

DAILY MARKET COMMENTARY

20 August 2018



[Fixed Income and Interest Rates](#) | [Currencies](#) | [Commodities](#) | [Equities](#) | [LDT](#) | [JSE performance](#) | [Economics](#) | [*Foreign flows](#) | [Economic calendar](#) | [#Contacts](#)

*Click on any of the above links to access your point of interest
(* when available)*

KEY DAILY DRIVERS

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SNIPPETS

(Fixed Income)	SAGBs open stronger this morning, yields lower across the curve, however risk-off likely to persist
(Currencies)	Local focus on state capture commission, FX markets remain vulnerable to further risk-off
(Commodities)	Gold recovers somewhat as the dollar weakened; oil remains downbeat
(Equities)	Global markets trade mostly firmer, but European markets end lower, weighed by renewed emerging market currency jitters
(Economics)	US consumer confidence falls but leading indicator upbeat

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
17/08	EZ	CPI	2.1%/2.1%/2%	CPI ticks higher as a result of energy costs
17/08	US	Leading index	0.6%/0.4%/0.5%	Leading indicator grows modestly, reflecting an upbeat economic outlook
21/08	SA	Leading indicator	--/--/105.9	Leading index is likely to remain constrained by low confidence
22/08	SA	CPI	--/--/4.6%	We believe inflation is likely to rise marginally in July on the back of higher transport costs

Source: Nedbank

CONTACT FOR QUERIES

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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	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
R204-0.3 yrs	6.84	3.20	17.50	-22.50	-21.60	↑
R208-2.6 yrs	7.98	-0.50	31.90	42.40	57.00	↑
R186-8.3 yrs	9.02	-1.10	44.20	43.20	52.10	↑
R2048-29.5 yrs	9.87	-0.55	40.05	15.55	16.75	↑
US10 yr	2.86	0.18	-9.75	45.69	66.84	↓
UK 10 yr	1.24	-0.40	-9.40	4.60	14.90	↓
German 10 yr	0.31	-1.50	-13.80	-12.20	-12.10	↓
Japan 10 yr	0.10	-0.10	3.50	4.90	6.40	↑

Money Market	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
SA repo rate	6.50	0.00	0.00	-25.00	-25.00	→
SA prime rate	10.00	0.00	0.00	-25.00	-25.00	→
SA CPI (MTD=previous month)	4.60		20.00	-10.00	-50.00	↑
SA 3m JIBAR	7.02	0.90	5.00	-14.10	-4.10	↑
SA 3m NCD	6.95	-7.50	0.00	-20.00	-10.00	→
SA 6m NCD	7.60	-1.25	7.50	0.00	15.00	↑
SA 12m NCD	8.38	0.00	30.00	47.50	65.00	↑
US3m LIBOR	2.31	-1.04	-3.67	61.76	99.55	↓
UK 3m LIBOR	0.80	-0.04	0.59	28.31	52.33	↑
Japan 3m LIBOR	-0.04	-0.42	-0.53	-1.32	-0.29	↓

Source: Bloomberg & Nedbank CIB

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FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
3X6 FRA	7.21	-2.50	17.50	31.50	35.50	↑
6X9 FRA	6.86	0.00	4.00	3.00	4.00	↑
9X12 FRA	7.65	0.50	42.50	85.50	110.50	↑
18X21 FRA	7.93	2.00	49.00	95.00	135.00	↑
SA 2yr Swap	7.59	0.29	34.98	66.30	91.88	↑
SA 3yr Swap	7.77	2.40	39.50	72.00	96.90	↑
SA 5yr Swap	8.05	0.00	45.00	72.00	93.00	↑
SA 10yr Swap	8.51	0.00	42.50	58.50	75.50	↑
SA 15yr Swap	8.77	-0.50	43.00	61.00	76.75	↑

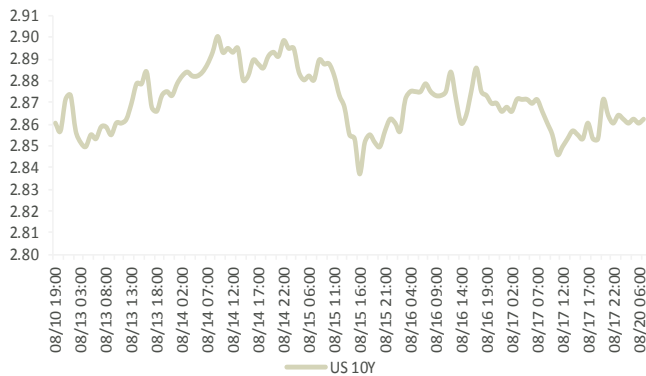
Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
2v10y	-0.92	0.29	-7.52	7.80	16.38	↓
3v10y	-0.74	2.40	-3.00	13.50	21.40	↓
R186-R204	2.18	-4.30	26.70	65.70	73.70	↑
R2048-R186	0.85	0.55	-4.15	-27.65	-35.35	↓
5y-R186	-0.97	1.10	0.80	28.80	40.90	↑
10y-R186	-0.51	1.10	-1.70	15.30	23.40	↓
15y-R186	-0.25	0.60	-1.20	17.80	24.65	↓
SA 5yr CDS spread -basis points	223.33	0.17	40.78	66.39	43.79	↑

Source: Bloomberg & Nedbank CIB

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US 10 year yield

US 10 year yield

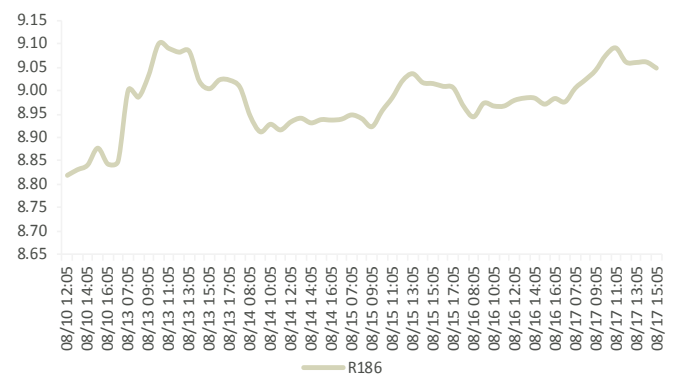


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Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



Time 2018/08/20 07:34

Source: Bloomberg, Nedbank

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

- The final session of the week saw the rand open in the high 14.60's , demand for dollars against a backdrop of negative local and international headlines weighing on the local unit , breaching above the 15.0000 level, although this move was of limited duration, by the time of the local close the rand was trading at 14.7900.
- Post the time of the close the rand did post additional gains, touching a best level of 14.6500 in the Far East, currently trading at 14.7500, EURZAR at 16.8250 and GBPZAR at 18.7750.
- International markets once again traded erratically, EURUSD trading around the 1.1400 pivot for much of the session on Friday, this morning it currently trades at 1.1425. After a significant decline in its price, opening the session on Friday trading at 1176.50, gold has recovered some 10 dollars this morning currently trading at 1185.50.
- Data releases today, nothing locally, from Germany we have PPI and from the U.K housing prices.
- Last week the rand was firmly in the grip of both local headlines which focussed on nationalisation of the SARB, poorly performing SOEs and the expropriation of land without compensation and international headlines regarding the escalation of trade wars, which saw emerging markets pay a significant price, although the local unit has recovered from its worst levels above 15.0000, it is likely to remain vulnerable.
- Possible trading range in the rand today 14.5000 to 15.0000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.27	-0.04	-2.92	-5.69	-1.27	↓	USD strength
EURUSD	1.14	-0.10	-2.38	-4.82	-3.37	↓	USD strength
USDJPY	110.62	0.11	-1.07	1.87	1.63	↓	USD weakness
USDAUD	1.37	0.08	1.77	6.83	8.65	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14.69	0.36	10.84	15.71	10.42	↑	ZAR weakness
GBPZAR	18.72	0.21	8.16	10.68	9.24	↑	ZAR weakness
EURZAR	16.78	0.22	8.65	11.50	7.30	↑	ZAR weakness
AUDZAR	10.73	0.16	9.26	9.98	2.67	↑	ZAR weakness
ZARJPY	7.53	-0.26	-13.35	-19.90	-9.80	↓	ZAR weakness

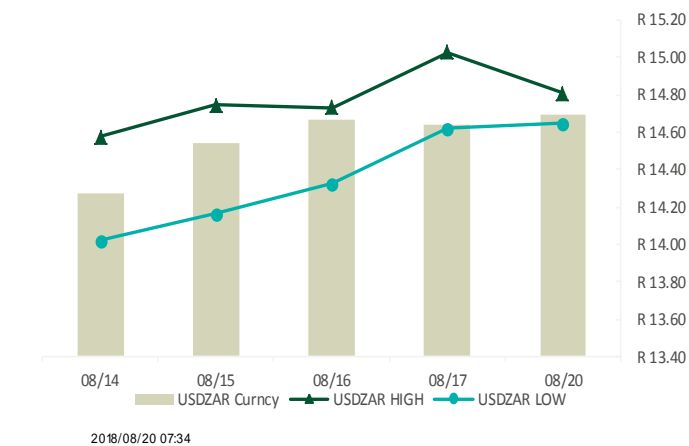
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	49.08	0.31	-12.94	-19.41	-12.23	↓	ZAR weakness
ZARBWP (Botswana pula)	0.74	0.67	-5.65	-7.67	-5.02	↓	ZAR weakness
ZARKES (Kenyan shilling)	6.86	-0.35	-11.74	-21.50	-14.09	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.36	0.77	-11.00	-15.66	-7.50	↓	ZAR weakness
ZARNGN (Nigerian naira)	24.57	0.77	-12.51	-18.25	-12.09	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.32	-1.82	-13.07	-12.91	-4.11	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.70	0.96	-9.65	-15.45	1.38	↓	ZAR weakness
ZARMZN (Mozambican metical)	4.04	1.07	-9.69	-17.10	-14.86	↓	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

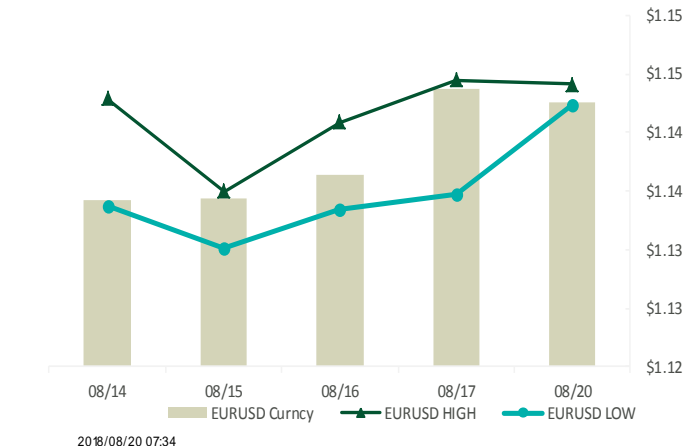
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

- Oil posted its biggest weekly loss in five weeks and its longest run of weekly declines in three years on fears of an emerging market demand slowdown and building U.S. stockpiles. Gold holds worst weekly drop this year as investor holdings in bullion-backed exchange-traded funds contract to lowest since early January. Bullion for immediate delivery +0.12% at \$1,185.71/oz, Silver flat at \$14.7969/oz; after posting 10th weekly drop, longest stretch since at least 1950, Platinum little changed at \$789/oz, after dropping to lowest level in a decade last week, Palladium flat at \$914.14/oz. Zinc had its worst weekly loss since 2016, and copper saw renewed pressure after sinking into a bear market Wednesday.

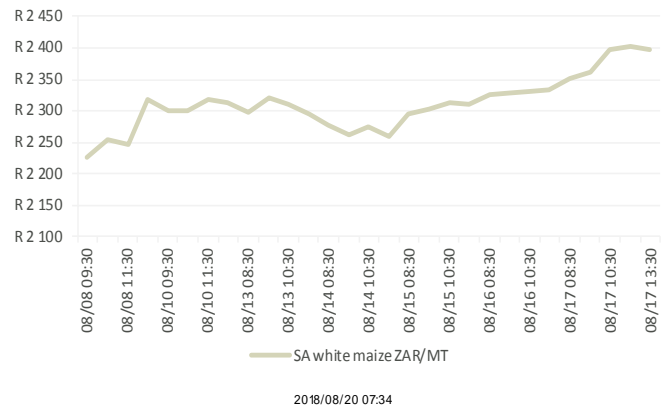
Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	71.60	-0.32	-3.57	7.07	35.81	↓
WTI crude (\$)	65.67	-0.36	-4.49	8.69	35.37	↓
Gold spot (\$)	1185.76	0.13	-3.29	-8.98	-8.19	↓
Platinum spot (\$)	790.45	0.20	-6.13	-14.85	-19.58	↓
SA white maize spot (R)	2398.00	2.74	12.48	26.21	31.25	↑

Source: Bloomberg & Nedbank CIB
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SA white maize

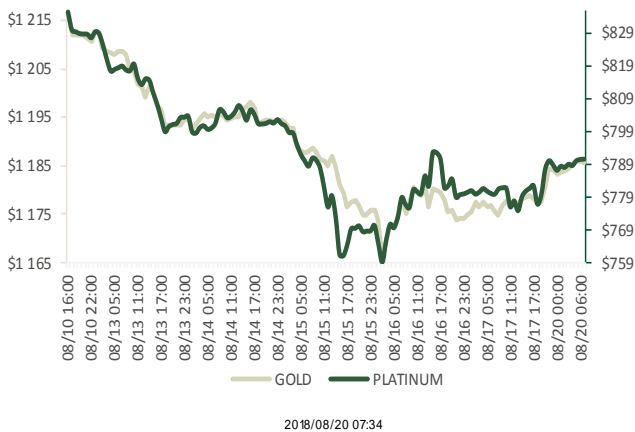
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

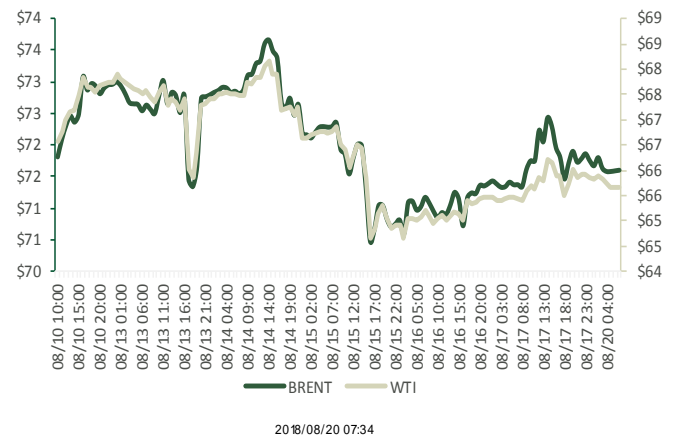
Platinum vs. Gold



Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



Source: Bloomberg, Nedbank

Cash equities | +2711 535 4030/31

South Africa

- The Top 40 ended Friday's session up 0.19% at 50601.90, but well off the day's highs.
- Steinhoff rallied 19.78% after releasing an update on the progress of the financial restructuring.
- Tiger Brands fell a further 7.82%, adding to Thursday's losses following their trading update.
- Harmony released a second trading statement and operating review for the year ended 30 June 2018, reflecting a good underlying operational performance, but the financial performance was slightly disappointing due to a lower gold price received, a large forex loss and some significant impairments. The stock closed down 1.16%.
- The value traded at the close was R18.3billion and the ZAR was trading at 14.79 vs the dollar.

UK/Europe

- European markets ended the day lower, weighed by further emerging market currency woes and a fall in tech stocks.
- The Turkish lira came under renewed pressure after a Turkish court rejected a US pastor's appeal for release, adding to the diplomatic rift between the two countries.
- Tech stocks lost ground after US firm, Applied Materials, the largest supplier of equipment to make chips, reported profit and revenue estimates which were well below expectations.
- Financials also underperformed across Europe, dragged lower by emerging market concerns.
- The DAX lost 0.22%, the CAC40 fell 0.08% and the FTSE100 ended marginally higher, up 0.03%

USA

- US stocks rose on Friday, buoyed by positive reports on progress in tariff disputes between the US, China and Mexico.
- Industrial stocks lead the gains, with the likes of Caterpillar Inc adding 2.3%
- Tech stocks Nvidia Corp and Applied Materials fell 4.9% and 7.7% respectively, while Tesla Inc tumbled 8.9% following Elon Musk's interview with the New York Times and on a report saying they could lose \$6000 on every Model 3 sedan due to powertrain costs.
- On the upside, Nordstrom Inc, surged 13.2% after their results beat estimates.
- The Dow gained 0.43%, the S&P 500 added 0.33% and the Nasdaq rose 0.13%.

Asia

- Asian markets are trading mostly firmer this morning, with the Nikkei underperforming in the region, weighed by weakness in the tech sector, tracking their US peers lower.
- Stocks across the rest of Asia rose, as they awaited developments on the planned Sino-US trade talks.
- In Australia, Fortescue Metals Group was up as much as 2.4% after the miner said it would produce high quality ore with a60% iron content in the second half of 2019.
- BHP Billiton added 1.36% and Rio Tinto was up 0.19%.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2017 Performance	MTD trend
Dow Jones	25 669.32	0.43	1.00	3.84	18.43	24.33	↑
Nasdaq	7 816.33	0.13	1.88	13.22	25.73	27.16	↑
S&P 500	2 850.13	0.33	1.20	6.60	17.50	18.42	↑
DJ Eurostoxx 50	3 372.94	-0.14	-4.33	-3.74	-2.12	5.70	↓
DAX	12 210.55	-0.22	-4.65	-5.47	0.37	11.51	↓
CAC	5 344.93	-0.08	-3.02	0.61	4.51	8.43	↓
FTSE	7 558.59	0.03	-2.45	-1.68	3.20	7.10	↓
ASX200	6 342.10	0.05	0.99	4.57	10.35	6.42	↑
Nikkei 225	22 237.59	-0.15	-1.40	-2.32	14.21	16.18	↓
MSCI World	2 138.11	0.33	-0.70	1.65	10.76	19.65	↓

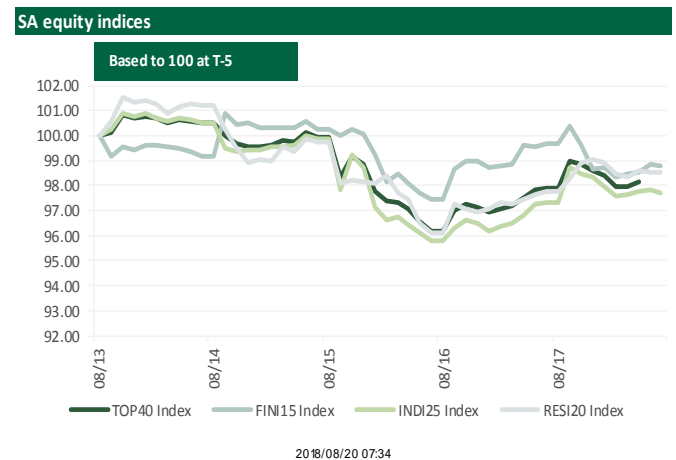
Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2017 Performance	MTD trend
Hang Seng	27 399.74	0.68	-4.14	-8.42	1.30	35.19	↓
Shanghai	2 667.55	-0.05	-7.26	-19.34	-18.39	5.46	↓
Brazil Bovespa	76 028.50	-1.03	-4.03	-0.49	10.64	28.22	↓
India - NSE	38 227.08	0.74	1.65	12.24	21.26	27.91	↑
Russia Micex	2 255.12	-0.26	-2.84	6.89	16.80	-7.69	↓
MSCI Emerging	1 022.94	0.13	-5.93	-11.70	-3.45	34.35	↓

SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2017 Performance	MTD trend
JSE All Share	56 647.52	0.15	-1.37	-4.80	2.43	17.47	↓
Top 40	50 601.89	0.19	-1.39	-3.68	3.42	19.66	↓
Resi 10	41 733.70	0.79	0.49	14.99	22.26	13.03	↑
Indi 25	73 242.03	0.34	-0.54	-7.39	-2.27	23.03	↓
Fini 15	16 227.85	-0.90	-5.50	-9.21	4.84	18.54	↓

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
21 August 2018		
FSRP	Firststrand Ltd B Pref	dividend @ 378.317540cps
IMRP3	IM Redeemable Pref 3Nov21	dividend @ 2588.441250cps
IMRP6	IM Redeemable Pref 6Aug21	dividend @ 34.029060cps
L2D	Liberty Two Degrees	dividend @ 29.31cps
MIX	Mix Telematics Ltd	dividend @ 3cps
MND	Mondi Ltd	dividend @ 334.420090cps
MNP	Mondi Plc	dividend @ 334.420090cps
NBKP	Nedbank Ltd Pref	dividend @ 41.820760cps
QLT	Quilter Plc	dividend @ 206.429520cps
TWR	Tower Property Fund Ltd	dividend @ 40.262310cps

Source: JSE

JSE PERFORMANCE

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2017 Performance	MTD trend
ABG : Absa Group Ltd	158.18	-1.75	-7.98	-13.08	6.43	7.05	↓
AGL : Anglo American Plc	287.49	0.38	-3.45	12.47	32.24	29.43	↓
ANG : Anglogold Ashanti Ltd	107.70	0.05	-6.32	-16.26	-20.03	-14.78	↓
APN : Aspen Pharmacare Holdings Lt	261.11	0.31	2.40	-5.91	-3.96	-1.62	↑
BID : Bid Corp Ltd	291.93	-0.19	10.78	-3.01	-5.22	20.93	↑
BIL : Bhp Billiton Plc	304.50	0.49	0.78	21.53	32.98	11.95	↑
BTI : British American Tobacco Plc	788.21	1.84	8.58	-4.98	-2.23	6.38	↑
BVT : Bidvest Group Ltd	189.00	-2.04	0.91	-13.34	10.85	21.18	↑
CFR : Financiere Richemont-Dep Rec	125.15	0.93	8.68	11.99	10.98	24.15	↑
CLS : Clicks Group Ltd	187.25	-0.40	-3.11	3.38	29.14	54.21	↓
CPI : Capitec Bank Holdings Ltd	938.41	0.57	-1.38	-14.53	9.03	58.44	↓
DSY : Discovery Ltd	163.26	-0.71	-3.96	-12.23	13.87	61.26	↓
FSR : Firstrand Ltd	62.97	-1.13	-9.09	-6.36	14.08	25.00	↓
GFI : Gold Fields Ltd	35.66	-4.91	-25.77	-34.09	-37.71	23.12	↓
GRT : Growthpoint Properties Ltd	25.95	-1.33	-0.76	-6.18	3.51	6.59	↓
INL : Investec Ltd	92.20	0.51	-3.08	2.76	-6.59	-1.57	↓
INP : Investec Plc	93.89	0.70	-1.69	4.60	-4.78	-1.52	↓
LHC : Life Healthcare Group Holdin	23.75	-0.46	-1.04	-14.41	-5.87	-9.23	↓
MEI : Mediclinic International Plc	87.64	0.74	-0.97	-17.62	-28.25	-18.17	↓
MND : Mondi Ltd	392.58	1.71	8.72	28.19	16.59	14.66	↑
MNP : Mondi Plc	392.45	1.68	8.75	28.51	16.85	14.14	↑
MRP : Mr Price Group Ltd	220.98	-0.54	-6.02	-9.76	25.28	53.52	↓
MTN : Mtn Group Ltd	101.00	-0.49	-11.79	-26.06	-19.90	5.08	↓
NED : Nedbank Group Ltd	258.96	-1.22	-5.09	1.12	15.71	6.16	↓
NPN : Naspers Ltd-N Shs	3180.00	1.08	-1.91	-7.85	9.73	69.72	↓
NRP : Nepi Rockcastle Plc	124.61	-0.69	2.14	-41.65			↑
NTC : Netcare Ltd	27.04	-1.31	0.00	7.51	8.16	-20.66	↔
OMU : Old Mutual Ltd	28.96	-0.55	-3.98				↓
RDF : Redefine Properties Ltd	10.34	-1.05	-2.73	-3.36	-2.91	-6.96	↓
REM : Remgro Ltd	199.00	-0.91	-8.37	-15.68	-8.90	4.19	↓
RMH : Rmb Holdings Ltd	75.34	-1.95	-8.56	-4.84	14.59	18.13	↓
SAP : Sappi Limited	96.06	2.06	2.35	7.33	11.70	0.56	↑
SBK : Standard Bank Group Ltd	183.77	-1.82	-9.85	-6.08	13.43	28.22	↓
SHP : Shoprite Holdings Ltd	210.76	-0.53	-3.18	-4.72	5.32	27.89	↓
SLM : Sanlam Ltd	74.36	-0.40	-2.59	-14.53	8.00	36.30	↓
SOL : Sasol Ltd	528.50	1.32	1.99	23.43	35.32	5.32	↑
SPP : Spar Group Limited/The	188.69	-0.78	-1.51	-7.20	12.22	2.82	↓
TBS : Tiger Brands Ltd	275.00	-7.82	-21.43	-40.22	-31.42	16.65	↓
TFG : The Foschini Group Ltd	169.78	-0.71	-1.41	-13.96	14.07	24.11	↓
TRU : Truworths International Ltd	83.00	1.59	1.39	-12.14	5.77	17.70	↑
VOD : Vodacom Group Ltd	125.60	-1.61	-10.45	-13.78	-30.55	-3.27	↓
WHL : Woolworths Holdings Ltd	50.40	-1.14	-1.49	-22.83	-21.74	-9.09	↓

Source: Bloomberg & Nedbank CIB

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US

- The US leading indicator rose 0.6% month-on-month in July, from 0.5% in June, better than consensus of 0.4%. the lower number of jobless claims had the biggest positive effect on the leading index, reflective of a very strong labour market. Better credit conditions also contributed towards the surge in the leading indicator. Another positive was an improvement in building permits passed, which could imply come recovery in the construction industry over the medium term.
- The University of Michigan consumer confidence index fell to 95.3 index points in August, from 97.9 points previously, worse than consensus for an uptick to 98 points. However sentiment over current conditions deteriorated, and expectations of the future remained unchanged. Consumers are most concerned about their household finances which they expect to deteriorate over the next year, while fewer people expect their income growth to beat inflation over the next year. However, business expectations improved, implying that households expect the business environment to remain fairly upbeat although there was a significant drop in the number of respondents seeing it as a good time to buy durable goods, houses and cars.

Synopsis: For as long as the US economic data surprises to the upside, the Fed may remain hawkish. Inflation remains elevated above the Fed's 2% target, with markets expecting a hike in September, after the recent hike in June. Markets are also pricing in a further rate hike in December, but this will be dependent on growth and inflation in the interim. If economic data starts to surprise to the downside, then we could see the Fed temper its hawkishness.

ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
17-August							
10:00 AM	EC	ECB Current Account SA	JUN	-	EUR 23.5b	EUR 22.4b	EUR 24.4b
11:00 AM	EC	CPI Core YoY	JUL F	-	1.10%	1.10%	-
11:00 AM	EC	CPI YoY	JUL F	-	2.10%	2.00%	-
04:00 PM	US	U. of Mich. Sentiment	AUG P	-	95.3	97.9	-
04:00 PM	US	Leading Index	JUL	-	0.60%	0.50%	-
20-August							
08:00 AM	GE	PPI YoY	JUL	3.00%	-	3.00%	-
21-August							
09:00 AM	SA	Leading Indicator	JUN	-	-	105.9	-
10:30 AM	UK	PSNB ex Banking Groups	JUL	GBP -1.1b	-	GBP 5.4b	-
22-August							
10:00 AM	SA	CPI YoY	JUL	5.00%	-	4.60%	-
04:00 PM	US	Existing Home Sales	JUL	5.41m	-	5.38m	-
04:00 PM	US	Existing Home Sales MoM	JUL	0.56%	-	-0.55%	-
08:00 PM	US	FOMC Meeting Minutes	AUG 1	-	-	0	-

Source: Bloomberg 2018/08/20 07:33

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Forex Institutional Sales Desk (011) 535 4005	Forex Retail Sales Desk (011) 535 4020	Inflation Trading (011) 535 4026
Interest Rate Swaps & FRA's Trading (011) 535 4004	Money Market Business Banking Sales Desk (011) 535 4006	Money Market Corporate Sales Desk JHB (011) 535 4007; DBN (031) 327 3000; CTN (021) 413 9300
Money Market Institutional Sales Desk (011) 535 4008	Non Soft & Soft Commodities Trading (011) 535 4038	Preference shares desk (011) 535 4072

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