



Weekly Monitor

ECONOMICS | SOUTH AFRICA

Review of the 14 to 18 April and a preview of 21 to 25 April

- The **rand** firmed further this week as the US dollar recorded broad-based losses.
- **Mining** slid further into contraction in February, registering a steeper decline of 9.6% yoy.
- **Retail sales** continued to trend higher, increasing by 3.9% yoy in February.
- The **Bank of Canada** has kept its **interest rate** steady amidst economic uncertainty linked to US trade policies.
- **US consumer confidence** fell further in March, hit by heightened consumer anxiety due to the high US import tariffs.
- **US retail sales** gained from a surge in motor vehicle sales as consumers anticipated upcoming tariffs.
- **China's economy** expanded by 5.4% in Q1, reflecting a substantial boost from higher exports to the US.
- **Eurozone inflation** moderated as energy prices dropped. In **Germany**, prices eased due to a slowdown in services inflation, while **France's inflation** remained steady.

Currencies

The **rand** pulled back further this week as the US dollar depreciated across the board after US President Donald Trump announced measures perceived as harmful to US chipmakers. The local unit also drew some support from the gold price gains. It is trading around R18.88/\$ this morning after touching R18.80 on Tuesday, from R19.12 a week ago.

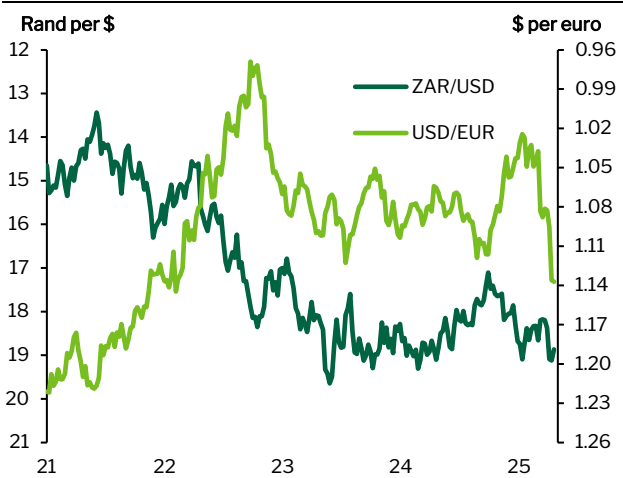
The **US dollar** softened to \$1.14 per euro on Tuesday and is around \$1.37 this morning. It has dipped to \$1.32 per British pound, the weakest level since the second week of October. The Japanese yen touched ¥ \$141.82/\$ on Tuesday and is around ¥ \$142.88 this morning.

Table 1The currency markets

	2025/04/17	2025/04/11	% Δ
Rand			
ZAR/USD	18.87	19.12	-1.31
ZAR/GBP	24.95	24.81	0.55
ZAR/EUR	21.46	21.69	-1.09
JPY/ZAR	7.56	7.49	0.92
Majors			
USD/EUR	1.1372	1.1360	0.11
USD/GBP	1.3236	1.3080	1.19
JPY/USD	142.77	143.51	-0.52

Source: Refinitiv

Chart 1: The currency markets



Source: Refinitiv

Equities, bonds and commodities

Locally, the **JSE ALSI** was buoyed by gains across the board, with basic materials leading the charge on the back of commodity price gains.

In the **US**, markets plunged after Trump's new restrictions and Jerome Powell's warnings about the likely impact of tariffs on inflation and growth. The **S&P500** lost 2.2% on Wednesday, the **Dow Jones** 1.7%, while the technology-heavy **Nasdaq** plunged by 3.1%, eroding most of the gains since the start of the week. In new measures announced this week, Trump restricted US chipmakers from selling chips to Chinese companies, with AI chipmaker Nvidia estimating it will take a \$5.5 billion revenue hit. Analysts estimate sales losses of up to \$10 billion for the company. **European equities** have opened lower this morning after starting the week on a solid footing. Asian equities closed firmer this morning. The **Japanese Nikkei** gained 2.5% while the Hang Seng was up 1.6%, buoyed by US reports of fruitful trade negotiations with Japan.

In **bond markets**, the **US 10-year yield** dipped from 4.49% on Friday last week to 4.28% on Tuesday, but it edged marginally higher to 4.31% yesterday after Powell's inflation and growth warnings. European yields rose marginally, with the **German 10-year** at

2.53% from 2.5% on Tuesday. Locally, the **10-year benchmark yield** is hovering around 10.92% this morning from 11.04% a week ago, dipping on the back of the firmer rand exchange rate.

In **commodity markets**, **Brent crude oil** remained below \$70 a barrel, rebounding to \$69.35 this morning after touching \$63.19 on 9 April. **Gold** hit a new record high of \$3343 an ounce on Tuesday and is marginally softer at \$3316 this morning.

Table 2: Equities

	2025/04/17	2025/04/11	% Δ
Local (JSE)			
ALSI	90534.36	86919.71	4.16
Industrials	123337.45	121124.09	1.83
Financials	19777.95	19436.06	1.76
Basic materials	55835.13	52902.71	5.54
Global Equities			
SP500	5275.70	5363.36	-1.63
Nasdaq Composite	16307.16	16724.46	-2.50
German DAX	21311.02	20374.10	4.60
France CAC	7321.92	7104.80	3.06
UK FTSE	8251.54	7964.18	3.61
Nikkei	34377.60	33585.58	2.36
Commodities			
Brent crude (\$/barrel)	68.62	66.39	3.36
Gold (\$/ounce)	3321.00	3236.21	2.62
Platinum (\$/ounce)	962.75	942.65	2.13

Chart 2: JSE Equities

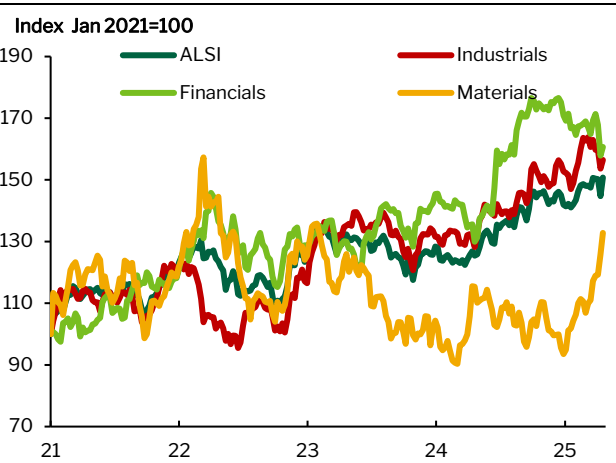
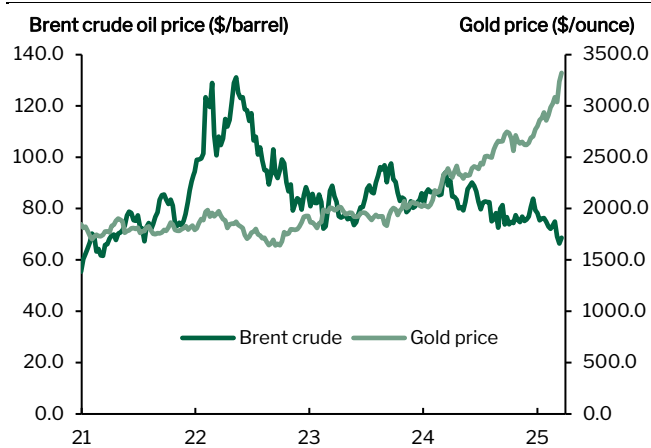


Chart 3: Commodities



Source: Refinitiv

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Economic developments

Domestic economic releases and events

In the **April 2025 Monetary Policy Review**, the **South African Reserve Bank (SARB)** suggested that room for further interest rate cuts was limited due to heightened risks in the global environment. The SARB forecasts CPI to remain subdued, averaging 3.6% in 2025 and gradually rising to 4.5% in 2026. However, the Bank stressed that upside inflation risks persist due to high global economic uncertainty. The value-added tax (VAT) rate increase by 0.5% percentage points in 2025 and 2026 will add 0.2 percentage points a year to headline CPI. The SARB forecasts real GDP growth of 1.7% in 2025, 1.8% in 2026, and 2% in 2027. The **SARB** modelled growth scenarios. The pessimistic scenario has three sub-scenarios: in the worst-case sub-scenario based on a universal US import tariff of 25%, the loss of access to the US market under the Africa Growth and Opportunity Act (AGOA), and a 15.2% depreciation of the rand against the dollar subtracts 0.7 percentage points from the baseline GDP growth forecast for 2025. Based on a 5% US dollar depreciation against the euro and a 10% gain in commodity prices, the optimistic scenario shows real GDP growth of 1.8% in 2025, 1.9% in 2026, and 2% in 2027. Inflation would be little changed from the baseline scenario of 3.6% in 2025 (3.5%), 4.5% in 2026 (4.3%) and 4.5% in 2027.

Mining production slid further into contraction in February. Registering a steeper decline of 9.6% yoy from -1.5% in January. The largest contributors to the decline were PGMs (-23.9% yoy), iron ore (-10.5% yoy), gold (-7.6% yoy), and coal (-4.3%), together shaving 9.7 ppts off the total. Over the three months ending in February, mining contracted by 6.7% qoq. Unless we see a significant rebound in mining activity in March, the sector will likely contribute negatively to economic growth over Q1 2025.

Retail sales moderated to 3.9% yoy in February from 7.0% in January. Textiles, clothing, footwear, and general dealers made the most significant positive contributions. While food, beverages, tobacco, pharmaceuticals, medical goods and hardware, paint and

glass contracted over the three months ending in February, sales were up 1.4% qoq, less than the 2.2% in the preceding quarter. The upward trend in retail sales indicates subdued inflation, which has lifted real wages and discretionary spending and has been further boosted by an improvement in consumer sentiment off the back of the 75 bps drop in interest rates.

International economic releases and events

In a speech at the Economic Club of Chicago, **Federal Reserve Chair Jerome Powell** reiterated that the Fed had room to maintain a wait-and-see approach as the direction of the Trump administration's tariff policy remains unclear. He stressed that despite heightened uncertainty and downside risks, the US economy remained solid, although the latest data reflected a slowdown in Q1. Pre-emptive purchases ahead of the high import tariffs likely pushed imports significantly higher in Q1. In an apparent departure from his previous assessment that the impact of the tariffs on inflation would be transitory, Powell warned that the inflationary impact of the import tariffs may be more persistent.

The **Bank of Canada (BoC)** maintained its **policy interest rate** at 2.75%, in line with the market consensus. The BoC stressed that while the economy showed signs of growth and inflation stabilised near the target of 2%, concerns about a potential US trade war could disrupt this progress. Future economic performance and inflation rates hinge on the unpredictable nature of US tariffs, with two scenarios outlined: one where tariffs are negotiated down, leading to moderate growth and reduced inflation, and another resulting in a severe recession and increased inflation. The Bank expects inflation to average around 2% until early 2026, influenced by both downward pressures, like the removal of the carbon tax and excess supply, and upward pressures from tariffs and supply chain issues. By Q2 of 2026, inflation is projected to peak at 3.1% due to the fading effects of the carbon tax. Following this peak, inflation is anticipated to gradually decrease and return to the 2% target by 2027.

In the **US**, the **University of Michigan's consumer sentiment index** dropped to 50.8, a significant decline from 57 in March and 77.2 a year ago. The slump reflected growing concerns about a potential recession due to the ongoing trade tensions. Key indicators such as expectations for business conditions and personal finances worsened, with the **current economic conditions** gauge dropping to 56.5 from 63.8 and 79 a year ago, while the **expectations** subindex hit the lowest level since May 1980. The survey showed that 67% of households expected unemployment to rise, the highest ratio since 2009 after the 2008 Global Financial Crisis. Inflation expectations rose further, with **one-year inflation expectations** surging to 6.7% from 5%, the highest since 1981, while the **five-year outlook** rose to 4.4% from 4.1%. Other data showed that **industrial production** declined by 0.3% mom due to a 5.8% drop in utility output linked to unseasonably warm temperatures. Electric utility output fell by 5.1%, and natural gas utilities saw an 11.1% drop. In contrast, manufacturing and mining output increased by 0.3% and 0.6%, respectively. Despite the monthly decrease, **industrial production** was up by an annual growth of 5.5%. **Retail sales** edged up by 1.4% mom from 0.2% in February, boosted by a solid increase in auto purchases. Motor vehicles and parts volumes were up by 5.3% mom as consumers rushed to beat the Trump administration's auto import tariffs of 25%. Excluding autos, sales were up by 0.5% mom after increasing by 0.7% in February.

The **Chinese economy** grew 5.4% yoy in Q1, boosted by government stimulus and strong March performance in industrial output and retail sales. Fixed asset investment also exceeded forecasts, while exports surged ahead of potential US tariffs. **Industrial production** expanded by 7.7% yoy in March from February's 5.9% increase, the highest growth since June 2021. This jump was driven by strong performances across all major sectors, with manufacturing rising by 7.9%, and notable expansions in computer and communication (13.1%) and car production (11.5%). In Q1 2025, **industrial production** increased by 6.5%, compared to 5.8% in the previous year. The **trade surplus** narrowed to \$102.6 billion in March from \$170.5 billion. **Exports** rose by 12.4% yoy as manufacturers expedited shipments amid the looming US tariffs. In contrast, **imports** declined by 4.3% due to weak domestic demand. For Q1, China reported a total surplus of \$273 billion, with exports up 5.8% and imports down 7%, including a substantial surplus of \$76.7 billion with the US. The **unemployment rate** decreased to 5.2% in March, down from a two-year high of 5.4%.

Eurozone inflation fell slightly to 2.2% in March from 2.3% in February due to a 1% drop in energy prices and a slight reduction in services inflation. Prices for food, alcohol, and tobacco increased. **Core inflation** fell to 2.4%.

Germany's annual inflation eased slightly to 2.2% in March from 2.3%. Services inflation eased to 3.5%, while energy costs fell by 2.8%. However, food inflation rose to 3%. Core inflation also declined to 2.6%. Monthly **consumer prices** increased by 0.3%, down from 0.4% in February. The **ZEW Indicator of Economic Sentiment** dropped sharply to -14 in April, its lowest level since July 2023. The low morale was primarily attributed to increasing global uncertainty due to the potential impact of a trade war on global trade. Export-driven industries like automotive, chemicals, and machinery, which had recently shown recovery, are particularly vulnerable. In contrast, the current **economic situation index** saw a slight improvement, albeit from low levels, rising to -81.2 from -87.6.

France's inflation remained steady at 0.8% yoy in March, as energy prices (-6.6%) and manufactured goods (-0.2%) declined further, while services prices (+2.3%) and food costs (+0.6%) were higher. **Consumer prices** rose by 0.2% mom.

The **UK inflation** rate eased to 2.6% yoy in March from 2.8% in February, driven by a drop in recreation and culture, transport, and accommodation services costs. Transport costs were also lower due to a dip in fuel prices. Over the month, **consumer prices** rose by 0.3%, while **annual core** inflation eased to 3.4%.

Japan's core machinery orders rebounded by 4.3% mom in February, following a 3.5% drop in January. Manufacturing orders increased by 3%, while non-manufacturing orders surged by 11.4%. Key sectors contributing to this growth included non-ferrous metals, transportation, chemicals, textiles, and finance. Annually, private-sector machinery orders slowed by 1.5%, a slight decline from January's 4.4% increase but still better than the anticipated decrease of 1.4%. The **trade surplus** widened in March, rising to ¥544.1 billion from ¥590.5 billion in February. The expansion was due to a stronger performance in exports compared to imports. **Exports** rose by 3.9% yoy, although this was slightly below the anticipated 4.5%. In contrast, **imports** grew by a modest 2%, rebounding from a decline in February but still falling short of the expected 3.1% rise.

Next week's focus: Key economic releases and events

Domestic

Key releases include **March's consumer (CPI) and producer (PPI) inflation**. We forecast **CPI** to have edged slightly to 3.1% in March after a steady 3.2% in the previous two months. The drag will mainly emanate from fuel prices. The petrol price fell by 0.3% mom in March, following a 3.8% jump in February. This pushed the yoy rate of decline in the petrol price to 13.9% from -8.9%. The monthly decline in fuel prices reflected the impact of the rand, which gained 1.9% against the US dollar, outweighing the effect of a marginal increase in the price of Brent crude oil. On a yoy basis, the oil price fell by 10.4%, and the rand appreciated by 2.7% against the US dollar. Food inflation will continue to increase off a low base and partly mitigate the downward pressure on headline inflation. Additionally, March was a survey month for 'actual rentals for housing and owners' equivalent rent', which will ease slightly, reflecting the impact of lower interest rates. However, the effect will be offset by marginally higher domestic service prices, transport fares and motor vehicle insurance, which were surveyed in March. **PPI** will likely edge down to 0.9% in March from 1% in February, also dragged down by lower petrol and diesel prices.

International

This afternoon, the focus will be on the **announcement of the European Central Bank (ECB) interest rate**. The market consensus is for another 25 basis points cut, given the slowing economy and gloomier economic outlook amid the heightened downside risk posed by the US trade war.

Next week's key releases include the **People's Bank of China (PBoC)** loan prime rates, with the PBoC expected to maintain its policy rates at current levels. The **US University of Michigan consumer sentiment index** will still be closely watched for the impact of the US trade war on household sentiment, inflation expectations, and job prospects. Also, the **S&P Global PMI flash data** is expected to show continued recovery of the manufacturing sector, although tariff fears likely boosted activity at the start of this month.

Table 3: Release Calendar

Date	Country/Region	Indicator Name	Period	Reuters Poll	Prior	Unit
17 Apr 2025	EU	ECB Refinancing Rate	Apr	2.4	2.65	%
	EU	ECB Deposit Rate	Apr	2.25	2.5	%
18 Apr 2025	Japan	CPI, Core Nationwide (yoy)	Mar	3.2	3	%
	Japan	CPI, Overall Nationwide	Mar		3.7	%
21 Apr 2025	China (Mainland)	Loan Prime Rate 1Y	Apr	3.1	3.1	%
	China (Mainland)	Loan Prime Rate 5Y	Apr	3.6	3.6	%
23 Apr 2025	Japan	JibunBK Manufacturing PMI Flash SA	Apr	48.40	48.4	Index
	Japan	JibunBK Composite Op Flash SA	Apr	48.9	48.9	Index
	Japan	JibunBK Services PMI Flash SA	Apr	50	50	Index
	France	HCOB Manufacturing Flash PMI	Apr	48.5	48.5	Index
	France	HCOB Services Flash PMI	Apr	47.9	47.9	Index
	France	HCOB Composite Flash PMI	Apr	48.0	48	Index
	Germany	HCOB Manufacturing Flash PMI	Apr	48.3	48.3	Index
	Germany	HCOB Services Flash PMI	Apr	50.9	50.9	Index
	Germany	HCOB Composite Flash PMI	Apr	51.3	51.3	Index
	EU	HCOB Manufacturing Flash PMI	Apr	48.6	48.6	Index
	EU	HCOB Services Flash PMI	Apr	51.0	51	Index
	EU	HCOB Composite Flash PMI	Apr	50.9	50.9	Index
	SA	CPI (mom)	Mar	0.2	0.9	%
	SA	CPI (yoy)	Mar	3.6	3.2	%
	SA	Core Inflation (mom)	Mar	0.4	1.1	%
	SA	Core Inflation (yoy)	Mar	3.5	3.4	%
	UK	Flash Composite PMI	Apr	51.5	51.5	Index
	UK	Flash Manufacturing PMI	Apr	44.9	44.9	Index
	UK	Flash Services PMI	Apr	52.5	52.5	Index
	US	S&P Global Manufacturing PMI Flash	Apr	50.2	50.2	Index
	US	S&P Global Services PMI Flash	Apr	54.4	54.4	Index
	US	S&P Global Composite PMI Flash	Apr	53.5	53.5	Index
24 Apr 2025	France	Consumer Confidence	Apr	91.0	92	Index
	Germany	Ifo Business Climate New	Apr	88.5	86.7	Index
	Germany	Ifo Curr Conditions New	Apr	86.5	85.7	Index
	Germany	Ifo Expectations New	Apr	89.1	87.7	Index
	SA	PPI (mom)	Mar	0.8	0.4	%
	SA	PPI (yoy)	Mar	1.7	1	%
	US	Durable Goods	Mar	0.80	1	%
	US	Existing Home Sales	Mar	41.4	42.6	Million
25 Apr 2025	UK	GfK Consumer Confidence	Apr		-19	Index
	UK	Retail Sales (mom)	Mar	-0.3	1	%
	UK	Retail Sales (yoy)	Mar	0.7	2.2	%
	France	Business Climate Manufacturing	Apr	95.0	96.0	Index
	France	Business Climate Overall	Apr	96.0	97	Index
	US	U Mich Sentiment Final	Apr	50.80	50.8	Index
	US	U Mich Conditions Final	Apr	56.5	56.5	Index
	US	U Mich Expectations Final	Apr	47.2	47.2	Index
	US	U Mich 1Yr Inf Final	Apr	6.7	6.7	%
	US	U Mich 5-Yr Inf Final	Apr	4.4	4.4	%

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