

International Economic Indicators

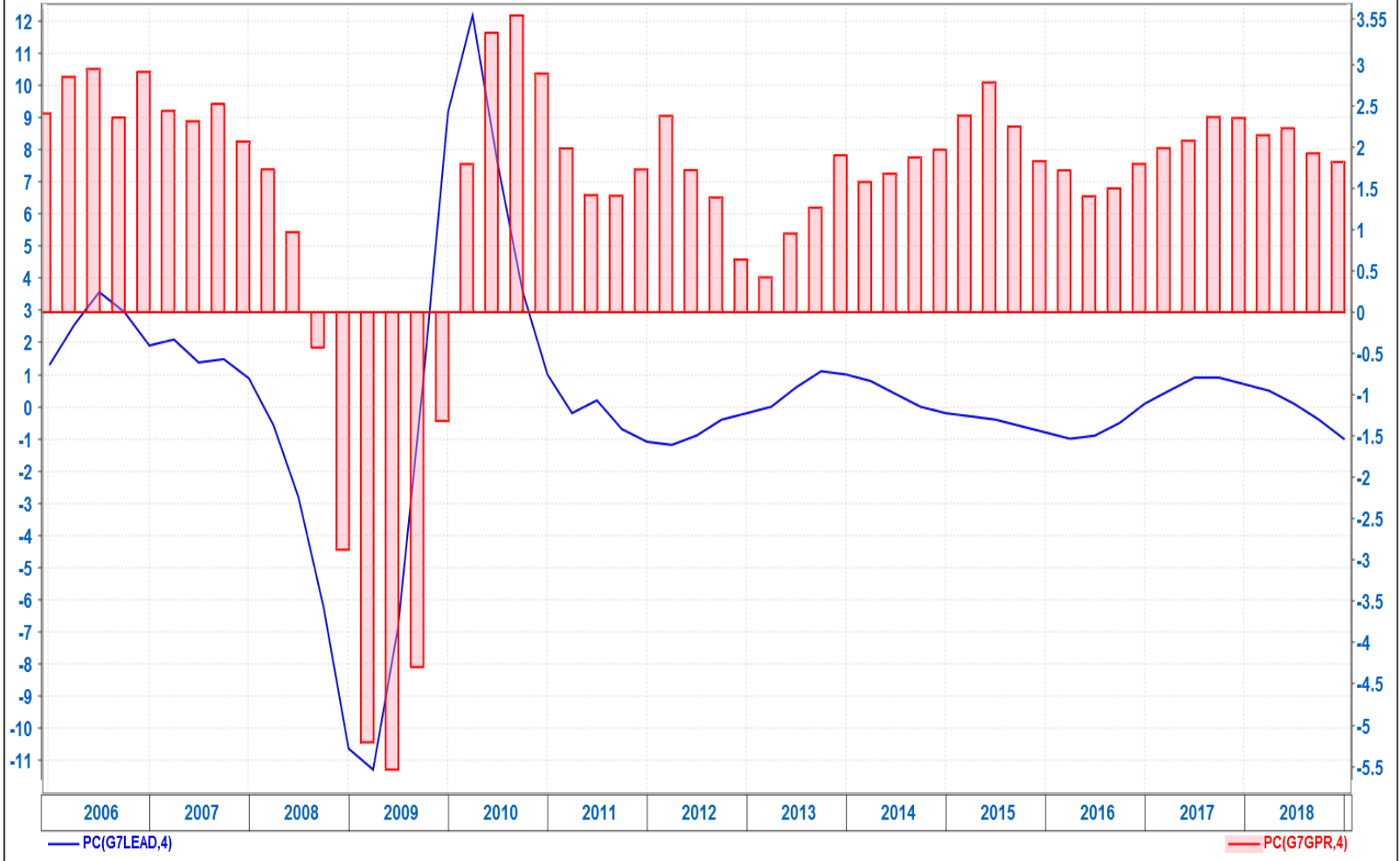
Worldwide: G7

Economic growth is slightly lower at 1.8% in the last quarter of 2018 for the G7 countries, with leading indicators still signaling an overall slowdown in the economic growth for the next quarter. Most of the growth figures reported for the G7 countries seem to support the slowdown expected in Q1 of 2019.

Unemployment rates have increased to 4.6% in the first quarter; while the latest inflation figures has decreased to below the 2% 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 2005-12-31 to 2018-12-31



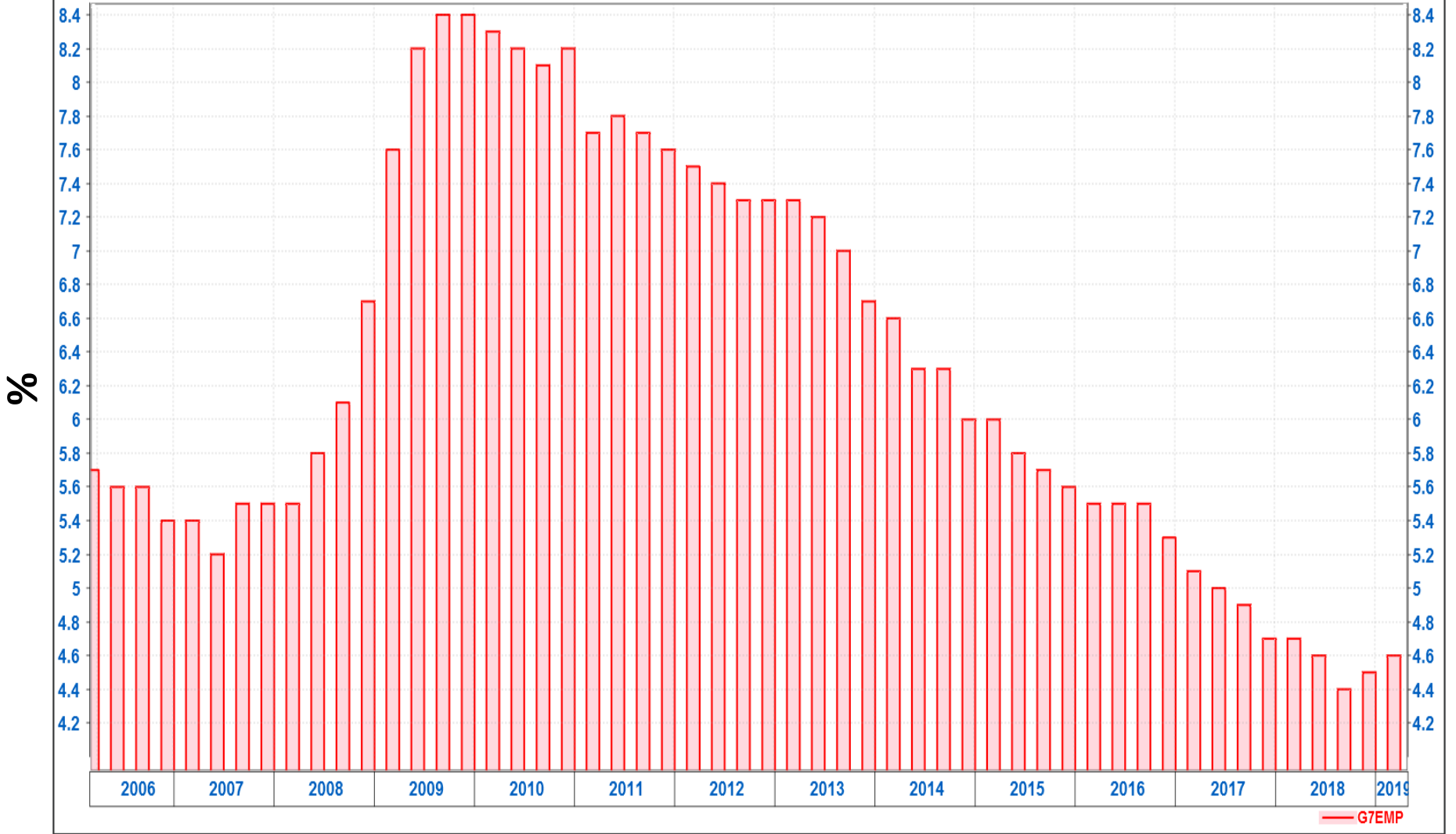
— G7 Leading Indicator

— G7 Growth Rate

Period

G7 – Unemployment

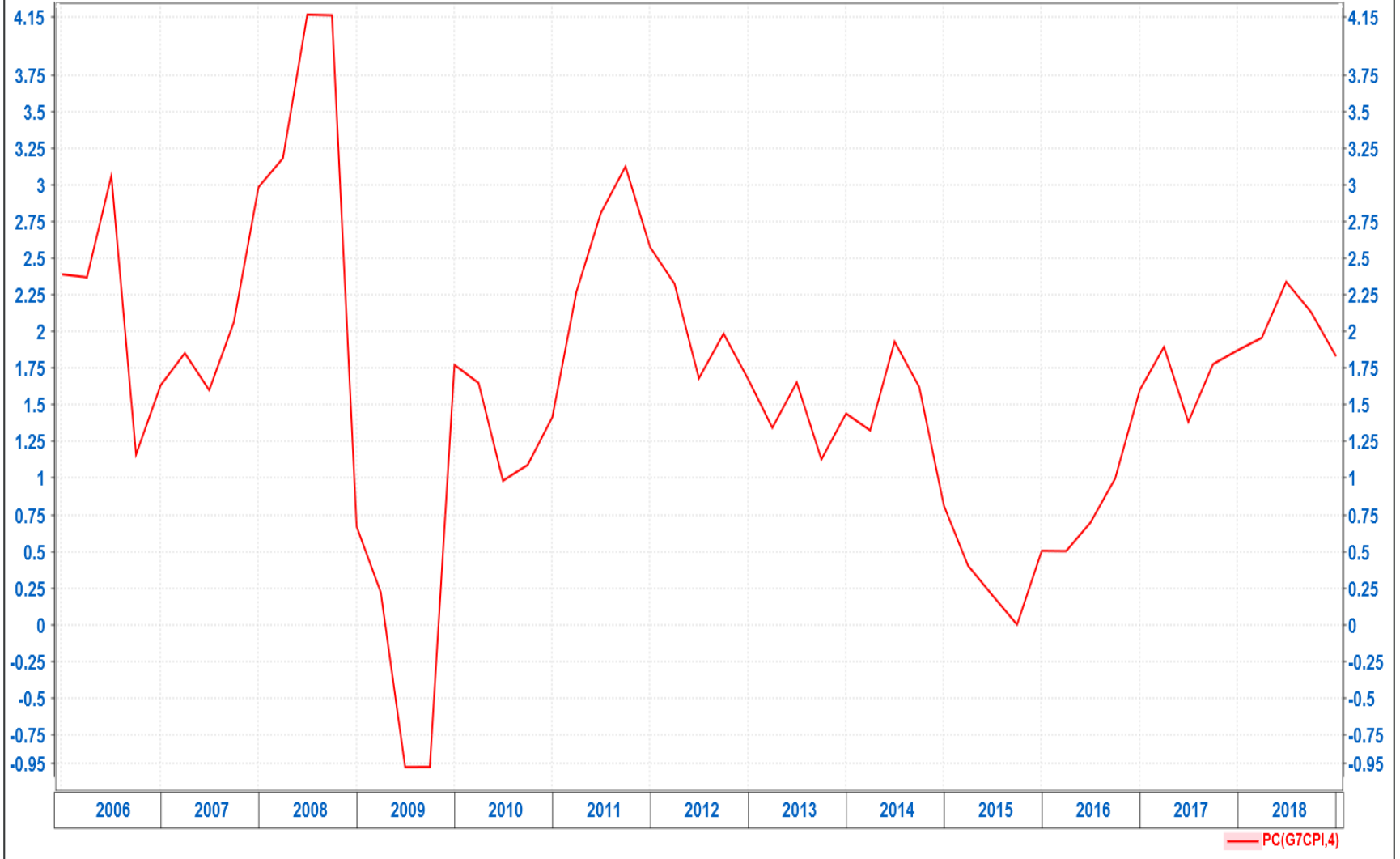
G7 : UNEMPLOYMENT %
Quarterly 2006-03-31 to 2019-03-31



Period

G7 – Inflation

Percentage Change 4 of G7 : CONSUMER PRICE INDEX (2015=100)
Quarterly 2005-12-31 to 2018-12-31



Period

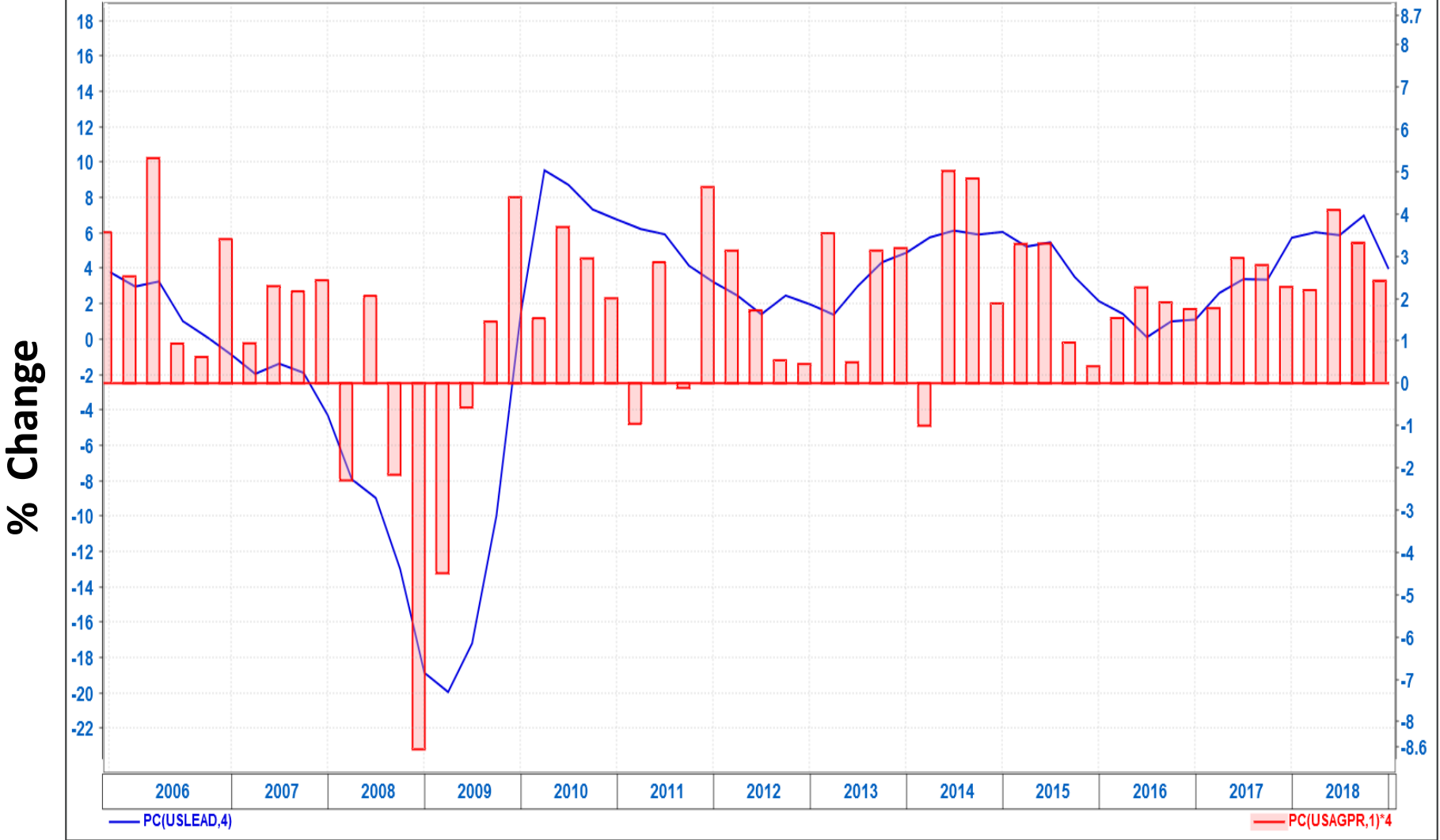
Unites States:

The final US economic growth came in at 2.2% for the fourth quarter of 2018, indicating a systematic slowdown in domestic growth since Q2 of 2018. Inflation came in just below the 2% level. The unemployment rate is stable at 3.8% for March 2019, and real wages are down on increased inflation for the same period.

Earnings growth of companies is expected to be much lower in 2019, estimated at -3.9% for the first quarter and recovering slightly to 0.1% for the second quarter of 2019, after yielding 12.4% growth in the final quarter of 2018.

USA – Economic Growth Rate

PC(USAGPR,1)*4 , Percentage Change 4 of USA : COMPOSITE LEADING INDICATOR (2016=100)
Quarterly 2005-09-30 to 2018-12-31

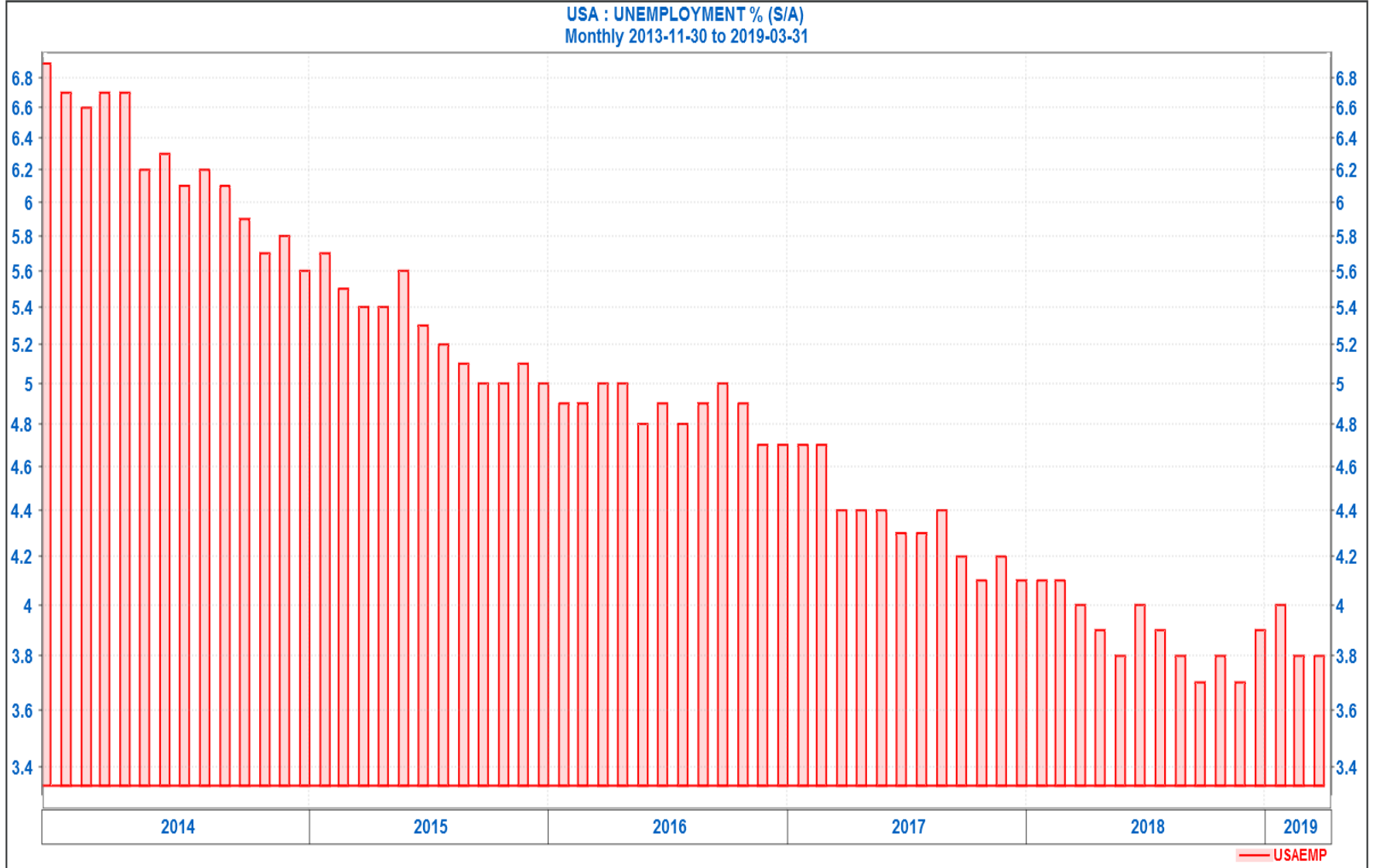


— USA Growth Rate

— USA Leading Indicator

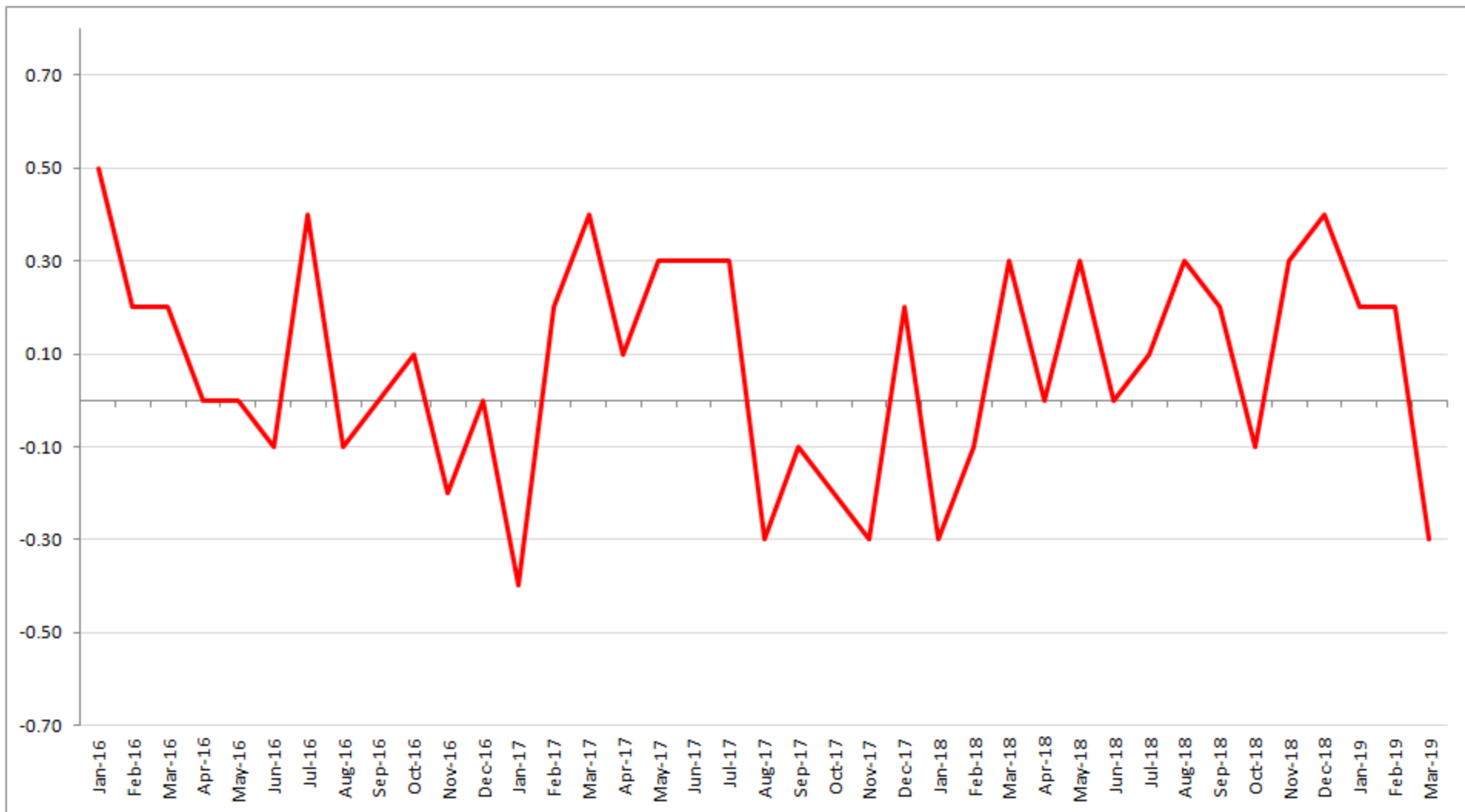
Period

USA – Unemployment



Period

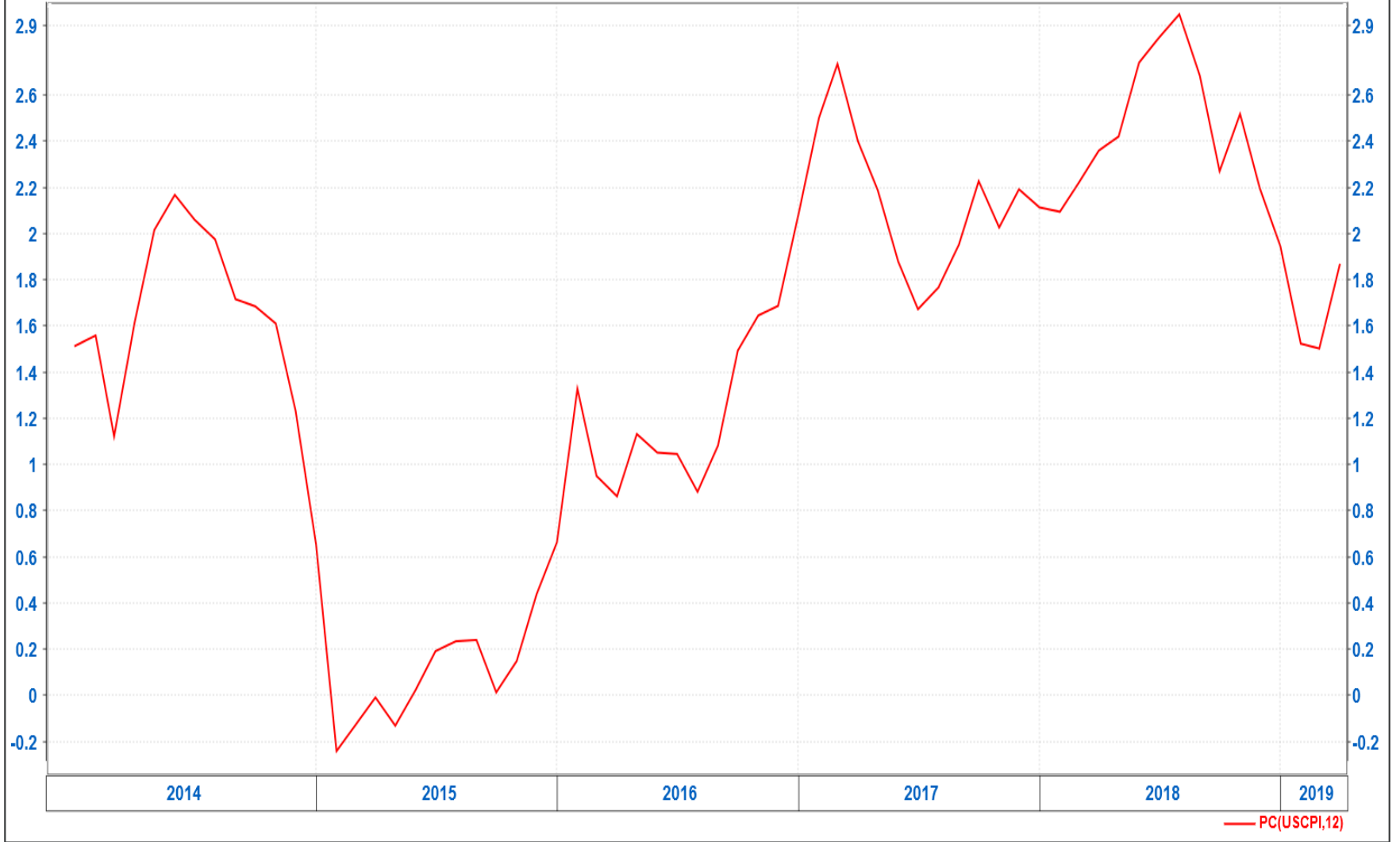
Real US Wages Growth (MoM)



Period

USA – Inflation

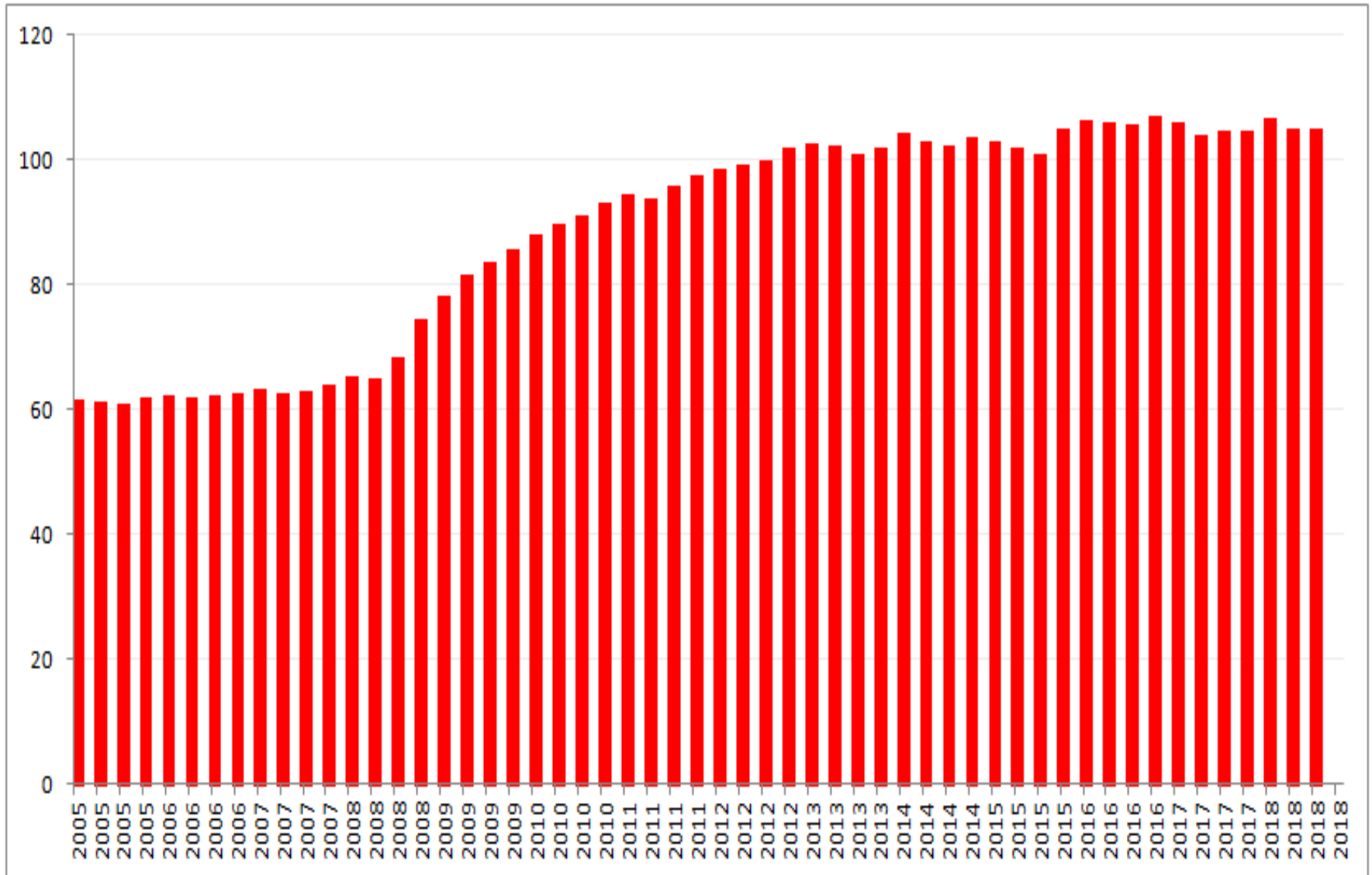
Percentage Change 12 of USA : CONSUMER PRICE INDEX - ALL URBAN S/A
Monthly 2013-11-30 to 2019-03-31



— PC(USCPI,12)

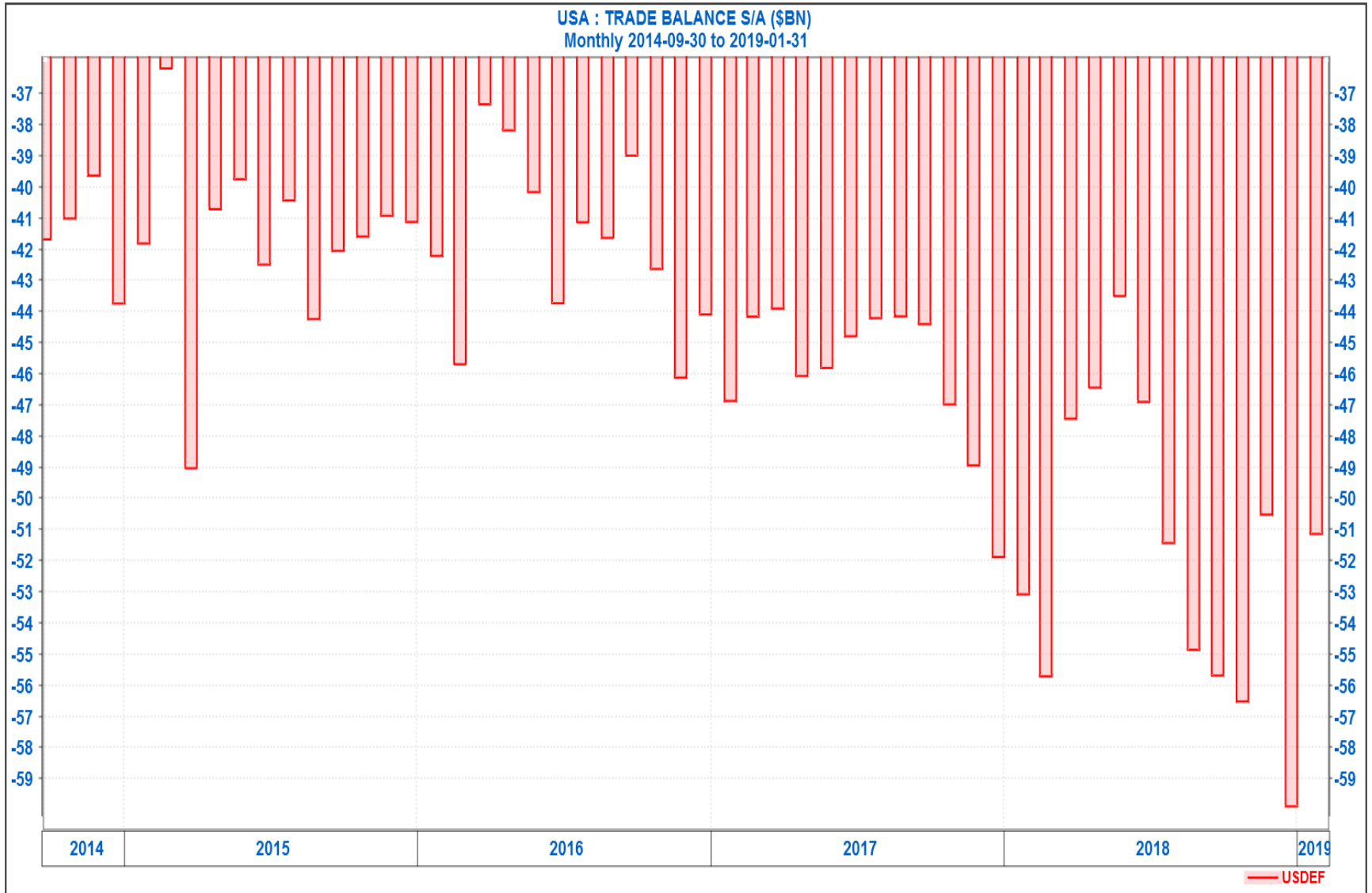
Period

USA – Government Debt %GDP (\$ Million)



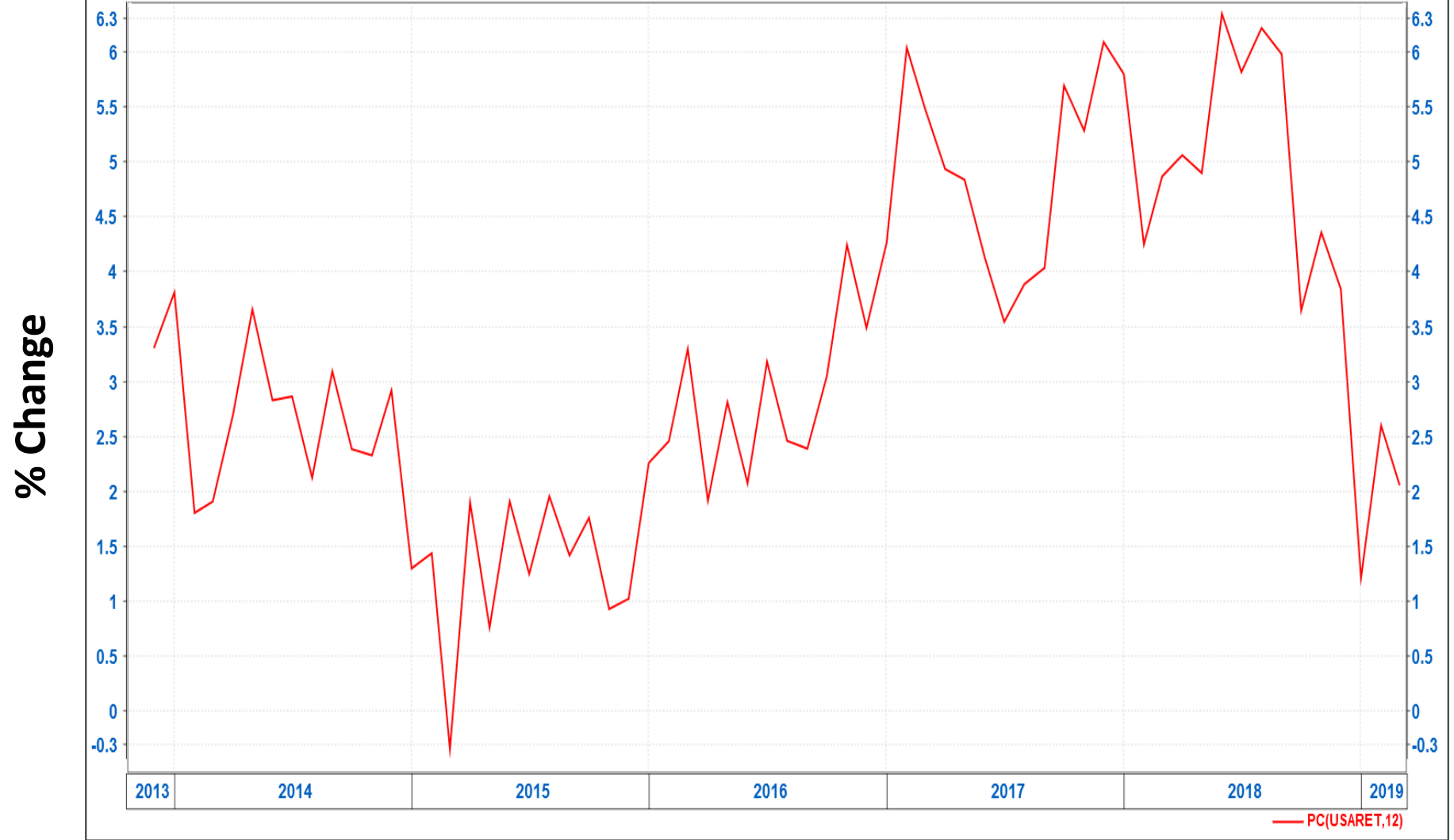
Period

USA - Trade Balance Deficit (\$ Billion)



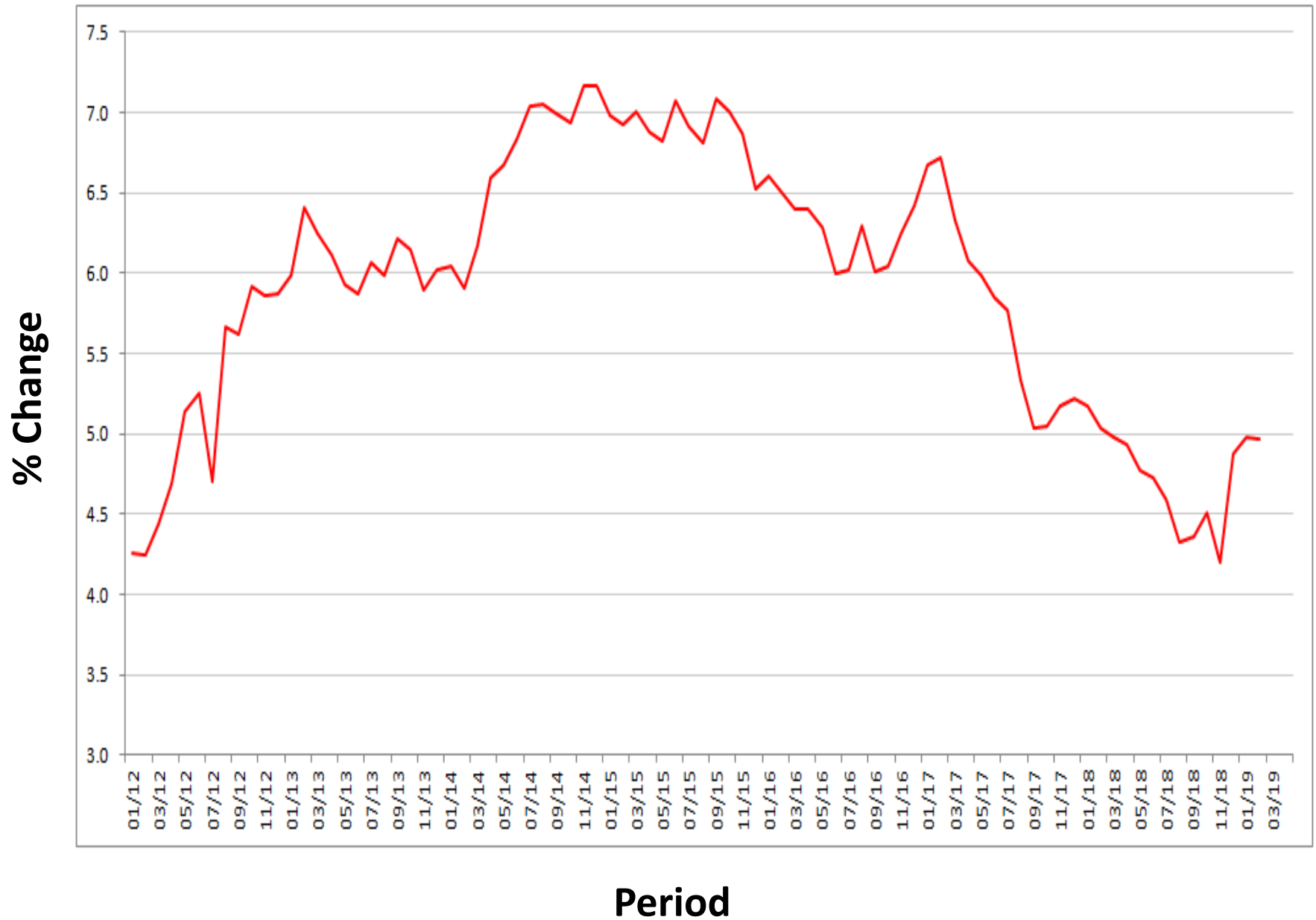
USA - Retail Sales

Percentage Change 12 of USA : RETAIL TRADE - VALUE S/A (US\$BN)
Monthly 2013-10-31 to 2019-02-28

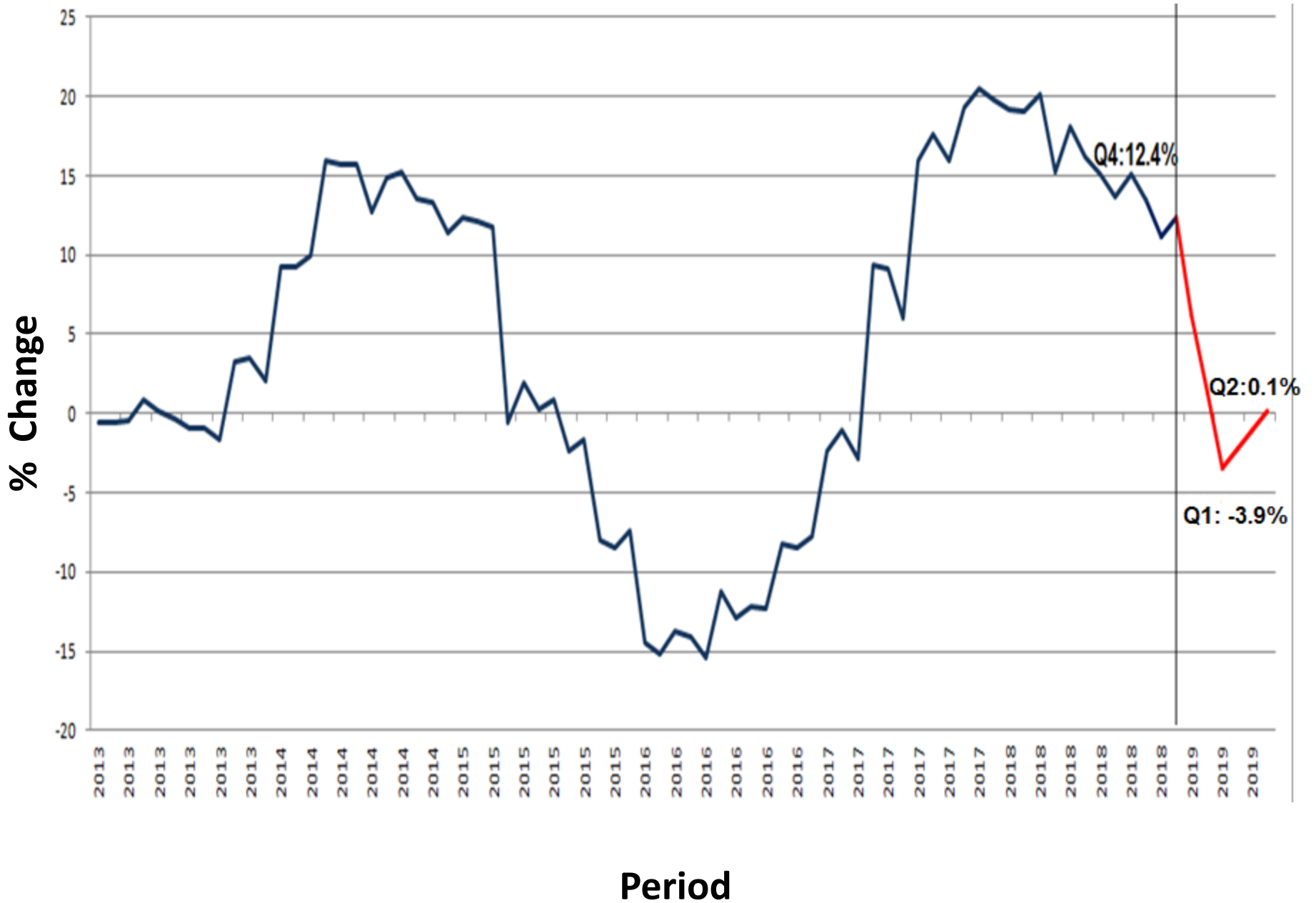


Period

USA – Consumer Credit



USA – S&P 500 Earnings Growth

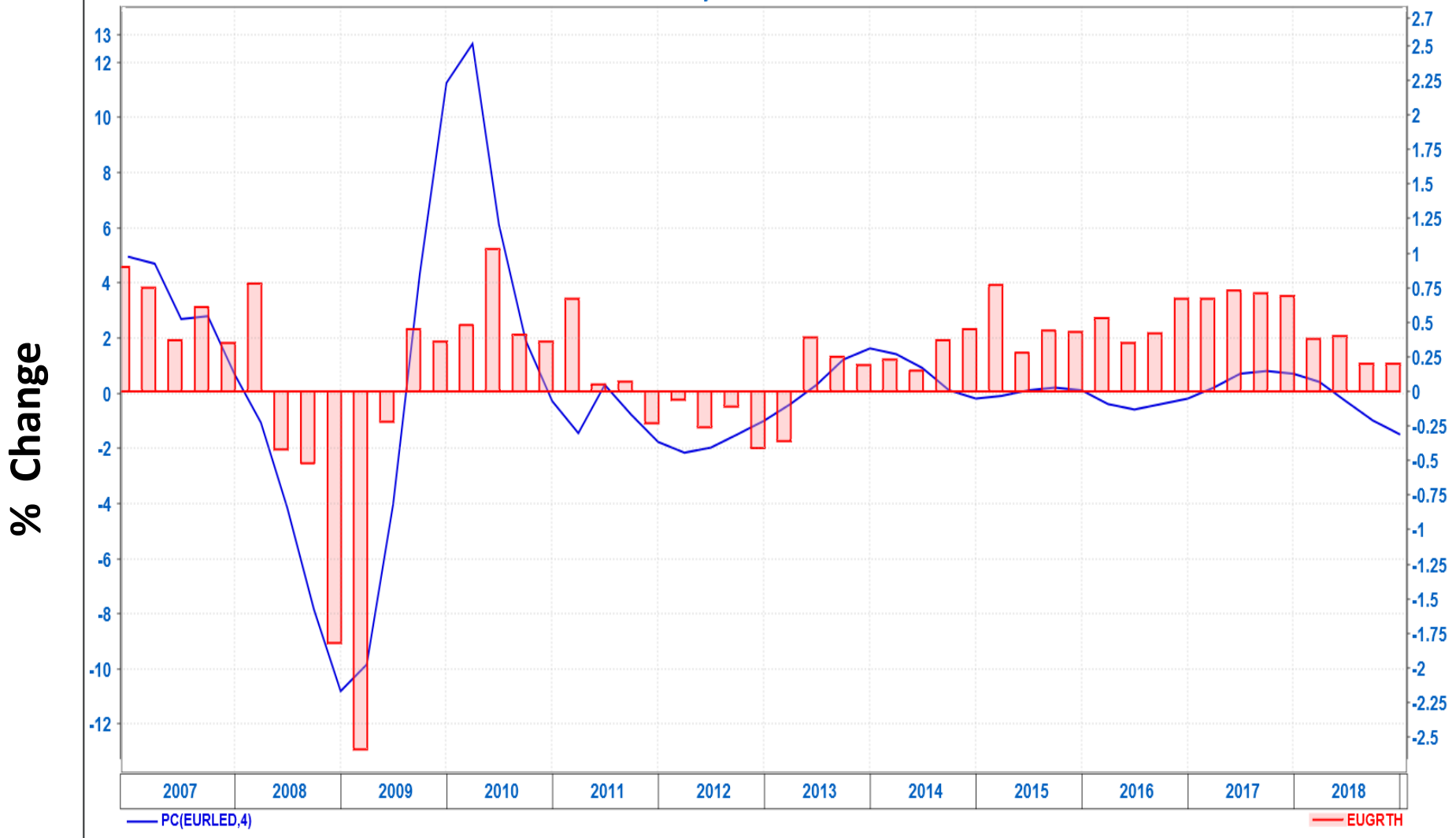


Euro Area:

The ECB remains unlikely to implement restrictive monetary policy as GDP growth remains weak growing at 0.2% for Q4 of 2018. Unemployment remains on a downward trend and stabilized at 7.8% for Q4 of 2018. Inflation remains far below the 2% level. The European Economy remains weak.

Europe – Economic Growth Rate Quarterly

EURO-ZONE : G D P-TOTAL- CONSTANT PRICES - GROWTH , Percentage Change 4 of EURO-ZONE : COMPOSITE LEADING INDICATOR
Quarterly 2006-12-31 to 2018-12-31

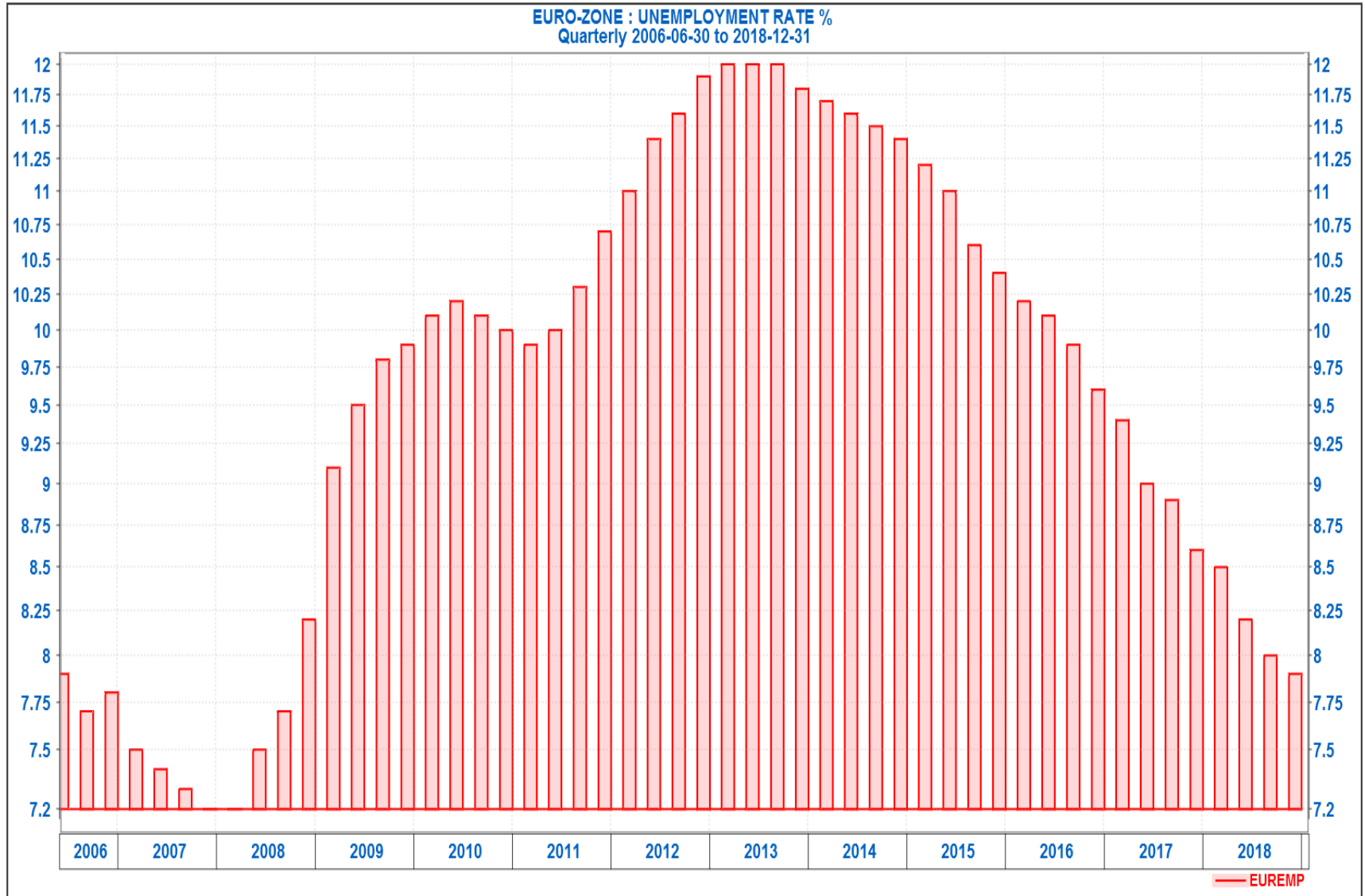


— Europe Growth Rate

— Europe Leading Indicator

Period

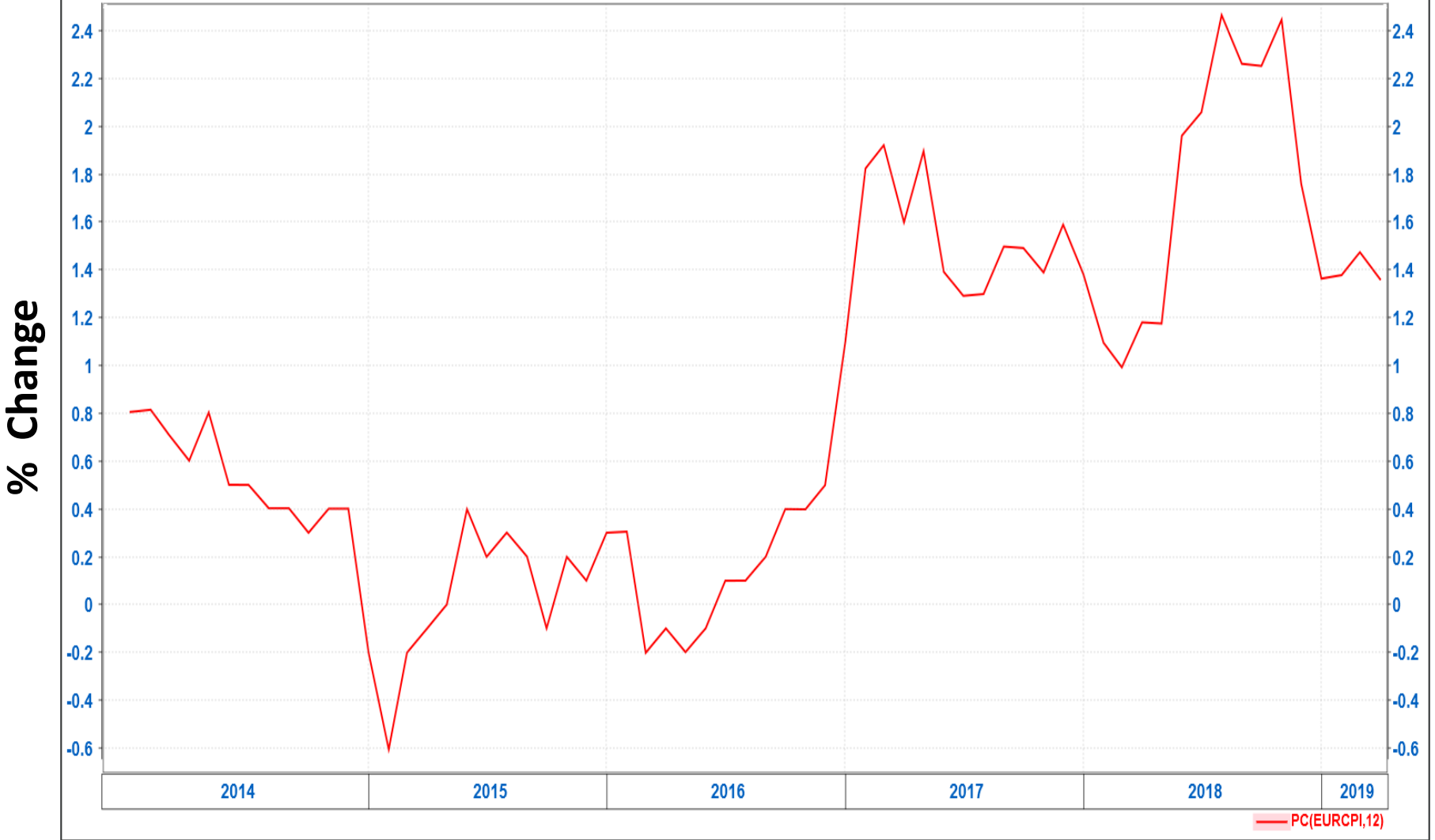
Europe – Unemployment



Period

Europe – Inflation

Percentage Change 12 of EURO-ZONE : CONSUMER PRICE INDEX (2015=100)
Monthly 2013-11-30 to 2019-03-31



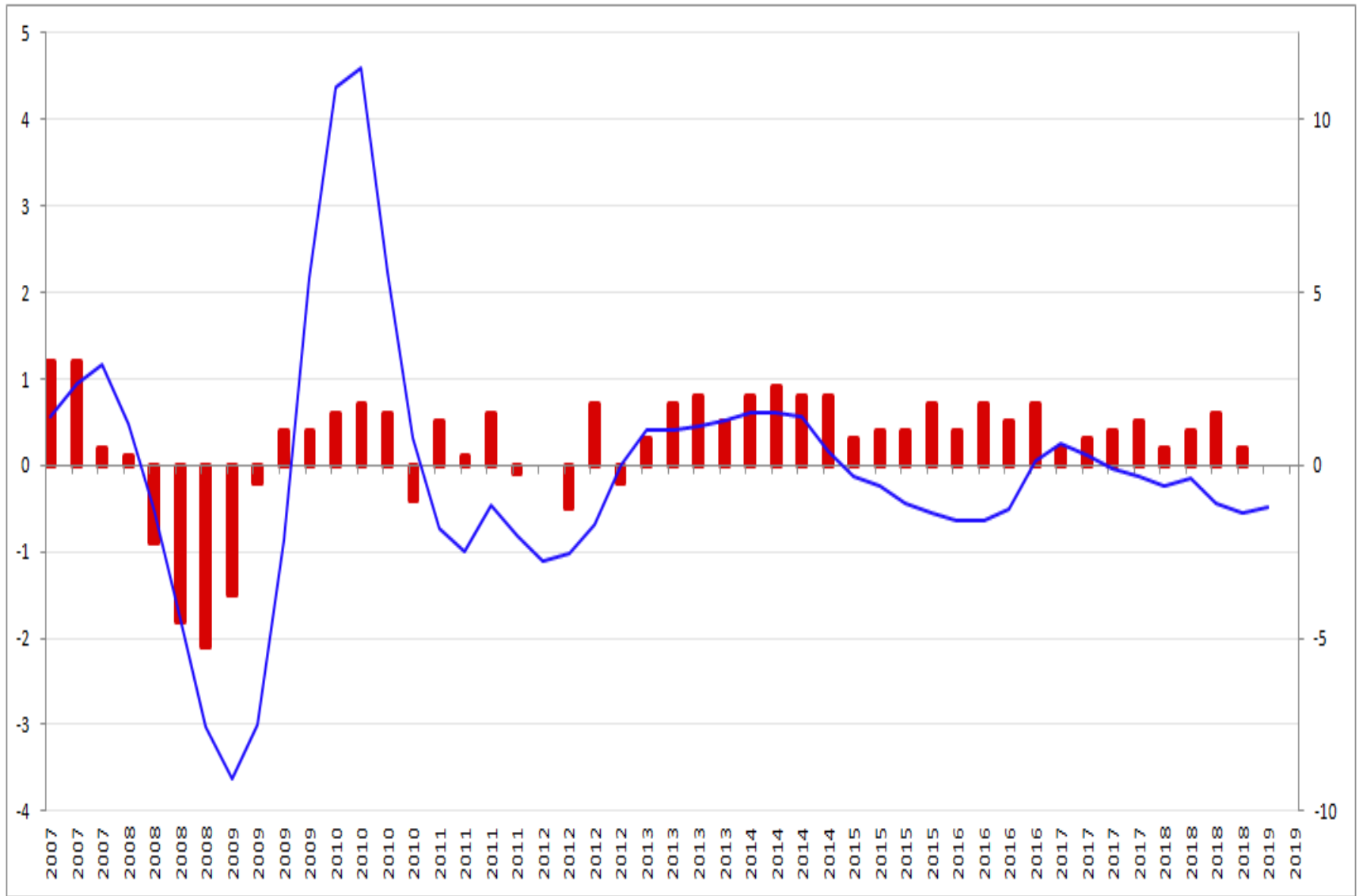
Period

United Kingdom:

Economic growth slowed to 0.2% within the UK during Q4 of 2018, and inflation remains below the 2.5% level. The unemployment rate decreased slightly to 4% in Q4. It is unlikely that the Bank of England will hike interest rates in the near future.

Earnings growth forecasts of companies is expected at 13% for 2019.

UK – Economic Growth Rate Quarterly

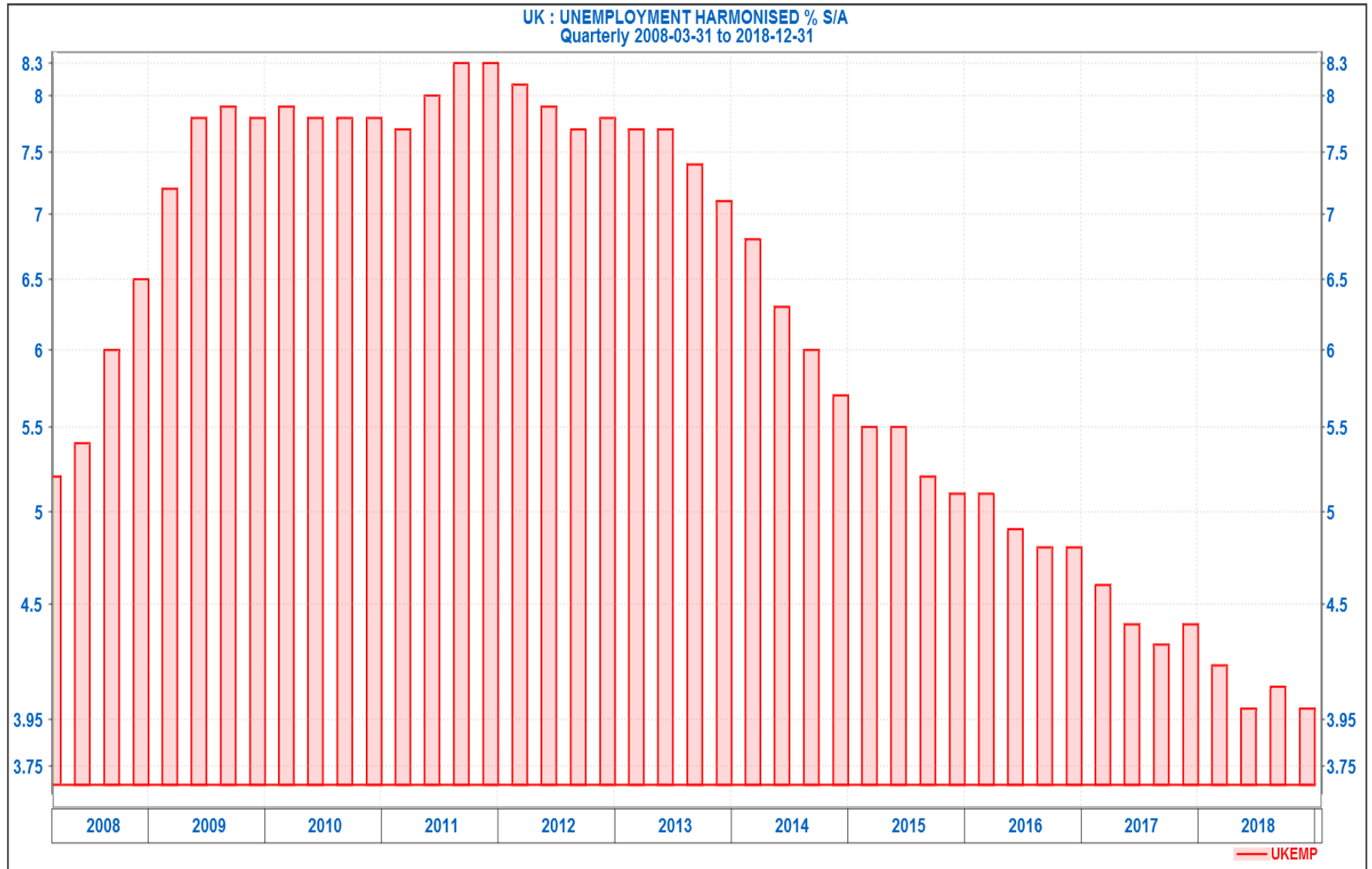


— UK Growth Rate

— UK Leading Indicator

Period

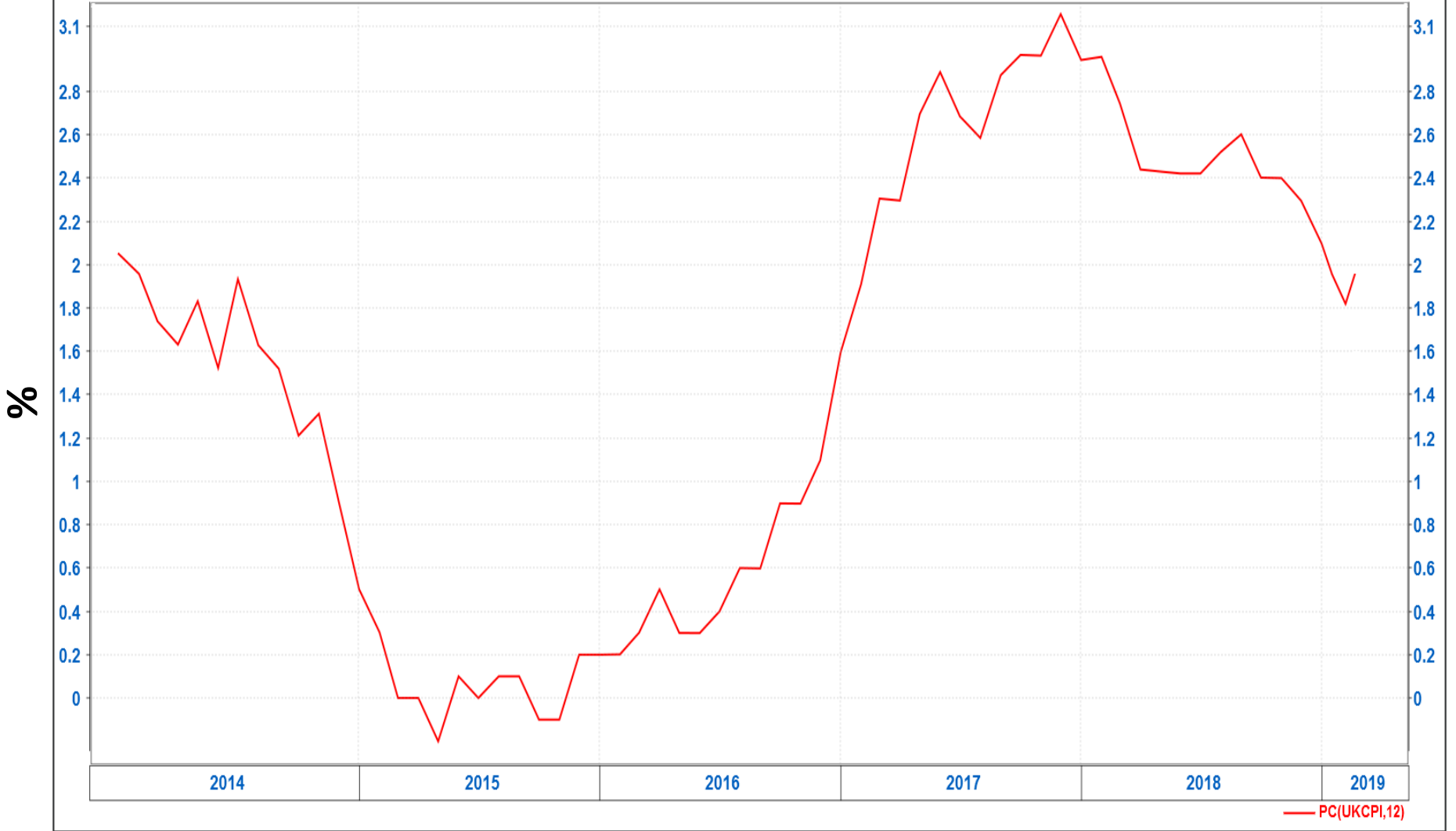
UK – Unemployment



Period

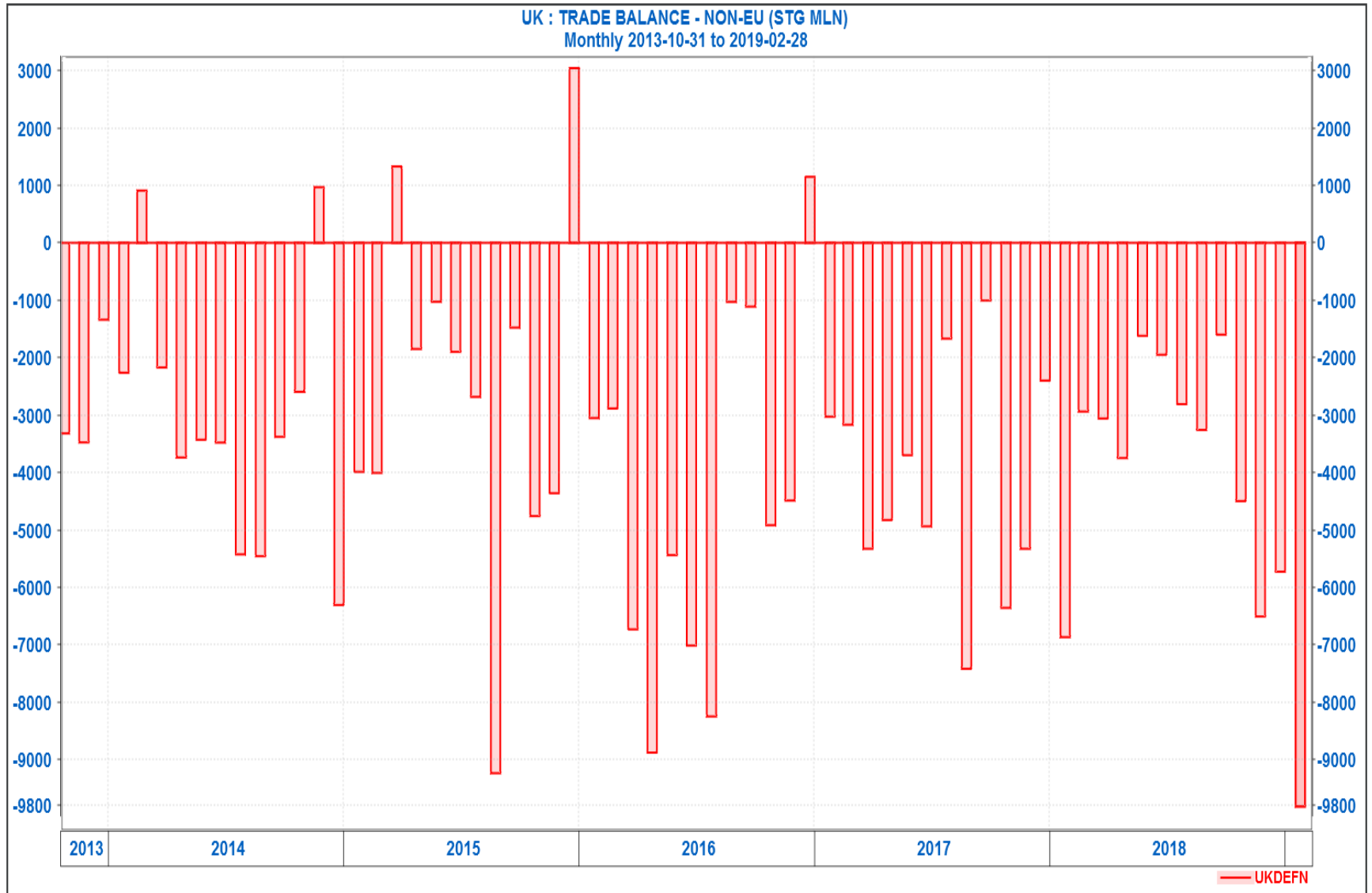
UK – Inflation

Percentage Change 12 of UK : CONSUMER PRICE INDEX-ALL ITEMS (2015=100)
Monthly 2013-11-30 to 2019-03-31

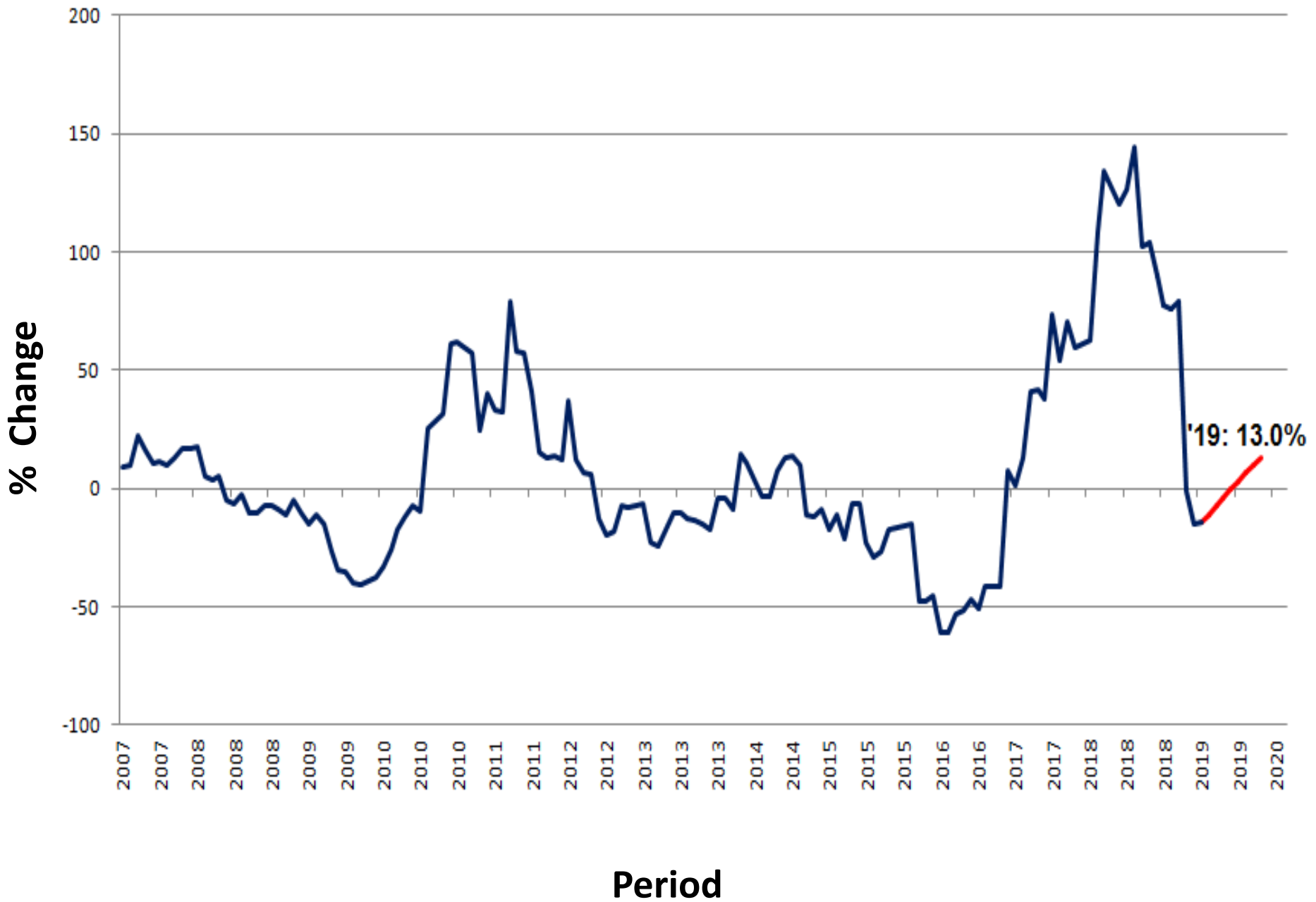


Period

UK – Trade Balance Deficit (£ Millions)



UK – FTSE 100 Earnings Growth



South Africa Economic Indicators

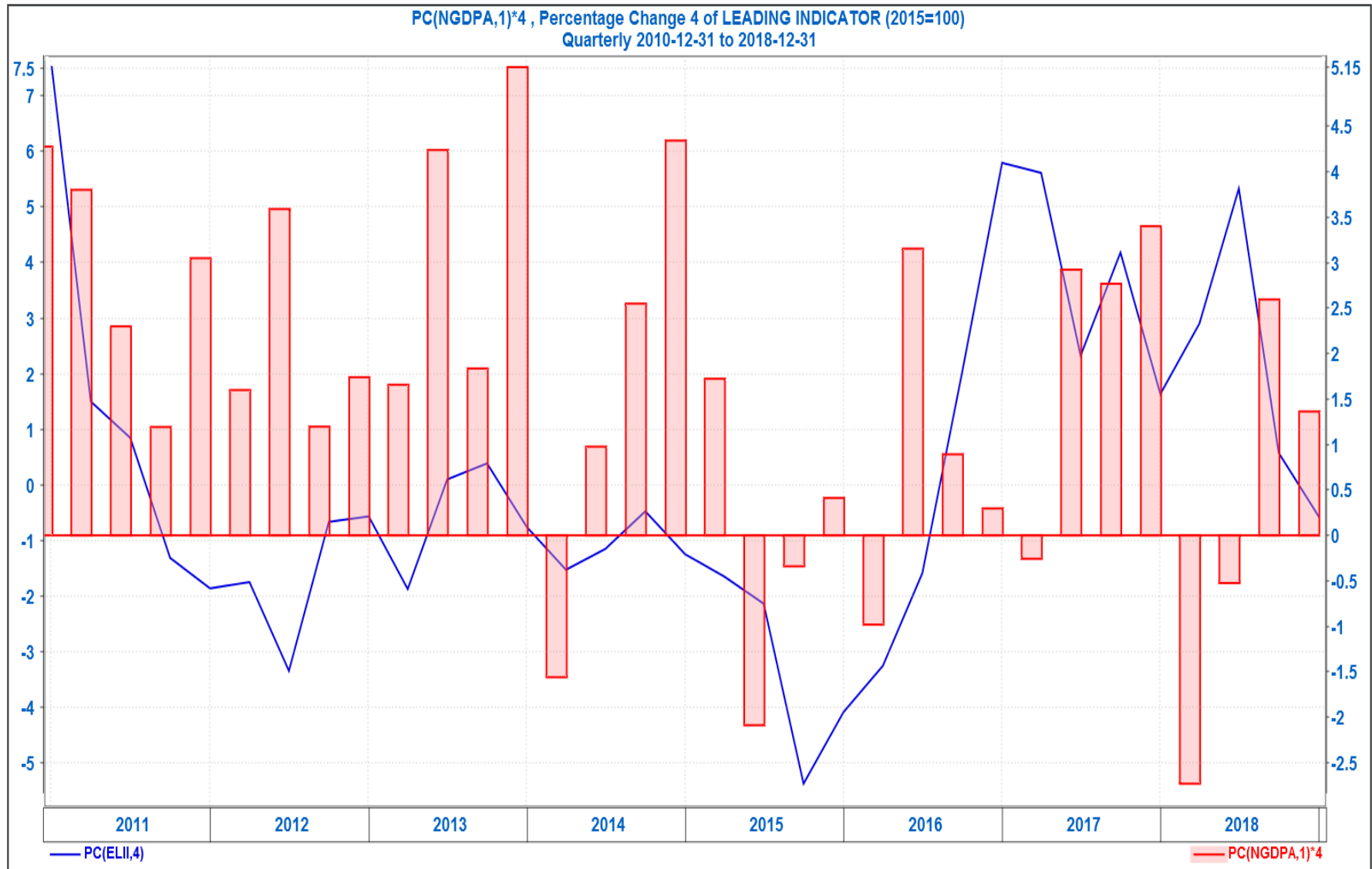
South Africa:

Although economic growth remained positive in Q4 of 2018, it decreased to 1.4% in Q4 from 2.6% in Q3. Unemployment remains high at 27.1% in Q4. Inflation seems stable at 4.1%, ticking up from the low of 3.8%. Retail Sales were up to 1.2% for February whilst consumer credit is down to just above the 6% level.

It is expected that interest rates will be on hold on the back of benign inflation and weak economic growth prospects.

Earnings growth of SA companies is expected to pick up to 23.7% in 2019.

South Africa – Economic Growth Rate Quarterly



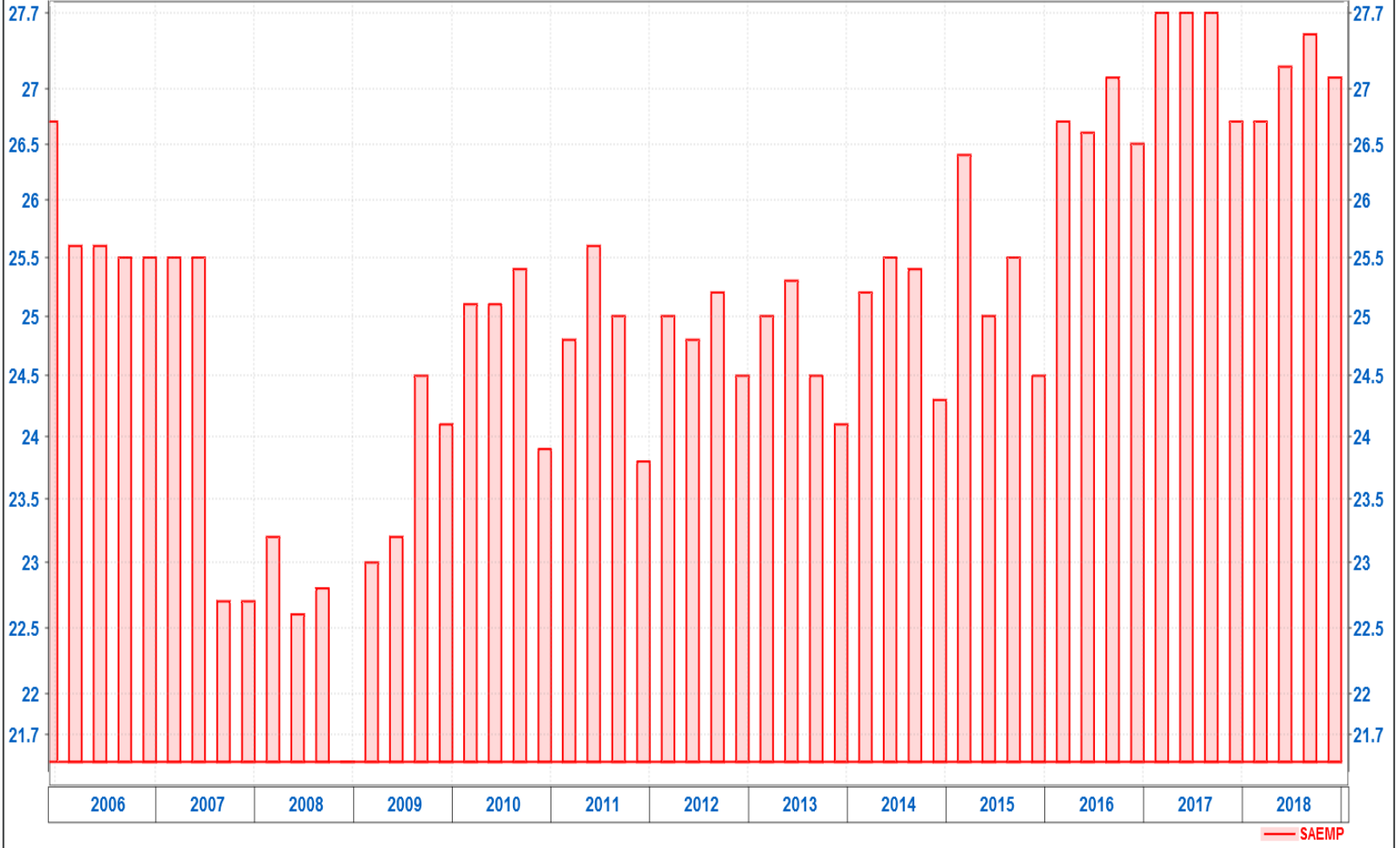
— South Africa Growth Rate

— South Africa Leading Indicator

Period

South Africa – Unemployment

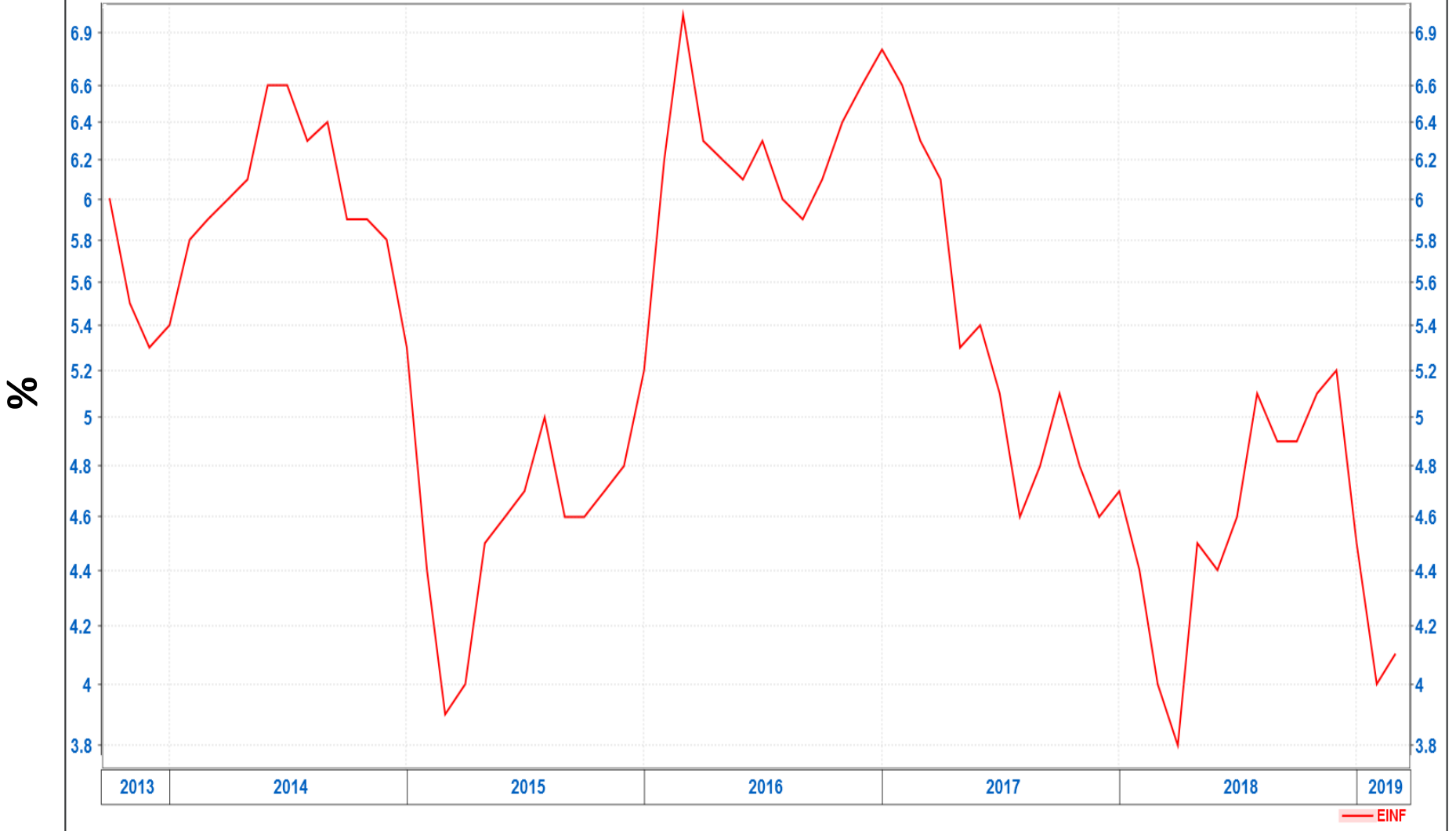
EMPLOYMENT : OFFICIAL UNEMPLOYMENT RATE (ILO)
Quarterly 2005-12-31 to 2018-12-31



Period

South Africa – Inflation Rate

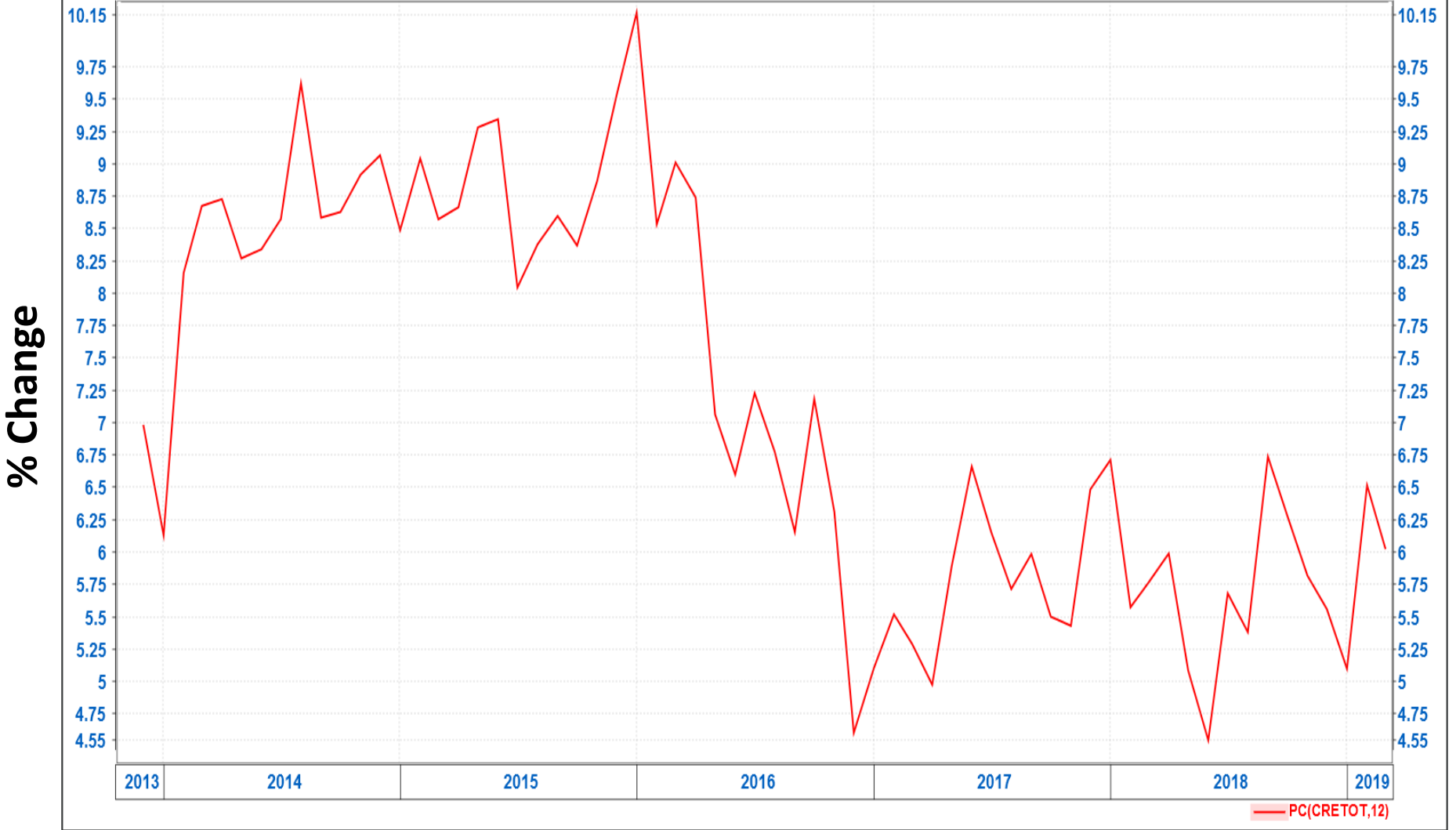
INFLATION RATE - SOUTH AFRICA (ALL URBAN)
Monthly 2013-09-30 to 2019-02-28



Period

South Africa – Consumer Credit

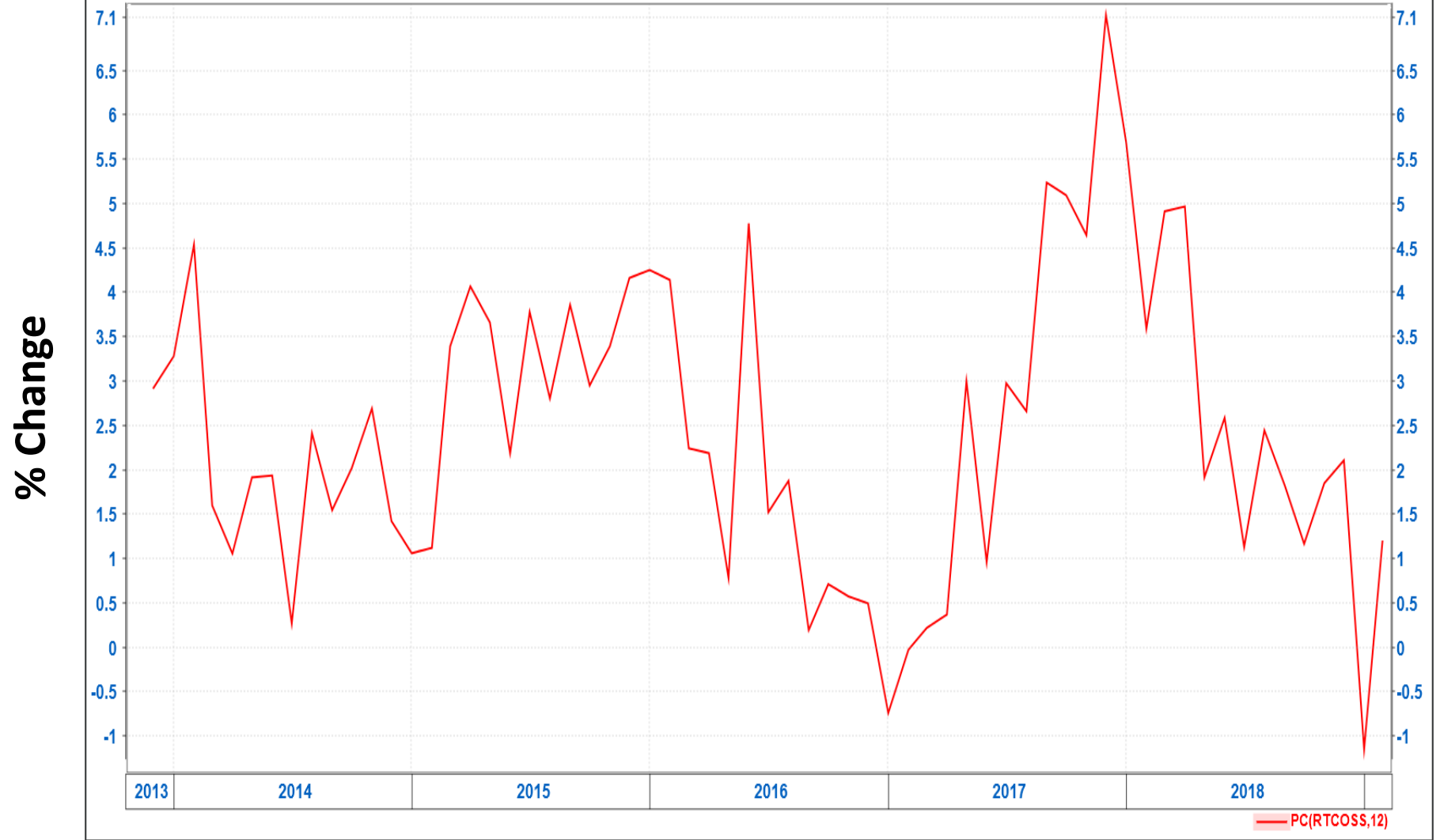
Percentage Change 12 of CREDIT: TOTAL EXTENDED BY PRIVATE SECTOR (RM)
Monthly 2013-10-31 to 2019-02-28



Period

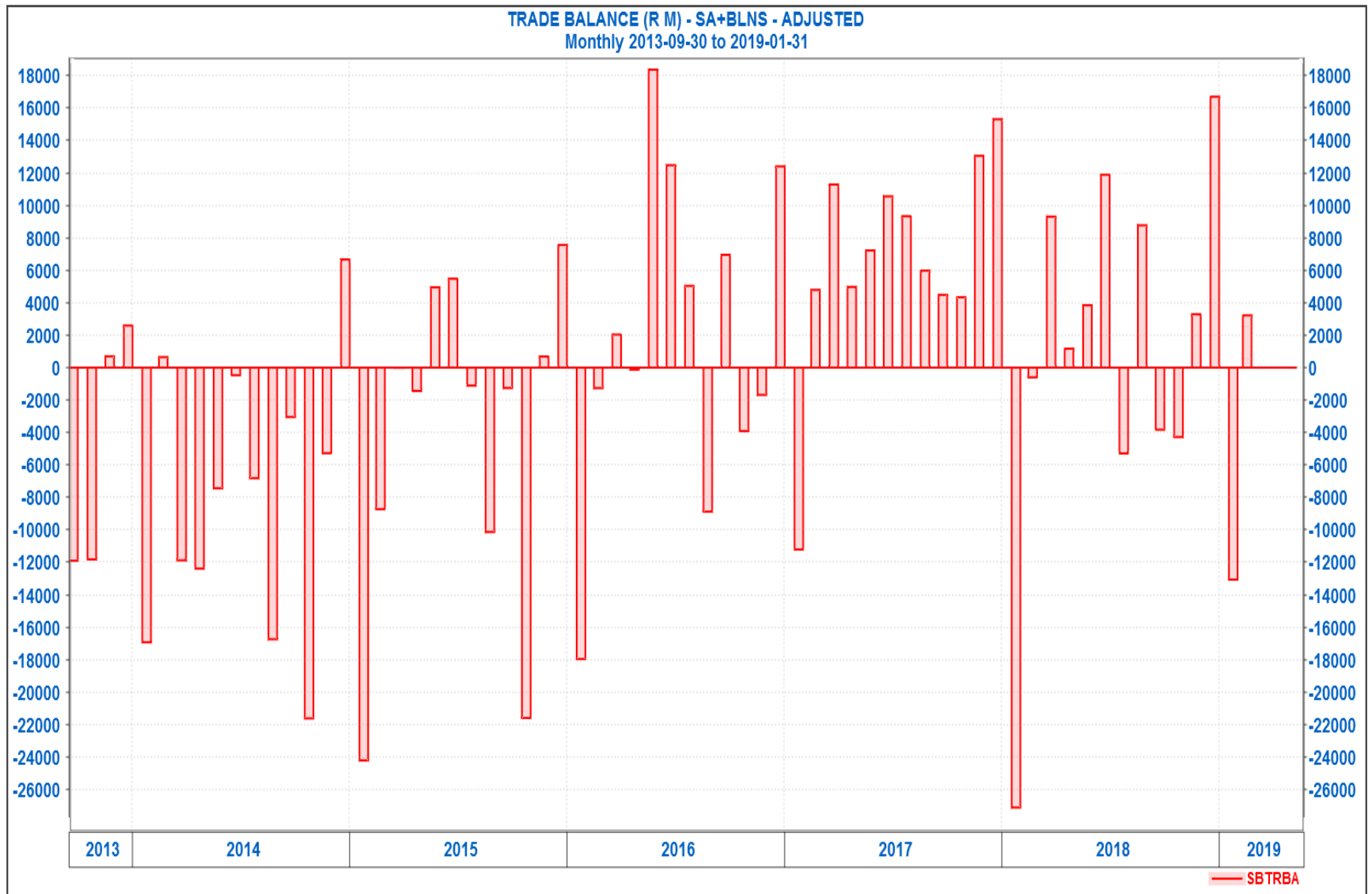
South Africa – Retail Sales

Percentage Change 12 of RETAIL TRADE - TOTAL - CONSTANT S/A- RM 2015 PRICE
Monthly 2013-10-31 to 2019-02-28



Period

South Africa – Trade Balance (ZAR Million)

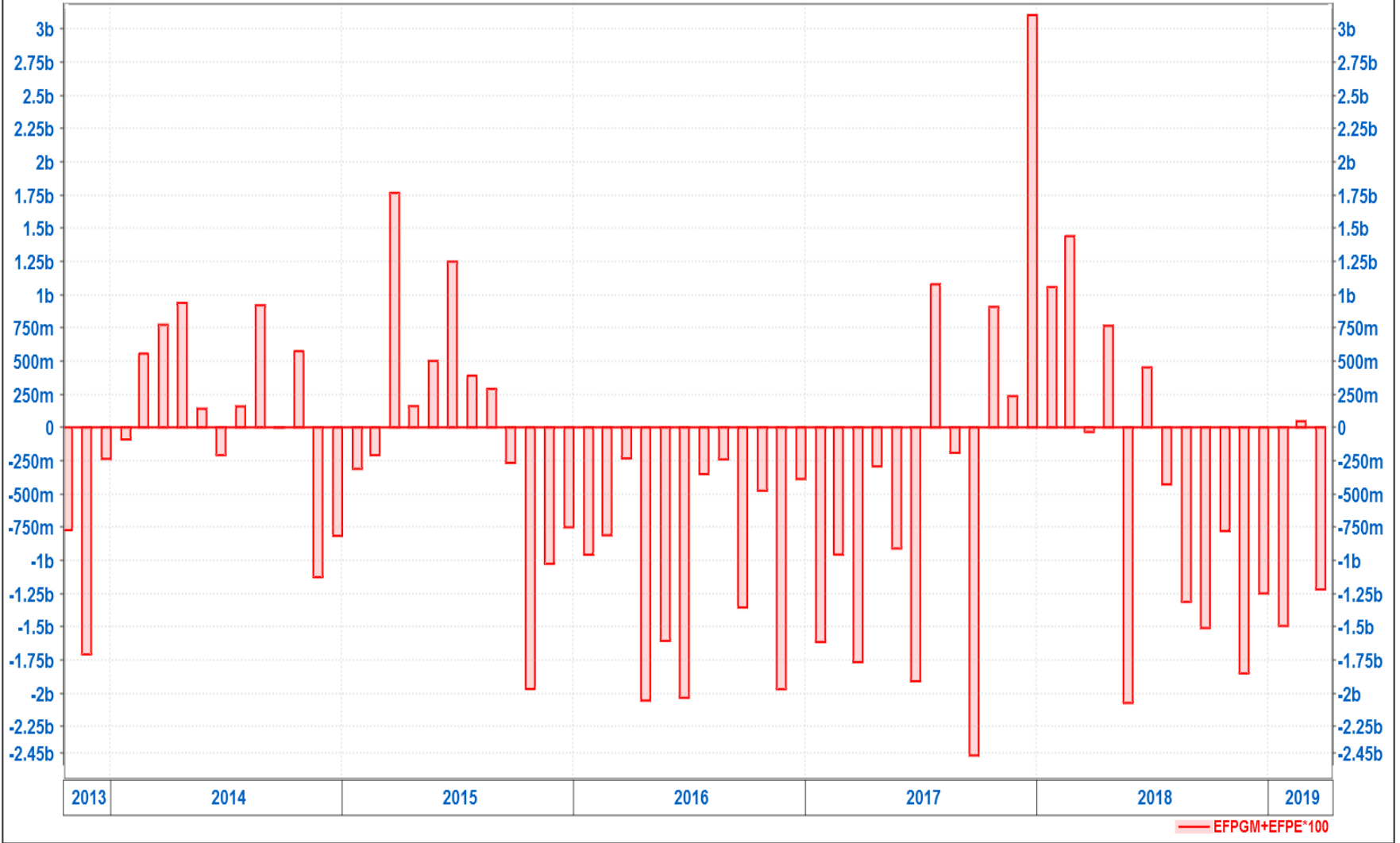


Period

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

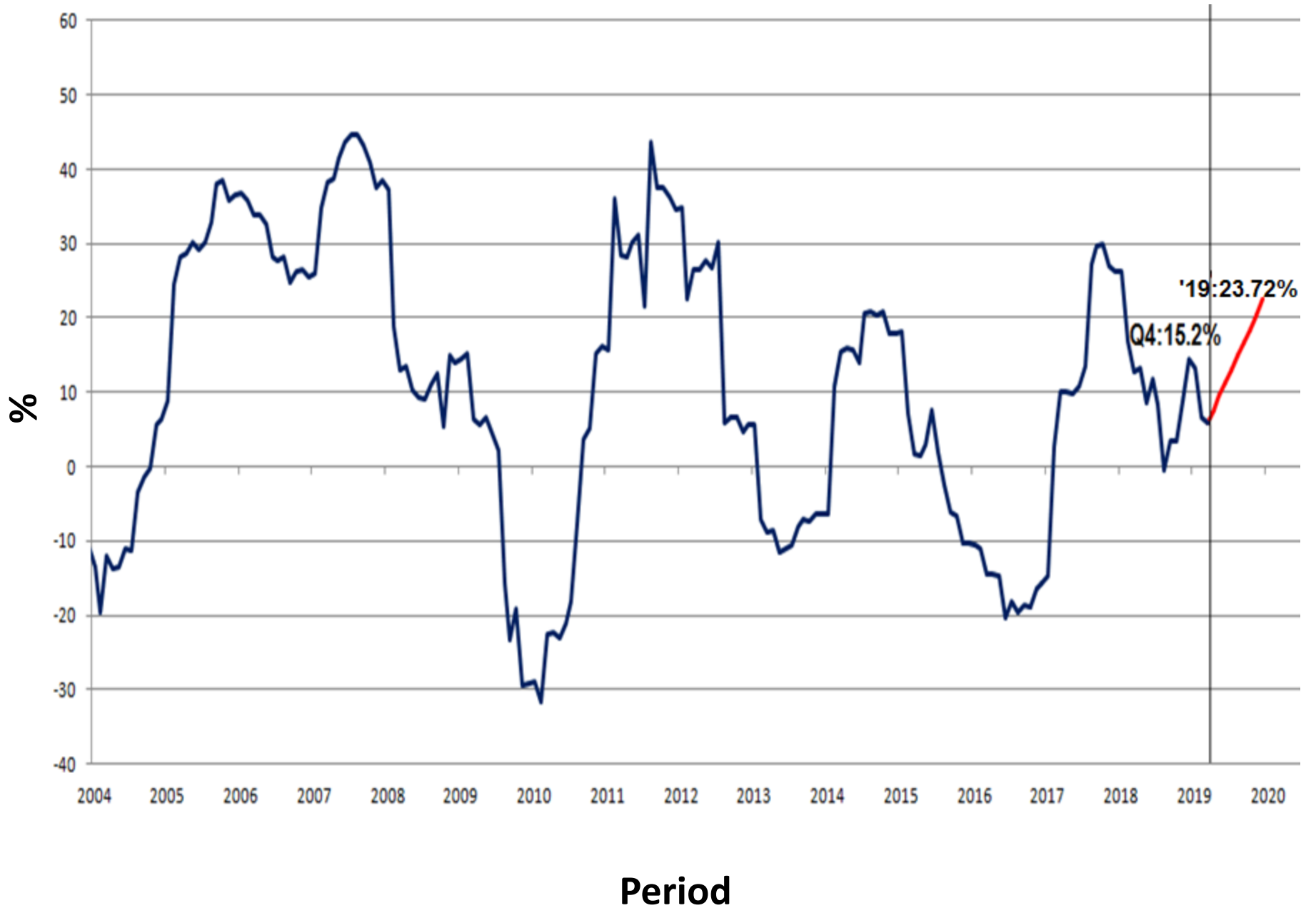
FOREIGN TRANS BESA - NET (RM) -TOTAL CONSIDERATION+FOREIGN TRANSACTIONS EQUITIES - NET (R'000)*100
 Monthly 2013-10-31 to 2019-03-31

Amount (ZAR Mil)



Period

S.A. All Share Earnings Forecast

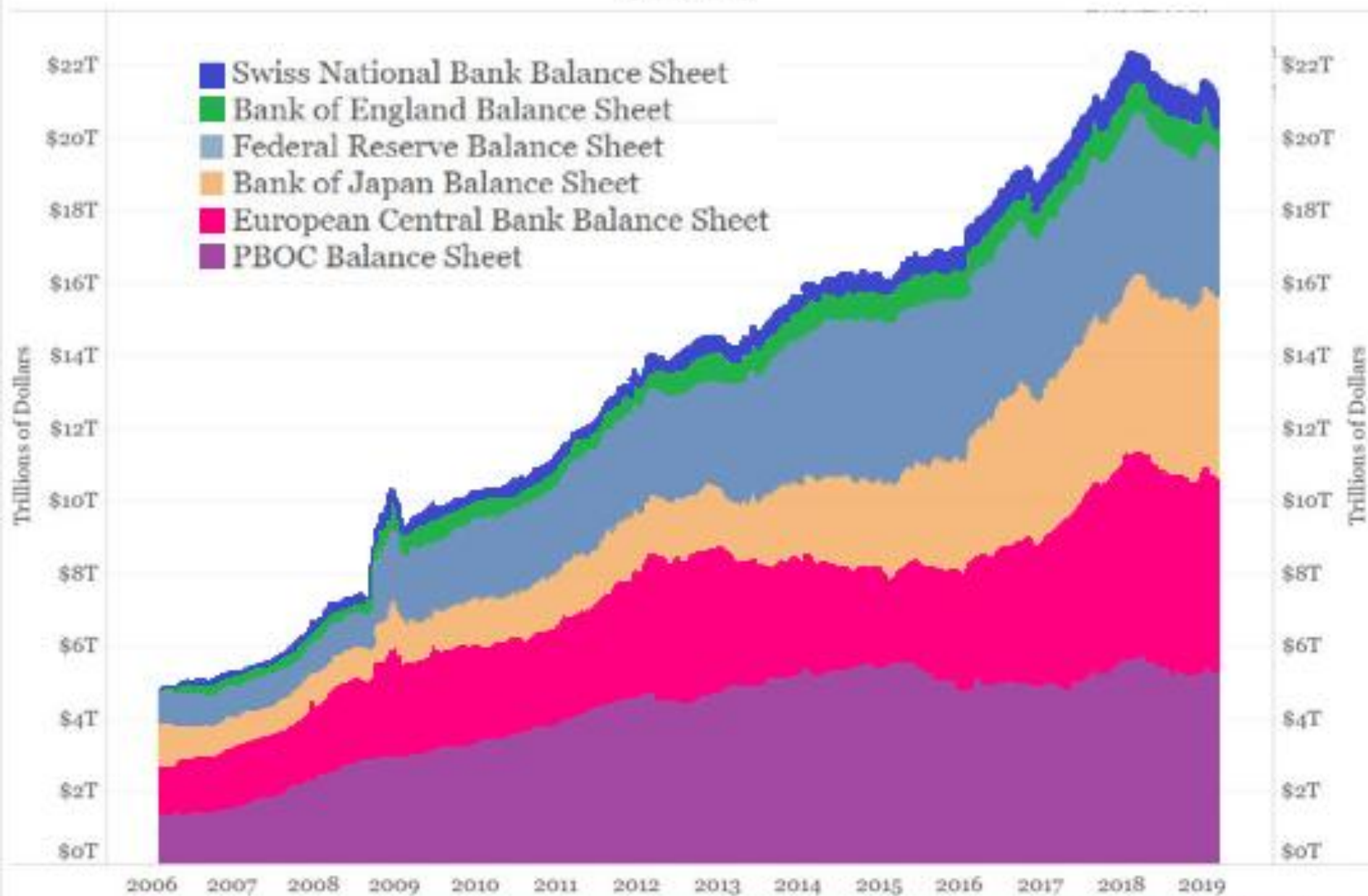


Central Bank Policies

Central Bank Policies:

Central Banks are likely to pause the tightening policies 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

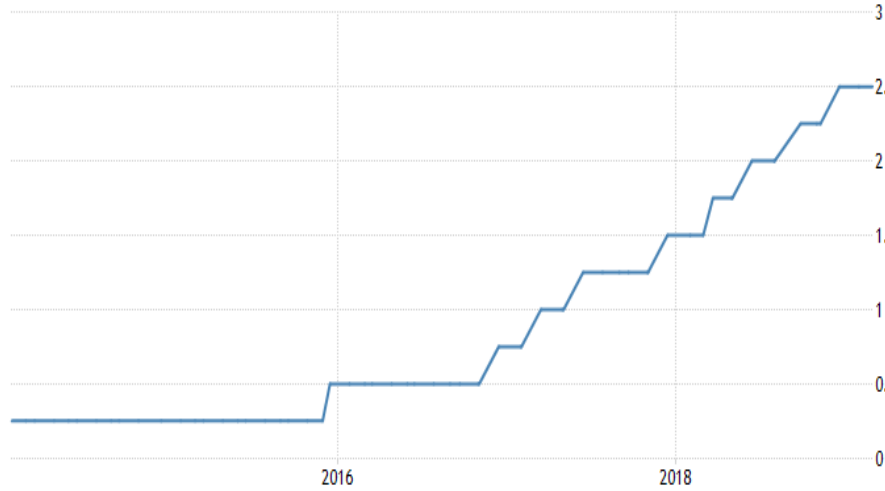


SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | SOUTH AFRICAN RESERVE BANK

Period

Central Bank Interest Rate

Federal Reserve Interest Rate



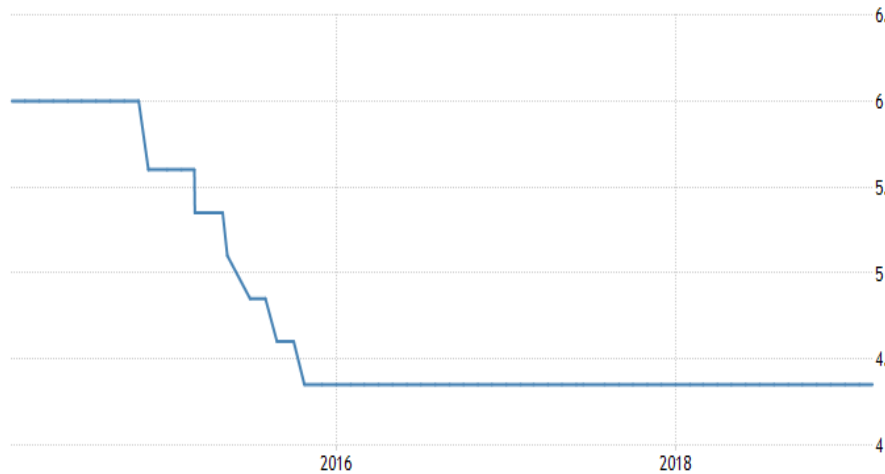
SOURCE: TRADINGECONOMICS.COM | FEDERAL RESERVE

European Central Bank Interest Rate



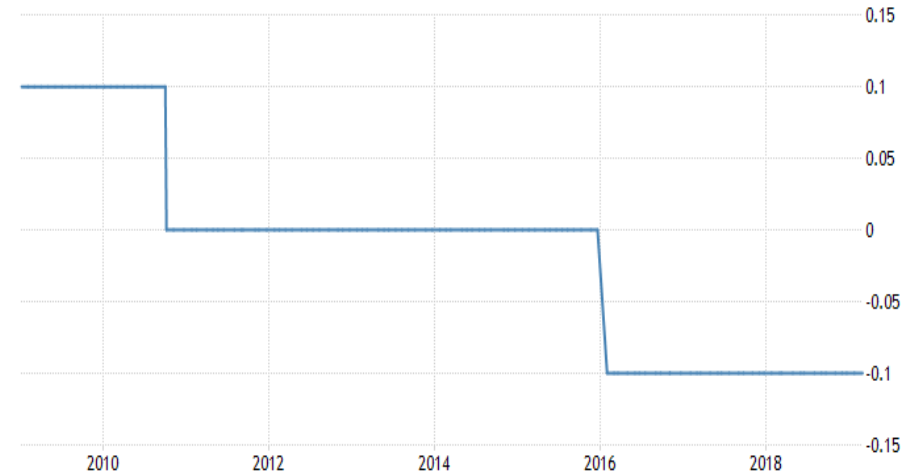
SOURCE: TRADINGECONOMICS.COM | EUROPEAN CENTRAL BANK

China Central Bank Interest Rate



SOURCE: TRADINGECONOMICS.COM | THE PEOPLE'S BANK OF CHINA

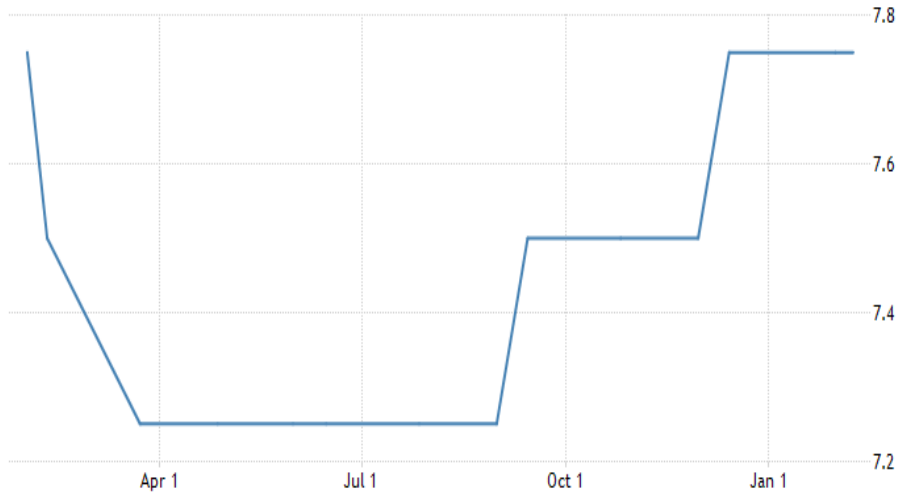
Japan Central Bank Interest Rate



SOURCE: TRADINGECONOMICS.COM | BANK OF JAPAN

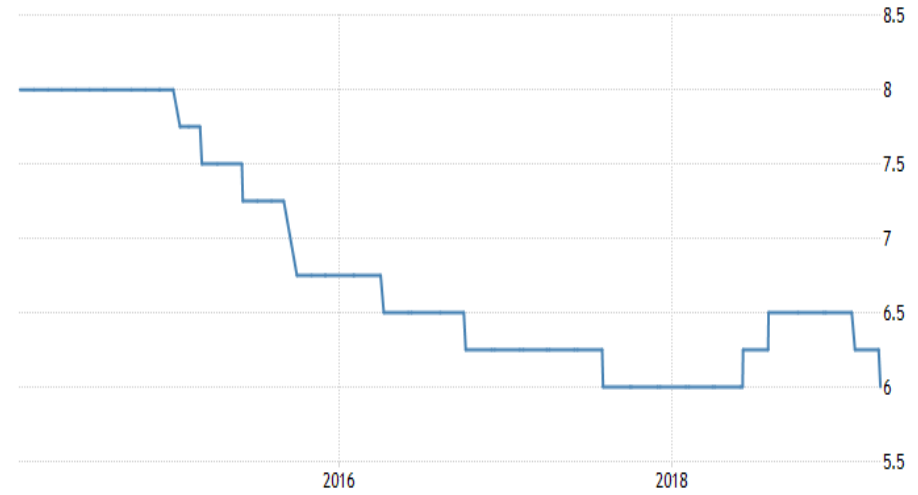
Central Bank Interest Rate

Russia Interest Rate



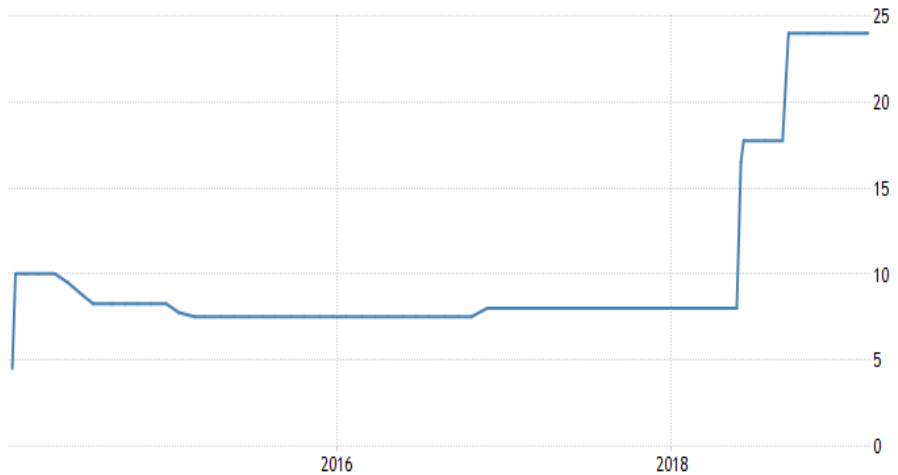
SOURCE: TRADINGECONOMICS.COM | CENTRAL BANK OF RUSSIA

Indian Central Bank Interest Rate



SOURCE: TRADINGECONOMICS.COM | RESERVE BANK OF INDIA

Turkey Central Bank Interest Rate



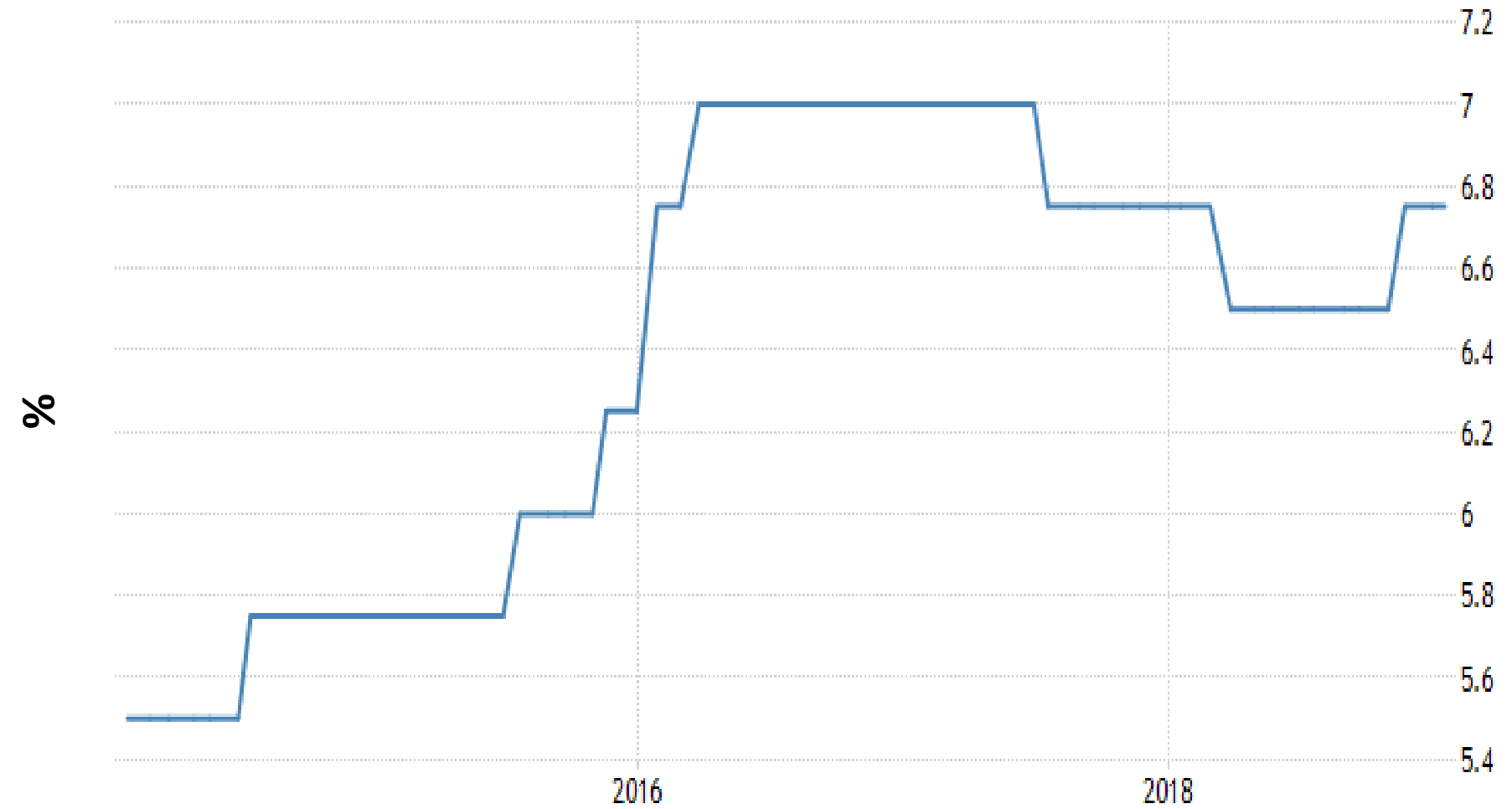
SOURCE: TRADINGECONOMICS.COM | CENTRAL BANK OF THE REPUBLIC OF TURKEY

Brazil Central Bank Interest Rate



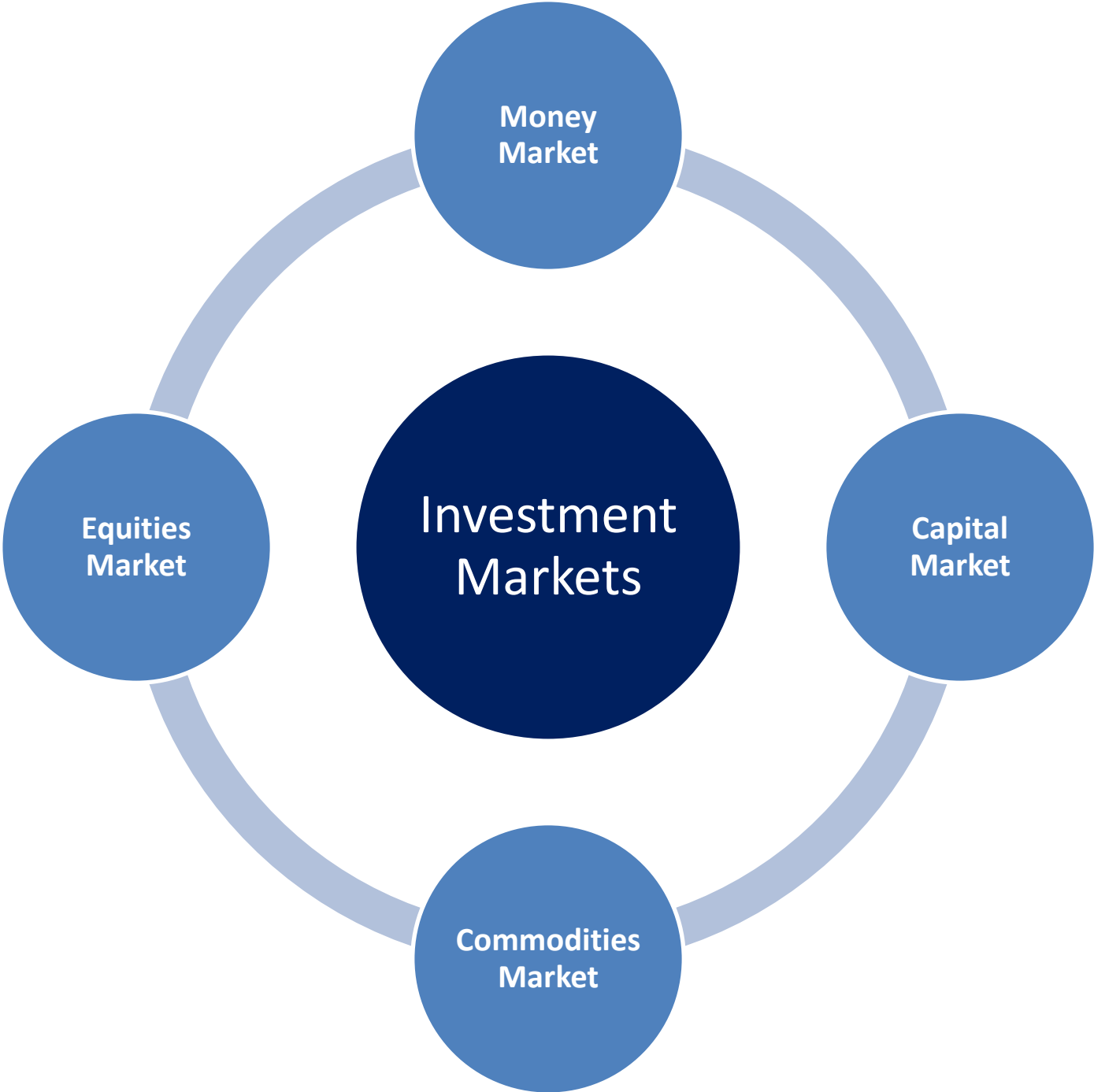
SOURCE: TRADINGECONOMICS.COM | BANCO CENTRAL DO BRASIL

SARB Interest Rate



SOURCE: TRADINGECONOMICS.COM | SOUTH AFRICAN RESERVE BANK

Period



Money Market

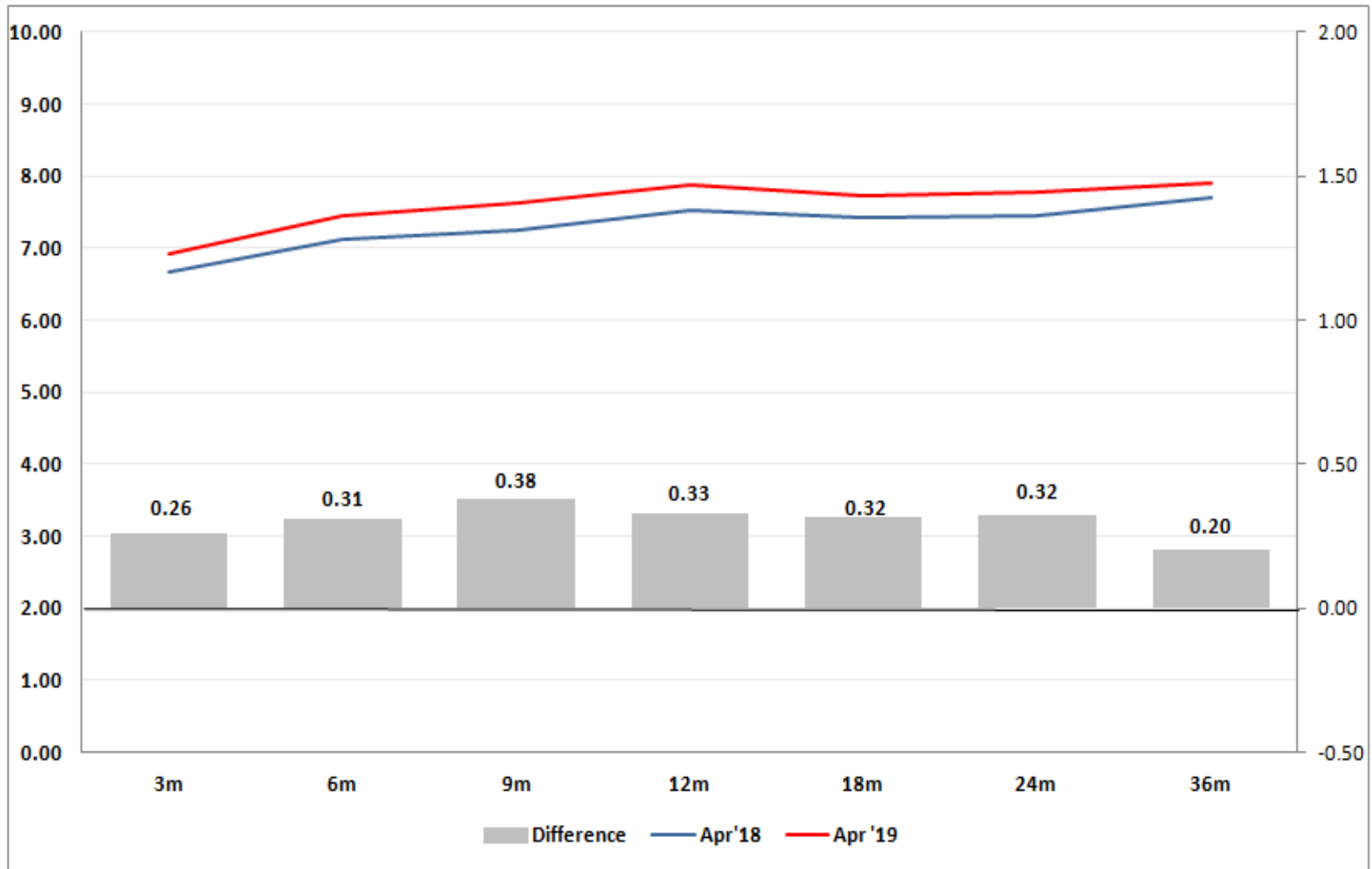
Money Market:

Money Market rates were higher year on year, indicating an overall upward shift in the yield curve. Rates are likely to move sideways in the next 6 months.

Rand volatility as well as increased inflation expectations are likely to place upward pressure on rates in the longer term.

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

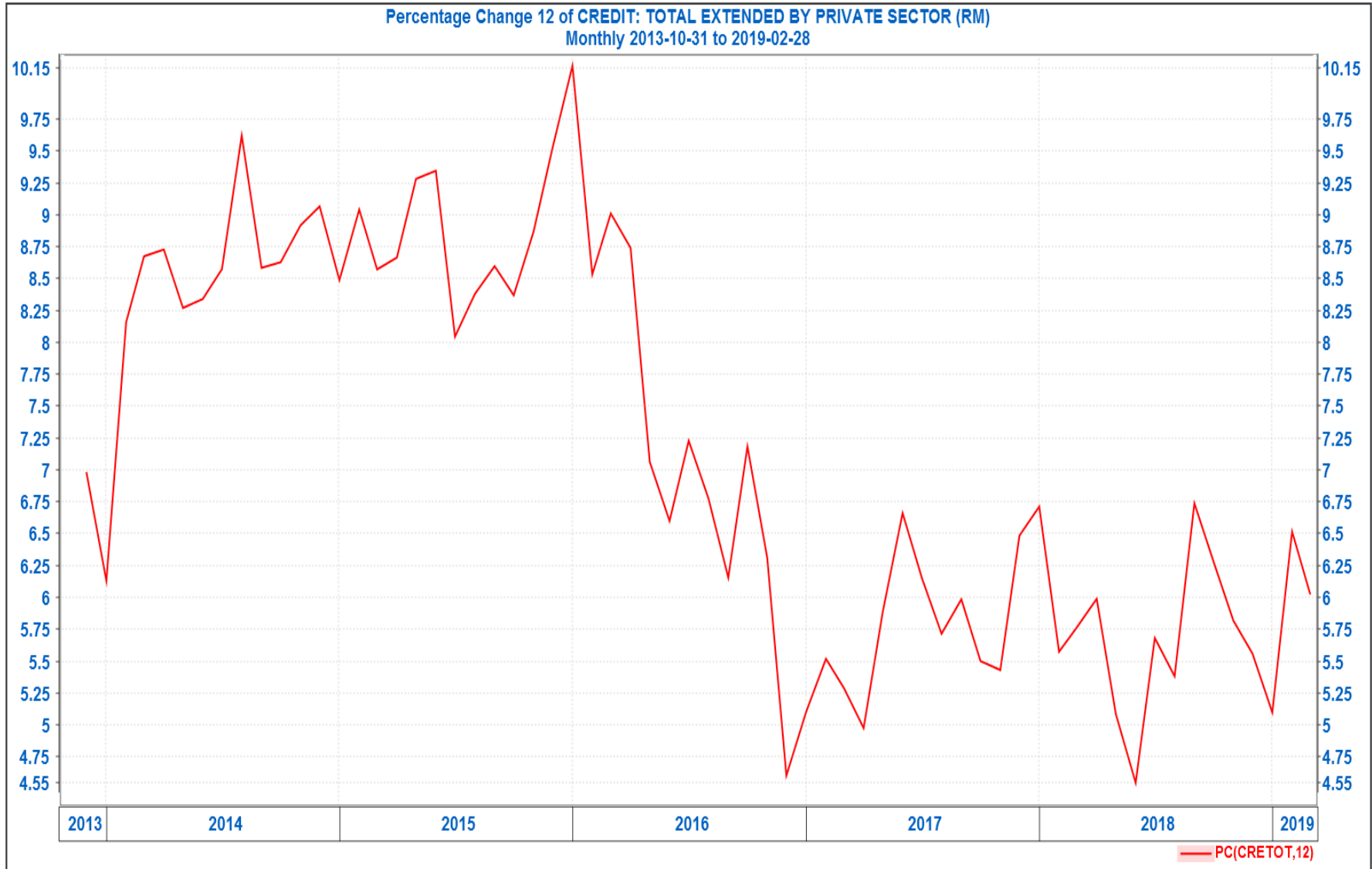
South Africa – Money Market Rates



Difference
 Apr 2018
 Apr 2019

Period

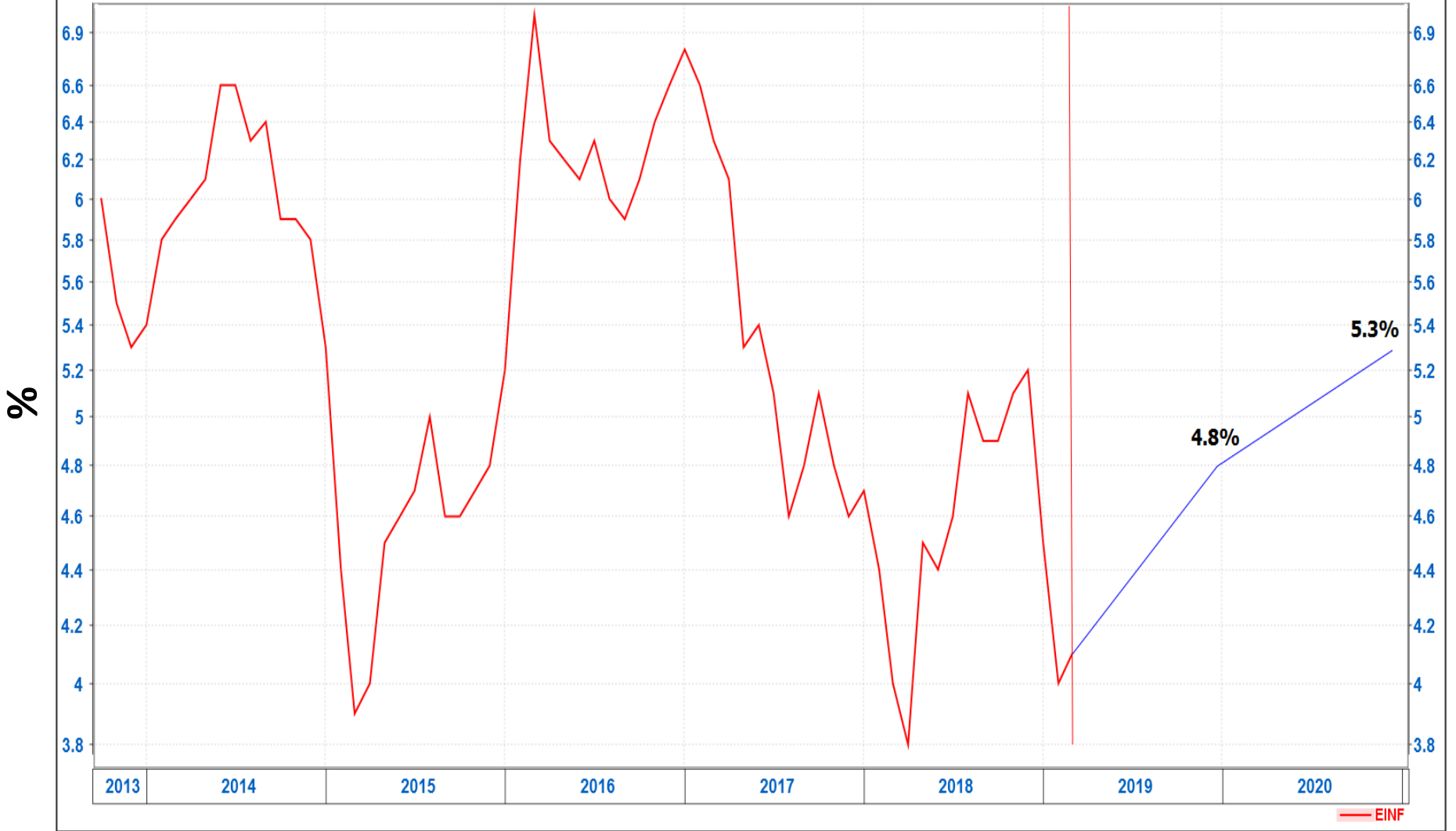
South Africa – Consumer Credit



Period

SARB Inflation Expectation

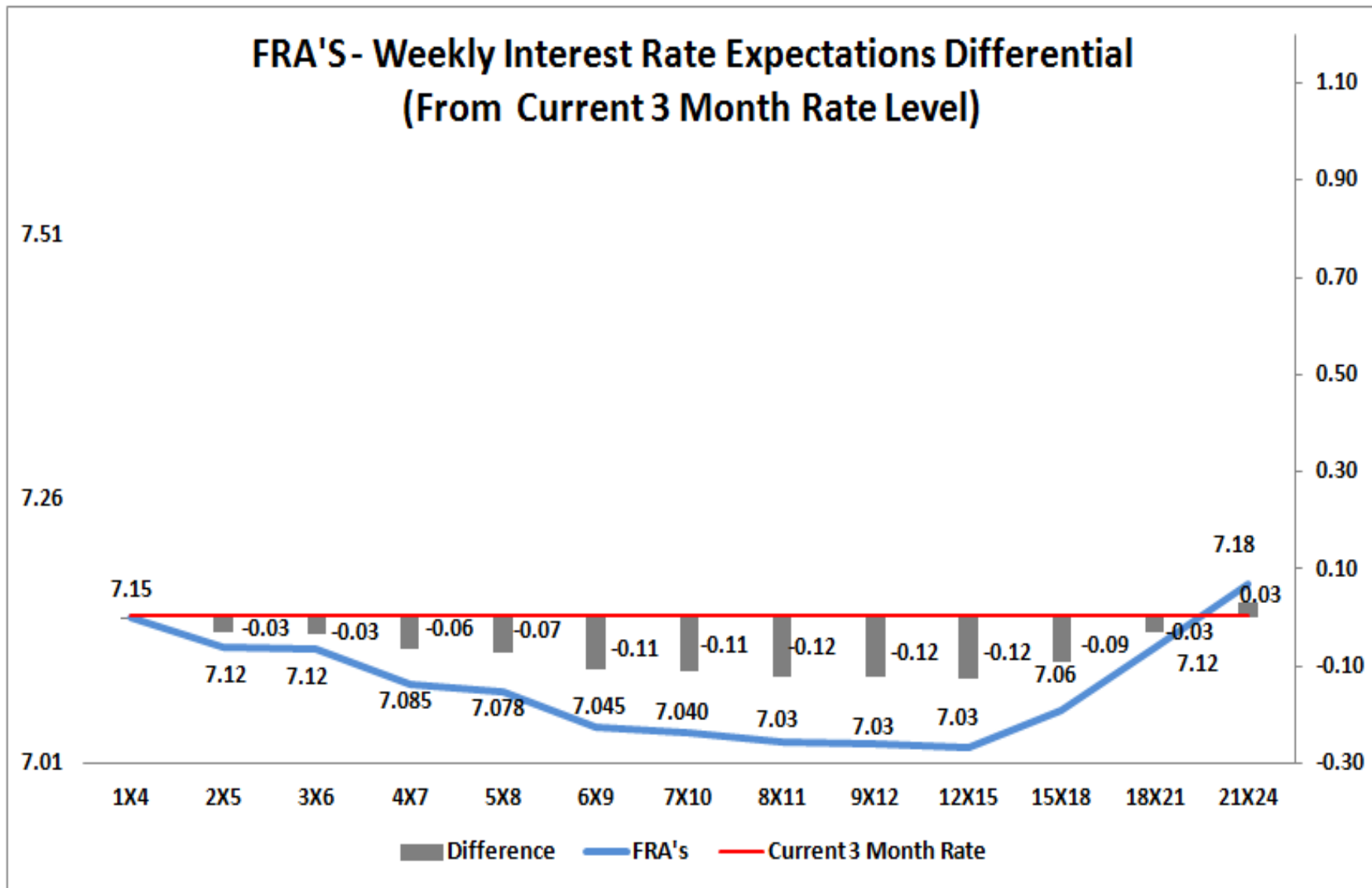
INFLATION RATE - SOUTH AFRICA (ALL URBAN)
Monthly 2013-09-30 to 2019-02-28



Period

Interest Rate Expectations

FRA'S - Weekly Interest Rate Expectations Differential
(From Current 3 Month Rate Level)



— Difference — FRA's — Current 3 Month Rate

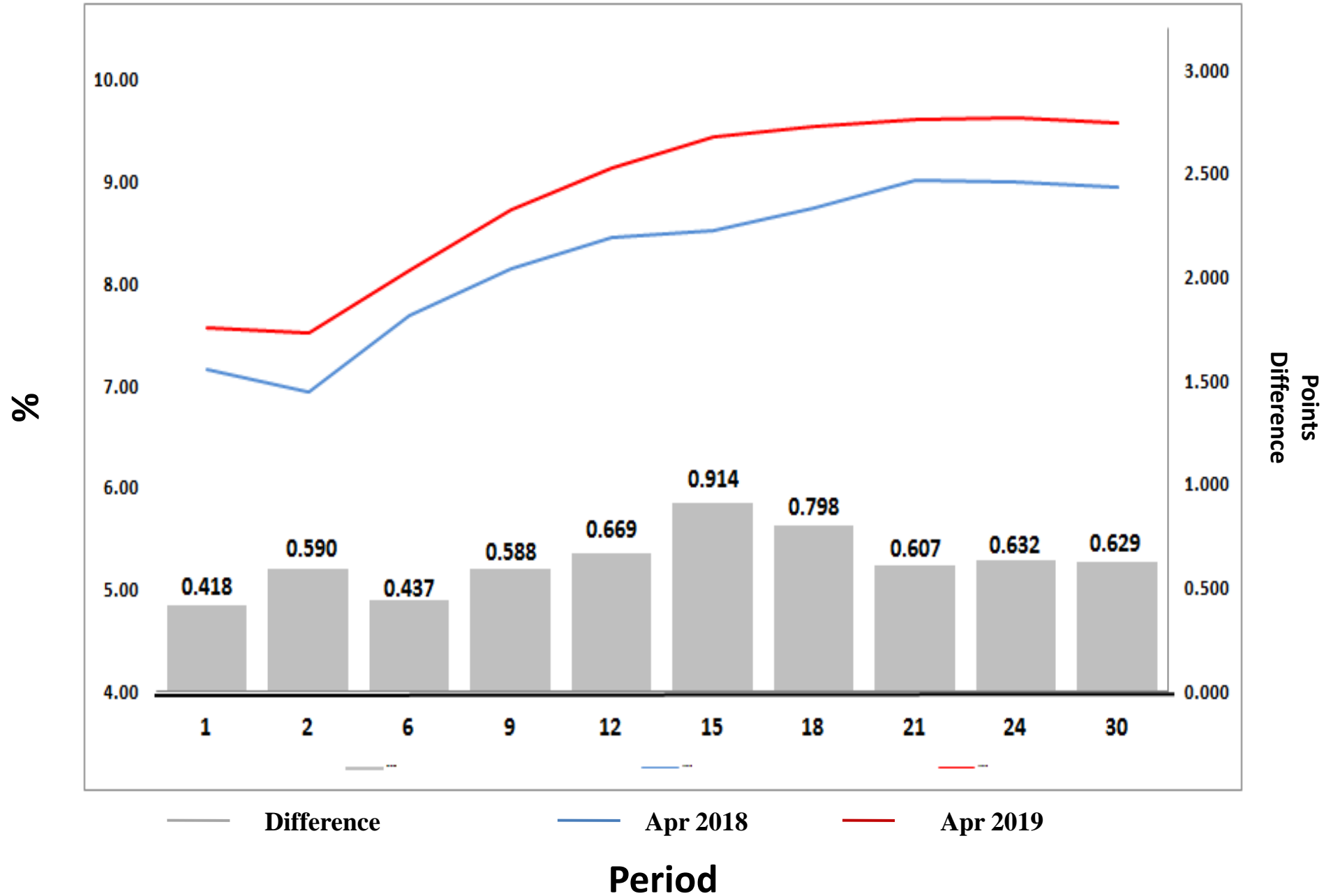
Period

Capital Market:

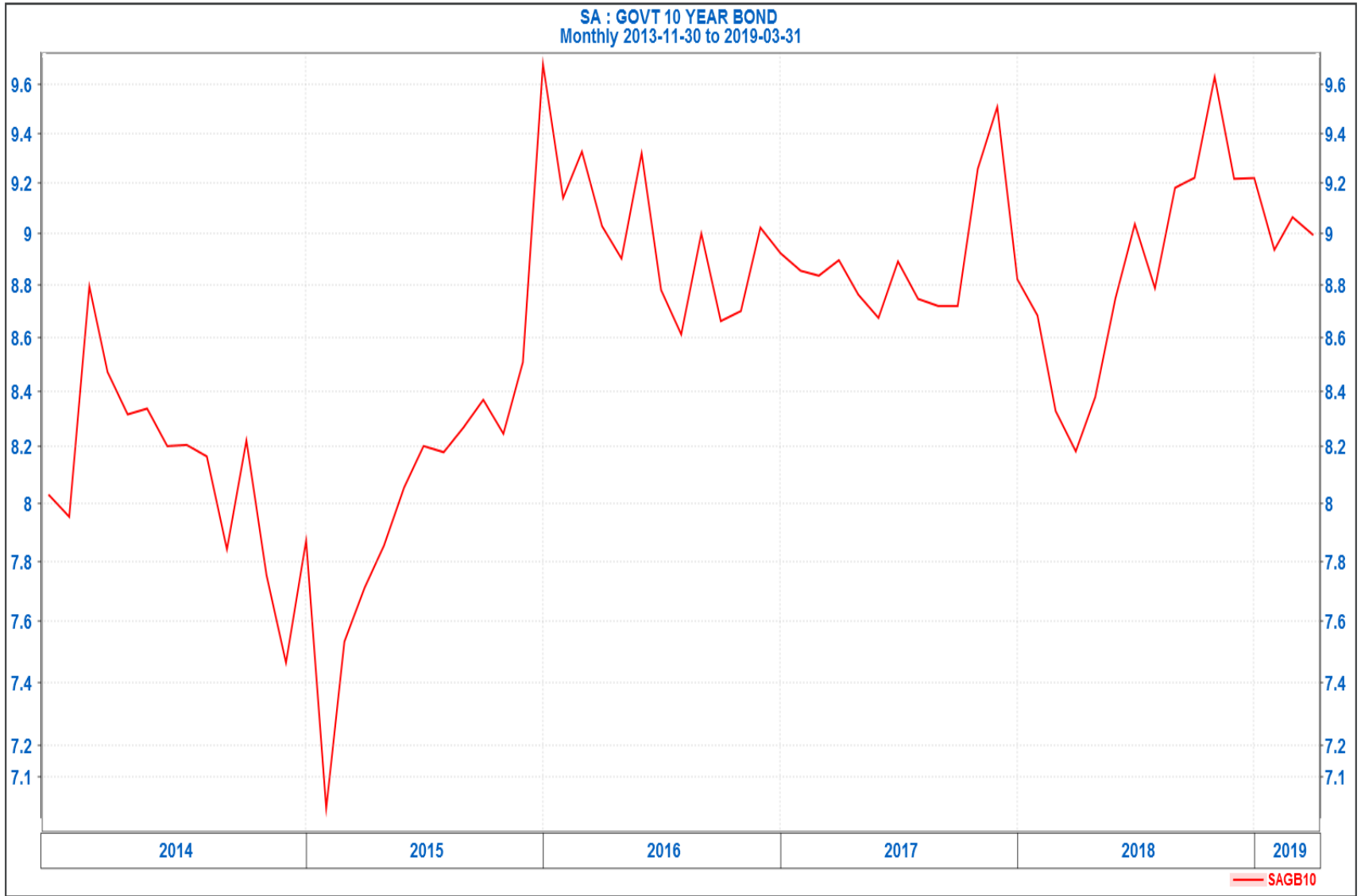
Capital Market rates are showing value and is fairly priced relative to the Equity market. Real rates remain high and foreigners were sellers during the month of March, following two consecutive months of being buyers. Risks to Capital markets are weak Government finances and a volatile Rand .

Benchmark rates offer value at current levels, and we maintain a hold recommendation.

South Africa –Yield Curve



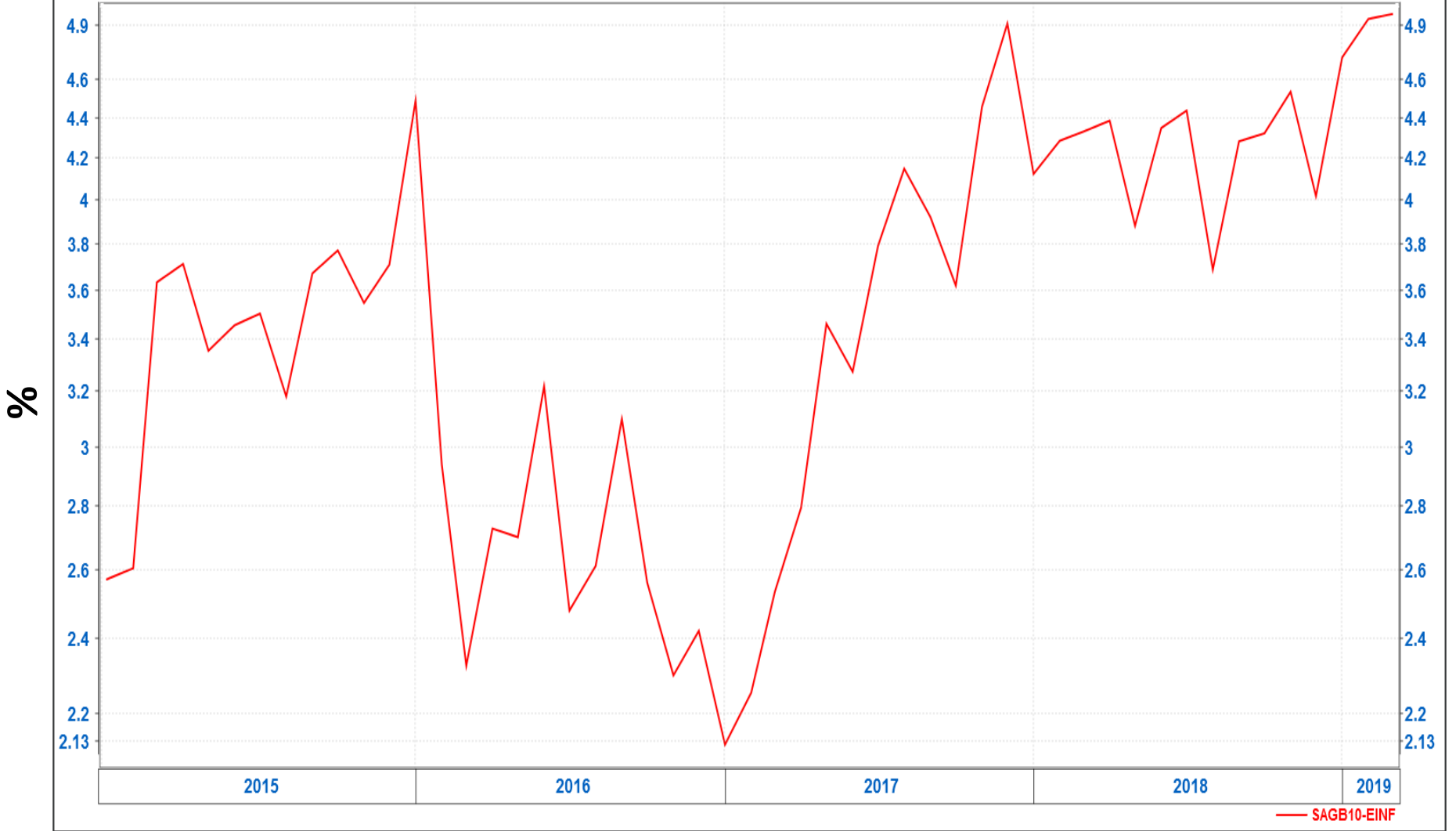
SA 10Year Bond Rate



Period

SA Real Interest Rate

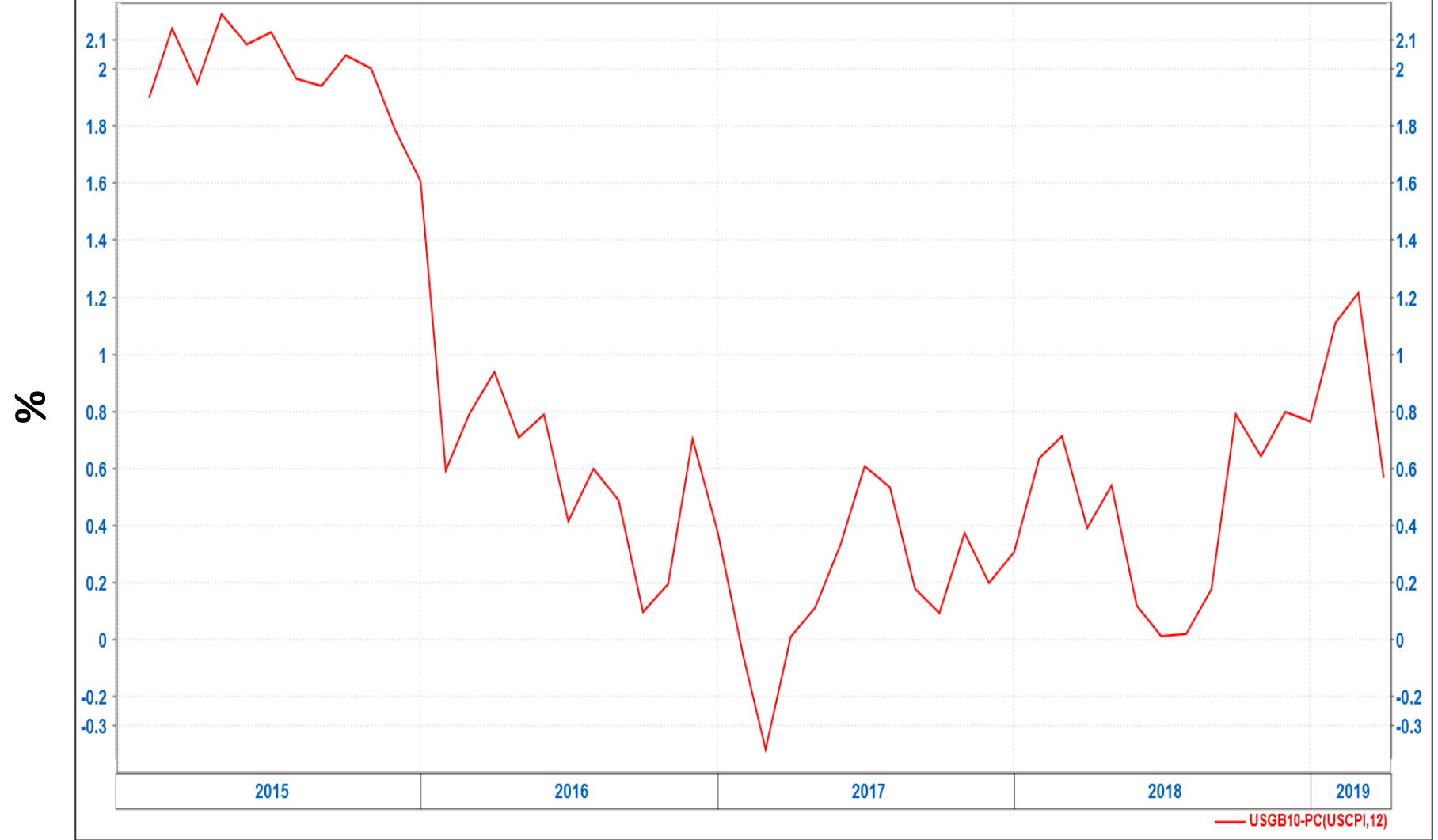
SA : GOVT 10 YEAR BOND-INFLATION RATE - SOUTH AFRICA (ALL URBAN)
Monthly 2014-12-31 to 2019-03-31



Period

USA Real Interest Rate

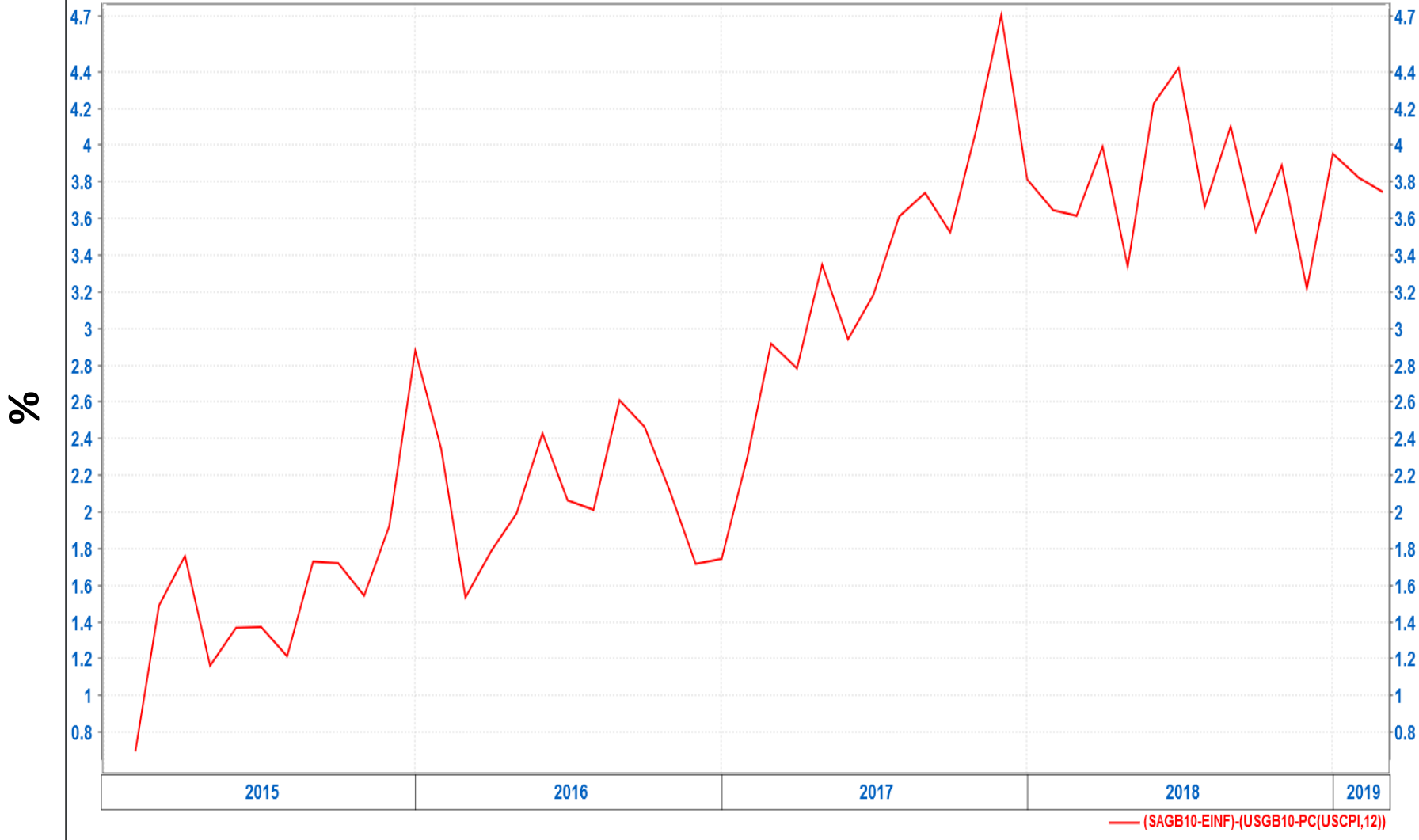
USGB10-PC(USCPI,12)
Monthly 2014-12-31 to 2019-03-31



Period

Real Interest Rate - SA vs. USA

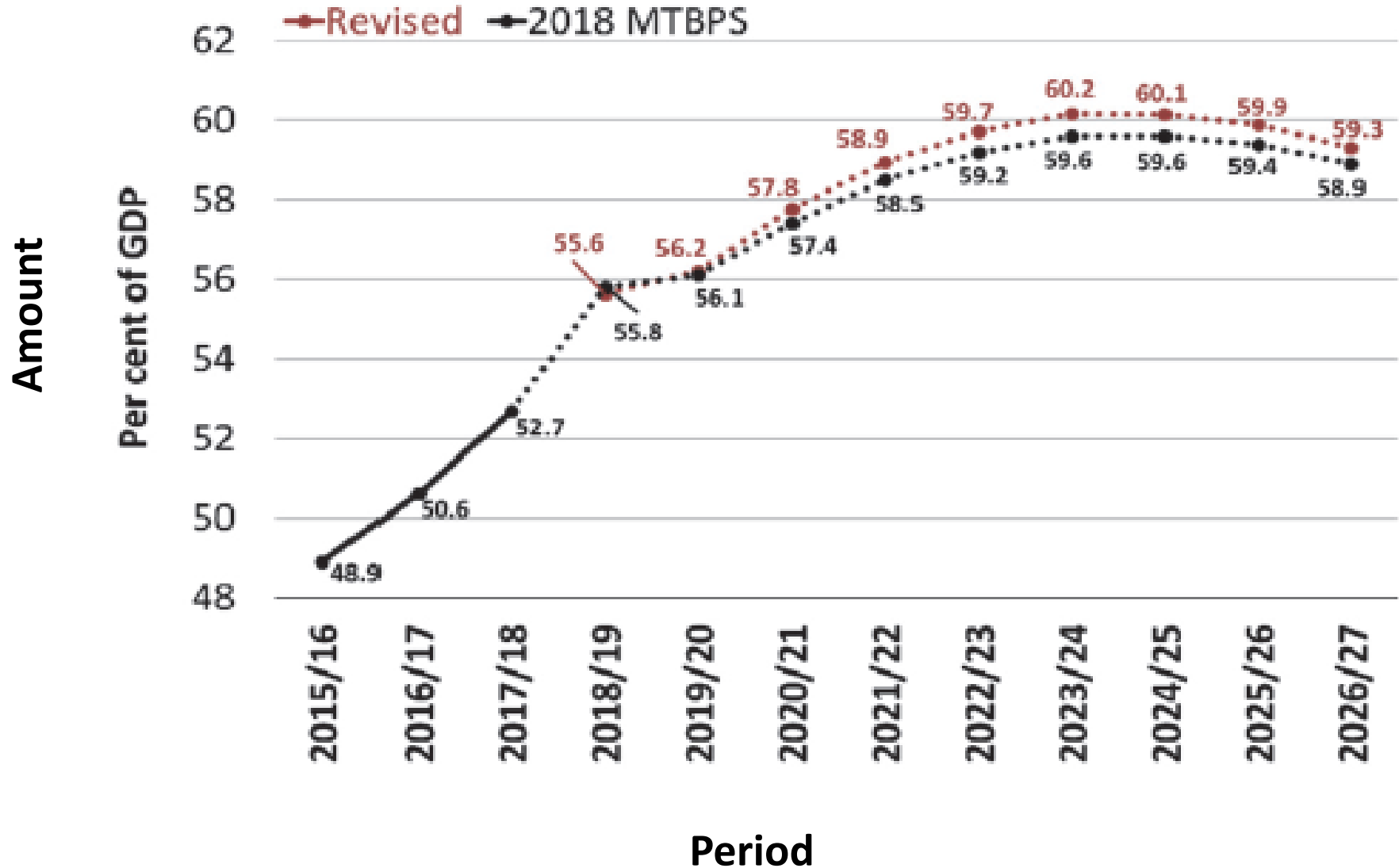
Percentage Change 12 of INFLATION RATE - SOUTH AFRICA (ALL URBAN), SA : GOVT 10 YEAR BOND, USA : CONSUMER PRICE INDEX - ALL URBAN S/A, USA : GOVT 10 YEAR BOND
Monthly 2014-12-31 to 2019-02-28



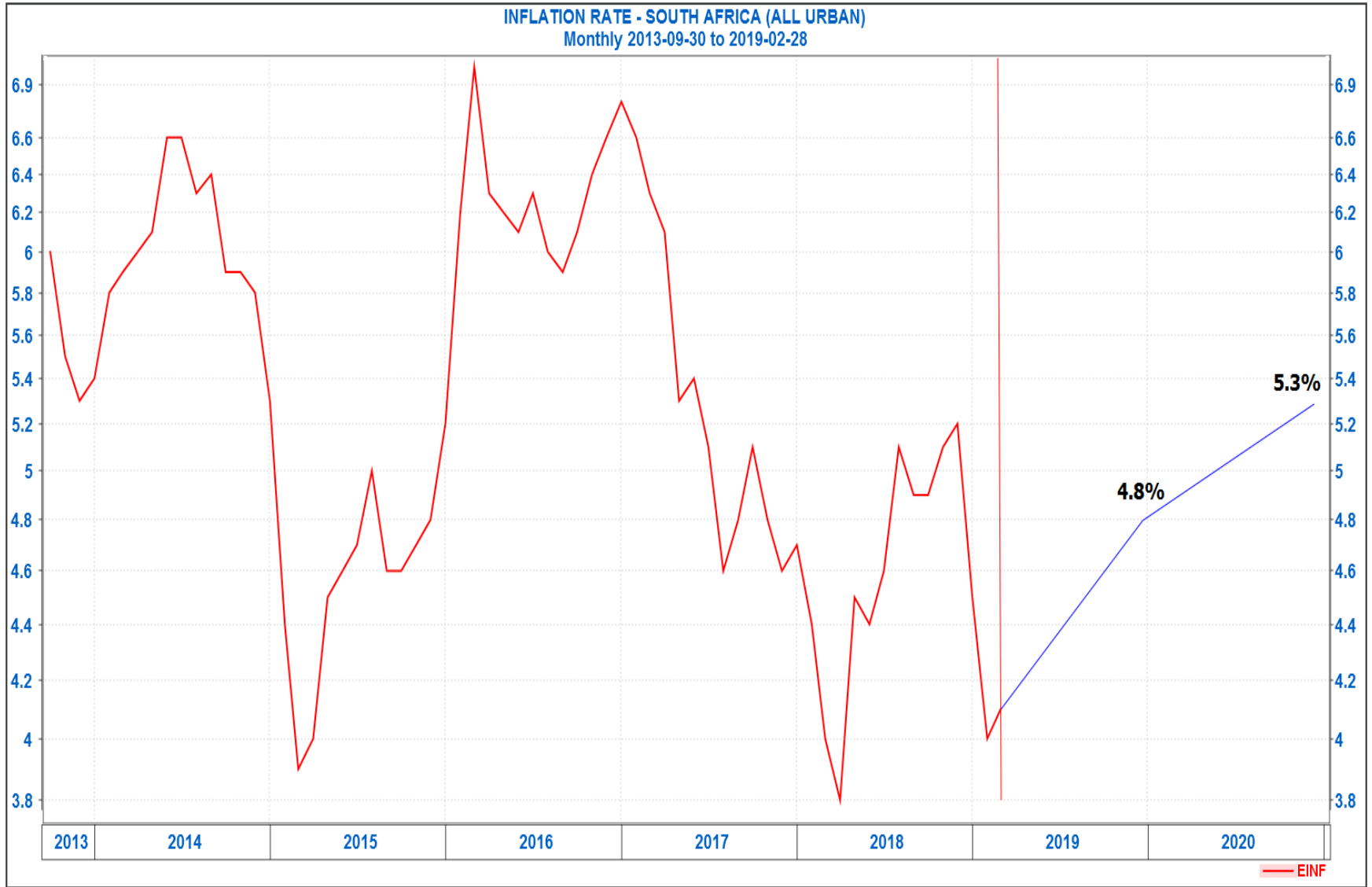
Period

SA Government Debt %GDP

Figure 1.3 Gross debt-to-GDP outlook



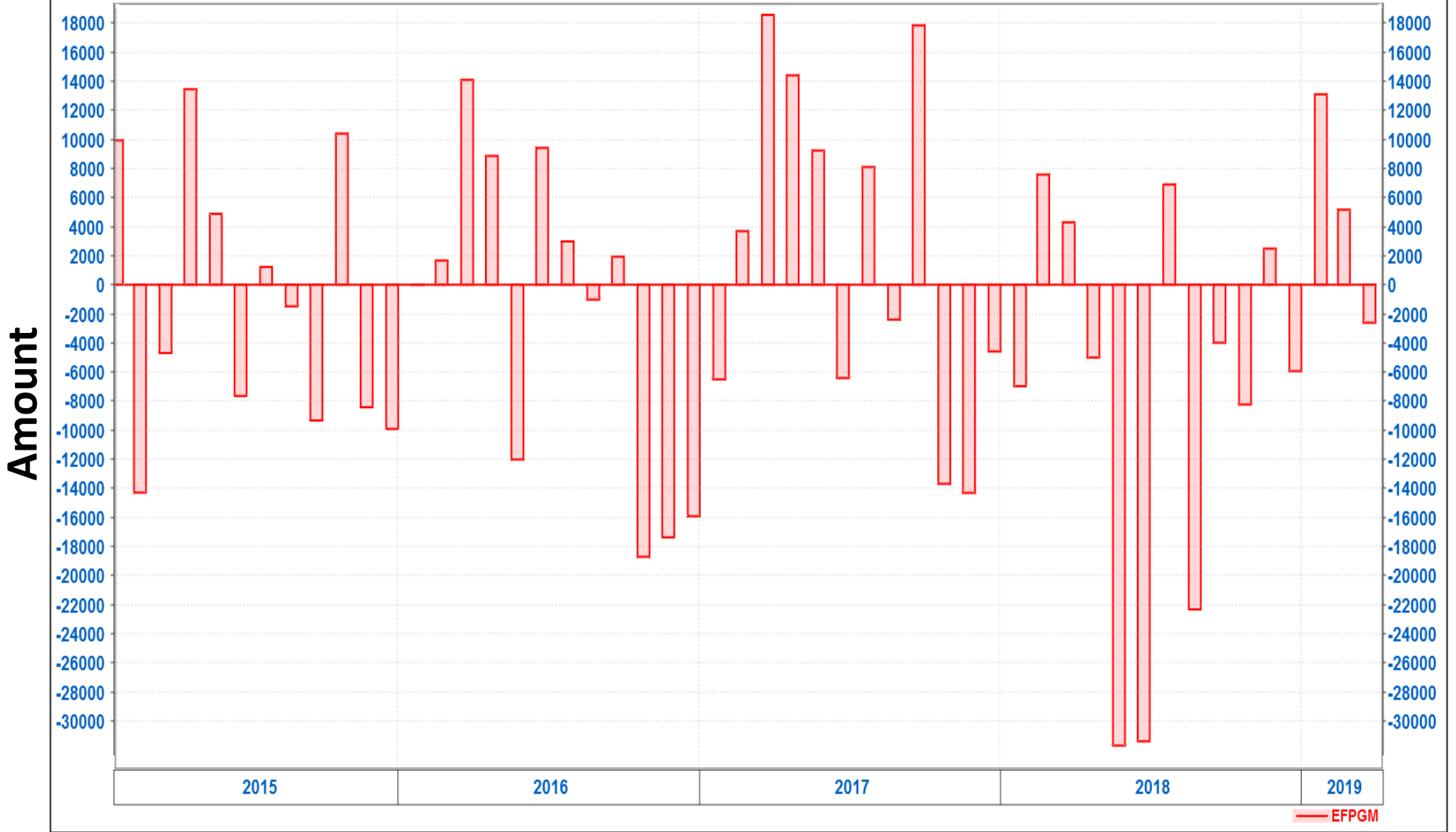
SARB Inflation Expectation



Period

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

FOREIGN TRANS BESA - NET (RM) - TOTAL CONSIDERATION
Monthly 2015-01-31 to 2019-03-31



Period

Commodities Market

Commodity Index

RJ/CRB TOTAL RETURN INDEX
Weekly 2012-10-07 to 2019-04-14

Index Points

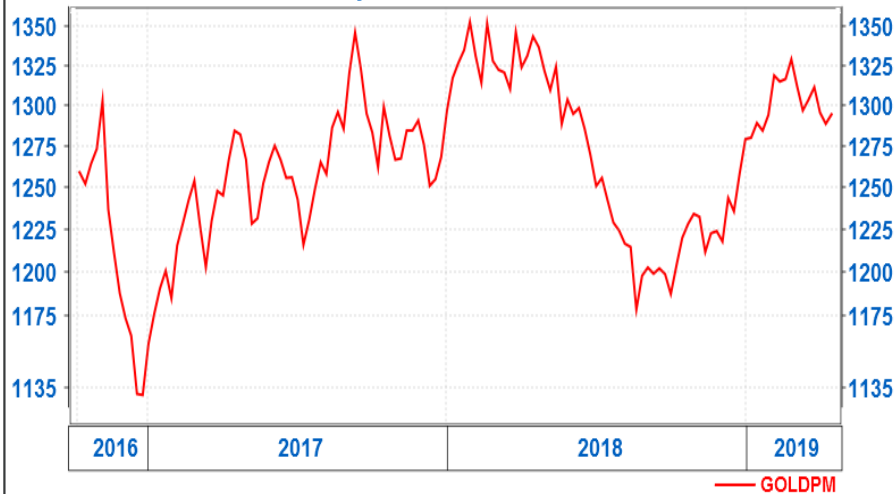


— FCRB

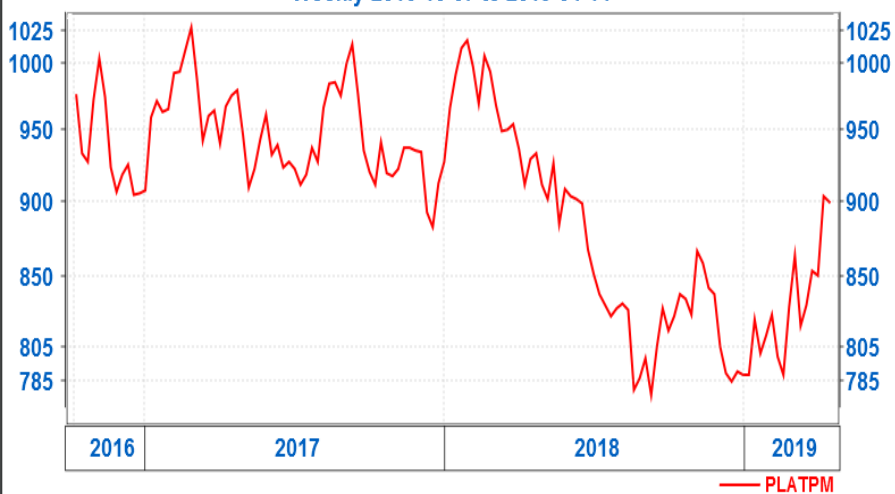
Period

Commodity Prices

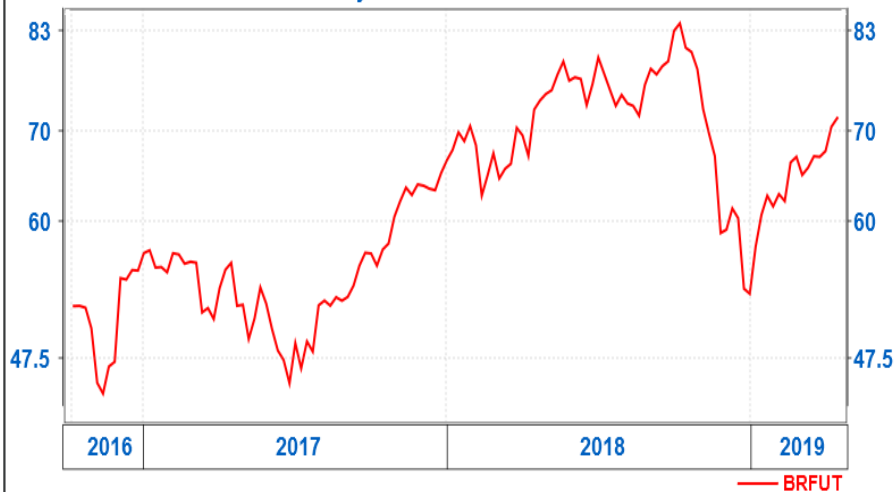
GOLD LONDON - PM FIX
Weekly 2016-10-07 to 2019-04-14



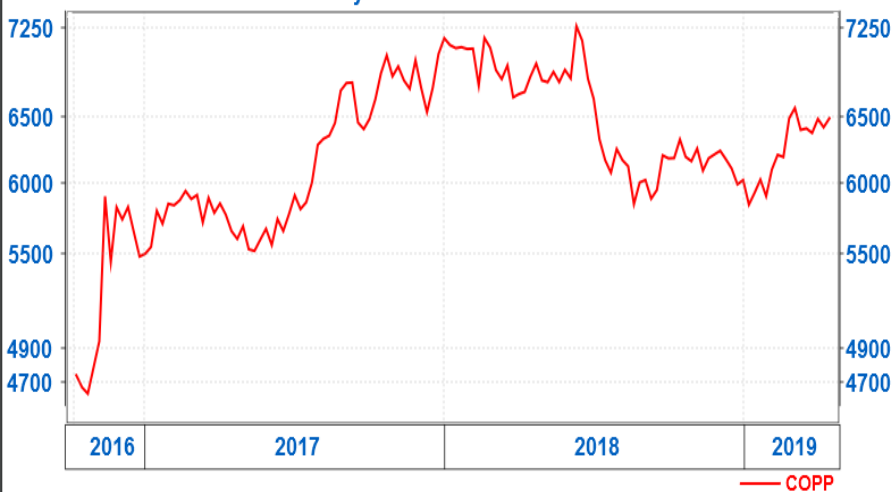
PLATINUM PM - FIX (\$OZ)
Weekly 2016-10-07 to 2019-04-14



OIL : BRENT - NEAR FUTURE - ICE UK \$/BARREL
Weekly 2016-10-07 to 2019-04-14



COPPER CASH LME (\$/TON) - FIX
Weekly 2016-10-07 to 2019-04-14



Equities Market

Equities Market:

Equities have recovered in the first quarter of 2019 after the weakness witnessed in the last two quarters of 2018, but remains overpriced relative to the Capital Market. Selected shares in Industrials and Consumer Goods sectors are currently showing value.

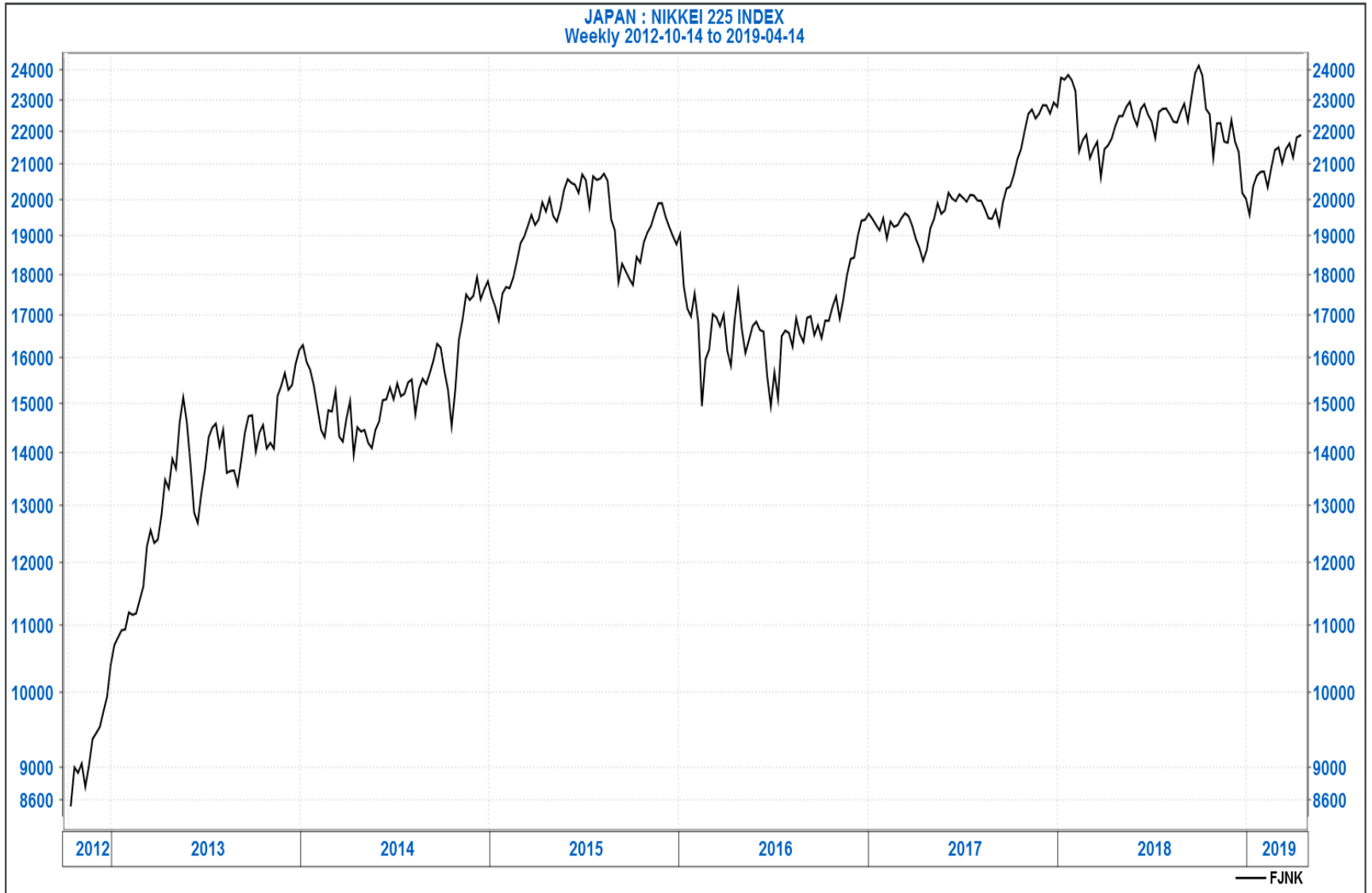
Continued selling by foreign investors in South African equities, may lead to subdued growth in Equity markets.

China – Shanghai A Share Index

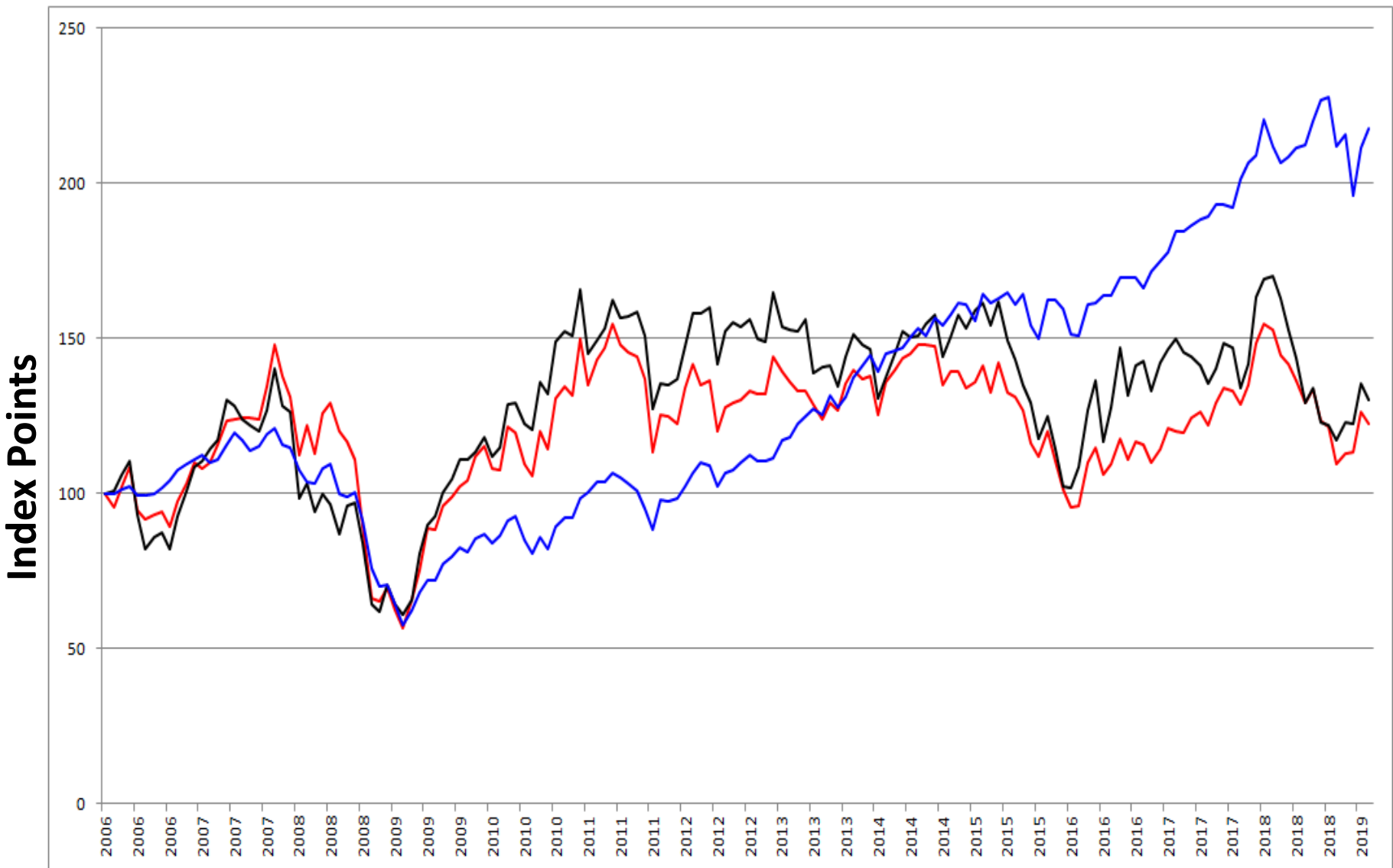


Period

Japan – Nikkei 225



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



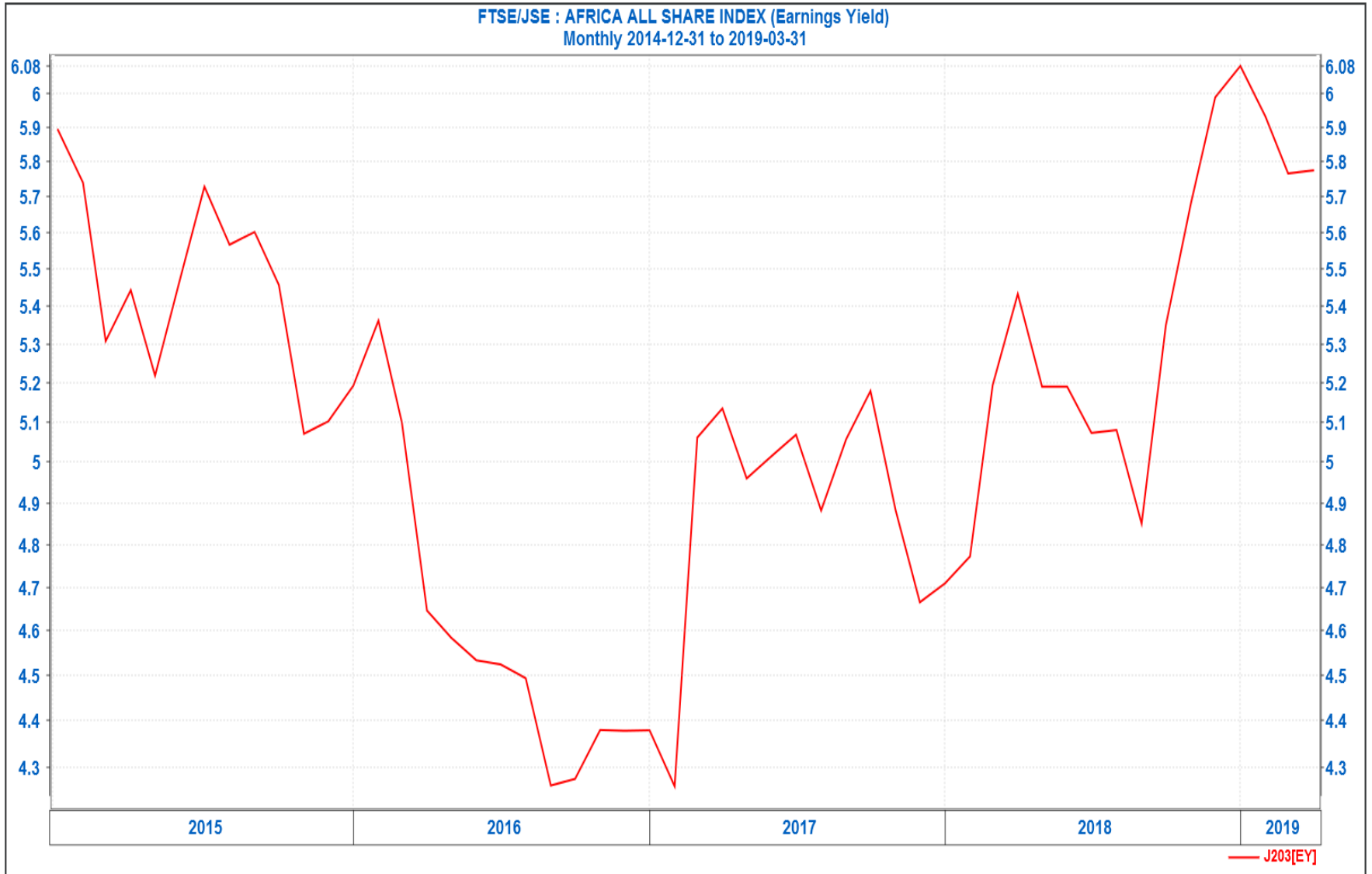
— FTSE/JSE All Share Index

— USA S&P 500 Index

— FTSE/JSE Mid Cap Index

Period

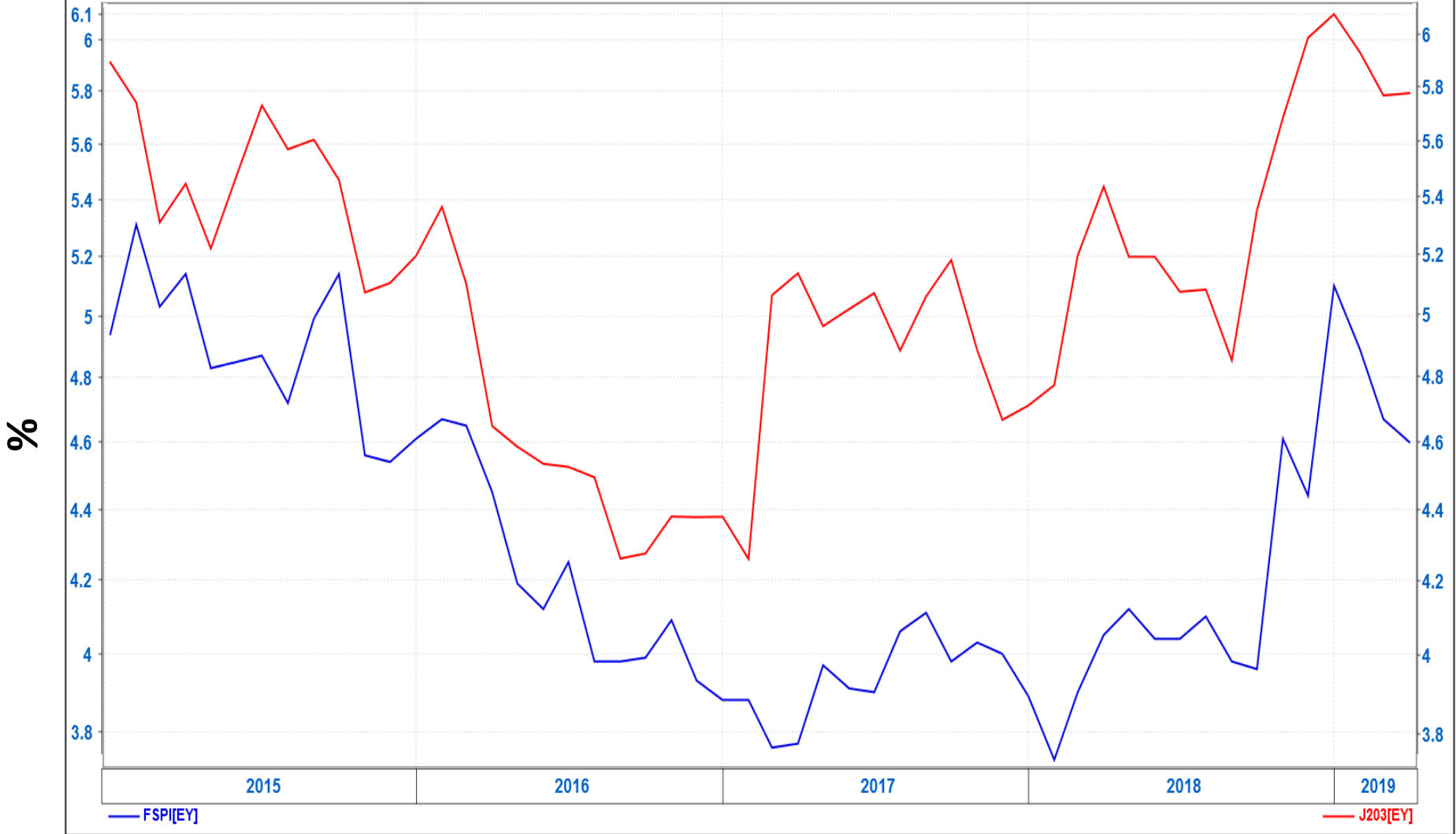
SA All Share Index – Earnings Yield



Period

Earnings Yield- SA vs. USA

FTSE/JSE : AFRICA ALL SHARE INDEX (Earnings Yield) , USA : S & P 500 COMPOSITE INDEX (Earnings Yield)
Monthly 2014-12-31 to 2019-03-31



— S.A. All Share Earnings Yield

— USA S&P 500 Shares Earnings Yield

Period

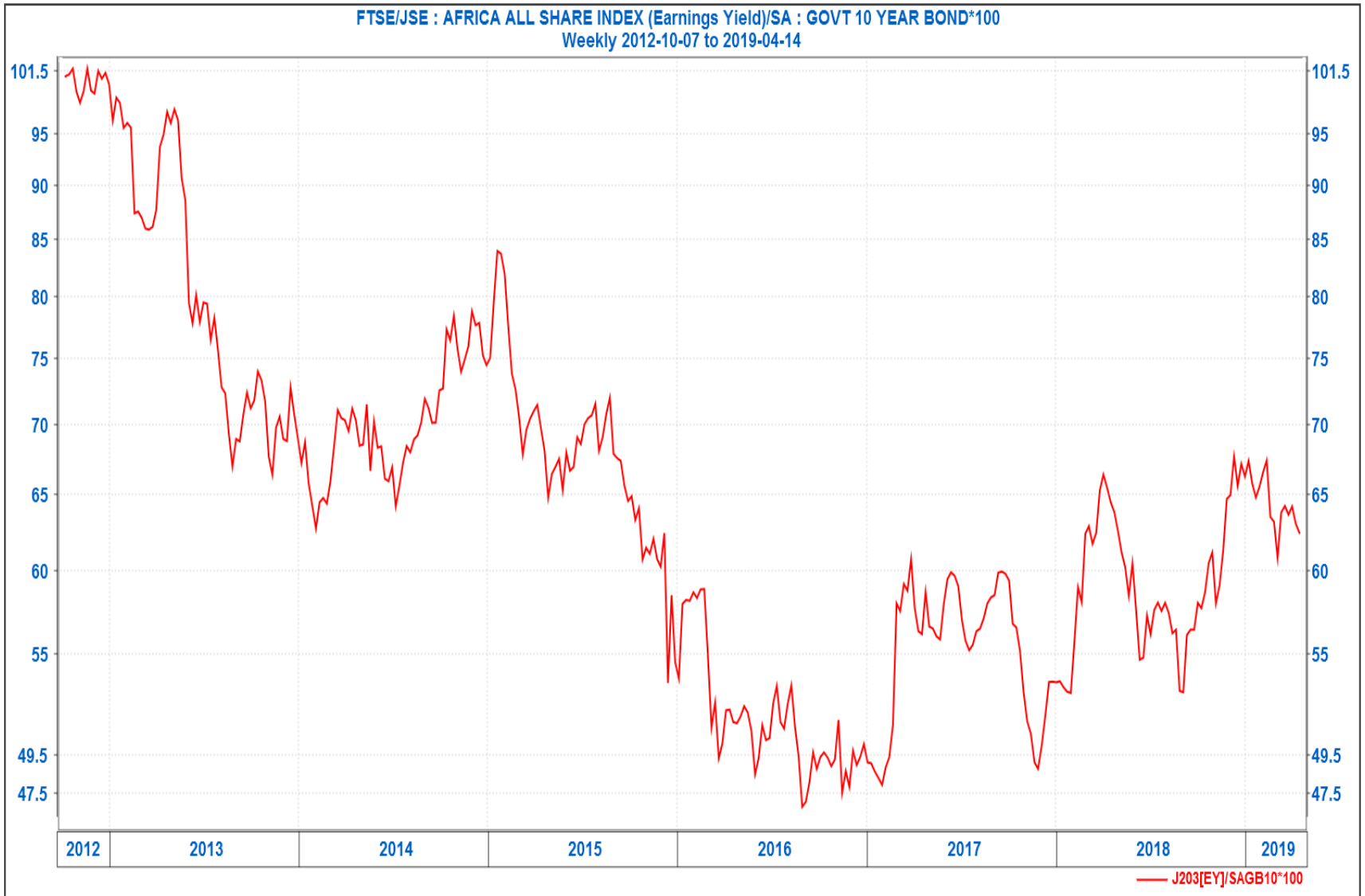
Real EY- SA vs. USA

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 2014-12-31 to 2019-02-28



Period

Relative value of share's against Capital market rates



Period