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*(\* when available)*

## Key daily driver

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### SNIPPETS

(Charts of the day)	US shale oil production likely to rise, inventories remain elevated, and OPEC may cheat on quotas – these are likely to keep the oil price low over the medium term
(Currencies)	Dollar sharply weaker in NY session, majors supported; USDZAR consequently strengthens overnight
(Equities)	Top 40 surges 1.61%, led by resources; US equities marginally upbeat; Asian markets mixed this morning
(Economics)	SACCI business confidence eases marginally; UK industrial production rises, trade deficit widens; Japanese current account and trade surplus narrows

## Key overnight factors and upcoming events

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Date	Region	Event ↓↑→	Actual/expected/prior	Implications
11/01	UK	Industrial prod y/y↑	2.0%/0.7%/-0.9%	Industrial production likely to be affected by higher seasonal activity
12/01	SA	Manufacturing PMI	--/--/48.3	PMI expected to remain in contraction
12/01	SA	Manufacturing prod y/y	--/0.3%/-2.7%	Production likely to remain subdued
13/01	US	Retail sales	--/0.7%/0.1%	Seasonal uptick in demand likely to boost sales

Source: Nedbank

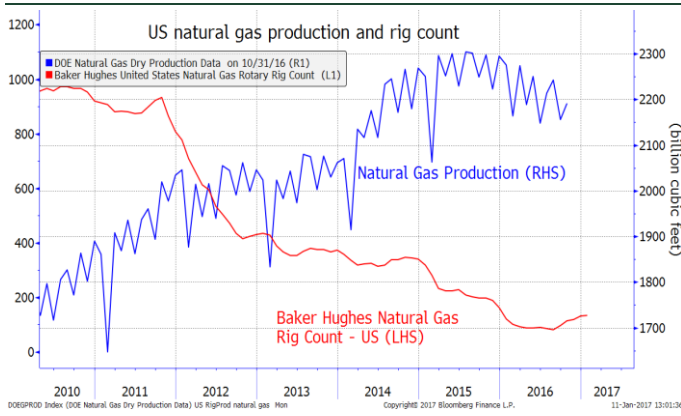
# Charts of the day

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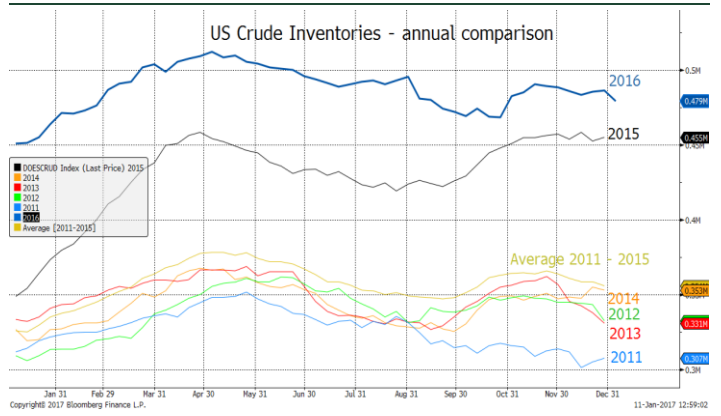
- Brent has risen by more than 100% since its low in 2016, mainly due to stabilisation efforts by OPEC in the latter part of the year. OPEC and non-OPEC producers agreed to cut production by almost 1.6 million barrels per day (mbpd) for the next 6 months, with a bulk of the cuts expected to come from Saudi Arabia and Iraq (OPEC's biggest producers), the UAE and Kuwait, and Russia (cumulative 1.3 mbpd reduction). While it is common to find members cheating on quotas, Iraq is expected to export a record amount of crude in Q1 2017, but insists it will keep to its pledge to reduce production by 210k bpd, to 4.4 mbpd. This would take Iraq's production level to July 2016. In the run-up to OPEC's meetings in September and December, OPEC members ramped up production in anticipation of the production cuts to begin this year. Hence, the oil market will likely remain in a supply glut for an extended period of time as supplies from OPEC are still high even after the production cut.
- Brent rallied towards key Fibonacci levels since the 2016 low, and may be poised for some consolidation in the near term towards the \$50/oz. support level. Should OPEC reiterate its commitment to reduce production, and should this materialise over the next 3 to 6 months, then the oil price will likely remain between the \$50/oz. to \$60/oz. trading range. However, US shale oil production has shown recent signs of coming back on stream. This threatens to sterilise the impact of the OPEC cut, with oil prices likely to test lower support levels around \$46/bbl. and \$44/bbl. towards year end.
- Since 2015, US shale oil rigs started to decline, as well as a commensurate decline in production, supporting the rally in oil price in 2016. Recently however, shale oil rigs have started to rise, and we may see a lagged effect on production over the medium to longer term, with production likely to rise sharply, especially at a relatively elevated oil price.
- US crude inventories remain elevated, further highlighting the supply glut in the oil market over the past 4 years. At current levels, inventories are at the highest seasonal level ever – since the data began in the 1980's, crude inventories have never been this high.

## US shale oil production expected to be ramped up in 2017



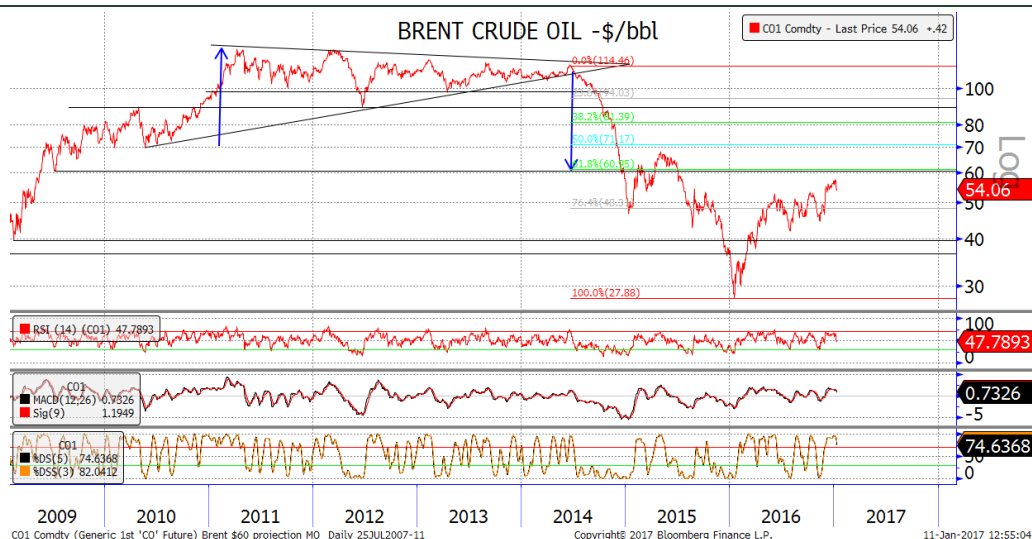
Source: Bloomberg, Nedbank

## Crude inventories remain elevated



Source: Bloomberg, Nedbank

## Brent recovers to key Fibonacci levels, but downside risk is prevalent



Source: Bloomberg, Nedbank

# Currencies

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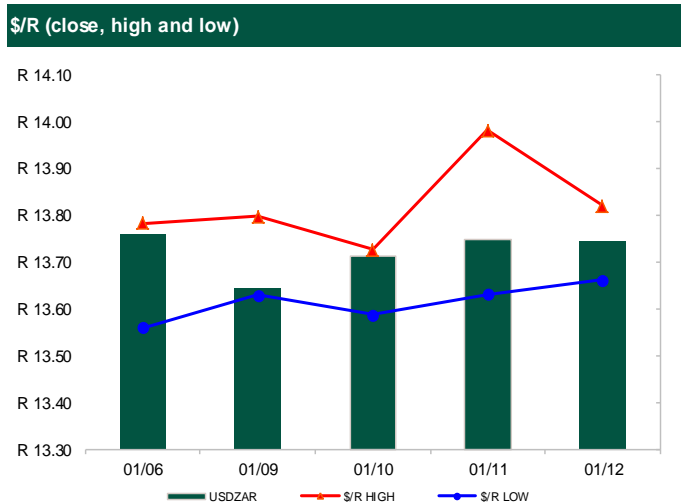
- The local session began with the rand trading around R13.75/\$. The rand gained in early trading as it touched a low of 13.6500. As the day progressed and the speech from Trump drew closer, the markets expressed the nervousness in the price action. Weak emerging market sentiment and continued concerns around the Turkish Lira didn't help the local unit. The rand weakened significantly touching a high of 13.9775 at the close. Donald Trump's speech disappointed as he did not elaborate on his planned growth policies. Instead he took aim at companies willing to grow businesses out of the USA and indicated higher tax implications as a result. The rand, in quick sequence traded firmer to open this morning at 13.7550. EURZAR trading this morning at 14.5700 and GBPZAR 16.7900
- International markets had a roller coaster day. The dollar strength ahead of the Trump press conference saw most major's trade weaker on the day. Euro, Pound and Yen all touched lows of 1.0460, 1.2045 and 116.84 respectively. And naturally post the Trump speech all have been able to claw back gains lost and more. This morning they open as follows, Euro at 1.0600, Pound at 1.2205 and Yen at 114.72. Gold currently trading some \$19 stronger at \$1197 since the close locally yesterday.
- On the data front we have EZ industrial production, SA manufacturing production and a bunch of FED speakers later in the day.
- Possible trading range: 13.6000-13.9000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBPUSD	1.22	0.36	-1.11	-1.11	↓	USD strength
EURUSD	1.06	0.37	0.77	0.77	↑	USD weakness
USDJPY	114.72	-0.57	-1.92	-1.92	↓	USD weakness
USDAUD	1.34	-0.34	-3.46	-3.46	↓	USD weakness
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	13.74	-0.04	0.02	0.02	↑	ZAR weakness
GBPZAR	16.77	0.31	-1.02	-1.02	↓	ZAR strength
EURZAR	14.57	0.33	0.79	0.79	↑	ZAR weakness
AUDZAR	10.25	0.29	3.54	3.54	↑	ZAR weakness
ZARJPY	8.35	-0.51	-2.13	-2.13	↓	ZAR weakness
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMWK (Malawian kwacha)	52.76	0.13	-0.41	-0.41	↓	ZAR weakness
ZARBWP (Botswana pula)	0.78	0.23	0.21	0.21	↑	ZAR strength
ZARKES (Kenyan shilling)	7.56	0.05	1.29	1.29	↑	ZAR strength
ZARMUR (Mauritian rupee)	2.62	0.16	-0.13	-0.13	↓	ZAR weakness
ZARNGN (Nigerian naira)	22.79	-0.54	-0.63	-0.63	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.31	-0.29	-1.03	-1.03	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.73	-0.33	1.17	1.17	↑	ZAR strength
ZARMZN (Mozambican metical)	5.18	0.47	-0.73	-0.73	↓	ZAR weakness

Source: Bloomberg & Nedbank CIB Time: 2017/01/12 07:13

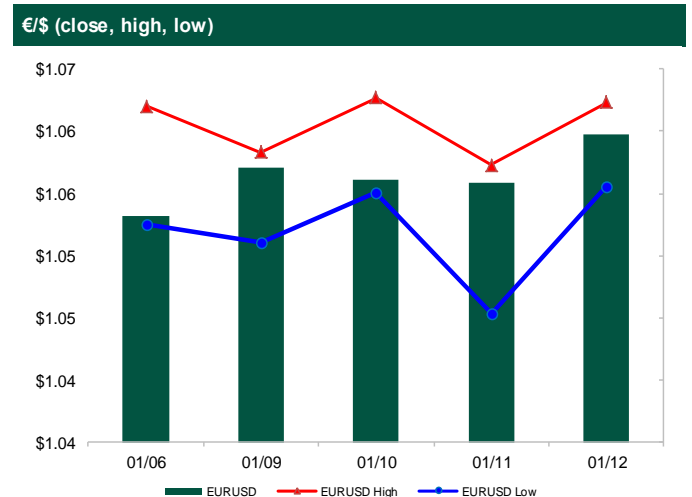
*\*Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks*

## USDZAR



Source: Bloomberg, Nedbank

## EUR/USD



Source: Bloomberg, Nedbank

# Commodities

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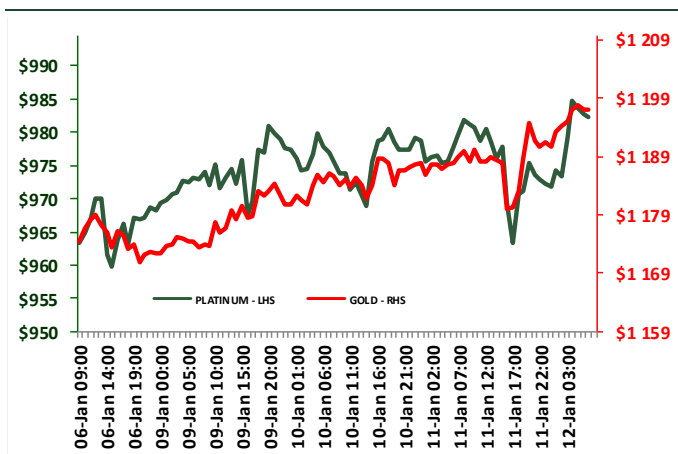
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- Oil prices rallied strongly over \$2/bbl. on an intraday basis before easing back marginally, but still ahead of the \$55/bbl. mark. This was despite the report which showed US crude inventories rising by 4.1m barrels last week. For further detail about production cuts from OPEC and the likely response from US shale, please see our Charts of the Day comment.
- Gold prices fell sharply during the US opening session but sharply reversed those losses to trade significantly higher as the dollar index came under pressure as well as seeing some safe haven demand as EM FX was pressured following significant weakness in Turkey. Bullion is now marginally below the \$1200/oz. resistance level which if broken will open up short term targets of \$1225-\$1250.

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	55.06	-0.07	-3.10	-3.10	↓
WTI crude (\$)	52.14	-0.21	-2.94	-2.94	↓
Gold spot (\$)	1 197.28	0.71	4.34	4.34	↑
Platinum spot (\$)	982.10	1.15	8.75	8.75	↑
SA white maize spot (R)	3 616.00	-0.63	2.09	2.09	↑

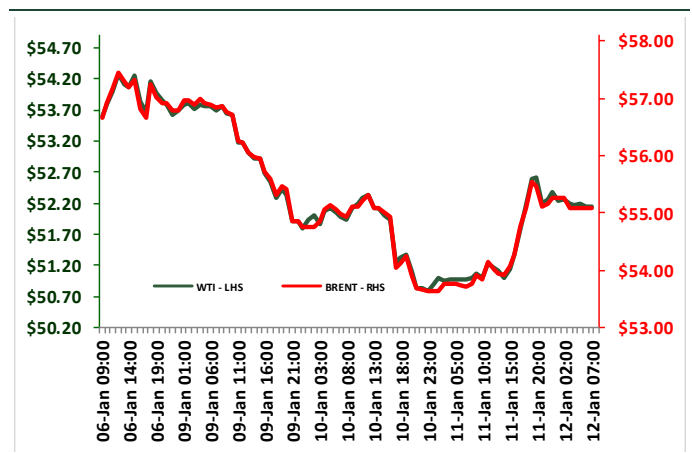
Source: Bloomberg & Nedbank CIB  
Time: 2017/01/12 07:13

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	
R203-0.7 yrs	7.83	13.46	12.76	12.76	↑	3X6 FRA	7.39	0.00	0.00	0.00	→
R208-4.2 yrs	8.16	-1.00	-12.10	-12.10	↓	6X9 FRA	7.40	0.00	-2.00	-2.00	↓
R186-9.9 yrs	8.79	-1.40	-12.20	-12.20	↓	9X12 FRA	7.42	0.00	-3.00	-3.00	↓
R2048-31.1 yrs	9.54	-0.90	-8.50	-8.50	↓	18X21 FRA	7.50	0.00	-3.00	-3.00	↓
US 10 yr	2.33	-3.90	-11.10	-11.10	↓	SA 2yr Swap	7.44	-0.20	-2.30	-2.30	↓
UK 10 yr	1.35	-1.10	8.72	8.72	↑	SA 3yr Swap	7.52	0.50	-3.60	-3.60	↓
German 10 yr	0.33	15.09	57.69	87.43	↑	SA 5yr Swap	7.74	-0.50	-7.60	-7.60	↓
Japan 10 yr	0.06	-10.77	26.09	26.09	↑	SA 10yr Swap	8.21	1.00	-11.60	-13.50	↓
						SA 15yr Swap	8.36	1.50	-13.00	-13.00	↓
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	0.00	→	2v10y	-0.77	-1.20	9.30	11.20	↑
SA prime rate	10.50	0.00	0.00	0.00	→	3v10y	-0.69	-0.50	8.00	9.90	↑
SA CPI (MTD = previous month)	6.60		20.00		↑	R186-R203	1.11	-14.86	-24.96	-24.96	↓
SA 3m JIBAR	7.36	0.00	0.00	0.00	→	R2048-R186	0.74	0.50	3.70	3.70	↑
SA 3m NCD	7.33	0.00	-5.00	-5.00	↓	5y-R186	-1.06	0.90	4.60	4.60	↑
SA 6m NCD	7.95	0.00	-2.50	-2.50	↓	10y-R186	-0.60	2.40	0.60	-1.30	↑
SA 12m NCD	8.40	0.00	-5.00	-5.00	↓	15y-R186	-0.46	2.90	-0.80	-0.80	↓
US 3m LIBOR	1.02	0.39	2.39	2.39	↑	SA 5yr CDS spread - basis points	218.58	5.32	1.58	1.58	↑
UK 3m LIBOR	0.36	-0.12	-0.65	-0.65	↓						
Japan 3m LIBOR	-0.03	0.63	2.51	2.51	↑						
Source: Bloomberg & Nedbank CIB		Time		2017/01/12 07:13		Source: Bloomberg & Nedbank CIB		Time		2017/01/12 07:13	

# Equities

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Cash equities | +2711 535 4030/31

## South Africa

- The momentum from the previous day continued to lift our market higher. The Top40 settled in an upward trajectory and continuously climbed to close up +1.6% at the highs of the day. Resources led the market, surging +2.8%, industrials rallied +1.2% and financials added +0.7%. Emerging markets around the region were jittery ahead of President-elect Donald Trump's first press conference since July, the dollar strengthened, weakening the rand and bolstering resources and rand hedges. The value traded was R27 billion and the rand was hovering around 13.87 to the US dollar at the close.

## UK/Europe

- European markets recovered from early losses and closed firmly in positive territory. The FTSE climbed +0.2, the Dax jumped +0.5% and the Cac inched higher by 0.01%. Bank of England governor Mark Carney said Brexit was no longer the most significant domestic risk to UK's financial stability which lifted the FTSE to a record 12 consecutive winning streak, of which 10 are record highs. Eurozone economic growth is forecast to grow at 0.4% in the first half of the year, flat from the previous quarter. VW jumped +3% as they closed in on a deal to settle the US probe and Sainsbury rose +1% after better than expected results and Tullow oil sunk -1.9% after their trading update.

## USA

- Wall Street fluctuated around the unchanged mark several times before closing a volatile trading session in the black. The Dow closed up 0.5%, 50 point shy of the psychological 20 000 level, the Nasdaq added 0.2% to record a 7th straight record high and the S&P500 rose +0.3% and closed at the highs of a choppy trading day. The volatility was caused by President-elect Donald Trump's speech. Energy stocks gained the most as oil prices rebounded; healthcare was the hardest hit after Trump said they "getting away with murder" and they would have to bid for the government's business.

## Asia

- Asian markets are taking the cue from a positive close on Wall Street and trading in the black, the MSCI Asia Pacific is up +0.8%. Before Trump's conference, the World Bank said Trump's proposed tax cuts and government spending would boost global growth but his trade policies added to the risks. The Australian market has turned negative despite a strong performance by miners due to higher iron ore prices, BHP Billiton is up +1.4% and South 32 is down -0.5%. The Japanese market is lower due to a stronger yen and Tencent is current down -0.8% in Hong Kong this morning.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	19 954.28	0.50	0.97	0.97	↑
Nasdaq	5 563.65	0.21	3.35	3.35	↑
S&P 500	2 275.32	0.28	1.63	1.63	↑
DJ Eurostoxx 50	3 307.94	0.05	0.53	0.53	↑
DAX	11 646.17	0.54	1.44	1.44	↑
CAC	4 888.71	0.01	0.54	0.54	↑
FTSE	7 290.49	0.21	2.07	2.07	↑
ASX200	5 766.90	-0.08	1.78	1.78	↑
Nikkei 225	19 124.80	-1.24	0.05	0.05	↑
MSCI World	1 778.17	-0.08	1.54	1.54	↑
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	22 872.40	-0.27	4.96	3.96	↑
Shanghai	3 143.06	0.20	1.27	1.27	↑
Brazil Bovespa	62 446.26	0.51	3.68	3.68	↑
India - NSE	27 227.12	0.32	2.26	2.26	↑
Russia Micex	2 218.61	-0.84	-0.63	-0.63	↓
MSCI Emerging	886.73	0.12	2.84	2.84	↑
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	52 437.91	1.35	3.52	3.52	↑
Top 40	45 745.62	1.61	4.20	4.20	↑
Resi 10	34 334.33	2.78	6.93	6.93	↑
Indi 25	66 731.22	1.24	3.81	3.81	↑
Fini 15	15 252.50	0.74	1.16	1.16	↑

Source: Bloomberg &amp; Nedbank CIB

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## Economics

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### SA

- SACCI Business confidence index (BCI) eased marginally, to 93.8 in November, from 93.9 previously. The annual average of the BCI was 93.5 last year, from 100 in 2015. The BCI recovered marginally in the final quarters of the year despite major geopolitical uncertainties and local political event risk. One reason for the improved confidence levels was the fact that the SA sovereign credit rating was not downgraded to junk status.
- In December, specific areas of optimism were higher exports and import volumes, the rand exchange rate, and higher real value of building plans passed.
- Negative sentiment was reflected in the following areas: precious metal prices, credit extension, retail sales, and share prices. Two subcomponents remained unchanged – inflation and the real financing cost.

**Synopsis: Consumer demand remains subdued, however some upside risk is likely in 2017. Easing price pressures and debt burdens, combined with better economic activity, may mean better consumption by households. Growth is expected to remain below potential, with GDP growth likely to materialise close to 1.2%. CPI is expected to fall within the target band throughout 2017, and this will likely lend some impetus for flat rates this year.**

### UK

- Industrial production growth accelerated to 2% y/y in November, from -0.9% in October, well ahead of forecasts of 0.7%. Manufacturing production, which makes up 75% of factory activity in the economy, rose 1.2% m/m, from -0.5% previously, better than forecasts of 0.4%. This was driven by increases in production of machinery, equipment, computers and electrical equipment, and pharmaceutical goods. Other key positive drivers of production were a sharp increase in mining and quarrying activity, a sharp rebound in utilities production and an uptick in oil and gas activity.
- The UK trade deficit widened to £4.2 billion, from £1.55 billion in October, worse than consensus of £3.5 billion. Exports rose by 5.1% in November, while imports surged 9.3%, resulting in the wider deficit. Imports of food, fuel and manufactured goods rose sharply as businesses stock up ahead of the seasonal December period.

**Synopsis: The BOE has indicated rising inflation could result in the next move in policy rates higher, however the BOE has previously been tolerant of inflation overshoots and may keep monetary policy accommodative this year, in the face of uncertainty over Brexit and falling growth expectations.**

### Japan

- Japanese current account surplus narrowed to ¥1.8 trillion in November, from ¥1.93 trillion previously worse than forecasts of ¥1.87 trillion. However, on an annualised basis, the current account surplus was 16% wider as a result of a sharp decline in imports. However, exports over the past year were also 4% lower, despite a weak yen.
- The trade surplus also narrowed to ¥313 billion, from ¥587 billion in October, better than forecasts of ¥254 billion. Exports rose 4.2% m/m in November, while imports rose 3.4%, resulting in the narrower surplus. The primary income surplus narrowed marginally as well, weighing on the CA balance in November.

**Synopsis: Japan is battling deflation, and subdued economic growth. Inflation is expected to pick up in coming months, while economic activity remains at a tepid pace. Monetary policy by the BOJ will likely persist ultra-loose until CPI rises sustainably above their 2% target. Should a flare up in geopolitical tensions and isolationist trade materialise, this may hamper trade activity in coming months, further weighing on growth.**

## JSE performance

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
AGL : Anglo American Plc	216.55	5.43	10.99	10.99	↑
ANG : Anglogold Ashanti Ltd	157.13	-1.64	2.98	2.98	↑
APN : Aspen Pharmacare Holdings Lt	285.24	3.16	0.59	0.59	↑
BAT : Brait Se	79.25	-0.13	-9.49	-9.49	↓
BGA : Barclays Africa Group Ltd	168.81	0.89	0.07	0.07	↑
BID : Bid Corp Ltd	240.50	0.46	-1.90	-1.90	↓
BIL : Bhp Billiton Plc	239.68	3.49	9.60	9.60	↑
BTI : British American Tobacco Plc	793.59	2.80	1.92	1.92	↑
BVT : Bidvest Group Ltd	174.80	-0.11	-3.56	-3.56	↓
CFR : Financiere Richemont-Dep Rec	97.05	1.62	6.95	6.95	↑
DSY : Discovery Ltd	116.13	0.17	1.42	1.42	↑
FFA : Fortress Income Fund Ltd-A	17.40	0.64	5.01	5.01	↑
FFB : Fortress Income Fund Ltd	33.30	0.60	3.00	3.00	↑
FSR : Firstrand Ltd	53.05	-0.58	-0.23	-0.23	↓
GFI : Gold Fields Ltd	44.91	-1.73	3.03	3.03	↑
GRT : Grow thpoint Properties Ltd	26.39	0.42	1.93	1.93	↑
IMP : Impala Platinum Holdings Ltd	47.86	0.72	11.98	11.98	↑
INL : Investec Ltd	93.76	3.32	3.32	3.32	↑
INP : Investec Plc	93.26	2.88	2.77	2.77	↑
ITU : Intu Properties Plc	47.30	2.80	0.68	0.68	↑
LHC : Life Healthcare Group Holdin	33.17	0.00	1.75	1.75	↑
MEI : Mediclinic International Plc	131.00	0.19	0.77	0.77	↑
MND : Mondi Ltd	274.79	-0.24	-1.86	-1.86	↓
MNP : Mondi Plc	276.58	0.30	-0.77	-0.77	↓
MRP : Mr Price Group Ltd	151.85	-0.13	-4.83	-4.83	↓
MTN : Mtn Group Ltd	128.37	-4.13	1.74	1.74	↑
NED : Nedbank Group Ltd	237.50	-0.78	-0.26	-0.26	↓
NPN : Naspers Ltd-N Shs	2 230.63	3.24	10.75	10.75	↑
NTC : Netcare Ltd	31.76	-1.06	-0.25	-0.25	↓
OML : Old Mutual Plc	35.50	2.48	3.08	3.08	↑
RDF : Redefine Properties Ltd	11.25	-0.44	0.54	0.54	↑
REI : Reinet Investments Sa-Dr	27.32	2.82	1.94	1.94	↑
REM : Remgro Ltd	226.51	0.35	1.55	1.55	↑
RMH : Rmb Holdings Ltd	67.15	-0.52	1.13	1.13	↑
SAP : Sappi Limited	89.50	1.59	-0.50	-0.50	↓
SBK : Standard Bank Group Ltd	150.68	0.03	-0.71	-0.71	↓
SHP : Shoprite Holdings Ltd	170.17	1.21	-0.75	-0.75	↓
SLM : Sanlam Ltd	65.99	0.44	4.91	4.91	↑
SNH : Steinhoff International H Nv	68.80	1.70	-3.48	-3.48	↓
SOL : Sasol Ltd	414.41	2.55	3.89	3.89	↑
TBS : Tiger Brands Ltd	391.93	-1.77	-1.48	-1.48	↓
VOD : Vodacom Group Ltd	153.93	0.90	1.00	1.00	↑
WHL : Woolworths Holdings Ltd	65.23	-1.47	-8.15	-8.15	↓

Source: Bloomberg & Nedbank CIB

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## Last day to trade

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Share Code	Share name	Dividend / interest rate
17 January 2017		
ARL	Astral Foods Ltd	dividend @ 100cps
ASHINF	Ashburton Inflation ETF	dividend TBA
ASHMID	Ashburton Mid Cap ETF	dividend TBA
ASHT40	Ashburton Top 40 ETF	dividend TBA
CUL	Cullinan Holdings Ltd	dividend @ 1cps
LEW	Lewis Group Ltd	dividend @ 100cps
OMN	Omnia Holdings Ltd	dividend @ 160cps
VLE	Value Group Ltd	dividend @ 6cps

Source: JSE

## Economic calendar

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Time	Country	Event	Period	Survey	Actual	Prior	Revised
<b>11-Jan</b>							
11:30	UK	Trade Balance	Nov	£3755	--	£1971	--
11:30	SA	SACCI Business Confidence	Dec	--	93.8	93.9	--
11:30	UK	Industrial Production YoY	Nov	0.70%	2.00%	-1.10%	-0.90%
11:30	UK	Manufacturing Production YoY	Nov	0.40%	1.20%	-0.40%	-0.50%
14:00	US	MBA Mortgage Applications	2017/01/06	--	5.80%	0.10%	--
<b>12-Jan</b>							
	CH	Money Supply M2 YoY	Dec	11.40%	--	11.40%	--
	CH	Aggregate Financing CNY	Dec	1300.0b	--	1740.0b	1736.6b
	CH	New Yuan Loans CNY	Dec	676.0b	--	794.6b	--
01:50	JN	BoP Current Account Balance	Nov	¥1460.0b	¥1415.5b	¥1719.9b	--
01:50	JN	BoP Current Account Adjusted	Nov	¥1870.7b	¥1799.6b	¥1928.9b	--
01:50	JN	Trade Balance BoP Basis	Nov	¥254.4b	¥313.4b	¥587.6b	--
11:00	SA	Barclays Manufacturing PMI	Dec	--	--	48.3	--
11:00	GE	GDP NSA YoY	2016	1.90%	--	1.70%	--
12:00	EC	Industrial Production WDA YoY	Nov	1.30%	--	0.60%	--
13:00	SA	Manufacturing Prod NSA YoY	Nov	--	--	-2.70%	--
15:30	US	Initial Jobless Claims	2017/01/07	--	--	235k	--
15:30	US	Continuing Claims	2017/12/31	--	--	2112k	--

Source: Bloomberg

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