

# **International Economic Indicators**

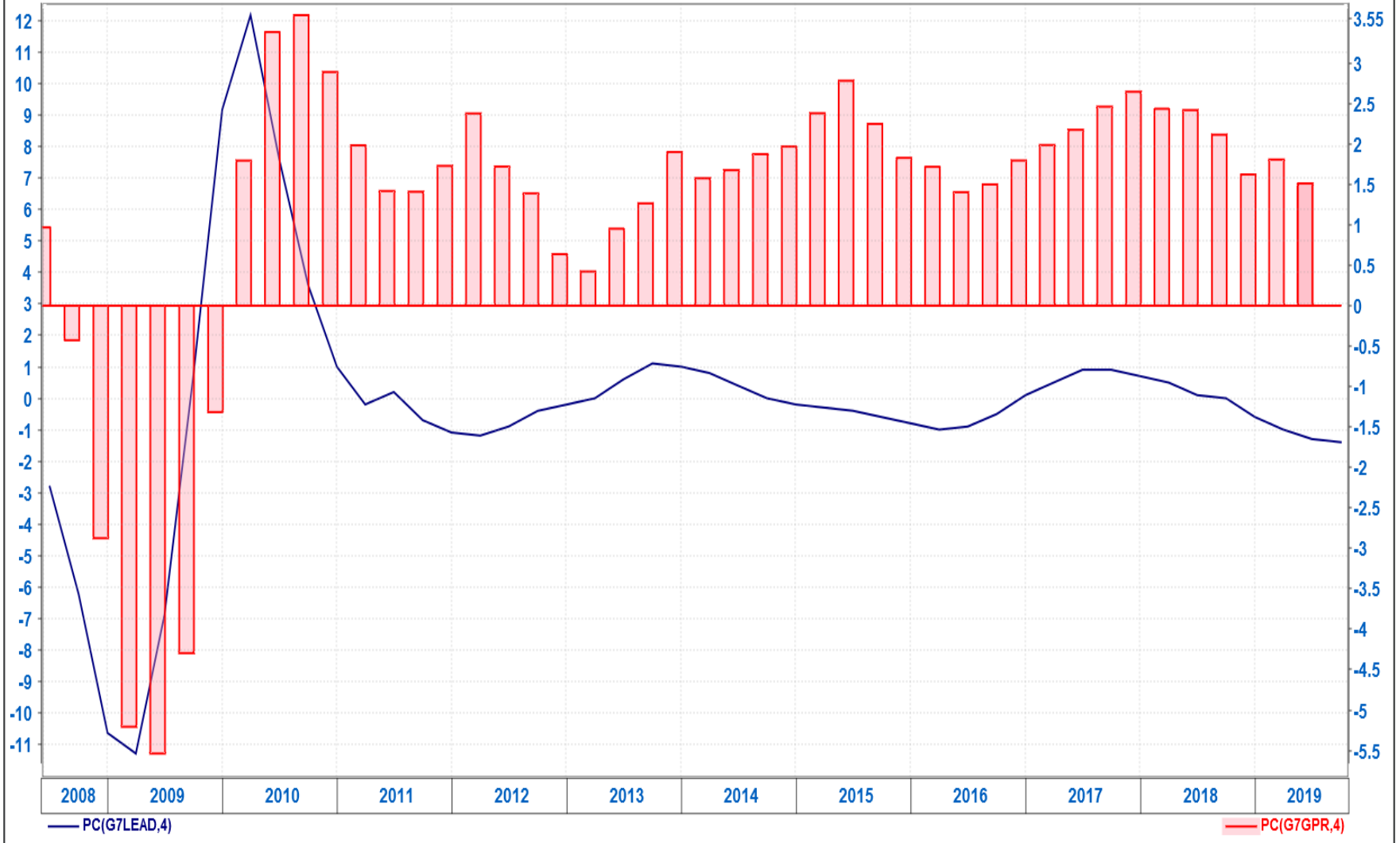
## **Worldwide: G7**

Economic growth came in lower at 1.5% in the second quarter of 2019 for the G7 countries, with leading indicators signalling a continuous overall slowdown in the economic growth for the next quarter.

Unemployment rates have decreased to 4.3% in the second quarter; while the latest inflation figures have decreased to below the 1.5% level for the same period.

# 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 2008-06-30 to 2019-09-30

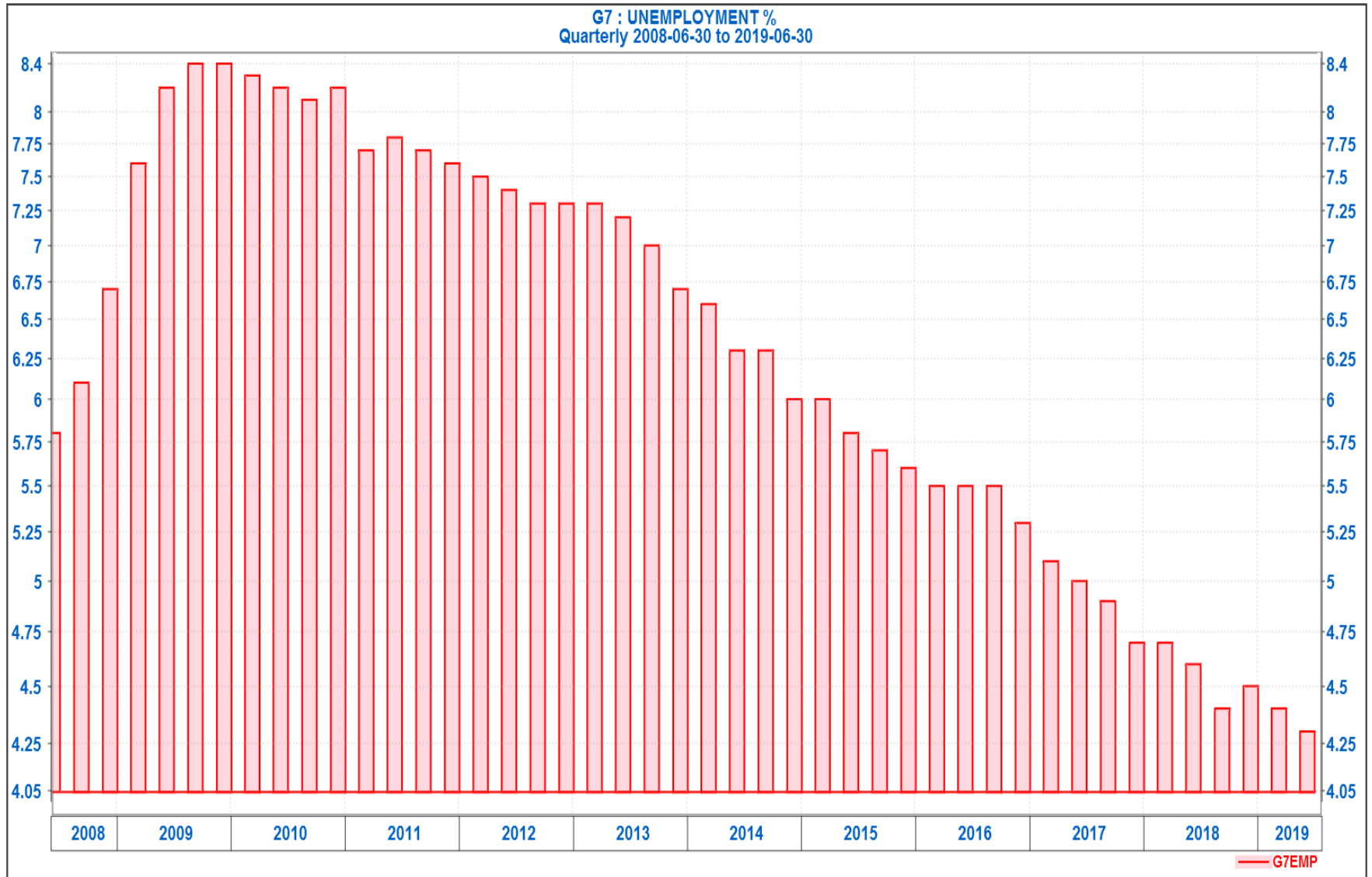


— G7 Leading Indicator

— G7 Growth Rate

Period

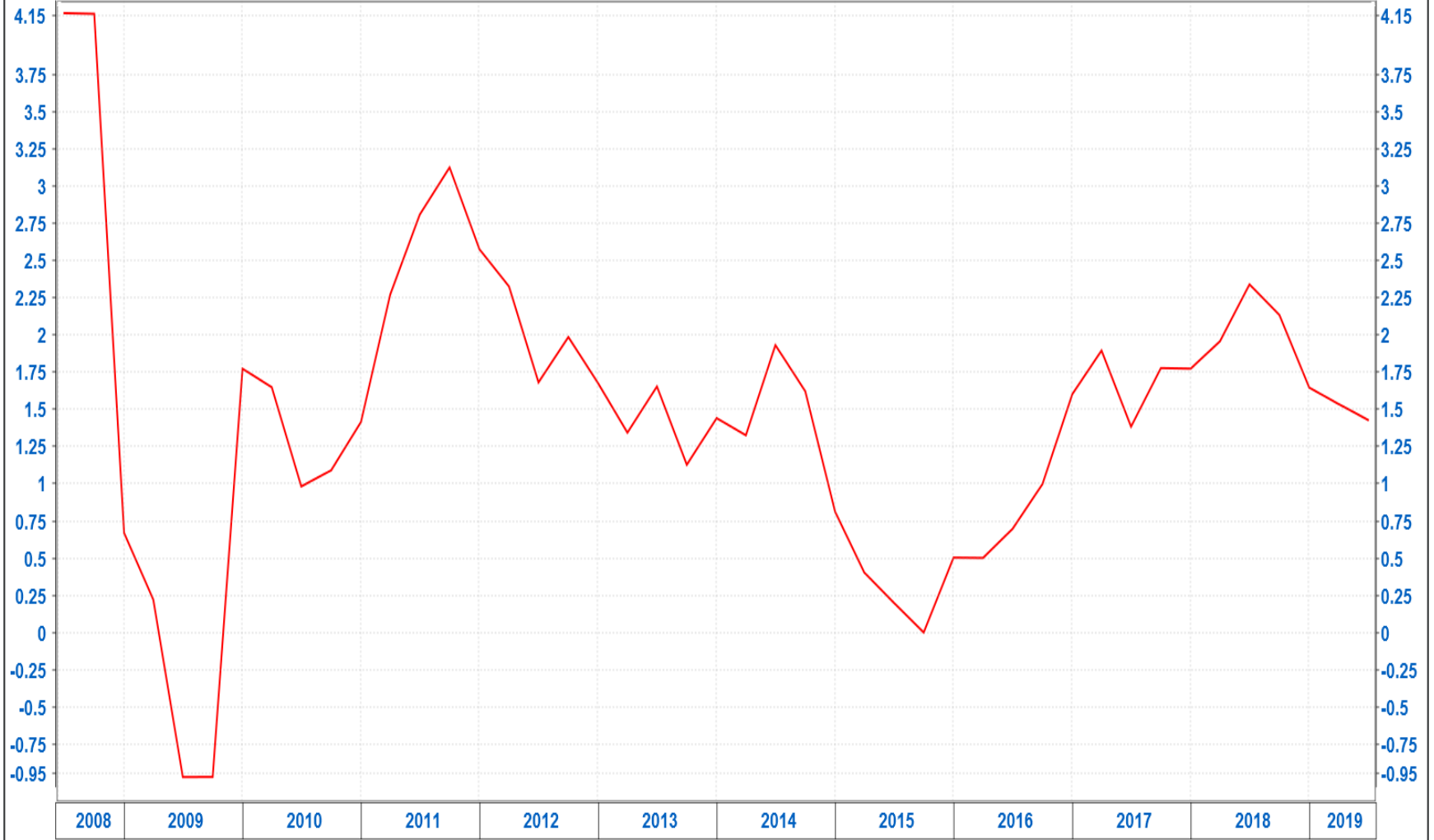
# G7 – Unemployment



# 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

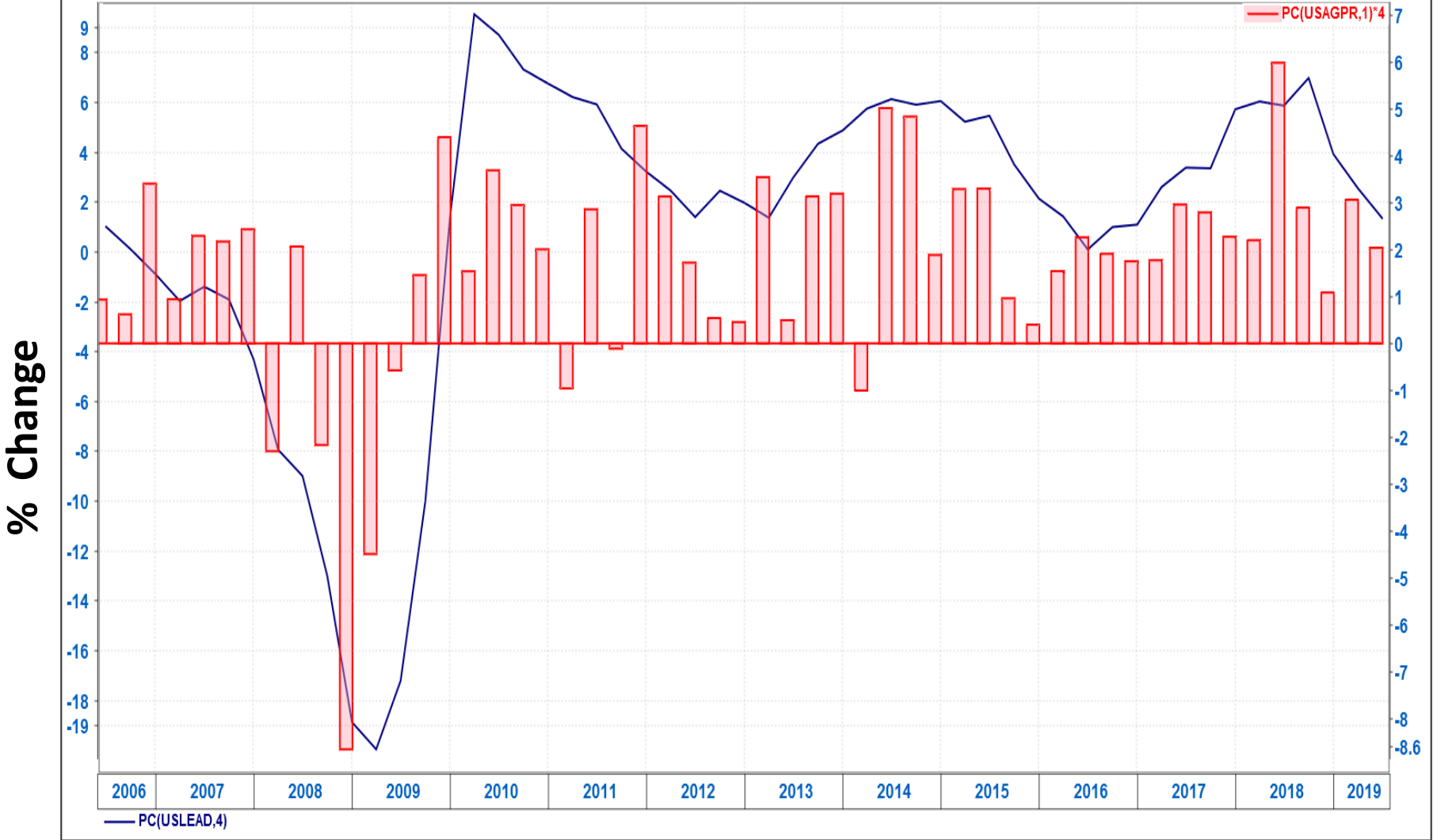
## **Unites States:**

The Federal Reserve lowered interest rates by 50 basis points during the third quarter of 2019. This decision was expected due to slower economic growth and stagnating inflation. Inflation came in at 1.7% for September 2019. The unemployment rate printed lower at 3.5% and real wages growth is slightly down to 0.2%. for the same period.

Earnings growth of companies remains weak, coming in at -0.4% in the first quarter of 2019, and -0.7% in the second quarter. Earnings growth expectations remain low, estimated at -4.1% and 2.6% for quarter three and four respectively.

# USA – Economic Growth Rate

PC(USAGPR,1)\*4 , Percentage Change 4 of USA : COMPOSITE LEADING INDICATOR (2016=100)  
Quarterly 2006-06-30 to 2019-06-30



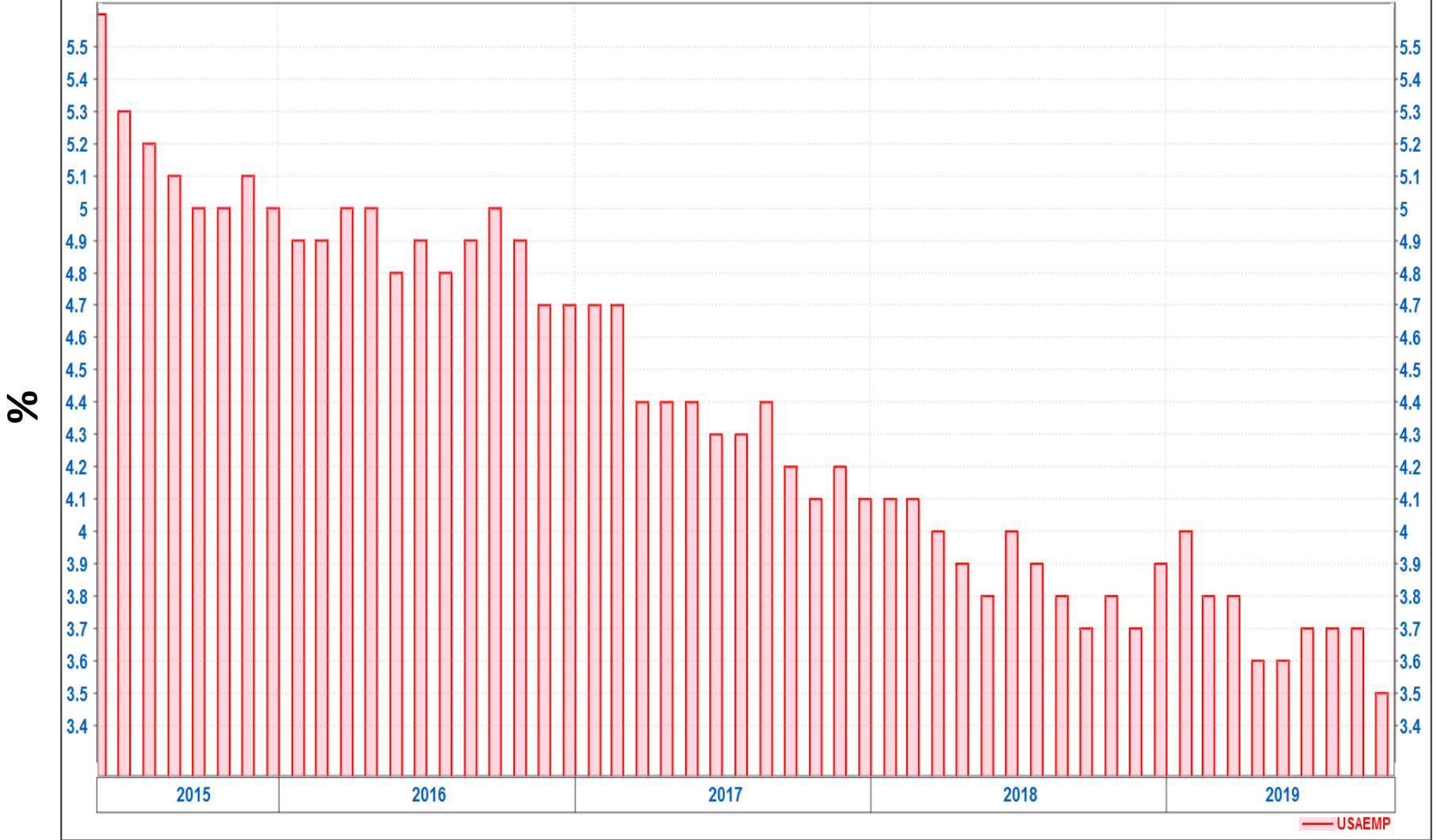
— USA Growth Rate

— USA Leading Indicator

Period

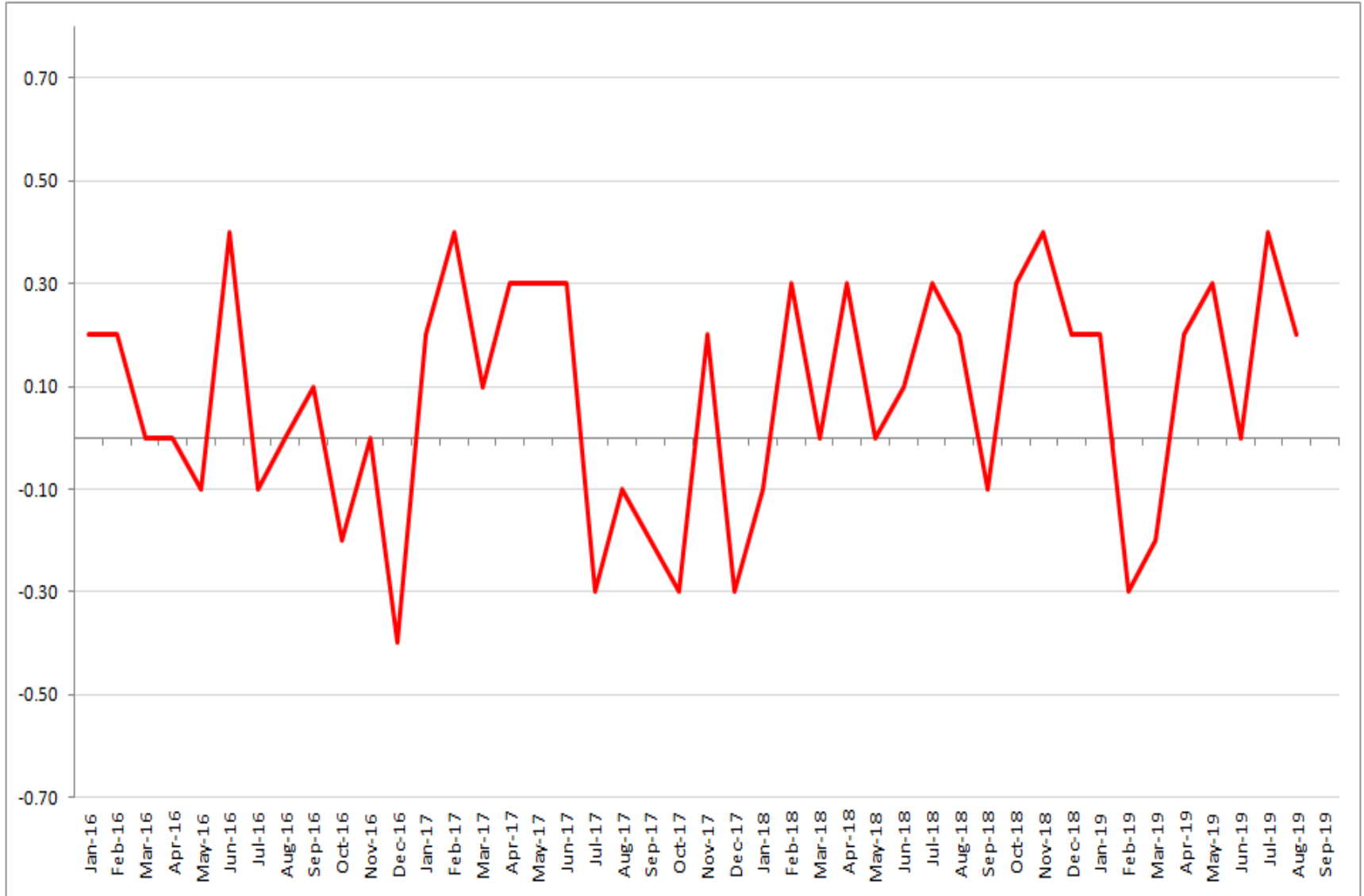
# USA – Unemployment

USA : UNEMPLOYMENT % (S/A)  
Monthly 2015-05-31 to 2019-09-30



Period

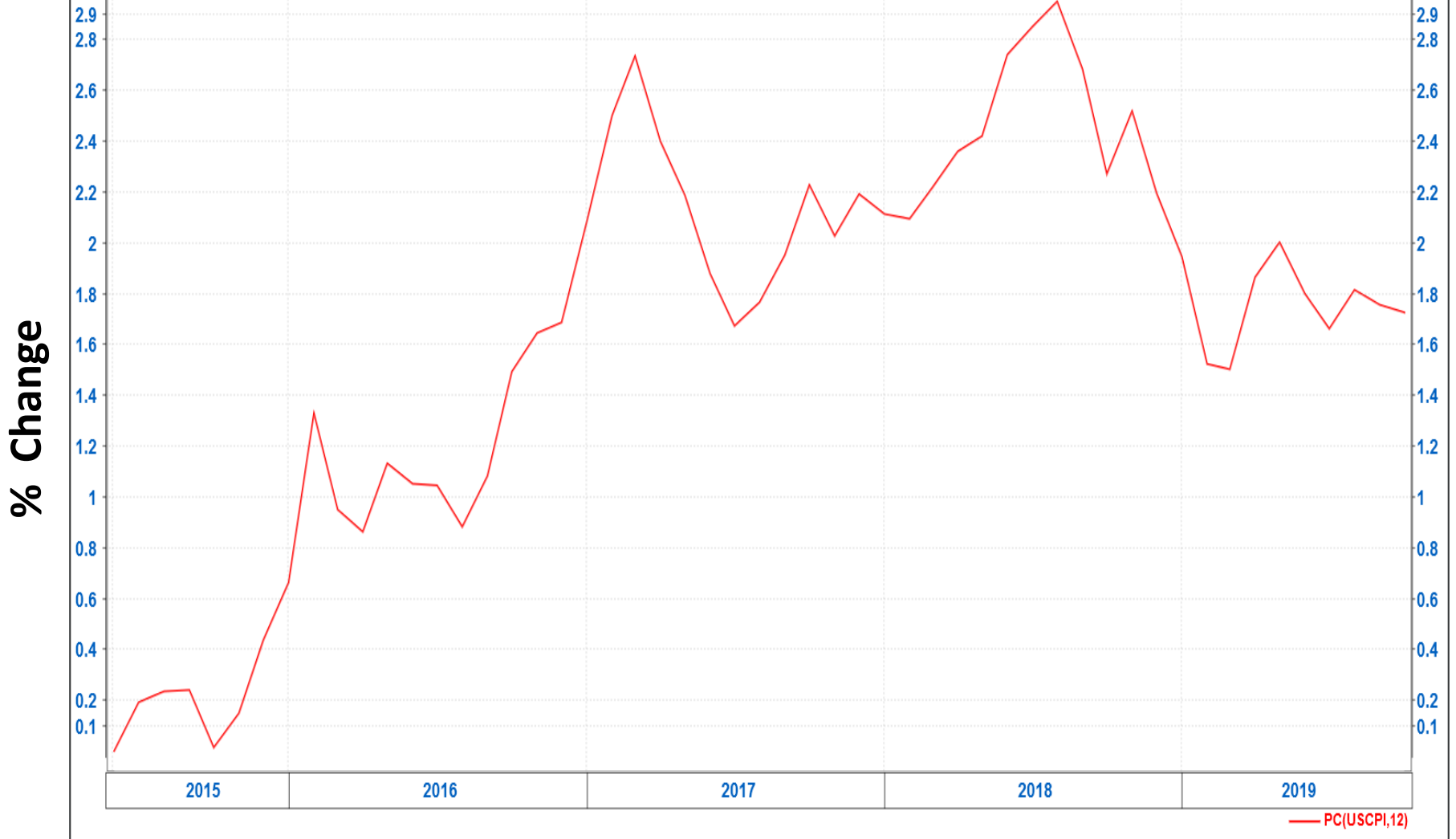
# Real US Wages Growth (MoM)



Period

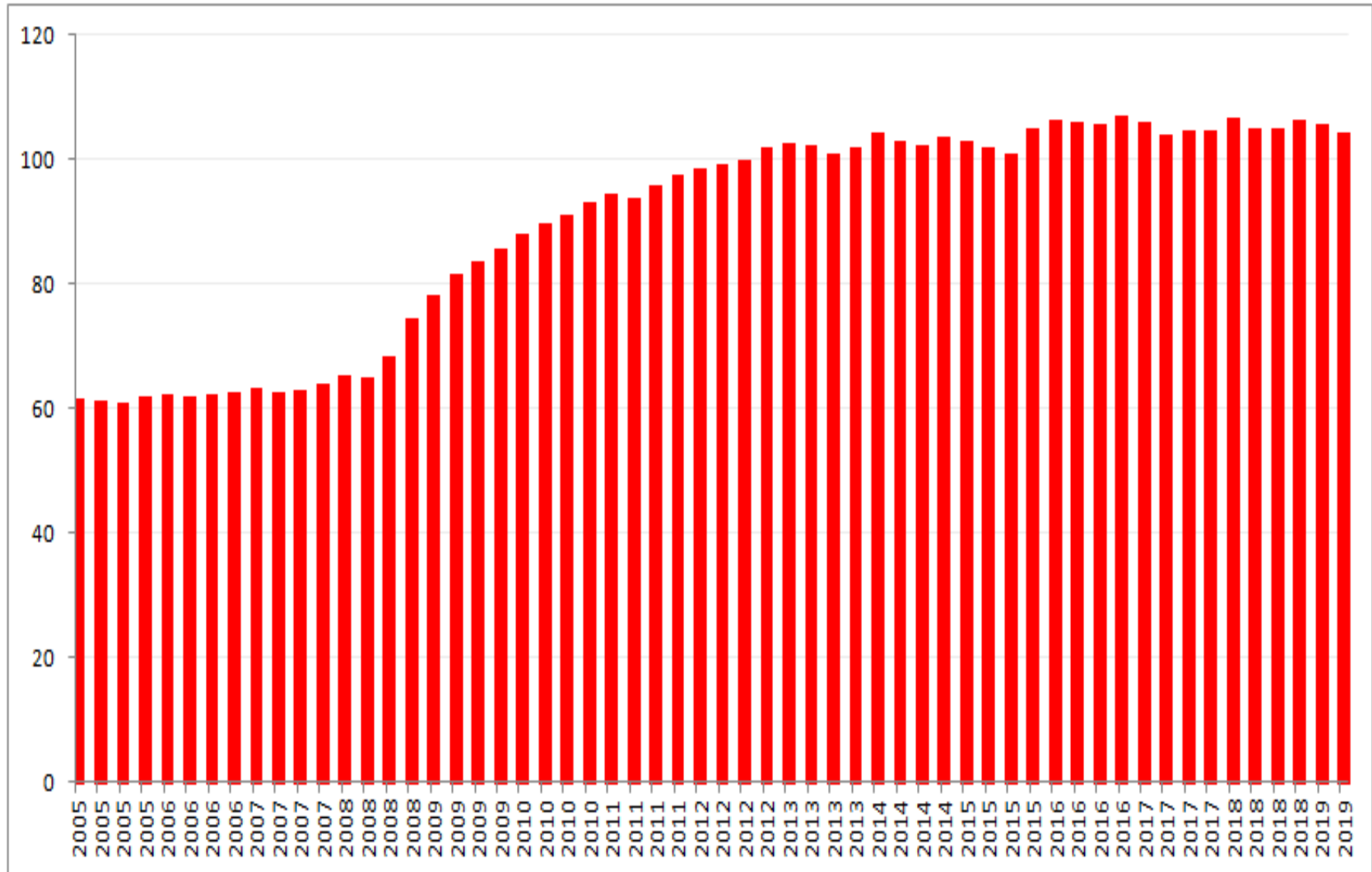
# USA – Inflation

Percentage Change 12 of USA : CONSUMER PRICE INDEX - ALL URBAN S/A  
Monthly 2015-05-31 to 2019-09-30



Period

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

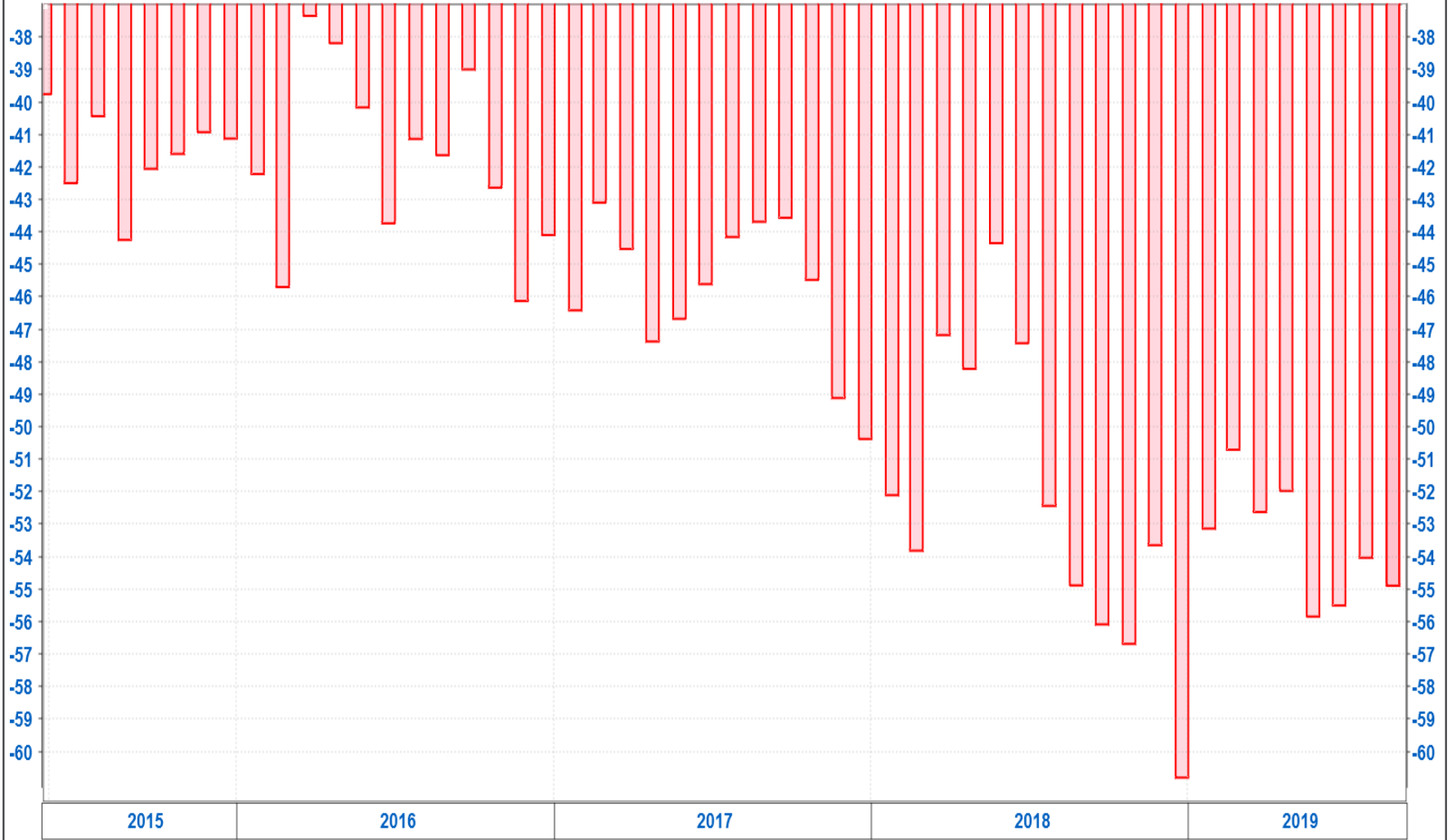


Period

# USA - Trade Balance Deficit (\$ Billion)

USA : TRADE BALANCE S/A (\$BN)  
Monthly 2015-05-31 to 2019-09-30

Amount

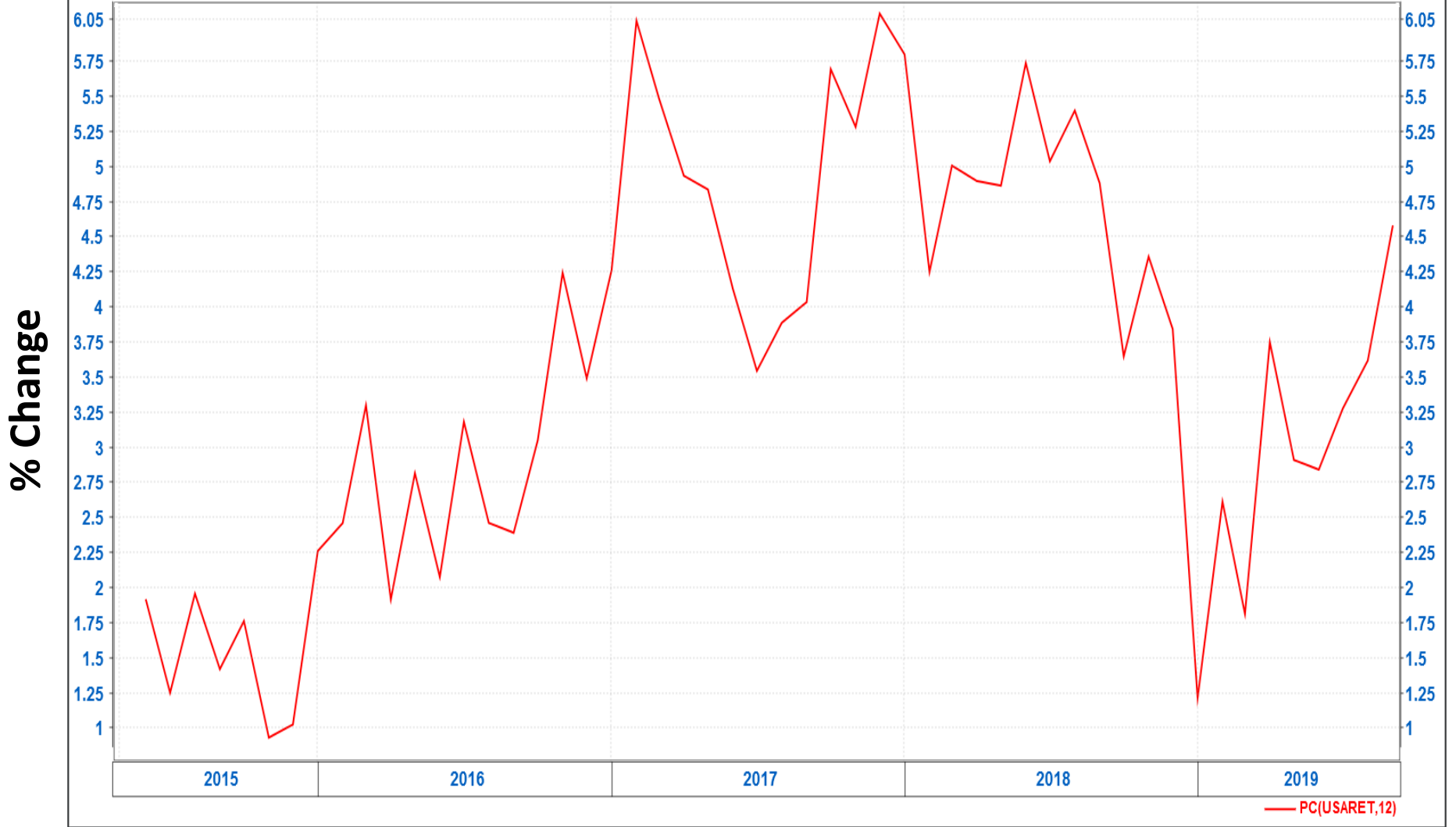


USDEF

Period

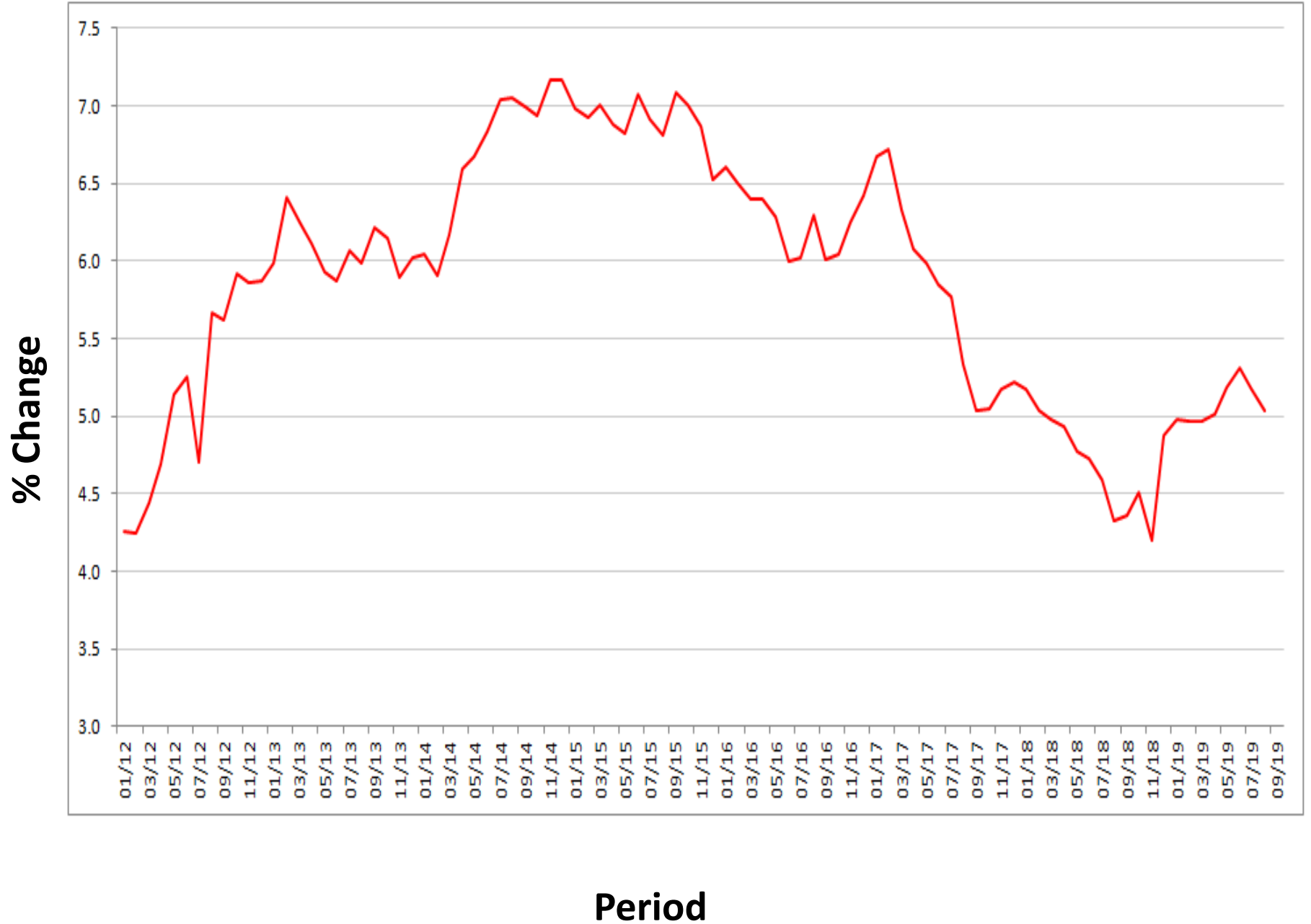
# USA - Retail Sales

Percentage Change 12 of USA : RETAIL TRADE - VALUE S/A (US\$BN)  
Monthly 2015-04-30 to 2019-08-31

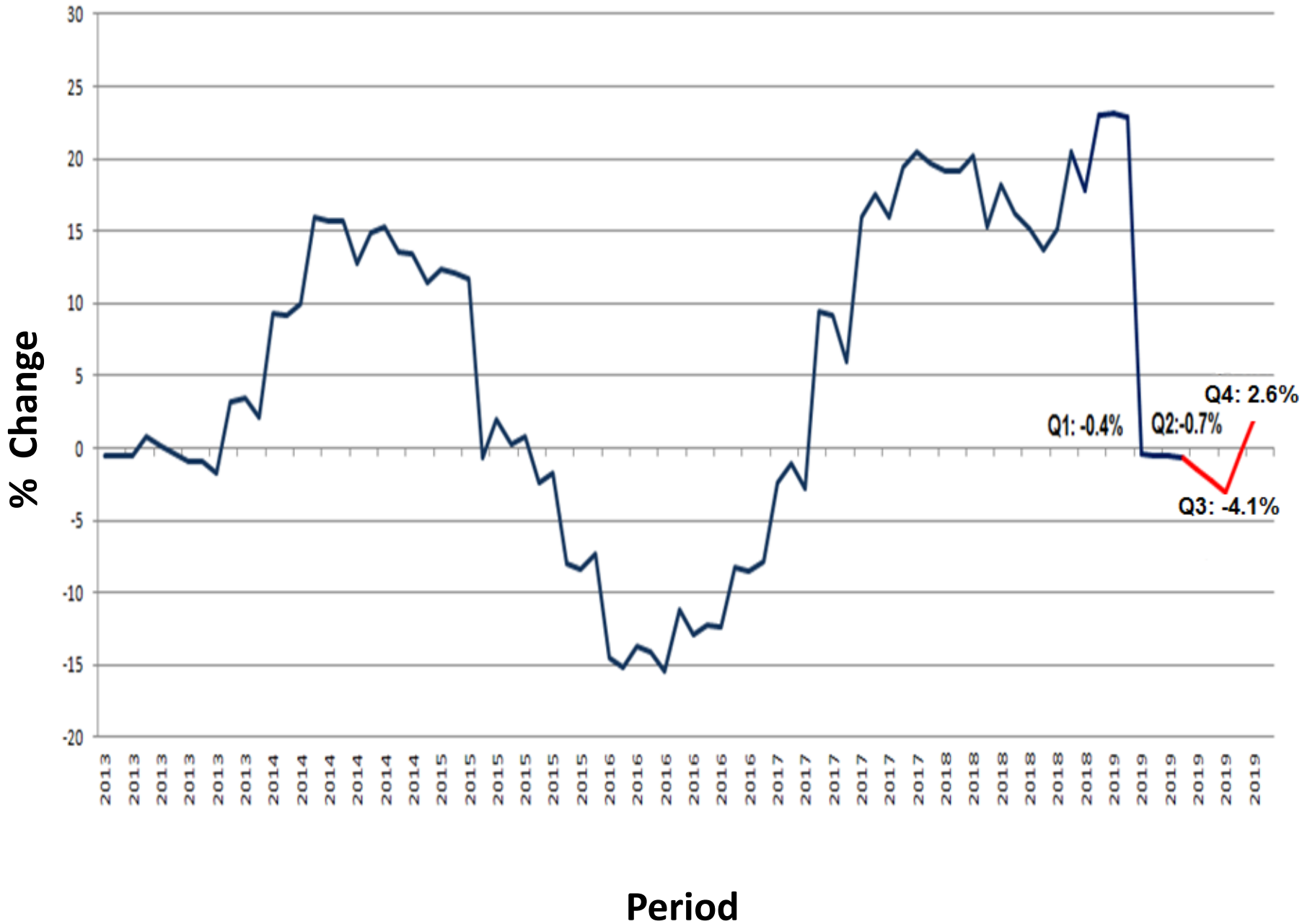


Period

# USA – Consumer Credit



# USA – S&P 500 Earnings Growth

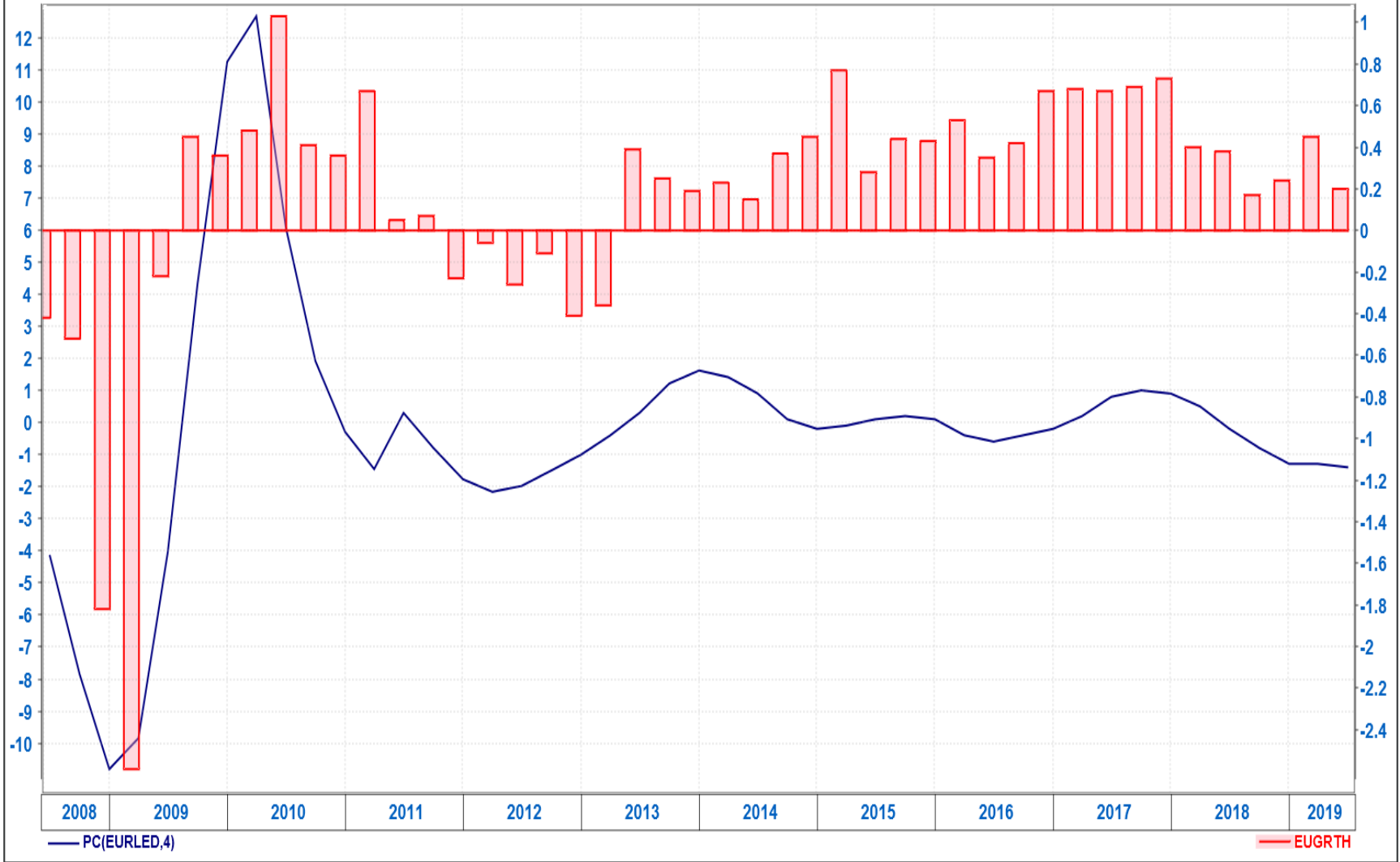


## **Euro Area:**

The ECB is unlikely to implement restrictive monetary policy as GDP growth remains weak coming in at 0.2% for the second quarter of 2019. Unemployment continues to be on a downward trend. Inflation seems to have stabilized below the 1% level. 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 2008-06-30 to 2019-06-30



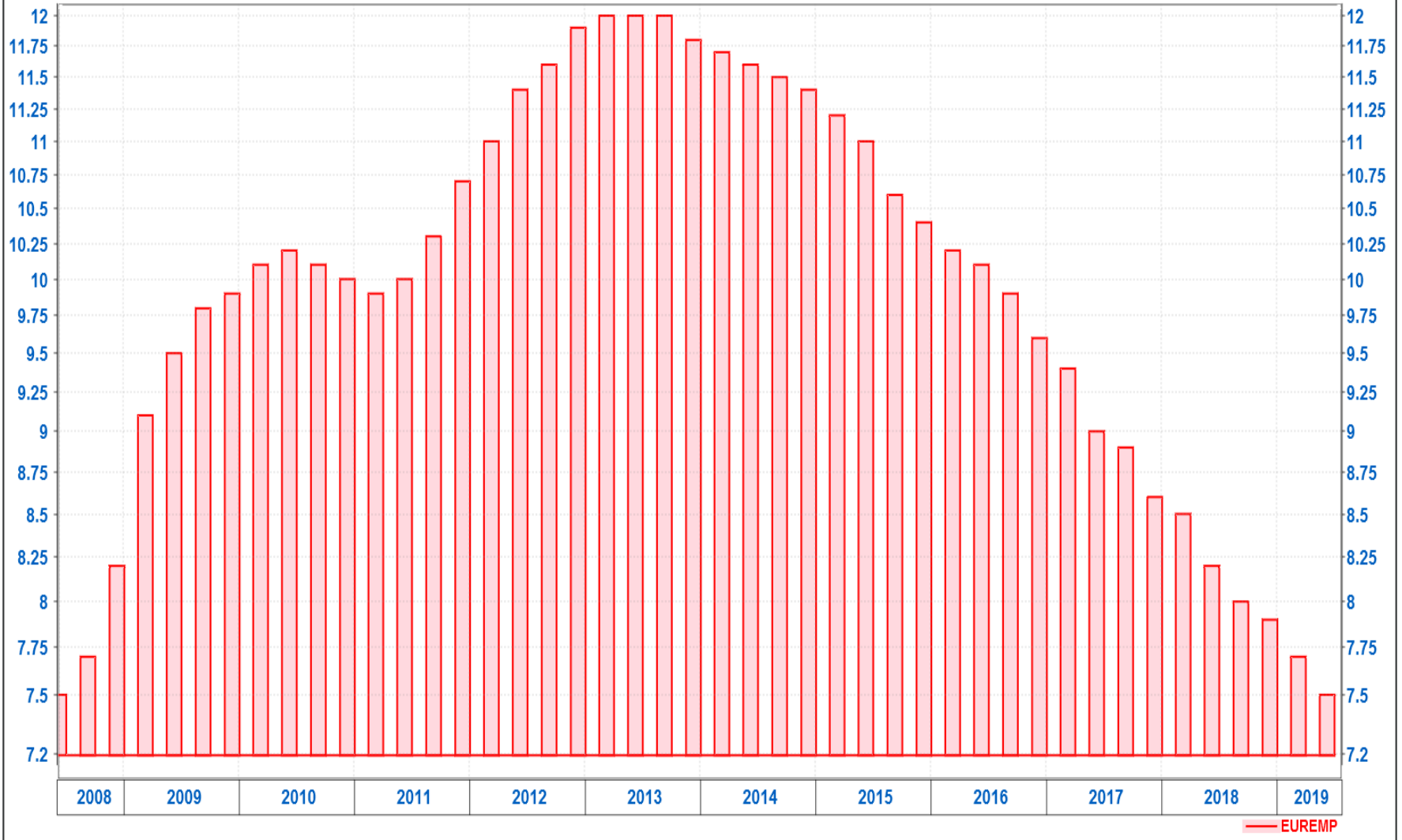
— Europe Growth Rate

— Europe Leading Indicator

Period

# Europe – Unemployment

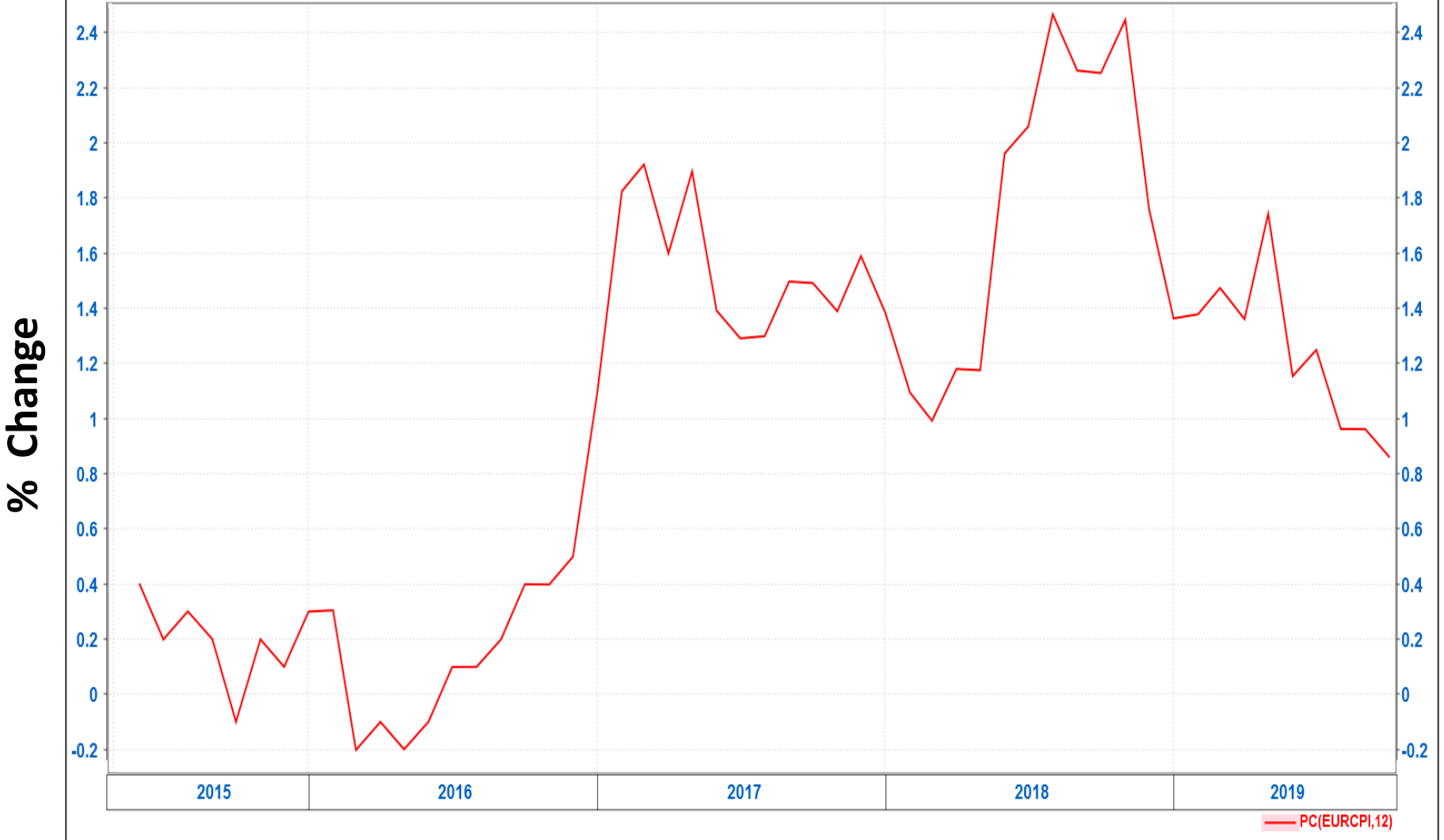
EURO-ZONE : UNEMPLOYMENT RATE %  
Quarterly 2008-06-30 to 2019-06-30



Period

# Europe – Inflation

Percentage Change 12 of EURO-ZONE : CONSUMER PRICE INDEX (2015=100)  
Monthly 2015-04-30 to 2019-09-30



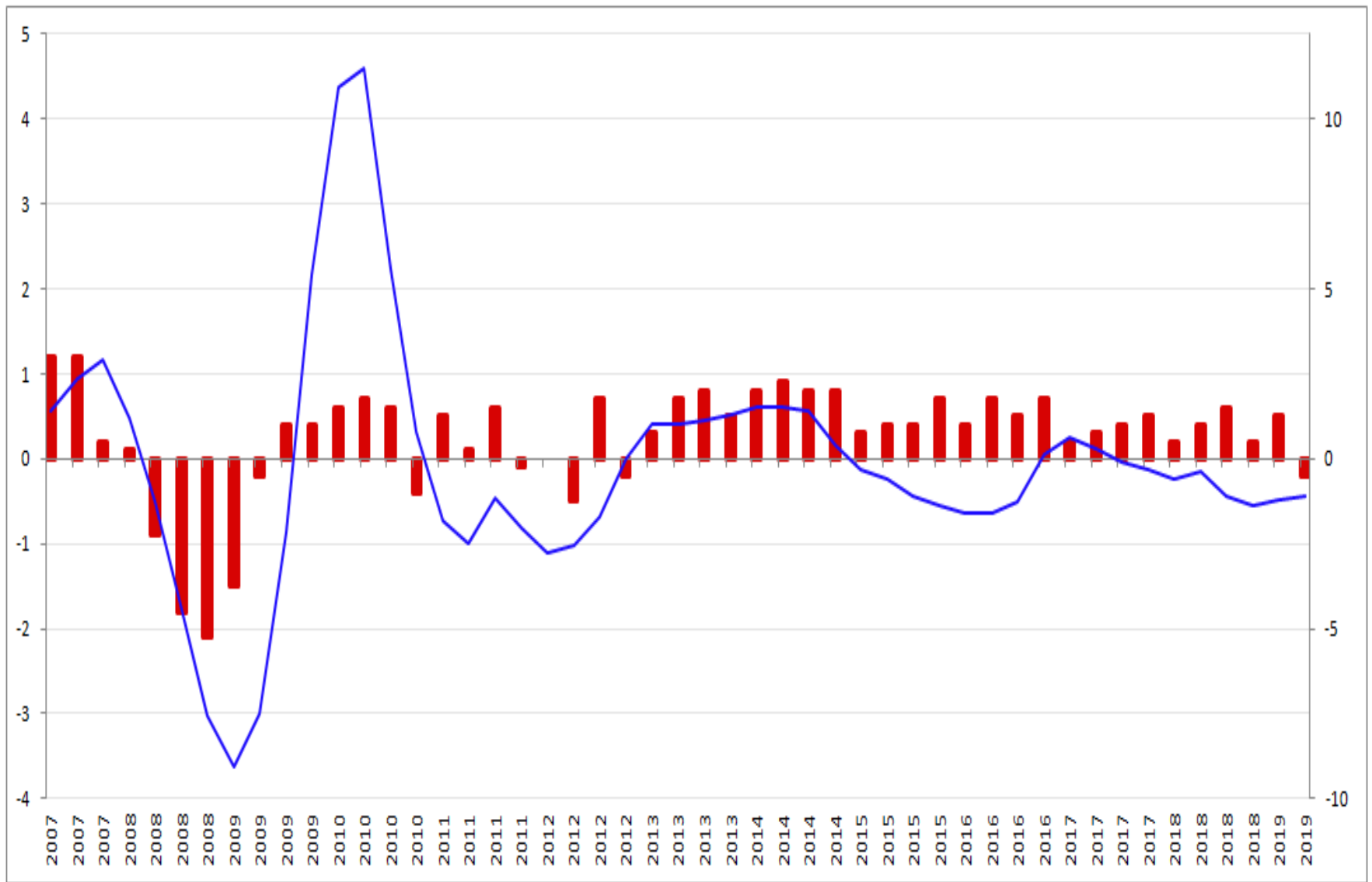
Period

## **United Kingdom:**

Economic growth swung downwards to -0.2% within the UK during Q2 of 2019, the first negative growth seen in the country since 2012. Inflation came in at the 1.7% level for August, and the unemployment rate remained at 3.7% in Q2. It is unlikely that the Bank of England will hike interest rates in the near future.

Earnings growth of companies is forecasted to be 6% in 2019, revised downwards from the previous figure of 13%.

# UK – Economic Growth Rate Quarterly

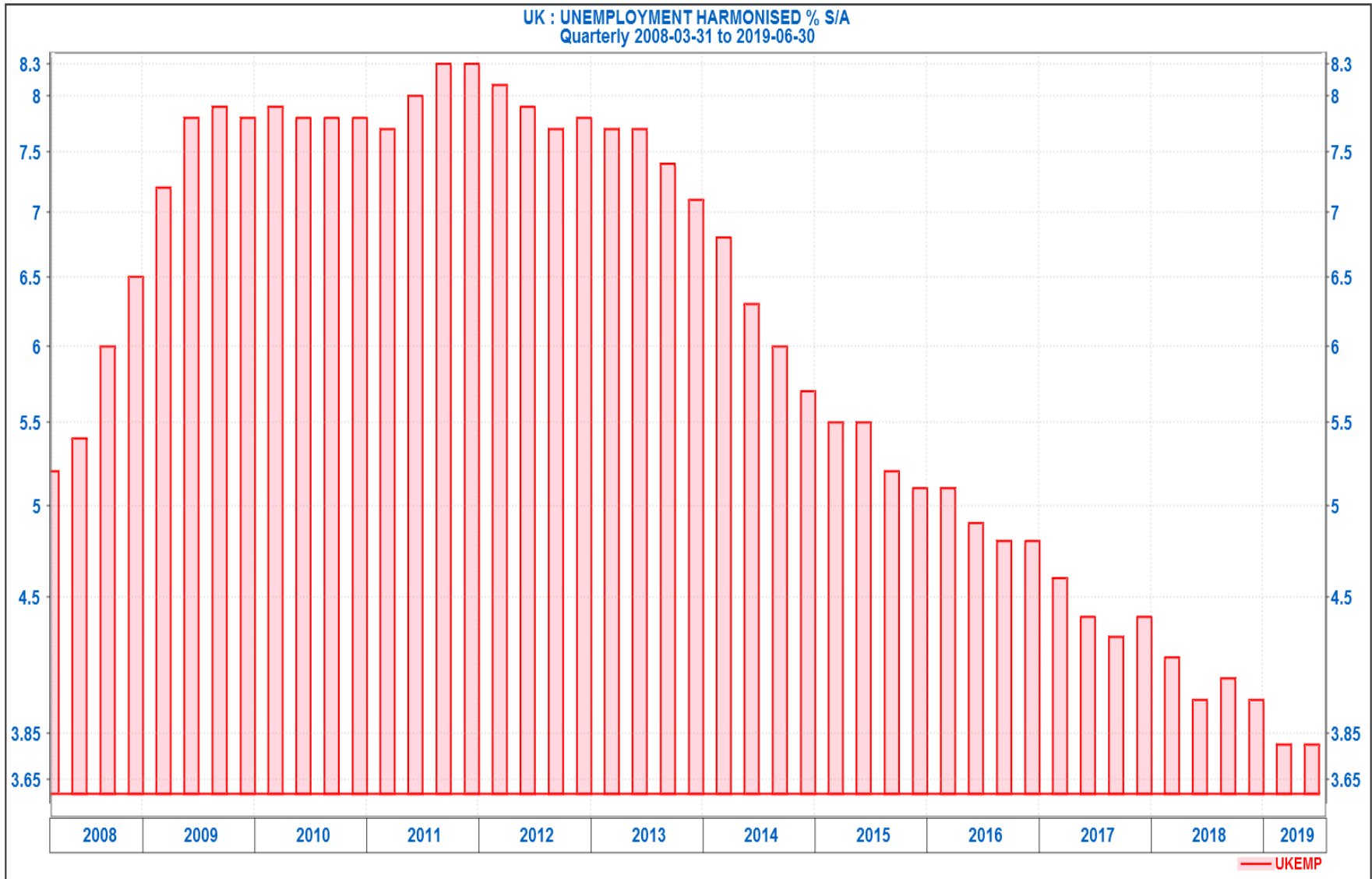


— UK Growth Rate

— UK Leading Indicator

Period

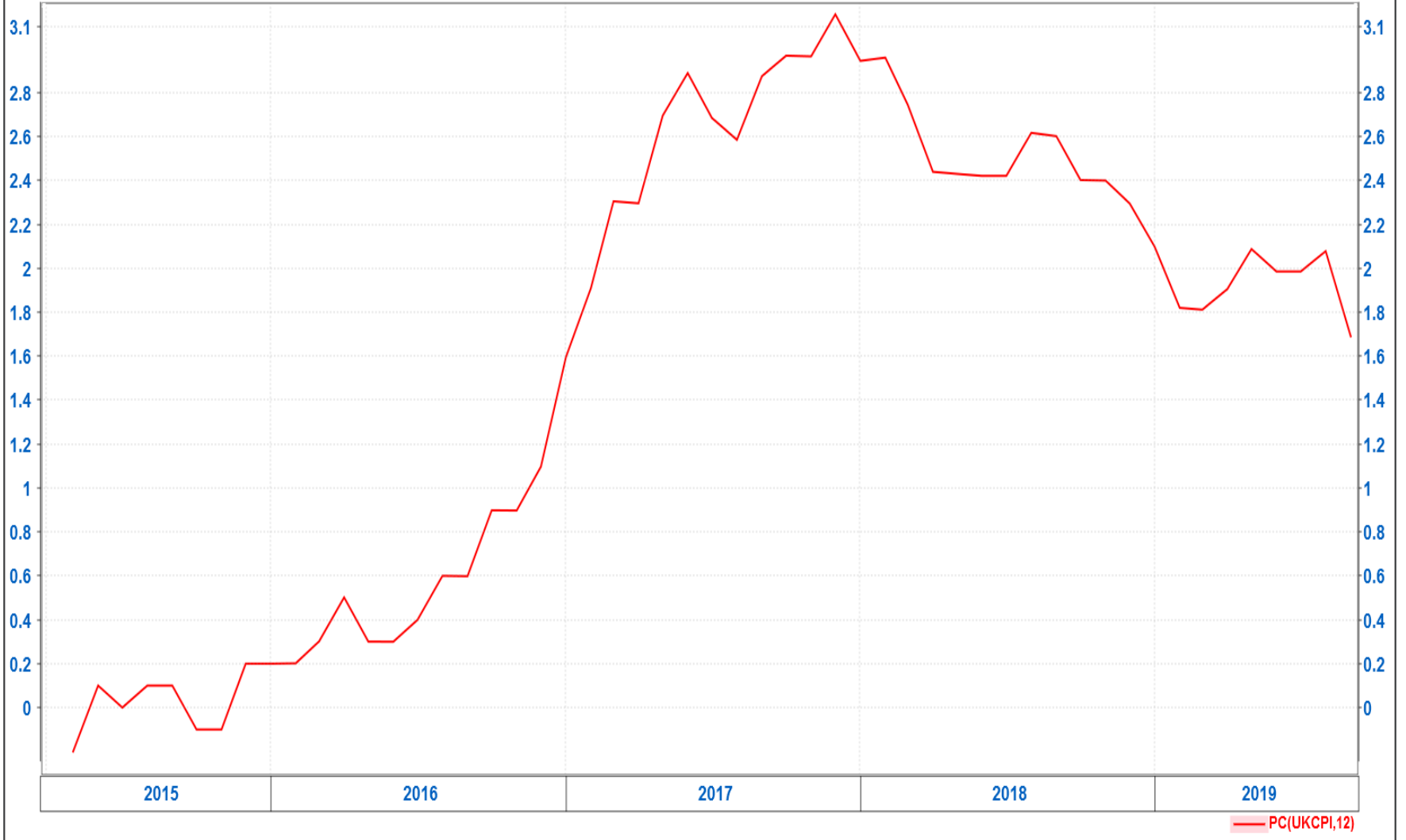
# UK – Unemployment



Period

# UK – Inflation

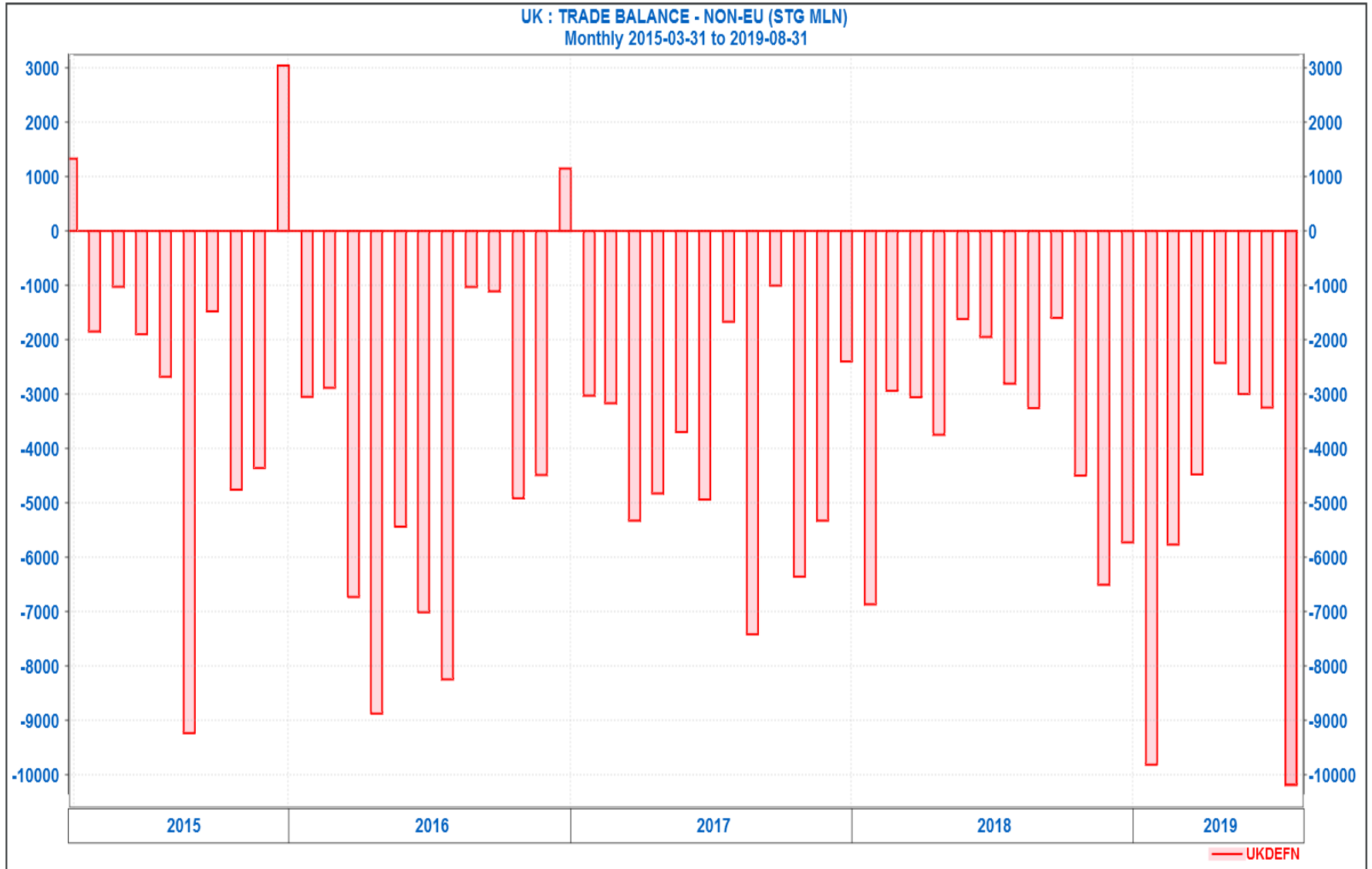
Percentage Change 12 of UK : CONSUMER PRICE INDEX-ALL ITEMS (2015=100)  
Monthly 2015-03-31 to 2019-08-31



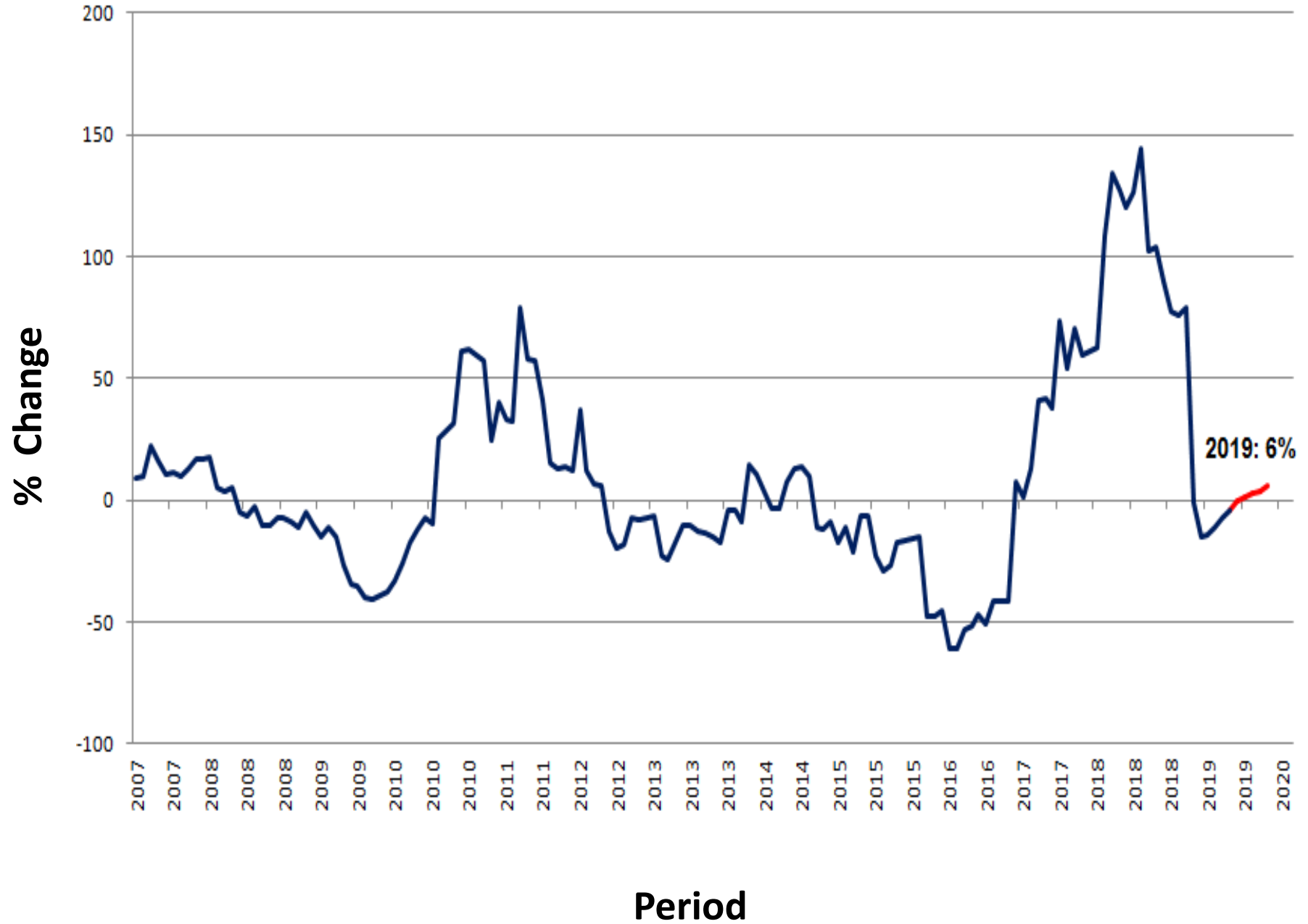
PC(UKCPI,12)

Period

# UK – Trade Balance Deficit (£ Millions)



# UK – FTSE 100 Earnings Growth



# **South Africa Economic Indicators**

## **South Africa:**

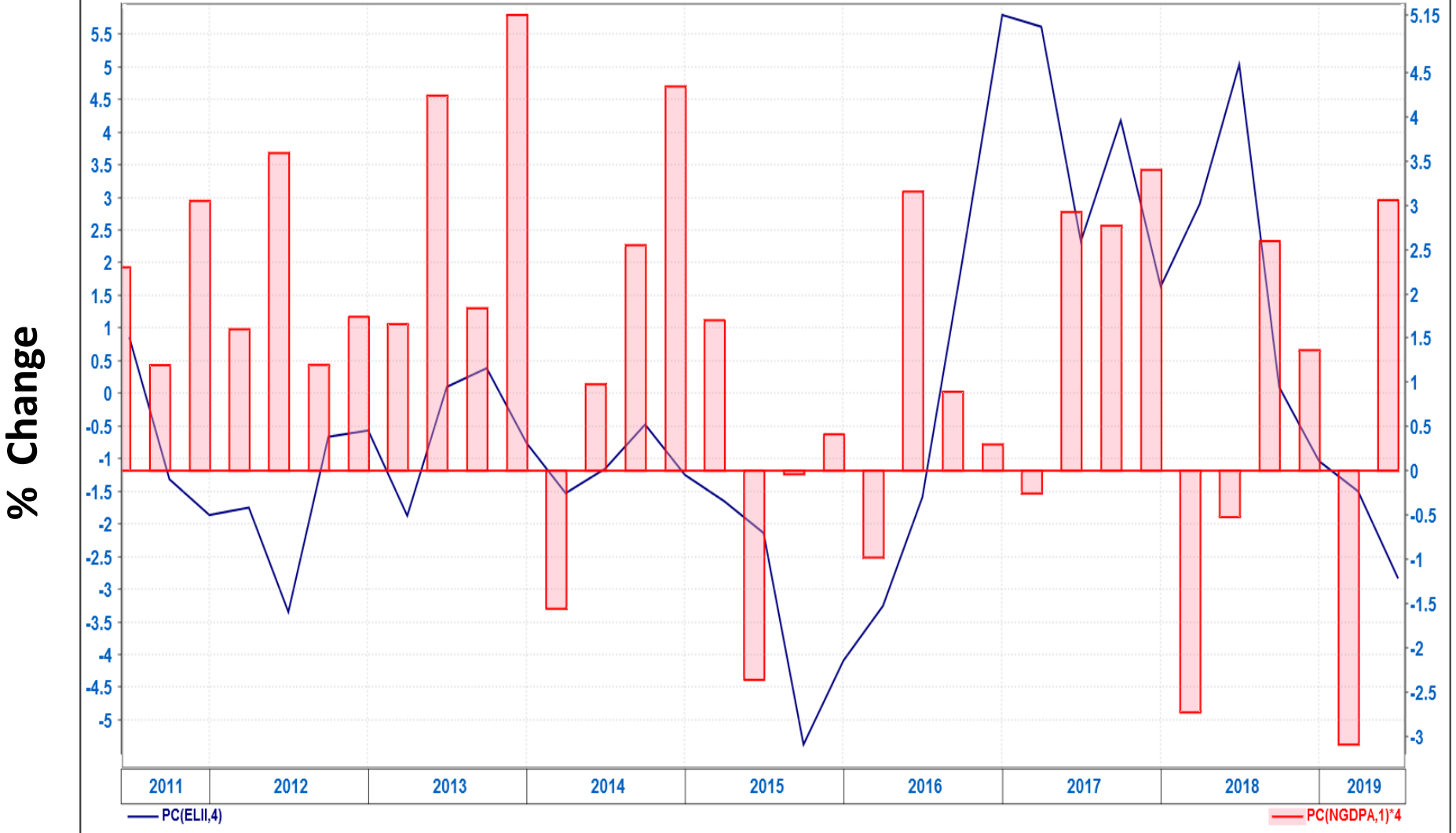
Economic growth increased sharply from -3.2% in Q1 of 2019 to 3.0% in Q2 of 2019. Unemployment remains high at 29% in Q2 of 2019, the highest unemployment figure in more than a decade. Inflation ticked up to 4.3% in August 2019 from 4.0% in July 2019, whilst consumer credit slowed to just above the 6.75% 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 23.54% in 2019 after experiencing growth of 8.8% in the first quarter of the year and 9.7% in the second quarter.

# South Africa – Economic Growth Rate Quarterly

PC(NGDPA,1)\*4 , Percentage Change 4 of LEADING INDICATOR (2015=100)  
 Quarterly 2011-06-30 to 2019-06-30



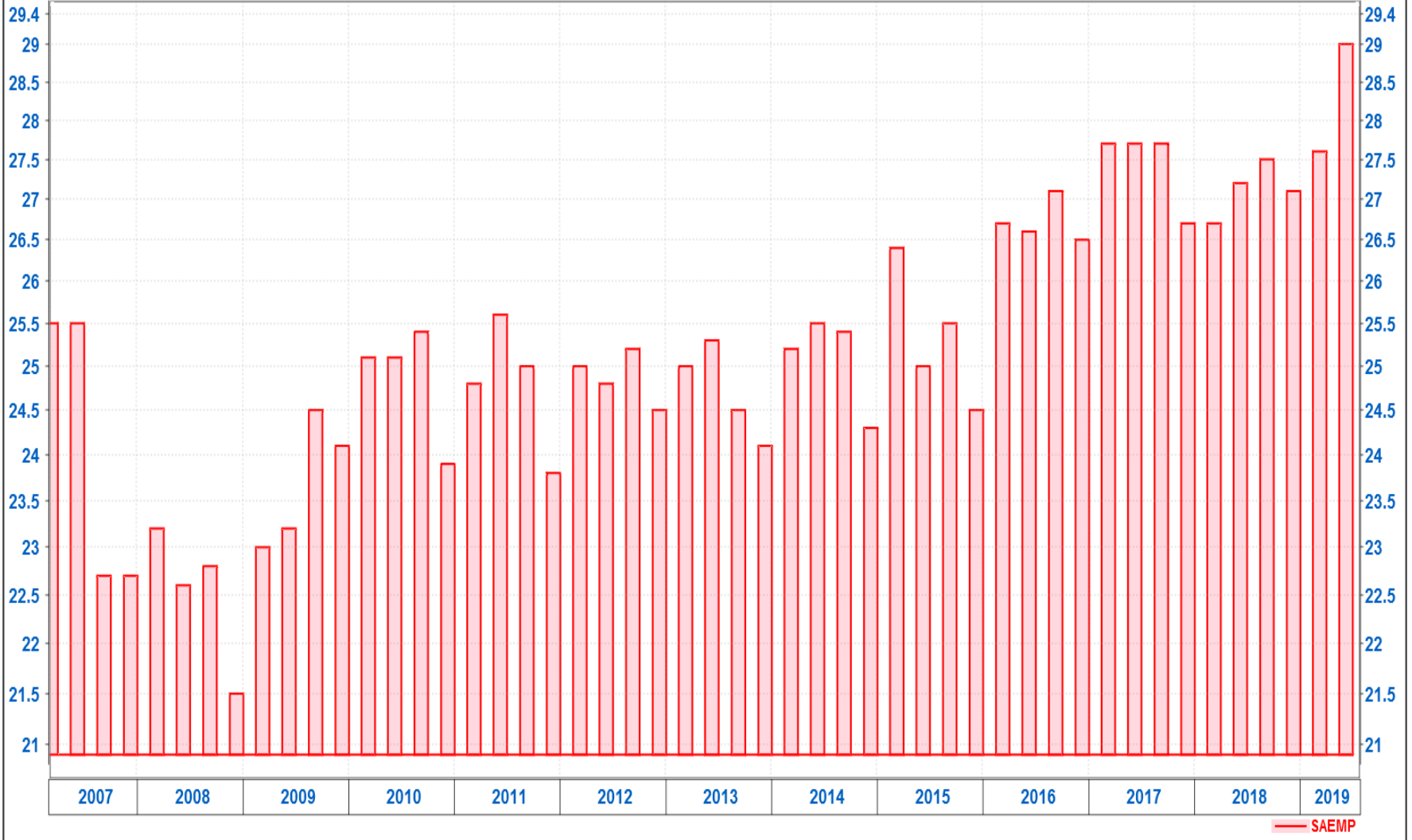
— South Africa Growth Rate

— South Africa Leading Indicator

Period

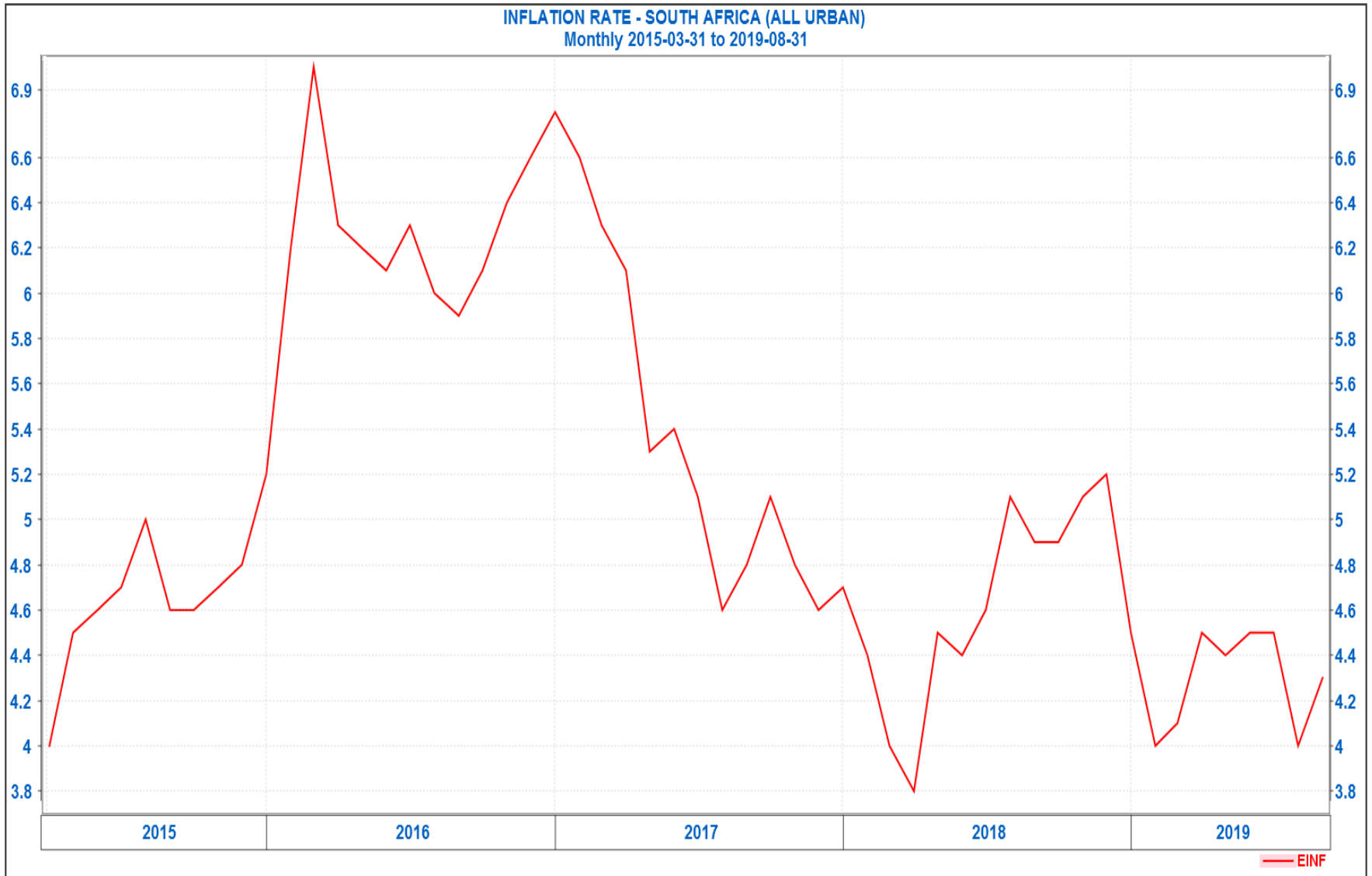
# South Africa – Unemployment

EMPLOYMENT : OFFICIAL UNEMPLOYMENT RATE (ILO)  
Quarterly 2007-03-31 to 2019-06-30



Period

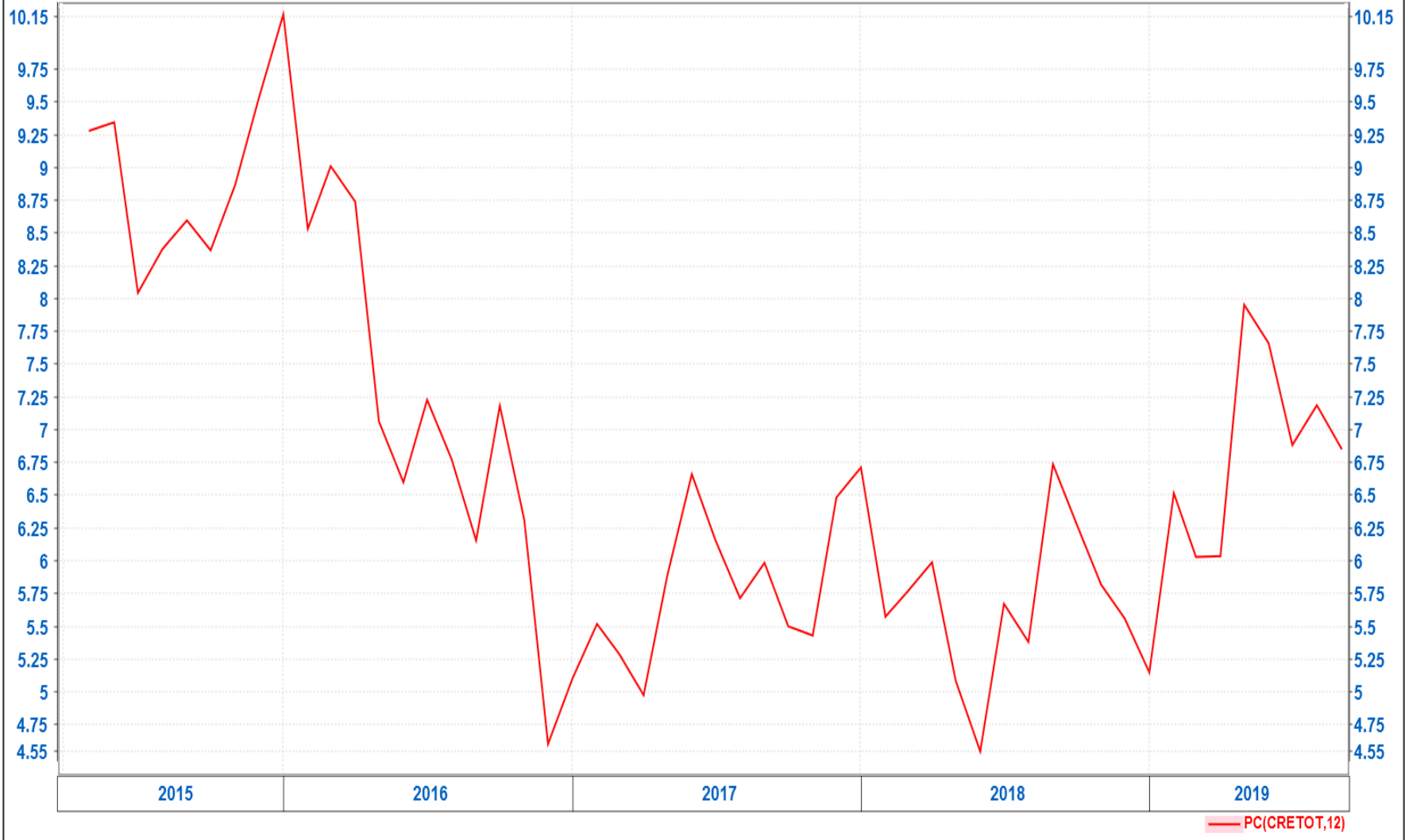
# South Africa – Inflation Rate



Period

# South Africa – Consumer Credit

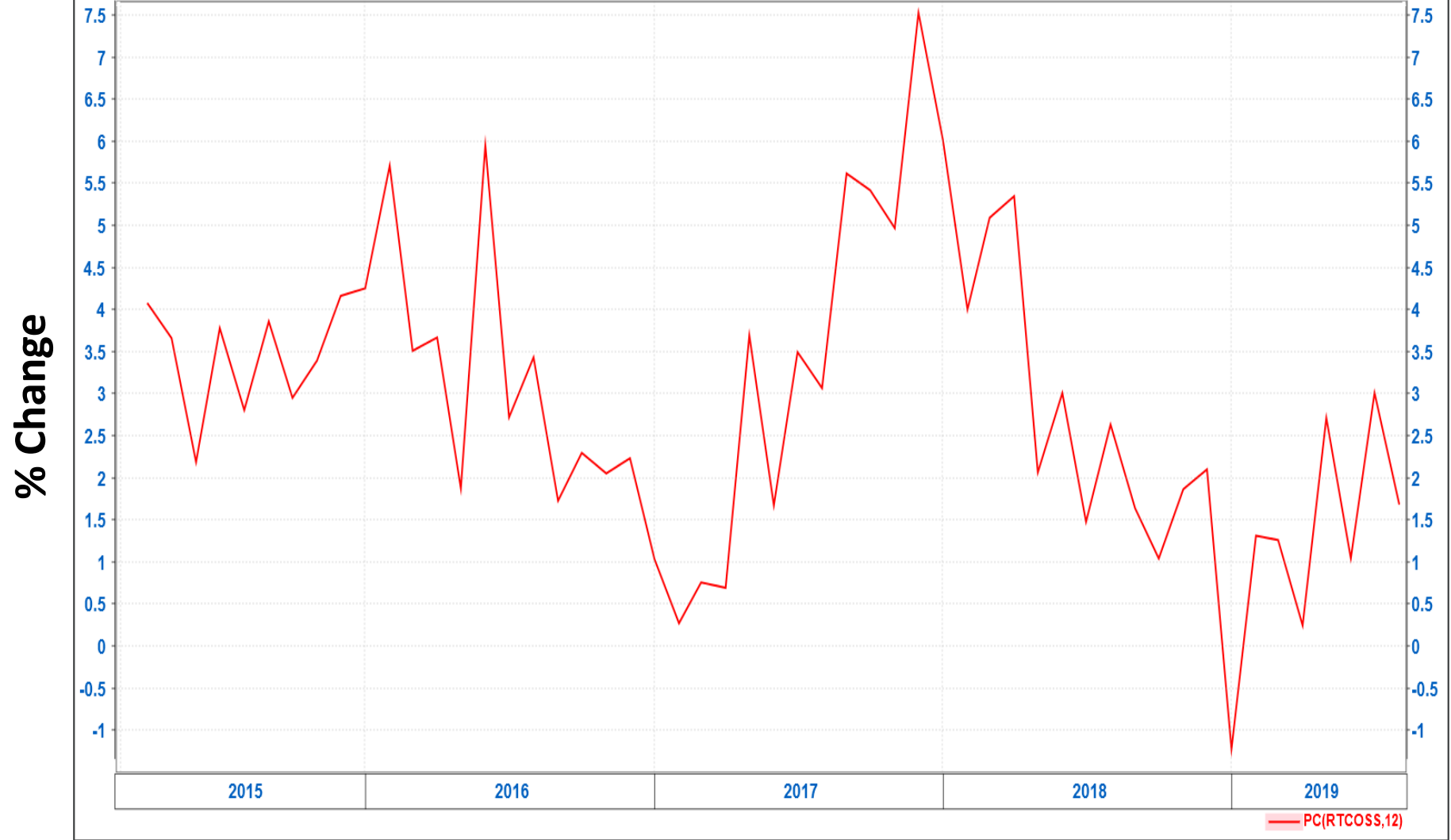
Percentage Change 12 of CREDIT: TOTAL EXTENDED BY PRIVATE SECTOR (RM)  
Monthly 2015-03-31 to 2019-08-31



Period

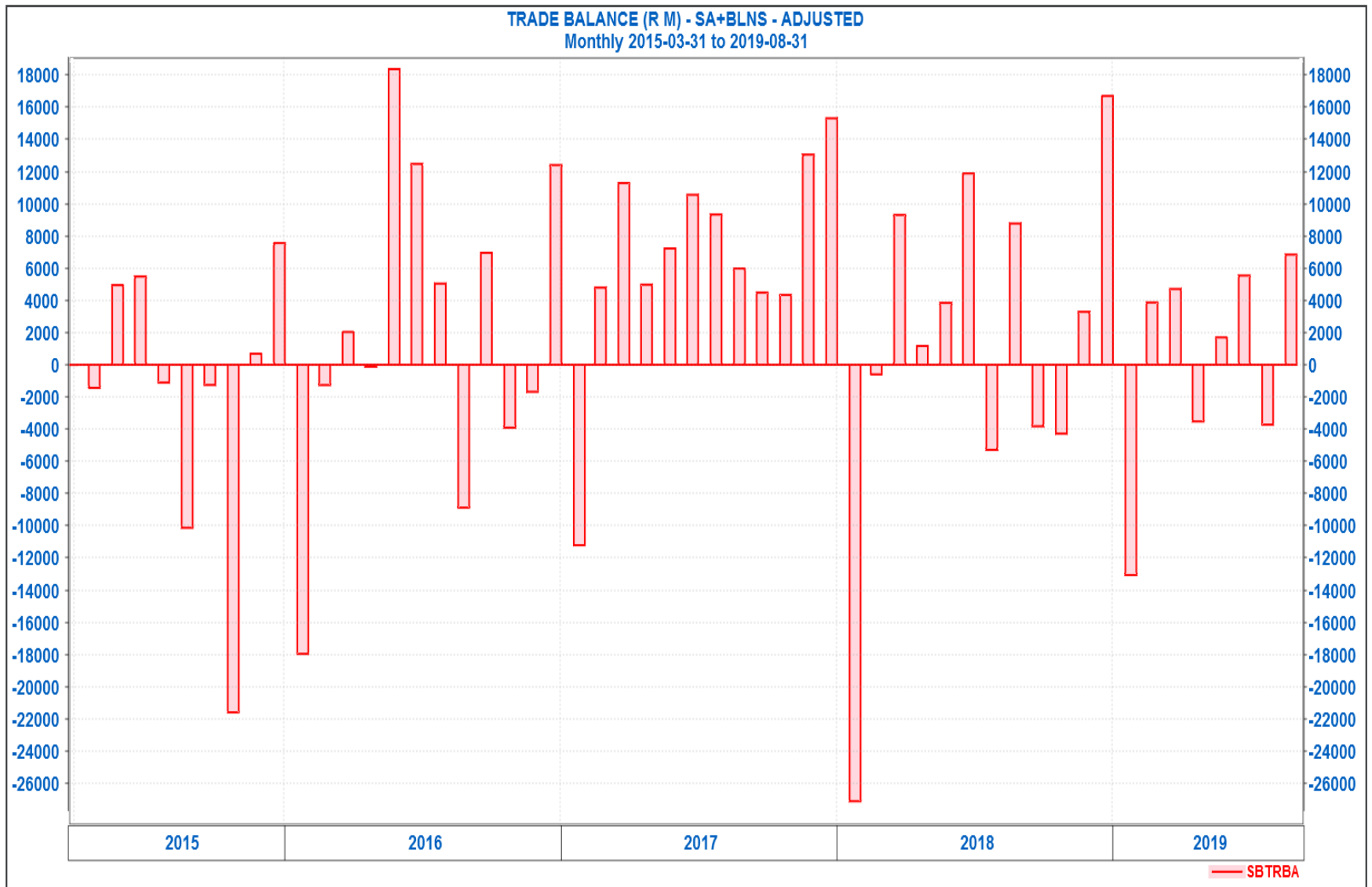
# South Africa – Retail Sales

Percentage Change 12 of RETAIL TRADE - TOTAL - CONSTANT S/A- RM 2015 PRICE  
Monthly 2015-02-28 to 2019-07-31



Period

# South Africa – Trade Balance (ZAR Million)

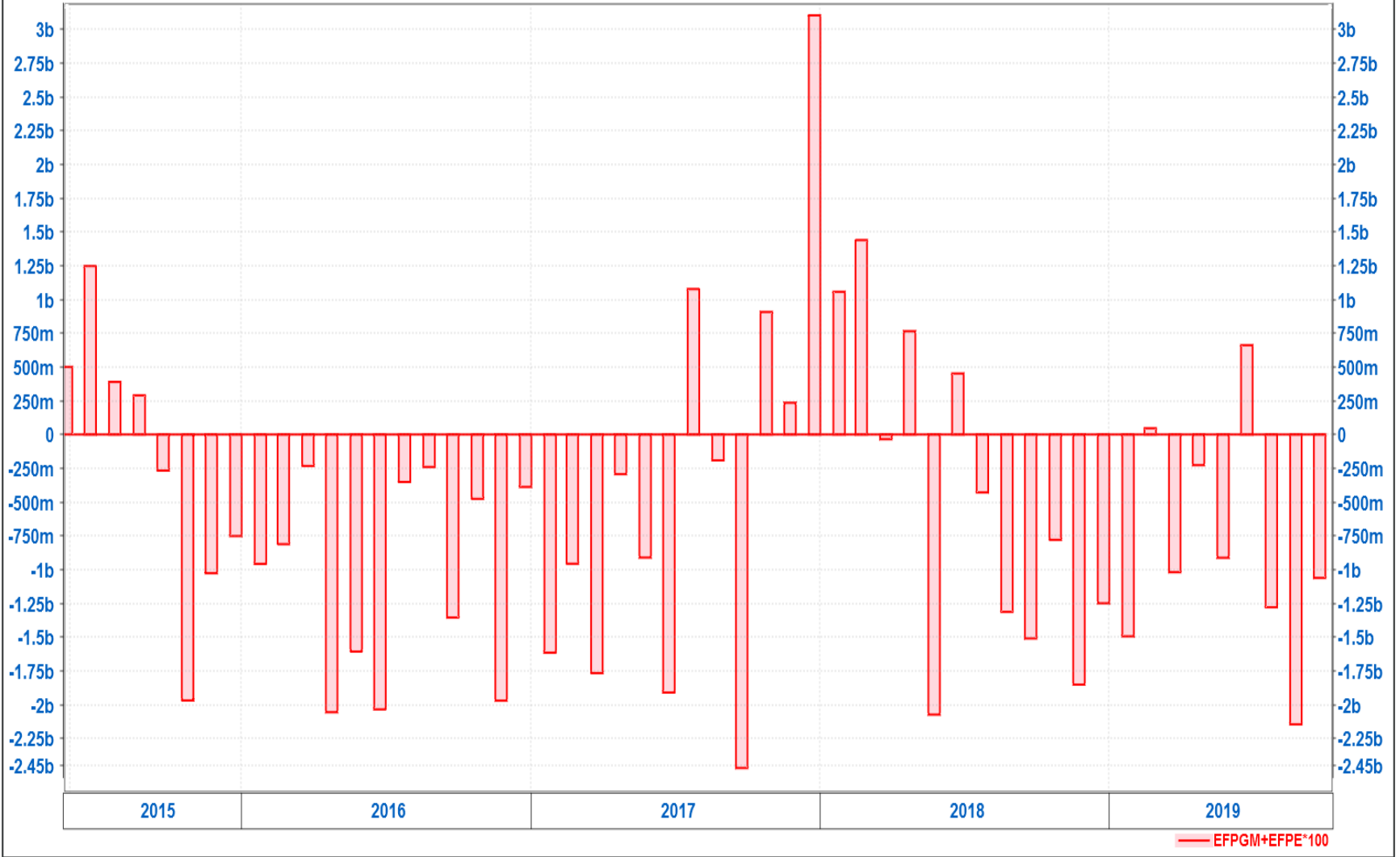


Period

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

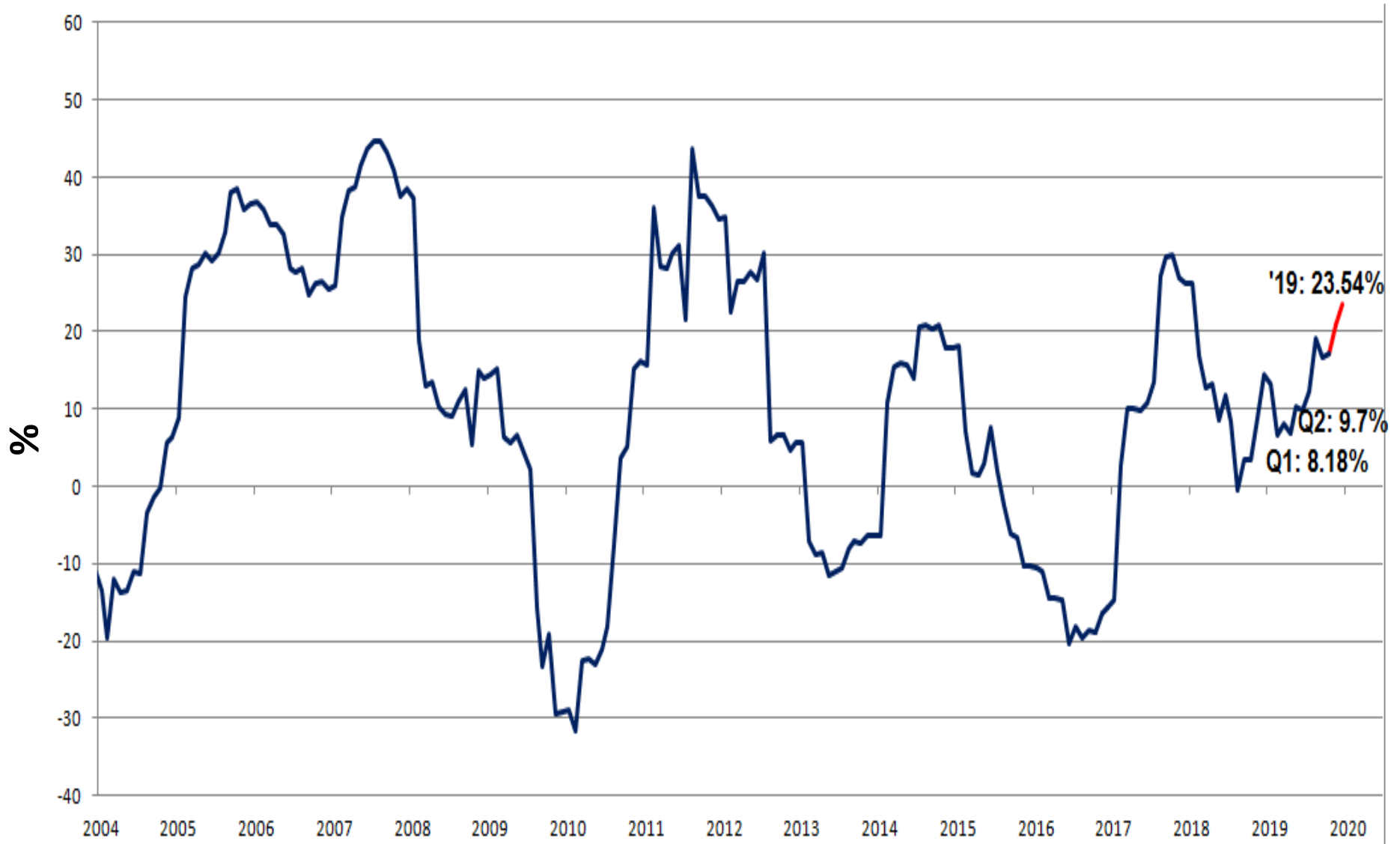
FOREIGN TRANS BESA - NET (RM) -TOTAL CONSIDERATION+FOREIGN TRANSACTIONS EQUITIES - NET (R'000)\*100  
 Monthly 2015-05-31 to 2019-09-30

Amount (ZAR Mil)



Period

# S.A. All Share Earnings Forecast



Period

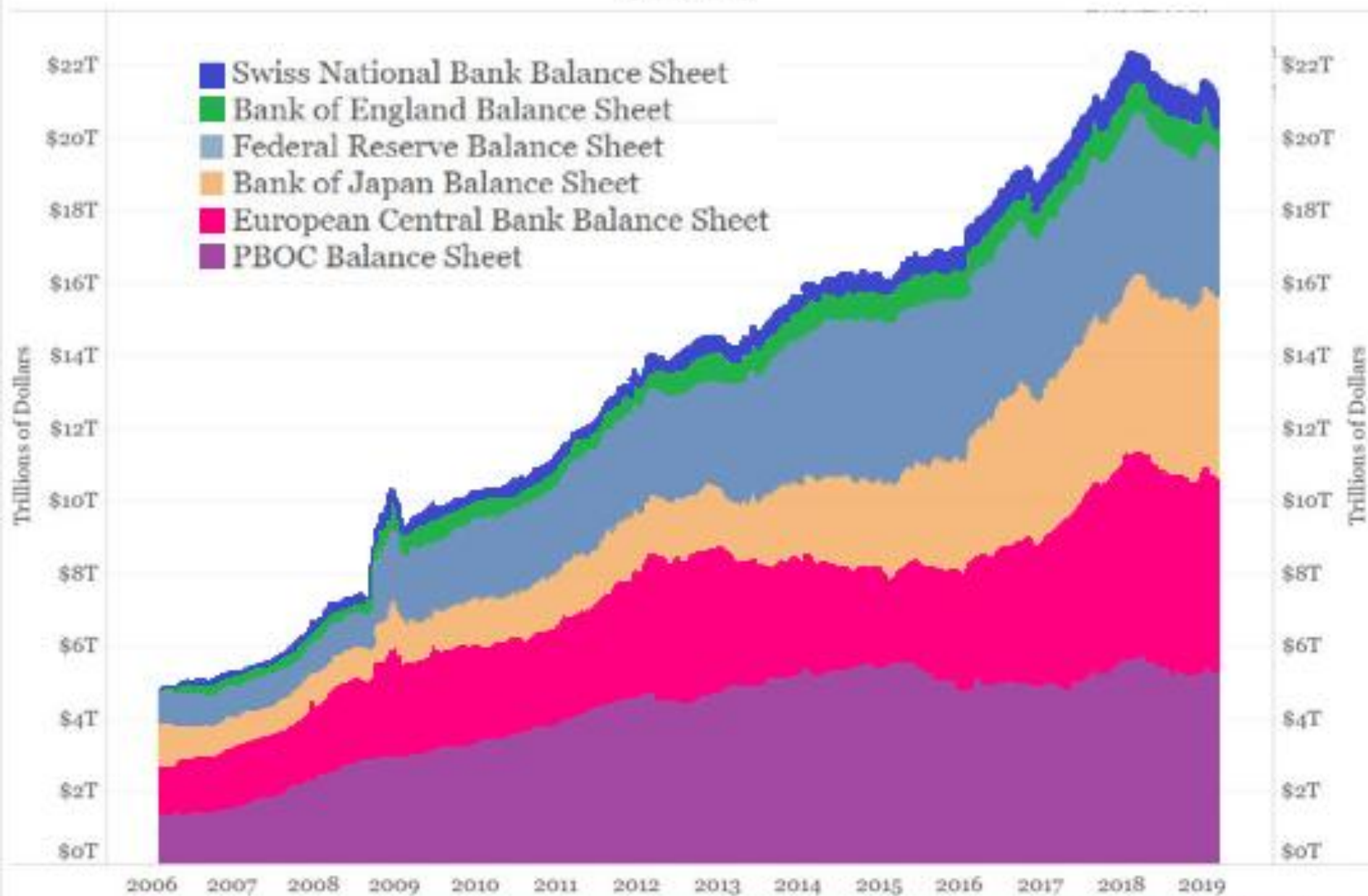
# **Central Bank Policies**

## **Central Bank Policies:**

Central Banks are likely to remain 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.

Especially in the Emerging markets, Central banks have already implemented Monetary Policy procedures by actively lowering interest rates over the past few months.

# Cumulative Central Bank Balance Sheets (In Dollars)



# South Africa Central Bank Balance Sheet

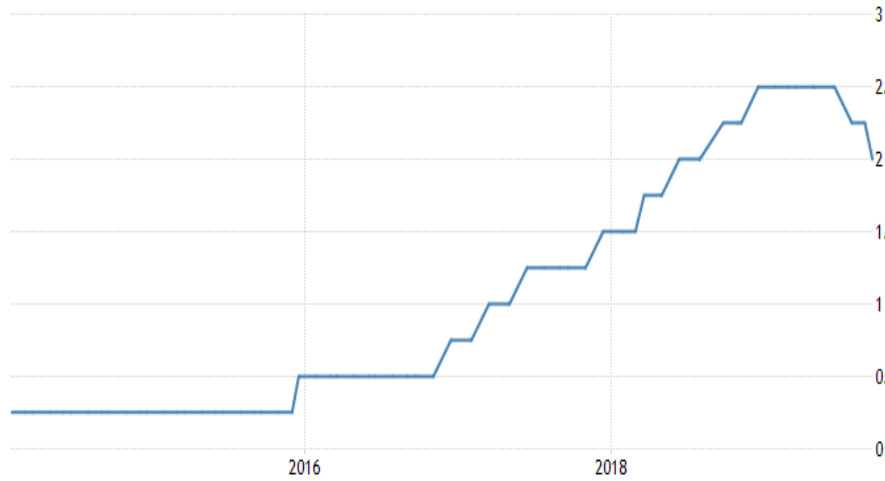


SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | SOUTH AFRICAN RESERVE BANK

Period

# Central Bank Interest Rate

## Federal Reserve Interest Rate



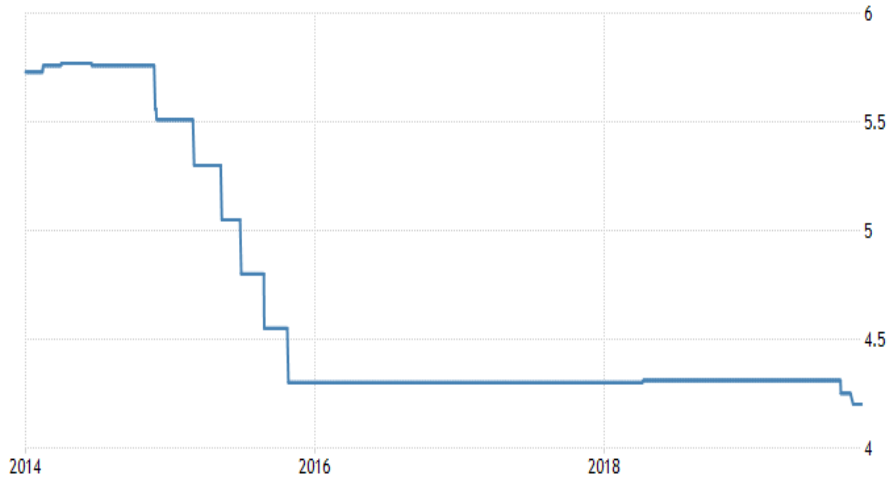
SOURCE: TRADINGECONOMICS.COM | FEDERAL RESERVE

## European Central Bank Interest Rate



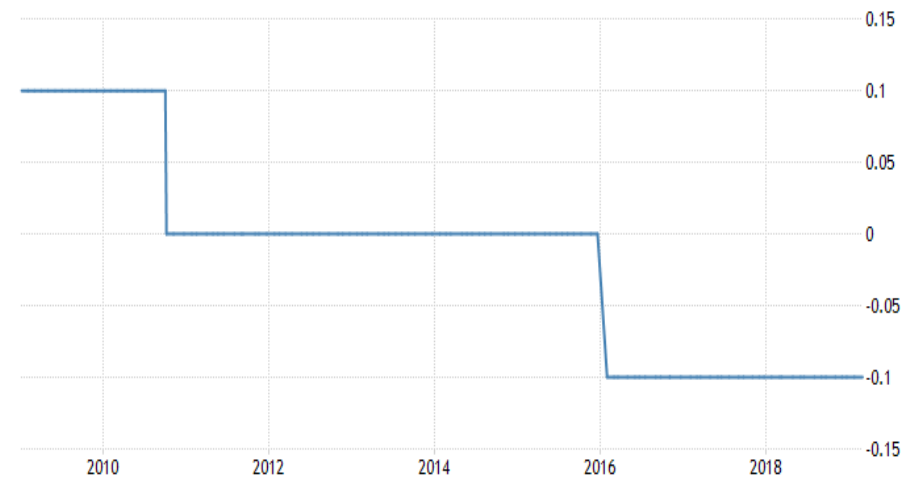
SOURCE: TRADINGECONOMICS.COM | EUROPEAN CENTRAL BANK

## China Central Bank Interest Rate



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

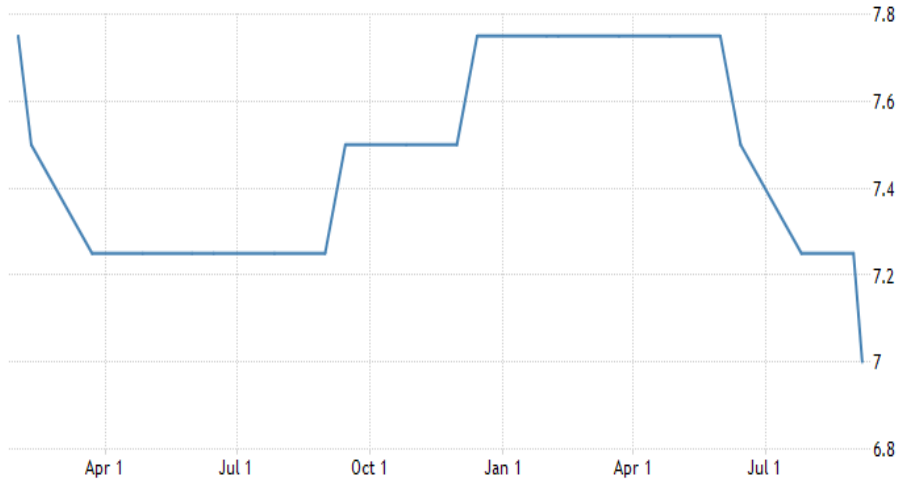
## Japan Central Bank Interest Rate



SOURCE: TRADINGECONOMICS.COM | BANK OF JAPAN

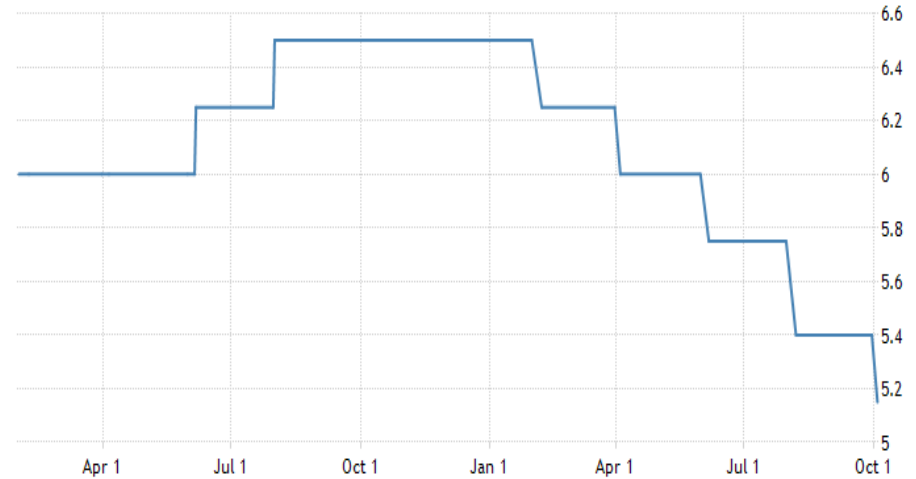
# Central Bank Interest Rate

## 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



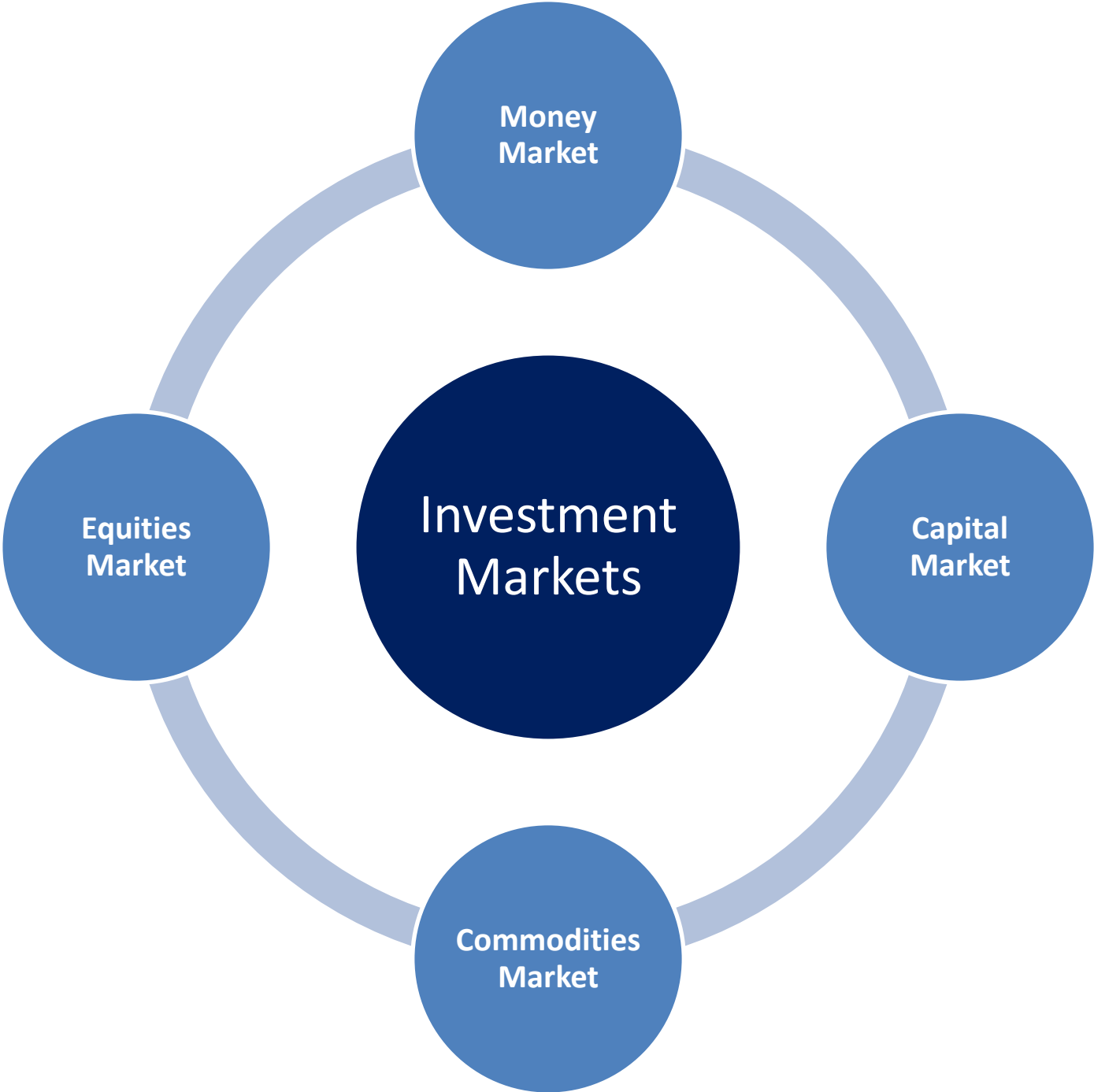
SOURCE: TRADINGECONOMICS.COM | BANCO CENTRAL DO BRASIL

# SARB Interest Rate



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

Period



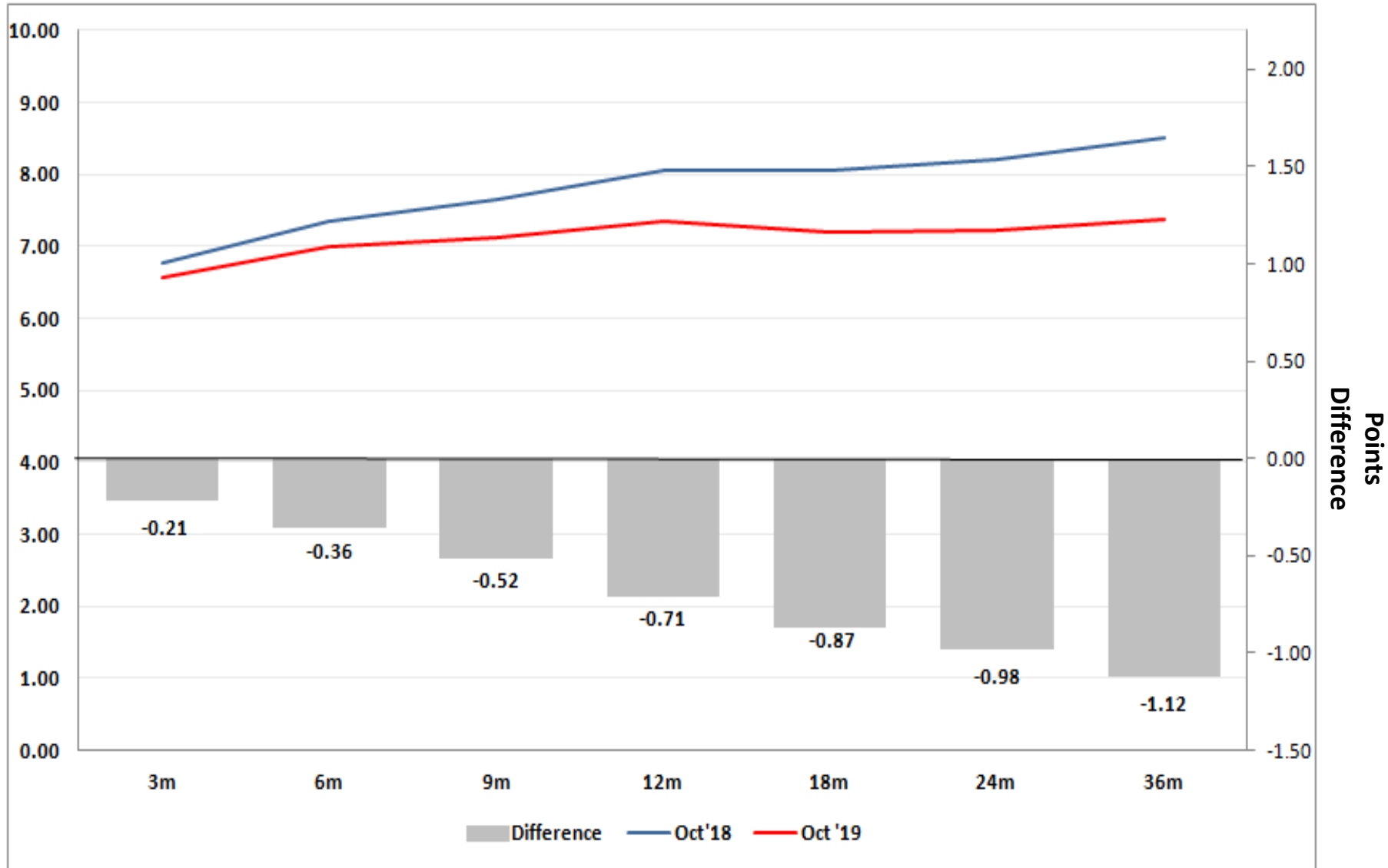
# Money Market

## **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 another 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

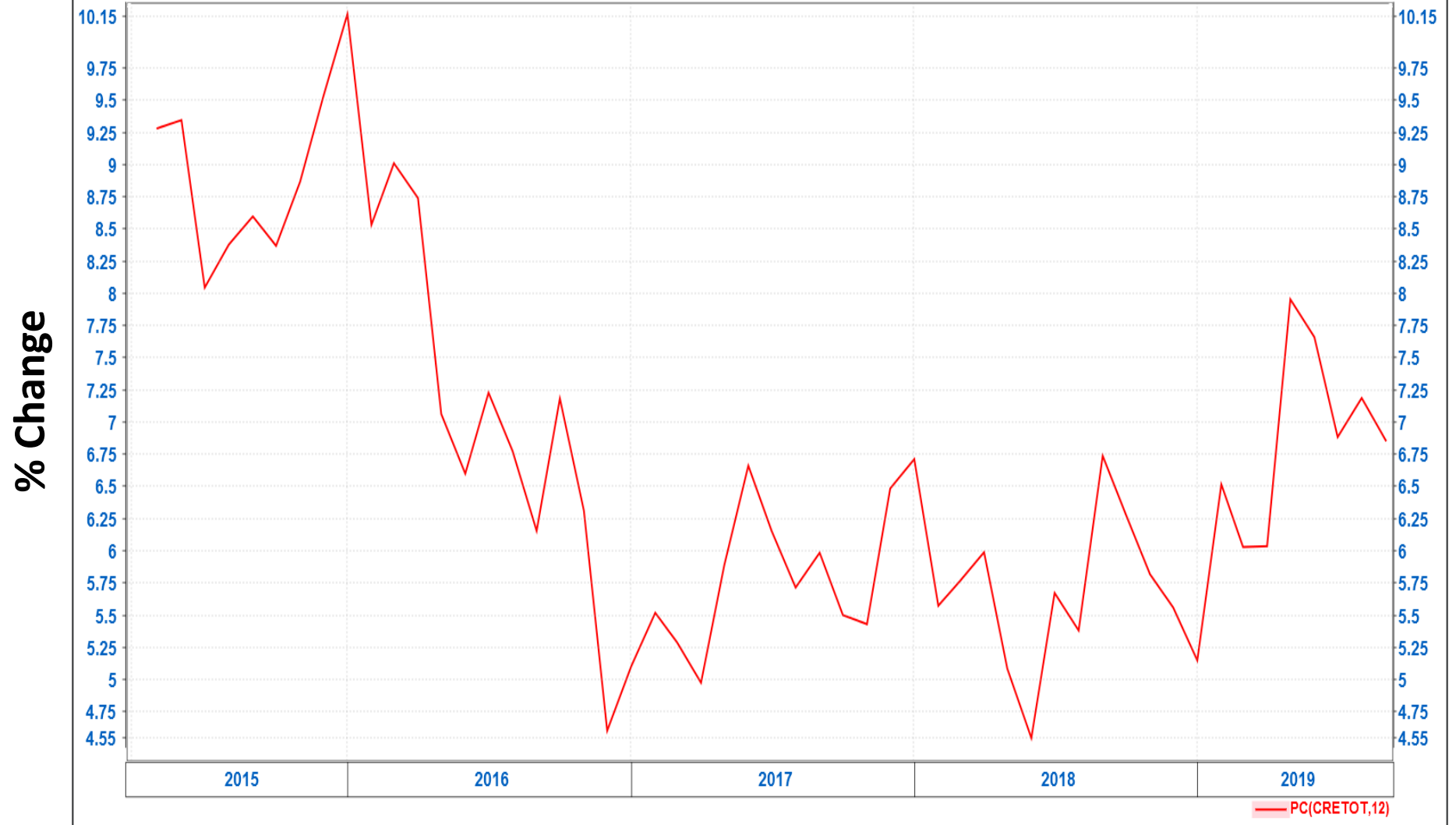


— Difference      — Oct 2018      — Oct 2019

Period

# South Africa – Consumer Credit

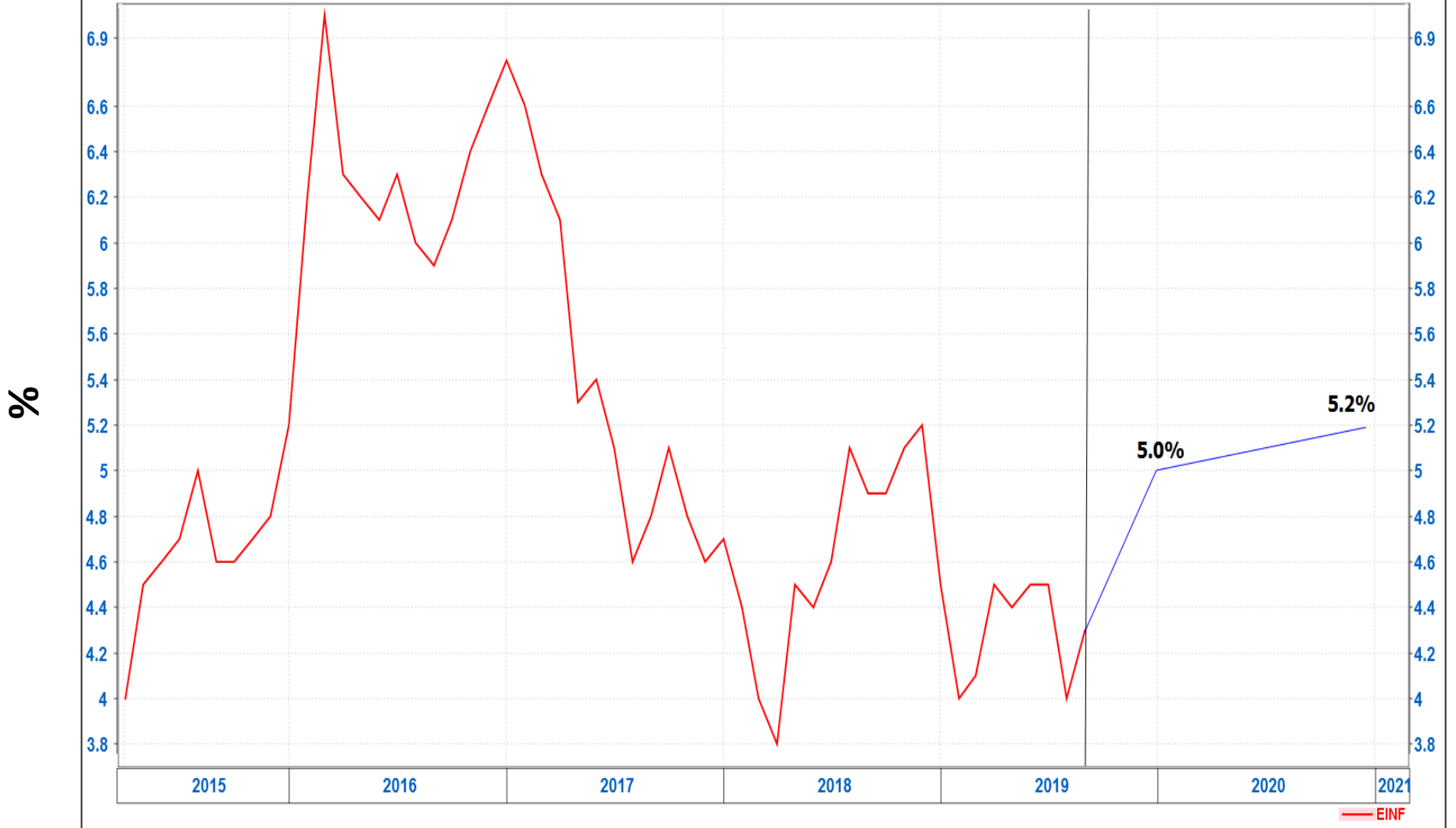
Percentage Change 12 of CREDIT: TOTAL EXTENDED BY PRIVATE SECTOR (RM)  
Monthly 2015-03-31 to 2019-08-31



Period

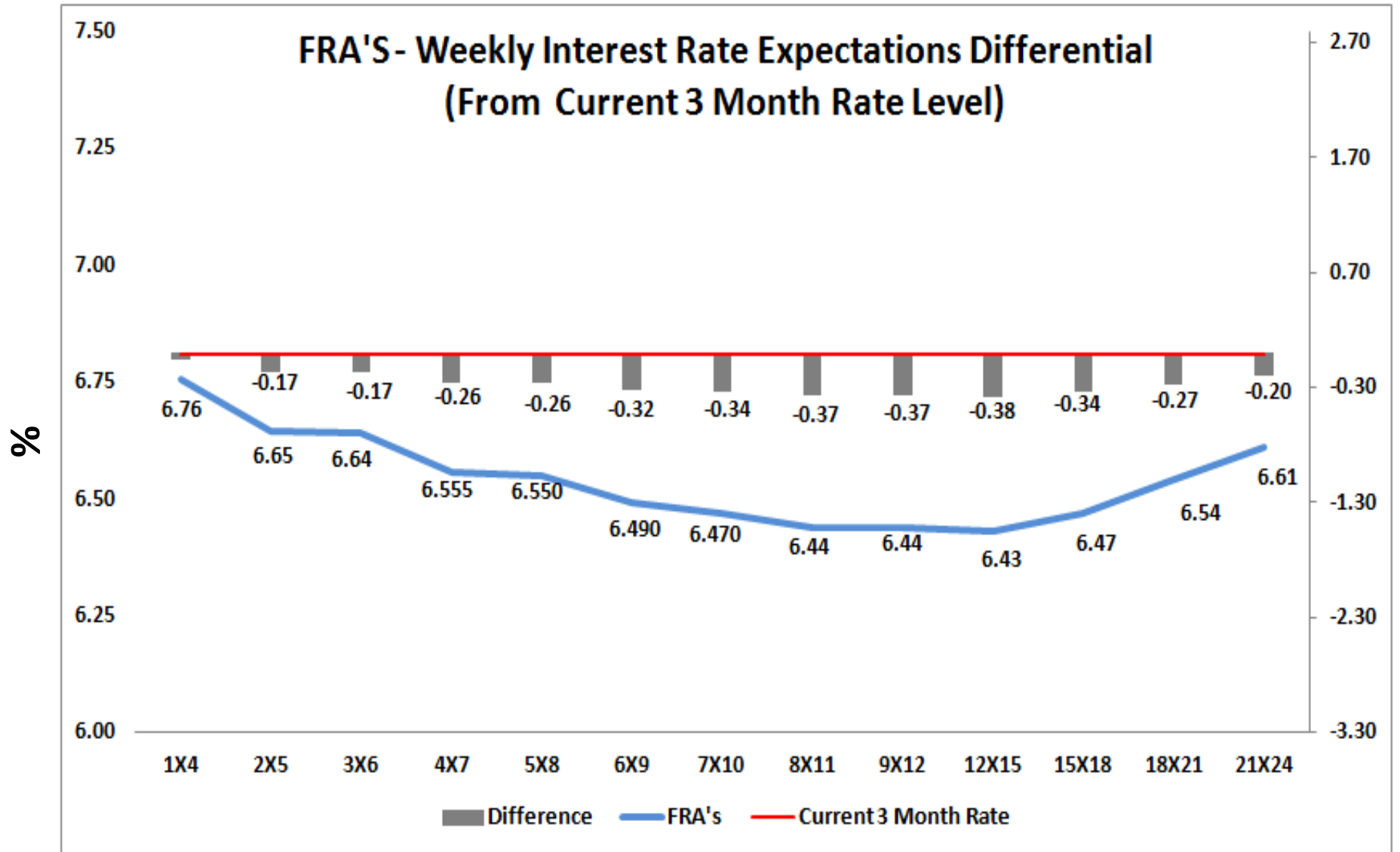
# SARB Inflation Expectation

INFLATION RATE - SOUTH AFRICA (ALL URBAN)  
Monthly 2015-03-31 to 2019-08-31



Period

# Interest Rate Expectations



— Difference      — FRA's      — Current 3 Month Rate

Period

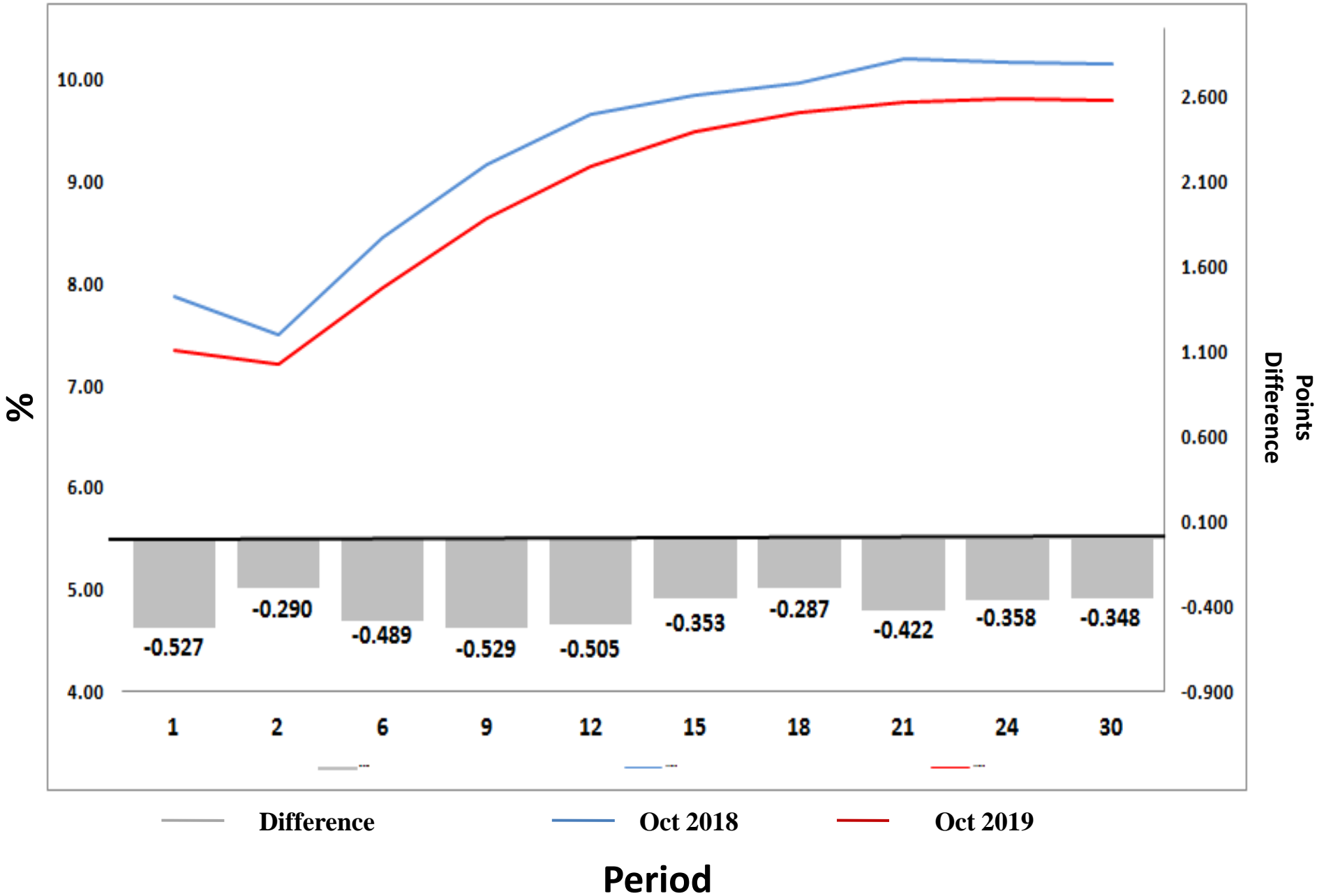
# Capital Market

## **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.

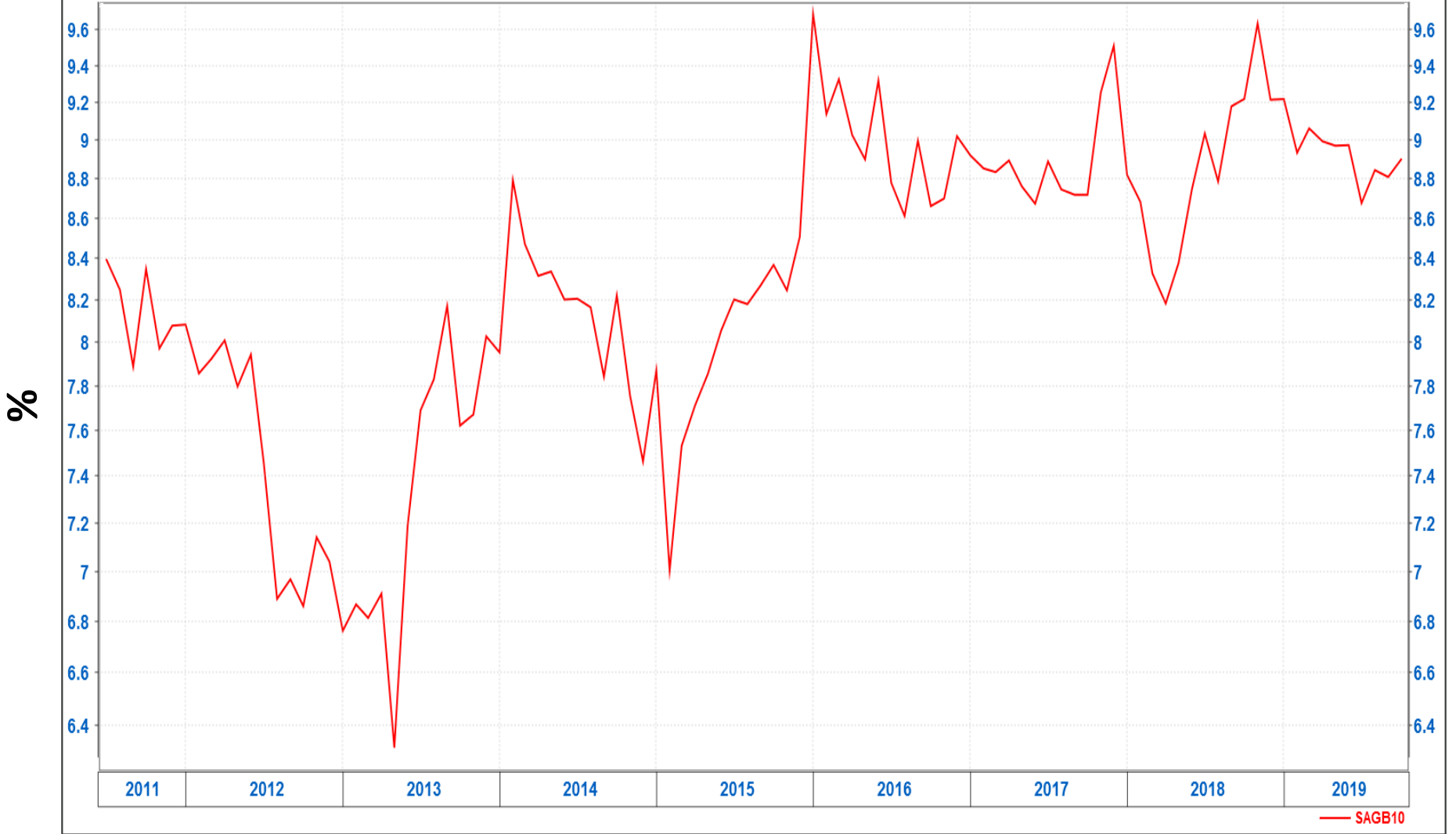
Foreigners were net sellers of South African Bonds during the month of September, this being the fourth consecutive month foreigners have dumped SA bonds.

# South Africa –Yield Curve



# SA 10Year Bond Rate

SA : GOVT 10 YEAR BOND  
Monthly 2011-06-30 to 2019-09-30

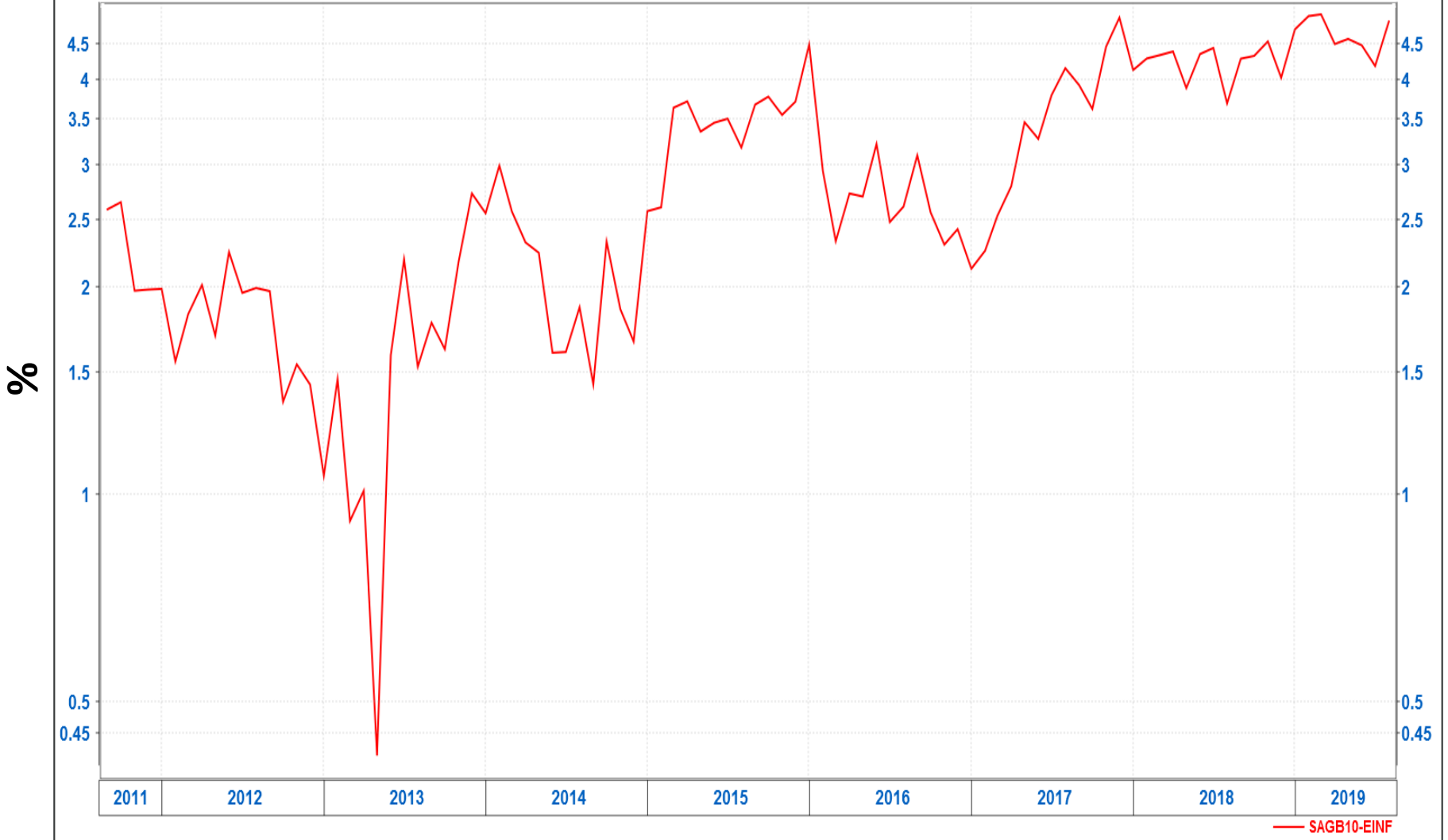


— SAGB10

Period

# SA Real Interest Rate

SA : GOVT 10 YEAR BOND-INFLATION RATE - SOUTH AFRICA (ALL URBAN)  
Monthly 2011-08-31 to 2019-08-30

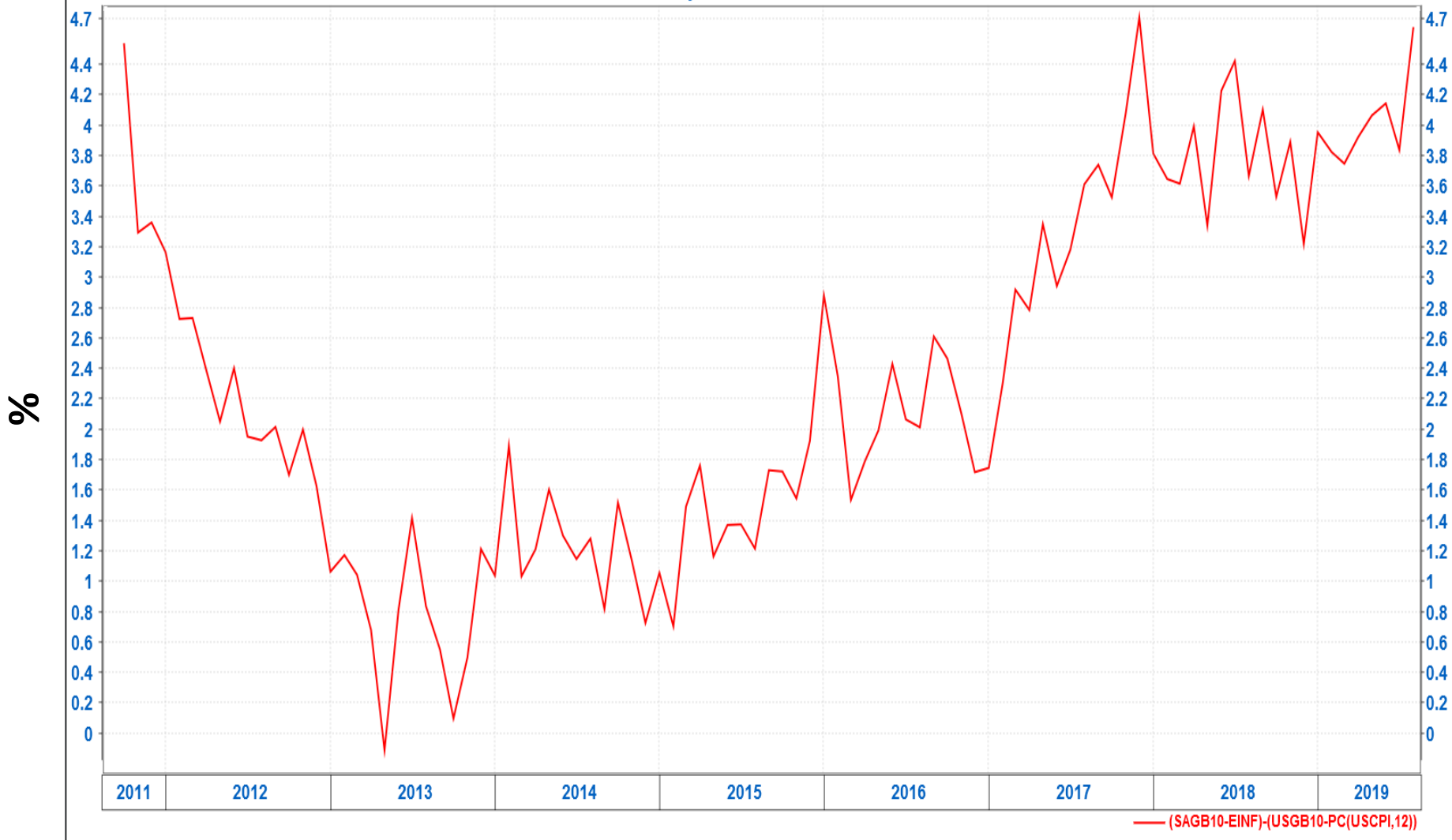


— SAGB10-EINF

Period

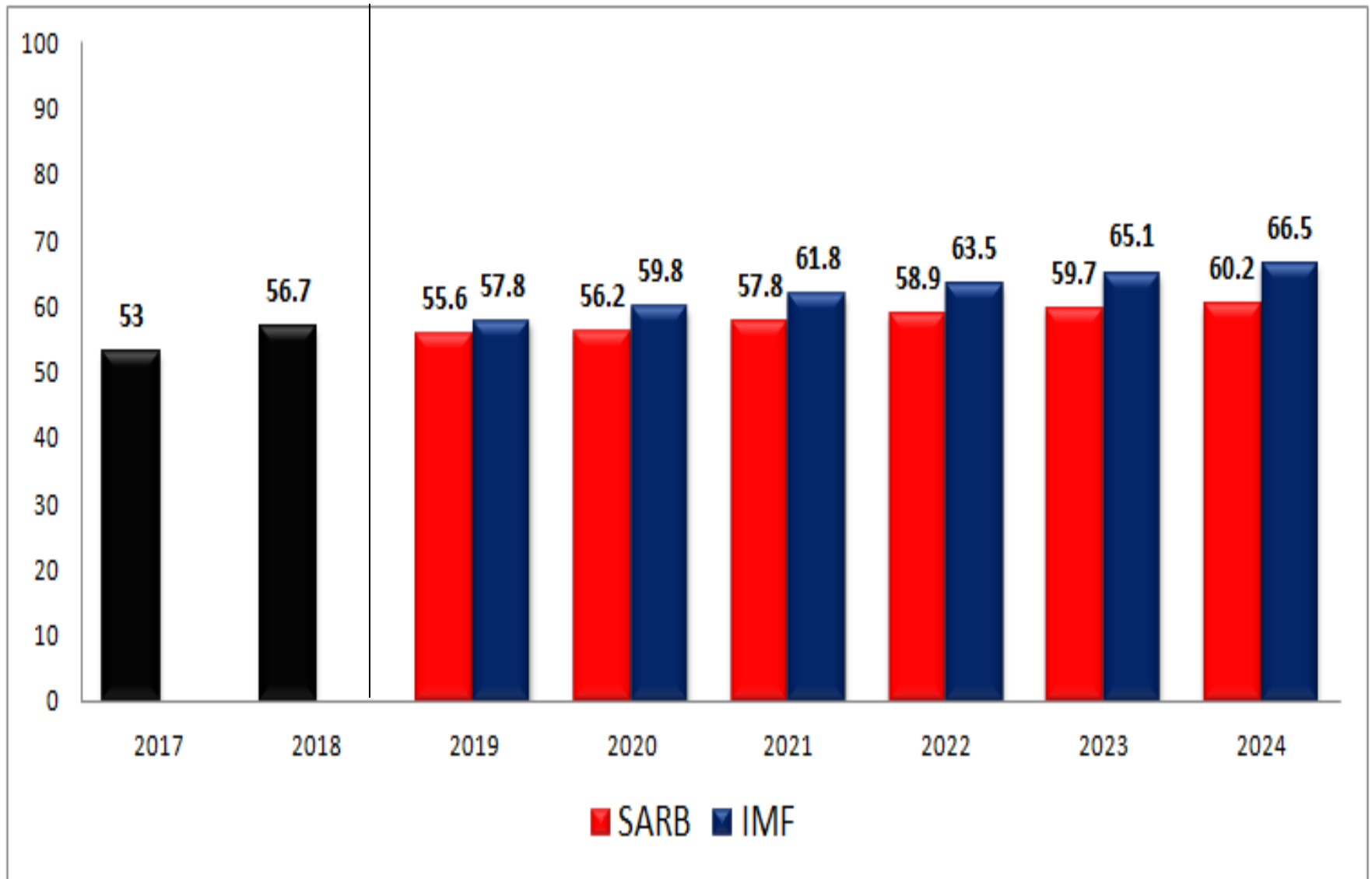
# Real Interest Rate - SA vs. USA

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 2011-08-31 to 2019-08-30



Period

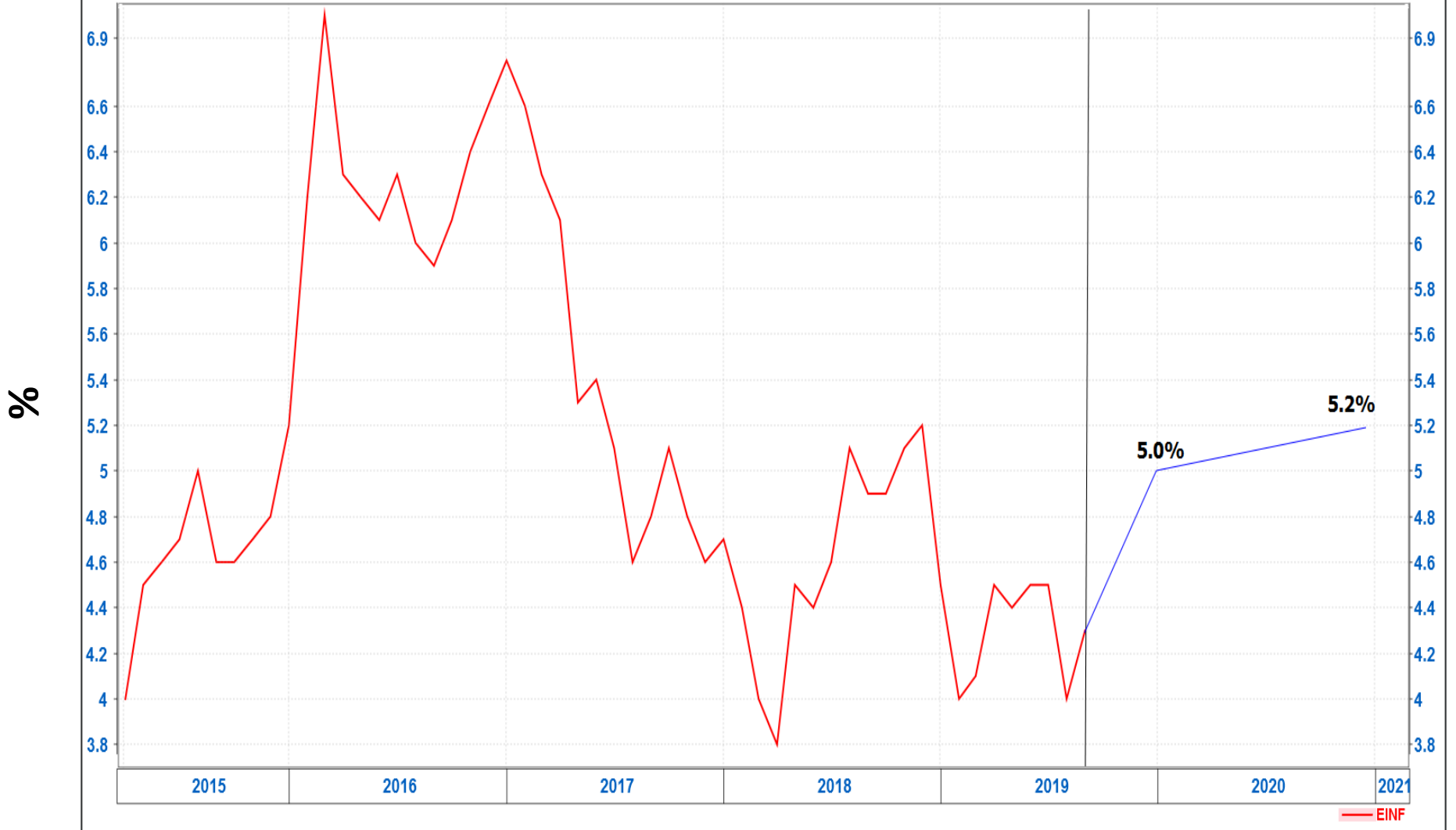
# SA Government Debt %GDP



Period

# SARB Inflation Expectation

INFLATION RATE - SOUTH AFRICA (ALL URBAN)  
Monthly 2015-03-31 to 2019-08-31



Period



# **Commodities Market**

# Commodity Index

RJ/CRB TOTAL RETURN INDEX  
Weekly 2013-04-07 to 2019-10-13

Index Points

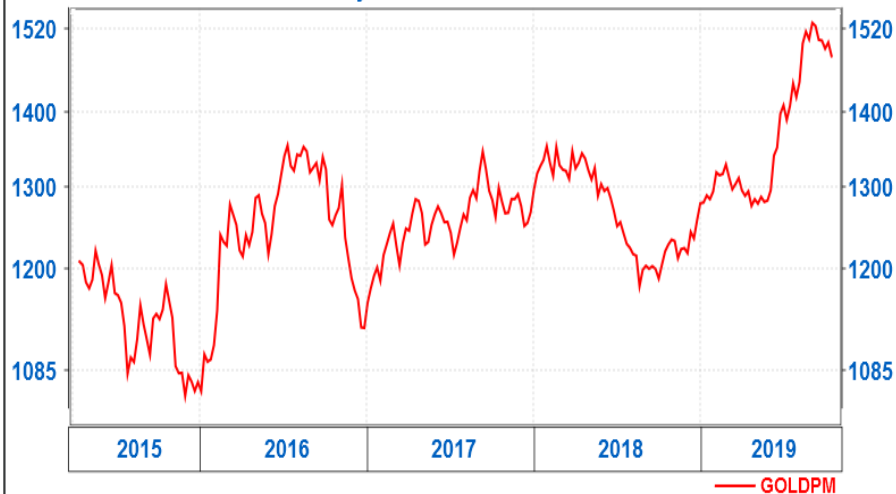


— FCRB

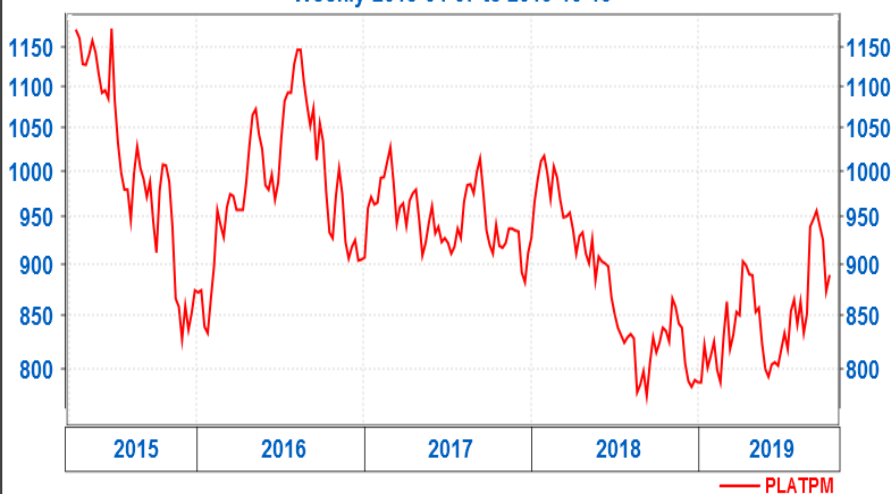
Period

# Commodity Prices

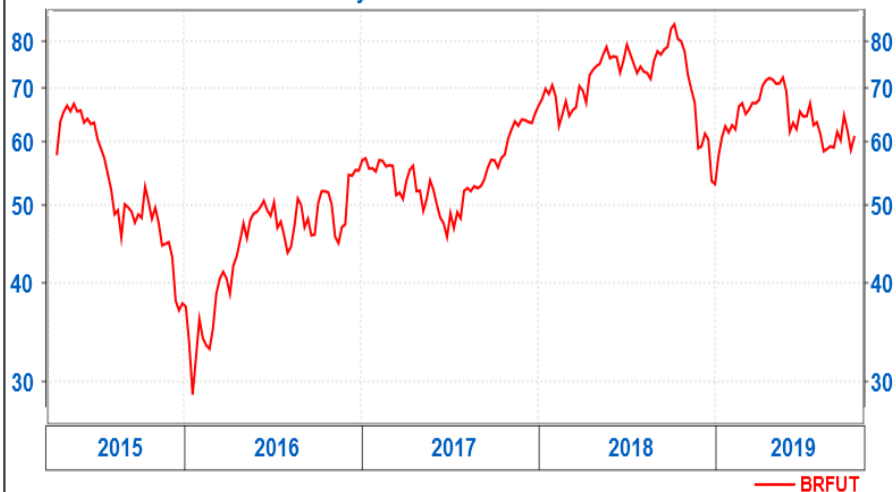
**GOLD LONDON - PM FIX**  
Weekly 2015-04-07 to 2019-10-13



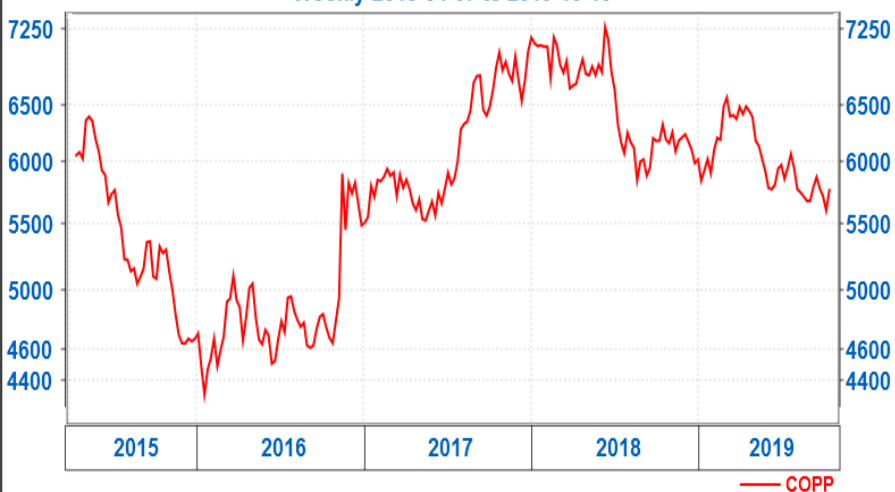
**PLATINUM PM - FIX (\$OZ)**  
Weekly 2015-04-07 to 2019-10-13



**OIL : BRENT - NEAR FUTURE - ICE UK \$/BARREL**  
Weekly 2015-04-07 to 2019-10-13



**COPPER CASH LME (\$/TON) - FIX**  
Weekly 2015-04-07 to 2019-10-13



# Equities Market

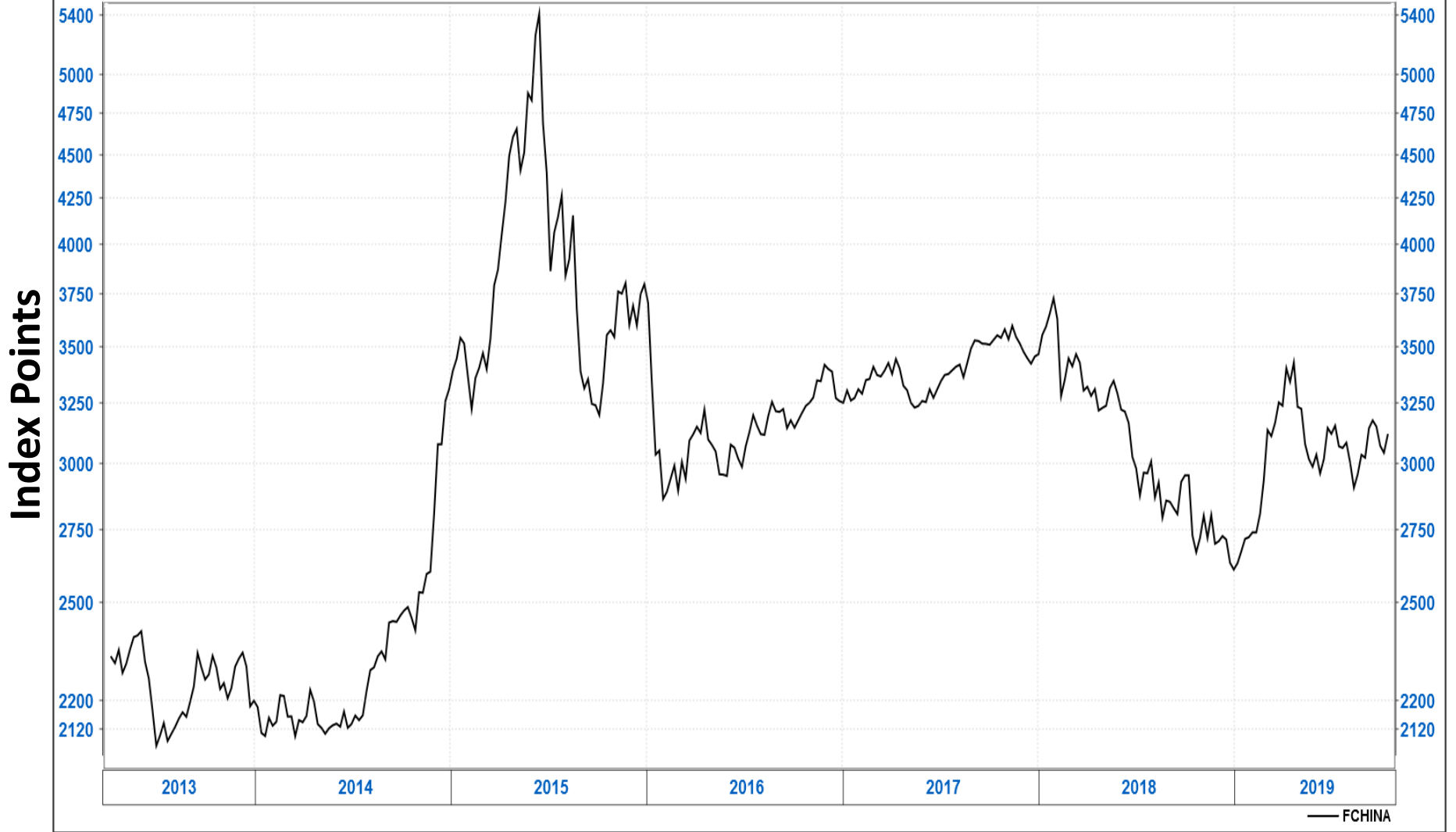
## **Equities Market:**

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

This improvement was mostly due to the surging resources sectors, on the back of stronger overall commodity prices.

# China – Shanghai A Share Index

CHINA : SHANGHAI A SHARE INDEX  
Weekly 2013-04-07 to 2019-10-13



Period

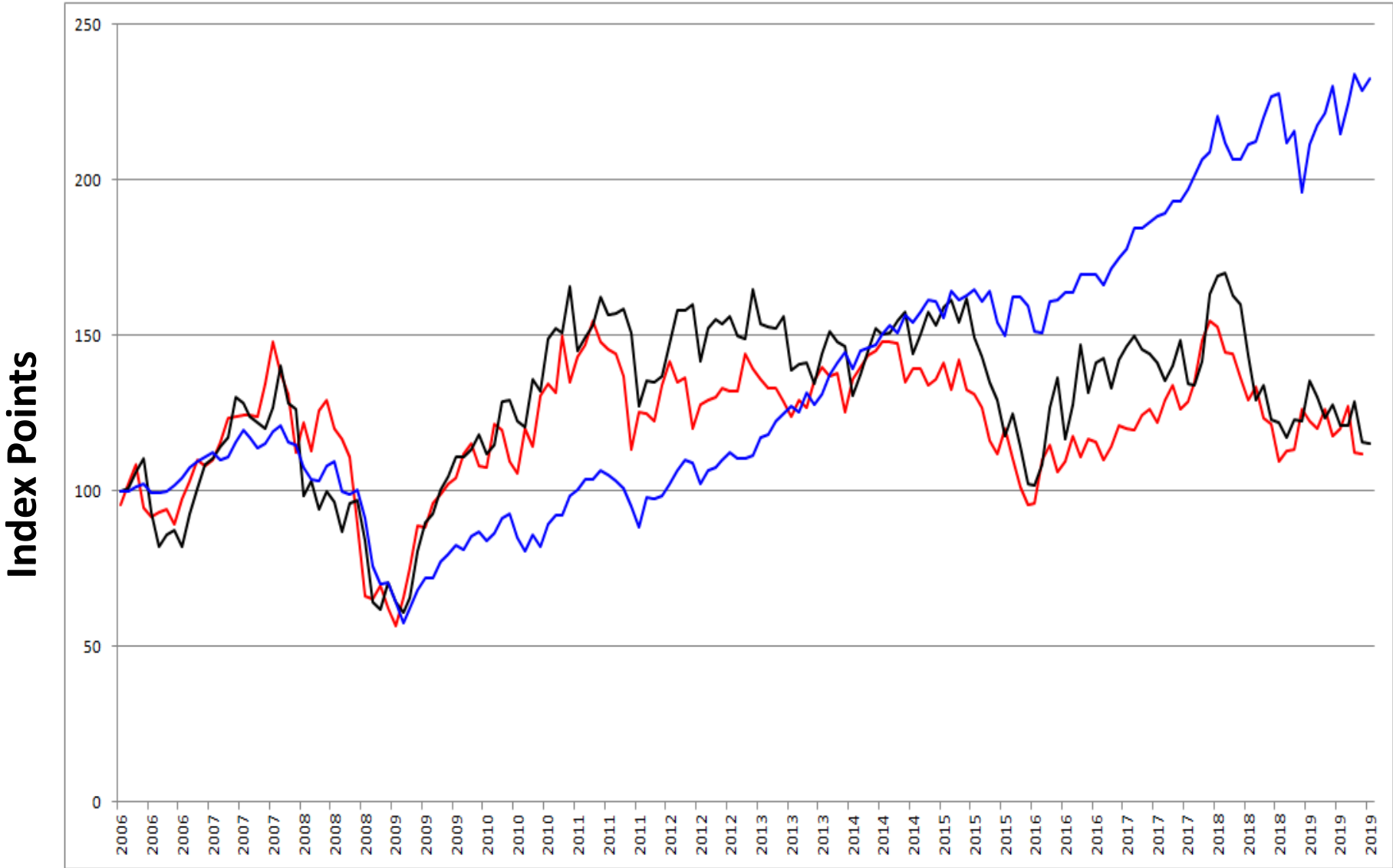
# Japan – Nikkei 225

JAPAN : NIKKEI 225 INDEX  
Weekly 2013-04-07 to 2019-10-13



Period

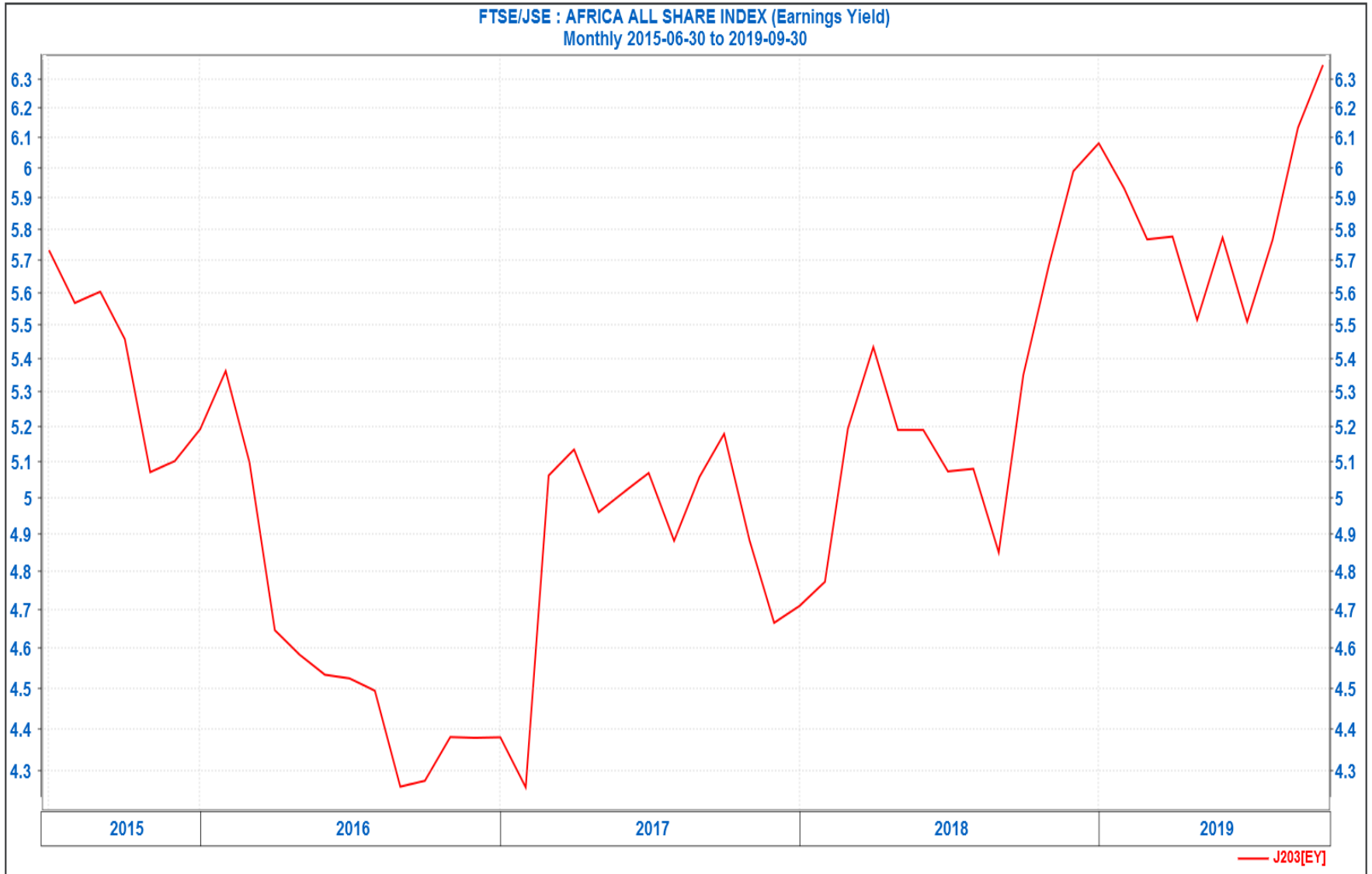
# SA All Share Index and USA S&P 500 Index (\$)



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

**Period**

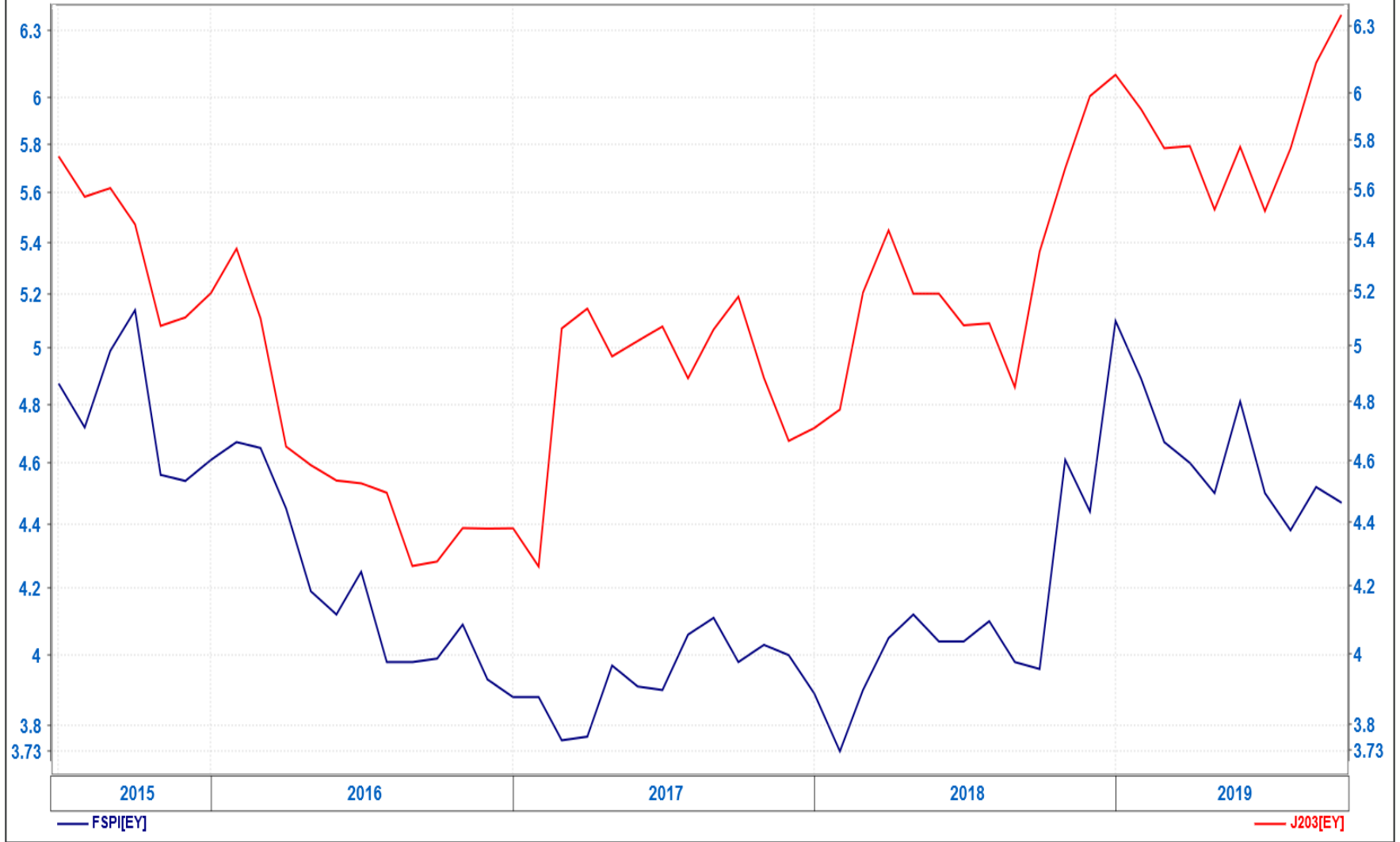
# SA All Share Index – Earnings Yield



Period

# Earnings Yield- SA vs. USA

FTSE/JSE : AFRICA ALL SHARE INDEX (Earnings Yield) , USA : S & P 500 COMPOSITE INDEX (Earnings Yield)  
Monthly 2015-06-30 to 2019-09-30



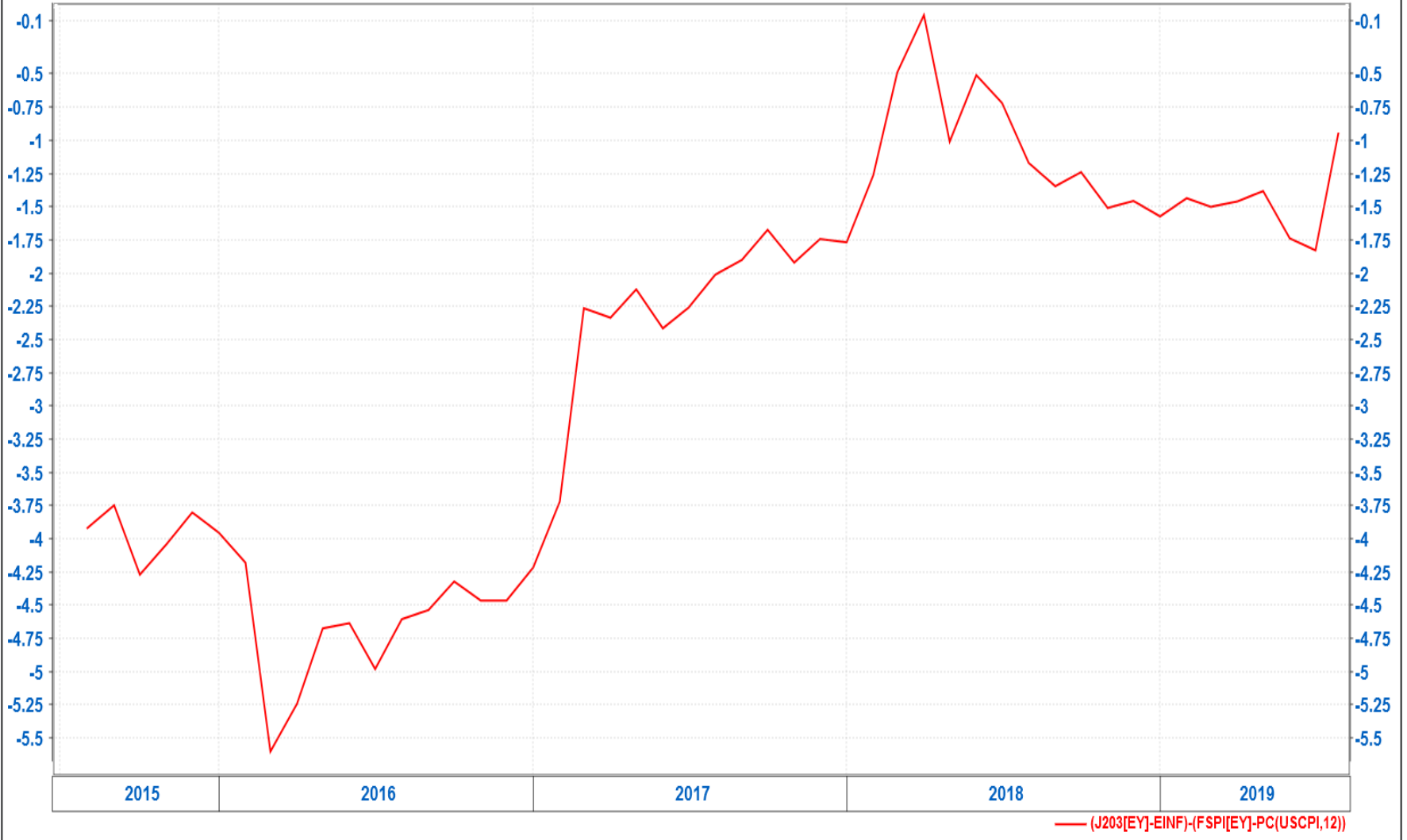
— S.A. All Share Earnings Yield

— USA S&P 500 Shares Earnings Yield

Period

# Real EY- SA vs. USA

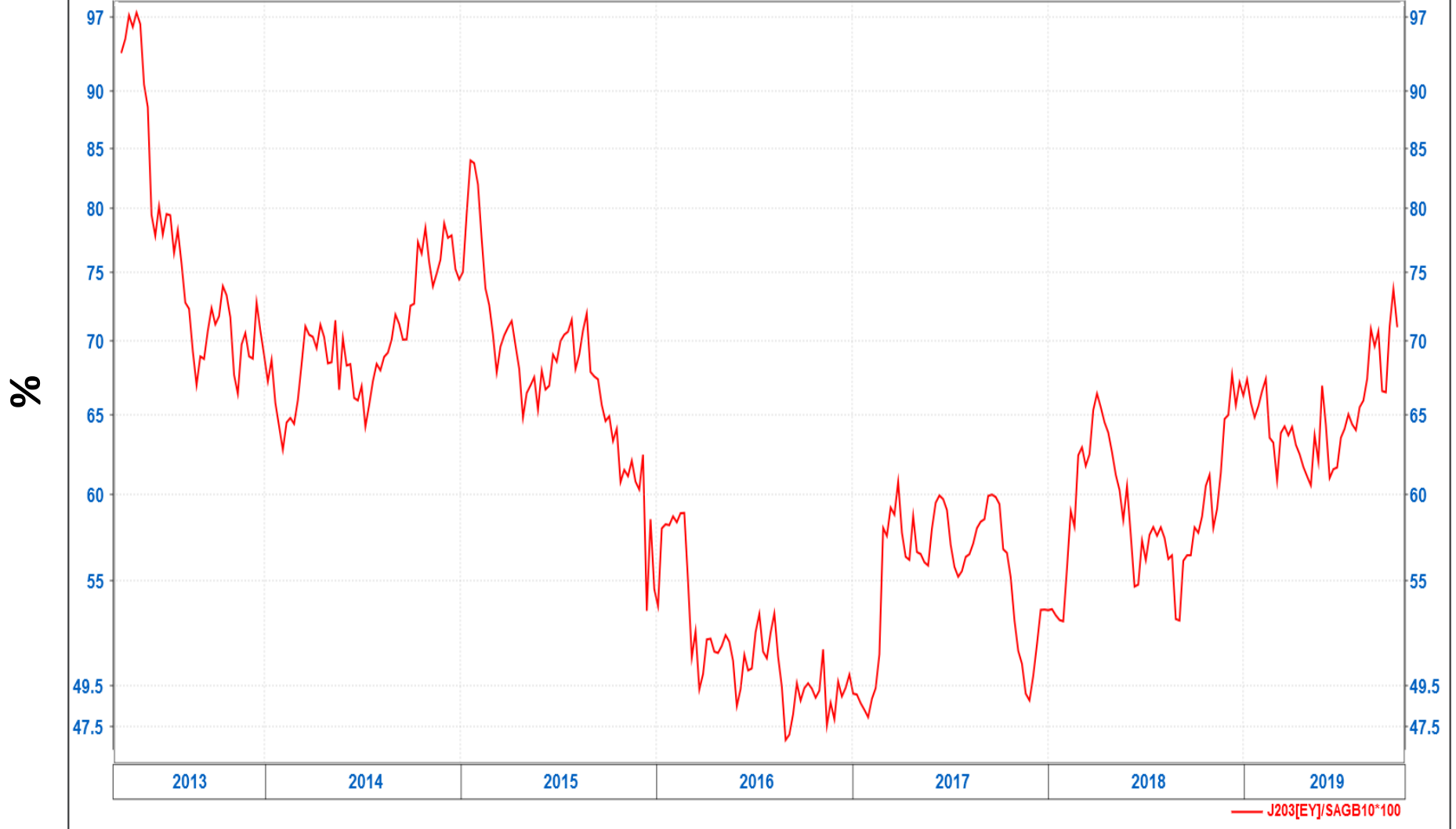
Percentage Change 12 of INFLATION RATE - SOUTH AFRICA (ALL URBAN), USA : S & P 500 COMPOSITE INDEX (EY), FTSE/JSE : AFRICA ALL SHARE INDEX (EY), USA : CONSUMER PRICE INDEX - ALL URBAN S/A  
Monthly 2015-06-30 to 2019-08-30



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 2013-04-07 to 2019-10-13



Period