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*(\* when available)*

## Key daily driver






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### SNIPPETS

(Charts of the day)	SA manufacturing production growth beats consensus, but monthly growth rate slumps, possible drag to Q3 growth
(Currencies)	USDZAR sharply weaker after NPA announcement; euro and sterling weaker against the USD; yen stronger this morning
(Equities)	Top 40 up 0.62%, led by energy and resource stocks; US equities sharply lower ahead of FOMC minutes today; Asian markets consequently negative this morning
(Economics)	Eurozone sentiment indicators upbeat, despite on-going Brexit woes; US LMCI declines on the back of recent labour metrics deteriorating

## Key overnight factors and upcoming events

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Date	Region	Event   	Actual/expected/prior	Implications
11/10	SA	Manufacturing production 	2.2%/1.3%/0.4%	Production growth at risk of disappointing given sharp deterioration in PMI, monthly growth rate slumps
11/10	US	LMCI chg 	-2.2/--/-1.3	Labour market conditions deteriorate given recent data disappointments
11/10	SA	Politics	--	Finance minister Gordhan issued with a summons from the NPA, to appear in court a week after MTBPS, rand weakens sharply after the announcement, likely to be near-term negative for SA markets
12/10	US	FOMC minutes	--	Markets watch tone for guidance of a possible December rate hike
13/10	SA	Mining production	--/--/-5.4%	Mining sector activity likely to remain downbeat amid falling demand from China and low commodity prices

Source: Nedbank

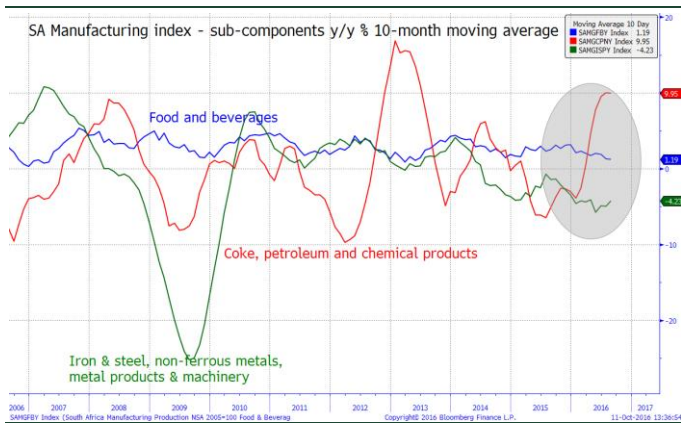
# Charts of the day

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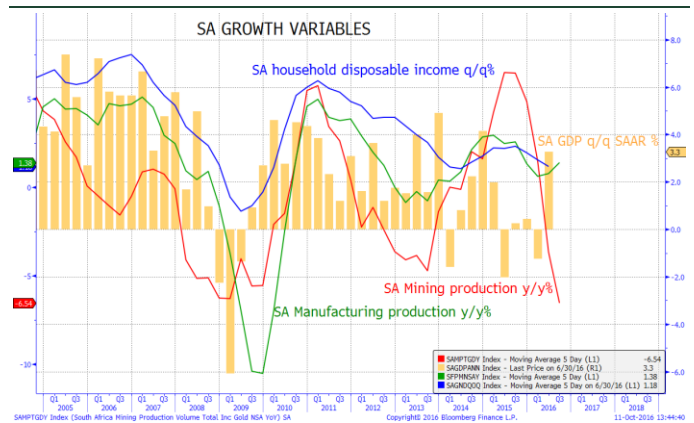
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- SA manufacturing production growth rose to 2.2% y/y in August, from -0.3% previously, beating expectations of 1.3% even while the manufacturing PMI slumped in August. Over the month, manufacturing production slumped 1% y/y, from -1.9% in July.
- Most subcomponents in the manufacturing production basket reflected an uptick in August, with the most notable increases in food and beverages, wood, glass, motor vehicle and furniture production. These subcomponents alone contributed a cumulative 1.7% towards the headline print. Even though the growth rate in petroleum production slowed, the category still contributed 1.2% towards the headline growth rate (the biggest positive contribution as it carries the 2nd biggest weighting (23.58%) among the subcomponents).
- The decline in production of electrical machinery, basic iron and steel, and textiles, clothing and footwear eased in August, providing a further uplift for production. On the negative side, production of radio, television and communication equipment deteriorated.
- The PMI tends to be a leading indicator of manufacturing activity, and points to a sharp slowdown in manufacturing activity in the coming months. The PMI remains below 50 index points which points to a contraction in manufacturing activity, while demand still remains very weak, especially from China. Manufacturing production is likely to represent a drag to GDP growth in Q3, due to the sharp monthly contractions in July and August, and is unlikely to rebound in the latter part of the year as demand remains anaemic. Growth is forecast to be fractional this year, while inflation is still close to the SARB's 6% upper band with upside risks evident. The SARB will likely tread cautiously amid such a low-growth environment with stagflationary dilemma, and will likely provide one more interest rate hike in the current hiking cycle, either in November 2016 or January 2017. Key rate hike factors remain the credit ratings reviews in November and December, and the trajectory of CPI and the rand.

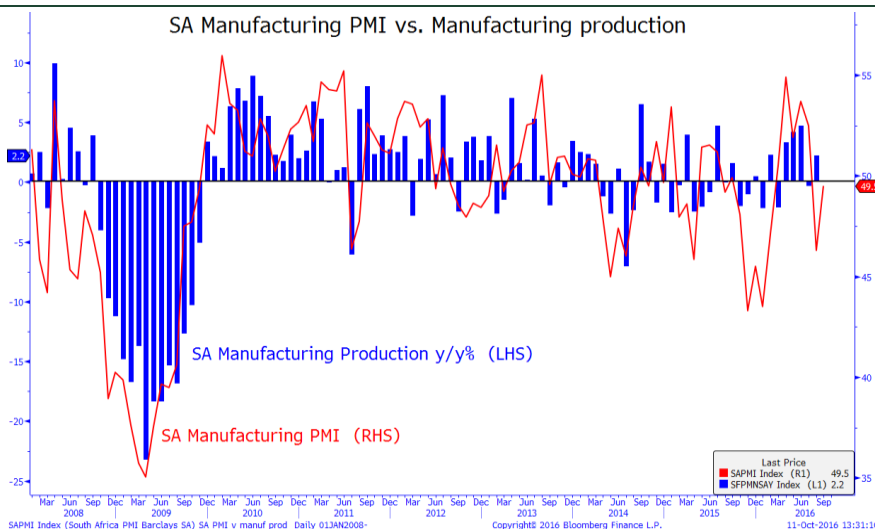
## Petroleum production a key driver of manufacturing activity



## Growth metrics trend lower, Q2 GDP unlikely to be sustained



## Production tracks PMI, likely to head lower in coming months due to low demand, business activity



Source: Bloomberg, Nedbank

# Currencies

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- The local session saw the rand open at 13.9000. The early part of the session was subdued with the Rand showing slight conviction to initially trade firmer, touching the lower 13.80's. This picture changed as news headlines broke that Fin Min Pravin Gordhan officially being summoned to court over charges not relating to the "Rogue" Unit at SARS, but rather over contracts issued whilst he headed the domestic Revenue Services. This saw the Rand weaken significantly to touch 14.3800 before we closed the session. More questions than answers have now risen from this political saga, and the timing and whether or not these charges are warranted have been brought into the spotlight. The New York session saw the Rand continue to weaken as it traded to a high of 14.4350. This morning the Rand opens at 14.3600.
- International markets saw majority of G10 currencies trade weaker against the dollar. The Euro closed the day at 1.1062 after opening around 1.1130. The Pound continued its weakening trend after last Friday's flash crash as investors show further concern about the impact of the hard exit by Britain from the European Union, touching the low 1.21's in the New York session. This morning however the GBP has rebounded somewhat in the Far East session touching 1.2326 on news that Prime Minister May has accepted that Parliament should vote on her Brexit plans. This morning EUR opens at 1.1042. Gold is trading marginally weaker this morning at \$1256.
- On the data front we have EZ industrial production and focus will remain on the FOMC later this evening.
- The political headlines continue to hurt the local unit and any further developments would scrutinize intensively. Eyes will remain on the FOMC minutes tonight as for further indication of a possible hike in rates from the FED in the near term.
- Possible trading range: 14.2000-14.5000.

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBPUSD	1.23	1.00	-5.33	-16.66	↓	USD strength
EURUSD	1.10	-0.25	-1.73	1.61	↓	USD strength
USDJPY	103.58	0.12	2.20	-13.83	↑	USD strength
USDAUD	1.32	-0.45	1.06	-3.80	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	14.31	-0.38	4.30	-7.57	↑	ZAR weakness
GBPZAR	17.57	0.61	-1.29	-22.97	↓	ZAR strength
EURZAR	15.80	-0.63	2.41	-6.08	↑	ZAR weakness
AUDZAR	10.85	0.07	3.17	-3.89	↑	ZAR weakness
ZARJPY	7.24	0.50	-1.93	-6.78	↓	ZAR weakness

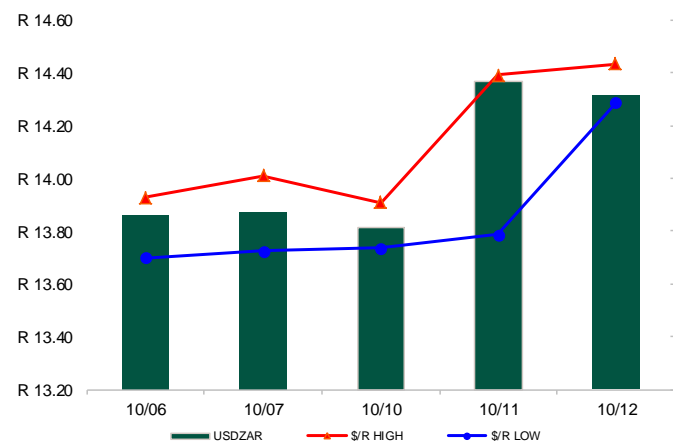
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMWK (Malawian kwacha)	50.32	0.54	-4.25	16.63	↓	ZAR weakness
ZARBWP (Botswana pula)	0.75	-0.09	-1.53	3.29	↓	ZAR weakness
ZARKES (Kenyan shilling)	7.08	0.39	-4.06	7.09	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.48	0.34	-3.87	7.12	↓	ZAR weakness
ZARNGN (Nigerian naira)	22.09	1.28	-5.90	71.57	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.28	0.22	-4.42	12.60	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.69	0.30	-5.11	-2.24	↓	ZAR weakness
ZARMZN (Mozambican metical)	5.48	0.39	-3.57	76.89	↓	ZAR weakness

Source: Bloomberg & Nedbank CIB  
Time: 2016/10/12 07:15

*\*Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks*

## USDZAR

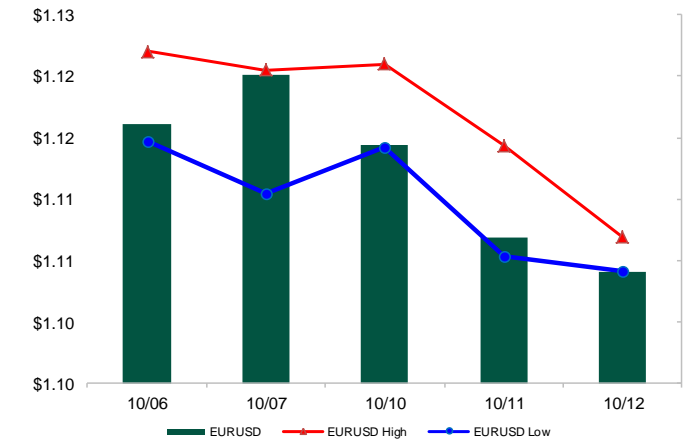
\$/R (close, high and low)



Source: Bloomberg, Nedbank

## EUR/USD

€/€ (close, high, low)



Source: Bloomberg, Nedbank

# Commodities

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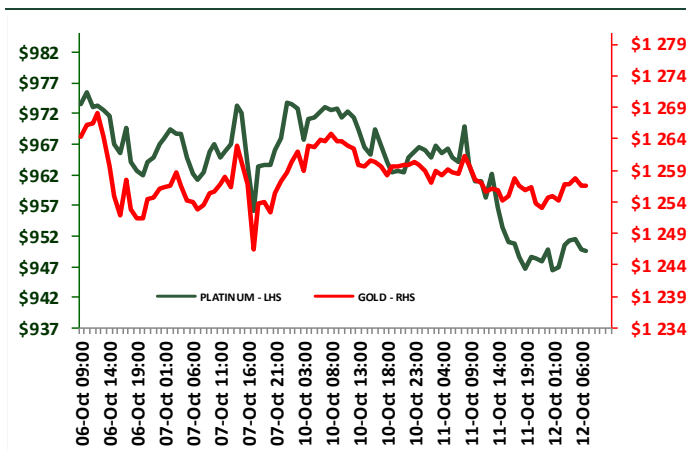
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- Gold initially declined for the majority of the local and US sessions, in Asian markets however, the price was supported, albeit marginally. The near term bear trend remains in play and will likely persist if the Fed sounds hawkish, supporting the dollar, while making it less appealing to purchase gold. Gold bargain hunters and safe-haven buyers may be limited ahead of a possible Fed hike in December. Markets are likely to trade cautiously ahead of FOMC minutes today.
- Brent remained contained within a \$1/bbl. trading range yesterday, with the bias in the price lower over the course of the US trading session. Markets remain uncertain as to whether non-OPEC counterparts will also be initiating production cuts along with OPEC. Commentary from Russian and Saudi ministers have been mixed, and will likely keep the oil price elevated in the near term.

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	52.65	0.46	7.32	41.23	↑
WTI crude (\$)	50.97	0.35	5.66	37.61	↑
Gold spot (\$)	1 256.19	0.00	-4.54	18.26	↓
Platinum spot (\$)	949.72	0.12	-7.56	6.28	↓
SA white maize spot (R)	3 528.00	2.92	-1.81	-24.31	↓

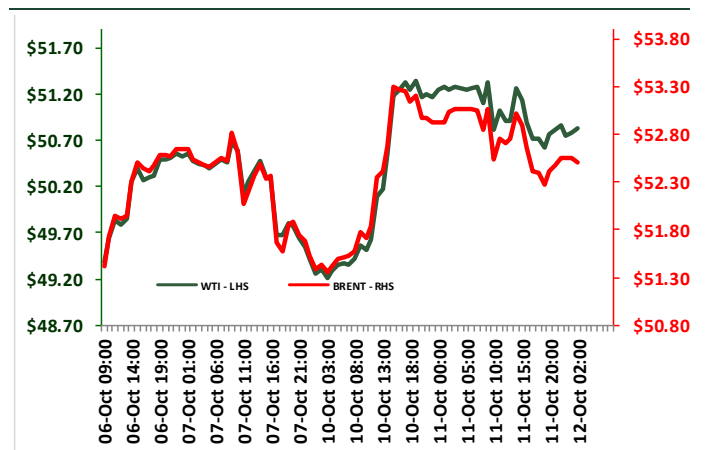
Source: Bloomberg & Nedbank CIB  
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Platinum vs Gold



Source: Bloomberg

Brent Crude vs West Texas Intermediate



Source: Bloomberg

# Fixed income and interest rates

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Bond flow sales | +2711 535 4021 | Corporate Money Markets | +2711 535 4007 | Business Bank Money Markets | +2711 535 4006

Bonds						FRAs and Swaps					
	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend		Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps			%	bps	bps	bps	
R203-0.9 yrs	7.85	14.41	42.41	-67.99	↑	3X6 FRA	7.48	0.00	8.00	6.50	↑
R208-4.5 yrs	8.31	0.40	26.70	-110.20	↑	6X9 FRA	7.60	0.00	16.00	-17.50	↑
R186-10.2 yrs	8.92	-0.10	26.40	-84.30	↑	9X12 FRA	7.67	2.00	23.00	-58.00	↑
R2048-31.4 yrs	9.57	0.30	21.00	-83.10	↑	18X21 FRA	7.71	0.00	29.00	-130.00	↑
US 10 yr	1.78	1.12	18.12	-49.38	↑	SA 2yr Sw ap	7.61	0.20	19.50	-54.60	↑
UK 10 yr	0.98	-4.21	31.23	-50.05	↑	SA 3yr Sw ap	7.69	-1.30	21.00	-85.40	↑
German 10 yr	0.03	-55.36	-121.01	-96.03	↓	SA 5yr Sw ap	7.90	-1.50	20.50	-109.50	↑
Japan 10 yr	-0.05	17.78	-40.45	-120.00	↓	SA 10yr Sw ap	8.30	-1.00	21.50	-116.50	↑
						SA 15yr Sw ap	8.37	-2.10	20.90	-128.75	↑
Money Market						Spreads					
	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend		Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps			%	bps	bps	bps	
SA repo rate	7.00	0.00	0.00	75.00	→	2v10y	-0.69	1.20	-2.00	61.90	↓
SA prime rate	10.50	0.00	0.00	75.00	→	3v10y	-0.61	-0.30	-0.50	31.10	↓
SA CPI (MTD = previous month)	5.90		-10.00		↓	R186-R203	1.22	-14.51	-16.01	-16.31	↓
SA 3m JIBAR	7.36	0.00	0.00	73.30	→	R2048-R186	0.65	0.40	-5.40	1.20	↓
SA 3m NCD	7.33	0.00	-1.25	72.50	↓	5y-R186	-1.01	-1.40	-5.90	-25.20	↓
SA 6m NCD	7.98	0.00	5.00	46.25	↑	10y-R186	-0.61	-0.90	-4.90	-32.20	↓
SA 12m NCD	8.55	0.00	10.00	11.25	↑	15y-R186	-0.53	-2.00	-5.50	-44.45	↓
US 3m LIBOR	0.88	0.36	2.38	26.48	↑	SA 5yr CDS spread - basis points	260.83	10.53	2.97	-74.18	↑
UK 3m LIBOR	0.40	-0.16	1.29	-19.48	↑						
Japan 3m LIBOR	-0.03	-0.11	0.23	-9.92	↑						
Source: Bloomberg & Nedbank CIB		Time		2016/10/12 07:15		Source: Bloomberg & Nedbank CIB		Time		2016/10/12 07:15	

# Equities

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Cash equities | +2711 535 4030/31

## South Africa

- Pravin Gordhan was served with a summons to appear in court on fraud charges by the National Prosecuting Authority. The rand collapsed and sent interest sensitive stocks tumbling down. Banks and retailers fall -3.7% and -1.7% respectively while the weak rand supported rand hedges. Anheuser-Bush resumed trading and announced completion of disposals which were subject to the successful conclusion of the SAB take-over. Famous brands rallied after their trading statement showed a 67%-74% increase in HEPS. Group Five outperformed its peers after 6 construction companies (WBO, SSK, RBX, BSR & AEG) signed an settlement agreement with the Government over competition authority charges from 2011. The value traded was R31 billion and the rand was hovering around 14.32 to the US dollar at the close.

## UK/Europe

- European markets fluctuated between gains and losses before heading south in the last session to close mostly in the red, the Cac shed -0.57%, the DAX dropped -0.44% and the FTSE lost -0.38%. The pullback was due to crude oil retreating after a couple of strong days as it's doubtful that OPEC and Russia will stick to the production limits. Better than expected German economic confidence and positive corporate results helped to limited the pullback. Luxury goods company, LVMH jumped +4% after topping analyst expectations and dragged its peers higher. BP fell after abandoning exploration drilling in Great Australian Bright.

## USA

- Alcoa kicked off earning season and reported poor results which set a negative tone for the market. US stocks gradually declined for the entire trading session only to close just off the lows of the day. The Dow tanked -1.1%, the S&P500 sunk -1.2% and the Nasdaq tumbled -1.5%. Oil prices retreated, Chicago Fed president made hawkish comments and Alcoa plunged -11% after disappointing results missing analyst estimates. All eyes will be on results from financials heavyweights Citi Group, JP Morgan and Wells Fargo. All the subsector of the S&P500 closed in the red with weakness on the day was most notable in the Health care, materials and utilities sectors.

## Asia

- Asian markets are trading mostly in negative territory taking the cue from a weak close on Wall Street, the MSCI Asian Pacific is down -0.4% to mark the fourth straight day of losses. Disappointing results from Alcoa is dragging steel and aluminium shares lower and increasing likelihood of December rate hike added further pressure on the market. A stronger yen has hurt index heavyweight export companies with steel companies leading the losses. The Australian market is down -0.2% weight down by materials, energy and information technology shares. Tencent is currently down -1.8% in Hong Kong this morning.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	18 128.66	-1.09	-0.98	4.04	↓
Nasdaq	5 246.79	-1.54	-1.23	4.78	↓
S&P 500	2 136.73	-1.24	-1.45	4.54	↓
DJ Eurostoxx 50	3 020.69	-0.50	0.61	-7.55	↑
DAX	10 577.16	-0.44	0.63	-1.54	↑
CAC	4 471.74	-0.57	0.53	-3.57	↑
FTSE	7 070.88	-0.38	2.49	13.27	↑
ASX200	5 474.60	-0.09	0.71	3.37	↑
Nikkei 225	16 884.67	-0.82	1.14	-11.29	↑
MSCI World	1 700.33	-1.10	-1.47	2.26	↓
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	23 291.92	-1.09	-0.02	6.29	↓
Shanghai	3 055.50	-0.32	1.69	-13.67	↑
Brazil Bovespa	61 021.85	-1.05	4.55	40.77	↑
India - NSE	28 082.34	0.08	0.78	7.52	↑
Russia Micex	2 001.42	0.02	1.18	13.63	↑
MSCI Emerging	905.57	-1.43	0.23	14.03	↑
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	51 898.82	0.43	-0.10	2.38	↓
Top 40	45 395.72	0.62	-0.07	-0.88	↓
Resi 10	33 149.33	1.84	2.13	30.54	↑
Indi 25	68 002.64	0.97	-0.32	-5.23	↓
Fini 15	14 372.08	-2.18	-2.42	-5.67	↓

Source: Bloomberg &amp; Nedbank CIB

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## Economics

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### Europe

- Eurozone ZEW survey expectations rose to 12.3 index points in October, from 5.4 index points previously. Sentiment over the current situation however, deteriorated.
- German ZEW survey expectations surged to 6.2 index points in October, from 0.5 in September, better than consensus of 4 index points. Sentiment over the current situation improved materially.
- Even though headwinds persist in the form of an impending Brexit, banking sector woes in some member states, disinflationary pressures and low growth, investor confidence and expectations for the next 6 months has improved recently, possibly due to reassurances by the ECB that monetary policy will likely remain loose, and a better growth outlook next year.

**Synopsis:** While recent headlines have been focussed on tapering of the ECB's asset purchase programme, the probability of an extension of the QE programme further into 2017 is rising as inflation and growth metrics disappoint. Further monetary stimulus is warranted should economic momentum stall, with the ECB stressing the importance of structural reform and fiscal stimulus as well. This is highly dependent on the ECB's ability to source appropriate bonds for purchase in its asset purchase programme.

### US

- The Fed's Labour Market Conditions index fell by 2.2 index points in September, from a downwardly revised decline of 1.3 index points in August, worse than expectations of +1.5. Lower payrolls, higher unemployment rate and a deterioration in labour metrics on average have led to the lower LMCI recently and will likely persist in coming months as labour supply dwindles.

**Synopsis:** The recent data disappointment will mean that the Fed will be very cautious in their December decision. Further economic data over the next six weeks will be very important in inferring a Fed rate hike decision in December. It is still too early to dismiss the probability of a December rate hike, as the Fed remains highly data dependent.

## JSE performance

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Top40 constituents	Last price	%Δ			Month trend
		-1d	MTD	YTD	
AGL : Anglo American Plc	182.70	2.94	6.59	164.82	↑
ANG : Anglogold Ashanti Ltd	187.63	1.70	-15.38	76.58	↓
APN : Aspen Pharmacare Holdings Lt	305.51	0.15	-1.45	-1.28	↓
BAT : Brait Se	100.55	-0.94	-8.99	-39.25	↓
BGA : Barclays Africa Group Ltd	150.50	-2.90	-0.33	4.89	↓
BID : Bid Corp Ltd	259.96	1.44	0.31		↑
BIL : Bhp Billiton Plc	219.10	1.25	5.88	25.96	↑
BTI : British American Tobacco Plc	856.40	3.19	-2.41	-1.92	↓
BVT : Bidvest Group Ltd	162.90	-1.57	0.82	59.48	↑
CFR : Financiere Richemont-Dep Rec	91.64	6.69	9.99	-17.89	↑
DSY : Discovery Ltd	109.75	-1.79	-2.88	-17.45	↓
FFA : Fortress Income Fund Ltd-A	16.30	-0.61	0.31	1.37	↑
FFB : Fortress Income Fund Ltd	32.51	-0.34	-0.73	-6.66	↓
FSR : Firstrand Ltd	45.34	-3.98	-4.55	7.01	↓
GFI : Gold Fields Ltd	57.86	0.42	-13.64	37.11	↓
GRT : Grow thpoint Properties Ltd	24.65	-2.22	-2.61	6.11	↓
IMP : Impala Platinum Holdings Ltd	62.00	1.14	-10.79	147.60	↓
INL : Investec Ltd	85.61	1.37	1.47	-21.82	↑
INP : Investec Plc	85.82	1.63	2.41	-22.05	↑
ITU : Intu Properties Plc	49.72	2.85	-5.33	-32.74	↓
LHC : Life Healthcare Group Holdin	38.10	-1.04	0.61	-79.99	↑
MEI : Mediclinic International Plc	157.14	0.09	-5.19		↓
MND : Mondi Ltd	292.81	1.85	1.47	-4.71	↑
MNP : Mondi Plc	292.00	1.62	1.21	-5.35	↑
MRP : Mr Price Group Ltd	153.00	-2.05	0.82	-23.50	↑
MTN : Mtn Group Ltd	113.75	0.50	-3.16	-14.40	↓
NED : Nedbank Group Ltd	216.63	-4.44	-2.57	14.86	↓
NPN : Naspers Ltd-N Shs	2 332.24	0.25	-1.81	10.01	↓
NTC : Netcare Ltd	35.80	0.00	6.45	5.60	↑
OML : Old Mutual Plc	34.67	-3.48	-3.75	-16.36	↓
RDF : Redefine Properties Ltd	11.06	-2.81	-3.24	14.02	↓
REI : Reinet Investments Sa-Dr	28.22	1.51	-5.68	-11.48	↓
REM : Remgro Ltd	223.90	-1.65	-0.64	-6.98	↓
RMH : Rmb Holdings Ltd	56.71	-3.39	-3.44	1.98	↓
SBK : Standard Bank Group Ltd	140.00	-3.61	-0.48	23.35	↓
SGL : Sibanye Gold Ltd	38.58	0.42	-22.00	68.84	↓
SHP : Shoprite Holdings Ltd	187.50	-0.38	-2.03	30.88	↓
SLM : Sanlam Ltd	63.87	-0.59	0.11	5.50	↑
SNH : Steinhoff International H Nv	75.59	-0.04	-3.77	-3.72	↓
SOL : Sasol Ltd	410.11	2.53	9.07	-2.22	↑
TBS : Tiger Brands Ltd	384.03	-0.03	1.00	21.36	↑
VOD : Vodacom Group Ltd	147.39	-0.28	-4.38	-3.29	↓
WHL : Woolworths Holdings Ltd	77.00	-2.22	-0.38	-23.12	↓

Source: Bloomberg & Nedbank CIB

Time 2016/10/12 07:15



## Economic calendar

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Time	Country	Event	Period	Survey	Actual	Prior	Revised
<b>11-Oct</b>							
01:50	JN	BoP Current Account Adjusted	Aug	¥1570.3b	¥1975.7b	¥1447.8b	--
01:50	JN	Trade Balance BoP Basis	Aug	¥116.5b	¥243.2b	¥613.9b	--
11:00	GE	ZEW Survey Expectations	Oct	3.5	6.2	0.5	--
11:00	EC	ZEW Survey Expectations	Oct	--	12.3	5.4	--
13:00	SA	Manufacturing Prod NSA YoY	Aug	1.20%	2.20%	0.40%	-0.30%
16:00	US	Labor Market Conditions Index Change	Sep	1.5	-2.2	-0.7	-1.3
14-Oct	US	Monthly Budget Statement	Sep	\$29.3b	--	--	--
<b>12-Oct</b>							
11:00	EC	Industrial Production WDA YoY	Aug	0.80%	--	-0.50%	--
13:00	US	MBA Mortgage Applications	07-Oct	--	--	2.90%	--
16:00	US	JOLTS Job Openings	Aug	5788	--	5871	--
20:00	US	U.S. Fed Releases Minutes from Sept. 20-21 FOMC Meeting					
20:00	US	FOMC Meeting Minutes	21-Sep	--	--	--	--

Source: Bloomberg

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