

17 October 2017 | 7:28 AM

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(* when available)*

Key daily drivers




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SNIPPETS

(Fixed Income)	The USD strengthens and US rates kick up as The White House is reported to favour a more hawkish Taylor for the Fed chair, and SAGBs open weaker in line
(Currencies)	Foreign Exchange markets medium term focus now on December FOMC
(Commodities)	Oil maintains the rally due to concerns over Brent production and gold loses ground due to diminished safe-haven demand
(Equities)	The Top40 closed up 0.5%, European markets were mixed and Wall Street grinds to a new high
(Economics)	Eurozone trade surplus widens in August
(Foreign flows)	Foreign flows post surprising turn, with sharp equity inflows and small bond market outflows for the MTD

Key overnight factors and upcoming events this week

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Date	Region	Event   	Actual/expected/prior	Implications
16/10	EZ	Trade balance	21.6b/20.2b/17.9b	Surplus widened as exports rose, imports marginally higher
17/10	UK	CPI yoy	--/--/2.9%	CPI is expected to rise to 3%, will test the BOE's tolerance for elevated CPI
17/10	US	Industrial production	--/0%/-0.9%	Industrial activity likely affected by adverse weather conditions in September

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	7.06	0.55	11.35	-86.35	↑
R208-3.5 yrs	7.56	0.45	6.95	-72.25	↑
R186-9.2 yrs	8.64	0.75	8.55	-27.45	↑
R2048-30.4 yrs	9.80	0.40	7.50	17.80	↑
US 10 yr	2.31	0.18	-2.84	-13.91	↓
UK 10 yr	1.34	-3.10	-2.90	9.70	↓
German 10 yr	0.37	-3.10	-9.20	16.40	↓
Japan 10 yr	0.07	0.60	0.20	2.40	↑
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	7.03	0.00	3.30	-33.30	↑
SA 3m NCD	7.00	0.00	2.50	-37.50	↑
SA 6m NCD	7.40	0.00	-2.50	-57.50	↓
SA 12m NCD	7.83	0.00	5.00	-62.50	↑
US 3m LIBOR	1.35	0.06	2.00	35.60	↑
UK 3m LIBOR	0.38	0.50	4.38	1.21	↑
Japan 3m LIBOR	-0.03	0.34	1.71	1.24	↑

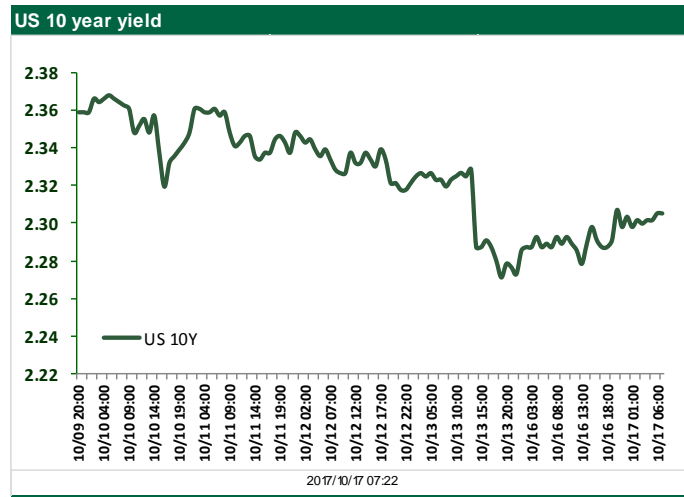
Source: Bloomberg & Nedbank CIB
Time: 2017/10/17 07:22

FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
3X6 FRA	6.94	0.00	3.00	-45.00	↑
6X9 FRA	6.80	0.00	4.00	-62.00	↑
9X12 FRA	6.76	0.00	4.00	-69.00	↑
18X21 FRA	6.91	0.00	8.00	-62.00	↑
SA 2yr Sw ap	6.88	-0.50	5.00	-58.10	↑
SA 3yr Sw ap	7.00	0.00	6.00	-55.60	↑
SA 5yr Sw ap	7.28	0.00	4.00	-53.10	↑
SA 10yr Sw ap	7.89	0.00	3.50	-44.10	↑
SA 15yr Sw ap	8.18	0.00	0.75	-30.25	↑
Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
2v10y	-1.01	-0.50	1.50	-14.00	↑
3v10y	-0.89	0.00	2.50	-11.50	↑
R186-R204	1.57	0.20	-2.80	58.90	↓
R2048-R186	1.16	-0.35	-1.05	45.25	↓
5y-R186	-1.36	-0.75	-4.55	-25.65	↓
10y-R186	-0.75	-0.75	-5.05	-16.65	↓
15y-R186	-0.45	-0.75	-7.80	-2.80	↓
SA 5yr CDS spread - basis points	170.00	0.00	-17.00	-45.00	↓

Source: Bloomberg & Nedbank CIB
Time: 2017/10/17 07:22

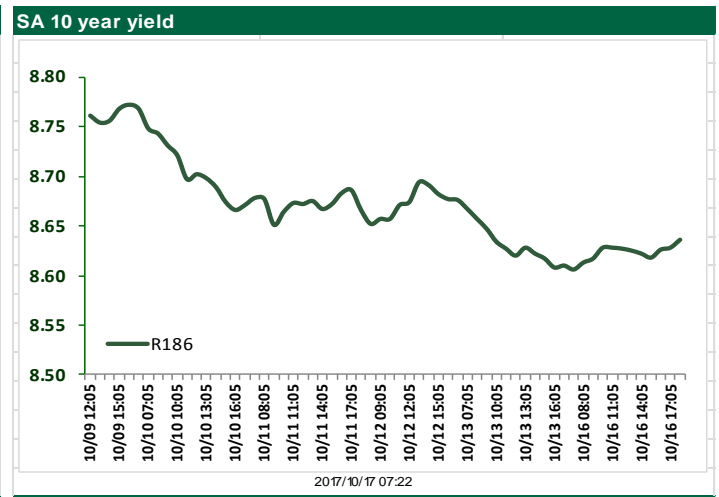
- The USD strengthens and US rates kick up as The White House is reported to favour a more hawkish Taylor for the Fed chair, and SAGBs open weaker in line. Meaningful further steepening after MTM last night cheapens up the auction but it remains to be seen whether this is sufficient to attract the offshore bid. Local remains sidelined/offered so close to MTBPS next week.

US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield



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

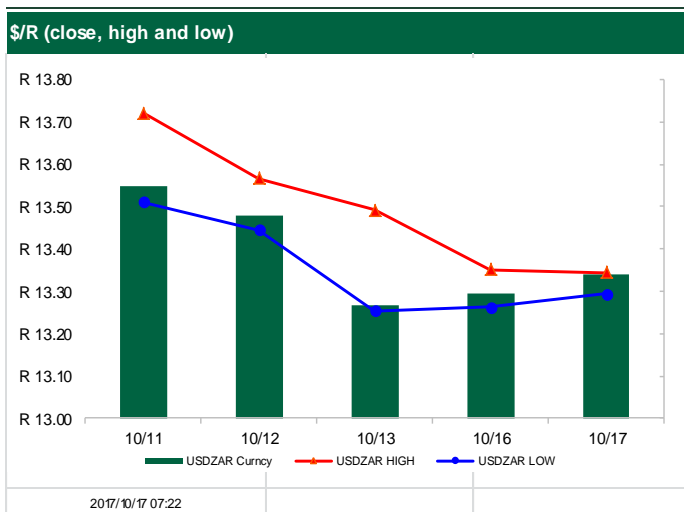
- The new week opened with the rand trading around the 13.30 level, after a remarkable recovery over the past week, the local unit struggled to find a catalyst for further strength, price action particularly subdued on the day, trading between 13.2625 and 13.3500 during the local session. This morning the rand is currently trading at 13.3400, EURZAR at 15.7105 and GBPZAR is trading at 17.6830.
- On the international front a similarly subdued trading session for the major currency pairs post the IMF meeting, EURUSD trading around the 1.1800 pivot, although with a slightly weaker bias generally, this morning currently trading at 1.1778. After having breached above the 1300.00 level yesterday, gold has drifted back below that pivot to currently trade at 1292.50.
- Data releases scheduled for today, no local releases, from Europe we have Italian trade, Eurozone CPI, German ZEW and various U.K releases, from the U.S we have import prices, export prices, capacity utilisation, NAHB housing and net capital flows.
- Possible trading range in the rand today 13.2500 to 13.5000.

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBPUSD	1.33	-0.22	-1.06	7.42	↓	USD strength
EURUSD	1.18	-0.27	-0.30	11.99	↓	USD strength
USDJPY	112.18	0.37	-0.29	-4.26	↓	USD weakness
USDAUD	1.27	0.17	-0.20	-8.26	↓	USD weakness
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	13.34	0.34	-1.65	-3.01	↓	ZAR strength
GBPZAR	17.68	0.12	-2.73	4.18	↓	ZAR strength
EURZAR	15.71	0.07	-1.95	8.02	↓	ZAR strength
AUDZAR	10.47	0.16	-1.47	5.43	↓	ZAR strength
ZARJPY	8.41	0.02	1.55	-1.43	↑	ZAR strength
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMWK (Malawian kwacha)	54.36	-0.34	1.33	2.54	↑	ZAR strength
ZARBWP (Botswana pula)	0.77	-0.03	0.96	-1.29	↑	ZAR strength
ZARKES (Kenyan shilling)	7.75	-0.33	1.78	3.68	↑	ZAR strength
ZARMUR (Mauritian rupee)	2.50	-2.28	0.08	-4.77	↑	ZAR strength
ZARNGN (Nigerian naira)	27.01	-0.33	1.82	15.07	↑	ZAR strength
ZARGHS (Ghanian cedi)	0.33	-0.24	1.00	5.38	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.73	0.12	1.35	0.23	↑	ZAR strength
ZARMZN (Mozambican metical)	4.62	-0.34	2.08	-12.88	↑	ZAR strength

Source: Bloomberg & Nedbank CIB Time: 2017/10/17 07:22

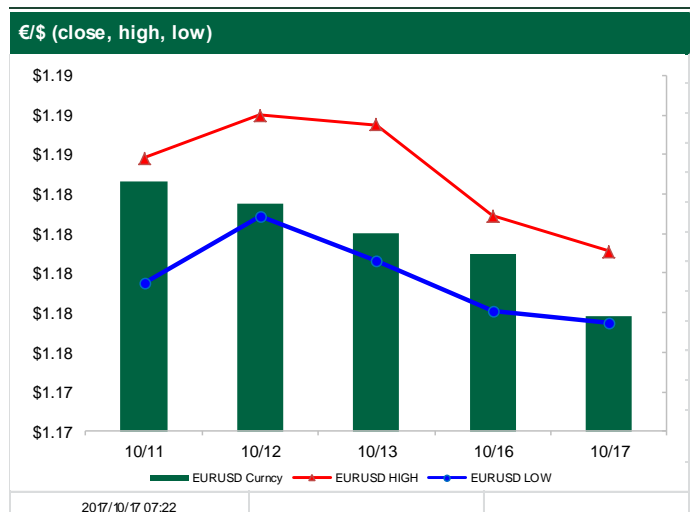
**Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks*

USDZAR



Source: Bloomberg, Nedbank

EUR/USD



Source: Bloomberg, Nedbank

Commodities

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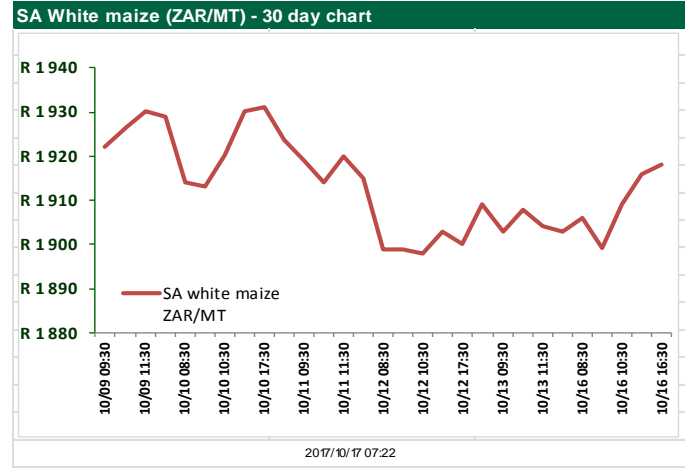
- Rising tensions in OPEC's second-biggest producer as Iraq's government violently clashes with the semi-autonomous Kurdish region are sustaining oil's gains. WTI at \$51.81 a barrel after climbing 0.8% yesterday.
- Gold held a decline on diminished haven demand as stocks gain in Asia and as odds climb that next Fed chair will be more hawkish. Bullion for immediate delivery steady at \$1,295.08/oz after Monday's -0.6%.

Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	57.82	0.00	0.49	1.76	↑
WTI crude (\$)	51.78	-0.17	0.21	-3.61	↑
Gold spot (\$)	1 292.59	-0.85	1.00	12.64	↑
Platinum spot (\$)	932.41	-0.89	2.23	3.25	↑
SA white maize spot (R)	1 918.00	0.79	1.32	-45.85	↑

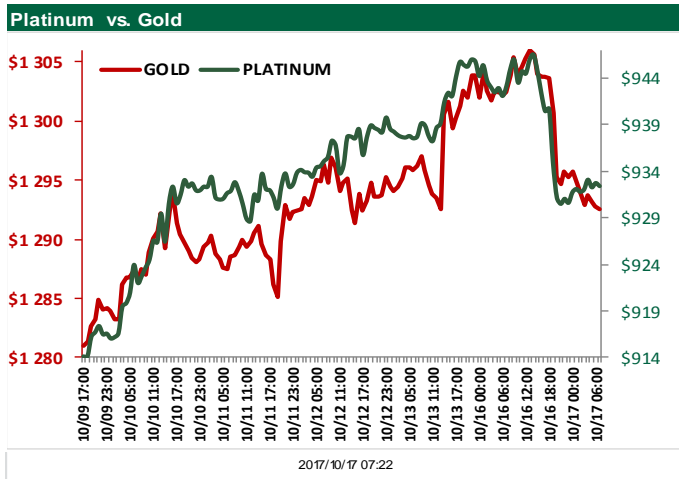
Source: Bloomberg & Nedbank CIB
Time: 2017/10/17 07:22

SA white maize



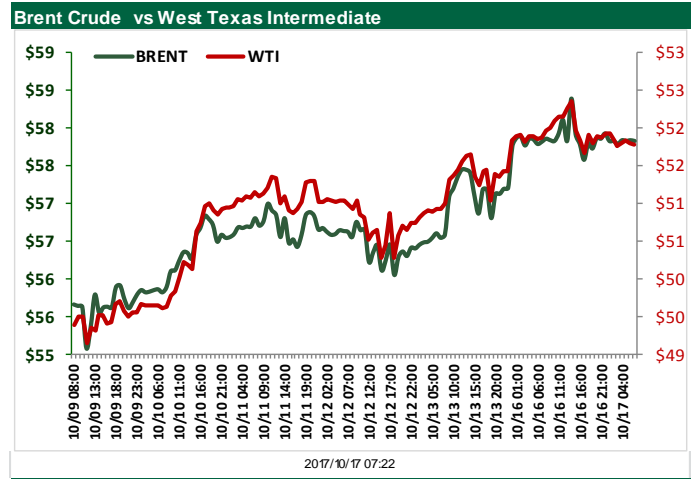
Source: Bloomberg, Nedbank

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

- A jump in commodity prices during Asian trade Monday morning and Tencent trading higher in Hong Kong set up our market for a strong open. We gapped up 400 points at the open then traded in a narrow sideways direction before a sharp sell-off to close the Top40 up 263 (+0.5%) points. Resources rallied +1.2%, financials added +0.1% and industrials gained +0.4%. Greenbay has made an offer to Group Five to acquire some of their European assets, the former shed -0.4% while the latter surged +25%. Impala purchased 15% of the Waterberg Project for \$30 million with an option to increase its shareholding to 50% for \$165 million. The value traded was R21.5 billion and the rand was hovering around 13.29 to the US dollar at the close.

UK/Europe

- European markets exhibited a lack of direction and fluctuated across the unchanged mark before closing mixed. The Dax inched up by +0.1%, the FTSE lost -0.1% and the Cac climbed +0.1%. Uncertainty with regards to the way forward for the Catalonians and profit taking caused the lack of direction. Positive Chinese data and higher commodity prices supported mining stocks. Medical technology company ConvaTec tumbled -28% after lowering its full year revenue.

USA

- US markets marched to yet another record as the positive momentum from the previous sessions propelled the market higher. The Dow advanced by +0.4%, the Nasdaq rose +0.3% and the S&P500 added +0.2%. Optimism about tax reforms and corporate earnings lifted markets. Goldman Sachs, Johnson & Johnson, Morgan Stanley, General Electric and IBM are reporting later this week. On the day banking stocks outperformed while gold stocks lagged.

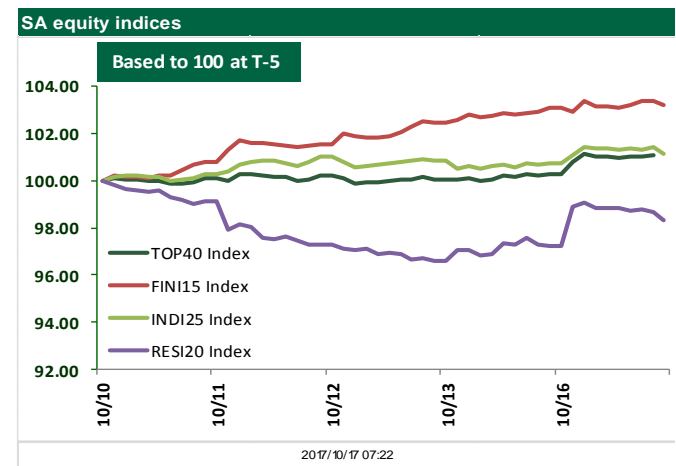
Asia

- Asian stocks are trading higher this morning taking the que from a record high on Wall Street, the MSCI Asian Pacific is up +0.1%. The resources heavy Australian market is being supported by higher commodity prices. Rio Tinto reported firm a +6% yoy iron ore shipment and maintained their revised full year shipment guidance. BHP Billiton and Rio Tinto are trading up +1%. In Hong Kong Tencent is currently trading down -0.2%.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	22 956.96	0.37	2.46	16.16	↑
Nasdaq	6 624.01	0.28	1.97	23.05	↑
S&P 500	2 557.64	0.18	1.52	14.24	↑
DJ Eurostoxx 50	3 606.27	0.05	0.32	9.60	↑
DAX	13 003.70	0.09	1.36	13.26	↑
CAC	5 362.88	0.21	0.62	10.29	↑
FTSE	7 526.97	-0.11	2.09	5.38	↑
ASX200	5 889.60	0.73	3.66	3.95	↑
Nikkei 225	21 303.14	0.22	4.65	11.45	↑
MSCI World	2 029.89	0.09	1.47	15.91	↑
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	28 730.61	0.13	4.27	30.59	↑
Shanghai	3 380.52	0.06	0.94	8.92	↑
Brazil Bovespa	76 891.84	-0.13	3.50	27.67	↑
India - NSE	32 572.25	-0.19	4.12	22.33	↑
Russia Micex	2 106.39	0.36	1.41	-5.66	↑
MSCI Emerging	1 131.82	0.52	4.63	31.26	↑
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	58 163.56	0.50	4.65	14.83	↑
Top 40	51 713.37	0.51	4.73	17.79	↑
Resi 10	36 359.93	1.16	3.84	13.24	↑
Indi 25	79 685.64	0.39	5.23	23.96	↑
Fini 15	15 781.14	0.12	4.45	4.66	↑

Source: Bloomberg & Nedbank CIB
Time 20/10/17 07:22

Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

Last day to trade

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Share code	Share name	Dividend / interest rate
17 October 2017		
CGN	Cognition Holdings Ltd	dividend @ 8.5cps
CPI	Capitec Bank Ltd	dividend @ 525cps
ELR	ELB Group Ltd	dividend @ 50cps
GTR	Grit Real Estate Inc Grp	dividend @ 18.9612cps
IBRP1	IB redeemable Pref1 Mar21	dividend @ 1448.902080
ILRP2	IL redeemable Pref2 Mar19	dividend @ 1448.90208cps
IMRP2	IM redeemable Pref2 Aug21	dividend @ 9998.34260cps
ITU	Intu Props plc	Dividend Option @ 84.068220cps
NIV	Niveus Investments Ltd	Unbundling - distribution in specie 3.619 GameCo : 1
RCL	RCL Foods Ltd	dividend @ 20cps
RLF	Rolfes Technology Africa	dividend @ 4cps
SFN	Sasfin Holdings Ltd	dividend @ 160.42cps
SHFF	Steinhoff International Hldg Ltd - Pref	dividend @ 429.56cps
TLM	Telemasters Holdings Ltd	dividend @ 1cps
WBO	Wilson Bayly Holmes-Ovcon Ltd	dividend @ 325cps

Source: JSE

JSE performance

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
AGL : Anglo American Plc	262.03	0.36	8.09	34.31	↑
ANG : Anglogold Ashanti Ltd	128.84	3.46	1.21	-15.56	↑
APN : Aspen Pharmacare Holdings Lt	322.00	0.16	6.06	13.55	↑
BGA : Barclays Africa Group Ltd	148.35	0.58	6.73	-12.06	↑
BID : Bid Corp Ltd	314.38	-0.76	3.45	28.24	↑
BIL : Bhp Billiton Plc	251.95	1.63	5.58	15.21	↑
BTI : British American Tobacco Plc	854.84	-0.60	0.99	9.79	↑
BVT : Bidvest Group Ltd	178.17	1.11	3.19	-1.70	↑
CFR : Financiere Richemont-Dep Rec	121.13	-0.93	-1.44	33.49	↓
CPI : Capitec Bank Holdings Ltd	949.80	1.26	10.56	36.66	↑
DSY : Discovery Ltd	143.40	0.43	1.95	25.24	↑
FFA : Fortress Income Fund Ltd-A	17.49	-1.46	1.39	5.55	↑
FFB : Fortress Income Fund Ltd	40.41	0.02	4.28	24.99	↑
FSR : Firstrand Ltd	53.31	-0.07	2.46	0.26	↑
GFI : Gold Fields Ltd	56.12	3.79	-4.85	28.75	↓
GRT : Growthpoint Properties Ltd	25.50	-0.20	4.94	-1.51	↑
INL : Investec Ltd	98.66	-0.04	0.67	8.72	↑
INP : Investec Plc	98.69	-0.12	0.70	8.75	↑
ITU : Intu Properties Plc	41.00	0.49	-1.44	-12.73	↓
LHC : Life Healthcare Group Holdin	27.17	-0.11	14.64	-10.42	↑
MEI : Mediclinic International Plc	119.06	-0.58	1.32	-8.42	↑
MND : Mondi Ltd	335.85	-0.20	-7.09	19.95	↓
MNP : Mondi Plc	336.24	-0.56	-7.32	20.64	↓
MRP : Mr Price Group Ltd	185.57	0.20	3.07	16.31	↑
MTN : Mtn Group Ltd	126.69	0.73	1.86	0.41	↑
NED : Nedbank Group Ltd	216.17	-0.20	6.67	-9.22	↑
NPN : Naspers Ltd-N Shs	3 253.00	1.66	11.40	61.62	↑
NRP : Nepi Rockcastle Plc	192.13	1.54	4.48		↑
NTC : Netcare Ltd	25.55	-0.43	7.35	-19.76	↑
OML : Old Mutual Plc	35.50	-0.67	1.23	3.08	↑
RDF : Redefine Properties Ltd	10.94	-0.73	2.34	-2.23	↑
REI : Reinet Investments Sa-Dr	29.10	0.34	1.39	8.58	↑
REM : Rengro Ltd	227.90	0.24	10.99	2.17	↑
RMH : Rmb Holdings Ltd	64.99	0.02	2.35	-2.12	↑
SAP : Sappi Limited	92.05	0.69	-0.01	2.33	↓
SBK : Standard Bank Group Ltd	171.51	0.30	8.68	13.02	↑
SHP : Shoprite Holdings Ltd	216.83	0.06	4.80	26.46	↑
SLM : Sanlam Ltd	72.31	0.65	6.87	14.96	↑
SNH : Steinhoff International H Nv	60.40	-0.84	0.62	-15.26	↑
SOL : Sasol Ltd	391.55	1.10	5.54	-1.84	↑
TBS : Tiger Brands Ltd	394.50	0.03	4.54	-0.84	↑
VOD : Vodacom Group Ltd	156.45	0.13	-2.91	2.66	↓
WHL : Woolworths Holdings Ltd	61.15	-0.97	2.10	-13.90	↑

Source: Bloomberg & Nedbank CIB

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Economics

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Europe

- Eurozone trade surplus widened to €21.6 billion in August, from 17.9 billion in July, better than consensus of €20.2 billion. Exports surged 2.5% m/m, while imports rose by a muted 0.4%.
- The surpluses in Germany, France and Italy widened, while the deficits of most other member states narrowed, probably due to a surge in exports from the region as a whole.

Synopsis: There have been growing calls for tighter monetary policy from the ECB as the economic recovery strengthens. Despite this the ECB has continued to defend its loose monetary policy stance by citing subdued underlying inflation. The ECB may have buckled under pressure in that it has said it will review its monetary policy stance in October. We may see further debate within the GC for tapering of QE to begin next year.

Foreign flows

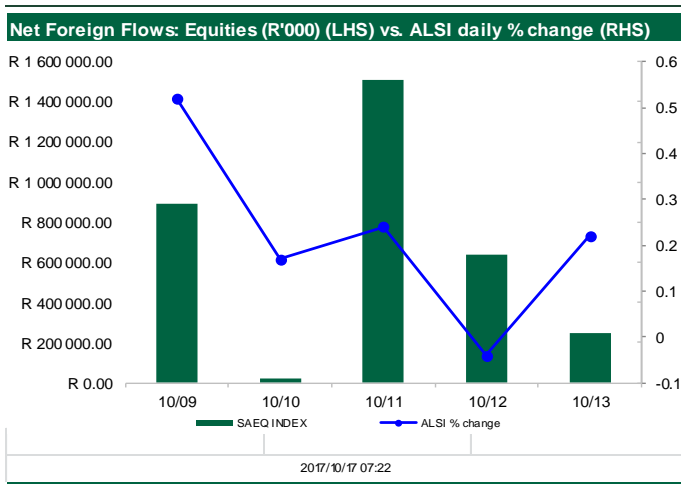
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- Foreign flows were surprisingly upbeat last week, with inflows of R3.3 billion into the equity market, and R0.631 billion worth of inflows into the bond market. This was the biggest weekly inflow into the equity market in 12 weeks, and the smallest inflow into the bond market in 8 weeks.
- As a result of a month-to-date inflow of R4.8 billion into equities, the YTD trend now reflects a small outflow of R138 million. In contrast, MTD outflows from the bond market are R1.07 billion as nervousness starts to grip foreign investors as a result of a flare up in geopolitical tensions, uncertainty over US tax policies, and local political woes.

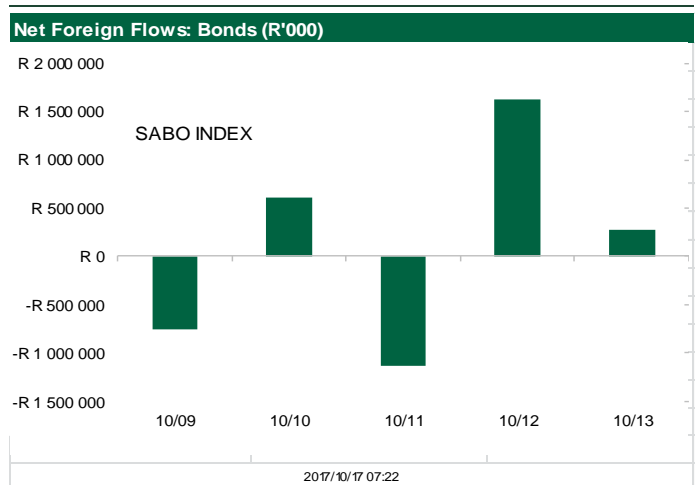
SA equities and bonds (bn)	Week to 13 Oct 2017	Month to 13 Oct 2017	Year to 13 Oct 2017
Foreign flows into SA equity market	R 3.312	R 4.766	-R 68.590
Foreign flows into SA bond market	R 0.631	-R 1.071	R 68.452
Total foreign flows	R 3.942	R 3.695	-R 0.138
Source: Bloomberg	2017/10/17 07:22		

Foreign equity flows: 5-day history



Source: Bloomberg, Nedbank

Foreign bond flows: 5-day history



Source: Bloomberg, Nedbank

Economic calendar

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	Country	Event	Period	Survey	Actual	Prior	Revised
16-October							
03:30 AM	CH	CPI YoY	SEP	1.60%	1.60%	1.80%	-
03:30 AM	CH	PPI YoY	SEP	6.40%	6.90%	6.30%	-
06:30 AM	JN	Industrial Production YoY	AUG F	5.20%	5.30%	5.30%	-
08:00 AM	GE	Wholesale Price Index YoY	SEP	-	3.40%	3.20%	-
11:00 AM	EC	Trade Balance SA	AUG	EUR 20.2b	EUR 21.6b	EUR 18.6b	EUR 17.9b
17-October							
10:30 AM	UK	CPI YoY	SEP	3.00%	-	2.90%	-
10:30 AM	UK	PPI Input NSA YoY	SEP	8.20%	-	7.60%	-
11:00 AM	EC	CPI Core YoY	SEP F	1.10%	-	1.10%	-
11:00 AM	EC	ZEW Survey Expectations	OCT	-	-	31.7	-
11:00 AM	GE	ZEW Survey Current Situation	OCT	88.5	-	87.9	-
11:00 AM	GE	ZEW Survey Expectations	OCT	20.0	-	17.0	-
11:00 AM	EC	CPI YoY	SEP F	1.50%	-	1.50%	-
03:15 PM	US	Capacity Utilization	SEP	76.20%	-	76.10%	-
03:15 PM	US	Industrial Production MoM	SEP	0.30%	-	-0.90%	-
03:15 PM	US	Manufacturing (SIC) Production	SEP	0.20%	-	-0.30%	-
10:00 PM	US	Net Long-term TIC Flow s	AUG	-	-	USD 1.3b	-
10:00 PM	US	Total Net TIC Flow s	AUG	-	-	USD -7.3b	-
18-October							
10:00 AM	SA	CPI YoY	SEP	5.00%	-	4.80%	-
10:30 AM	UK	ILO Unemployment Rate 3Mths	AUG	4.30%	-	4.30%	-
01:00 PM	SA	Retail Sales Constant YoY	AUG	2.70%	-	1.80%	-
02:30 PM	US	Building Permits	SEP	1245k	-	1272k	-
02:30 PM	US	Building Permits MoM	SEP	-2.12%	-	3.40%	-
02:30 PM	US	Housing Starts	SEP	1175k	-	1180k	-
02:30 PM	US	Housing Starts MoM	SEP	-0.42%	-	-0.80%	-

Source: Bloomberg

2017/10/17 07:22

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