

For any queries, please contact:

Reezwana Sumad | [ReezwanaS@Nedbank.co.za](mailto:ReezwanaS@Nedbank.co.za)

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## Key daily drivers

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### SNIPPETS

(Fixed Income)	Small outflow of foreign capital from the bond market seen last week, liquidity expected to normalise this week
(Currencies)	Another very quiet day for the Rand on Friday as it traded through the local session in a 12.36-12.46 range
(Commodities)	Oil close to 3yr high as OPEC reiterates production cuts; gold close to a 4-month high on the back of dollar weakness
(Equities)	US markets upbeat as earnings season takes centre stage, Asian markets mostly positive this morning, local equities boosted by resources
(Economics)	SA PMI sharply lower in December; US CPI and retail sales disappoints

## Key overnight factors and upcoming events this week

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Date	Region	Event <span style="color:red">↓</span> <span style="color:green">↑</span> <span style="color:orange">→</span>	Actual/expected/prior	Implications
08-12/01	SA	Manufacturing PMI	44.9/--/48.6	PMI sharply lower in December, but sentiment indicators signal some optimism
12/01	SA	Political events	--	ANC NEC meeting, local media reports possible discussion of the removal of President Zuma
12/01	US	CPI	2.1%/2.1%/2.2%	US inflation declines due to lower PPI and lower energy prices
16/01	SA	Mining production	--/5.1%/5.2%	Mining output expected to remain upbeat, but could risk disappointment in November and December

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

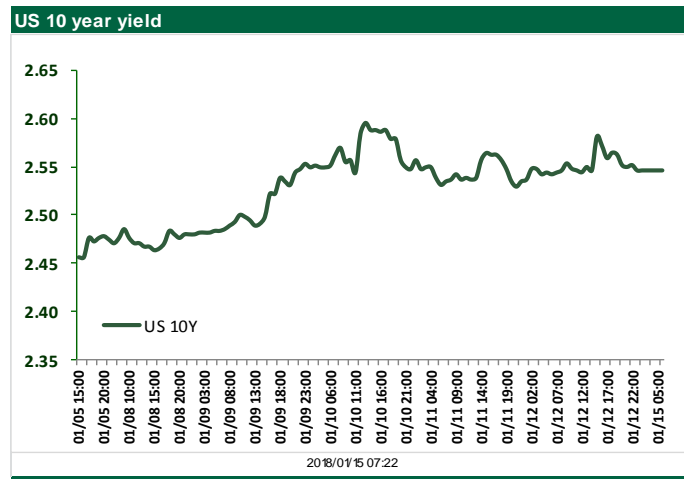
Bonds	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
R204-0.9 yrs	7.12	-0.00	6.00	6.00	↑
R208-3.2 yrs	7.52	-0.00	-4.10	-4.10	↓
R186-8.9 yrs	8.56	-0.05	-2.75	-2.75	↓
R2048-30.1 yrs	9.66	-0.05	-5.95	-5.95	↓
US 10 yr	2.55	-0.00	14.17	14.17	↑
UK 10 yr	1.34	3.00	14.90	14.90	↑
German 10 yr	0.58	0.00	15.40	15.40	↑
Japan 10 yr	0.08	0.40	3.40	3.40	↑
Money Market	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
SA repo rate	6.75	0.00	0.00	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	0.00	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	0.13	2.72	2.72	↑
UK 3m LIBOR	0.52	0.04	-0.12	-0.12	↓
Japan 3m LIBOR	-0.03	0.25	-0.68	-0.68	↓

Source: Bloomberg & Nedbank CIB  
Time: 2018/01/15 07:22

FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
3X6 FRA	6.97	0.00	8.00	8.00	↑
6X9 FRA	6.89	4.00	7.00	7.00	↑
9X12 FRA	6.78	0.00	-1.00	-1.00	↓
18X21 FRA	7.00	0.00	2.00	2.00	↑
SA 2yr Swap	6.95	0.19	1.32	1.32	↑
SA 3yr Swap	7.08	-0.56	2.50	2.50	↑
SA 5yr Swap	7.36	0.00	3.00	3.00	↑
SA 10yr Swap	7.93	0.00	0.50	0.50	↑
SA 15yr Swap	8.17	0.00	0.50	0.50	↑
Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Month trend
	%	bps	bps	bps	
2v10y	-0.98	0.19	0.82	0.82	↑
3v10y	-0.86	-0.56	2.00	2.00	↑
R186-R204	1.44	-0.05	-8.75	-8.75	↓
R2048-R186	1.09	-0.00	-3.20	-3.20	↓
5y-R186	-1.20	0.05	5.75	5.75	↑
10y-R186	-0.63	0.05	3.25	3.25	↑
15y-R186	-0.40	0.05	3.25	3.25	↑
SA 5yr CDS spread - basis points	140.00	0.00	-17.00	-17.00	↓

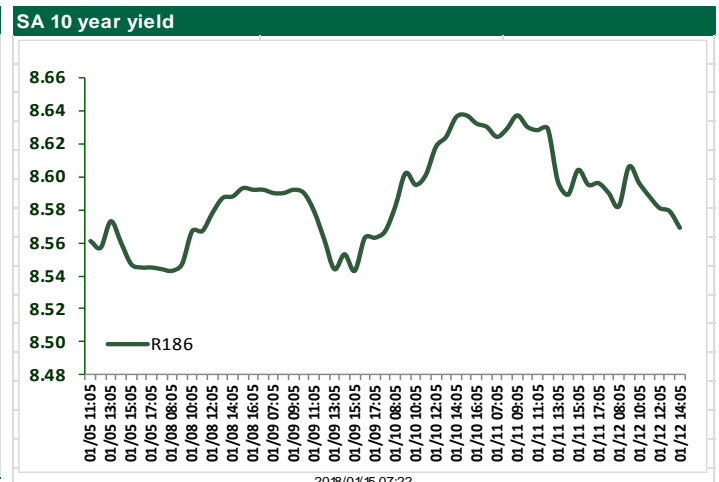
Source: Bloomberg & Nedbank CIB  
Time: 2018/01/15 07:22

## 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

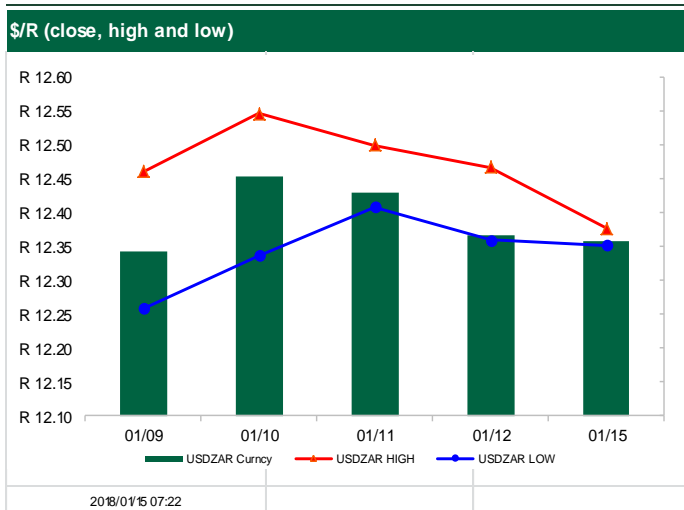
- Another very quiet day for the Rand on Friday as it traded through the local session in a 12.36-12.46 range with no real flows to talk about and no real local news headlines. After closing the local day around 12.44/12.46 the New York session saw the rand trade slightly stronger towards 12.3600 as the general Dollar weakness filtered through to the Rand again. Overall, given the current dollar weakness, the Rand isn't really performing that well. Local focus will now turn to the next ANC meeting on Thursday and the local MPC meeting also on Thursday.
- Again mover of the day was Eur as it strengthened quite nicely yet again from its 1.2040 low to close the New York session around 1.2200. The Eur gained momentum as Merkel's party and the SDP seemed to agree to some sort of coalition and even strong US CPI numbers couldn't dampen its spirits.
- New York holiday today so expect a quiet start to the week.
- Expected range 12.2500-12.5000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBPUSD	1.37	0.34	1.68	1.68	↑	USD weakness
EURUSD	1.22	0.64	1.72	1.72	↑	USD weakness
USDJPY	110.69	-0.50	-1.81	-1.81	↓	USD weakness
USDAUD	1.26	-0.75	-1.78	-1.78	↓	USD weakness
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	12.36	-0.60	-0.22	-0.22	↓	ZAR strength
GBPZAR	16.98	-0.23	1.53	1.53	↑	ZAR weakness
EURZAR	15.09	0.04	1.55	1.55	↑	ZAR weakness
AUDZAR	9.82	0.17	1.60	1.60	↑	ZAR weakness
ZARJPY	8.96	0.11	-0.79	-0.79	↓	ZAR weakness
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMMK (Malawian kwacha)	58.77	0.60	0.29	0.29	↑	ZAR strength
ZARBWP (Botswana pula)	0.80	0.43	0.23	0.23	↑	ZAR strength
ZARKES (Kenyan shilling)	8.34	0.59	0.06	0.06	↑	ZAR strength
ZARMUR (Mauritian rupee)	2.70	-0.30	-0.93	-0.93	↓	ZAR weakness
ZARNGN (Nigerian naira)	29.13	0.44	0.26	0.26	↑	ZAR strength
ZARGHS (Ghanian cedi)	0.37	0.57	0.41	0.41	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.80	0.84	-0.50	-0.50	↓	ZAR weakness
ZARMZN (Mozambican metical)	4.77	1.29	0.85	0.85	↑	ZAR strength

Source: Bloomberg & Nedbank CIB  
Time: 2018/01/15 07:22

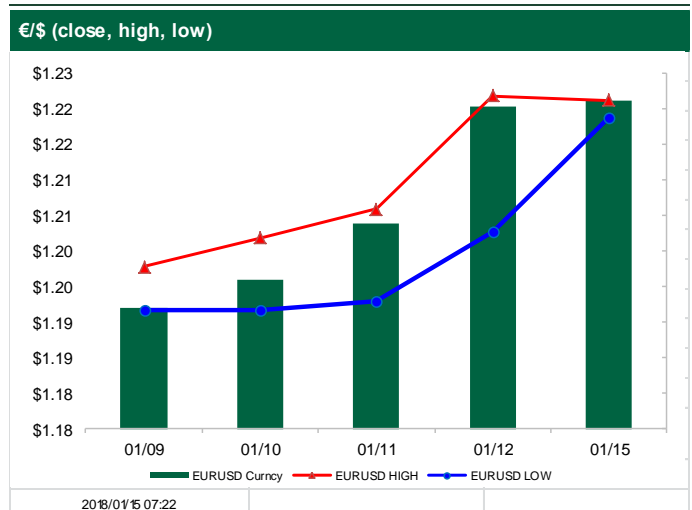
*\*Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks*

## USDZAR



Source: Bloomberg, Nedbank

## EUR/USD



Source: Bloomberg, Nedbank

# Commodities

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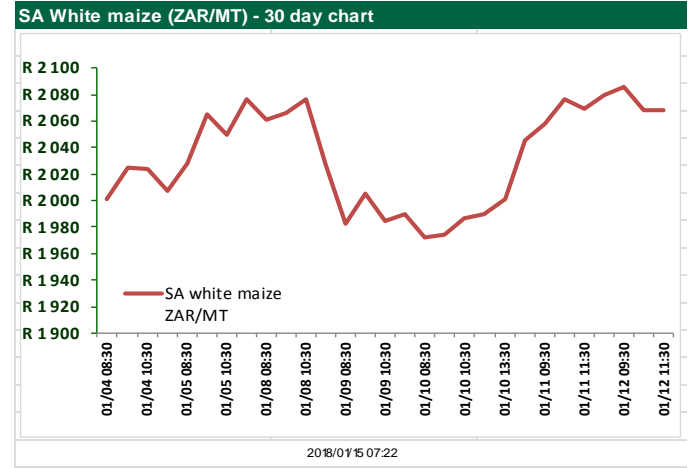
- Oil traded near the highest close in more than three years as Iraq echoed a call by the UAE and other producers that the OPEC-led output cuts should continue, despite recent price gains. Futures little changed after rising 4.7% last week.
- Gold holds near highest in four months amid slump in the USD. Bullion for immediate delivery little changed at \$1,338.20/oz.

Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	69.89	0.03	4.52	4.52	↑
WTI crude (\$)	64.47	0.26	6.70	6.70	↑
Gold spot (\$)	1 342.47	0.79	3.05	3.05	↑
Platinum spot (\$)	999.60	0.72	7.69	7.69	↑
SA white maize spot (R)	2 068.00	-0.05	8.84	8.84	↑

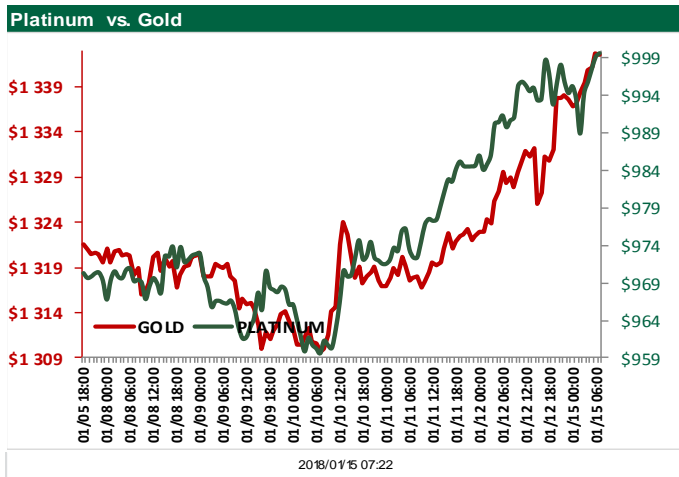
Source: Bloomberg & Nedbank CIB  
Time: 2018/01/15 07:22

## SA white maize



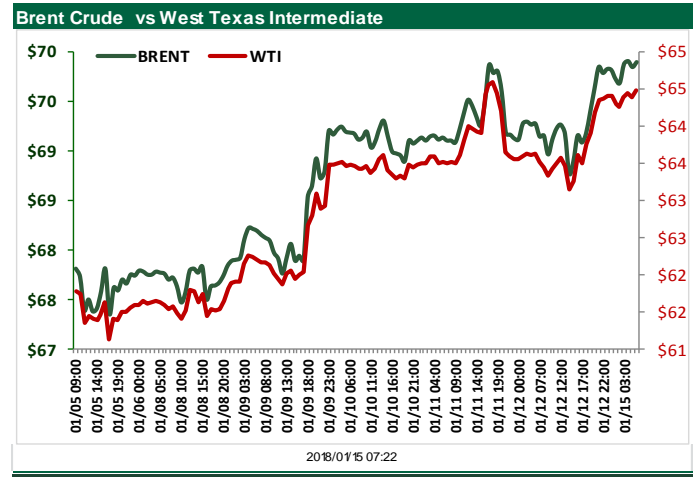
Source: Bloomberg, Nedbank

## 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

- The All Share index started its trading day in positive territory on Friday and continued gaining traction throughout the day to eventually close at the highs of the day up 0.80%.
- The Resources sector led the upside with the likes of BHP and Sasol advancing 2.94% and 2.17% respectively.
- On corporate news, Steinhoff is considering an early redemption of all notes in issue. The stock dropped 7.85% on the news.
- Value traded at 5pm was around R14bn with the currency at R12.44 vs. the USD at the close.

## UK/Europe

- European markets were strong as positive sentiment around US earnings season filtered through.
- On the economic data front, France's CPI data came in line with forecast at 0.3% (m/m)
- The Stoxx 50 was down 0.48% with the likes of Siemens AG and LVMH advancing 1.51% and 1.32% respectively

## USA

- US markets closed in positive territory as earnings season took centre stage with JP Morgan coming in ahead of estimates.
- The Dow Jones and S&P 500 were up 0.89% and 0.67% respectively with consumer discretionary stocks leading the upside.
- On the economic data front, CPI data was in line with expectations at 2.1% (y/y)

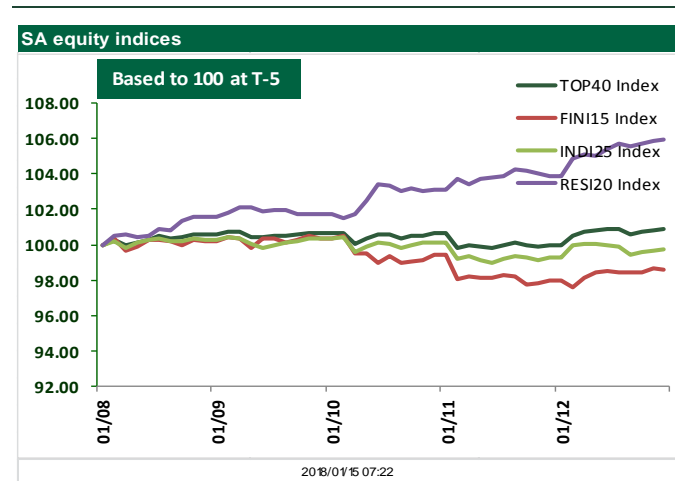
## Asia

- Asian markets are mostly stronger this morning following their US counterparts.
- The Hang Seng is up 0.94% while the Nikkei has gained 0.37%
- The Australian ASX is up 0.21% with the likes of BHP advancing 1.19%

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	25 803.19	0.89	4.39	4.39	↑
Nasdaq	7 261.06	0.68	5.18	5.18	↑
S&P 500	2 786.24	0.67	4.21	4.21	↑
DJ Eurostoxx 50	3 612.61	0.48	3.10	3.10	↑
DAX	13 245.03	0.32	2.53	2.53	↑
CAC	5 517.06	0.52	3.85	3.85	↑
FTSE	7 778.64	0.20	1.18	1.18	↑
ASX200	6 082.60	0.21	0.29	0.29	↑
Nikkei 225	23 735.49	0.35	4.26	4.26	↑
MSCI World	2 185.31	0.62	3.89	3.89	↑
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	31 590.97	0.57	5.59	5.59	↑
Shanghai	3 427.21	-0.05	3.63	3.63	↑
Brazil Bovespa	79 349.12	-0.02	3.86	3.86	↑
India - NSE	34 874.42	0.82	2.40	2.40	↑
Russia Micex	2 262.38	0.71	7.24	7.24	↑
MSCI Emerging	1 208.17	0.93	4.29	4.29	↑
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	60 083.13	0.80	0.97	0.97	↑
Top 40	53 296.10	0.89	1.45	1.45	↑
Resi 10	39 437.71	1.99	8.66	8.66	↑
Indi 25	79 837.73	0.44	0.95	0.95	↑
Fini 15	17 015.82	0.68	-4.80	-4.80	↓

Source: Bloomberg & Nedbank CIB Time 2018/01/15 07:22

## Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

## Last day to trade

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Susan Correia | Scorreia@Nedbankcapital.co.za | +27 11 295 8227

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	298.08	1.47	16.61	16.61	↑
ANG : Anglogold Ashanti Ltd	134.00	0.30	4.18	4.18	↑
APN : Aspen Pharmacare Holdings Lt	257.05	-4.80	-7.37	-7.37	↓
BGA : Barclays Africa Group Ltd	172.50	0.29	-5.21	-5.21	↓
BID : Bid Corp Ltd	292.97	-0.86	-2.66	-2.66	↓
BIL : Bhp Billiton Plc	279.59	2.94	11.59	11.59	↑
BTI : British American Tobacco Plc	845.40	-0.66	1.92	1.92	↑
BVT : Bidvest Group Ltd	206.84	-0.07	-5.16	-5.16	↓
CFR : Financiere Richemont-Dep Rec	114.19	-0.31	2.18	2.18	↑
CPI : Capitec Bank Holdings Ltd	1 016.43	-0.63	-7.43	-7.43	↓
DSY : Discovery Ltd	175.00	0.00	-5.91	-5.91	↓
FFA : Fortress Reit Ltd-A	17.65	-1.67	-4.90	-4.90	↓
FFB : Fortress Reit Ltd-B	35.98	2.22	-14.74	-14.74	↓
FSR : Firstrand Ltd	61.65	1.00	-8.33	-8.33	↓
GFI : Gold Fields Ltd	54.24	1.21	0.26	0.26	↑
GRT : Grow thpoint Properties Ltd	26.70	1.52	-3.47	-3.47	↓
INL : Investec Ltd	91.20	1.55	1.65	1.65	↑
INP : Investec Plc	91.84	1.20	2.32	2.32	↑
ITU : Intu Properties Plc	40.78	1.37	-2.79	-2.79	↓
LHC : Life Healthcare Group Holdin	26.57	0.26	-4.25	-4.25	↓
MEI : Mediclinic International Plc	103.20	1.18	-2.99	-2.99	↓
MND : Mondi Ltd	327.10	2.04	2.45	2.45	↑
MNP : Mondi Plc	327.50	2.02	2.56	2.56	↑
MRP : Mr Price Group Ltd	243.19	1.47	-0.69	-0.69	↓
MTN : Mtn Group Ltd	133.49	-0.21	-2.28	-2.28	↓
NED : Nedbank Group Ltd	252.50	1.32	-1.41	-1.41	↓
NPN : Naspers Ltd-N Shs	3 613.74	1.45	4.72	4.72	↑
NRP : Nepi Rockcastle Plc	181.12	1.30	-15.19	-15.19	↓
OML : Old Mutual Plc	38.75	1.73	1.97	1.97	↑
RDF : Redefine Properties Ltd	10.45	1.46	-2.34	-2.34	↓
REM : Remgro Ltd	227.74	-0.05	-3.50	-3.50	↓
RES : Resilient Reit Ltd	129.00	0.37	-14.66	-14.66	↓
RMH : Rmb Holdings Ltd	72.90	0.00	-7.92	-7.92	↓
RNI : Reinet Investments Sca	263.10	-1.28	-3.98	-3.98	↓
SAP : Sappi Limited	87.20	0.97	-2.57	-2.57	↓
SBK : Standard Bank Group Ltd	188.75	0.70	-3.53	-3.53	↓
SHP : Shoprite Holdings Ltd	213.86	0.91	-3.31	-3.31	↓
SLM : Sanlam Ltd	81.00	-0.88	-6.90	-6.90	↓
SNH : Steinhoff International H Nv	6.22	-7.85	33.76	33.76	↑
SOL : Sasol Ltd	448.00	2.17	4.63	4.63	↑
TBS : Tiger Brands Ltd	447.16	3.02	-2.79	-2.79	↓
VOD : Vodacom Group Ltd	141.56	-0.17	-2.83	-2.83	↓
WHL : Woolworths Holdings Ltd	63.33	-0.78	-3.03	-3.03	↓

Source: Bloomberg & Nedbank CIB

Time 2018/01/15 07:22

# Economics

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## US

- US CPI fell to 2.1% y/y in December, from 2.2% previously, in line with consensus. Energy prices contracted, along with transport and apparel. Commodity prices were lower in December, while a lower PPI would have also weighed on consumer inflation. However core inflation rose by 10bps to 1.8% y/y in December, which could imply that underlying price pressures could rise over the medium term.
- Retail sales growth eased to 0.4% m/m in December, from 0.9% previously, worse than consensus of 0.5%. Sales of electronics, clothing and miscellaneous goods contracted. By contrast, sales of motor vehicles, furniture and food remained upbeat, offsetting most of the negative impact of the abovementioned categories.

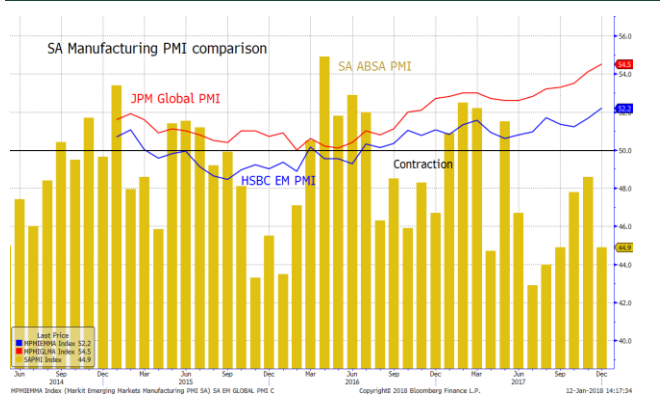
**Synopsis: The main concern for monetary policy is the medium term outlook, which is clouded by concerns over a financial market shock, uncertainty over the implication of the new tax bill, and stubbornly low inflation while the labour market is at full employment. The Fed still sees 3 rate hikes this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

## SA

- SA's manufacturing PMI fell quite sharply in December, to 44.9 points, from 48.6 previously, after four consecutive months of improvements. However, the month of December generally sees subdued manufacturing activity, which explains the decline to some extent.
- The subcomponents within the PMI also saw a broad-based deterioration, but business activity and new sales orders saw the biggest declines. Nonetheless, sentiment over expected business conditions in 6 months' time rose sharply in December, which could be a better indication of confidence levels and expectations within the manufacturing sector over the medium term.
- Manufacturing production would have probably ended the quarter with a positive contribution towards real GDP growth, given the slight rebound in output seen in October and November.

**Synopsis: The outlook for 2018 is slightly more upbeat, premised on improved confidence levels, investment and an environment with more policy certainty and less political unrest. Global demand will also play a key role in supporting the manufacturing industry over the medium term.**

### SA PMI takes a detour away from global trend



Source: Bloomberg, Nedbank



## Economic calendar

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	Country	Event	Period	Survey	Actual	Prior	Revised
<b>12-January</b>							
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	15.10%	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
10:00 AM	CH	Money Supply M2 YoY	MAY	9.20%	8.20%	9.10%	-
10:00 AM	CH	New Yuan Loans CNY	MAY	CNY 1000b	CNY 584b	CNY 1120b	-
10:00 AM	CH	Aggregate Financing CNY	MAY	CNY 1500b	CNY 1140b	CNY 1600b	-
11:00 AM	SA	Barclays Manufacturing PMI	DEC	-	44.9	48.6	-
03:30 PM	US	CPI YoY	DEC	2.10%	2.10%	2.20%	-
03:30 PM	US	Real Avg Weekly Earnings YoY	DEC	-	0.70%	0.80%	-
03:30 PM	US	Real Avg Hourly Earning YoY	DEC	-	0.40%	0.20%	-
03:30 PM	US	Retail Sales Advance MoM	DEC	0.50%	0.40%	0.80%	0.90%
<b>15-January</b>							
01:50 AM	JN	Money Stock M3 YoY	DEC	3.40%	3.10%	3.40%	-
12:00 PM	EC	Trade Balance SA	NOV	EUR 0.0b	-	EUR 0.0b	-
<b>16-January</b>							
01:50 AM	JN	PPI YoY	DEC	3.20%	-	3.50%	-
09:00 AM	GE	CPI YoY	MAY F	1.70%	-	1.70%	-
09:00 AM	GE	Wholesale Price Index YoY	DEC	-	-	3.30%	-
11:30 AM	UK	CPI YoY	DEC	3.00%	-	3.10%	-
11:30 AM	UK	PPI Input NSA YoY	DEC	5.30%	-	7.30%	-
11:30 AM	SA	Mining Production YoY	NOV	5.10%	-	5.17%	-
11:30 AM	SA	Gold Production YoY	NOV	-	-	-0.91%	-
11:30 AM	SA	Platinum Production YoY	NOV	-	-	2.70%	-

Source: Bloomberg

2018/01/15 07:22

## Contacts

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

**ALM Portfolio Management**  
(011) 535 4042

**Equities Sales and Distribution**  
(011) 535 4030/31

**Forex Institutional Sales Desk**  
(011) 535 4005

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

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

**Bond Trading**  
(011) 535 4021

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

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(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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