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Key daily driver




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SNIPPETS

(Charts of the day)	EM equities remain key outperformer, due to stronger EM FX for the YTD, Top 40 trends within declining channel, RESI 20 posts sharp rebound this year
(Currencies)	Global majors recover from early declines as dollar weakens in the US trading session, USDZAR moved 10-cents stronger yesterday
(Equities)	Top 40 closes marginally higher on the back of resource stocks; US equities closes in the red due to lower oil price; Asian markets consequently negative this morning
(Economics)	US housing market recovery remains intact; German sentiment indicators improve in October

Key overnight factors and upcoming events

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Date	Region	Event   	Actual/expected/prior	Implications
26/10	SA	MTBPS	--	Key event risk. We expect growth revisions to come in lower and a minor miss on deficit targets. Political risks remain the flash point.
27/10	UK	GDP Q3 q/q	--/0.3%/0.7%	Cautious businesses and consumers due to Brexit concerns likely to result in fractional growth in Q3
28/10	US	GDP Q3 SAAR q/q	--/2.5%/1.4%	GDP expected to be propped up by consumer spending in Q3

Source: Nedbank

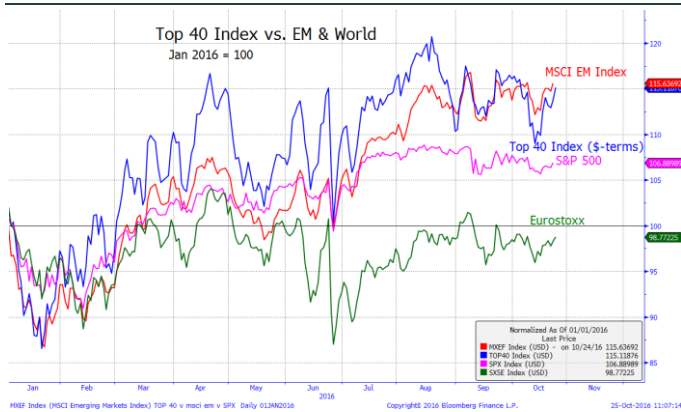
Charts of the day

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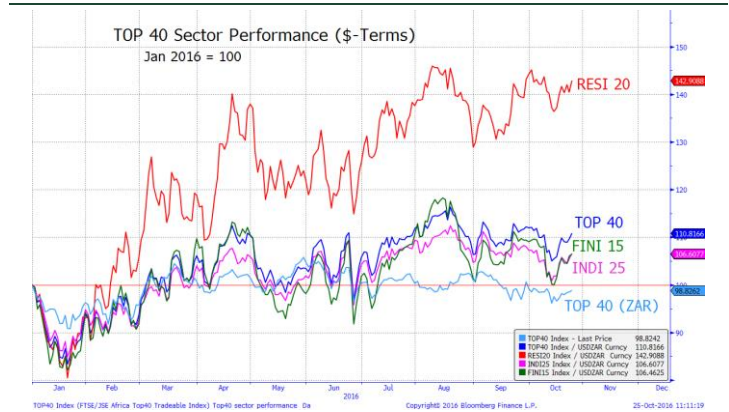
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- The Top 40 index (rand-terms) has recently formed a declining channel, which lies within a wider long-term horizontal consolidation channel since 2014. The index has grappled with volatile foreign sentiment and general risk aversion for most of the year to date, and as a result, has remained range-bound this year. Although momentum indicators are currently in neutral territory, the 50-, 100-, and 200-day moving averages have all turned lower, and may keep the index within the declining channel over the near term, with channel support and resistance currently around 44 000 points and 47 000 points respectively. The long-term consolidation channel may pose wider support and resistance levels at 41 200 and 47 500, with interim support levels close to key Fibonacci retracement levels.
- Compared to global benchmarks and peers, EM equities have outperformed for the year to date. However, a portion of the rally is due to stronger EM currencies for the year to date, as the JP Morgan EM FX index has appreciated by 4.5% this year. The Eurostoxx 50 is down 1.5% in dollar-terms, hampered by the weaker euro and declining trend in the euro-based index for most of this year. The Top 40 index is amongst the best performers, however all of the rally in dollar-terms is due to the sharply stronger USDZAR exchange rate this year (USDZAR: +11.5% stronger YTD), and not as a result of a rally in the index itself.
- The Top 40 is marginally negative in rand terms, and 11% higher in dollar terms. A sector breakdown shows the Resi 20 index has rebounded sharply this year, on the back of a rally in most commodity prices in the first half of the year. The Resi 20 index is up 42% for the year to date (dollar-terms), compared to the 55% decline last year. This is expected to persist until metal prices reflect a more sustained correction in coming months. However, global central bank monetary policy responses will likely steer financial asset prices, with loose monetary policy likely keeping commodity and EM equity prices upbeat.

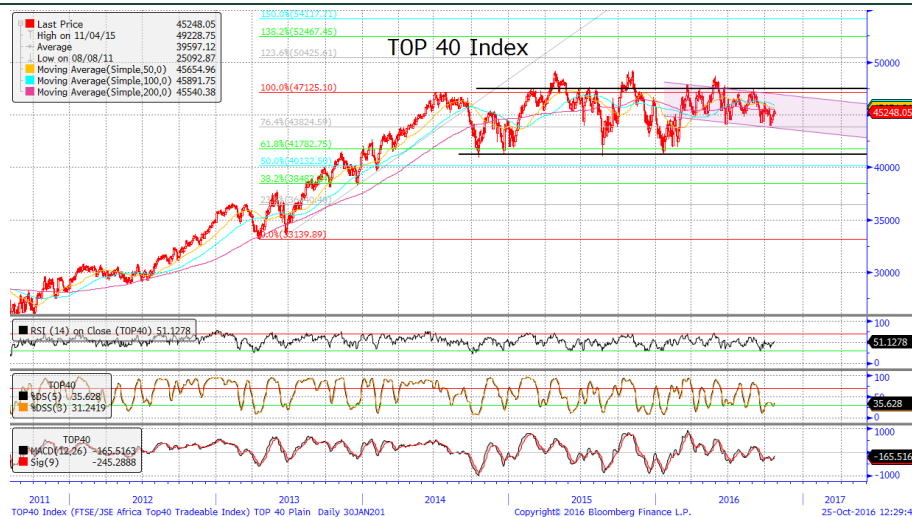
EM equities remain outperformer



Sharp rebound in the RESI 20 index, best performer for the YTD



Top 40 trends within declining channel, which lies within long-term consolidation trend



Source: Bloomberg, Nedbank

Currencies

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Business Banking FX | +27 11 535 4003 | Corporate FX | +2711 535 4002 | Institutional FX | +2711 535 4005

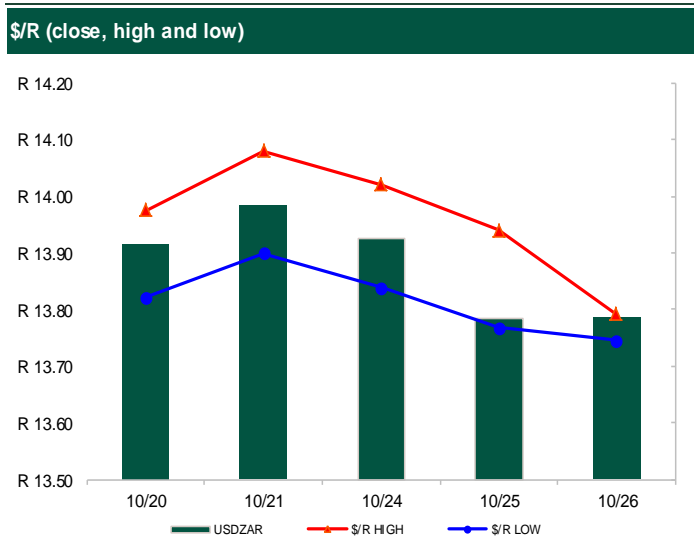
- The rand once again opened the session trading with a perceptibly positive bias, despite the continued uncertainty in the local political arena. After opening at 13.9000, it traded to a best level of 13.7825 during the local session, touching 13.7550 in the New York session and 13.7450 this morning in the Far East. Currently the rand is trading at 13.7850, EURZAR is trading at 15.0050 and GBPZAR is trading at 16.7660.
- International markets were marginally more active than has been the case of late. This in the wake of comments from both the ECB and the BOE, however post this both the relevant currencies largely unchanged, EURUSD currently trading at 1.0888, basically unchanged from the time of the local close. Gold traded firmer on the day yesterday, this morning some 9 dollars firmer than the same time yesterday at 1275.80
- No local data releases scheduled for today, but the focus will be firmly on the Finance minister as he delivers the medium term budget policy statement this afternoon, from Europe we have German and French consumer confidence, from the U.S we have trade, wholesale inventories, services and new home sales.
- Despite the continuing prevailing political uncertainty the rand has managed to post sustained gains over the preceding sessions, markets are expecting the Finance minister to deliver a message of progress, addressing the concerns of the ratings agencies.
- Possible trading range in the rand today 13.6200 to 13.9200

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBPUSD	1.22	-0.27	-6.23	-17.44	↓	USD strength
EURUSD	1.09	-0.03	-3.09	0.20	↓	USD strength
USDJPY	104.32	0.07	2.93	-13.21	↑	USD strength
USDAUD	1.30	-0.52	-0.36	-5.15	↓	USD weakness
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	13.79	0.02	0.47	-10.96	↑	ZAR weakness
GBPZAR	16.77	-0.25	-5.79	-26.48	↓	ZAR strength
EURZAR	15.01	-0.00	-2.71	-10.77	↓	ZAR strength
AUDZAR	10.60	0.53	0.78	-6.11	↑	ZAR weakness
ZARJPY	7.57	0.04	2.54	-2.54	↑	ZAR strength
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMMK (Malawian kwacha)	52.30	-0.04	-0.47	21.24	↓	ZAR weakness
ZARBWP (Botswana pula)	0.77	-0.01	1.17	6.12	↑	ZAR strength
ZARKES (Kenyan shilling)	7.35	-0.02	-0.30	11.28	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.60	0.14	0.46	11.95	↑	ZAR strength
ZARNGN (Nigerian naira)	23.19	1.56	-1.19	80.16	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.29	-0.21	-0.69	16.98	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.72	-0.15	-2.05	0.91	↓	ZAR weakness
ZARMZN (Mozambican metical)	5.57	-0.94	-2.11	79.56	↓	ZAR weakness

Source: Bloomberg & Nedbank CIB Time: 2016/10/26 07:20

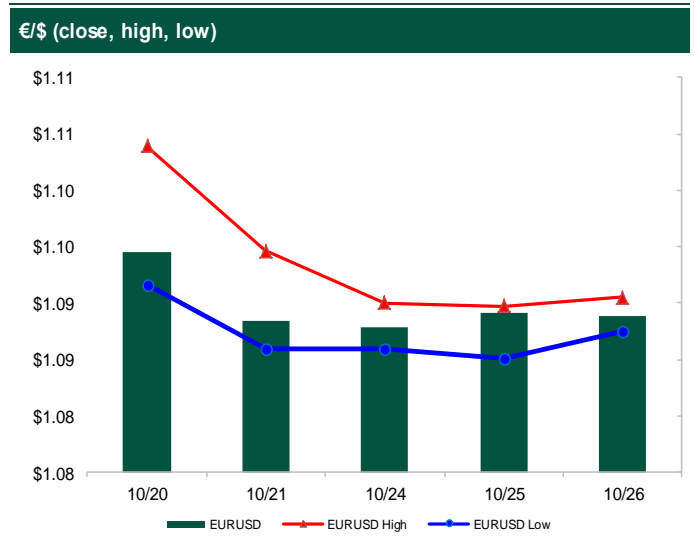
***Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks**

USDZAR



Source: Bloomberg, Nedbank

EUR/USD



Source: Bloomberg, Nedbank

Commodities

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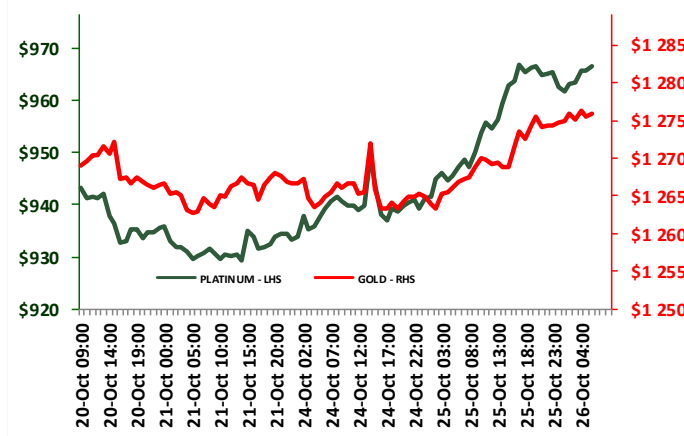
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- Bullion rose by \$8/oz. yesterday, despite a sharp rally in the dollar later in the day – this rally in gold persisted in US and Asia this morning. The traditional Indian festival of Diwali is seen as some support for the gold price, as demand usually picks up ahead of the holiday. This has been supporting the gold price in the near term. Although flat over the past two weeks, the gold price is \$18/oz. higher from its lows last week, on the back of Indian demand. The medium and longer term trajectory however, is tied to the dollar and Fed monetary policy.
- Crude prices declined by almost \$1/bbl. yesterday, and remain subdued as Iraq – OPEC’s 2nd largest producer – said it will be exempt from the planned production cut due to tensions in the region. The market remains uncertain as to whether OPEC will actually deliver the supply cuts it has mentioned last month. The crude price will likely remain range-bound ahead of the OPEC meeting next month in which details will be provided.

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	50.20	-1.16	2.32	34.66	↑
WTI crude (\$)	49.31	-1.30	2.22	33.13	↑
Gold spot (\$)	1 275.32	0.25	-3.08	20.07	↓
Platinum spot (\$)	966.45	0.13	-5.93	8.15	↓
SA white maize spot (R)	3 629.00	-2.79	1.00	-22.14	↑

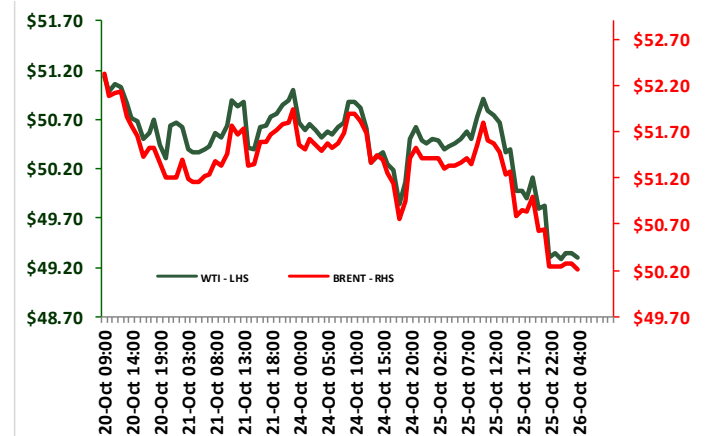
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Platinum vs Gold



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	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
R203-0.9 yrs	7.76	13.80	34.10	-76.30	↑
R208-4.4 yrs	8.22	-0.30	18.30	-118.60	↑
R186-10.2 yrs	8.77	-0.50	11.30	-99.40	↑
R2048-31.3 yrs	9.41	-0.10	5.40	-98.70	↑
US 10 yr	1.75	-0.98	15.22	-52.28	↑
UK 10 yr	1.09	0.65	45.98	-44.44	↑
German 10 yr	0.03	30.43	-125.21	-95.23	↓
Japan 10 yr	-0.06	-3.08	-29.21	-123.77	↓

Money Market	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
SA repo rate	7.00	0.00	0.00	75.00	→
SA prime rate	10.50	0.00	0.00	75.00	→
SA CPI (MTD = previous month)	6.10		20.00		↑
SA 3m JIBAR	7.36	0.00	0.00	73.30	→
SA 3m NCD	7.33	0.00	-1.25	72.50	↓
SA 6m NCD	7.95	0.00	2.50	43.75	↑
SA 12m NCD	8.48	0.00	2.50	3.75	↑
US 3m LIBOR	0.89	0.20	3.20	27.30	↑
UK 3m LIBOR	0.40	0.00	1.85	-18.91	↑
Japan 3m LIBOR	-0.01	0.34	1.91	-8.24	↑

FRA's and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
3X6 FRA	7.45	0.00	5.00	3.50	↑
6X9 FRA	7.50	0.00	6.00	-27.50	↑
9X12 FRA	7.52	-1.00	8.00	-73.00	↑
18X21 FRA	7.54	0.00	12.00	-147.00	↑
SA 2yr Sw ap	7.50	0.20	8.50	-65.60	↑
SA 3yr Sw ap	7.57	-0.30	9.00	-97.40	↑
SA 5yr Sw ap	7.79	-0.50	10.00	-120.00	↑
SA 10yr Sw ap	8.20	0.25	11.00	-127.00	↑
SA 15yr Sw ap	8.27	0.50	10.90	-138.75	↑

Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
2v10y	-0.70	-0.05	-2.50	61.40	↓
3v10y	-0.62	-0.55	-2.00	29.60	↓
R186-R203	1.15	-14.30	-22.80	-23.10	↓
R2048-R186	0.64	0.40	-5.90	0.70	↓
5y-R186	-0.98	0.00	-1.30	-20.60	↓
10y-R186	-0.58	0.75	-0.30	-27.60	↓
15y-R186	-0.51	1.00	-0.40	-39.35	↓
SA 5yr CDS spread - basis points	245.33	-6.63	-12.54	-89.69	↓

Source: Bloomberg & Nedbank CIB
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Equities

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Cash equities | +2711 535 4030/31

South Africa

- The Top 40 Index traded up as much as 205 points but gave most of these gains in the last hour of trading after a stronger ZAR hurt rand hedge counters. The Top 40 Index closed up +0.15%. Resources led our market as commodity prices climbed, improved production reports from AGL, AMS & KIO supported all 3 counters.
- After being under pressure of late, MTN jumped +5.3%, as investors digested its quarterly update released on Monday. VOD & TKG also managed to rise. Financials came under pressure with the sector falling -0.5%. Insurers underperformed banks on the day. Value traded at 5pm was around R20.1bn with the currency at R 13.84 vs. the USD at the close.

UK/Europe

- European markets lost ground after Wall Street opened weaker and US confidence data dropped. Initial gains were on the back of improved German business sentiment data and better than expected earnings results
- Higher commodity prices lifted miners in London with reports suggesting the sector still offers value as they still trade at low multiples. Telecoms giant, Orange, reaffirmed its FY16 outlook with Dutch company, Randstad, topping analyst estimates. Both stocks rallied. Failing to join the party, Novartis came under pressure after earnings fell for a 7th straight quarter. Italian banks were also hard hit after one of its banks announced a restructuring plan.

USA

- Wall Street ended the day in the red after a lower oil price and weak consumer confidence data hurting sentiment. The S&P fell -0.4% with 9 of the 10 sectors losing ground. Losses in Home Depot and 3M hurt the Dow. After the close, Apple released its holiday forecasts with revenue projections missing estimates. The stock fell 3% in extended trading. Thus far, 172 companies reported with 75% beating earnings, but the major concerns for investors are the weaker outlooks for the year.

Asia

- The Far East trades lower this morning, taking its cue from Wall Street. A weaker US Dollar weighing on equity markets. Three consecutive quarterly declines hurt Apple shares with the news having a ripple effect on Taiwanese technology stocks which supply the US giant.
- Lower oil prices hurt energy counters with the ASX lagging its peers, down -1.4%. A Major driver for the negative move was CPI data which unexpectedly rose (interest rate cut off the table)

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	18 169.27	-0.30	-0.76	4.27	↓
Nasdaq	5 283.40	-0.50	-0.54	5.51	↓
S&P 500	2 143.16	-0.38	-1.16	4.85	↓
DJ Eurostoxx 50	3 087.41	-0.21	2.84	-5.51	↑
DAX	10 757.31	-0.04	2.34	0.13	↑
CAC	4 540.84	-0.26	2.08	-2.08	↑
FTSE	7 017.64	0.45	1.71	12.42	↑
ASX200	5 359.80	-1.53	-1.40	1.21	↓
Nikkei 225	17 372.31	0.04	4.07	-8.73	↑
MSCI World	1 701.20	-0.30	-1.42	2.31	↓
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	23 398.26	-0.71	0.43	6.77	↑
Shanghai	3 119.22	-0.41	3.81	-11.87	↑
Brazil Bovespa	63 866.20	-0.30	9.42	47.33	↑
India - NSE	27 852.93	-0.85	-0.05	6.64	↓
Russia Micex	1 977.19	0.73	-0.04	12.25	↓
MSCI Emerging	918.25	-0.02	1.64	15.63	↑
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	51 749.86	0.13	-0.38	2.08	↓
Top 40	45 201.60	0.15	-0.49	-1.30	↓
Resi 10	32 385.37	1.03	-0.23	27.53	↓
Indi 25	68 102.04	0.07	-0.17	-5.09	↓
Fini 15	14 439.91	-0.54	-1.96	-5.22	↓

Source: Bloomberg & Nedbank CIB
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Economics

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US

- S&P CoreLogic 20-city house price index rose 5.13% y/y in August, from 4.98% previously, beating forecasts of 5%. National house prices rose 5.32% y/y, from 5.02% in July. A housing recovery is being supported by continued labour market recovery and positive real wage growth. Falling inventory levels have kept house-price growth positive over the past year. The housing recovery will likely persist for as long as the labour market recovery persists, and interest rates are kept low.
- The US consumer confidence index slumped to 98.6 index points in October, from 103.5 in September, much worse than estimates of 101.5. Sentiment over the current situation deteriorated quite sharply, along with expectations of the future. Sentiment over employment, business conditions, employment, planned purchases and inflation declined in October, even though income prospects remained unchanged.
- Richmond Fed manufacturing index improved in line with expectations, to -4 index points in October, from -8 in September. This was mainly the result of an improvement in employment, wages, raw material inventories, prices and expected business activity in six months' time.

Synopsis: As we head closer to the Fed's December policy meeting, the market probability of a Fed rate hike has steadily increased, more so lately, as economic data posts positive surprises. The Fed remains highly data-dependent and will likely keep a close watch at the data released over the next five weeks.

Europe

- The German IFO business climate index rose marginally in October, to 110.5 index points, from 109.5 in September, better than consensus. While sentiment over the current situation showed only a marginal improvement, expectations over the next 6 months surged. Both subcomponents are at the highest since April 2014.
- Confidence in the services sector however, deteriorated marginally, but improved in the construction and manufacturing sectors.

Synopsis: Despite a majority of German exports going to the UK, and the consequent effect of trade ties becoming less liberal after the Brexit is finalised, sentiment indicators are kept upbeat on the back of better economic activity over the past two quarters in Germany, and the upbeat outlook for Q4, given the recent improvement in sentiment indicators. Monetary policy in the Eurozone will likely be kept ultra-loose, with a possible extension the time-frame of the current QE programme.

JSE performance

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
AGL : Anglo American Plc	185.61	2.01	8.28	169.04	↑
ANG : Anglogold Ashanti Ltd	189.98	0.78	-14.32	78.79	↓
APN : Aspen Pharmacare Holdings Lt	308.41	0.73	-0.51	-0.35	↓
BAT : Brait Se	96.06	-0.99	-13.05	-41.96	↓
BGA : Barclays Africa Group Ltd	153.10	-0.58	1.39	6.70	↑
BID : Bid Corp Ltd	247.57	-1.66	-4.47		↓
BIL : Bhp Billiton Plc	210.83	1.58	1.88	21.21	↑
BTI : British American Tobacco Plc	793.99	0.06	-9.53	-9.06	↓
BVT : Bidvest Group Ltd	168.20	0.12	4.10	64.66	↑
CFR : Financiere Richemont-Dep Rec	90.42	-0.94	8.52	-18.98	↑
DSY : Discovery Ltd	112.20	-2.22	-0.71	-15.61	↓
FFA : Fortress Income Fund Ltd-A	16.38	-0.61	0.80	1.87	↑
FFB : Fortress Income Fund Ltd	31.92	-0.47	-2.53	-8.35	↓
FSR : Firstrand Ltd	46.88	-0.15	-1.31	10.64	↓
GFI : Gold Fields Ltd	57.95	0.24	-13.51	37.32	↓
GRT : Grow thpoint Properties Ltd	25.34	-1.25	0.12	9.08	↑
IMP : Impala Platinum Holdings Ltd	55.58	4.91	-20.03	121.96	↓
INL : Investec Ltd	83.50	-0.33	-1.03	-23.74	↓
INP : Investec Plc	84.11	0.10	0.37	-23.60	↑
ITU : Intu Properties Plc	47.76	-2.55	-9.06	-35.39	↓
LHC : Life Healthcare Group Holdin	36.70	-0.81	-3.09	4.65	↓
MEI : Mediclinic International Plc	154.06	-1.44	-7.05		↓
MND : Mondi Ltd	273.25	-0.50	-5.31	-11.07	↓
MNP : Mondi Plc	272.48	-0.47	-5.55	-11.68	↓
MRP : Mr Price Group Ltd	153.75	-2.57	1.32	-23.13	↑
MTN : Mtn Group Ltd	115.37	5.34	-1.78	-13.18	↓
NED : Nedbank Group Ltd	219.00	-0.17	-1.51	16.11	↓
NPN : Naspers Ltd-N Shs	2 399.71	-0.21	1.03	13.19	↑
NTC : Netcare Ltd	35.16	-0.68	4.55	3.72	↑
OML : Old Mutual Plc	33.76	-0.53	-6.27	-18.55	↓
RDF : Redefine Properties Ltd	11.50	-0.69	0.61	18.56	↑
REI : Reinet Investments Sa-Dr	27.99	0.76	-6.45	-12.20	↓
REM : Remgro Ltd	223.75	-0.09	-0.71	-7.05	↓
RMH : Rmb Holdings Ltd	58.24	-0.78	-0.83	4.73	↓
SBK : Standard Bank Group Ltd	140.60	-0.18	-0.05	23.88	↓
SGL : Sibanye Gold Ltd	41.67	-1.21	-15.75	82.36	↓
SHP : Shoprite Holdings Ltd	193.01	0.70	0.85	34.73	↑
SLM : Sanlam Ltd	65.33	-0.50	2.40	7.91	↑
SNH : Steinhoff International H Nv	75.20	-0.13	-4.26	-4.22	↓
SOL : Sasol Ltd	397.00	-0.15	5.59	-5.34	↑
TBS : Tiger Brands Ltd	365.86	-0.01	-3.78	15.62	↓
VOD : Vodacom Group Ltd	149.40	1.08	-3.08	-1.97	↓
WHL : Woolworths Holdings Ltd	77.14	-0.76	-0.19	-22.98	↓

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Economic calendar

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Time	Country	Event	Period	Survey	Actual	Prior	Revised
25-Oct							
09:00	SA	Leading Indicator	Aug	--	93.3	91.6	91.9
10:00	GE	Ifo Business Climate	Oct	109.6	110.5	109.5	--
10:00	GE	Ifo Current Assessment	Oct	114.9	115.0	114.7	--
10:00	GE	Ifo Expectations	Oct	104.6	106.1	104.5	--
15:00	US	S&P CoreLogic CS 20-City YoY NSA	Aug	5.00%	5.13%	5.02%	4.98%
16:00	US	Consumer Confidence Index	Oct	101.5	98.6	104.1	103.5
16:00	US	Richmond Fed Manufact. Index	Oct	-4	-4	-8	--
26-Oct							
08:00	GE	GfK Consumer Confidence	Nov	10	--	10	--
13:00	US	MBA Mortgage Applications	21-Oct	--	--	0.60%	--
14:30	US	Advance Goods Trade Balance	Sep	-\$60.5b	--	-\$58.4b	-\$59.2b
14:30	US	Wholesale Inventories MoM	Sep P	0.10%	--	-0.20%	--
16:00	US	New Home Sales	Sep	602k	--	609k	--
16:00	US	New Home Sales MoM	Sep	-1.20%	--	-7.60%	--

Source: Bloomberg

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Forex Retail Sales Desk
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Money Market Business Banking Sales Desk
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Non Soft & Soft Commodities Trading
 (011) 535 4038

Credit Derivatives
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Inflation Trading
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