

For any queries, please contact:

Reezwana Sumad | ReezwanaS@Nedbank.co.za

[Charts of the day](#) | [Currencies](#) | [Commodities](#) | [Fixed income & interest rates](#) | [Equities](#) | [Equity derivatives](#)
| [Economics](#) | [*Foreign flows](#) | [JSE performance](#) | [LDT](#) | [Economic calendar](#) | [Other reports](#)
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Key daily drivers




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SNIPPETS

(Fixed Income)	SAGBs were bid yesterday but quite disjointed as flows remained with the R186
(Currencies)	Equity markets dominating headlines, USDZAR holds steady
(Commodities)	Brent down a further dollar; Gold price marginally lower
(Equities)	The Viceroy report on Capitec caused panic on the JSE; Global markets headed south; The Fed announces their rates decision
(Economics)	SA budget surplus disappoints; Eurozone sentiment and growth trends are upbeat despite recent disappointment

Key overnight factors and upcoming events this week

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Date	Region	Event   	Actual/expected/prior	Implications
31/01	US	ADP employment	--190k/250k	ADP growth expected to slow, but remain strong nonetheless
31/01	SA	Trade balance	--/R10b/R13b	Trade surplus expected in December on the back of better exports
31/01	US	FOMC	--/1.5%/1.5%	Unlikely to change interest rate, market expectations remain hawkish over the medium term
01/02	SA	Manufacturing PMI	--/--/44.9	PMI expected to remain below 50-points, showing still weak manufacturing sector

Source: Nedbank

Fixed income and interest rates

[back to top](#)

Bond flow sales | +2711 535 4021 | Corporate Money Markets | +2711 535 4007 | Business Bank Money Markets | +2711 535 4006

Bonds	Last price	Δ			Month trend
		1d	MTD	YTD	
	%	bps	bps	bps	
R204-0.9 yrs	7.11	2.00	4.30	4.30	↑
R208-3.2 yrs	7.43	-1.25	-12.95	-12.95	↓
R186-8.9 yrs	8.55	0.90	-4.30	-4.30	↓
R2048-30.1 yrs	9.63	1.85	-8.05	-8.05	↓
US 10 yr	2.71	-1.30	30.15	30.15	↑
UK 10 yr	1.46	0.70	27.00	27.00	↑
German 10 yr	0.68	-1.10	25.60	25.60	↑
Japan 10 yr	0.09	-1.20	3.70	3.70	↑

Money Market	Last price	Δ			Month trend
		1d	MTD	YTD	
	%	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)	4.70		10.00		↑
SA 3m JIBAR	7.13	0.00	-2.50	-2.50	↓
SA 3m NCD	7.15	0.00	0.00	0.00	→
SA 6m NCD	7.60	0.00	0.00	0.00	→
SA 12m NCD	7.98	5.00	7.50	7.50	↑
US 3m LIBOR	1.77	0.54	7.80	7.80	↑
UK 3m LIBOR	0.53	0.00	0.69	0.69	↑
Japan 3m LIBOR	-0.04	-0.52	-1.97	-1.97	↓

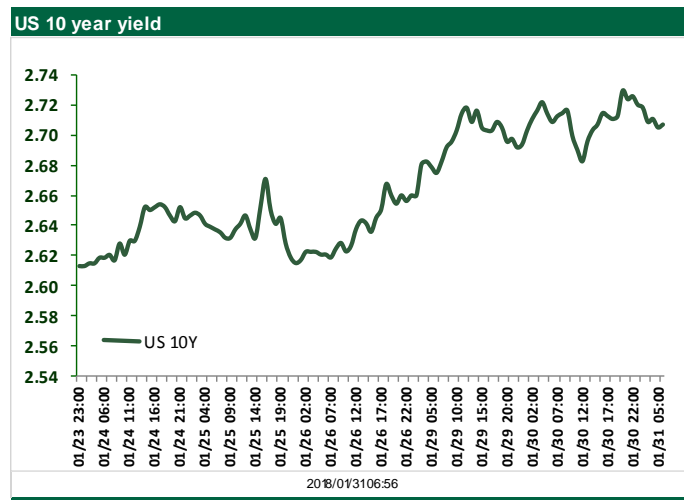
Source: Bloomberg & Nedbank CIB
Time: 2018/01/31 06:56

FRAs and Swaps	Last price	Δ			Month trend
		1d	MTD	YTD	
	%	bps	bps	bps	
3X6 FRA	7.03	0.50	13.50	13.50	↑
6X9 FRA	6.86	0.00	4.00	4.00	↑
9X12 FRA	6.88	-0.50	8.50	8.50	↑
18X21 FRA	7.08	1.50	9.50	9.50	↑
SA 2yr Swap	7.01	0.25	7.83	7.83	↑
SA 3yr Swap	7.16	-0.26	11.00	11.00	↑
SA 5yr Swap	7.47	1.00	14.00	14.00	↑
SA 10yr Swap	8.04	1.00	11.50	11.50	↑
SA 15yr Swap	8.26	0.50	9.50	9.50	↑

Spreads	Last price	Δ			Month trend
		1d	MTD	YTD	
	%	bps	bps	bps	
2v10y	-1.03	-0.75	-3.67	-3.67	↓
3v10y	-0.88	-1.26	-0.50	-0.50	↓
R186-R204	1.44	-1.10	-8.60	-8.60	↓
R2048-R186	1.09	0.95	-3.75	-3.75	↓
5y-R186	-1.08	0.10	18.30	18.30	↑
10y-R186	-0.51	0.10	15.80	15.80	↑
15y-R186	-0.29	-0.40	13.80	13.80	↑
SA 5yr CDS spread - basis points	149.00	0.00	-8.00	-8.00	↓

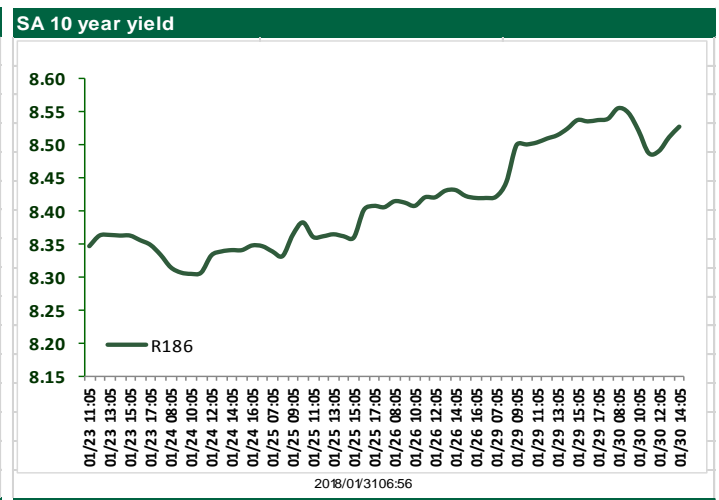
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US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield



Source: Bloomberg, Nedbank

Currencies

[back to top](#)

Business Banking FX | +27 11 535 4003 | Corporate FX | +2711 535 4002 | Institutional FX | +2711 535 4005

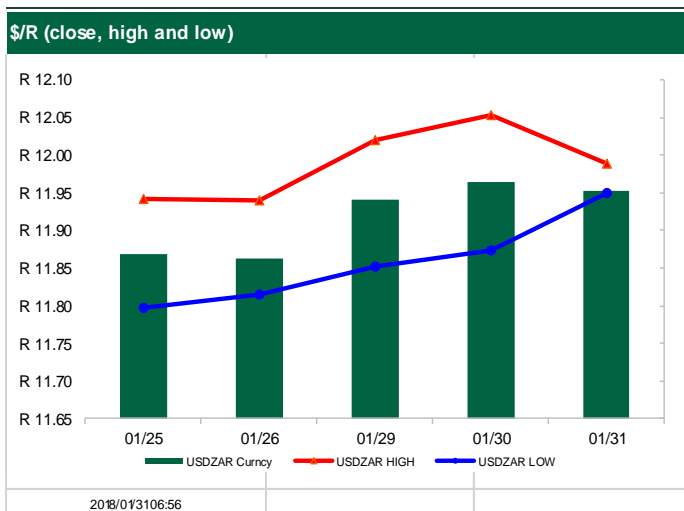
- The local session opened with the rand trading around the 12.0000 level, market anticipation focussed on the release of the Eskom results. Some initial demand for dollars saw the local unit trade to a high of 12.0525, equities once again dominating headlines. Capitec bank in focus, ultimately price activity relatively limited, the rand closing at 11.9825. This morning the rand is currently trading at 11.9500, EURZAR at 14.8505 and GBPZAR at 16.9430.
- On the international front the euro traded with a generally firmer bias, after opening the day trading in the mid 1.23's, the European unit traded to a high of 1.2453, before closing the day trading at 1.2418, this morning currently trading unchanged from that closing level. On the day gold traded marginally firmer closing the day at 1343.20, some 8 dollars up from the open, this morning currently trading at 1340.00.
- On the data front today, locally we have trade data, from Europe we have German retail sales and unemployment, French CPI, Eurozone unemployment and CPI, from the U.S mortgage applications, ADP employment, employment cost index, Chicago PMI and pending home sales, as well as the US FOMC.
- The rand has continued to hold steady, after a foray above the 12.0000 handle, it continues to hold steady, local political headlines focussing on the various scenarios regarding the future of the current president, on the international front the final FOMC by Mrs Yellen, so unlikely to hold too many surprises.
- Possible trading range in the rand today 11.8500 to 12.1000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	USD trend
GBPUSD	1.42	0.18	4.88	4.88	↑	USD weakness
EURUSD	1.24	0.15	3.47	3.47	↑	USD weakness
USDJPY	108.84	0.06	-3.54	-3.54	↓	USD weakness
USDAUD	1.24	0.11	-3.34	-3.34	↓	USD weakness
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
USDZAR	11.95	-0.10	-3.60	-3.60	↓	ZAR strength
GBPZAR	16.94	0.06	1.28	1.28	↑	ZAR weakness
EURZAR	14.85	0.05	-0.06	-0.06	↓	ZAR strength
AUDZAR	9.65	-0.19	-0.10	-0.10	↓	ZAR strength
ZARJPY	9.11	0.15	0.84	0.84	↑	ZAR strength
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend	ZAR trend
ZARMWK (Malawian kwacha)	60.69	0.01	3.27	3.27	↑	ZAR strength
ZARBWP (Botswana pula)	0.80	0.11	1.01	1.01	↑	ZAR strength
ZARKES (Kenyan shilling)	8.56	0.08	2.63	2.63	↑	ZAR strength
ZARMUR (Mauritian rupee)	2.70	-0.35	-0.96	-0.96	↓	ZAR weakness
ZARNGN (Nigerian naira)	30.20	0.07	3.67	3.67	↑	ZAR strength
ZARGHS (Ghanian cedi)	0.38	1.00	4.10	4.10	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.82	0.21	1.75	1.75	↑	ZAR strength
ZARMZN (Mozambican metical)	5.06	0.08	6.40	6.40	↑	ZAR strength

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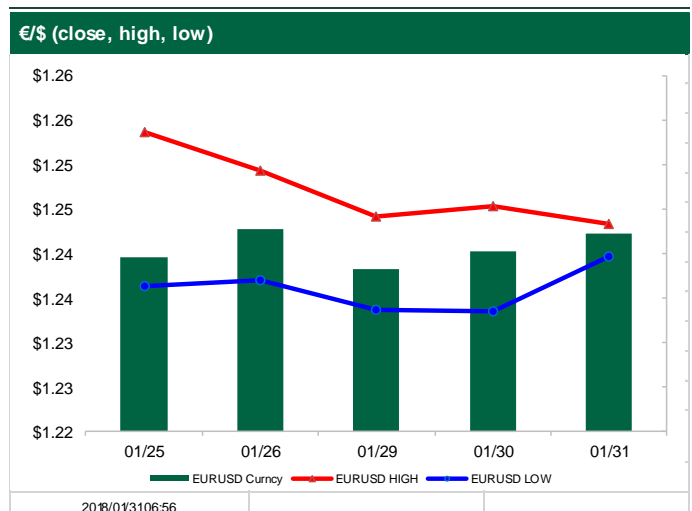
**Please note that the sign on the % change reflects the change on the headline number. The narrative indicates the trend direction over the month. For trade in any of these currencies, contact our FX dealing desks*

USDZAR



Source: Bloomberg, Nedbank

EUR/USD



Source: Bloomberg, Nedbank

Commodities

[back to top](#)

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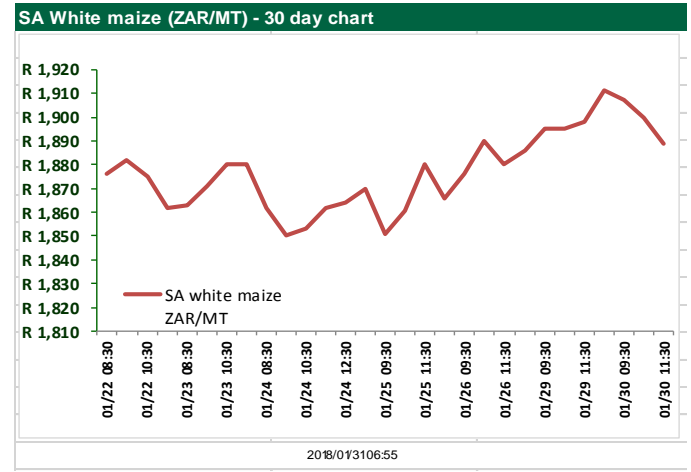
- Oil declined for a third consecutive day after data showed stockpiles expanded for the first time since November. Futures fell 1.3% after sliding the most in almost two months on Tuesday.
- Gold holds drop ahead of FOMC. Bullion for immediate delivery flat at \$1,338.93/oz; -0.8% over last 2 days.

Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Brent near future (\$)	68.49	-0.77	2.42	2.42	↑
WTI crude (\$)	63.96	-0.84	5.86	5.86	↑
Gold spot (\$)	1 340.93	0.17	2.93	2.93	↑
Platinum spot (\$)	1 000.55	0.36	7.79	7.79	↑
SA w white maize spot (R)	1 889.00	-0.47	-0.58	-0.58	↓

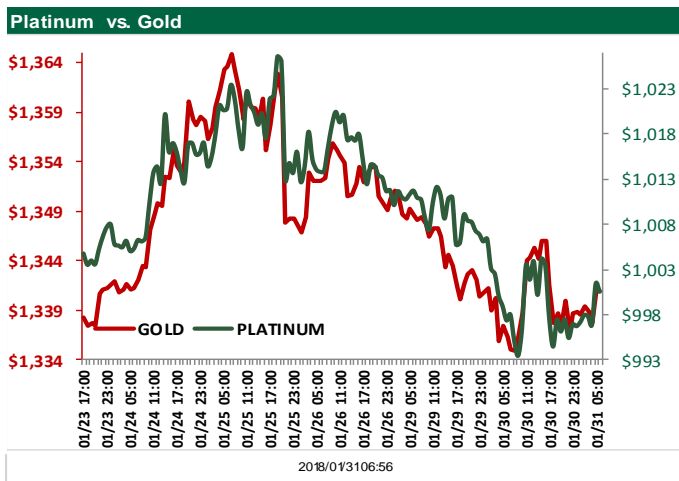
Source: Bloomberg & Nedbank CIB
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SA white maize



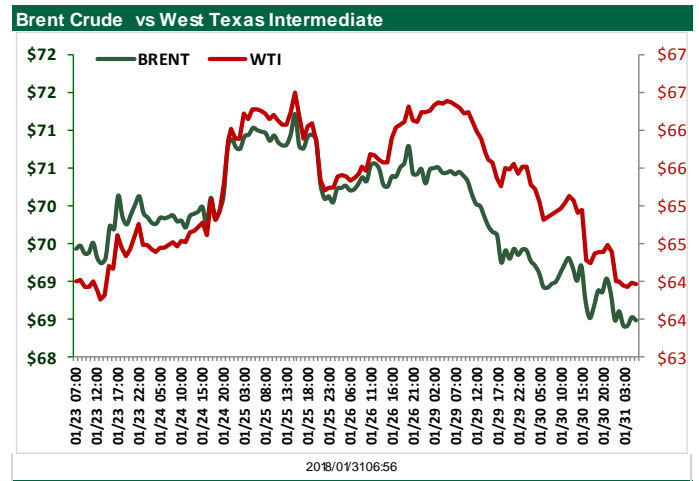
Source: Bloomberg, Nedbank

Platinum vs Gold



Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate



Source: Bloomberg, Nedbank

Equities

[back to top](#)

Cash equities | +2711 535 4030/31

South Africa

- Weak Asian markets and Tencent being down over -1% caused the Top40 to gap down -500 points at the open. Thereafter every bounce was countered by heavy selling and we continued on the downward spiral until we closed down -1164 points just off the lows with Naspers accounting for more than half of those points. Resources tumbled -2.4%, financials dropped -1.5% and industrials shed -2.3%. Viceroy finally released their eagerly awaited research report and it was on Capitec! Capitec and their largest holder, PSG were drilled as much as -25% intraday but closed down -3% and -8% respectively. The former report suspects Resilient, GreenBay, NepiRockCastle and Fortress B had a relief rally and gained over +1% while Aspen jumped +6%. The value traded was R37.7 billion and the rand was hovering around 11.97 to the US dollar at the close.

UK/Europe

- European markets tracked global markets lower and closed firmly in the red, the Dax retreat -0.95%, the Cac fell -0.87% and the FTSE dropped -1.1%. Investors ignored data showing 2017 GDP growth rate of 2.5% was the fastest in a decade. Eurozone economic sentiment declined in January and Germany's headline inflation slowed down in January. Banks led the losses around the region and energy stocks fell with lower Brent crude oil prices. The Swatch group rallied after better than expected results.

USA

- The major US indexes closed firmly in negative territory extending losses from the previous session on profit taking, the Nasdaq slid -0.9%, the S&P500 shed -1.1% and the Dow plunged -1.4%. Janet Yellen is presiding over her last Fed policy meeting which is being closely watch for clues policy direction clues. Consumer confidence for January came in better than expected and added some support to the market. On the day, weakness was most prevalent in the energy, healthcare, biotechnology and semiconductor sectors.

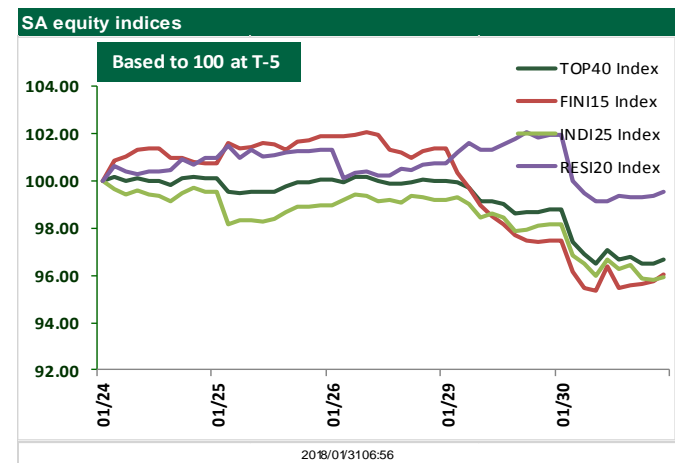
Asia

- The major Asian markets are trading in negative territory taking the lead from Wall Street, the MSCI Asian Pacific ex-Japan is up +0.6%. The resource heavy Australian market is down led lower by lower iron ore and Brent crude oil prices, Bhp Billiton and South 32 are down -0.6% and -0.8%. The Japanese market has bounced from the lows but still in the red. China mainland is up +0.2% and Hong Kong is up +0.4%. Tencent is currently trading up +0.9% in Hong Kong this morning.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Dow Jones	26 076.89	-1.37	5.49	5.49	↑
Nasdaq	7 402.48	-0.86	7.23	7.23	↑
S&P 500	2 822.43	-1.09	5.57	5.57	↑
DJ Eurostoxx 50	3 606.75	-1.00	2.93	2.93	↑
DAX	13 197.71	-0.95	2.17	2.17	↑
CAC	5 473.78	-0.87	3.03	3.03	↑
FTSE	7 587.98	-1.09	-1.30	-1.30	↓
ASX200	6 040.50	0.29	-0.41	-0.41	↓
Nikkei 225	23 321.68	0.13	2.45	2.45	↑
MSCI World	2 214.11	-0.90	5.26	5.26	↑
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
Hang Seng	32 745.19	0.42	9.45	9.45	↑
Shanghai	3 493.99	0.17	5.65	5.65	↑
Brazil Bovespa	84 482.46	-0.25	10.58	10.58	↑
India - NSE	35 954.54	-0.22	5.57	5.57	↑
Russia Mircex	2 280.36	-0.17	8.09	8.09	↑
MSCI Emerging	1 247.63	-1.61	7.70	7.70	↑
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
JSE All Share	59 546.23	-2.07	0.07	0.07	↑
Top 40	52 700.00	-2.16	0.32	0.32	↑
Resi 10	37 862.35	-2.39	4.32	4.32	↑
Indi 25	79 260.20	-2.31	0.22	0.22	↑
Fini 15	17 347.61	-1.47	-2.94	-2.94	↓

Source: Bloomberg & Nedbank CIB Time 2018/01/31 06:56

Short-term performance of SA equity indices



JSE performance

[back to top](#)

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	Month trend
AGL : Anglo American Plc	290.83	-2.28	13.77	13.77	↑
ANG : Anglogold Ashanti Ltd	132.50	-4.23	3.02	3.02	↑
APN : Aspen Pharmacare Holdings Lt	270.40	6.33	-2.56	-2.56	↓
BGA : Barclays Africa Group Ltd	172.95	-1.73	-4.97	-4.97	↓
BID : Bid Corp Ltd	265.50	-4.42	-11.79	-11.79	↓
BIL : Bhp Billiton Plc	265.40	-1.78	5.93	5.93	↑
BTI : British American Tobacco Plc	818.00	-0.44	-1.39	-1.39	↓
BVT : Bidvest Group Ltd	240.69	1.34	10.36	10.36	↑
CFR : Financiere Richemont-Dep Rec	114.56	1.47	2.51	2.51	↑
CPI : Capitec Bank Holdings Ltd	915.92	-2.96	-16.58	-16.58	↓
DSY : Discovery Ltd	170.50	-2.52	-8.33	-8.33	↓
FFA : Fortress Reit Ltd-A	17.64	-0.23	-4.96	-4.96	↓
FFB : Fortress Reit Ltd-B	30.99	1.61	-26.56	-26.56	↓
FSR : Firstrand Ltd	65.45	-2.60	-2.68	-2.68	↓
GFI : Gold Fields Ltd	50.33	-5.31	-6.97	-6.97	↓
GRT : Growthpoint Properties Ltd	27.78	-1.31	0.43	0.43	↑
INL : Investec Ltd	94.25	-0.62	5.05	5.05	↑
INP : Investec Plc	94.03	-0.81	4.76	4.76	↑
ITU : Intu Properties Plc	38.20	-0.65	-8.94	-8.94	↓
LHC : Life Healthcare Group Holdin	26.63	-0.78	-4.04	-4.04	↓
MEI : Mediclinic International Plc	101.12	-1.29	-4.94	-4.94	↓
MND : Mondi Ltd	321.50	-0.67	0.70	0.70	↑
MNP : Mondi Plc	321.46	-0.64	0.67	0.67	↑
MRP : Mr Price Group Ltd	280.00	-0.33	14.35	14.35	↑
MTN : Mtn Group Ltd	130.94	-1.58	-4.14	-4.14	↓
NED : Nedbank Group Ltd	259.15	-3.13	1.19	1.19	↑
NPN : Naspers Ltd-N Shs	3 435.25	-5.10	-0.46	-0.46	↓
NRP : Nepi Rockcastle Plc	163.24	1.54	-23.57	-23.57	↓
OML : Old Mutual Plc	39.29	-1.21	3.39	3.39	↑
RDF : Redefine Properties Ltd	10.70	-0.93	0.00	0.00	→
REM : Remgro Ltd	235.74	-1.14	-0.11	-0.11	↓
RES : Resilient Reit Ltd	118.54	1.32	-21.58	-21.58	↓
RMH : Rmb Holdings Ltd	77.01	-3.52	-2.73	-2.73	↓
RNI : Reinet Investments Sca	264.00	0.27	-3.65	-3.65	↓
SAP : Sappi Limited	85.16	-0.34	-4.85	-4.85	↓
SBK : Standard Bank Group Ltd	198.32	-0.84	1.36	1.36	↑
SHP : Shoprite Holdings Ltd	239.77	-1.33	8.40	8.40	↑
SLM : Sanlam Ltd	85.10	-1.62	-2.18	-2.18	↓
SNH : Steinhoff International H Nv	6.80	-11.11	46.24	46.24	↑
SOL : Sasol Ltd	436.00	-4.39	1.83	1.83	↑
TBS : Tiger Brands Ltd	455.99	-1.73	-0.87	-0.87	↓
VOD : Vodacom Group Ltd	155.05	-2.47	6.43	6.43	↑
WHL : Woolworths Holdings Ltd	64.90	-2.21	-0.63	-0.63	↓

Source: Bloomberg & Nedbank CIB

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Economics

[back to top](#)

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Europe

- Eurozone sentiment indicators eased marginally in January as confidence in the services sector dipped, along with economic confidence. However the significant rise in confidence levels over the past year may have been tempered somewhat by the dovish ECB, while the high base may have also contributed to the slight easing.
- Nonetheless, economic activity and labour market conditions remain upbeat. While q/q GDP growth eased to 0.6% In Q4, from 0.7% previously, it is still well above the lows seen in 2011. Annualised growth is above potential, which means that spare capacity is being eroded fast in the economy. This pace is expected to persist over the medium term.

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.

SA

- The SA monthly budget turned a surplus in December, but it was quite underwhelming relative to seasonal trends. Based on trends over the last 5 years, the December budget needed to yield a surplus in excess of R20 billion to at least remain in line with seasonality. However, the budget surplus came out at R 13.2 billion, from the deficit of R15.3 billion in November, worse than our estimates.
- However, the problem in December was more on the expenditure front rather than with the usual underperformance in revenues. Revenue figures were actually marginally higher on an annualised basis in December, led by PIT and CIT, while growth in VAT revenues contracted y/y (testimony to a still weak household sector). Total revenue growth is up 5.1% FYTD y/y while gross tax revenue growth is in line with MTBPS forecasts of 6.2% fyoy. Revenues raised thus far are 71.7% of total revenue for the FYTD (same time last fiscal year, this run rate was 71.6%). However one must remember that the latest figures have been revised significantly lower (around R51 billion lower for the fiscal year) and in line with MTBPS estimates, so by default the run rate looks better.
- On the expenditure front, these have risen by almost 20% y/y in December and have risen by almost 8% FYTD y/y. This is in line with MTBPS forecasts. The expenditures incurred for the FYTD are more or less in line with the pace in 2016/17. Notable upside expenditure pressures in December alone were the Cooperative Governance ministry, social development and bail-out funds of R3.7 billion made available to the Post Office, hence the deteriorating expenditure trajectory which weighed heavily on the budget balance.

Synopsis: We continue to believe that SA remains in a difficult fiscal space and that deteriorating buoyancy rates relative to MTBPS is testimony to this. Significant expenditure cuts will be needed in the February budget, along with additional revenue measures to try and stabilise the debt and deficit in the near term. Over the long run, a positive and sustainable pace of GDP growth is needed to drive revenue growth, while tax revenue collection efficiencies need to be addressed.

Economic calendar

[back to top](#)

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	Country	Event	Period	Survey	Actual	Prior	Revised
30-January							
01:30 AM	JN	Jobless Rate	DEC	2.70%	2.80%	2.70%	-
01:30 AM	JN	Job-To-Applicant Ratio	DEC	1.57	1.59	1.56	-
01:30 AM	JN	Overall Household Spending YoY	DEC	1.30%	-0.10%	1.70%	-
01:50 AM	JN	Retail Trade YoY	DEC	2.20%	3.60%	2.20%	-
08:00 AM	SA	Money Supply M3 YoY	DEC	5.90%	6.41%	6.61%	-
08:00 AM	SA	Private Sector Credit YoY	DEC	6.00%	6.72%	6.45%	6.48%
11:29 AM	SA	South Africa Budget	DEC	-	ZAR 13.2b	ZAR -15.3b	-
11:30 AM	UK	M4 Money Supply YoY	DEC	-	3.70%	3.70%	3.80%
11:30 AM	UK	Net Consumer Credit	DEC	GBP 1.37b	GBP 1.52b	GBP 1.40b	GBP 1.50b
12:00 PM	EC	Consumer Confidence	JAN A	1.30	1.30	1.30	-
12:00 PM	EC	Business Climate Indicator	JAN	1.68	1.54	1.66	1.60
12:00 PM	EC	Economic Confidence	JAN	116.2	114.7	116.0	115.3
12:00 PM	EC	GDP SA QoQ	4Q A	0.60%	0.60%	0.60%	0.70%
12:00 PM	EC	GDP SA YoY	4Q A	2.70%	2.70%	2.60%	2.80%
03:00 PM	GE	CPI YoY	MAY F	1.70%	1.60%	1.70%	-
04:00 PM	US	S&P CoreLogic CS 20-City YoY NSA	NOV	6.30%	6.41%	6.38%	6.32%
05:00 PM	US	Conf. Board Consumer Confidence	JAN	123.0	125.4	122.1	123.1
31-January							
01:50 AM	JN	Industrial Production YoY	DEC P	3.25%	4.20%	3.60%	-
09:00 AM	SA	BER Consumer Confidence	4Q	-	-	-9.0	-
09:00 AM	GE	Retail Sales YoY	DEC	2.80%	-	4.40%	-
12:00 PM	EC	CPI Core YoY	JAN A	1.00%	-	0.90%	-
12:00 PM	EC	CPI Estimate YoY	JAN	1.20%	-	1.40%	-
12:00 PM	EC	Unemployment Rate	DEC	8.70%	-	8.70%	-
02:00 PM	SA	Trade Balance Rand	DEC	10.1b	-	13.0b	-
03:15 PM	US	ADP Employment Change	JAN	185k	-	250k	-
04:45 PM	US	Chicago Purchasing Manager	JAN	64.0	-	67.6	-
05:00 PM	US	Pending Home Sales NSA YoY	DEC	1.65%	-	0.60%	-
09:00 PM	US	FOMC Rate Decision (Lower Bound)	JAN 31	1.25%	-	1.25%	-
09:00 PM	US	FOMC Rate Decision (Upper Bound)	JAN 31	1.50%	-	1.50%	-
01-February							
12:00 AM	SA	Naamsa Vehicle Sales YoY		-	-	-2.4%	-
03:45 AM	CH	Caixin China PMI Mfg	JAN	51.5	-	51.5	-
11:00 AM	SA	Barclays Manufacturing PMI	JAN	47.3	-	44.9	-
11:30 AM	UK	Markit UK PMI Manufacturing SA	JAN	56.5	-	56.3	-
05:00 PM	US	ISM Manufacturing	JAN	58.6	-	59.3	-

Source: Bloomberg 2018/01/31 06:55

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

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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