



6 February 2017 | 7:32 AM

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*(\* when available)*

## Key daily driver




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### SNIPPETS

(Charts of the day)	US labour market data upbeat and uptick in durable goods orders indicate business investment in service sector
(Currencies)	Rand benefits from significant pressure on the dollar following US jobs data, majors generally stronger, eyes on SONA this week
(Equities)	Top 40 ends Friday session weaker, US markets upbeat after data leading Asia stronger this morning
(Economics)	Eurozone retail sales eases surprisingly in December

## Key overnight factors and upcoming events

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Date	Region	Event   	Actual/expected/prior	Implications
03/02	US	Labour market data	--	Likely to reflect upbeat payroll growth with unemployment unchanged
03/02	SA	Potential Cabinet re-shuffle	--	News reports have resulted in large scale unease in markets around potential political risks in the market. This has been masked by supportive global factors
06/02	EZ	Sentix investor confidence	--/16.5/18.2	Important to watch investor confidence, especially ahead of key elections and Brexit proceedings

Source: Nedbank

# Charts of the day

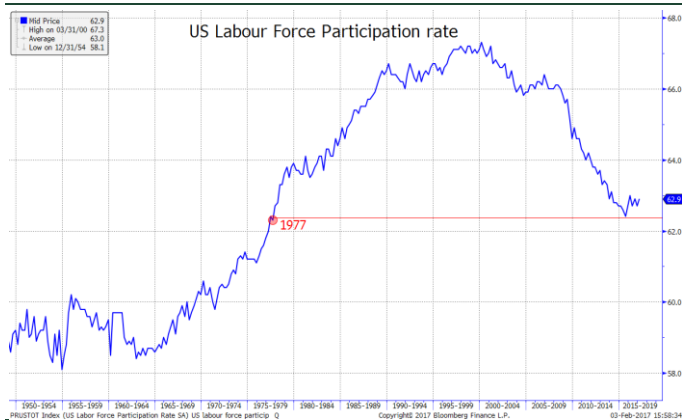
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- US non-farm payrolls rose by 227k in January, from 157k in December, well ahead of forecasts of 180k. Similar to ADP data, a bulk of the job creation came from the services sector, but there was also a big increase in the goods-producing sector, with an increase of 45k jobs (predominantly construction). However, it must be noted that prior revisions have cut 39k jobs from the November and December payrolls data.
- Average hourly earnings growth eased to 2.5% y/y, from 2.8% previously, worse than expectations of 2.8%. This was the weakest growth rate since August, and was weighed by a decline in retail wage, and possibly lower-paid temporary workers over the December-January period.
- Due to a rise in the participation rate, to 62.9%, the unemployment rate rose to 4.8%, from 4.7% previously, worse than expectations for no change. The rise in labour force participation came from the construction and services industries.
- US durable goods orders excluding transportation grew by 0.5% m/m in December, down from 1% previously. As a proxy for business investment, nondefense capital goods orders excluding aircraft rose by 0.7% in December, from 0.6% in November. This was led by sharp increases in orders for new vehicles, computers and electronics. However, machinery and metals orders eased sharply. The data probably suggests investment spending in the services sector relative to manufacturing in the near term.

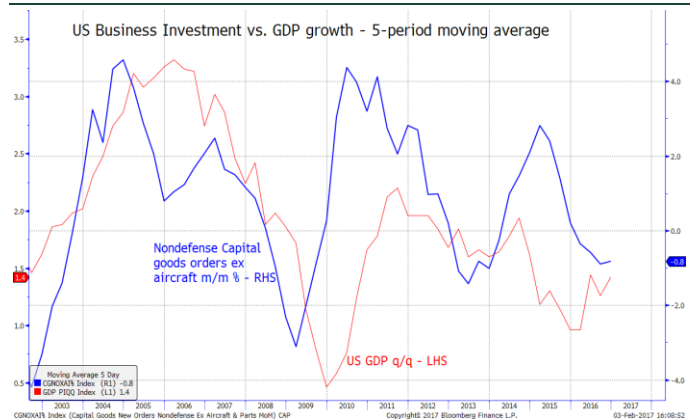
**While the labour market remains upbeat, higher inflation will erode real wage growth in coming months. The surge in goods-producing employment may be a reflection of expectations for US fiscal stimulus to filter down to these industries; however it is still too early to gauge. The impact of the incoming administration's policies will need to be gauged over the medium to longer term and may prove inflationary over the longer term. We maintain a view of 1 Fed hike in Q3 2017 and a stronger dollar into the end of this year.**

## Participation rates tick higher



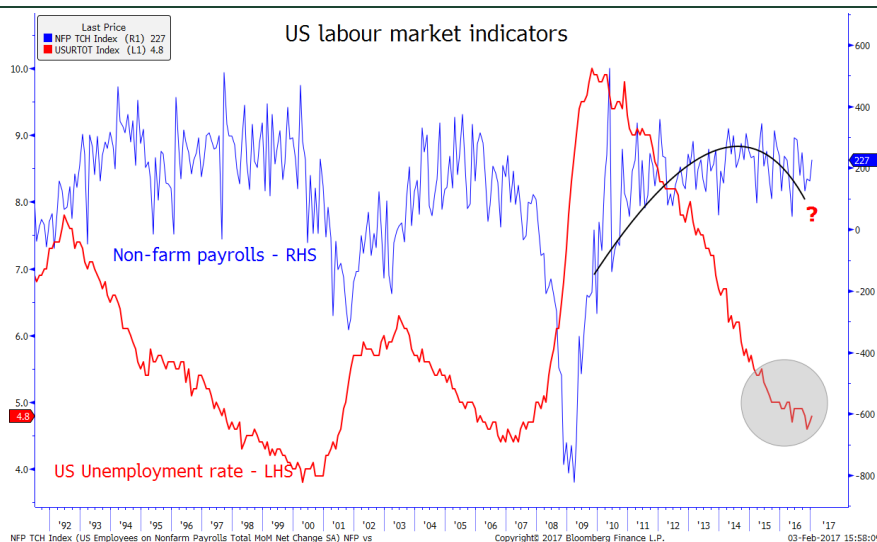
Source: Bloomberg, Nedbank

## Business investment still sluggish



Source: Bloomberg, Nedbank

## Non-farm payrolls beats estimates in January, but unemployment rate rises



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

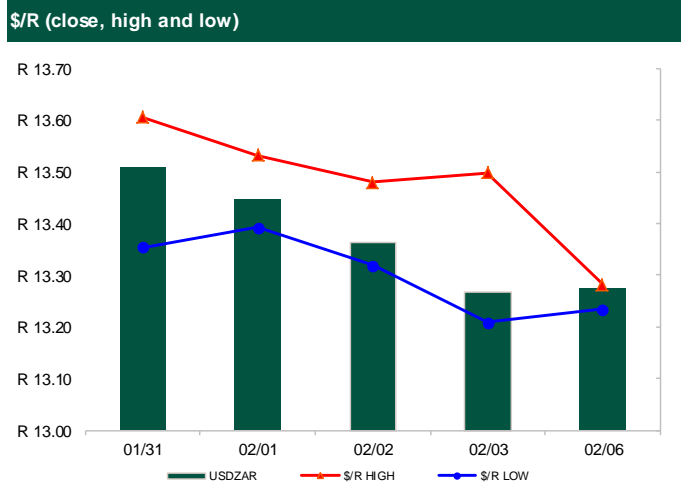
- On Friday the local markets opened with the rand trading around the 13.4000 level. Markets were generally cautious though, and the range fairly limited on anticipation of the release of the U.S NFP data. As is more often than not, this release provided the catalyst for significant price action, but ultimately the markets were disappointed and the local unit traded to a best level of 13.2125 on the day. This morning the rand is currently trading at 13.2700, EURZAR at 14.2950 and GBPZAR at 16.5650.
- International markets were similarly subdued. The euro finding a base around 1.0700, and post the aforementioned data release it found additional support. Although failing to breach above the 1.0800 level, this morning currently trading at 1.0775.
- Gold is some 10 dollars firmer than the same time on Friday, currently trading at 1223.25, marginally firmer from the close.
- This week the markets will be focussing firmly on the state of the nation address on Thursday. With the noise on various political fronts, some caution on any moves or redeployments in the realm of Treasury will have a negative effect on the rand.
- After a somewhat more dovish FOMC than the markets expected and the data on Friday, the dollar came under significant pressure although the FED's Williams still suggesting an argument for a rate hike in March.
- Possible trading range in the rand today 13.1200 to 13.42000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBPUSD	1.25	-0.01	-0.69	1.16	↓	USD strength
EURUSD	1.08	-0.07	-0.08	2.45	↓	USD strength
USDJPY	112.58	-0.03	-0.37	-3.74	↓	USD weakness
USDAUD	1.30	0.24	-1.23	-6.04	↓	USD weakness
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	13.27	0.06	-1.74	-3.39	↓	ZAR strength
GBPZAR	16.57	0.02	-2.40	-2.21	↓	ZAR strength
EURZAR	14.30	-0.05	-1.82	-1.03	↓	ZAR strength
AUDZAR	10.17	-0.24	-0.53	2.73	↓	ZAR strength
ZARJPY	8.48	0.17	1.39	-0.55	↑	ZAR strength
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMWK (Malawian kwacha)	54.58	-0.27	1.86	3.01	↑	ZAR strength
ZARBWP (Botswana pula)	0.79	0.17	1.54	1.43	↑	ZAR strength
ZARKES (Kenyan shilling)	7.82	-0.02	1.69	4.82	↑	ZAR strength
ZARMUR (Mauritian rupee)	2.68	-0.22	1.86	2.29	↑	ZAR strength
ZARNGN (Nigerian naira)	23.60	0.05	4.36	2.89	↑	ZAR strength
ZARGHS (Ghanian cedi)	0.33	-0.36	2.26	6.37	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.75	-0.25	2.33	2.95	↑	ZAR strength
ZARMZN (Mozambican metical)	5.34	0.31	2.08	2.37	↑	ZAR strength

Source: Bloomberg & Nedbank CIB  
Time: 2017/02/06 07:18

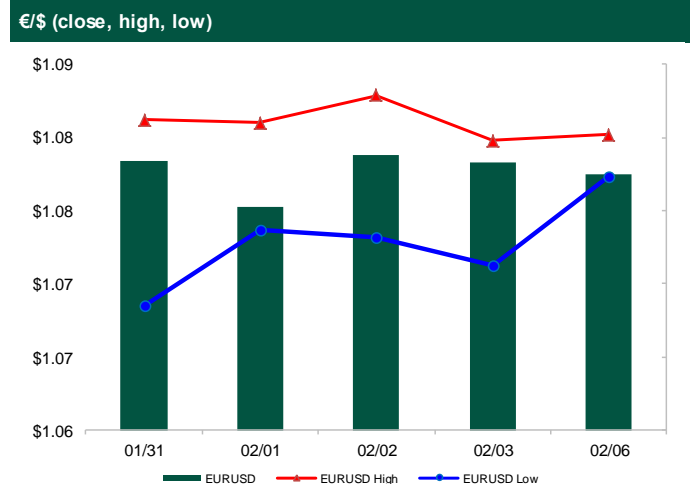
*\*Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks*

## USDZAR



Source: Bloomberg, Nedbank

## EUR/USD



Source: Bloomberg, Nedbank

# Commodities

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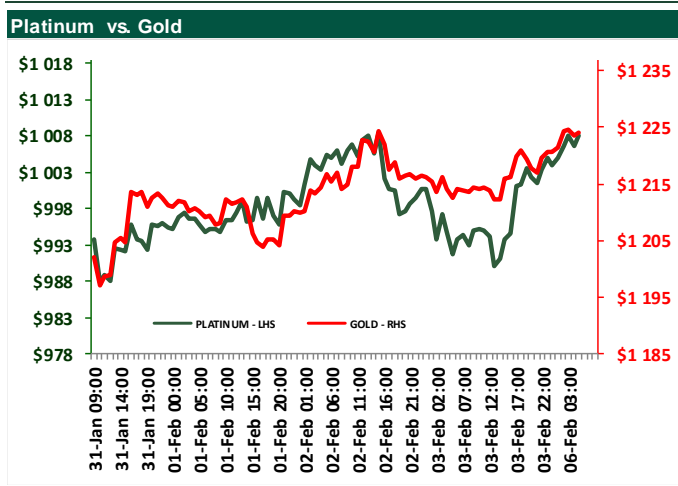
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- Bullion rallied in the overnight session, supported in Asia this morning. A softer dollar prompted some bargain buying, lifting the gold price to \$1223/oz. currently. However, the \$1200/oz. mark remains as a key pivot level and only a sustained break above this level will target further upside. The gold price movements remain at the mercy of the dollar, which we anticipate will strengthen this year, placing pressure on the gold price over the longer term.
- Oil was volatile towards the latter part of the week, but remained elevated at \$57/bbl. Tensions between US and Iran regarding fresh sanction which may be impose may limit production and exports from the region drove the oil price higher. News of OPEC remaining committed to the production cuts also kept the oil price elevated, despite rising US stockpiles.

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	56.98	0.30	2.30	0.28	↑
WTI crude (\$)	54.00	0.32	2.25	0.52	↑
Gold spot (\$)	1 223.32	0.25	1.05	6.61	↑
Platinum spot (\$)	1 006.85	0.21	1.46	11.49	↑
SA white maize spot (R)	2 937.00	-1.08	6.07	-17.08	↑

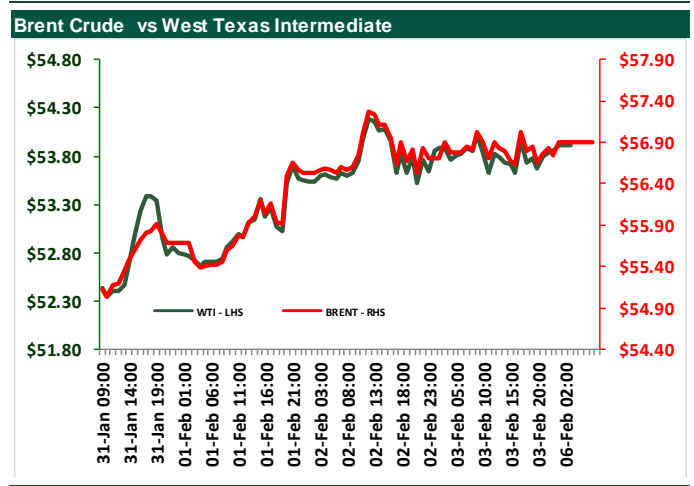
Source: Bloomberg & Nedbank CIB Time 2017/02/06 07:18

## 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	
R203-0.6 yrs	7.80	12.28	7.08	9.38	↑	3X6 FRA	7.42	3.00	1.00	3.00	↑
R208-4.1 yrs	8.12	-3.30	-1.00	-16.20	↓	6X9 FRA	7.51	6.00	4.00	9.00	↑
R186-9.9 yrs	8.81	-2.65	-0.25	-9.55	↓	9X12 FRA	7.51	4.00	3.00	6.00	↑
R2048-31.1 yrs	9.60	-2.10	1.60	-2.00	↑	18X21 FRA	7.53	-0.50	-1.50	-0.50	↓
US 10 yr	2.46	-0.48	0.72	1.62	↑	SA 2yr Sw ap	7.47	2.50	-1.50	0.40	↓
UK 10 yr	1.35	-2.24	-4.59	9.12	↓	SA 3yr Sw ap	7.55	3.00	-1.00	-1.10	↓
German 10 yr	0.41	-3.51	-5.50	135.43	↓	SA 5yr Sw ap	7.77	3.00	0.50	-4.10	↑
Japan 10 yr	0.10	3.00	18.39	123.91	↑	SA 10yr Sw ap	8.24	2.50	0.50	-11.00	↑
						SA 15yr Sw ap	8.39	0.00	0.00	-10.00	↔
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	0.00	-2.00	11.40	↓
SA prime rate	10.50	0.00	0.00	0.00	↔	3v10y	-0.70	0.50	-1.50	9.90	↓
SA CPI (MTD = previous month)	6.80		20.00		↑	R186-R203	1.17	-14.93	-7.33	-18.93	↓
SA 3m JIBAR	7.35	0.00	-1.70	-0.80	↓	R2048-R186	0.78	0.55	1.85	7.55	↑
SA 3m NCD	7.30	0.00	-2.50	-7.50	↓	5y-R186	-1.10	5.65	0.75	5.45	↑
SA 6m NCD	7.93	0.00	-2.50	-5.00	↓	10y-R186	-0.63	5.15	0.75	-1.45	↑
SA 12m NCD	8.45	0.00	0.00	0.00	↔	15y-R186	-0.46	2.65	0.25	-0.45	↑
US 3m LIBOR	1.03	0.03	-0.06	3.61	↓	SA 5yr CDS spread - basis points	203.16	-5.81	-13.85	-13.85	↓
UK 3m LIBOR	0.35	-0.25	-0.37	-1.45	↓						
Japan 3m LIBOR	0.00	0.94	1.76	5.78	↑						
Source: Bloomberg & Nedbank CIB		Time		2017/02/06 07:18		Source: Bloomberg & Nedbank CIB		Time		2017/02/06 07:18	

# Equities

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Cash equities | +2711 535 4030/31

## South Africa

- The All Share index starting its trading session in negative territory on Friday morning and continued sliding lower throughout the session with diversified miners leading the downside eventually ending the day 0.86% lower.
- The Platinum and Precious metals sector also took a beating dropping 4.05% on the day with the likes of Impala Platinum and Anglo Platinum retreating 6.57% and 2.70% respectively.
- A number of counters in the mining sector such as Assore and Goldfields released what seemed to be impressive trading statements but failed to hold on to their gains to close 0.98% up and 1.74% down respectively.
- Value traded at 5pm was around R18bn with the currency at R 13.21 vs. the USD at the close.

## UK/Europe

- European markets were strong following the release of some PMI data which mostly beat estimates across the continent.
- The Cac40 was up 0.65% while the DAX advanced 0.20% by market close.
- The Euro Stoxx 50 gained 0.60% with the likes of Intesa Sanpaolo and Deutsche Bank AG jumping 2.66% and 3.63% respectively

## USA

- The Dow Jones and S&P 500 rallied 0.94% and 0.73% respectively on the back of stronger than expected US non-farm payrolls data.
- The financial index led the upside advancing 1.99% as President Donald Trump prepares to sign executive orders on deregulation and examination of the Dodd-Frank Act.
- On the economic data front, Change in non-farm payrolls significantly beat analyst estimates coming in at 227K versus a 180K estimate while the unemployment rate ticked up to 4.8%. Factory Orders also came in ahead of expectations showing a 1.3% gain.

## Asia

- Asian markets are stronger this morning tracking US markets higher as the US dollar slipped after Friday's jobs data which showed weak wage growth.
- Japanese company Mitsubishi UFJ is up 3.59% thus far after it reported an unexpected 17% rise in third-quarter profit.
- The Australian ASX is marginally down 0.11% as local retail sales data came in below expectations dropping 0.1% (m/m)

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	20 071.46	0.94	1.04	1.56	↑
Nasdaq	5 666.77	0.54	0.93	5.27	↑
S&P 500	2 297.42	0.73	0.81	2.62	↑
DJ Eurostoxx 50	3 273.11	0.60	1.31	-0.53	↑
DAX	11 651.49	0.20	1.01	1.48	↑
CAC	4 825.42	0.65	1.61	-0.76	↑
FTSE	7 188.30	0.67	1.26	0.64	↑
ASX200	5 615.60	-0.11	-0.09	-0.89	↓
Nikkei 225	18 943.30	0.13	-0.51	-0.89	↓
MSCI World	1 805.51	0.58	0.73	3.10	↑
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	23 275.32	0.63	-0.37	5.79	↓
Shanghai	3 153.34	0.42	-0.18	1.60	↓
Brazil Bovespa	64 953.93	0.58	1.01	7.85	↑
India - NSE	28 443.57	0.72	2.85	6.82	↑
Russia Micex	2 226.61	0.41	0.42	-0.27	↑
MSCI Emerging	918.87	0.40	1.06	6.56	↑
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	52 265.16	-0.86	-0.99	3.18	↓
Top 40	45 417.57	-0.97	-1.11	3.45	↓
Resi 10	34 426.56	-2.85	-2.89	7.22	↓
Indi 25	66 852.65	-0.50	-0.26	4.00	↓
Fini 15	14 734.46	0.17	-1.30	-2.28	↓

Source: Bloomberg & Nedbank CIB  
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## Economics

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### Europe

- Eurozone retail sales growth eased to 1.1% y/y in December, from 2.5% previously, worse than expectations of 1.8%. Sales of food and non-food products eased, while sales of fuel declined sharply. Demand for electrical goods, furniture, computers and medical goods waned.
- However, internet and non-traditional forms of retailing remained strong in December. Retail sales in most countries either contracted or eased sharply in December, particularly in Germany, Ireland, Spain and France.

**Synopsis: Given traditional peak season demand in December, it is surprising to see retail sales in Europe missing expectations, especially since consumer spending had remained strong for most of the year. However, given the prevailing uncertainties surrounding Brexit, the caution by consumers may be warranted in 2017. Monetary policy in the Eurozone will likely remain ultra-loose, with any tapering debate likely to surface towards the latter part of the year.**

## JSE performance

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
AGL : Anglo American Plc	222.35	-4.56	-3.49	13.97	↓
ANG : Anglogold Ashanti Ltd	174.37	-0.93	2.64	14.28	↑
APN : Aspen Pharmacare Holdings Lt	307.50	-0.01	-0.16	8.44	↓
BAT : Brait Se	78.96	1.54	-0.05	-9.82	↓
BGA : Barclays Africa Group Ltd	154.57	0.24	-2.67	-8.37	↓
BID : Bid Corp Ltd	236.00	-0.56	1.61	-3.73	↑
BIL : Bhp Billiton Plc	232.31	-3.87	-5.04	6.23	↓
BTI : British American Tobacco Plc	819.00	-0.24	-0.08	5.19	↓
BVT : Bidvest Group Ltd	157.76	-0.06	-0.50	-12.96	↓
CFR : Financiere Richemont-Dep Rec	101.08	-1.95	-3.73	11.40	↓
DSY : Discovery Ltd	116.70	1.21	1.42	1.92	↑
FFA : Fortress Income Fund Ltd-A	17.34	0.93	0.87	4.65	↑
FFB : Fortress Income Fund Ltd	34.40	0.85	-1.09	6.40	↓
FSR : Firstrand Ltd	49.56	-0.26	-1.27	-6.79	↓
GFI : Gold Fields Ltd	46.78	-1.74	1.32	7.32	↑
GRT : Grow thpoint Properties Ltd	26.08	-0.04	-0.84	0.73	↓
IMP : Impala Platinum Holdings Ltd	51.20	-6.57	-4.19	19.79	↓
INL : Investec Ltd	93.60	-0.12	-1.22	3.14	↓
INP : Investec Plc	94.22	-0.14	-1.19	3.82	↓
ITU : Intu Properties Plc	44.60	-0.51	-1.50	-5.07	↓
LHC : Life Healthcare Group Holdin	33.59	0.51	-0.03	3.04	↓
MEI : Mediclinic International Plc	128.83	0.47	-2.25	-0.90	↓
MND : Mondi Ltd	295.97	0.67	-0.03	5.71	↓
MNP : Mondi Plc	294.76	0.24	-0.73	5.75	↓
MRP : Mr Price Group Ltd	157.47	0.24	-3.19	-1.30	↓
MTN : Mtn Group Ltd	122.55	-0.76	-2.33	-2.87	↓
NED : Nedbank Group Ltd	228.85	0.90	-1.45	-3.90	↓
NPN : Naspers Ltd-N Shs	2 187.63	-0.48	2.33	8.62	↑
NTC : Netcare Ltd	31.60	-0.60	-2.17	-0.75	↓
OML : Old Mutual Plc	34.70	0.12	-1.81	0.75	↓
RDF : Redefine Properties Ltd	11.15	0.45	0.09	-0.36	↑
REI : Reinnet Investments Sa-Dr	28.14	0.43	-0.53	5.00	↓
REM : Remgro Ltd	224.14	0.26	-0.56	0.49	↓
RMH : Rmb Holdings Ltd	63.98	0.08	-1.52	-3.64	↓
SAP : Sappi Limited	84.38	-0.93	-2.53	-6.19	↓
SBK : Standard Bank Group Ltd	143.00	0.00	-0.64	-5.77	↓
SHP : Shoprite Holdings Ltd	177.84	-0.25	-0.65	3.72	↓
SLM : Sanlam Ltd	62.73	0.21	-3.48	-0.27	↓
SNH : Steinhoff International H Nv	67.24	0.67	3.77	-5.67	↑
SOL : Sasol Ltd	393.99	-0.70	-1.38	-1.23	↓
TBS : Tiger Brands Ltd	407.07	0.59	0.36	2.32	↑
VOD : Vodacom Group Ltd	149.00	-0.05	-1.32	-2.23	↓
WHL : Woolworths Holdings Ltd	71.76	0.27	-3.22	1.04	↓

Source: Bloomberg & Nedbank CIB

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## Last day to trade

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Share Code	Share name	Dividend / interest rate
7 February 2017		
AEE	African Equity Emp Inv	dividend @ 3.3cps
DCT	Datacentrix Hldgs Ltd	Merger @ 665cps
GIY	Giyani Gosl Corp	delisting
QFH	Quantum Foods	dividend @ 6cps

Source: JSE

## Economic calendar

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Time	Country	Event	Period	Survey	Actual	Prior	Revised
<b>03-Feb</b>							
02:30	JN	Nikkei Japan PMI Services	Jan	--	51.9	52.3	--
10:55	GE	Markit Germany Services PMI	Jan F	53.2	53.4	53.2	--
11:00	EC	Markit Eurozone Services PMI	Jan F	53.6	53.7	53.6	--
11:30	UK	Markit/CIPS UK Services PMI	Jan	55.8	54.5	56.2	--
12:00	EC	Retail Sales YoY	Dec	1.80%	1.10%	2.30%	2.50%
15:30	US	Change in Nonfarm Payrolls	Jan	180k	227k	156k	157k
15:30	US	Unemployment Rate	Jan	4.70%	4.80%	4.70%	--
15:30	US	Average Hourly Earnings YoY	Jan	2.80%	2.50%	2.90%	2.80%
15:30	US	Labor Force Participation Rate	Jan	--	62.90%	62.70%	--
16:45	US	Markit US Services PMI	Jan F	--	55.6	55.1	--
17:00	US	ISM Non-Manf. Composite	Jan	57	56.5	57.2	56.6
17:00	US	Factory Orders	Dec	0.50%	1.30%	-2.40%	-2.30%
17:00	US	Factory Orders Ex Trans	Dec	--	2.10%	0.10%	0.60%
17:00	US	Durable Goods Orders	Dec F	--	-0.50%	-0.40%	--
17:00	US	Durables Ex Transportation	Dec F	--	0.50%	0.50%	--
17:00	US	Cap Goods Orders Nondef Ex Air	Dec F	--	0.70%	0.80%	--
<b>06-Feb</b>							
09:00	GE	Factory Orders WDA YoY	Dec	4.10%	--	3.00%	--
11:30	EC	Sentix Investor Confidence	Feb	16.5	--	18.2	--

Source: Bloomberg

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**Interest Rate Swaps & FRA's Trading**  
 (011) 535 4004

**Money Market Institutional Sales Desk**  
 (011) 535 4008

**Treasury: Economic Analyst**  
**Reezwana Sumad**  
 (011) 294 1753

**Bond Trading**  
 (011) 535 4021

**Forex Business Banking Sales Desk**  
 (011) 535 4003

**Forex Retail Sales Desk**  
 (011) 535 4020

**Money Market Business Banking Sales Desk**  
 (011) 535 4006

**Non Soft & Soft Commodities Trading**  
 (011) 535 4038

**Credit Derivatives**  
 (011) 535 4047

**Forex Corporate Sales Desk**  
 JHB (011) 535 4002; DBN (031) 327 3000;  
 CTN (021) 413 9300

**Inflation Trading**  
 (011) 535 4026

**Money Market Corporate Sales Desk**  
 JHB (011) 535 4007; DBN (031) 327 3000;  
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**Preference shares desk**  
 (011) 535 4072

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