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Key daily drivers




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SNIPPETS

(Fixed Income)	SAGBs open stronger this morning, however markets are likely to remain cautious of headlines from the ANC NEC
(Currencies)	A very quiet day for the Rand on Thursday as it traded through the local session in a 12.42-12.50 range
(Commodities)	Gold rallies on the back of dollar weakness; Brent crude remains elevated and close to a 3yr high
(Equities)	Property counters take a beating as APN seems to be in the clear of the rumour mill
(Economics)	SA manufacturing output disappoints in November; Eurozone industrial production upbeat; US PPI eases in December; Japanese current account surplus narrows in November

Key overnight factors and upcoming events this week

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Date	Region	Event   	Actual/expected/prior	Implications
08-12/01	SA	Manufacturing PMI	--/--/48.6	PMI is expected to improve marginally but remain below 50-points in December
11/01	SA	Manufacturing production	1.7%/2.3%/1.8%	Manufacturing production disappoints, driven by textiles and petroleum
11/01	SA	Political events	--	ANC NEC meeting underway, local media reports possible discussion of the removal of President Zuma
12/01	US	CPI	--/2.1%/2.2%	US inflation is expected lower as a result of low underlying inflation and lower PPI

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	
R204-0.9 yrs	7.13	-0.95	6.65	6.65	↑
R208-3.2 yrs	7.56	-0.05	-0.35	-0.35	↓
R186-8.9 yrs	8.59	-0.40	0.30	0.30	↑
R2048-30.1 yrs	9.65	-0.35	-6.55	-6.55	↓
US 10 yr	2.54	0.58	13.71	13.71	↑
UK 10 yr	1.31	2.30	11.90	11.90	↑
German 10 yr	0.58	3.80	15.40	15.40	↑
Japan 10 yr	0.07	-0.30	2.10	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	0.00	→
SA prime rate	10.25	0.00	0.00	0.00	→
SA CPI (MTD = previous month)	4.60		-20.00		↓
SA 3m JIBAR	7.16	0.00	0.00	0.00	→
SA 3m NCD	7.15	1.25	0.00	0.00	→
SA 6m NCD	7.63	5.00	2.50	2.50	↑
SA 12m NCD	8.00	2.50	10.00	10.00	↑
US 3m LIBOR	1.72	1.11	2.59	2.59	↑
UK 3m LIBOR	0.52	-0.33	-0.16	-0.16	↓
Japan 3m LIBOR	-0.03	-0.73	-0.93	-0.93	↓

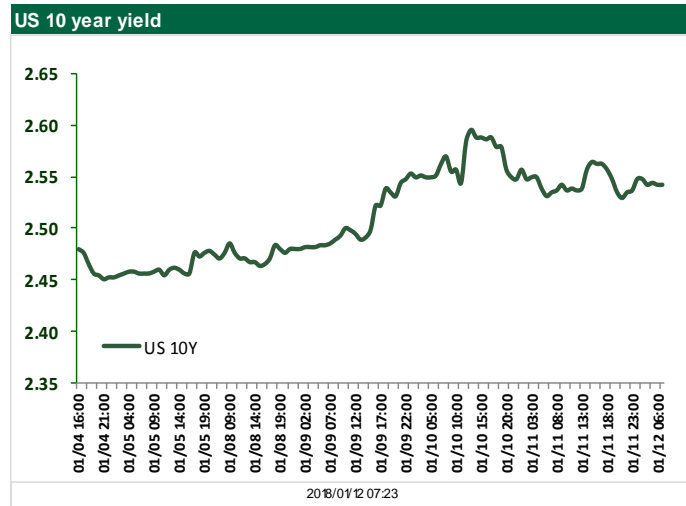
Source: Bloomberg & Nedbank CIB
Time: 2018/01/12 07:23

FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
3X6 FRA	6.97	-1.00	8.00	8.00	↑
6X9 FRA	6.87	-1.00	5.00	5.00	↑
9X12 FRA	6.82	-1.00	3.00	3.00	↑
18X21 FRA	7.04	-1.00	6.00	6.00	↑
SA 2yr Sw ap	6.98	-0.86	4.46	4.46	↑
SA 3yr Sw ap	7.13	-0.44	7.56	7.56	↑
SA 5yr Sw ap	7.40	-2.50	7.00	7.00	↑
SA 10yr Sw ap	7.95	-2.50	2.50	2.50	↑
SA 15yr Sw ap	8.19	-2.50	2.50	2.50	↑

Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
2v10y	-0.97	1.64	1.96	1.96	↑
3v10y	-0.82	2.06	5.06	5.06	↑
R186-R204	1.46	0.55	-6.35	-6.35	↓
R2048-R186	1.06	0.05	-6.85	-6.85	↓
5y-R186	-1.19	-2.10	6.70	6.70	↑
10y-R186	-0.64	-2.10	2.20	2.20	↑
15y-R186	-0.41	-2.10	2.20	2.20	↑
SA 5yr CDS spread - basis points	143.00	-0.50	-14.00	-14.00	↓

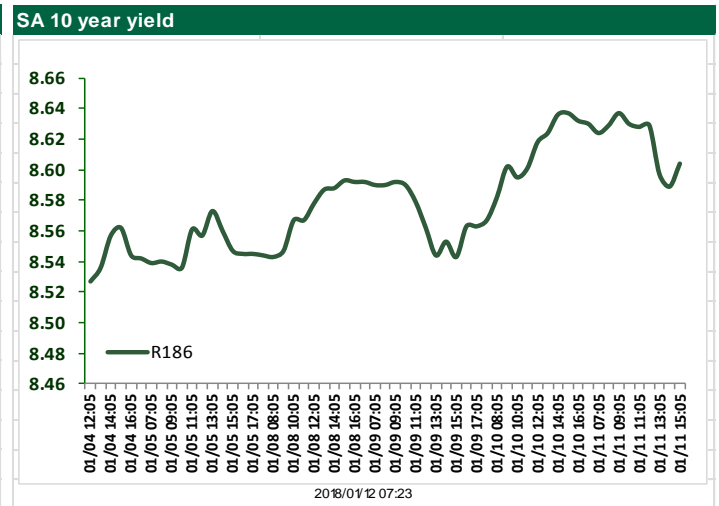
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US 10 year yield



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

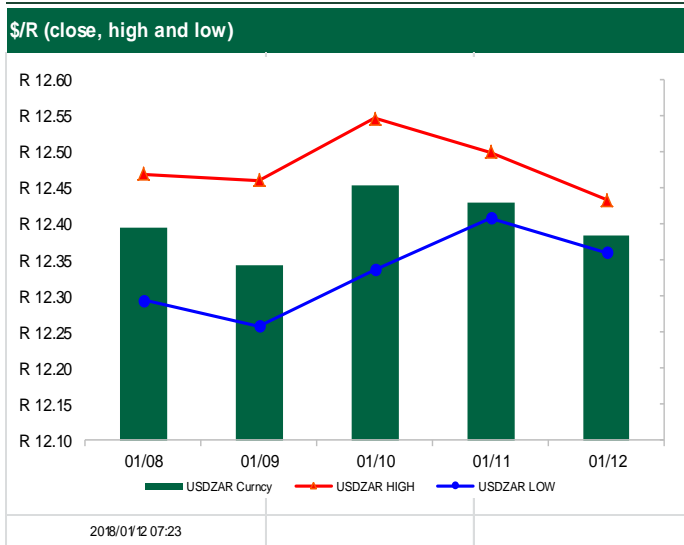
- A very quiet day for the Rand on Thursday as it traded through the local session in a 12.42-12.50 range with no real flows to talk about and no real local news headlines. The New York session saw the rand trade slightly stronger towards 12.3600 as the general Dollar weakness finally fed through to the Rand but overall not much to write home about. Even though we have a New York holiday on Monday we may see some rand interest depending on what Cyril and the ANC have to say over the weekend. Locally the summer holidays come to an end next week as the schools go back so hopefully local flows should start gradually getting back to some normality.
- The mover of the day yesterday was Eur as it strengthened quite nicely from its 1.1930 low to close the New York session around 1.2035 due to weaker US PPI numbers and also expectations that the ECB may start to tweak their monetary policy in early 2018. This morning it holds onto its gains trading in a 1.2034-1.2065 range.
- Don't expect too much again today as we head into a New York long weekend, US CPI 12H30 GMT. Expected range 12.2500-12.5000.

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBFUSD	1.36	0.04	0.27	0.27	↑	USD weakness
EURUSD	1.21	0.15	0.42	0.42	↑	USD weakness
USDJPY	111.20	-0.13	-1.34	-1.34	↓	USD weakness
USDAUD	1.27	0.01	-1.00	-1.00	↓	USD weakness
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	12.38	-0.38	0.01	0.01	↑	ZAR weakness
GBPZAR	16.78	-0.31	0.37	0.37	↑	ZAR weakness
EURZAR	14.93	-0.23	0.50	0.50	↑	ZAR weakness
AUDZAR	9.77	-0.37	1.04	1.04	↑	ZAR weakness
ZARJPY	8.98	0.25	-0.54	-0.54	↓	ZAR weakness
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMMK (Malawian kwacha)	58.53	0.33	-0.12	-0.12	↓	ZAR weakness
ZARBWP (Botswana pula)	0.80	0.64	0.56	0.56	↑	ZAR strength
ZARKES (Kenyan shilling)	8.33	0.39	-0.14	-0.14	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.71	0.23	-0.71	-0.71	↓	ZAR weakness
ZARNGN (Nigerian naira)	29.02	0.21	-0.11	-0.11	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.37	0.68	0.60	0.60	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.80	2.50	-1.01	-1.01	↓	ZAR weakness
ZARMZN (Mozambican metical)	4.73	0.36	-0.09	-0.09	↓	ZAR weakness

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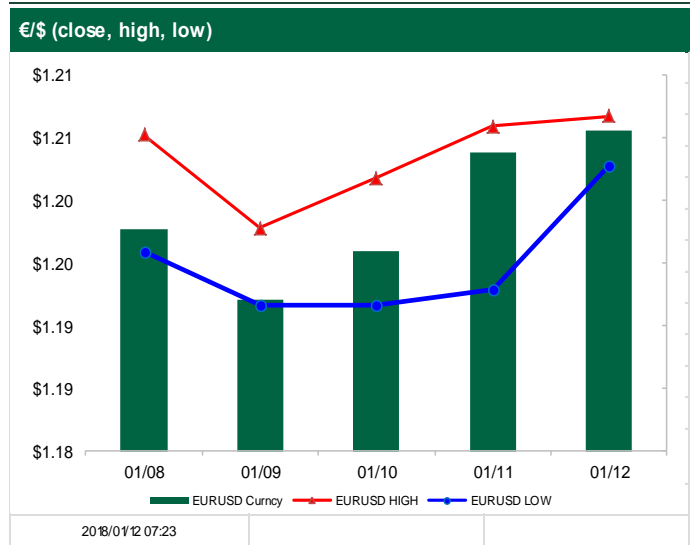
**Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks*

USDZAR



Source: Bloomberg, Nedbank

EUR/USD



Source: Bloomberg, Nedbank

Commodities

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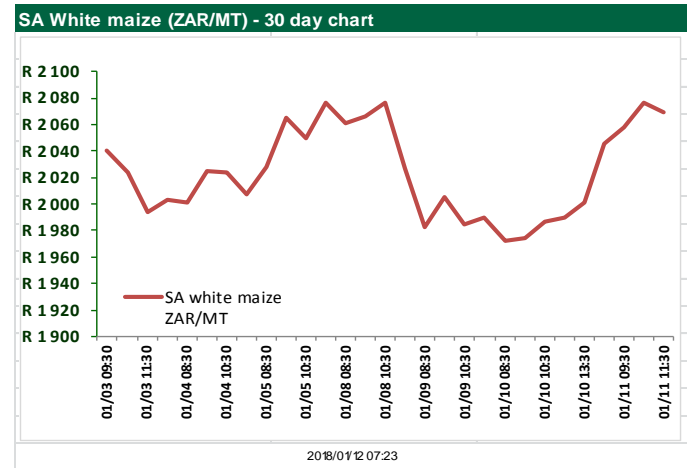
- Gold climbs as the dollar drops and markets turn their attention to US inflation data today, longest stretch of weekly gains in nine months. Bullion for immediate delivery +0.5% to \$1,3289/oz. Silver +0.2% to \$17.0158/oz; -1.2% this week
- Platinum heads for fifth weekly gain, Palladium +0.3% to \$1,089.17/oz to pare first weekly decline in five. Aluminum climbs weekly decline as metals firmer after China trade data underscore solid global recovery and domestic economy.
- Oil prices lower this morning after hitting their highest levels since December 2014, despite the dip analysts said market fundamentals going into 2018 were strong due to on-going OPEC and Russia lead production cuts.

Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	69.27	0.01	3.59	3.59	↑
WTI crude (\$)	63.63	-0.27	5.31	5.31	↑
Gold spot (\$)	1 329.06	0.51	2.02	2.02	↑
Platinum spot (\$)	990.64	0.55	6.72	6.72	↑
SA w white maize spot (R)	2 069.00	3.40	8.89	8.89	↑

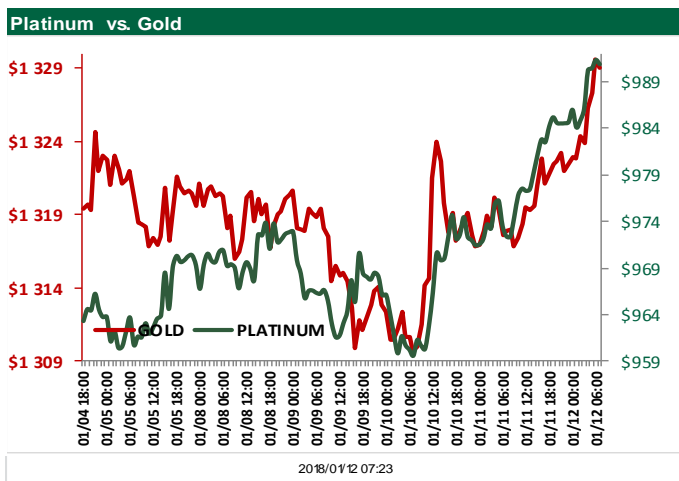
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SA white maize



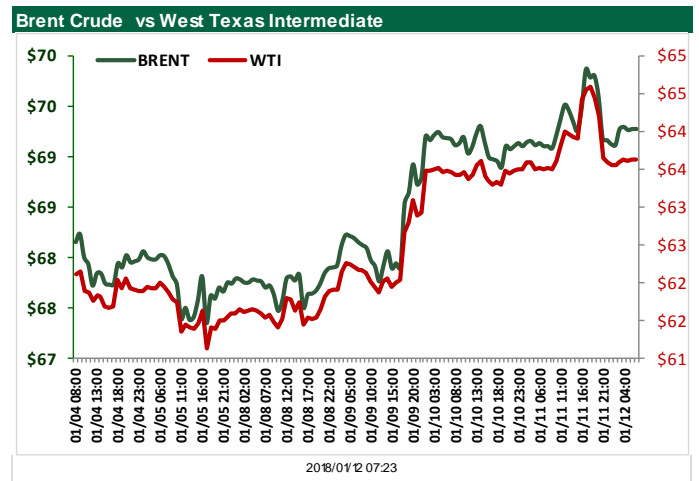
Source: Bloomberg, Nedbank

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 negative territory dragged lower by the property sector as the likes of Resilient and Fortress dropped dramatically in value as the rumour mill gripped markets. The All Share index eventually ended the day 0.62% lower.
- The Banking sector led the downside with the likes of FirstRand and Nedbank declining 3.11% and 1.96% respectively.
- On corporate news, Resilient published a voluntary trading update saying that they expect their distribution to grow by between 13% and 13.5%.
- Value traded at 5pm was around R20bn with the currency at R12.43 vs. the USD at the close.

UK/Europe

- European markets were mixed as the FTSE 100 posted gains while the Cac40 dropped.
- On the economic data front, Eurozone Industrial Production came in at 1% (m/m) versus a 0.8% estimate.
- The Stoxx 50 was down 0.40% with the likes of SAP SE and Deutsche Telekom retreating 3.33% and 2.27% respectively.

USA

- US markets closed in positive territory ahead of earnings season which will be kicked off by JP Morgan and Wells Fargo & Co.
- The Dow Jones and S&P 500 were up 0.81% and 0.70% respectively with energy stocks leading the upside.
- On the economic data front, Initial Jobless Claims came in ahead of expectations at 261K.

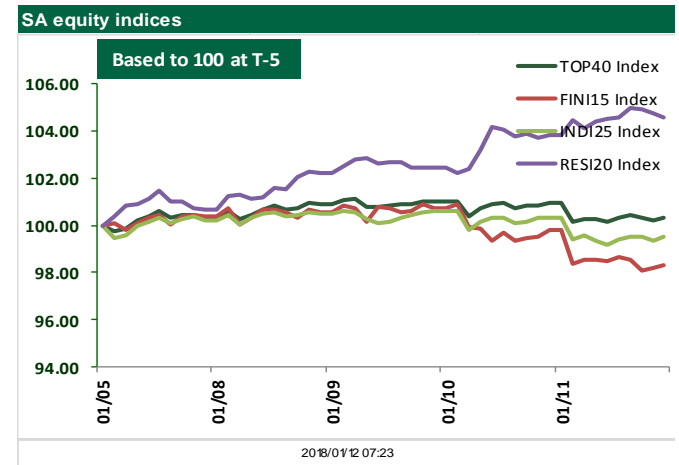
Asia

- Asian markets are mostly stronger this morning following its US counterparts.
- The Hang Seng is up 0.48% while the Nikkei is down 0.37%.
- The Australian ASX is up 0.04% with the likes of BHP advancing 2.24%.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	25 574.73	0.81	3.46	3.46	↑
Nasdaq	7 211.78	0.81	4.47	4.47	↑
S&P 500	2 767.56	0.70	3.51	3.51	↑
DJ Eurostoxx 50	3 595.24	-0.40	2.61	2.61	↑
DAX	13 202.90	-0.59	2.21	2.21	↑
CAC	5 488.55	-0.29	3.31	3.31	↑
FTSE	7 762.94	0.19	0.98	0.98	↑
ASX200	6 070.10	0.04	0.08	0.08	↑
Nikkei 225	23 669.56	-0.17	3.97	3.97	↑
MSCI World	2 171.78	0.44	3.25	3.25	↑
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	31 247.17	0.41	4.44	4.44	↑
Shanghai	3 428.14	0.08	3.66	3.66	↑
Brazil Bovespa	79 365.44	1.49	3.88	3.88	↑
India - NSE	34 593.71	0.26	1.58	1.58	↑
Russia Micex	2 246.45	0.64	6.48	6.48	↑
MSCI Emerging	1 197.01	-0.04	3.33	3.33	↑
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	59 606.02	-0.62	0.17	0.17	↑
Top 40	52 824.80	-0.65	0.56	0.56	↑
Resi 10	38 668.49	0.75	6.55	6.55	↑
Indi 25	79 489.41	-0.81	0.51	0.51	↑
Fini 15	16 900.99	-1.48	-5.44	-5.44	↓

Source: Bloomberg & Nedbank CIB
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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
16 Jan 2018		
AEE	African Equity Emp Inv Ltd	dividend @ 5.50cps
AEGCB	Aveng Group Limited Conv	dividend @ 6250cps
ARL	Astral Foods Ltd	dividend @ 875cps
RLO	Reunert Ltd	dividend @ 354cps
VLE	value Group Ltd	dividend @ 8cps

Source: JSE

JSE performance

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
AGL : Anglo American Plc	293.75	2.10	14.92	14.92	↑
ANG : Anglogold Ashanti Ltd	133.60	0.07	3.87	3.87	↑
APN : Aspen Pharmacare Holdings Lt	270.00	10.74	-2.70	-2.70	↓
BGA : Barclays Africa Group Ltd	172.00	-1.41	-5.49	-5.49	↓
BID : Bid Corp Ltd	295.50	-0.69	-1.82	-1.82	↓
BIL : Bhp Billiton Plc	271.61	0.97	8.41	8.41	↑
BTI : British American Tobacco Plc	851.00	1.73	2.59	2.59	↑
BVT : Bidvest Group Ltd	206.99	-0.72	-5.09	-5.09	↓
CFR : Financiere Richemont-Dep Rec	114.55	-0.04	2.51	2.51	↑
CPI : Capitec Bank Holdings Ltd	1 022.84	-1.04	-6.84	-6.84	↓
DSY : Discovery Ltd	175.00	-2.78	-5.91	-5.91	↓
FFA : Fortress Reit Ltd-A	17.95	-0.44	-3.29	-3.29	↓
FFB : Fortress Reit Ltd-B	35.20	-1.98	-16.59	-16.59	↓
FSR : Firstrand Ltd	61.04	-3.11	-9.23	-9.23	↓
GFI : Gold Fields Ltd	53.59	2.17	-0.94	-0.94	↓
GRT : Grow thpoint Properties Ltd	26.30	-0.75	-4.92	-4.92	↓
INL : Investec Ltd	89.81	1.31	0.10	0.10	↑
INP : Investec Plc	90.75	1.62	1.10	1.10	↑
ITU : Intu Properties Plc	40.23	-1.88	-4.10	-4.10	↓
LHC : Life Healthcare Group Holdin	26.50	-0.93	-4.50	-4.50	↓
MEI : Mediclinic International Plc	102.00	-2.81	-4.12	-4.12	↓
MND : Mondi Ltd	320.55	0.25	0.40	0.40	↑
MNP : Mondi Plc	321.01	0.16	0.53	0.53	↑
MRP : Mr Price Group Ltd	239.67	-1.49	-2.12	-2.12	↓
MTN : Mtn Group Ltd	133.77	-1.38	-2.07	-2.07	↓
NED : Nedbank Group Ltd	249.22	-1.96	-2.69	-2.69	↓
NPN : Naspers Ltd-N Shs	3 562.06	-1.46	3.22	3.22	↑
NRP : Nepi Rockcastle Plc	178.80	-5.15	-16.28	-16.28	↓
OML : Old Mutual Plc	38.09	0.21	0.24	0.24	↑
RDF : Redefine Properties Ltd	10.30	-1.53	-3.74	-3.74	↓
REM : Remgro Ltd	227.86	-1.74	-3.45	-3.45	↓
RES : Resilient Reit Ltd	128.53	-4.37	-14.97	-14.97	↓
RMH : Rmb Holdings Ltd	72.90	-1.67	-7.92	-7.92	↓
RNI : Reinet Investments Sca	266.50	0.95	-2.74	-2.74	↓
SAP : Sappi Limited	86.36	0.94	-3.51	-3.51	↓
SBK : Standard Bank Group Ltd	187.44	-1.84	-4.20	-4.20	↓
SHP : Shoprite Holdings Ltd	211.93	-2.19	-4.19	-4.19	↓
SLM : Sanlam Ltd	81.72	-1.30	-6.07	-6.07	↓
SNH : Steinhoff International H Nv	6.75	-10.60	45.16	45.16	↑
SOL : Sasol Ltd	438.50	-1.38	2.41	2.41	↑
TBS : Tiger Brands Ltd	434.04	-1.85	-5.64	-5.64	↓
VOD : Vodacom Group Ltd	141.80	-0.84	-2.66	-2.66	↓
WHL : Woolworths Holdings Ltd	63.83	-1.50	-2.27	-2.27	↓

Source: Bloomberg & Nedbank CIB

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Economics

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US

- US PPI eased to 2.6% y/y in December, from 3.1% previously, worse than estimates of 3%. Lower input costs of food, chemicals, energy, services and trade and transport were some of the key drivers of the PPI lower.
- A lower PPI will inevitably place some downside pressure on consumer prices, which means that underlying inflation is likely to remain low. Easing inflationary pressures may keep the Fed from hiking rates too aggressively, however the Fed seems to have shifted their concern towards financial market imbalances which could cause a financial market shock.

Synopsis: The main concern for monetary policy is the medium term outlook, which is clouded by concerns over a financial market shock, uncertainty over the implication of the new tax bill, and stubbornly low inflation while the labour market is at full employment. The Fed still sees 3 rate hikes this year, but have stressed that this may be revised if needed.

Europe

- Eurozone industrial production growth eased to 3.2% y/y in November, from 3.9% previously, better than consensus of 3.1%. Countries that contributed positively towards industrial activity in the region were Germany and Spain while most other countries saw industrial activity contracting or deteriorating in November.
- Production was mainly driven by Capital goods and durable consumer goods. Energy production contracted sharply. Production activity is likely to remain upbeat over the medium term as a result of better local demand and global demand.

Synopsis: The ECB continues to reiterate that even though the asset purchase programme will be halved this year, its continued bond-buying, holdings and reinvestments will be supportive of financial conditions and the economy over the medium term. Hence, despite a continued decline in the amount of slack in the economy, this hasn't translated into a sustainable rise in inflation, thereby keeping the ECB dovish.

Japan

- The (seasonally adjusted) Japanese current account surplus narrowed to ¥1.7 trillion, from ¥2.4 trillion in October, worse than consensus of ¥2.2 trillion. The goods and services balance declined and the trade balance deteriorated, while primary incomes eased.
- The trade surplus narrowed to ¥181 billion in November, from ¥430 billion previously, worse than forecasts of ¥310 billion. Exports rose by 2.65 over the month while imports surged by more than 4%, resulting in the narrower surplus.
- Should global growth continue to be supportive of global trade, then Japanese trade activity will probably remain buoyed this year. Domestic demand has also picked up which should boost factory activity.

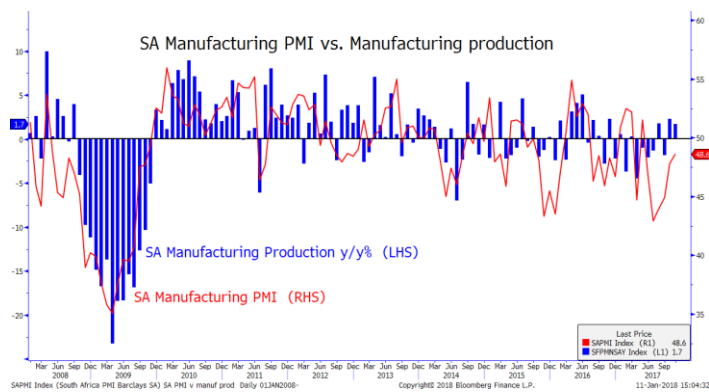
Synopsis: The BOJ recently reduced its buying of long-dated bonds, in an effort towards gradual monetary policy normalization. However, inflation is still well below the BOJ target of 2%, but growth has surprised on the upside recently which could be slightly inflationary in the medium term. For now, despite the reduced bond buying, monetary policy is still very much accommodative, and will likely remain so for some time.

SA

- SA Manufacturing production growth disappointed in November, at 1.7% y/y, from 2.3% previously, worse than consensus of 1.8%. However, over the 3 months to November, production has grown by 2.6% and will likely contribute positively towards real GDP growth in Q4.
- Production of textiles, clothing and footwear contracted, along with petroleum and chemicals. Other categories which disappointed were wood, glass and electrical machinery production, along with motor vehicle output. Key positive drivers of production were food and beverages and basic iron and steel.

Synopsis: Manufacturing activity may improve on the back of better confidence levels locally, improved investment, and a marginal recovery in local demand. Along with this, if global demand holds up, this may further support manufacturing output in 2018. Nonetheless, while moving above the low of the current business cycle, growth is still downbeat relative to EM peers, while inflation is expected to remain below 6% over the medium to long term.

PMI reflects marginal gains in the manufacturing sector



Source: Bloomberg, Nedbank

Economic calendar

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	Country	Event	Period	Survey	Actual	Prior	Revised
11-January							
07:00 AM	JN	Leading Index CI	NOV P	108.6	108.6	106.5	-
12:00 PM	EC	Industrial Production WDA YoY	NOV	3.10%	3.20%	3.70%	3.90%
01:00 PM	SA	Manufacturing Prod NSA YoY	NOV	1.80%	1.70%	2.20%	2.30%
03:30 PM	US	Initial Jobless Claims	NOV 25	245k	261k	250k	-
03:30 PM	US	Continuing Claims	NOV 18	1920k	1867k	1914k	-
03:30 PM	US	PPI Final Demand YoY	DEC	3.00%	2.60%	3.10%	-
09:00 PM	US	Monthly Budget Statement	DEC	USD -26.0b	USD -23.2b	USD -138.5b	-
12-January							
01:50 AM	JN	BoP Current Account Adjusted	NOV	JPY 2169b	JPY 1701b	JPY 2442b	JPY 2442b
01:50 AM	JN	Trade Balance BoP Basis	NOV	JPY 311b	JPY 181b	JPY 430b	JPY 430b
05:03 AM	CH	Exports YoY	DEC	10.8%	10.9%	12.3%	11.5%
05:03 AM	CH	Imports YoY	DEC	15.05%	4.50%	17.70%	17.60%
05:03 AM	CH	Trade Balance	DEC	USD 37.0b	USD 54.7b	USD 40.2b	USD 39.0b
05:04 AM	CH	Exports YoY CNY	DEC	6.72%	7.40%	10.30%	9.50%
05:04 AM	CH	Imports YoY CNY	DEC	11.80%	0.90%	15.60%	15.40%
05:04 AM	CH	Trade Balance CNY	DEC	CNY 235.2b	CNY 362.0b	CNY 263.6b	CNY 255.4b
11:00 AM	SA	Barclays Manufacturing PMI	DEC	-	-	48.6	-
03:30 PM	US	CPI YoY	DEC	2.10%	-	2.20%	-
03:30 PM	US	Real Avg Weekly Earnings YoY	DEC	-	-	0.80%	-
03:30 PM	US	Real Avg Hourly Earning YoY	DEC	-	-	0.20%	-
03:30 PM	US	Retail Sales Advance MoM	DEC	0.50%	-	0.80%	-
15-January							
01:50 AM	JN	Money Stock M3 YoY	DEC	3.40%	-	3.40%	-
12:00 PM	EC	Trade Balance SA	NOV	EUR 0.0b	-	EUR 19.0b	-

Source: Bloomberg

2018/01/12 07:22

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