



13 March 2017 | 7:34 AM

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Key daily driver





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SNIPPETS

(Charts of the day)	US non-farm payrolls beats expectations, unemployment rate lower, participation rates higher
(Currencies)	Dollar weakens sharply after NFP data, supporting majors and EM FX, USDZAR around R13.10/\$ this morning
(Equities)	JSE All share +0.70%, US markets boosted by strong jobs data, Asia trading positive this morning
(Economics)	UK industrial production growth slows; German trade balance worsens as imports rise

Key overnight factors and upcoming events

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Date	Region	Event   	Actual/expected/prior	Implications
10/03	US	Non-farm payrolls 	235k/200k/238k	Non-farm payrolls likely to reflect tighter labour market
10/03	UK	Industrial production y/y	3.2%/3.2%/4.3%	Industrial production growth expected to slow on the back of lower business spending amid Brexit risks
14/	SA	Mining production y/y	--/--/-1.9%	Mining production growth expected to tick higher as a result of low base effects

Source: Nedbank

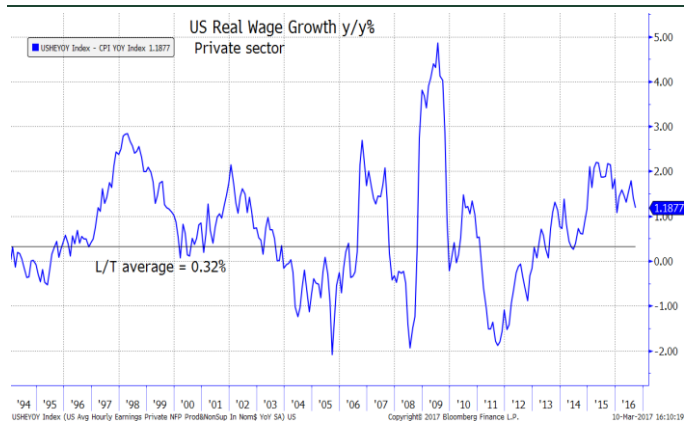
Charts of the day

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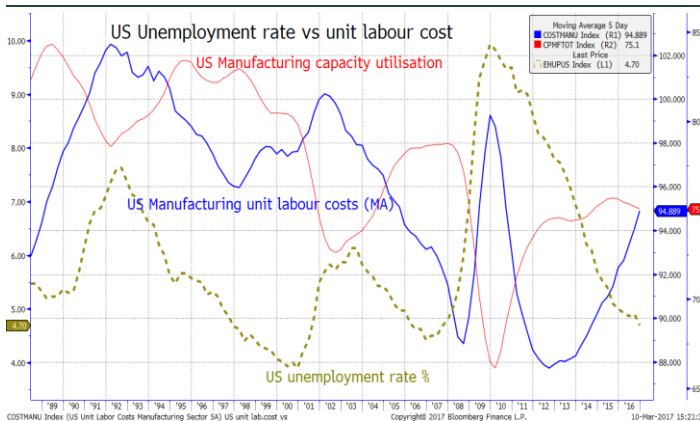
- US nonfarm payrolls eased to 235k in February, from 238k in January, better than consensus of 200k. The total revision over the last two months was +9k. the following industries saw increased job growth in February: construction (+58k – the 2nd biggest employer in Feb), manufacturing (+28k), education and health (+62k). The rest of the industries performed poorly in terms of employment. The goods-producing sector has just started ramping up employment, led by manufacturing and construction. The manufacturing payrolls growth just turned positive on an annualised basis.
- Even though the labour force participation rate rose to 63%, the unemployment rate fell to 4.7%, from 4.8% in January, indicative of continued employment gains as the economy manages to absorb a greater number of people. Average hourly earnings growth remained unchanged at 2.8% y/y. Earnings growth were led by the services sector, particularly finance. The unemployment rate among part-time workers rose quite sharply, as one would expect given the seasonal shopping period ending. However, the unemployment rate amongst full time workers declined, and on aggregate, more than offsets the rise in unemployed part-time workers. Agriculture and leisure and hospitality have the highest unemployment rates, while government workers have the lowest.
- The US budget deficit narrowed marginally on an annualised basis, to \$192 billion in February, from \$192.6 billion a year earlier, worse than expectations of \$190 billion. Personal income taxes eased, while corporate taxed rose marginally - total receipts rose 1.5% y/y. Outlays rose by 0.6%, led by higher spending on health, defence and social security. For the FYTD, the deficit is 0.6% wider, at \$351 billion.
- **The underlying data continues to support on-going labour market growth, which may possibly reach full employment this year. However, the labour market has tightened, and the pool of available labour is shrinking. To avoid any overheating in the labour market and the impact on inflation, the Fed will likely remain largely hawkish if economic data holds up. While we believe 3 rate hikes this year may be on the aggressive side, the risk of it materialising is high should inflation signal a sustained stay around 2% for an extended period of time.**

Real wage growth starts to slow as CPI rises



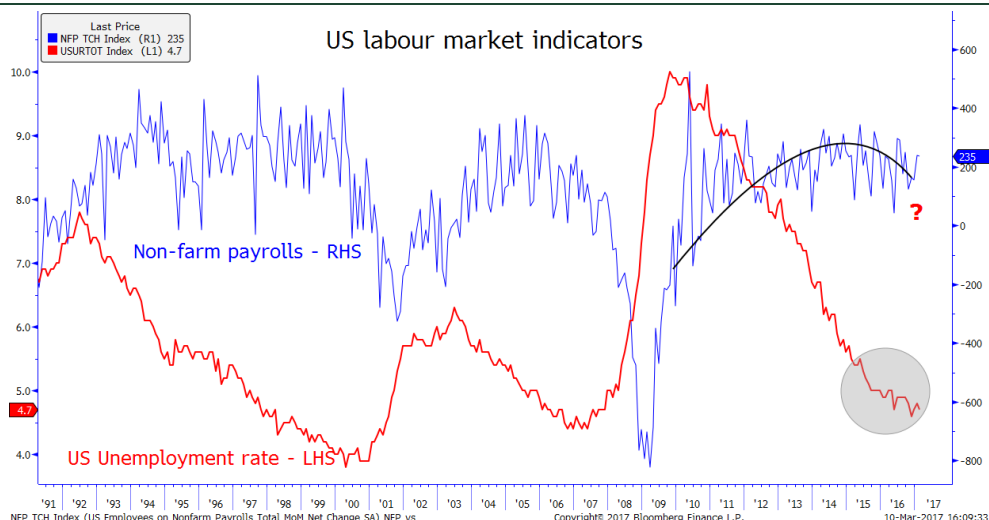
Source: Bloomberg, Nedbank

Manufacturing labour starts becoming expensive



Source: Bloomberg, Nedbank

Non-farm payrolls continue on the strong, upbeat momentum, unemployment rate low



Source: Bloomberg, Nedbank

Currencies

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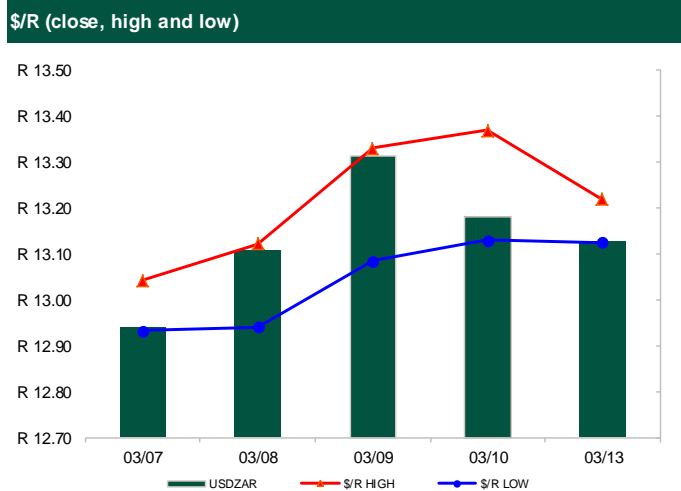
- On Friday the local session opened with the rand trading in the high 13.20's. The foreign exchange markets all waiting for the release of the U.S data, cautious price action ahead of the event as would be expected, however after all the anticipation and releases in line with expectations, the dollar failed to post any additional gains and the local unit actually traded firmer, closing the session trading at 13.1475. This morning the rand is currently trading at 13.1400, EURZAR is trading at 14.0525 and GBPZAR is trading at 15.9950.
- As per the above, international markets were similarly cautious, trading around the 1.0600 pivot ahead of the release. Post the data, the euro managed to trade steadily firmer and it closed the day trading at 1.0634, this morning it is currently trading at 1.0700 in what has proven to be a quiet session in the far east.
- Gold has recovered some of its recent losses, currently it is trading at 1207.00, some 9 dollars firmer than Friday morning.
- This week the focus now firmly on the FOMC, with expectations firmly on a rate hike in the U.S, in addition to that, Europe will be observing the outcome of the Dutch elections, also on Wednesday, with keen interest and the possible effects on the greater region.
- Possible trading range in the rand today 13.0500 to 13.3500

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBPUSD	1.22	0.19	-1.82	-1.22	↓	USD strength
EURUSD	1.07	0.29	0.91	1.78	↑	USD weakness
USDJPY	114.66	-0.11	2.43	-1.97	↑	USD strength
USDAUD	1.32	-0.35	1.46	-4.85	↑	USD strength
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	13.13	-0.39	0.12	-4.46	↑	ZAR weakness
GBPZAR	16.00	-0.21	-1.71	-5.56	↓	ZAR strength
EURZAR	14.05	-0.12	1.03	-2.78	↑	ZAR weakness
AUDZAR	9.94	0.03	-1.23	0.35	↓	ZAR strength
ZARJPY	8.74	0.24	2.32	2.42	↑	ZAR strength
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMWK (Malawian kwacha)	55.19	0.31	-0.13	4.17	↓	ZAR weakness
ZARBWP (Botswana pula)	0.79	0.04	0.28	2.16	↑	ZAR strength
ZARKES (Kenyan shilling)	7.82	0.38	-0.43	4.76	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.70	0.43	-0.13	3.10	↓	ZAR weakness
ZARNGN (Nigerian naira)	23.98	0.54	-0.27	4.53	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.35	0.11	-2.26	12.67	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.73	0.45	1.17	1.19	↑	ZAR strength
ZARMZN (Mozambican metical)	5.25	0.52	-1.80	0.77	↓	ZAR weakness

Source: Bloomberg & Nedbank CIB Time: 2017/03/13 07:22

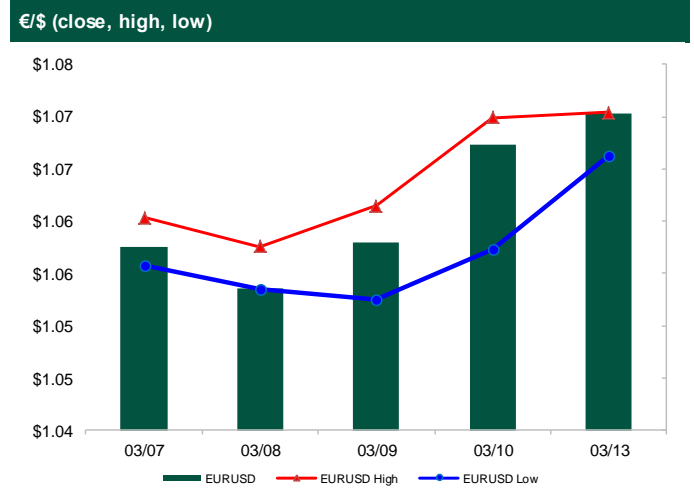
**Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks*

USDZAR



Source: Bloomberg, Nedbank

EUR/USD



Source: Bloomberg, Nedbank

Commodities

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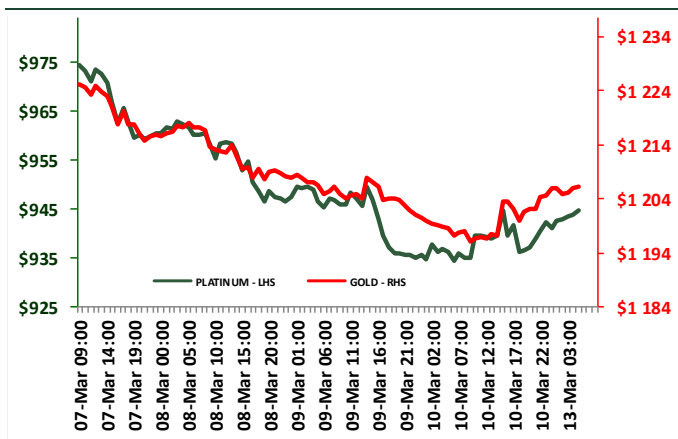
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- Bullion rebounded from the low on Friday, supported in the New York and Asian trading sessions overnight and this morning. The price rallied back above the \$1200/oz. pivot level and had been supported by a weak dollar which prompted some bargain buying. Should the dollar remain weak, this will likely prompt the gold price higher in the near term.
- Brent crude oil continued to slide in Friday's session as the market focus shifts toward higher US production and rig counts despite OPEC's commitment to production cuts. Brent is now marginally above \$50/bbl. support with WTI marginally below. US rig counts continue to build and according to Baker Hughes data, are now above 600 from around 300 rigs in the middle of 2016.

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	51.02	-0.68	-8.22	-10.21	↓
WTI crude (\$)	48.09	-0.82	-10.96	-10.48	↓
Gold spot (\$)	1 207.66	0.25	-3.88	5.24	↓
Platinum spot (\$)	945.05	0.27	-8.26	4.65	↓
SA white maize spot (R)	2 293.00	-2.18	-17.52	-35.26	↓

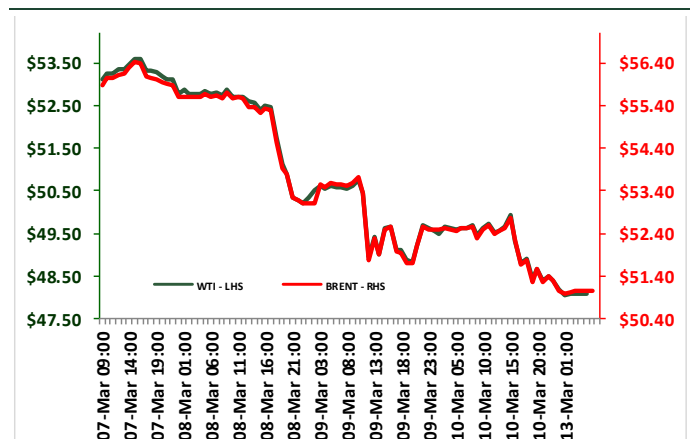
Source: Bloomberg & Nedbank CIB
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Platinum vs Gold



Source: Bloomberg

Brent Crude vs West Texas Intermediate



Source: Bloomberg

Fixed income and interest rates

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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	
R203-0.5 yrs	7.32	2.70	-6.10	-37.90	↓	3X6 FRA	7.37	4.00	4.00	-2.00	↑
R208-4 yrs	7.83	0.20	-11.10	-44.90	↓	6X9 FRA	7.30	-1.50	-3.50	-12.50	↓
R186-9.8 yrs	8.68	-0.10	-10.70	-22.70	↓	9X12 FRA	7.26	-1.00	-5.00	-19.00	↓
R2048-31 yrs	9.48	0.10	-15.40	-14.20	↓	18X21 FRA	7.31	-0.50	-6.50	-22.50	↓
US 10 yr	2.58	0.33	18.73	13.33	↑	SA 2yr Swap	7.30	-0.50	-3.80	-16.10	↓
UK 10 yr	1.23	0.49	6.95	-0.65	↑	SA 3yr Sw ap	7.37	-1.00	-5.30	-19.10	↓
German 10 yr	0.49	13.85	133.17	177.14	↑	SA 5yr Sw ap	7.60	0.50	-7.00	-21.60	↓
Japan 10 yr	0.09	3.37	64.29	100.00	↑	SA 10yr Sw ap	8.07	0.00	-7.00	-28.00	↓
						SA 15yr Sw ap	8.24	0.50	-5.75	-25.00	↓
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	-0.50	3.20	11.90	↑
SA prime rate	10.50	0.00	0.00	0.00	→	3v10y	-0.69	-1.00	1.70	8.90	↑
SA CPI (MTD = previous month)	6.60		-10.00		↓	R186-R203	1.39	-2.80	-4.60	15.20	↓
SA 3m JIBAR	7.34	0.00	1.70	-1.60	↑	R2048-R186	0.79	0.20	-4.70	8.50	↓
SA 3m NCD	7.30	-7.50	-5.00	-7.50	↓	5y-R186	-1.09	0.60	3.70	1.10	↑
SA 6m NCD	7.93	0.00	0.00	-5.00	→	10y-R186	-0.62	0.10	3.70	-5.30	↑
SA 12m NCD	8.35	0.00	0.00	-10.00	→	15y-R186	-0.45	0.60	4.95	-2.30	↑
US 3m LIBOR	1.12	0.17	5.72	12.33	↑	SA 5yr CDS spread - basis points	186.24	-6.28	-4.10	-30.76	↓
UK 3m LIBOR	0.35	0.00	-0.97	-1.99	↓						
Japan 3m LIBOR	-0.03	-0.19	-0.12	2.61	↓						
Source: Bloomberg & Nedbank CIB						Source: Bloomberg & Nedbank CIB					
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Equities

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South Africa

- The All Share index started its trading day in positive territory on Friday morning led higher by Naspers which was tracking Tencent having rallied 1.24% in Hong Kong. Our local bourse eventually ended the day 0.70% in the green.
- Telecommunications and general retailers were the start performers on the day advancing 1.52% and 1.21% respectively.
- RMH Holdings released its interim results for the six months ended 31 December 2016 showing a 6% increase in normalized earnings to 275.4 cents. The stock declined 0.57% on the day.
- Value traded at 5pm was around R16bn with the currency at R13.15 vs. the USD at the close.

UK/Europe

- European markets were stronger on the day with the CAC40 advancing 0.24% and the FTSE100 up 0.38%. German exports were up 2.7% (m/m) while imports jumped 3% (m/m), both of these figures were higher than market consensus estimates. The Euro Stoxx 50 was up 0.19% with the likes of Societe Generale and Deutsche both gaining 2.13%.

USA

- US markets closed in positive territory on Friday night boosted by better than expected jobs data out of the US.
- The Dow Jones and S&P 500 were up 0.21% and 0.33% with the utilities index leading the upside while the energy index was marginally down 0.08% on a softer oil price.
- On the economic data front, the change in Non-farm payrolls came in ahead of consensus estimates at 235K for February. The unemployment rate also dropped to 4.7%.

Asia

- Most Asian markets are trading in the green this morning with the Nikkei up 0.08% and the Hang Seng advancing 0.89%. Japanese machine orders dropped 8.2% (y/y) this was well below consensus estimates of -3.7% (y/y). The Australian ASX is down 0.34% with the likes of BHP Billiton and South32 declining 0.38% and 2.82% respectively.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	20 902.98	0.21	0.44	5.77	↑
Nasdaq	5 861.73	0.39	0.62	8.89	↑
S&P 500	2 372.60	0.33	0.38	5.97	↑
DJ Eurostoxx 50	3 416.27	0.19	2.91	3.82	↑
DAX	11 963.18	-0.13	1.09	4.20	↑
CAC	4 993.32	0.24	2.77	2.69	↑
FTSE	7 343.08	0.38	1.10	2.80	↑
ASX200	5 757.30	-0.32	0.79	1.61	↑
Nikkei 225	19 612.91	0.04	2.58	2.61	↑
MSCI World	1 845.88	0.54	0.39	5.41	↑
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	23 814.47	1.04	0.31	8.24	↑
Shanghai	3 226.12	0.42	-0.48	3.95	↓
Brazil Bovespa	64 675.46	0.14	-2.98	7.39	↓
India - NSE	28 946.23	0.06	0.71	8.71	↑
Russia Micex	1 973.96	-0.01	-3.04	-11.59	↓
MSCI Emerging	926.14	0.35	-1.09	7.41	↓
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	51 269.54	0.70	0.24	1.22	↑
Top 40	44 304.31	0.80	0.39	0.92	↑
Resi 10	30 247.26	-0.09	-4.44	-5.80	↓
Indi 25	66 647.31	1.25	1.41	3.68	↑
Fini 15	15 358.72	0.49	2.98	1.86	↑

Source: Bloomberg & Nedbank CIB
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Economics

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UK

- Industrial production growth in January eased to 3.2% y/y, from 4.3% previously, in line with forecasts. Over the month, production slumped by 0.4%, after 0.9% growth previously. The slowdown came as a result of lower nondurable and energy goods production. Manufacturing production slumped 0.9% m/m, while production of utilities was also sharply lower.
- The UK trade balance improved with a deficit of £1.966 billion in January, from £2.026 billion previously, better than forecasts of £3.1 billion.
- The volume of export growth eased sharply, to the slowest pace of growth since September. Imports rose marginally after the 0.6% slump in December. Disappointing exports were due to food and fuel, while imports of fuel surged, leading the marginal growth in imports.

Synopsis: While the weaker sterling may be supportive of trade flows in the near term, once Article 50 is invoked and Brexit negotiations begin, we are likely to see some deterioration in trade flows. Growth is expected to remain benign, while inflation is elevated due to energy costs. As a result monetary policy may be kept loose and unchanged this year.

Europe

- German trade balance deteriorated sharply in January, to €14.8 billion, from €18.7 billion in December, worse than expectations of €18 billion.
- Exports rose 1.4% over the month, while imports surged 6.7% m/m, resulting in the narrower surplus. As a result, the current account balance declined sharply, to €12.8 billion, from €24.8 billion in December.
- Primary incomes halved, the contraction in secondary incomes deepened, and the services balanced turned a deficit in January. All of the above worsened the current account balance.

Synopsis: While German growth will likely remain upbeat and inflation continue to rise, the threat of an adverse effect on trade from Brexit negotiations remains ever present. We believe monetary policy will remain loose this year, 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	185.51	-0.40	-8.89	-4.92	↓
ANG : Anglogold Ashanti Ltd	129.06	-1.02	-11.37	-15.41	↓
APN : Aspen Pharmacare Holdings Lt	274.98	-1.03	-2.96	-3.03	↓
BAT : Brait Se	74.00	-0.31	0.52	-15.49	↑
BGA : Barclays Africa Group Ltd	150.72	0.05	-0.81	-10.65	↓
BID : Bid Corp Ltd	265.65	-0.59	1.02	8.36	↑
BIL : Bhp Billiton Plc	202.56	0.09	-3.05	-7.37	↓
BTI : British American Tobacco Plc	818.29	0.36	-0.37	5.10	↓
BVT : Bidvest Group Ltd	162.22	0.14	4.64	-10.50	↑
CFR : Financiere Richemont-Dep Rec	98.90	0.46	3.53	8.99	↑
DSY : Discovery Ltd	128.00	2.32	4.07	11.79	↑
FFA : Fortress Income Fund Ltd-A	16.98	0.35	-2.41	2.47	↓
FFB : Fortress Income Fund Ltd	34.00	-0.18	-2.47	5.17	↓
FSR : Firstrand Ltd	51.22	0.93	3.02	-3.67	↑
GFI : Gold Fields Ltd	38.03	-3.89	-5.52	-12.76	↓
GRT : Grow thpoint Properties Ltd	27.31	0.59	3.13	5.48	↑
IMP : Impala Platinum Holdings Ltd	39.23	0.46	-10.92	-8.21	↓
INL : Investec Ltd	95.30	0.00	3.36	5.01	↑
INP : Investec Plc	95.50	0.58	3.22	5.23	↑
ITU : Intu Properties Plc	44.70	-1.11	-3.83	-4.85	↓
LHC : Life Healthcare Group Holdin	33.56	0.63	0.15	2.94	↑
MEI : Mediclinic International Plc	119.25	1.39	-0.89	-8.27	↓
MND : Mondi Ltd	302.19	1.24	0.55	7.93	↑
MNP : Mondi Plc	302.50	1.00	-0.28	8.53	↓
MRP : Mr Price Group Ltd	171.35	1.29	0.79	7.40	↑
MTN : Mtn Group Ltd	122.30	1.24	2.10	-3.07	↑
NED : Nedbank Group Ltd	255.15	1.95	4.14	7.15	↑
NPN : Naspers Ltd-N Shs	2 165.00	2.70	3.21	7.49	↑
NTC : Netcare Ltd	30.89	-0.03	-2.86	-2.98	↓
OML : Old Mutual Plc	36.18	-0.55	3.05	5.05	↑
RDF : Redefine Properties Ltd	11.07	0.73	1.84	-1.07	↑
REI : Reinnet Investments Sa-Dr	27.80	0.54	-1.00	3.73	↓
REM : Remgro Ltd	222.23	0.11	-0.48	-0.37	↓
RMH : Rmb Holdings Ltd	64.40	-0.57	1.56	-3.01	↑
SAP : Sappi Limited	83.84	-0.19	2.48	-6.79	↑
SBK : Standard Bank Group Ltd	155.95	1.43	8.90	2.77	↑
SHP : Shoprite Holdings Ltd	196.59	0.30	3.88	14.66	↑
SLM : Sanlam Ltd	69.50	0.04	2.55	10.49	↑
SNH : Steinhoff International H Nv	64.40	0.86	-7.78	-9.65	↓
SOL : Sasol Ltd	364.00	0.00	-2.41	-8.75	↓
TBS : Tiger Brands Ltd	413.61	1.86	-1.05	3.97	↓
VOD : Vodacom Group Ltd	151.20	2.79	2.00	-0.79	↑
WHL : Woolworths Holdings Ltd	70.91	2.04	1.30	-0.15	↑

Source: Bloomberg & Nedbank CIB

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Last day to trade

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Share code	Share name	Dividend / interest rate
14 March 2017		
AIP	Adcock Ingram Holdings Ltd	dividend @ 63cps
ASR	Assore Ltd	dividend @ 600cps
AWA	Arrowhead Properties Ltd	dividend @ 21.41cps
BTI	British Am Tobacco plc	dividend @ 1927.5101cps
BVT	The Bidvest Group Ltd	dividend @ 227cps
CPIP	Capitec Bank Hldings Ltd Pref	dividend @ 433.89cps
DST	Distell Group Ltd	dividend @ 165cps
HAR	Harmony Gold Mining Co Ltd	dividend @ 50cps
HMN	Hammerson Plc	DRIP @ 62.37504cps
ILRP1	IL Redeemable Pref 1March 2017	dividend @ 1251.24350cps
LNF	London Finance & Investment Group P.L.C	dividend @ 9.097910cps
L2D	Liberty Two Degrees	dividend @ 4.850470cps
MSM	Massmart Holdings Ltd	dividend @ 224.80cps
PCT	Prescient Ltd	Name change to PBT Group Limited - PBG
PGFP	PSG Financial Services Pref	dividend @ 433.890cps
ROC	Rockcastle Global Real Estate	dividend @ 67.545210cps or 2.266 new shares per 100 held
SHP	Shoprite Holdings Limited	dividend @ 180cps
SOL	Sasol Ltd	dividend @ 480cps
TFGP	The Foschini Group Ltd Prefs	dividend @ 6.50cps
TPC	Transpaco Ltd	dividend @ 48cps

Source: JSE

Economic calendar

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Time	Country	Event	Period	Survey	Actual	Prior	Revised
10-Mar							
09:00	GE	Trade Balance	Jan	18.0b	14.8b	18.7b	--
09:00	GE	Current Account Balance	Jan	15.5b	12.8b	24.0b	24.8b
11:30	UK	Industrial Production YoY	Jan	3.20%	3.20%	4.30%	--
11:30	UK	Manufacturing Production YoY	Jan	2.90%	2.70%	4.00%	4.20%
11:30	UK	Trade Balance	Jan	-£3100	-£1966	-£3304	-£2026
15:30	US	Change in Nonfarm Payrolls	Feb	200k	235k	227k	238k
15:30	US	Unemployment Rate	Feb	4.70%	4.70%	4.80%	--
15:30	US	Average Hourly Earnings YoY	Feb	2.80%	2.80%	2.50%	-2.60%
15:30	US	Average Weekly Hours All Employees	Feb	34.4	34.4	34.4	--
15:30	US	Labor Force Participation Rate	Feb	--	63.0%	62.90%	--
21:00	US	Monthly Budget Statement	Feb	-\$190.0b	-\$192.0b	-\$192.6b	--
13-Mar							
01:50	JN	PPI YoY	Feb	1.00%	--	0.50%	--
16:00	US	Labor Market Conditions Index Change	Feb	--	--	--	--

Source: Bloomberg

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