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Key daily drivers

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SNIPPETS

(Fixed Income)	A strong day in SA as a rally in yields on the back of a better performance by EMFX inspires a strong auction performance
(Currencies)	USDZAR benefits from uncertain dollar outlook
(Commodities)	Brent rose above \$56/bbl. yesterday as Saudi Arabia cut oil exports; Gold maintained rally as a result of weak dollar
(Equities)	All Share index holds steady at record highs ahead of the start of US earnings season
(Economics)	UK trade deteriorates but industrial activity rises; SA manufacturing production rebounds in August

Key overnight factors and upcoming events this week

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Date	Region	Event ↓ ↑ →	Actual/expected/prior	Implications
10/10	UK	Industrial production	--/--0.4%	Industrial production growth will likely remain subdued over the medium term as businesses remain cautious over Brexit
11/10	US	FOMC minutes	--	FOMC likely to take on a hawkish tone, expectations are for continued monetary tightening over the medium term
12/10	SA	Mining production	--/0.5%/0.9%	Both mining and manufacturing production is expected to remain subdued over the medium term unless global demand picks up enough to support growth in these industries
13/10	US	CPI yoy	--/2.3%/1.9%	CPI is expected to rise on the back of services, fuel and energy costs

Source: Nedbank

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	
R204-1.2 yrs	7.08	-10.15	12.85	-84.85	↑
R208-3.5 yrs	7.61	-10.70	12.10	-67.10	↑
R186-9.2 yrs	8.67	-9.75	12.05	-23.95	↑
R2048-30.4 yrs	9.77	-10.20	4.40	14.70	↑
US 10 yr	2.36	-0.18	2.53	-8.54	↑
UK 10 yr	1.36	0.60	-0.20	12.40	↓
German 10 yr	0.44	-0.20	-2.20	23.40	↓
Japan 10 yr	0.07	1.20	-0.10	2.10	↓

Money Market	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
SA repo rate	6.75	0.00	0.00	-25.00	→
SA prime rate	10.25	0.00	0.00	-25.00	→
SA CPI (MTD = previous month)	4.80		20.00		↑
SA 3m JIBAR	7.01	1.60	1.60	-35.00	↑
SA 3m NCD	7.00	0.00	2.50	-37.50	↑
SA 6m NCD	7.43	2.50	0.00	-55.00	→
SA 12m NCD	7.85	0.00	7.50	-60.00	↑
US 3m LIBOR	1.36	0.61	2.25	35.85	↑
UK 3m LIBOR	0.35	1.09	1.94	-1.23	↑
Japan 3m LIBOR	-0.05	0.00	0.19	-0.27	↑

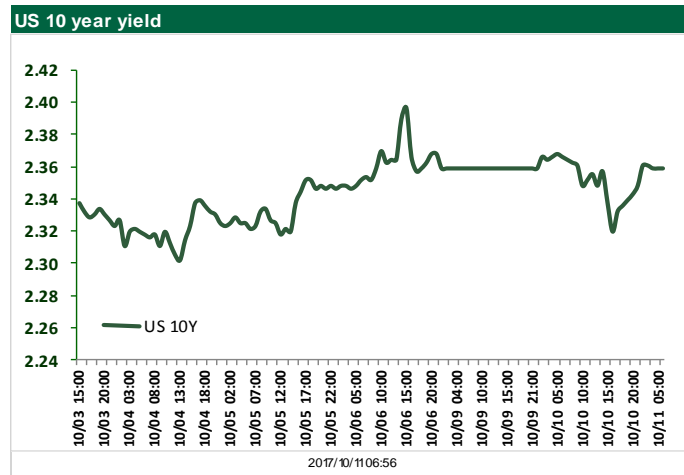
Source: Bloomberg & Nedbank CIB
Time: 2017/10/11 06:56

FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
3X6 FRA	6.95	0.50	3.50	-44.50	↑
6X9 FRA	6.83	-1.00	7.00	-59.00	↑
9X12 FRA	6.81	-1.50	8.50	-64.50	↑
18X21 FRA	6.96	-0.50	12.50	-57.50	↑
SA 2yr Swap	6.92	0.00	8.80	-54.30	↑
SA 3yr Swap	7.05	0.00	10.80	-50.80	↑
SA 5yr Swap	7.33	-1.25	9.25	-47.85	↑
SA 10yr Swap	7.96	0.00	11.00	-36.60	↑
SA 15yr Swap	8.26	-1.63	8.25	-22.75	↑

Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
2v10y	-1.04	0.00	-2.20	-17.70	↓
3v10y	-0.91	0.00	-0.20	-14.20	↓
R186-R204	1.59	0.40	-0.80	60.90	↓
R2048-R186	1.10	-0.45	-7.65	38.65	↓
5y-R186	-1.34	8.50	-2.80	-23.90	↓
10y-R186	-0.71	9.75	-1.05	-12.65	↓
15y-R186	-0.41	8.12	-3.80	1.20	↓
SA 5yr CDS spread - basis points	173.00	1.50	-14.00	-42.00	↓

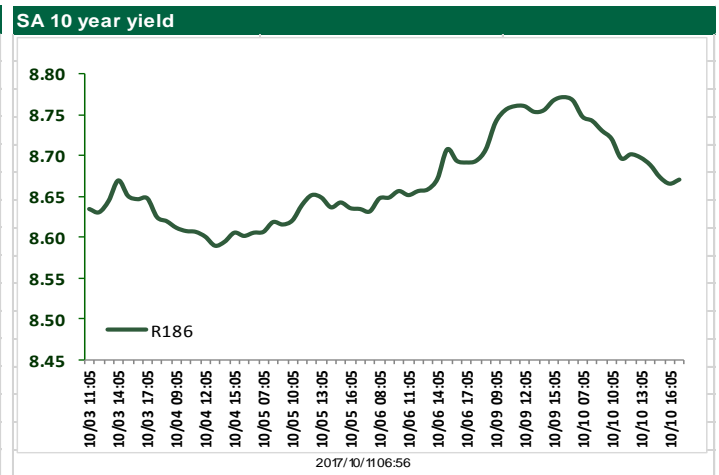
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US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield



Source: Bloomberg, Nedbank

Currencies

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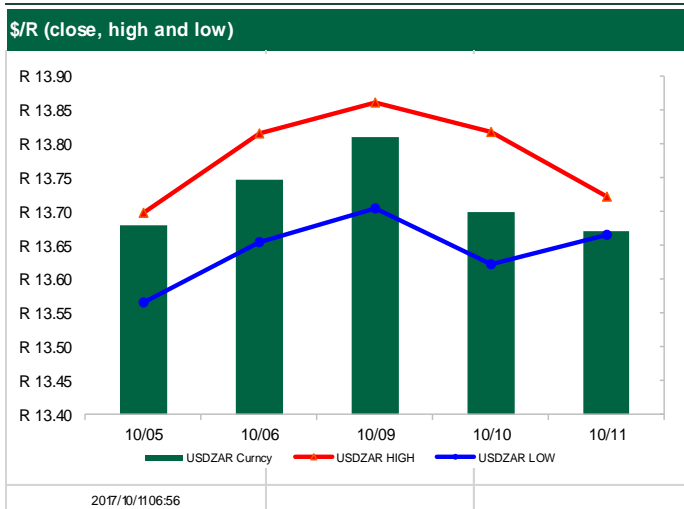
- The local trading session opened with the rand trading in the mid 13.70's, having traded marginally firmer in the far east, this as the dollar lost ground, this scenario continued for the majority of the local session and the local unit managed to trade to a best level of 13.6200 on the day, closing the day trading marginally weaker than that. This morning the rand is currently trading at 13.6700, EURZAR at 16.1550 and GBPZAR at 18.0450.
- International markets saw the dollar come under pressure for much of the session, thus far in the far EURUSD trading to a high of 1.1819 on the day, this morning it has touched a high of 1.1827 on the day, price action in sterling driven by the ongoing Brexit talks, GBPUSD currently trading at 1.3195. Gold continues to hold steady as the outlook for the dollar currently somewhat uncertain, this morning marginally off the closing levels yesterday at 1287.00
- No scheduled data releases locally or from Europe today, from the U.S we have mortgage applications, JOLT job openings and then the much anticipated FOMC minutes, with Evans and Williams scheduled to speak.
- After significant resilience over the previous week, the dollar has come under increased pressure over the past two sessions, this as a result of various factors including the visa spat between Turkey and the U.S, North Korean
- missile tests and the issue between key members of the republican party and the president, this has given the rand a minor reprieve, technically a test of 13.5000 remains a possibility, but markets will likely remain cautious regarding local factors
- Possible trading range in the rand today 13.5000 to 13.8000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBPUSD	1.32	-0.04	-1.49	6.95	↓	USD strength
EURUSD	1.18	0.05	0.00	12.33	↔	USD weakness
USDJPY	112.46	0.01	-0.04	-4.00	↓	USD weakness
USDAUD	1.28	-0.09	0.63	-7.50	↑	USD strength
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	13.67	-0.20	0.82	-0.50	↑	ZAR weakness
GBPZAR	18.05	-0.23	-0.66	6.11	↓	ZAR strength
EURZAR	16.15	-0.15	0.84	10.53	↑	ZAR weakness
AUDZAR	10.64	-0.10	0.19	6.98	↑	ZAR weakness
ZARJPY	8.23	0.21	-0.65	-3.70	↓	ZAR weakness
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMWK (Malawian kwacha)	53.08	0.22	-0.83	-0.15	↓	ZAR weakness
ZARBWP (Botswana pula)	0.76	0.22	-0.28	-3.72	↓	ZAR weakness
ZARKES (Kenyan shilling)	7.56	0.20	-0.66	1.28	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.49	0.21	-0.44	-5.52	↓	ZAR weakness
ZARNGN (Nigerian naira)	26.29	0.21	-0.72	12.63	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.32	1.05	-0.28	2.96	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.71	-0.40	-1.56	-3.23	↓	ZAR weakness
ZARNZN (Mozambican metical)	4.46	0.20	-1.20	-16.89	↓	ZAR weakness

Source: Bloomberg & Nedbank CIB Time: 2017/10/11 06:56

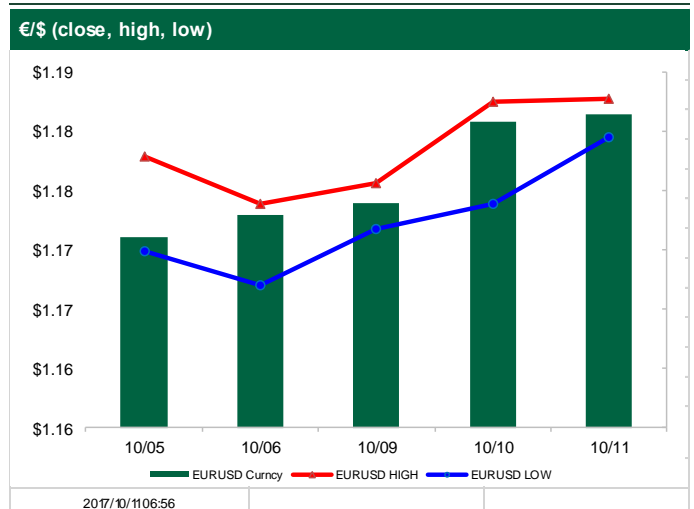
**Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks*

USDZAR



Source: Bloomberg, Nedbank

EUR/USD



Source: Bloomberg, Nedbank

Commodities

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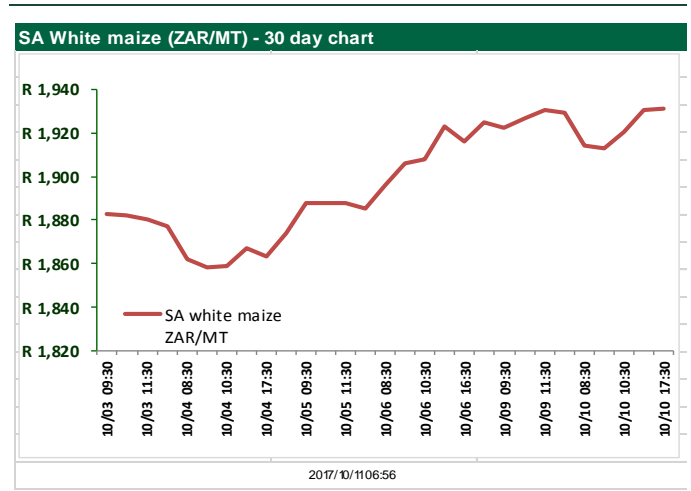
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- Oil held gains near \$51 a barrel as OPEC Secretary-General Barkindo reiterated a rapid market rebalancing is underway, while predicting robust crude demand next year. Futures were little changed after advancing 3.3% in the previous two sessions.
- Gold holds near highest level in almost two weeks as dollar weakens amid uncertainty over Trump administration's tax reform. Bullion for immediate delivery little changed at \$1,287.83/oz.
- Spot silver steady at \$17.1155/oz.
- Platinum -0.2% to \$930.55/oz.
- Palladium +0.2% to \$937.99/oz.
- Industrial metals fall from 5-week high.
- Nickel -0.8% to \$10,965/ton.
- Copper -0.4% to \$6,733/ton; +3.9% this month.
- Aluminum, zinc, lead also decline.
- Iron ore is getting hit from two sides at once. Weakening demand in China as steel mills follow orders to cut output to curb pollution over winter coupled with burgeoning supply from the top miners.

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	56.69	0.14	-1.48	-0.23	↓
WTI crude (\$)	51.05	0.26	-1.20	-4.97	↓
Gold spot (\$)	1 287.81	-0.02	0.63	12.23	↑
Platinum spot (\$)	931.95	0.00	2.18	3.19	↑
SA white maize spot (R)	1 931.00	0.10	2.01	-45.48	↑

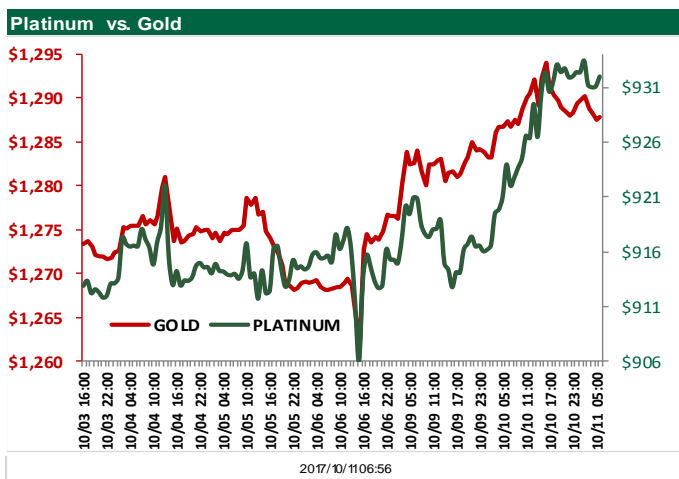
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SA white maize



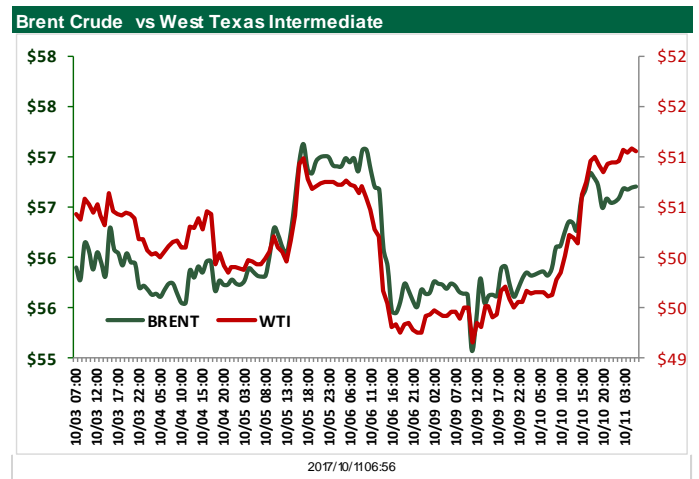
Source: Bloomberg, Nedbank

Platinum vs Gold



Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate



Source: Bloomberg, Nedbank

Equities

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Cash equities | +2711 535 4030/31

South Africa

- The All Share index started its trading day in flat to marginally positive and remained range bound throughout the day as Rand hedges dragged the index lower which retailers and MTN pulled it higher. Our local bourse eventually ended the day 0.17% higher.
- General Retailer's sector led the upside with the likes of Woolworths and Massmart advancing 1.87% and 1.80% respectively.
- On corporate news, Dis-Chem published a trading statement saying that they expect HEPS to increase by between 34% and 39%. The stock advanced 7.59% on the day
- Value traded at 5pm was around R16bn with the currency at R13.62c vs. the USD at the close.

UK/Europe

- European markets were softer as the Euro strengthened on the back of a weaker US dollar with tax reform taking the back seat ahead of the FOMC minutes due today.
- On the economic data front, French Industrial Production data came in below expectations at -0.3% in August.
- The Stoxx 50 was down 0.32% with the likes of Banco Santander SA and Sanofi retreating 2.92% and 1.53% respectively

USA

- US markets closed at record highs led higher by Wal-Mart Stores which rallied after an upbeat US e-commerce sales forecast.
- The Dow Jones and S&P 500 were up 0.31% and 0.23% respectively with consumer staples advancing 0.99%
- On the economic data front, NFIB Small Business Optimism index came in slightly below estimates at 103 index points.

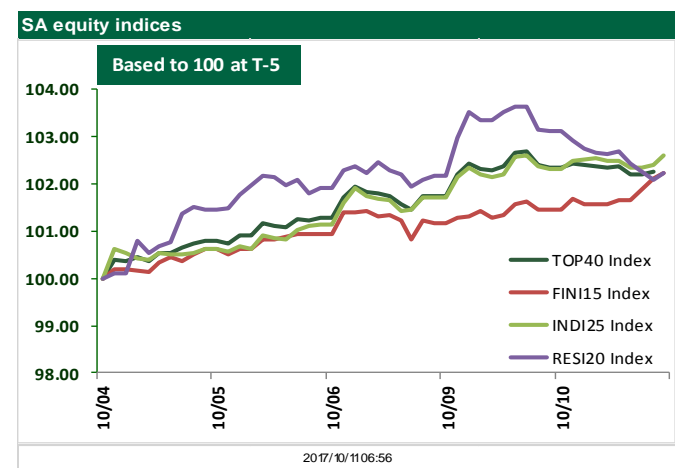
Asia

- Asians markets are strong this morning tracking their US counterparts higher as investors await the start of earnings season.
- The Nikkei is up 0.27% while the Hang Seng is flat.
- The Australian ASX is up 0.60% with the likes of BHP advancing 0.25%

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	22 830.68	0.31	1.90	15.52	↑
Nasdaq	6 587.25	0.11	1.41	22.37	↑
S&P 500	2 550.64	0.23	1.24	13.93	↑
DJ Eurostoxx 50	3 598.79	-0.32	0.11	9.37	↑
DAX	12 949.25	-0.21	0.94	12.79	↑
CAC	5 363.65	-0.04	0.63	10.31	↑
FTSE	7 538.27	0.40	2.24	5.54	↑
ASX200	5 772.50	0.60	1.60	1.88	↑
Nikkei 225	20 878.34	0.26	2.56	9.23	↑
MSCI World	2 021.56	0.42	1.05	15.44	↑
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	28 491.24	0.00	3.40	29.50	↑
Shanghai	3 394.27	0.33	1.35	9.36	↑
Brazil Bovespa	76 897.21	1.55	3.50	27.68	↑
India - NSE	32 075.80	0.47	2.53	20.47	↑
Russia Micex	2 086.91	-0.45	0.47	-6.53	↑
MSCI Emerging	1 112.53	1.10	2.85	29.02	↑
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	57 629.93	0.17	3.69	13.77	↑
Top 40	51 362.73	0.08	4.02	16.99	↑
Resi 10	36 654.14	-0.87	4.68	14.15	↑
Indi 25	79 025.89	0.27	4.35	22.94	↑
Fini 15	15 413.59	0.78	2.02	2.23	↑

Source: Bloomberg & Nedbank CIB
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Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

JSE performance

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
AGL : Anglo American Plc	257.59	-1.00	6.26	32.03	↑
ANG : AngloGold Ashanti Ltd	130.65	-1.74	2.63	-14.37	↑
APN : Aspen Pharmacare Holdings Lt	305.00	0.32	0.46	7.55	↑
BGA : Barclays Africa Group Ltd	143.50	0.35	3.24	-14.93	↑
BID : Bid Corp Ltd	309.00	-0.02	1.68	26.05	↑
BIL : Bhp Billiton Plc	249.64	-0.54	4.61	14.16	↑
BTI : British American Tobacco Plc	877.47	0.47	3.67	12.70	↑
BVT : Bidvest Group Ltd	179.31	-0.56	3.85	-1.07	↑
CFR : Financiere Richemont-Dep Rec	124.15	-0.66	1.02	36.82	↑
CPI : Capitec Bank Holdings Ltd	912.50	1.94	6.22	31.29	↑
DSY : Discovery Ltd	140.38	1.36	-0.20	22.60	↓
FFA : Fortress Income Fund Ltd-A	17.42	1.28	0.99	5.13	↑
FFB : Fortress Income Fund Ltd	40.09	2.14	3.46	24.00	↑
FSR : Firstrand Ltd	53.23	1.51	2.31	0.11	↑
GFI : Gold Fields Ltd	57.75	0.33	-2.09	32.48	↓
GRT : Growthpoint Properties Ltd	24.84	1.43	2.22	-4.06	↑
INL : Investec Ltd	99.53	-0.67	1.56	9.67	↑
INP : Investec Plc	100.15	-0.90	2.19	10.36	↑
ITU : Intu Properties Plc	41.40	-0.19	-0.48	-11.88	↓
LHC : Life Healthcare Group Holdin	26.18	-0.49	10.46	-13.69	↑
MEI : Mediclinic International Plc	121.63	-1.76	3.51	-6.44	↑
MND : Mondi Ltd	374.79	-1.20	3.68	33.86	↑
MNP : Mondi Plc	376.53	-1.26	3.78	35.09	↑
MRP : Mr Price Group Ltd	184.50	3.26	2.48	15.64	↑
MTN : Mtn Group Ltd	124.40	1.61	0.02	-1.40	↑
NED : Nedbank Group Ltd	208.52	0.59	2.90	-12.43	↑
NPN : Naspers Ltd-N Shs	3 191.04	0.02	9.28	58.55	↑
NRP : Nepi Rockcastle Plc	180.15	0.64	-2.04		↓
NTC : Netcare Ltd	25.16	1.37	5.71	-20.98	↑
OML : Old Mutual Plc	35.10	-1.13	0.09	1.92	↑
RDF : Redefine Properties Ltd	11.00	1.10	2.90	-1.70	↑
REI : Reinet Investments Sa-Dr	30.11	0.10	4.91	12.35	↑
REM : Rengro Ltd	223.73	1.89	8.96	0.30	↑
RMH : Rmb Holdings Ltd	63.49	1.15	-0.02	-4.38	↓
SAP : Sappi Limited	94.67	-1.44	2.84	5.25	↑
SBK : Standard Bank Group Ltd	162.96	1.56	3.26	7.39	↑
SHP : Shoprite Holdings Ltd	215.89	1.26	4.35	25.91	↑
SLM : Sanlam Ltd	68.56	1.36	1.33	9.00	↑
SNH : Steinhoff International H Nv	59.25	-0.44	-1.30	-16.88	↓
SOL : Sasol Ltd	392.00	-1.08	5.66	-1.73	↑
TBS : Tiger Brands Ltd	389.00	1.04	3.09	-2.22	↑
VOD : Vodacom Group Ltd	154.55	0.68	-4.09	1.41	↓
WHL : Woolworths Holdings Ltd	60.60	1.87	1.19	-14.67	↑

Source: Bloomberg & Nedbank CIB

Time 2017/10/11 07:27

UK

- Industrial production growth accelerated to 1.6% y/y in August, from 1.1% previously, better than consensus of 0.9%. The main drivers of output were chemicals, computers, pharmaceuticals, and wood and paper production. Electricity and energy production declined sharply while production of non-durable goods ticked higher.
- The low base from the immediate aftermath of the Brexit vote last year may have contributed to the better than expected factory activity in August. Nonetheless, the positive growth rate is testament to a global recovery which has been supportive of UK trade and car manufacturing recently.
- The UK trade deficit widened to £5.6 billion in August, from £4.2 billion previously, significantly worse than forecasts of £2.8 billion.
- Imports of fuel rose sharply, which weighed on the trade balance. Most of the deterioration on the trade account was due to significantly higher imports, as the sterling remains weak.

Synopsis: The BOE has had to contend with inflation well above target for an extended period of time and sluggish economic growth after confidence levels slumped and uncertainty surged after the Brexit decision. The BOE has stated that the next move in policy rates will be higher, but is unlikely to act soon due to the still low growth levels. Once growth is reignited, the BOE will probably gradually end its loose monetary policy stance.

SA

- SA Manufacturing production growth rebounded to 1.5% y/y in August, from -1.1% in July, better than consensus of 0.1%. In the 3 months to August, manufacturing output grew 2% q/q and may make a positive contribution to Q3 GDP growth. However, for the YTD, manufacturing activity is firmly negative and unlikely to recover this year, given low confidence levels and a PMI indicator which remains below 50-points.
- The main positive drivers of manufacturing production in August were sharply higher basic, iron and steel, metals and machinery production, production of glass, motor vehicle and parts which all surprised to the upside. Better export activity may add positively to manufacturing growth, but not meaningfully so to impact GDP growth substantially. Local uncertainties need to pass in order for the industry to show a meaningful turnaround in 2018 and beyond.

Synopsis: Growth is expected to remain below potential while inflation will likely remain below 6% over the next 12 to 18 months due to high base effects from last year, which means that the current environment of both low growth and low inflation is conducive to further rate cuts. We therefore anticipate two more rate cuts of 25 bps each from the SARB by 1H18 barring a sharp depreciation in the rand exchange rate during this period.

Economic calendar

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	Country	Event	Period	Survey	Actual	Prior	Revised
10-October							
01:50 AM	JN	BoP Current Account Adjusted	AUG	JPY 1979b	JPY 2267b	JPY 2033b	-
01:50 AM	JN	Trade Balance BoP Basis	AUG	JPY 264b	JPY 319b	JPY 567b	-
08:00 AM	GE	Current Account Balance	AUG	EUR 17.0b	EUR 17.8b	EUR 19.4b	EUR 19.6b
08:00 AM	GE	Exports SA MoM	AUG	1.10%	3.10%	0.20%	-
08:00 AM	GE	Imports SA MoM	AUG	0.50%	1.20%	2.20%	2.40%
08:00 AM	GE	Trade Balance	AUG	EUR 19.5b	EUR 20.0b	EUR 19.5b	EUR 19.3b
10:30 AM	UK	Industrial Production YoY	AUG	0.90%	1.60%	0.40%	1.10%
10:30 AM	UK	Manufacturing Production YoY	AUG	1.90%	2.80%	1.90%	2.70%
10:30 AM	UK	Trade Balance	AUG	GBP -2800m	GBP -5626m	GBP -2872m	GBP -4236m
01:00 PM	SA	Manufacturing Prod NSA YoY	AUG	-0.10%	1.50%	-1.40%	-1.10%
02:00 PM	UK	NIESR GDP Estimate	SEP	-	0.40%	0.40%	0.50%
11-October							
01:50 AM	JN	Machine Orders YoY	AUG	0.70%	4.40%	-7.50%	-
04:00 PM	US	JOLTS Job Openings	AUG	6135	-	6170	-
08:00 PM	US	FOMC Meeting Minutes	SEP 20	-	-	-	-
12-October							
01:50 AM	JN	PPI YoY	SEP	3.00%	-	2.90%	-
11:00 AM	EC	Industrial Production WDA YoY	AUG	2.60%	-	3.20%	-
11:30 AM	SA	Gold Production YoY	AUG	-	-	3.90%	-
11:30 AM	SA	Mining Production YoY	AUG	0.50%	-	0.90%	-
11:30 AM	SA	Platinum Production YoY	AUG	-	-	-4.98%	-
02:30 PM	US	PPI Final Demand YoY	SEP	2.60%	-	2.40%	-

Source: Bloomberg 2017/10/11 06:56

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Bond Trading
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Forex Business Banking Sales Desk
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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;
CTN (021) 413 9300

Preference shares desk
(011) 535 4072

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