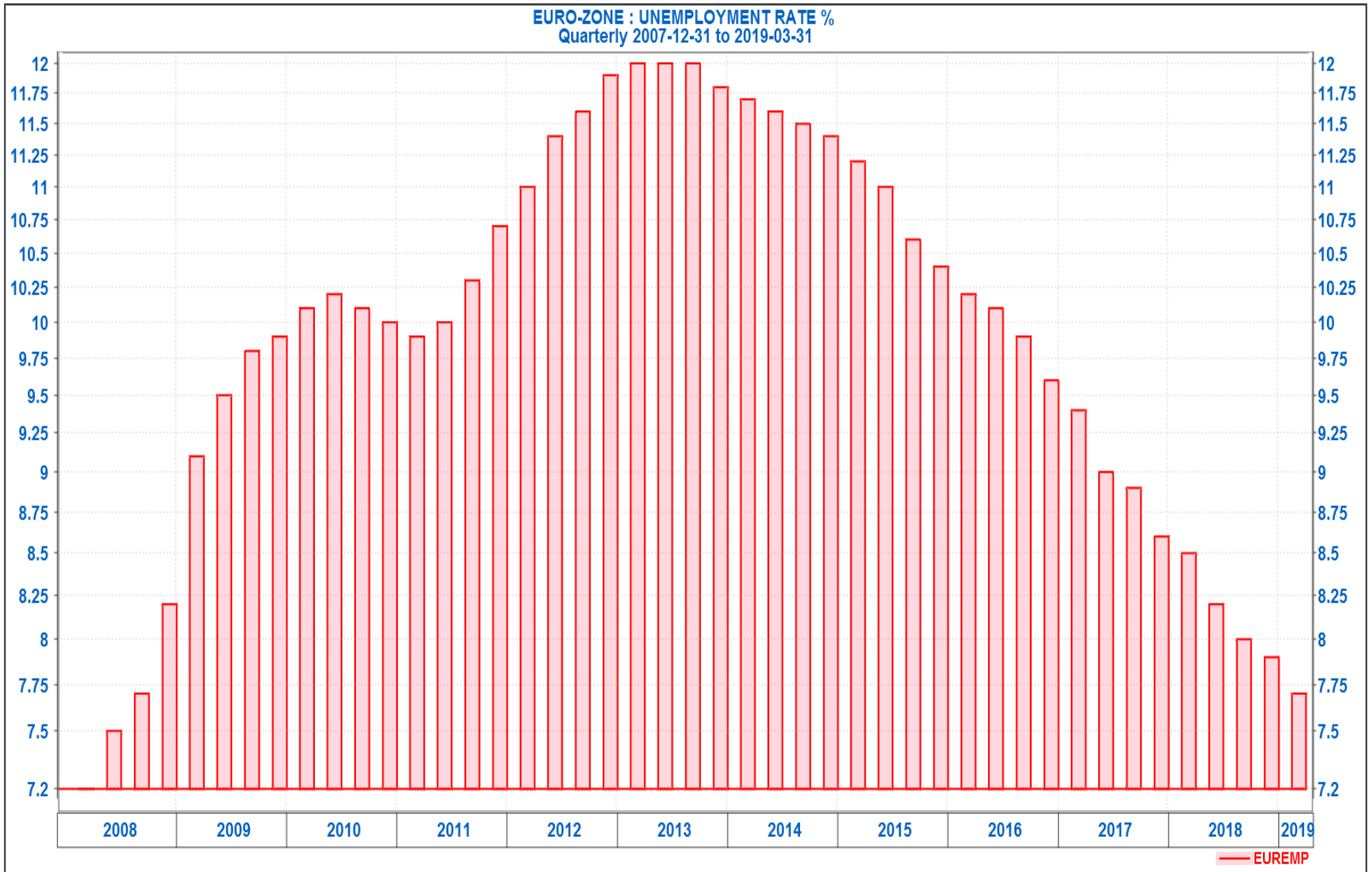


— Europe Growth Rate

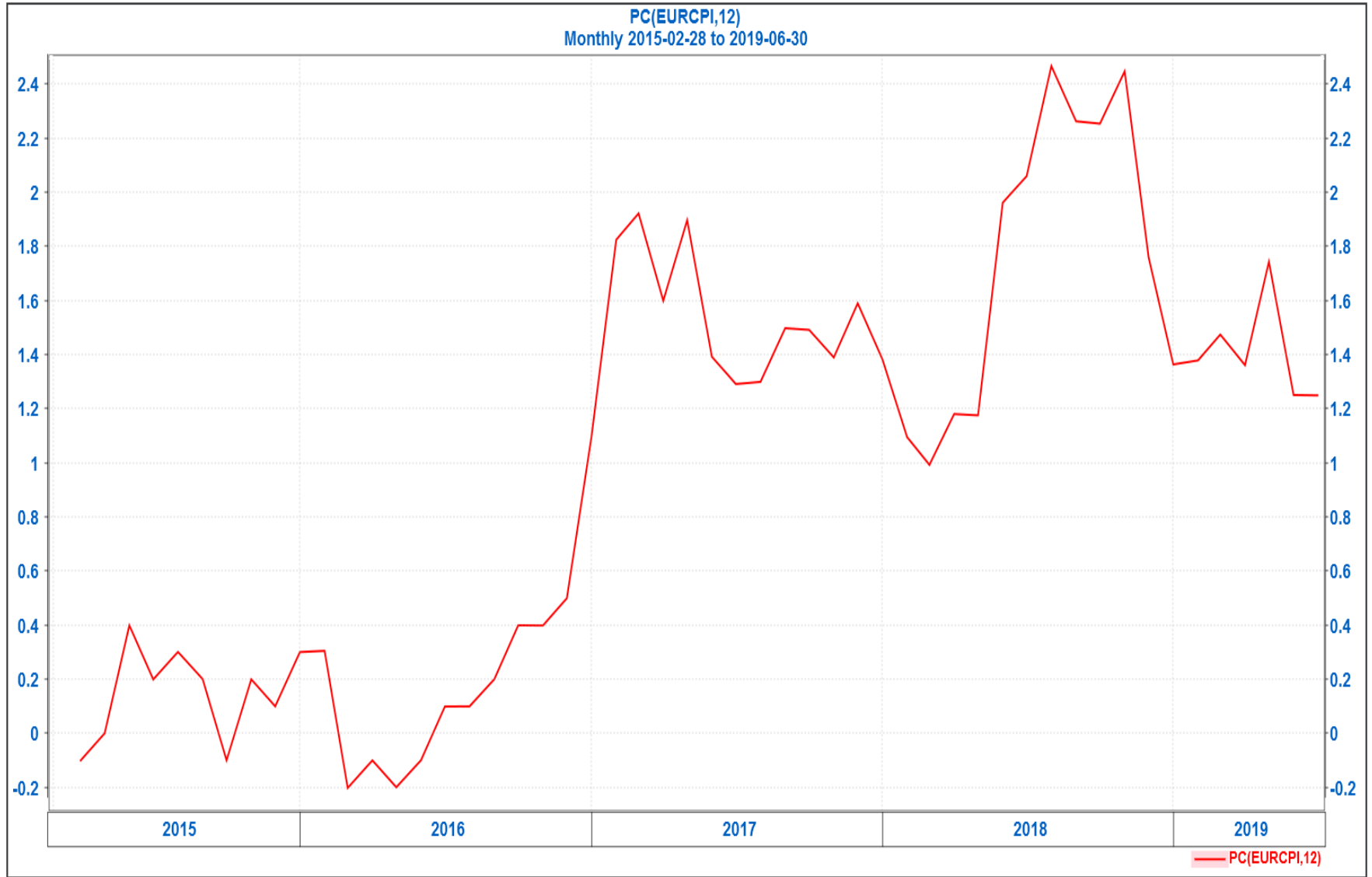
— Europe Leading Indicator

Period

# Europe – Unemployment



# Europe – Inflation



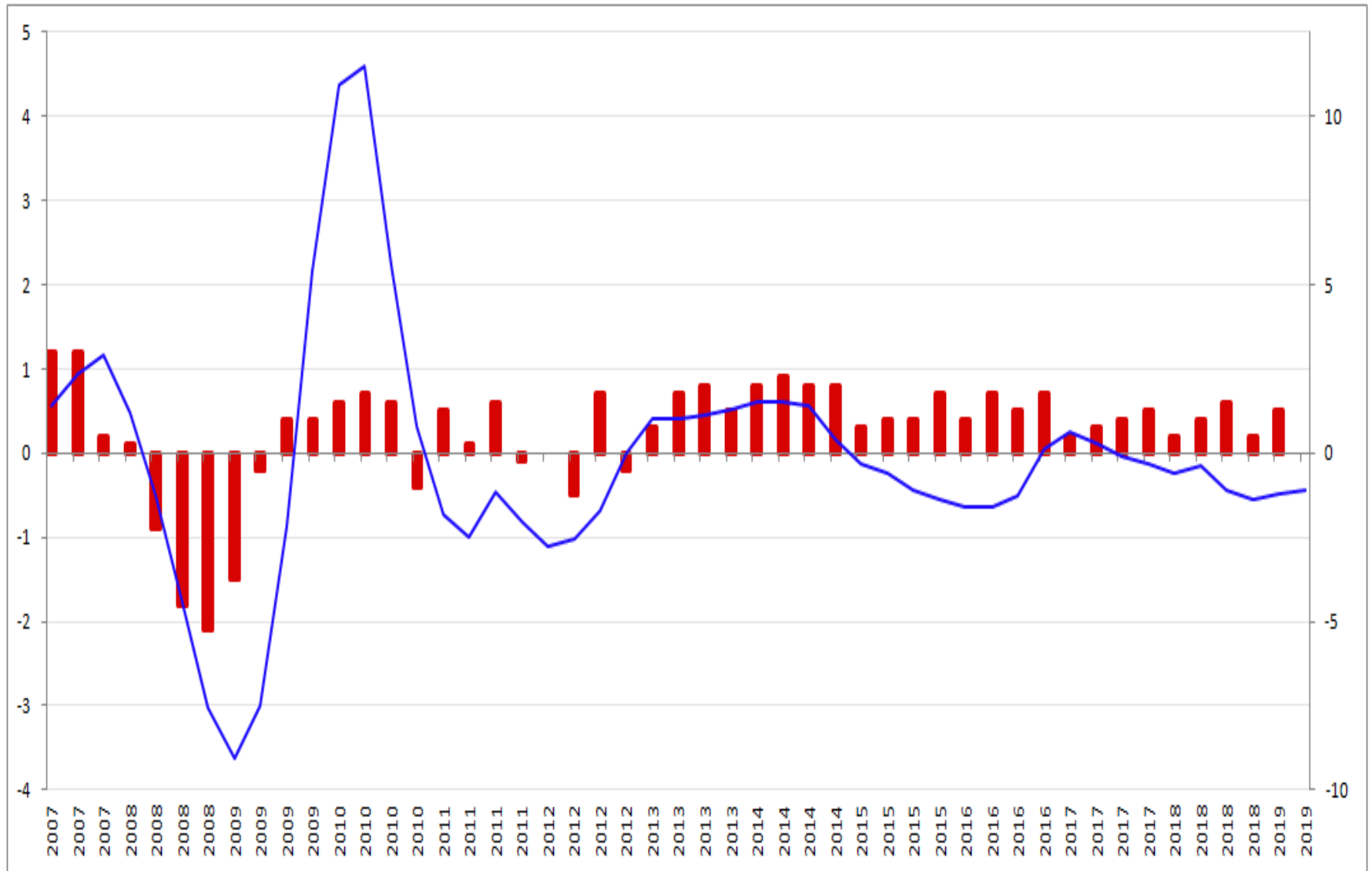
Period

## **United Kingdom:**

Economic growth picked up to 0.4% within the UK during Q1 of 2019, and inflation came in just below the 2% level. The unemployment rate decreased to 3.7% in Q1. It is unlikely that the Bank of England will hike interest rates in the near future.

Earnings growth of companies is forecasted to be 13% in 2019.

# UK – Economic Growth Rate Quarterly

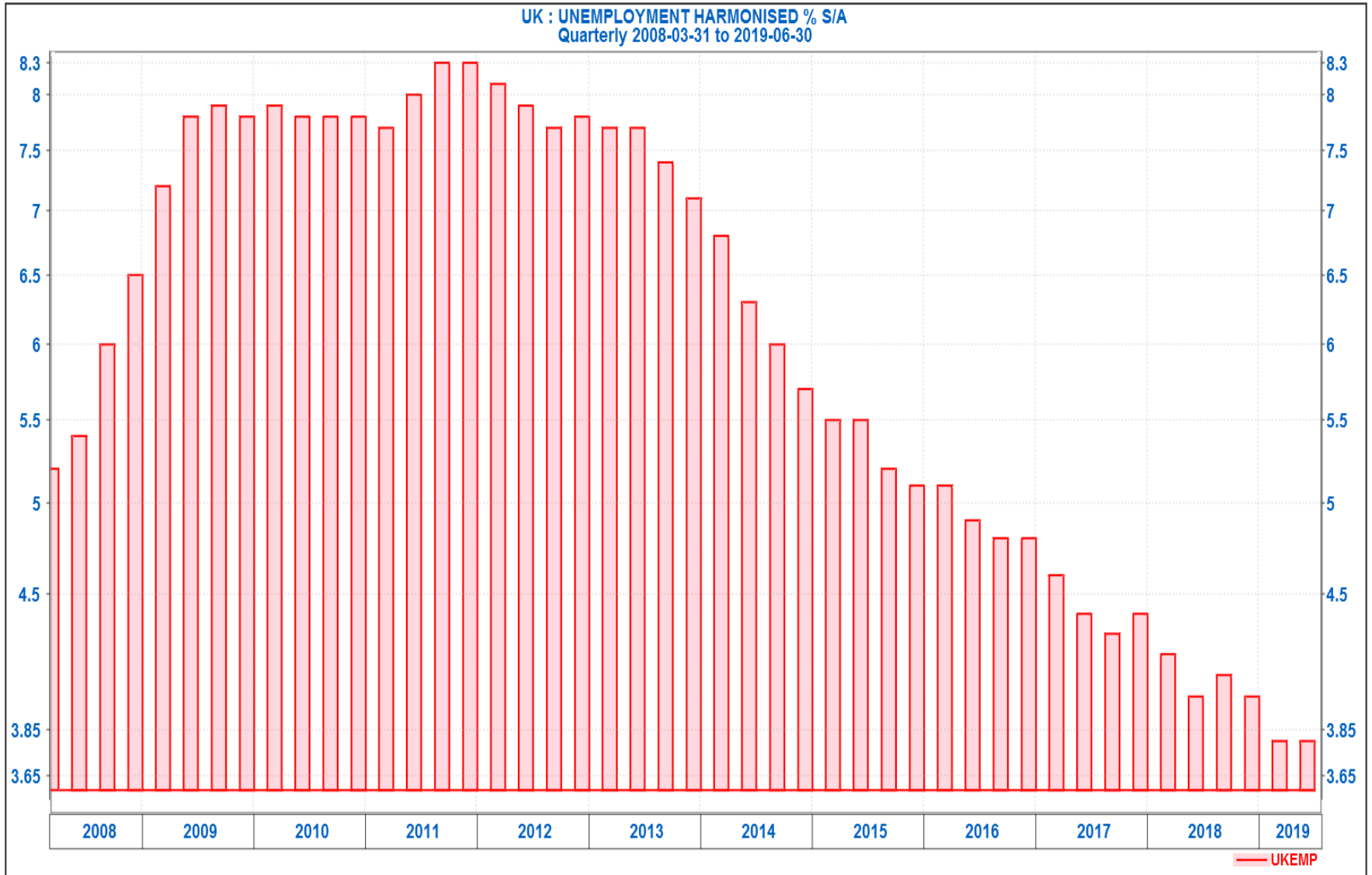


— UK Growth Rate

— UK Leading Indicator

Period

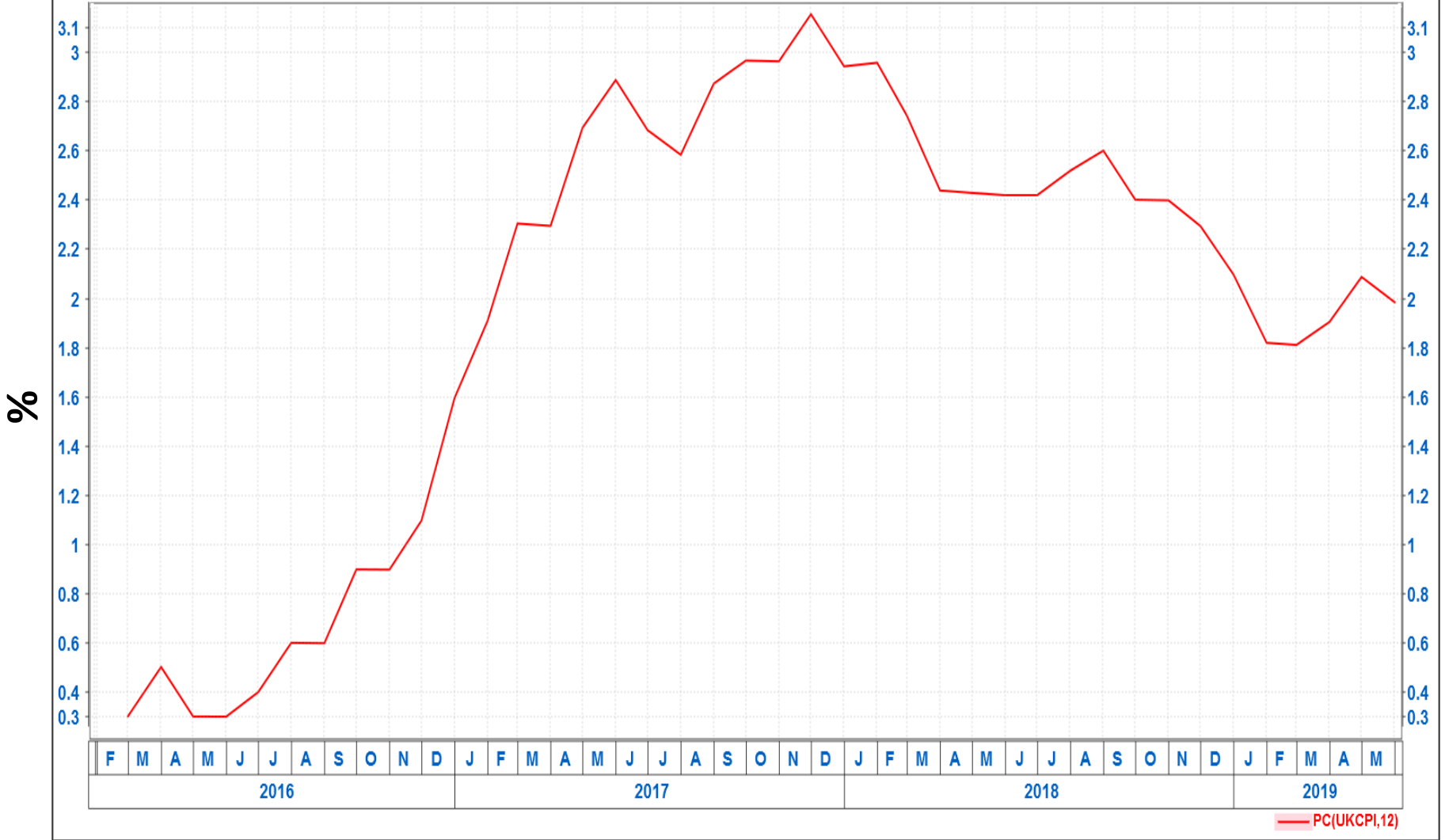
# UK – Unemployment



Period

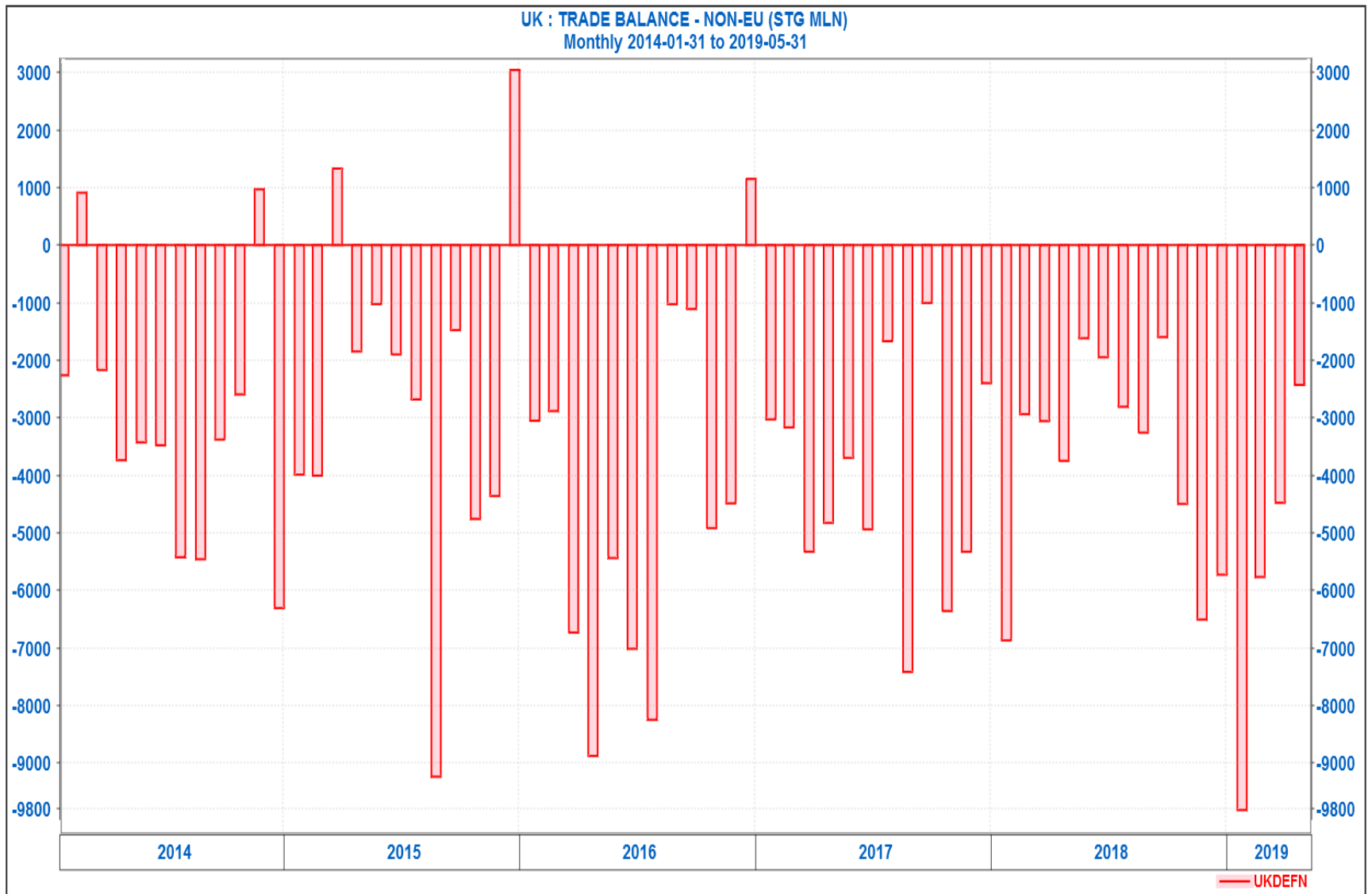
# UK – Inflation

PC(UKCPI,12)  
Monthly 2016-01-31 to 2019-05-31



Period

# UK – Trade Balance Deficit (£ Millions)





# **South Africa Economic Indicators**

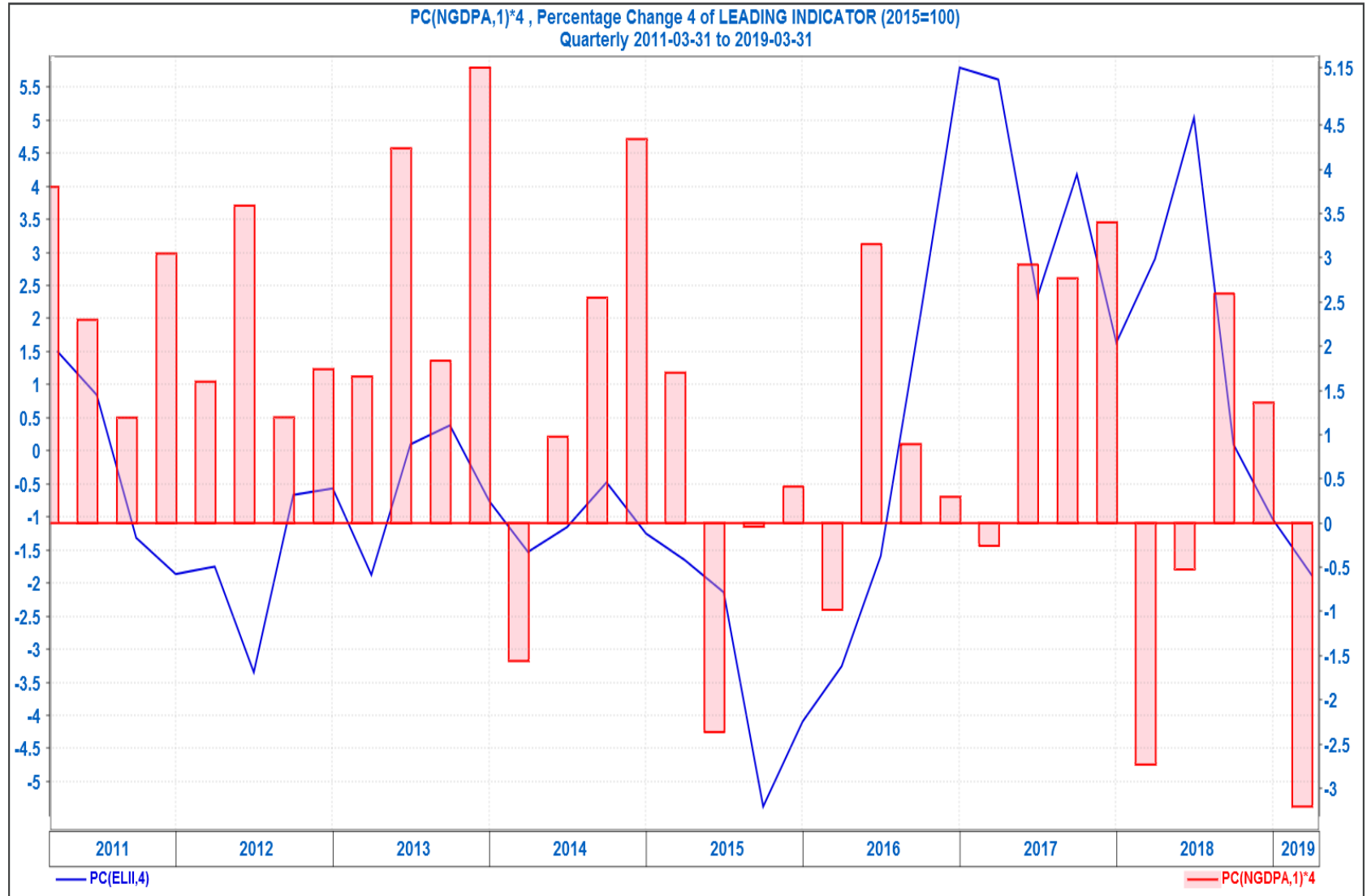
## South Africa:

Economic growth declined sharply from 1.4% in Q4 of 2018 to -3.2% in Q1 of 2019. Unemployment remains high at 27.6% in Q1 of 2019. Inflation ticked up to 4.5% in May 2019 from 4.4% in April 2019, whilst consumer credit slowed to just above the 7.5% level.

It is expected that the SARB may opt to cut interest rates as inflation is at the midpoint of the SARB's inflation target.

Earnings growth of SA companies is expected to pick up to 22.08% in 2019 after experiencing growth of 8.8% in the first quarter of the year.

# South Africa – Economic Growth Rate Quarterly



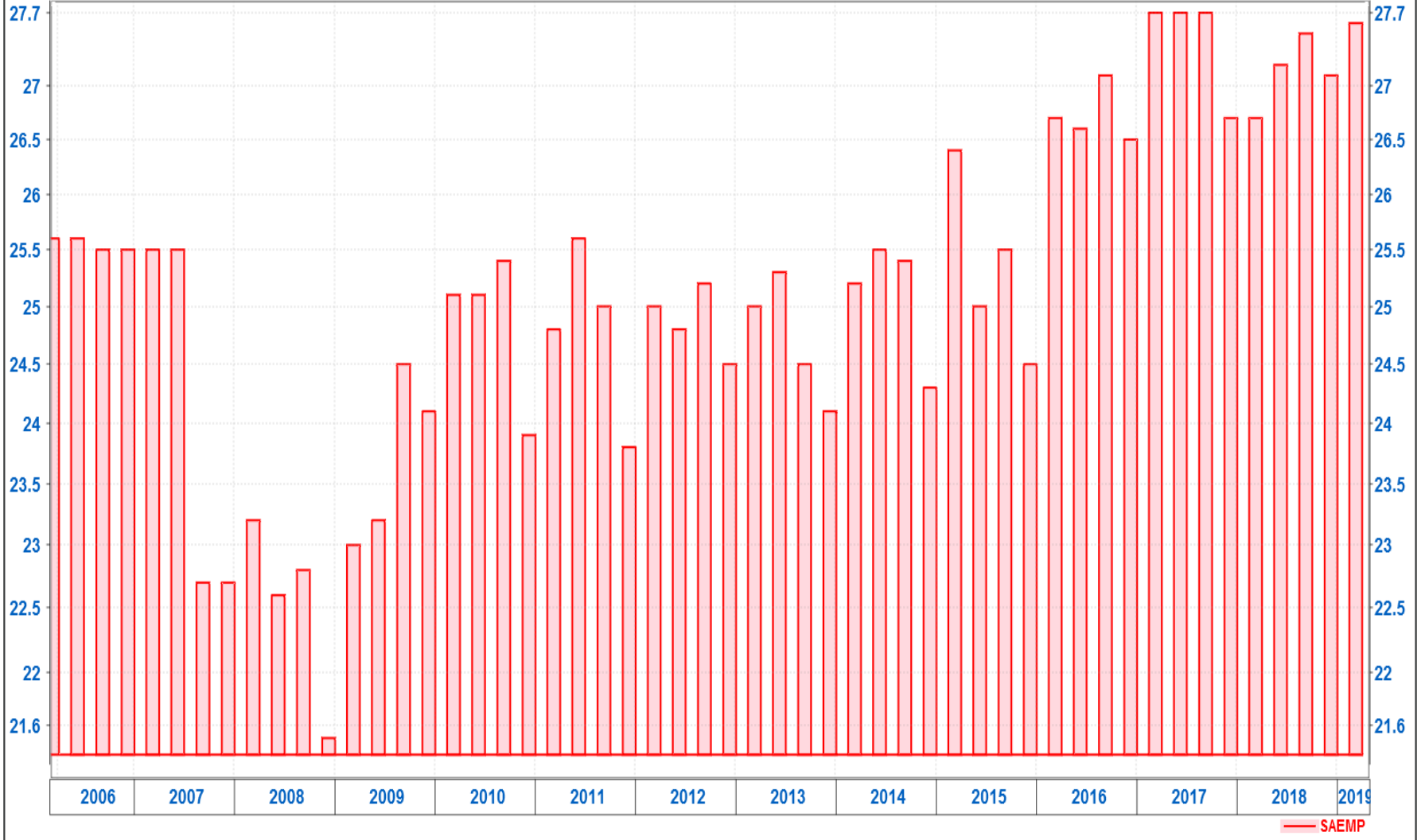
— South Africa Growth Rate

— South Africa Leading Indicator

Period

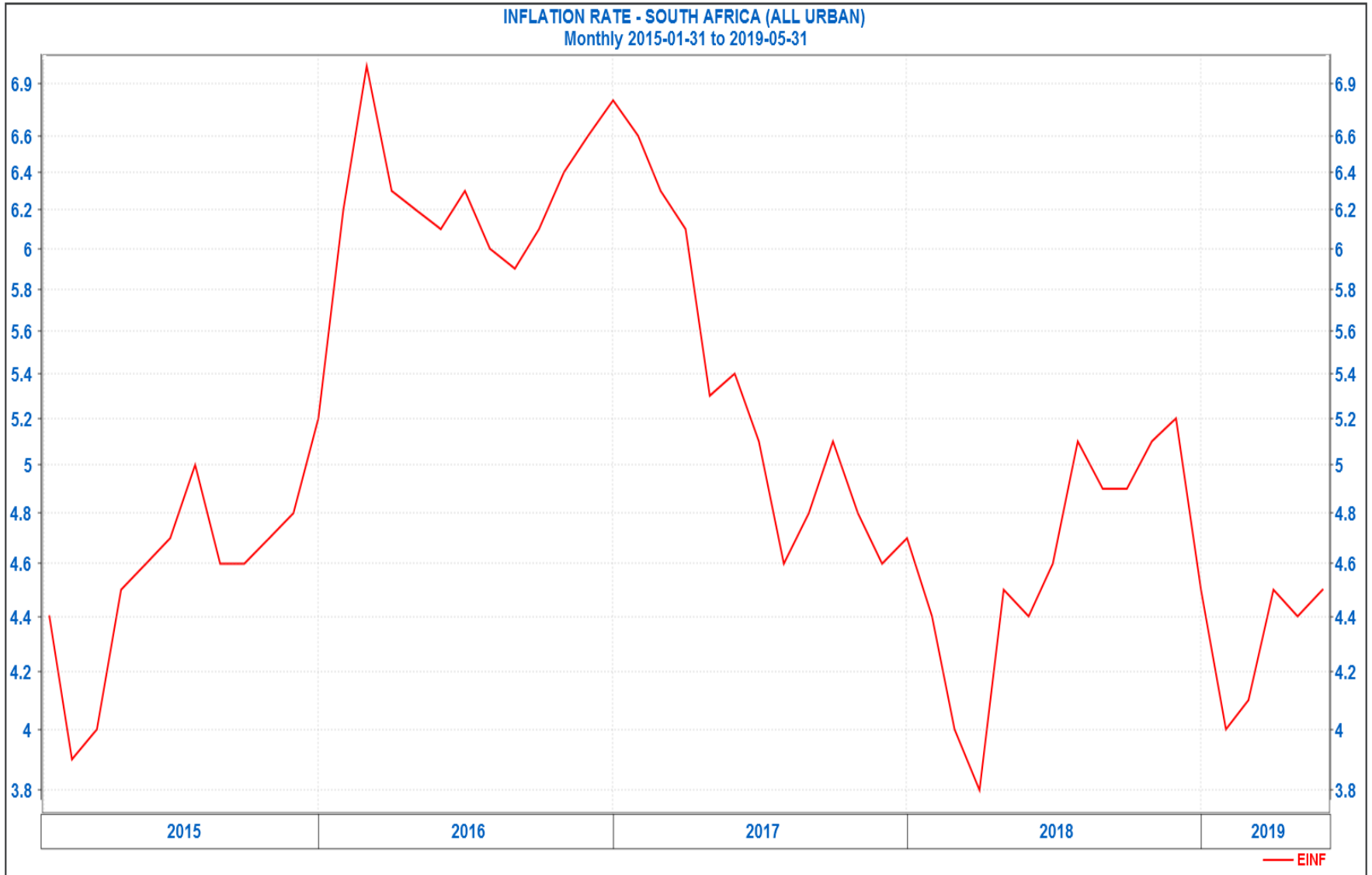
# South Africa – Unemployment

EMPLOYMENT : OFFICIAL UNEMPLOYMENT RATE (ILO)  
Quarterly 2006-03-31 to 2019-03-31



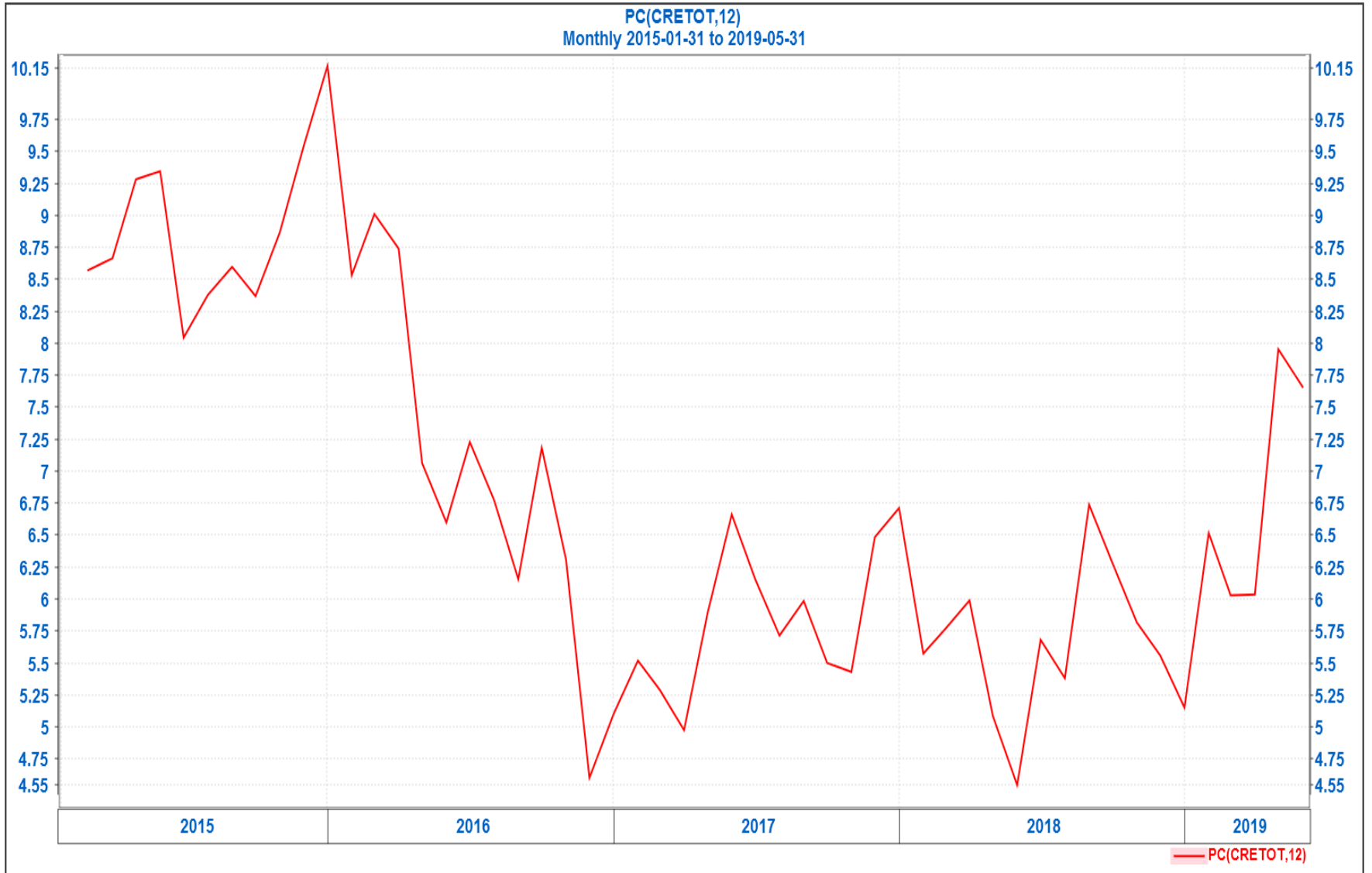
Period

# South Africa – Inflation Rate



Period

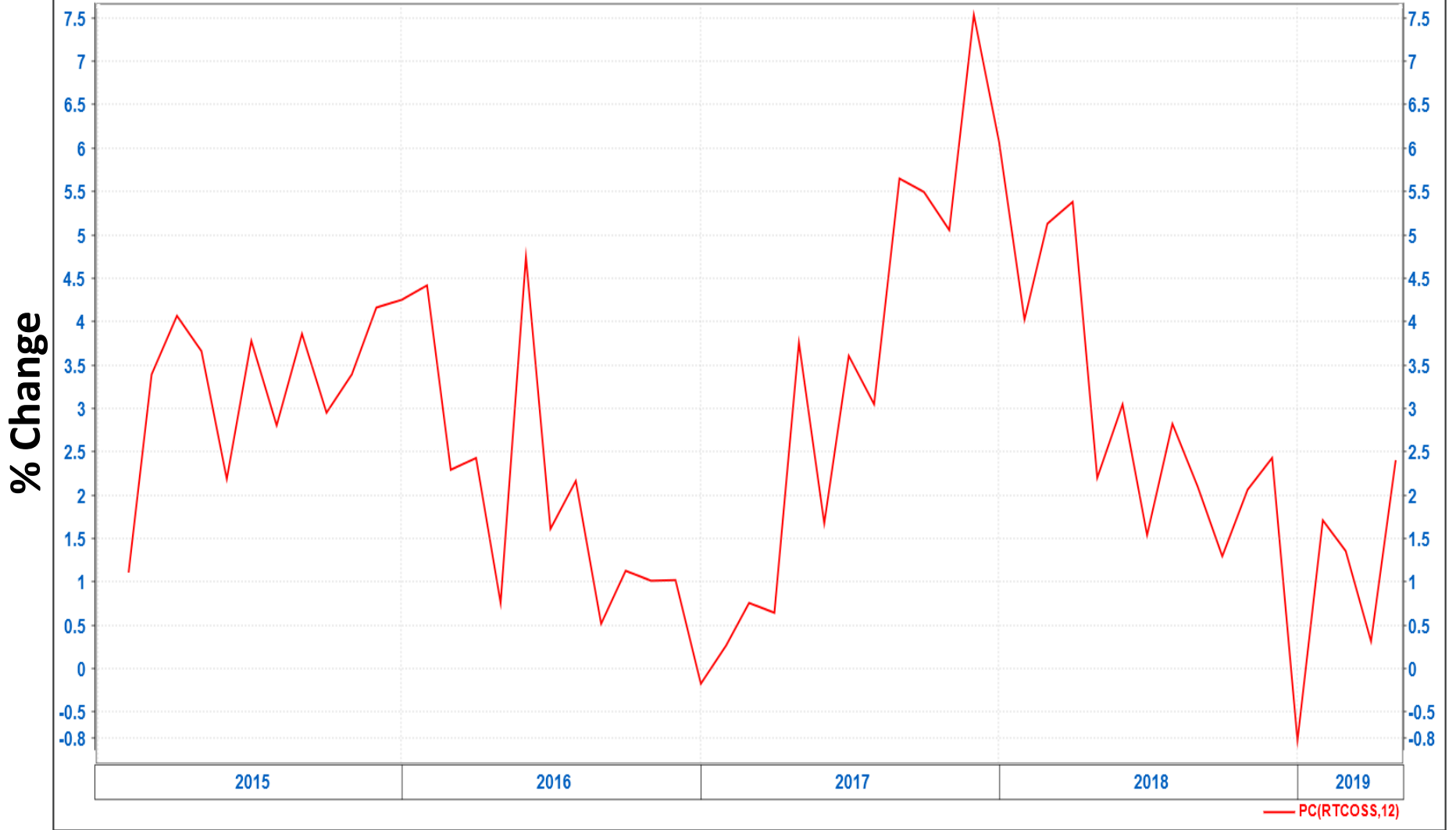
# South Africa – Consumer Credit



Period

# South Africa – Retail Sales

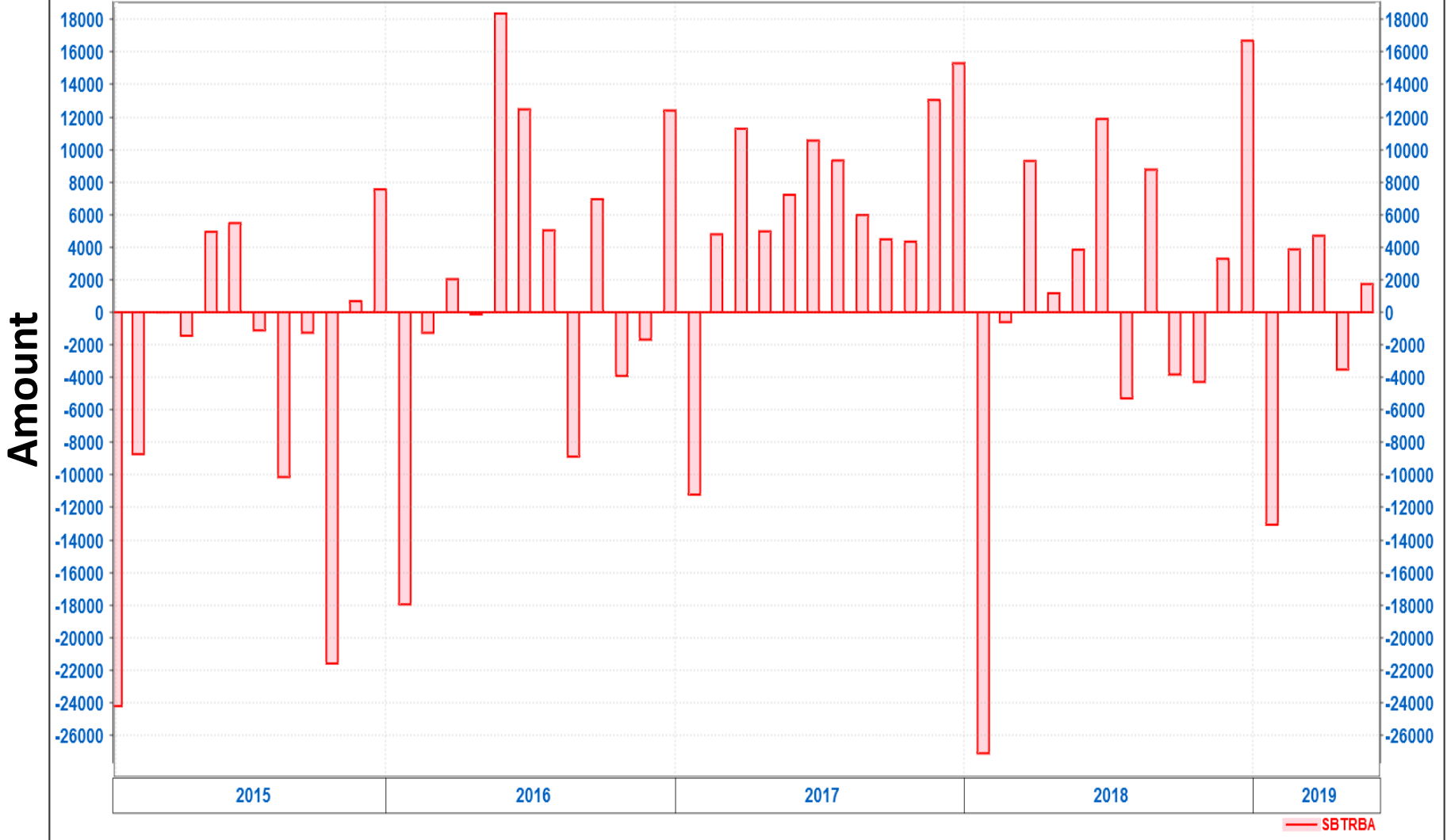
Percentage Change 12 of RETAIL TRADE - TOTAL - CONSTANT S/A- RM 2015 PRICE  
Monthly 2014-12-31 to 2019-04-30



Period

# South Africa – Trade Balance (ZAR Million)

TRADE BALANCE (R M) - SA+BLNS - ADJUSTED  
Monthly 2015-01-31 to 2019-05-31

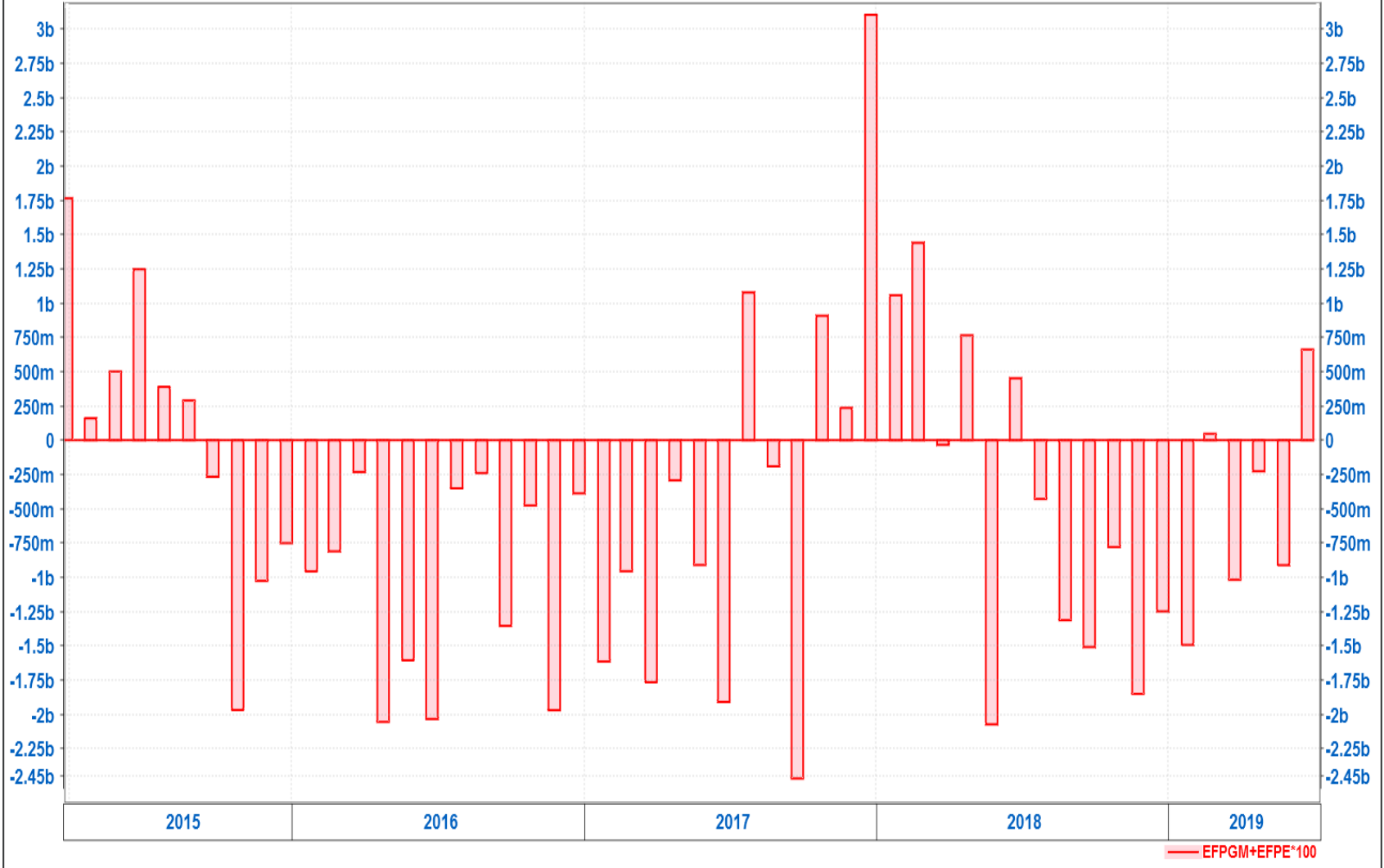


Period

# Foreign In- and outflows in Investment Market (ZAR Million)

FOREIGN TRANS BESA - NET (RM) -TOTAL CONSIDERATION+FOREIGN TRANSACTIONS EQUITIES - NET (R'000)\*100  
 Monthly 2015-03-31 to 2019-06-30

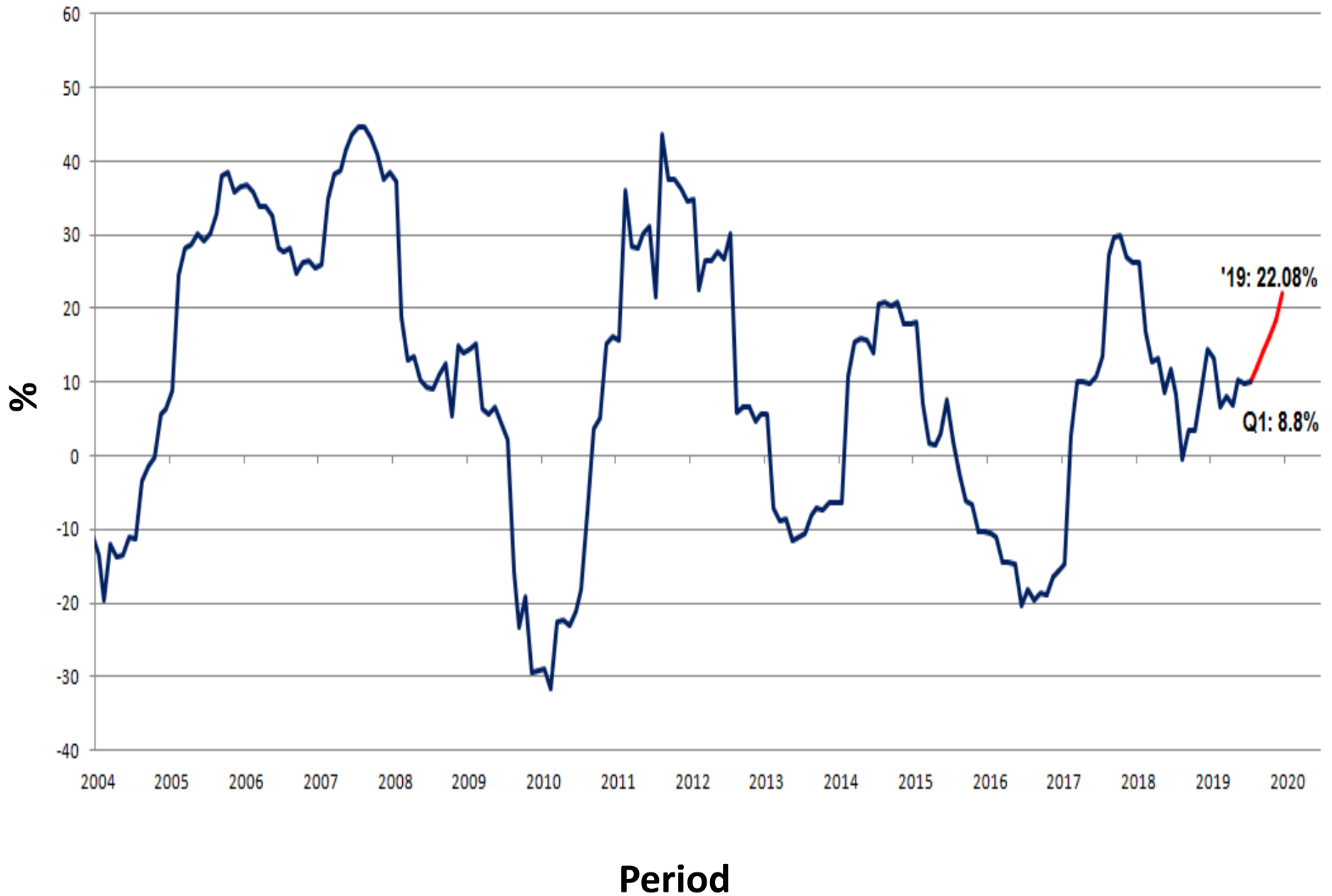
Amount (ZAR Mil)



Period

EFPGM+EFPE\*100

# S.A. All Share Earnings Forecast

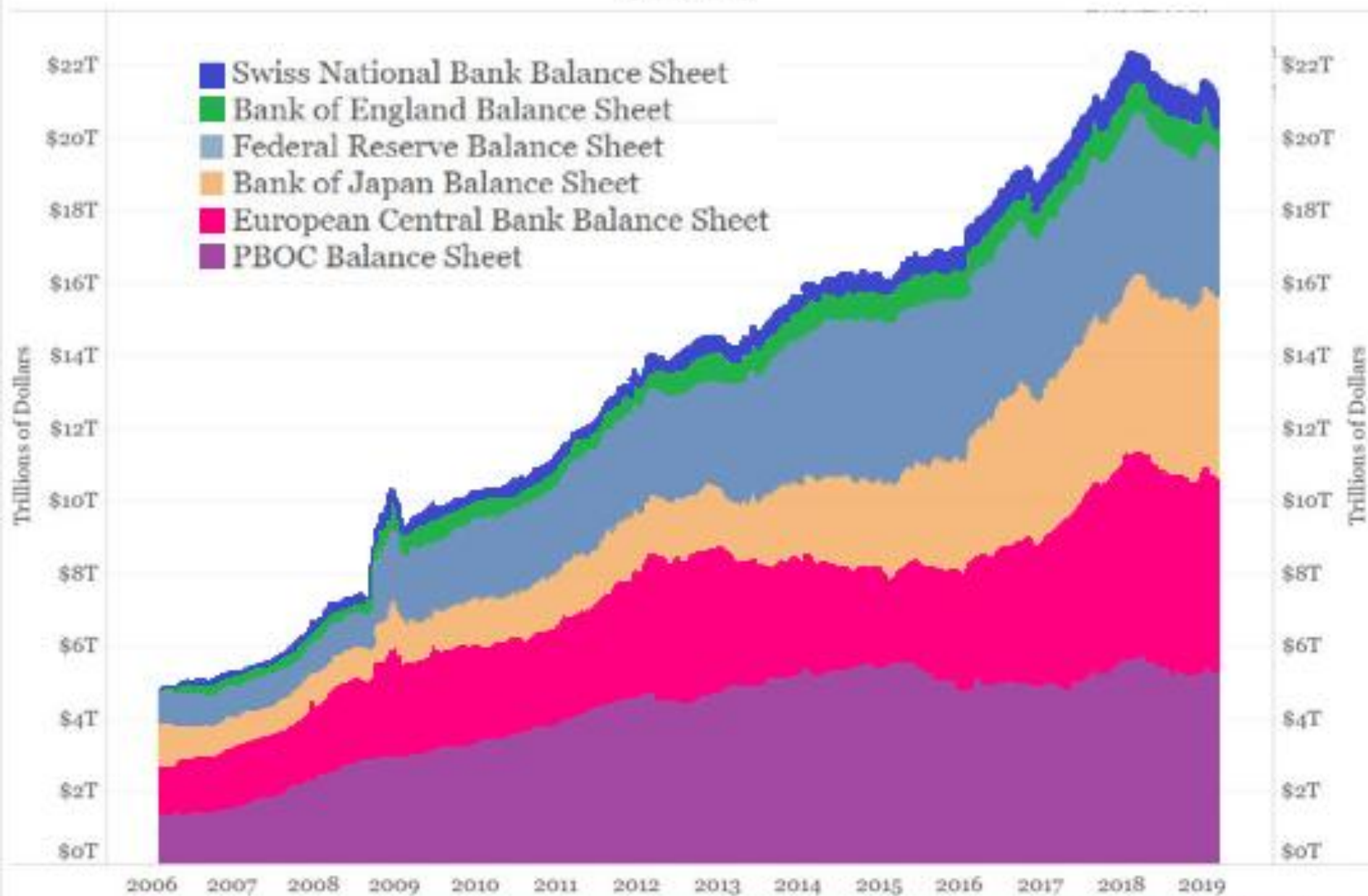


# **Central Bank Policies**

## **Central Bank Policies:**

Central Banks are likely to be accommodative as global growth worries persist. Central banks' balance sheets have started to shrink, while political uncertainty and lower growth expectations are likely to lead to Central Banks being more dovish in the near future.

# Cumulative Central Bank Balance Sheets (In Dollars)



# South Africa Central Bank Balance Sheet

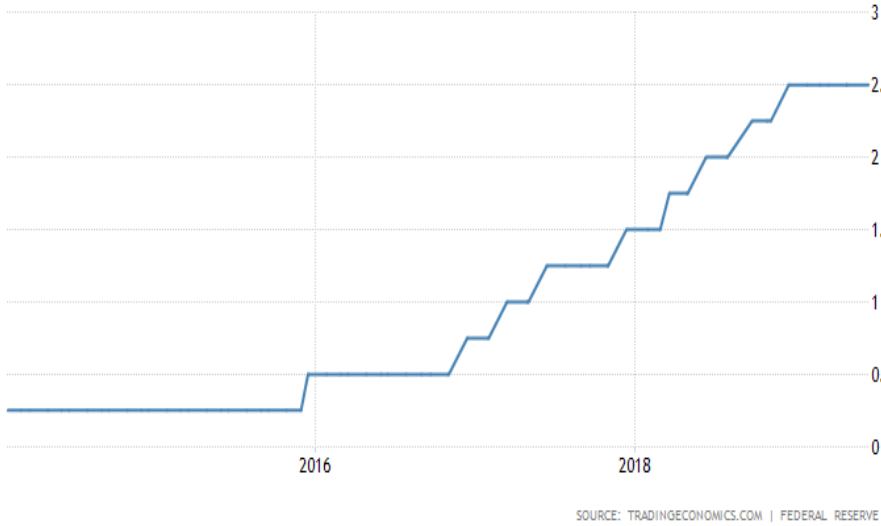


SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | SOUTH AFRICAN RESERVE BANK

Period

# Central Bank Interest Rate

## Federal Reserve Interest Rate



## European Central Bank Interest Rate



## China Central Bank Interest Rate



## Japan Central Bank Interest Rate



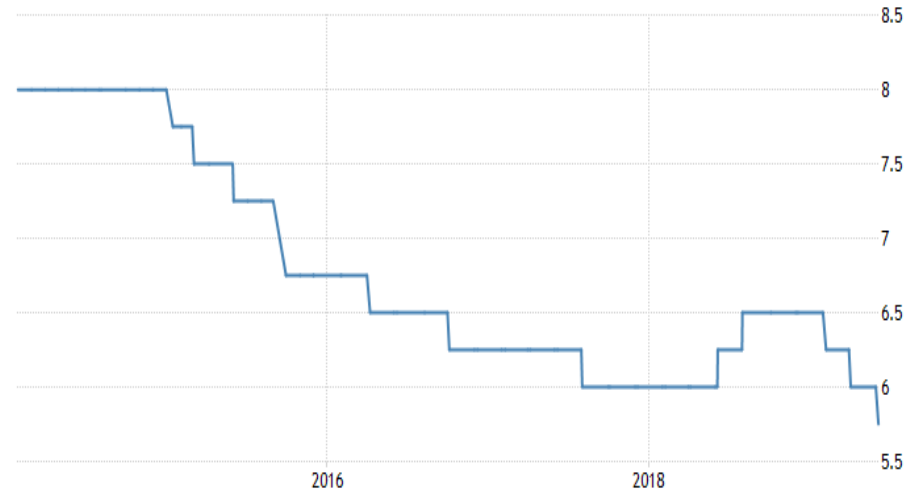
# Central Bank Interest Rate

## Russia Interest Rate



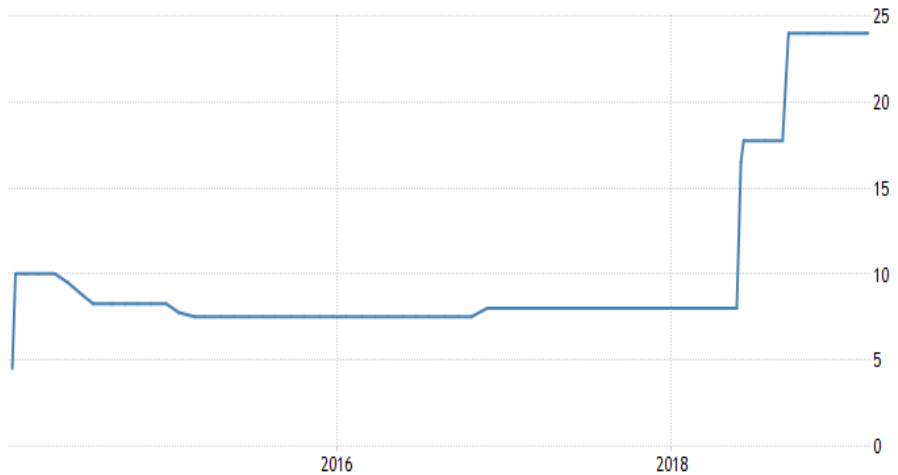
SOURCE: TRADINGECONOMICS.COM | CENTRAL BANK OF RUSSIA

## Indian Central Bank Interest Rate



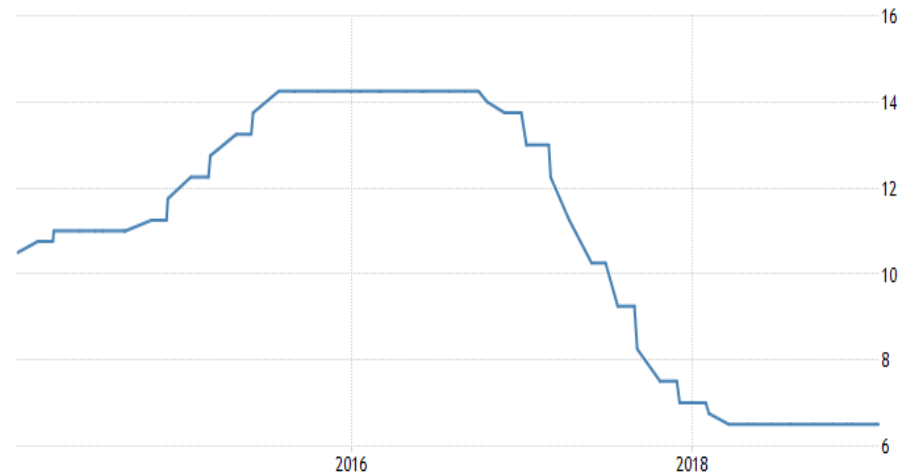
SOURCE: TRADINGECONOMICS.COM | RESERVE BANK OF INDIA

## Turkey Central Bank Interest Rate



SOURCE: TRADINGECONOMICS.COM | CENTRAL BANK OF THE REPUBLIC OF TURKEY

## Brazil Central Bank Interest Rate



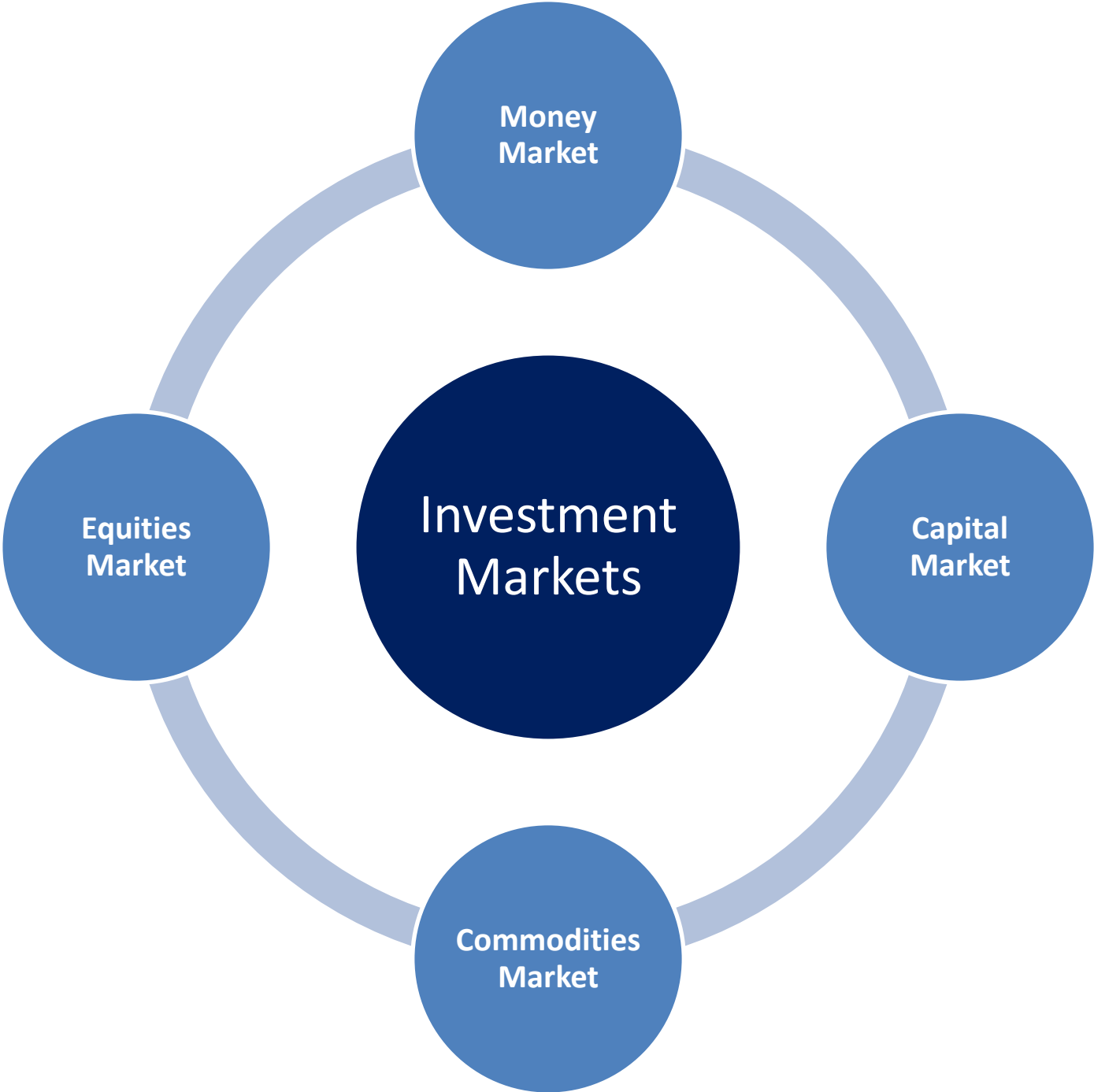
SOURCE: TRADINGECONOMICS.COM | BANCO CENTRAL DO BRASIL

# SARB Interest Rate



SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | SOUTH AFRICAN RESERVE BANK

Period



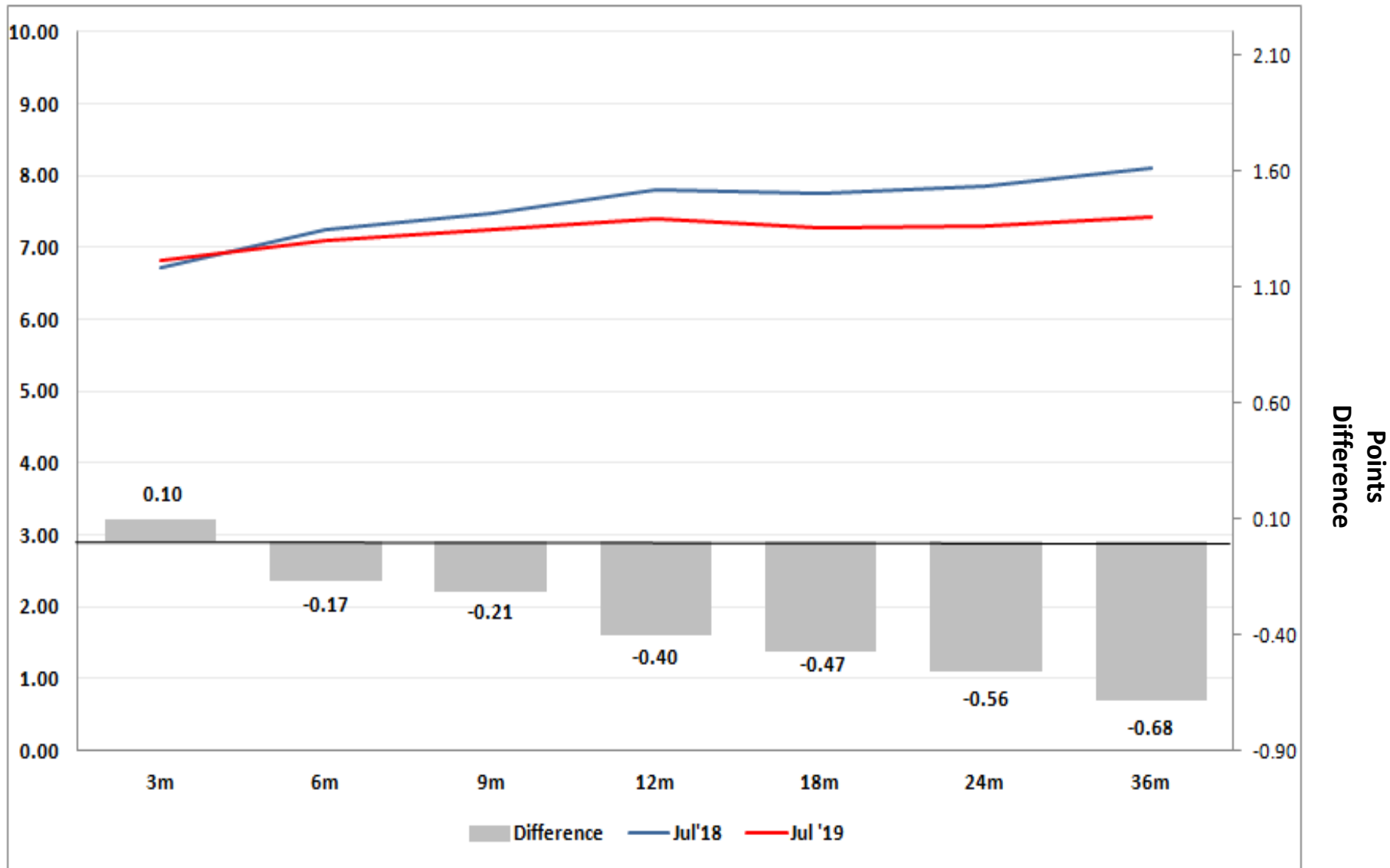
# Money Market

## **Money Market:**

Money Market rates were lower year on year, indicating an overall downward shift in the yield curve. Current Money Market rates are suggesting a cut in interest rates by the SARB in the near future.

Our current recommendation is not to invest longer than 6 month's term.

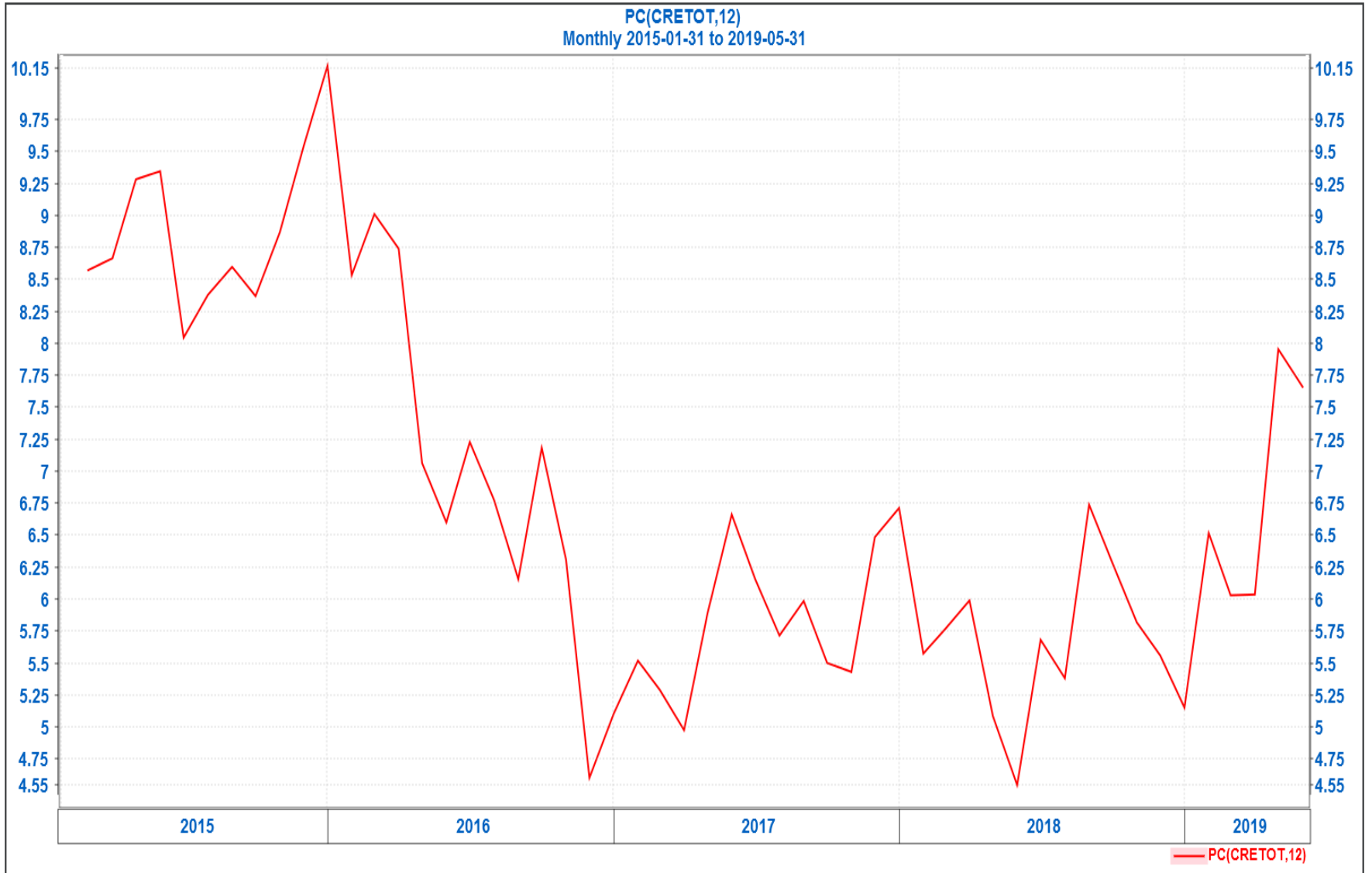
# South Africa – Money Market Rates



— Difference      — Jul 2018      — Jul 2019

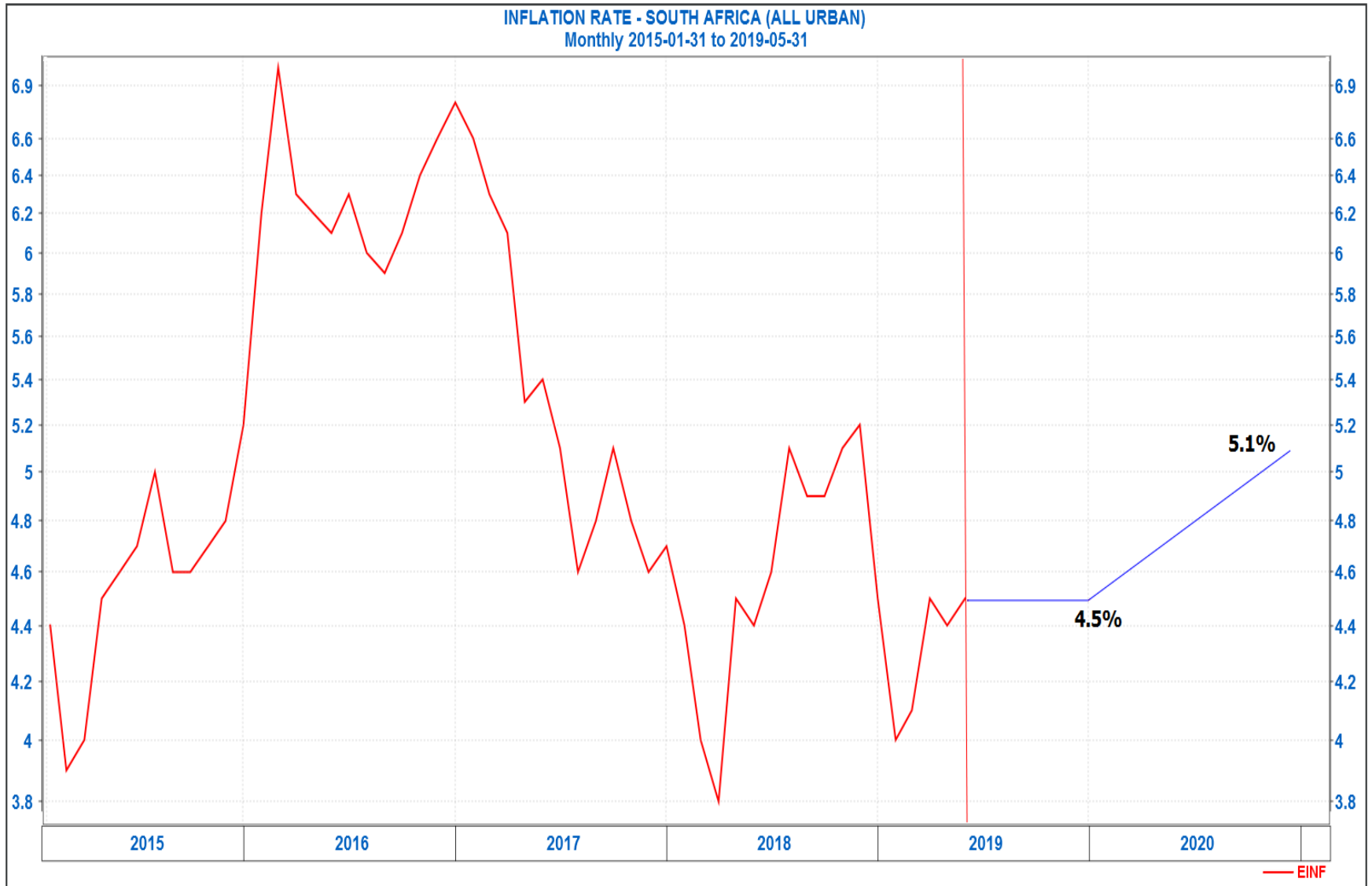
Period

# South Africa – Consumer Credit

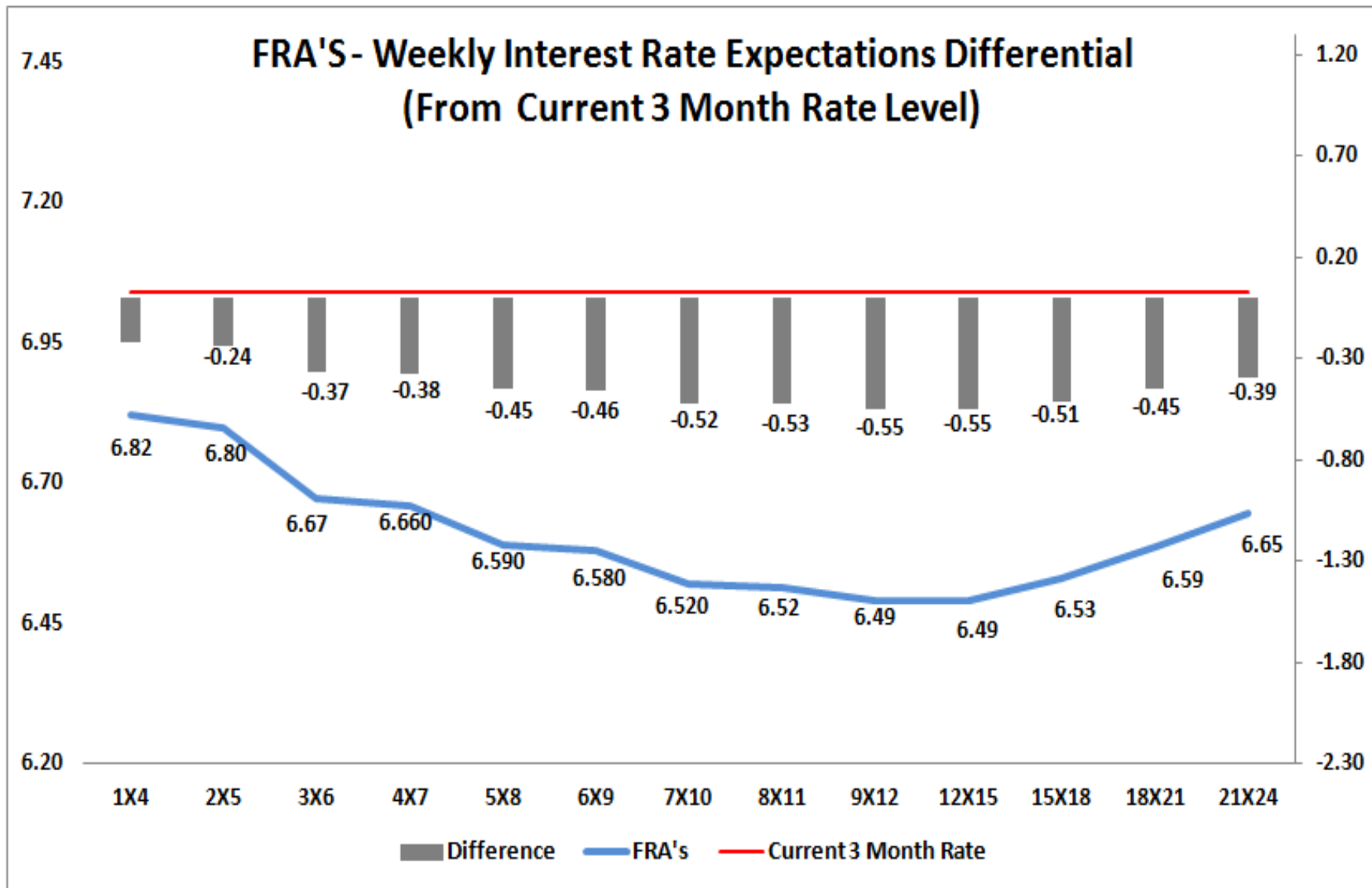


Period

# SARB Inflation Expectation



# Interest Rate Expectations



— Difference      — FRA's      — Current 3 Month Rate

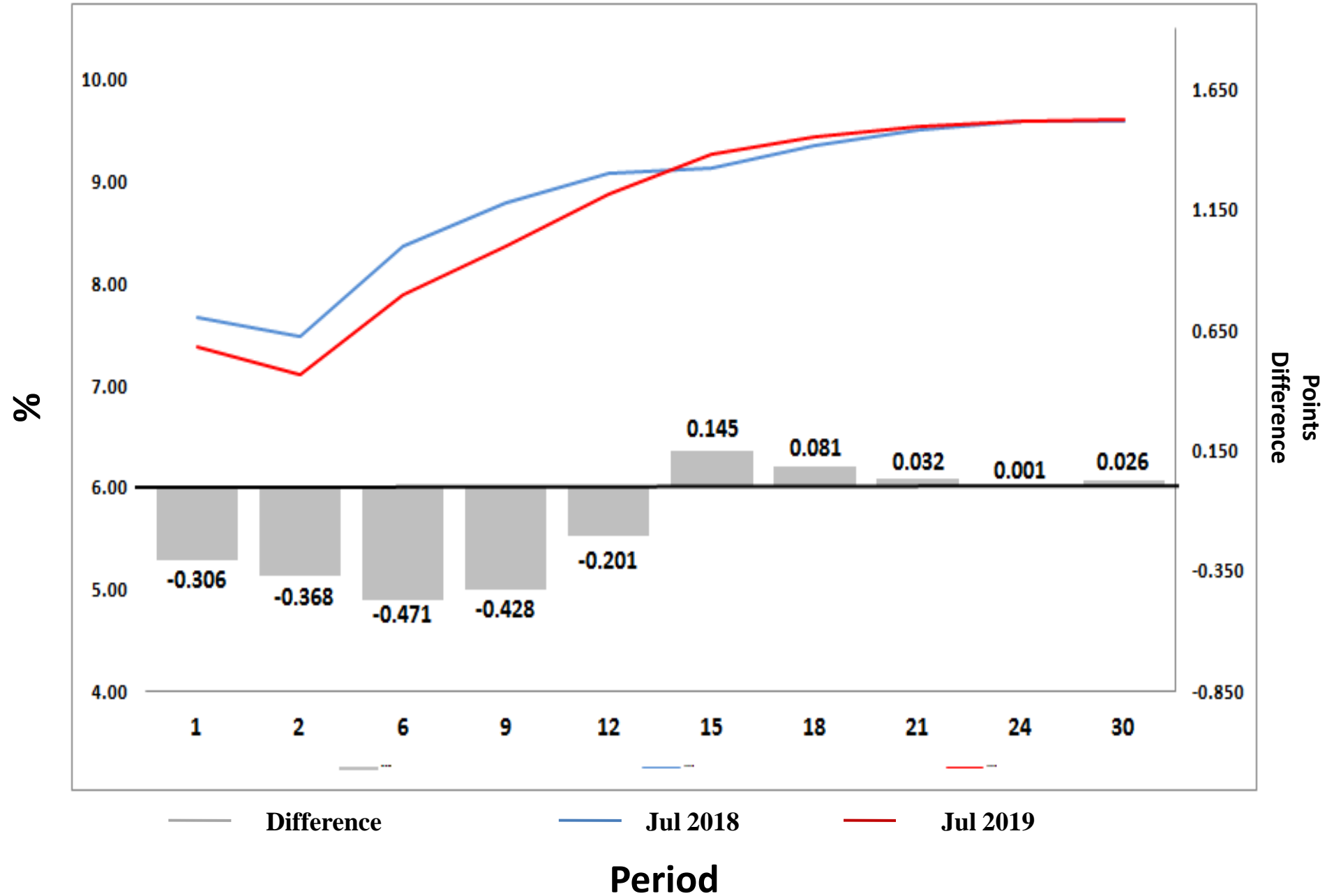
**Period**

## **Capital Market:**

Capital Market rates are fully priced and do not offer much value at current levels given the risks posed by weak Government finances, higher inflation expectations, a volatile Rand and possible ratings downgrades.

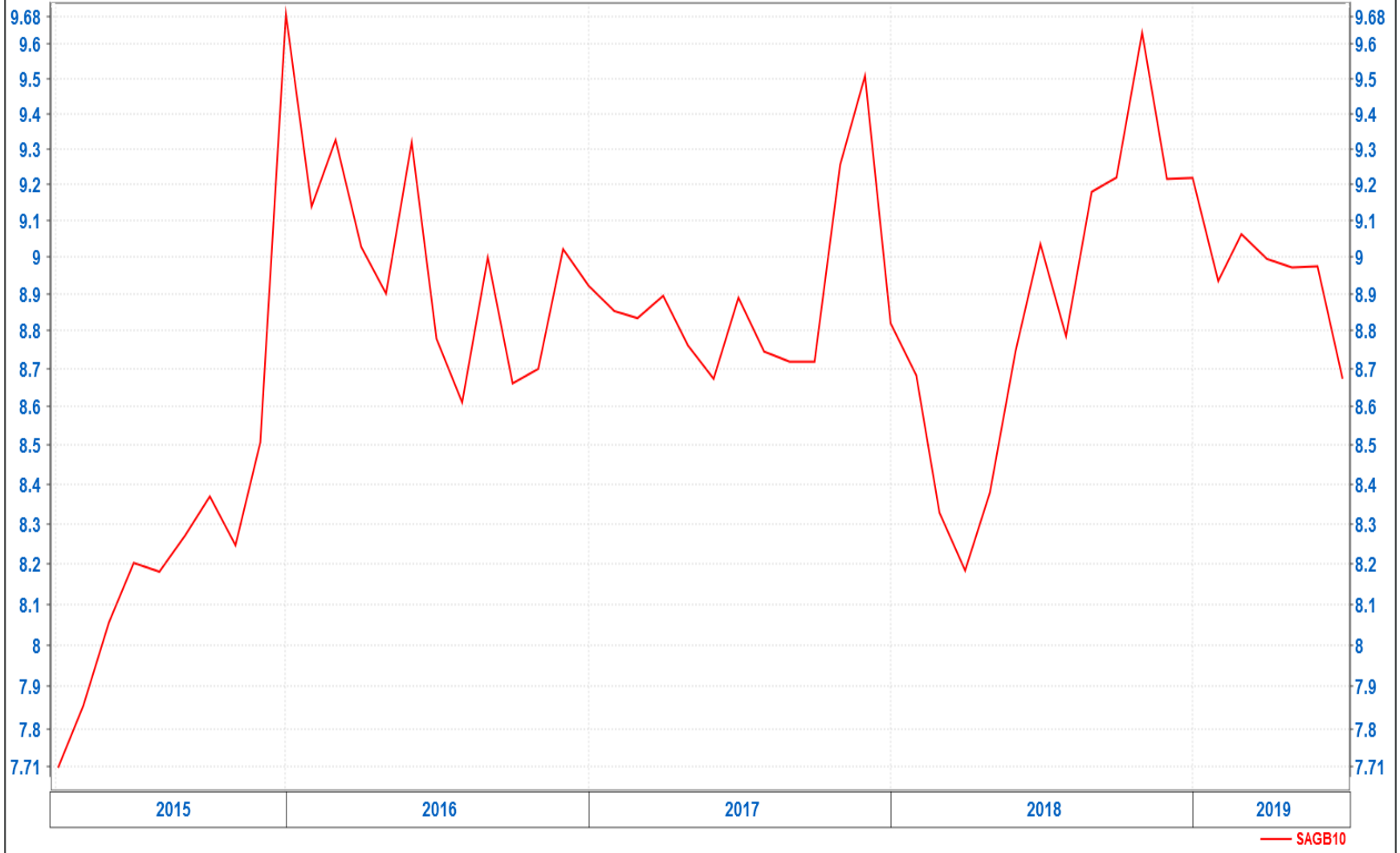
Foreigners were net sellers of South African Bonds during the month of June.

# South Africa –Yield Curve



# SA 10Year Bond Rate

SA : GOVT 10 YEAR BOND  
Monthly 2015-03-31 to 2019-06-30

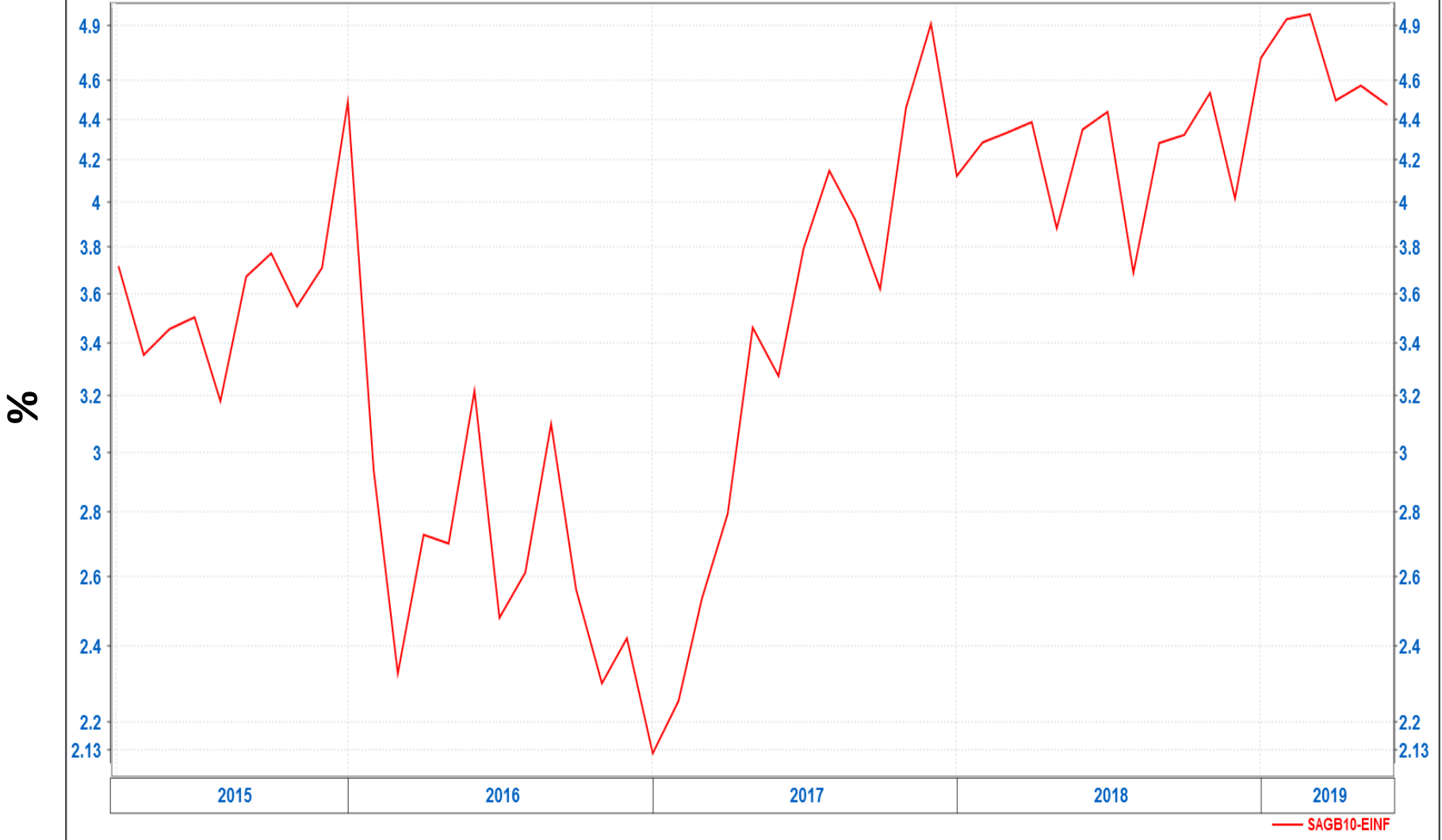


— SAGB10

Period

# SA Real Interest Rate

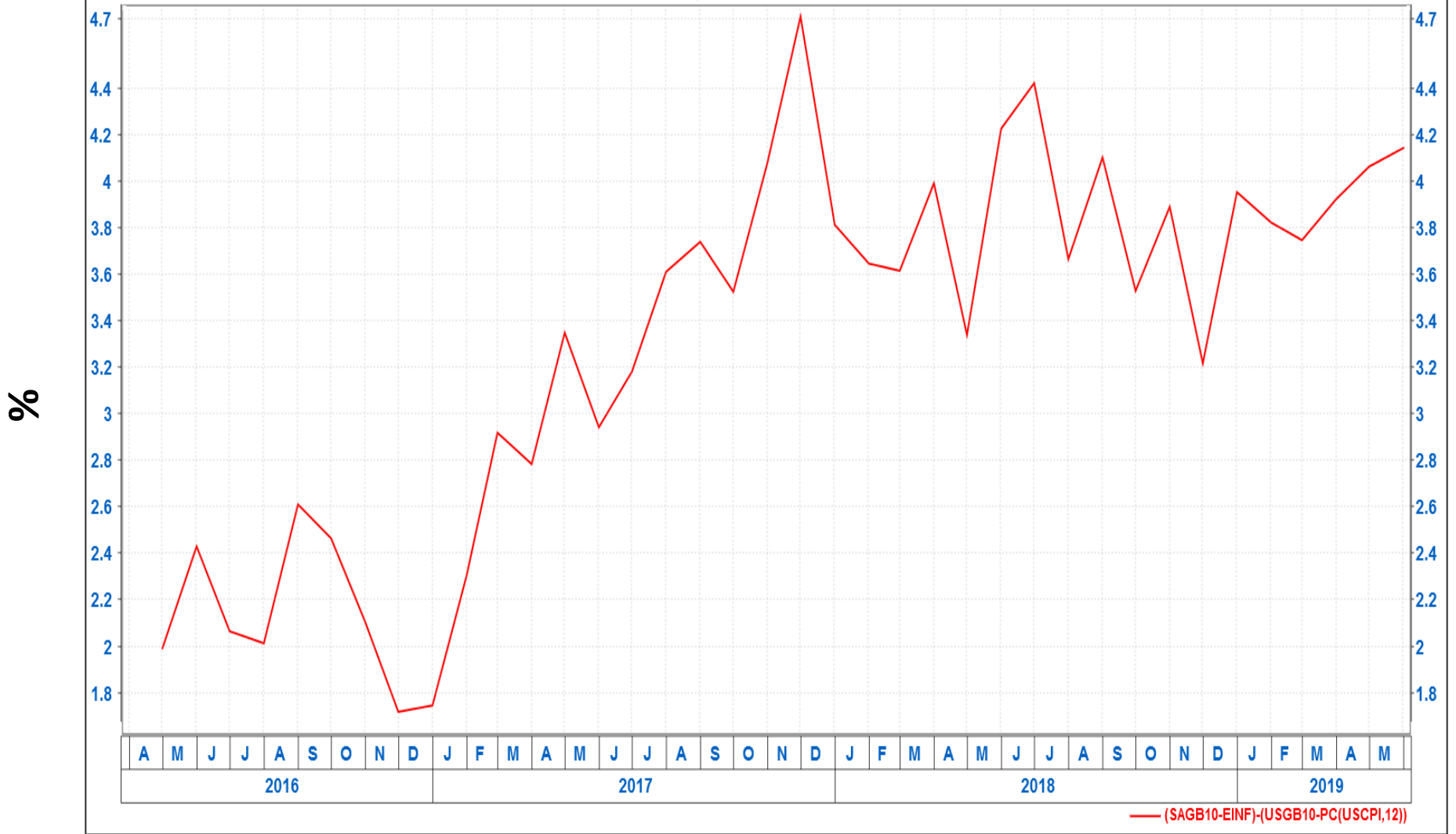
SA : GOVT 10 YEAR BOND-INFLATION RATE - SOUTH AFRICA (ALL URBAN)  
Monthly 2015-03-31 to 2019-05-31



Period

# Real Interest Rate - SA vs. USA

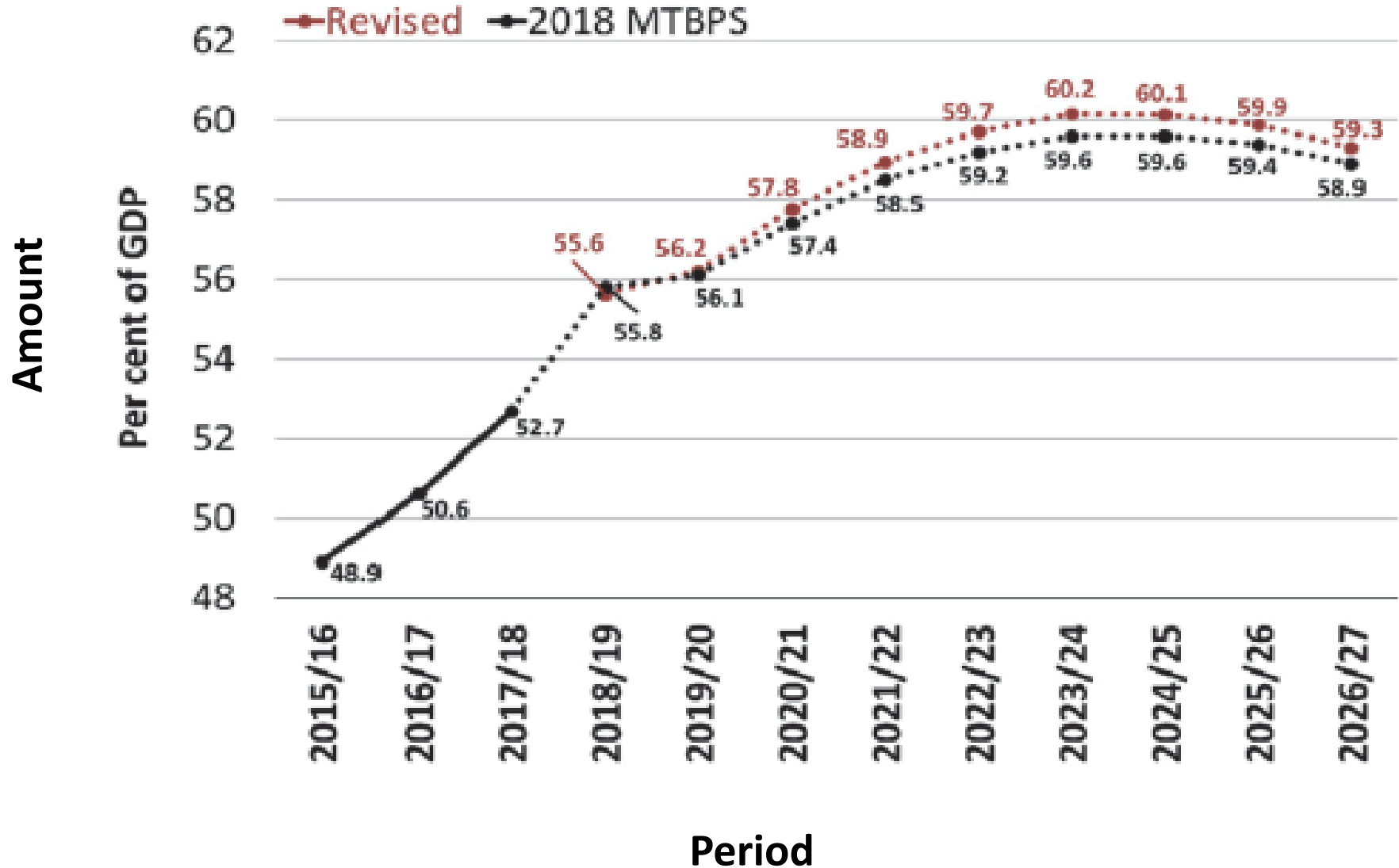
Percentage Change 12 of INFLATION RATE - SOUTH AFRICA (ALL URBAN), SA : GOVT 10 YEAR BOND, USA : CONSUMER PRICE INDEX - ALL URBAN S/A, USA : GOVT 10 YEAR BOND  
 Monthly 2016-03-31 to 2019-05-31



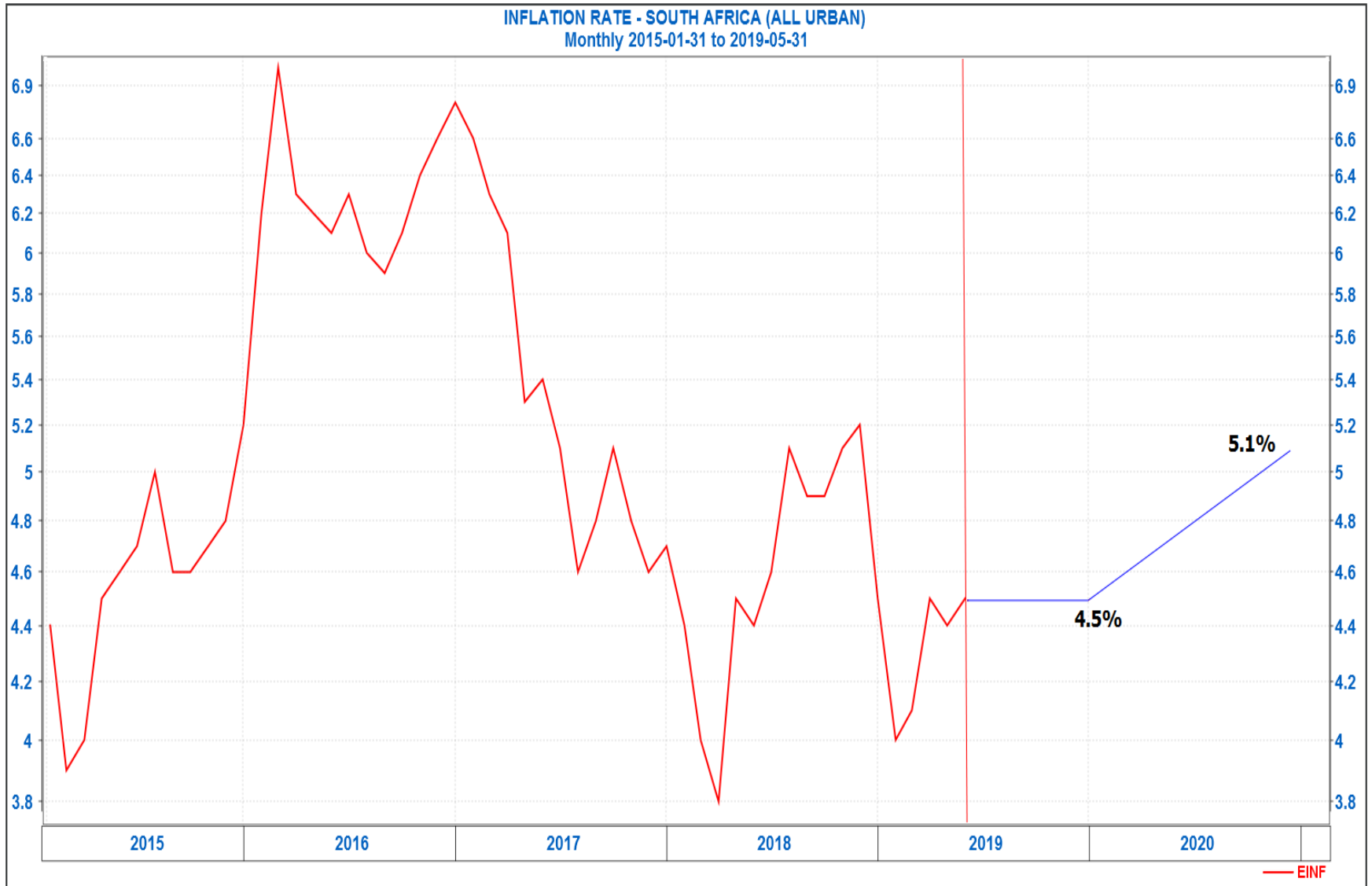
Period

# SA Government Debt %GDP

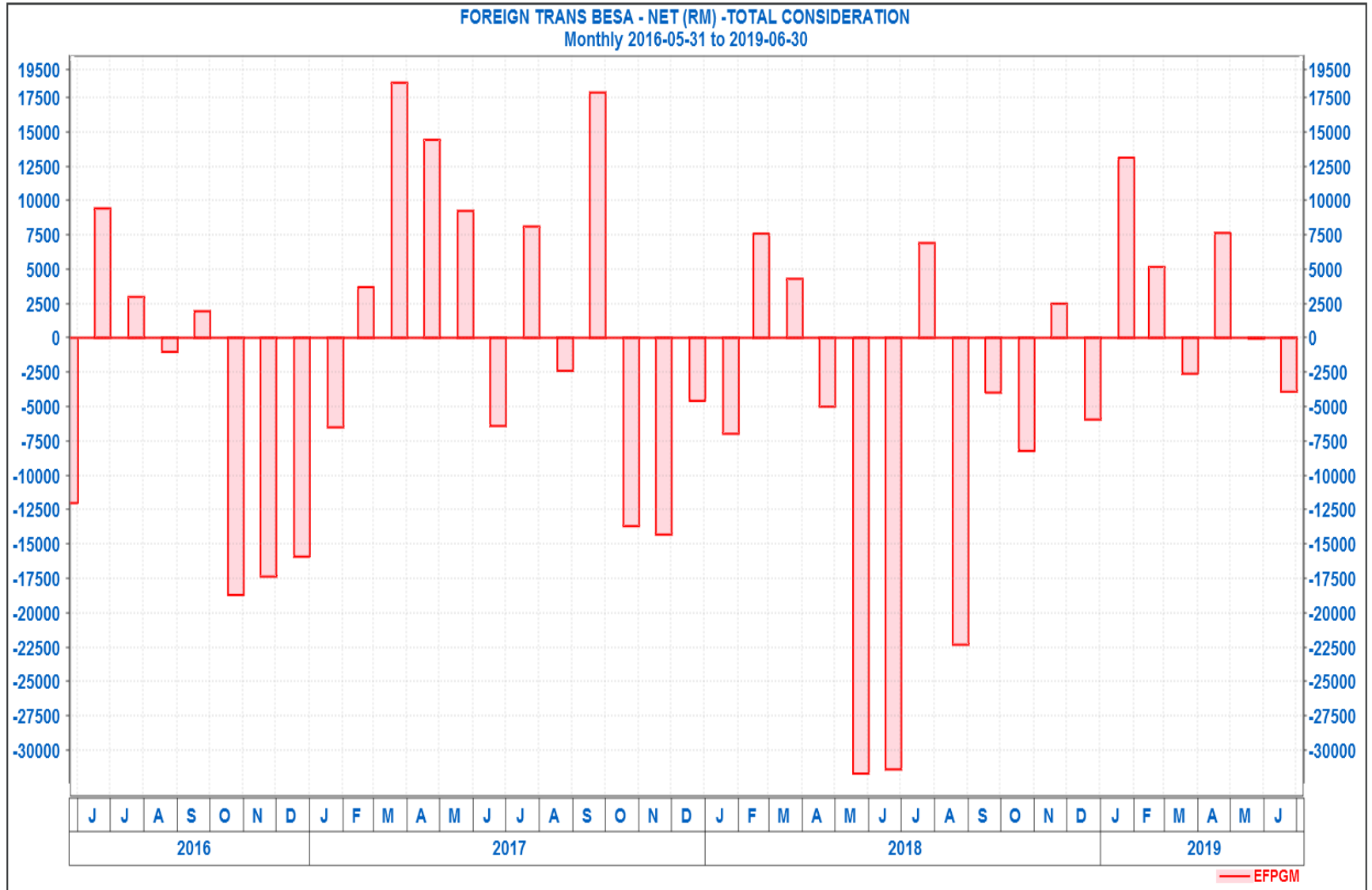
Figure 1.3 Gross debt-to-GDP outlook



# SARB Inflation Expectation



# Foreign In- and out flows in Capital market (Million)



# **Commodities Market**

# Commodity Index

RJ/CRB TOTAL RETURN INDEX  
Weekly 2013-01-06 to 2019-07-07

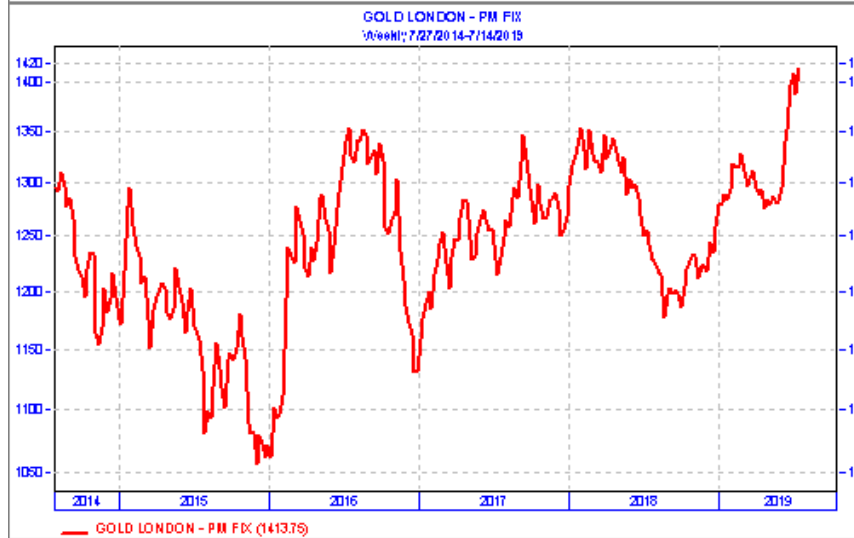
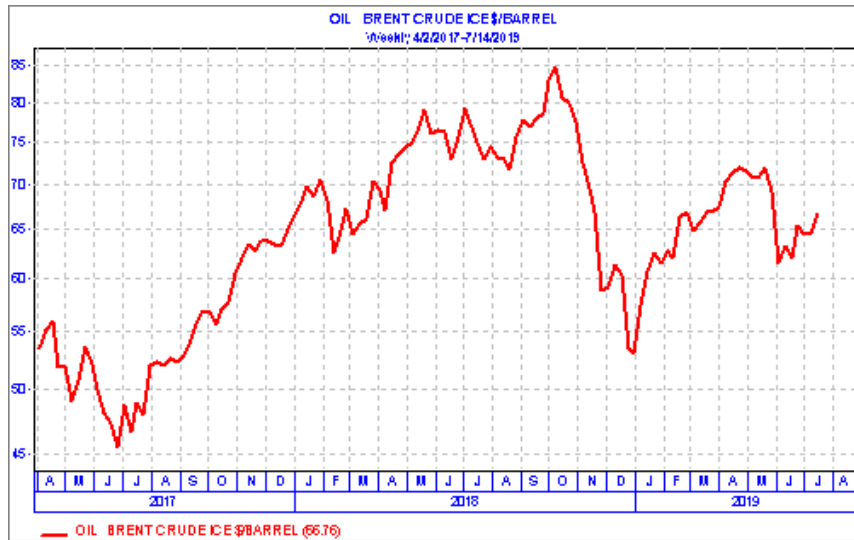
Index Points



— FCRB

Period

# Commodity Prices



# Equities Market

## **Equities Market:**

SA Equities recovered in the first half of 2019, in line with positive World Equity Markets, and is fairly priced relative to the Capital Market.

# China – Shanghai A Share Index



# Japan – Nikkei 225

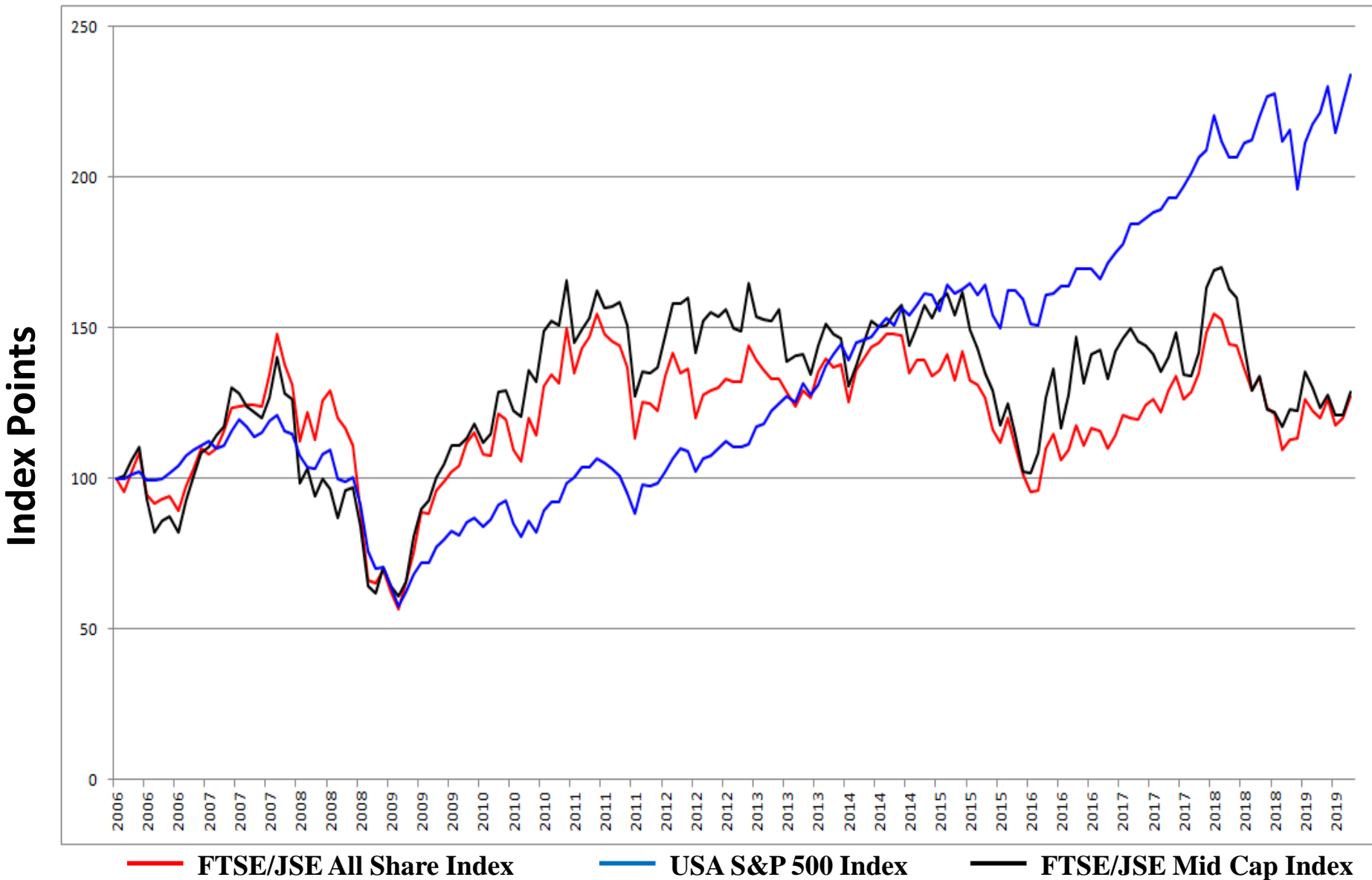
JAPAN : NIKKEI 225 INDEX  
Weekly 2013-01-06 to 2019-07-07



— FJNK

Period

# SA All Share Index and USA S&P 500 Index (\$)

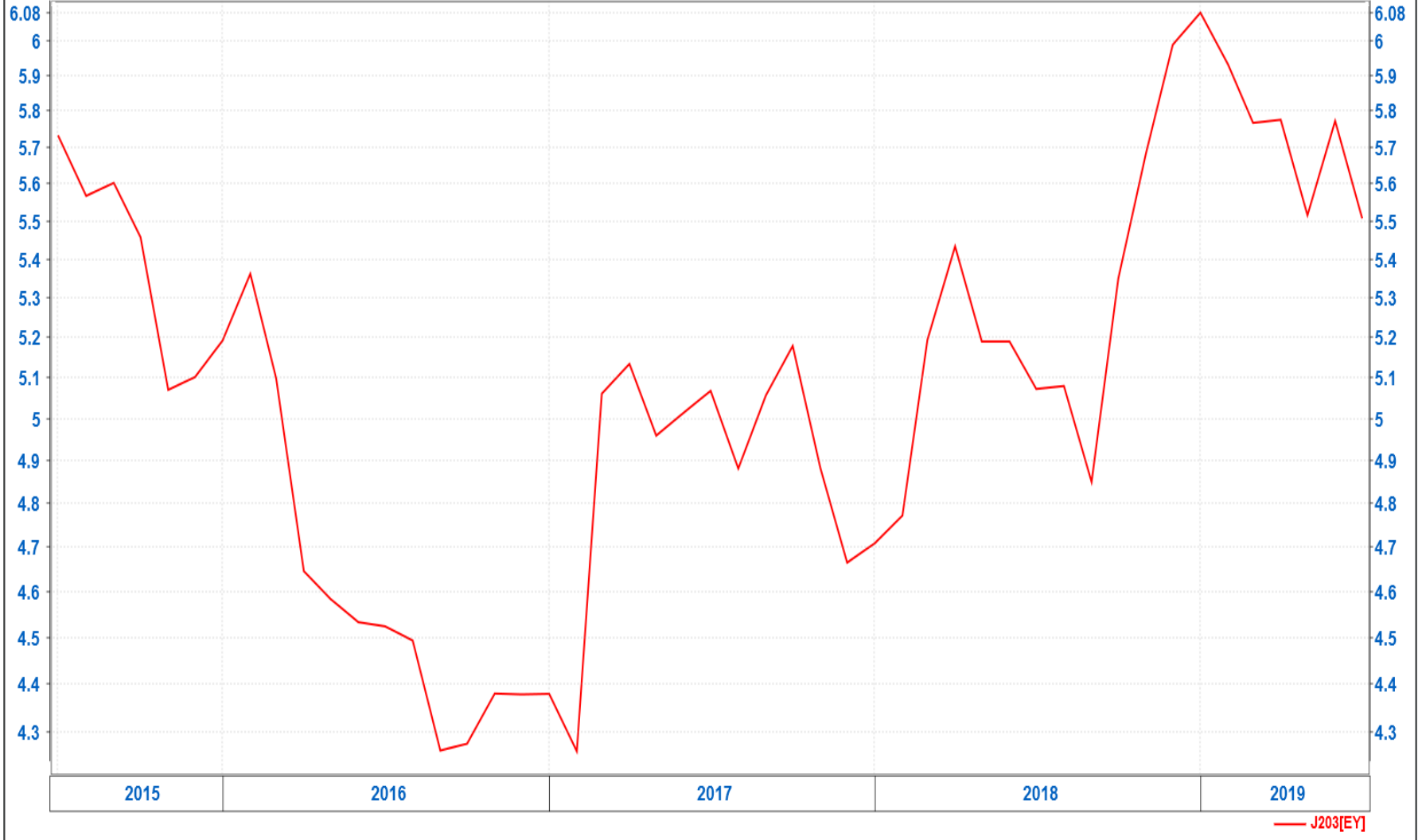


**— FTSE/JSE All Share Index**      **— USA S&P 500 Index**      **— FTSE/JSE Mid Cap Index**

**Period**

# SA All Share Index – Earnings Yield

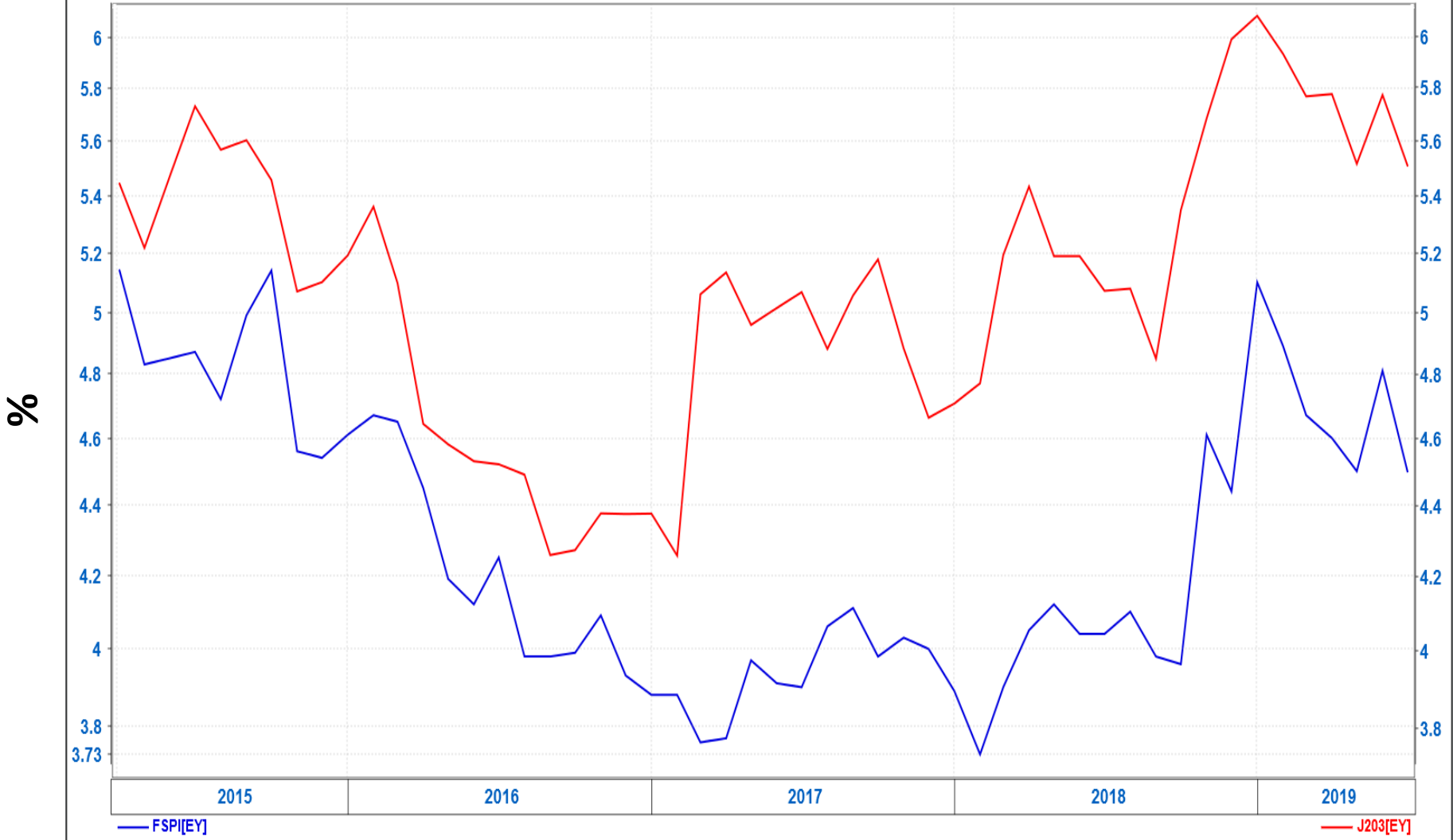
FTSE/JSE : AFRICA ALL SHARE INDEX (Earnings Yield)  
Monthly 2015-06-30 to 2019-06-30



Period

# Earnings Yield- SA vs. USA

FTSE/JSE : AFRICA ALL SHARE INDEX (Earnings Yield), USA : S & P 500 COMPOSITE INDEX (Earnings Yield)  
Monthly 2015-03-31 to 2019-06-30



— S.A. All Share Earnings Yield

— USA S&P 500 Shares Earnings Yield

Period

# Real EY- SA vs. USA

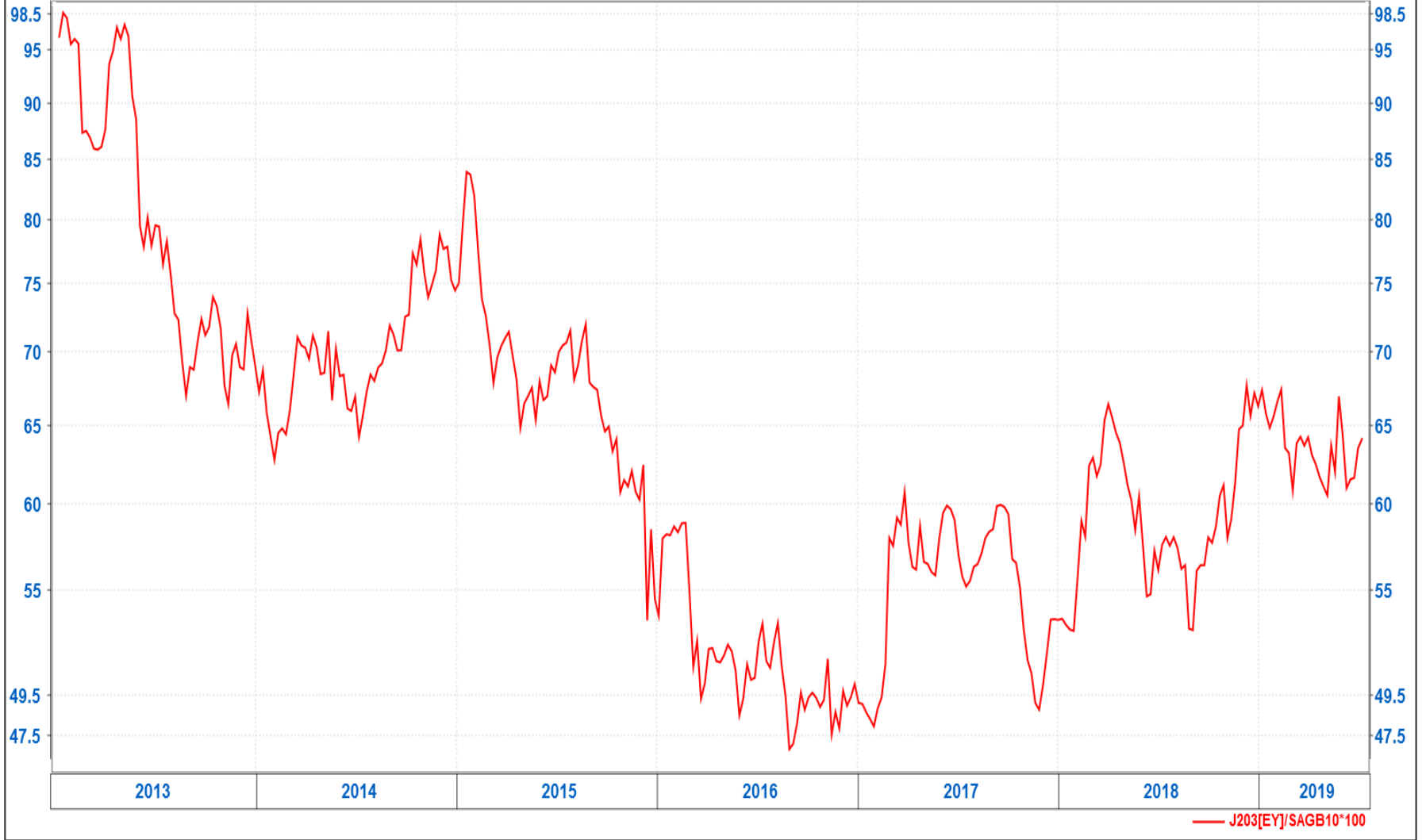
Percentage Change 12 of INFLATION RATE - SOUTH AFRICA (ALL URBAN), USA : S & P 500 COMPOSITE INDEX (EY), FTSE/JSE : AFRICA ALL SHARE INDEX (EY), USA : CONSUMER PRICE INDEX - ALL URBAN S/A  
Monthly 2015-03-31 to 2019-05-31



Period

# Relative value of share's against Capital market rates

FTSE/JSE : AFRICA ALL SHARE INDEX (Earnings Yield)/SA : GOVT 10 YEAR BOND\*100  
Weekly 2013-01-06 to 2019-07-07



Period