



## Economic Headlines

Monday, 22 October 2018

### **Rand firms to under R14.30/\$ ahead of tough mini budget**

The rand firmed to R14.26 to the US dollar in early trade on Monday as China's top finance officials called for calm in the financial markets. The Medium-Term Budget Policy Statement to be delivered by Finance Minister Tito Mboweni on Wednesday and President Cyril Ramaphosa's much-anticipated investment conference are likely to overshadow consumer and producer inflation data expected to be released on Wednesday and Thursday respectively. "The importance of the SA CPI and PPI data on Wednesday and Thursday might be somewhat lost amid the MTBPS hype. If, as we expect, both price measures moderated in September, then the SARB will be forced to re-evaluate the assumptions informing its inflation profile, which is currently steeper than market consensus," according to RMB's Nema Ramkhelawan-Bhana. – [Fin24](#)

### **'Bad news' budget expected as SA seeks stimulus funds**

Finding R50 billion for a stimulus package is the unenviable task facing finance minister Tito Mboweni in the mid-term budget — and he's only two weeks into the job. Mboweni has to do that after an inflation beating wage increase for civil servants and with state companies burning cash. He also has to show on Wednesday how the government plans to stem escalating debt to help ward off another credit-rating downgrade, that its self-imposed spending ceiling remains intact, and that the first-half recession is a thing of the past. "There's really no doubt that this year's budget will contain a lot of bad news — the only real question is how bad," said John Ashbourne, an economist at Capital Economics. "Mboweni will prioritise holding to the deficit target, but this will require painful cuts. There isn't, frankly, a lot of money available." – [Moneyweb](#)

### **Zimbabwe to Pay \$2 Billion to World Bank, AfDB, Ncube Says**

Zimbabwe will clear almost \$2 billion of arrears with the African Development Bank and the World Bank by October 2019 and seek help from the world's most-industrialized nations known as the Group of Seven, Finance Minister Mthuli Ncube said. The southern African country needs to clear its arrears before it can raise more loans needed to rebuild an economy hobbled by the misrule of former President Robert Mugabe. Its total debt is \$16.9 billion, while external debt amounts to \$7.4 billion, \$5.6 billion of which is arrears, Treasury documents published earlier this month show. "The AfDB and World Bank have preferred creditor status, which means they ought to be cleared first," Ncube said in an interview Thursday in the capital, Harare. The nation's arrears total \$680 million with the AfDB, \$1.3 billion with the World Bank and \$308 million with the European Investment Bank. – [Bloomberg](#)

### **Oil Holds Below \$70 as Rising U.S. Drilling Eases Supply Concern**

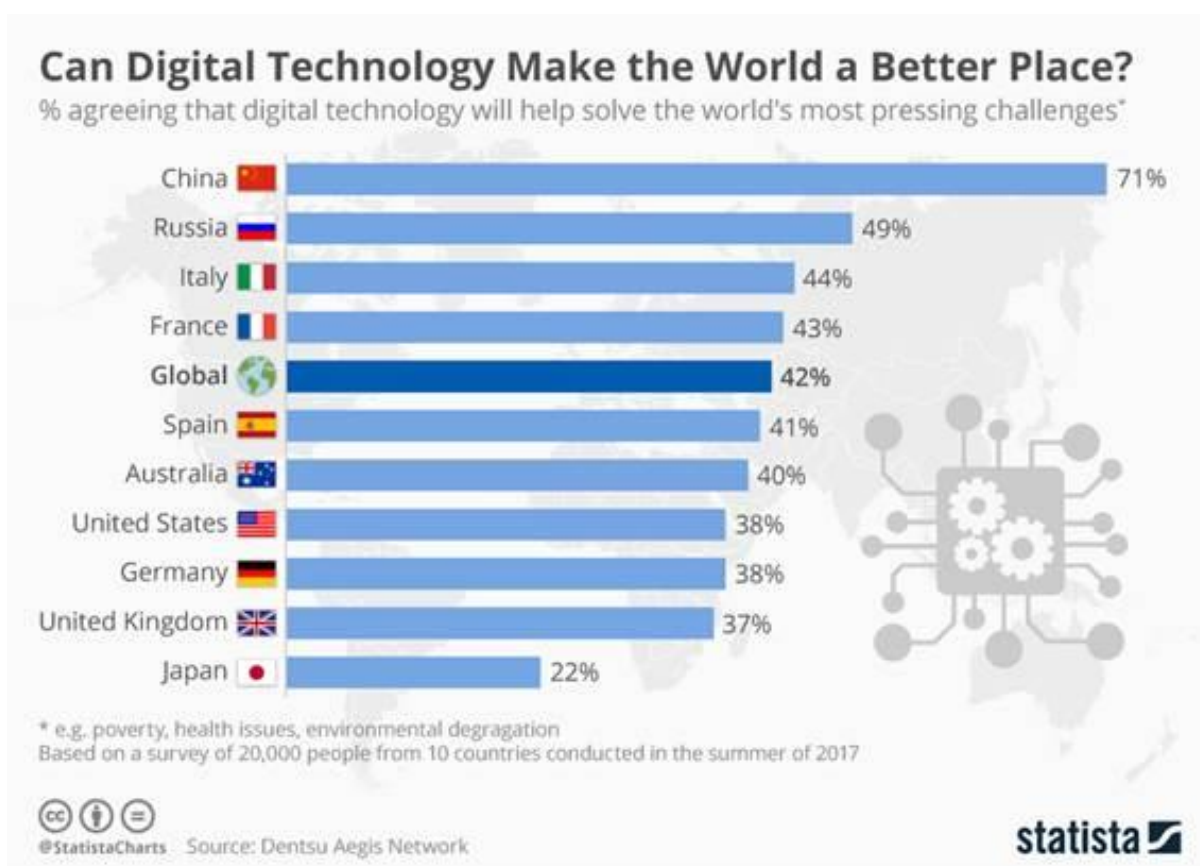
Oil traded below \$70 a barrel as supply concerns eased after American drilling rose to the highest since 2015, and on growing investor optimism crude output in Libya may climb from early next year. Futures in New York were little changed, following a 3.1 percent decline last week. Working U.S. oil rigs increased by four to 873 last week, according to data released Friday by oilfield services provider Baker Hughes. In Libya, BP Plc and Eni SpA could resume a project, setting the stage for the OPEC member to boost output, the country's state oil company said. Crude has fallen almost 10 percent after reaching a four-year high earlier this month as a darkening demand outlook, coupled with stock market routs around the world have spurred a flight from risk assets. -[Bloomberg](#)

### **Global growth outlook for 2019 dims for first time: Reuters polls**

The outlook for global growth in 2019 has dimmed for the first time, according to Reuters polls of economists who said the U.S.-China trade war and tightening financial conditions would trigger the next downturn. At the start of 2018, optimism about a robust global economic outlook was almost unanimous among respondents. But Reuters polls of more than 500 economists taken this month showed a downgrade to the outlook for 18 of 44 economies polled, with 23 unchanged. Only three were marginally upgraded. "A simple dynamic is playing out in the global economy right now: the U.S. is booming, while most of the rest of the world slows or even stagnates. The stresses caused by this divergence are playing out uncomfortably in many emerging markets," noted Janet Henry, global chief economist at HSBC.- [Reuters](#)



## Stats of the Day



## Data Releases

Local Time	Country	Indicator Name	Period
14:00	South Africa	Budget Balance % GDP	2018
14:00	South Africa	Budget Balance (Rands)	2018
14:30	United States	National Activity Index	Sep
17:00	United States	Export Wheat Inspected	15 Oct, w/e
17:00	United States	Export Corn Inspected	15 Oct, w/e
17:00	United States	Exp Soybean Inspected	15 Oct, w/e
21:00	United States	Cold Pork Belly Stocks	Sep
21:00	United States	Cold Storage-Beef Stocks	Sep
21:00	United States	Cold Storage- FCOJ Stock	Sep

Source: Thomson Reuters

## Market Overview

Money Market		Change	Latest
3 months	→	0.00%	7.03%
6 months	→	0.00%	7.64%
9 months	↑	0.01%	7.95%
12 months	→	0.00%	8.37%
Bonds		Change	Latest
GC21 (R208 : 7.71%)	↓	-0.01%	8.57%
GC24 (R186 : 9.18%)	↓	-0.02%	10.48%
GC27 (R186 : 9.18%)	↓	-0.02%	10.58%
GC30 (R2030 : 9.59%)	↓	-0.02%	11.09%
GC32 (R213 : 9.69%)	↓	-0.02%	11.42%
GC35 (R209 : 9.89%)	↓	-0.03%	11.39%
GC37 (R2033 : 9.79%)	↓	-0.03%	11.72%
Commodities		%Change	Latest
Gold	↓	-0.20%	\$ 1,224.08
Platinum	↑	0.49%	\$ 835.02
Copper	→	0.00%	\$ 6,220.00
Brent Crude	↓	-0.61%	\$ 79.63
Main Indices		%Change	Latest
NSX (Delayed)	↑	0.01%	1237.52
JSE All Share	↑	0.48%	52,345.08
S&P 500	↓	-0.04%	2,767.78
FTSE 100	↑	0.15%	7,060.04
Hangseng	↑	2.32%	26,153.15
DAX	↑	0.56%	11,618.30
JSE Sectors		%Change	Latest
Financials	↑	0.41%	15,590.99
Resources	↓	-0.36%	40,987.24
Industrials	↑	1.29%	63,567.16
Forex		%Change	Latest
N\$/US Dollar	↓	-0.72%	14.3104
N\$/Pound	↓	-0.88%	18.6848
N\$/Euro	↓	-0.78%	16.4856
US Dollar/ Euro	↑	0.05%	1.1520
Namibia Monthly Data		Latest	Previous
Namibia Inflation (Sep 18)		4.8	4.4
Bank Prime		10.50	10.50
BoN Repo Rate		6.75	6.75

Source: Bloomberg

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