

DAILY MARKET COMMENTARY

21 August 2018



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(* when available)*

KEY DAILY DRIVERS

Nedbank CIB Market Commentary | CIBMarketComm@Nedbank.co.za | +27 11 537 4091

SNIPPETS

(Fixed Income)	Flows remain light, bond yields marginally lower across the curve
(Currencies)	Focus remains on the state capture inquiry locally, ZAR benefits from dollar weakness
(Commodities)	Gold continues to rally, oil price marginally higher
(Equities)	Global markets closed in positive territory on renewed trade talks
(Foreign flows)	Foreign flows show largest outflow in eight weeks as risk-off resumes

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
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
22/08	US	FOMC meeting minutes	--	Fed likely to maintain its hawkishness in the minutes, but express concern over geopolitical tensions

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
R204-0.3 yrs	6.81	-1.70	15.10	-24.90	-23.70	↑
R208-2.6 yrs	7.96	0.05	29.95	40.45	53.25	↑
R186-8.3 yrs	9.01	-0.90	42.80	41.80	49.00	↑
R2048-29.5 yrs	9.87	-0.25	39.65	15.15	14.85	↑
US 10 yr	2.83	1.44	-12.65	42.79	65.17	↓
UK 10 yr	1.22	-1.30	-10.70	3.30	13.30	↓
German 10 yr	0.30	-0.30	-14.10	-12.50	-11.20	↓
Japan 10 yr	0.09	-1.10	3.10	4.50	6.20	↑

Money Market	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
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	0.00	5.00	-14.10	-4.10	↑
SA 3m NCD	6.95	-2.50	0.00	-20.00	-10.00	→
SA 6m NCD	7.63	0.00	10.00	2.50	17.50	↑
SA 12m NCD	8.35	0.00	27.50	45.00	62.50	↑
US 3m LIBOR	2.31	-0.23	-3.89	61.54	99.49	↓
UK 3m LIBOR	0.80	0.04	0.63	28.34	52.68	↑
Japan 3m LIBOR	-0.04	-0.05	-0.58	-1.37	-0.20	↓

Source: Bloomberg & Nedbank CIB

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FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
3X6 FRA	7.20	-0.50	16.50	30.50	34.50	↑
6X9 FRA	6.86	0.00	4.00	3.00	4.00	↑
9X12 FRA	7.61	0.50	38.50	81.50	106.50	↑
18X21 FRA	7.89	2.00	45.00	91.00	131.00	↑
SA 2yr Swap	7.56	0.01	31.51	62.83	88.41	↑
SA 3yr Swap	7.73	-0.50	35.00	67.50	92.40	↑
SA 5yr Swap	8.02	0.00	42.00	69.00	90.00	↑
SA 10yr Swap	8.50	1.00	41.50	57.50	74.50	↑
SA 15yr Swap	8.76	0.50	42.00	60.00	75.75	↑

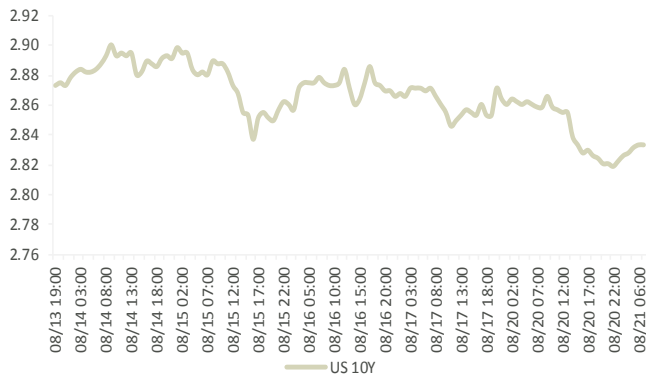
Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
2v10y	-0.94	-0.99	-9.99	5.33	13.91	↓
3v10y	-0.78	-1.50	-6.50	10.00	17.90	↓
R186-R204	2.19	0.80	27.70	66.70	72.70	↑
R2048-R186	0.86	0.65	-3.15	-26.65	-34.15	↓
5y-R186	-0.99	0.90	-0.80	27.20	41.00	↓
10y-R186	-0.51	1.90	-1.30	15.70	25.50	↓
15y-R186	-0.25	1.40	-0.80	18.20	26.75	↓
SA 5yr CDS spread -basis points	223.95	3.78	41.39	67.00	44.41	↑

Source: Bloomberg & Nedbank CIB

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US 10 year yield

US 10 year yield

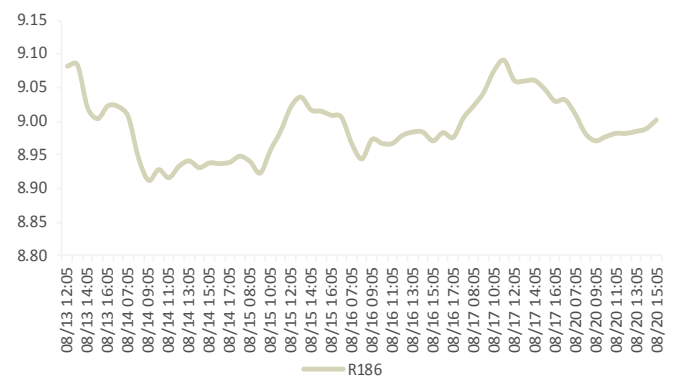


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Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



2018/08/21 07:27

Source: Bloomberg, Nedbank

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- The new week opened with the rand trading in the mid-14.60s, after some characteristically erratic in the far east earlier in the session, over the course of the session the rand trading within in a relatively limited range, touching a best level of 14.4500 on the day and closing the day trading at 14.6325. In the overnight session the rand has posted incremental gains to currently trade at 14.4450, EURZAR is trading at 16.6650 and GBPZAR at 18.5420.
- The international markets were once again generally range bound, EURUSD trading around the 1.1400 level , in the overnight session ,comments from Trump regarding currency manipulation and the increasing trajectory of U.S interest rates have seen the dollar come under pressure the euro trading firmer on the back of this , currently trading at 1.1528. Gold too has benefitted from a retreating dollar, this morning currently trading at 1195.50, some 10 dollars firmer from the time of the close last night.
- Data releases scheduled for today, locally we have leading index, from the U.K public finances and net borrowing, no releases from the rest of Europe or the U.S.
- The global headlines which contributed the rapid decline in emerging markets appear to have subsided for the time being, as per the comments from the U.S president last night, the dollar has retreated from its recent highs and provided some relief for the rand, locally headlines regarding the effects of land expropriation without compensation continue to dominate.
- Possible trading range in the rand today 14.2000 to 14.7000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.28	0.34	-2.25	-5.05	-0.60	↓	USD strength
EURUSD	1.15	0.61	-1.50	-3.97	-2.49	↓	USD strength
USDJPY	110.08	-0.21	-1.56	2.37	1.14	↓	USD weakness
USDAUD	1.36	-0.46	1.09	6.12	7.92	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14.45	-0.76	9.35	14.30	8.92	↑	ZAR weakness
GBPZAR	18.54	-0.41	7.26	9.80	8.35	↑	ZAR weakness
EURZAR	16.66	-0.14	7.97	10.84	6.61	↑	ZAR weakness
AUDZAR	10.63	-0.30	8.35	9.08	1.69	↑	ZAR weakness
ZARJPY	7.62	0.53	-12.06	-18.54	-8.55	↓	ZAR weakness

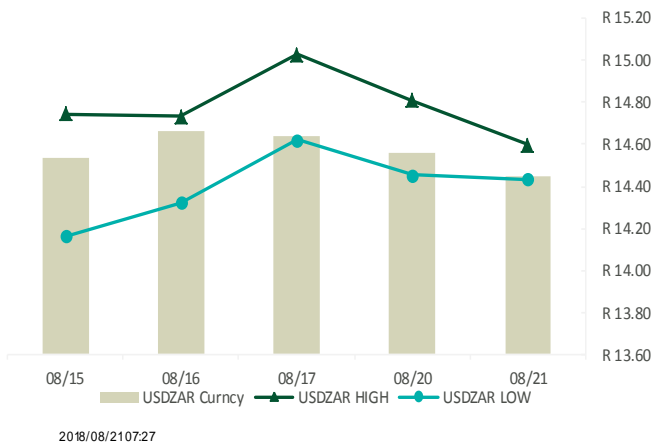
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	50.19	0.79	-10.44	-16.76	-9.74	↓	ZAR weakness
ZARBWP (Botswana pula)	0.75	0.72	-4.39	-6.38	-3.77	↓	ZAR weakness
ZARKES (Kenyan shilling)	6.98	0.79	-9.89	-19.47	-12.19	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.39	0.10	-9.58	-14.18	-6.13	↓	ZAR weakness
ZARNGN (Nigerian naira)	24.99	0.77	-10.64	-16.28	-10.23	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.33	-1.24	-10.94	-10.79	-2.15	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.71	0.45	-8.15	-13.88	2.72	↓	ZAR weakness
ZARMZN (Mozambican metical)	4.11	0.75	-7.77	-15.05	-12.85	↓	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

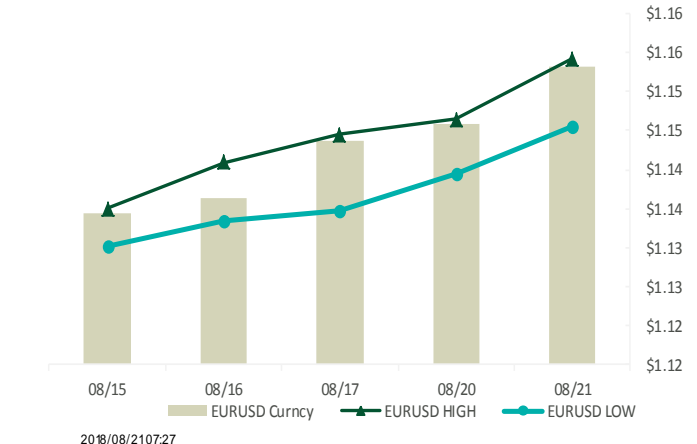
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

- Oil prices edged up supported by expectations of supply cuts once U.S. sanctions against Iran bite in November, but capped by worries a Sino-U.S. trade dispute will drag on fuel demand growth.
- Gold advances as dollar weakens after President Donald Trump said to complain about Federal Reserve raising interest rates. Bullion for immediate delivery +0.29% to \$1,193.94/oz, Silver +0.3% to \$14.7975/oz, Platinum +0.4% to \$799.07/oz, Palladium +0.1% to \$918.06/oz. Most metals extend rebound from lowest in 13 months as yuan strengthens against dollar, LME nickel +0.7%, lead +0.7%, copper +0.3%, aluminium +0.5%.

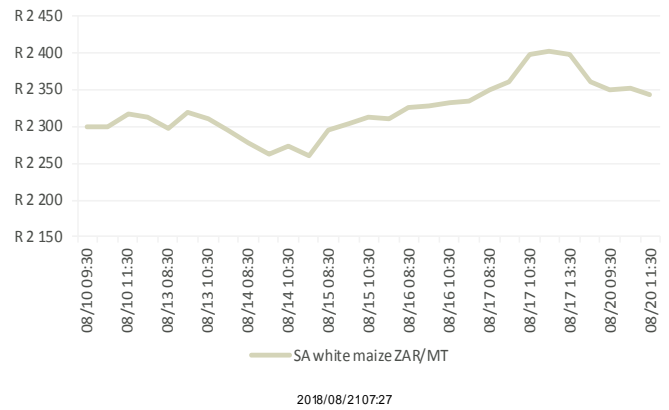
Source: Bloomberg

Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	72.23	0.03	-2.72	8.02	39.82	↓
WTI crude (\$)	66.65	0.33	-3.07	10.31	40.70	↓
Gold spot (\$)	1194.59	0.46	-2.57	-8.31	-7.51	↓
Platinum spot (\$)	799.38	0.67	-5.07	-13.88	-18.68	↓
SA white maize spot (R)	2343.00	-2.29	9.90	23.32	27.82	↑

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

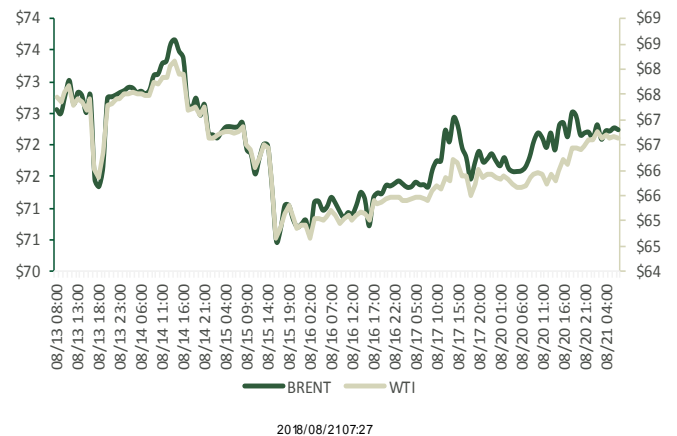
Platinum vs. Gold



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 Top40 gapped at the open and traded in a narrow sideways direction till the close.
- The rally was broad based with all the sectors contributing. (Resi +0.5%, Fini +0.7% & Indi +1.3%).
- After the close on Friday, Resilient announced disappointing FY results but in line with management guidance. The stock closed down -0.3%.
- Impala released a trading statement that showed production decreased by 4% and they expect a headline and basic loss per share. The closed down -1.8%.
- The value traded was R13.5 billion and the rand was trading around 14.63 to the US dollar at the close.

UK/Europe

- European markets closed a start to new trading week firmly in positive territory.
- Optimism about resumed trade talks between China and the US, Greece emerging from its final bailout programme and Germany promising growth trajectory all lifted markets sentiment.
- The French Cac rose +.7%, Germany's Dax advanced +1% and the UK's FTSE added +0.4%.

USA

- The major US indexes closed a choppy trading session with modest gains. (Dow +0.3%, S&P500 +0.1% & Nasdaq +0.2%)
- Traders seemed optimistic about the upcoming trade talks between China and the US. They also anticipated the release of the FOMC minutes.
- The sectors that showed the most strength were oil services, materials and consumer discretionary. Utilities and information technology closed in the red.

Asia

- Asian markets are trading mostly in positive territory taking the lead from a strong close on Wall Street last night, the MSCI Asia Pacific ex-Japan is up +0.9%
- The Japanese Nikkei is up +0.2% supported by a weaker yen.
- The Australian ASX200 is down -1% with BHP Billiton down -1.7%.
- Tencent is currently trading down -0.5% in Hong Kong this morning.

Developed Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2017 Performance	MTD trend
Dow Jones	25 758.69	0.35	1.35	4.21	18.68	24.33	↑
Nasdaq	7 821.01	0.06	1.95	13.29	25.88	27.16	↑
S&P 500	2 857.05	0.24	1.45	6.86	17.65	18.42	↑
DJ Eurostoxx 50	3 393.67	0.61	-3.74	-3.15	-0.87	5.70	↓
DAX	12 331.30	0.99	-3.70	-4.54	2.20	11.51	↓
CAC	5 379.65	0.65	-2.39	1.26	5.74	8.43	↓
FTSE	7 591.26	0.43	-2.03	-1.26	3.72	7.10	↓
ASX200	6 278.10	-1.05	-0.03	3.51	9.64	6.42	↓
Nikkei 225	22 241.42	0.19	-1.38	-2.30	14.69	16.18	↓
MSCI World	2 145.24	0.33	-0.36	1.99	11.02	19.65	↓

Emerging Markets	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2017 Performance	MTD trend
Hang Seng	27 737.78	0.51	-2.96	-7.29	2.15	35.19	↓
Shanghai	2 737.12	1.43	-4.84	-17.24	-16.73	5.46	↓
Brazil Bovespa	76 327.89	0.39	-3.65	-0.10	11.21	28.22	↓
India - NSE	38 321.04	0.11	1.90	12.52	22.59	27.91	↑
Russia Micex	2 272.49	0.77	-2.09	7.71	17.28	-7.69	↓
MSCI Emerging	1 033.65	1.05	-4.95	-10.77	-2.82	34.35	↓

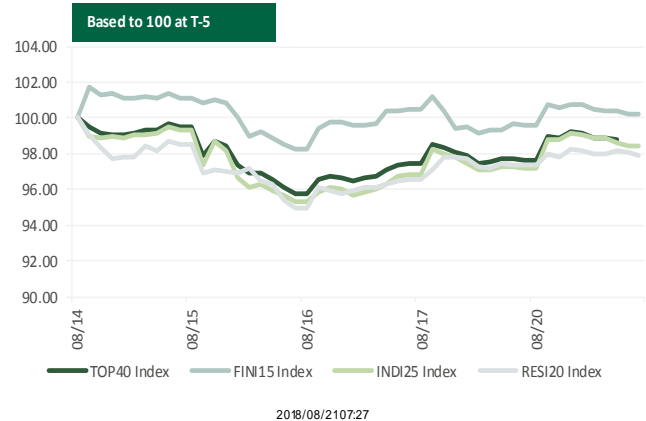
SA Indices	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2017 Performance	MTD trend
JSE All Share	57 145.62	0.88	-0.50	-3.96	3.06	17.47	↓
Top 40	51 101.53	0.99	-0.42	-2.72	4.23	19.66	↓
Resi 10	41 960.75	0.54	1.04	15.62	22.00	13.03	↑
Indi 25	74 206.09	1.32	0.77	-6.17	-1.07	23.03	↑
Fini 15	16 335.40	0.66	-4.87	-8.60	5.40	18.54	↓

Source: Bloomberg & Nedbank CIB

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Short-term performance of SA equity indices

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	159.70	0.96	-7.09	-12.25	6.69	7.05	↓
AGL : Anglo American Plc	291.95	1.55	-1.95	14.21	32.75	29.43	↓
ANG : Anglogold Ashanti Ltd	105.65	-1.90	-8.10	-17.86	-19.46	-14.78	↓
APN : Aspen Pharmacare Holdings Lt	265.20	1.57	4.00	-4.43	-3.17	-1.62	↑
BID : Bid Corp Ltd	292.45	0.18	10.98	-2.84	-5.05	20.93	↑
BIL : Bhp Billiton Plc	307.05	0.84	1.62	22.55	32.66	11.95	↑
BTI : British American Tobacco Plc	788.40	0.02	8.61	-4.95	-2.67	6.38	↑
BVT : Bidvest Group Ltd	191.54	1.34	2.26	-12.17	11.27	21.18	↑
CFR : Financiere Richemont-Dep Rec	125.87	0.58	9.31	12.64	11.52	24.15	↑
CLS : Clicks Group Ltd	187.01	-0.13	-3.23	3.25	27.58	54.21	↓
CPI : Capitec Bank Holdings Ltd	940.99	0.27	-1.11	-14.30	8.69	58.44	↓
DSY : Discovery Ltd	164.25	0.61	-3.38	-11.69	14.86	61.26	↓
FSR : Firstrand Ltd	63.85	1.40	-7.82	-5.06	14.94	25.00	↓
GFI : Gold Fields Ltd	34.60	-2.97	-27.98	-36.04	-40.60	23.12	↓
GRT : Growthpoint Properties Ltd	25.85	-0.39	-1.15	-6.54	3.61	6.59	↓
INL : Investec Ltd	92.69	0.53	-2.56	3.31	-6.18	-1.57	↓
INP : Investec Plc	93.73	-0.17	-1.85	4.42	-5.13	-1.52	↓
LHC : Life Healthcare Group Holdin	23.92	0.72	-0.33	-13.80	-5.27	-9.23	↓
MEI : Mediclinic International Plc	89.01	1.56	0.58	-16.33	-27.04	-18.17	↑
MND : Mondi Ltd	398.78	1.58	10.44	30.21	17.55	14.66	↑
MNP : Mondi Plc	400.00	1.92	10.84	30.98	18.33	14.14	↑
MRP : Mr Price Group Ltd	220.23	-0.34	-6.34	-10.06	23.72	53.52	↓
MTN : Mtn Group Ltd	103.45	2.43	-9.65	-24.27	-17.24	5.08	↓
NED : Nedbank Group Ltd	260.00	0.40	-4.71	1.52	16.29	6.16	↓
NPN : Naspers Ltd-N Shs	3248.00	2.14	0.19	-5.88	12.12	69.72	↑
NRP : Nepi Rockcastle Plc	125.55	0.75	2.91	-41.21			↑
NTC : Netcare Ltd	27.28	0.89	0.89	8.47	9.82	-20.66	↑
OMU : Old Mutual Ltd	28.92	-0.14	-4.11				↓
RDF : Redefine Properties Ltd	10.30	-0.39	-3.10	-3.74	-3.20	-6.96	↓
REM : Remgro Ltd	199.94	0.47	-7.93	-15.28	-8.70	4.19	↓
RMH : Rmb Holdings Ltd	77.00	2.20	-6.54	-2.74	16.40	18.13	↓
SAP : Sappi Limited	94.98	-1.12	1.20	6.12	10.44	0.56	↑
SBK : Standard Bank Group Ltd	185.50	0.94	-9.00	-5.19	14.76	28.22	↓
SHP : Shoprite Holdings Ltd	211.80	0.49	-2.70	-4.25	5.37	27.89	↓
SLM : Sanlam Ltd	75.00	0.86	-1.76	-13.79	8.40	36.30	↓
SOL : Sasol Ltd	523.00	-1.04	0.93	22.14	33.15	5.32	↑
SPP : Spar Group Limited/The	189.13	0.23	-1.28	-6.98	10.51	2.82	↓
TBS : Tiger Brands Ltd	280.00	1.82	-20.00	-39.13	-29.57	16.65	↓
TFG : The Foschini Group Ltd	170.50	0.42	-0.99	-13.60	12.84	24.11	↓
TRU : Truworths International Ltd	83.85	1.02	2.43	-11.24	4.81	17.70	↑
VOD : Vodacom Group Ltd	126.44	0.67	-9.85	-13.21	-29.99	-3.27	↓
WHL : Woolworths Holdings Ltd	50.90	0.99	-0.51	-22.06	-21.64	-9.09	↓

Source: Bloomberg & Nedbank CIB

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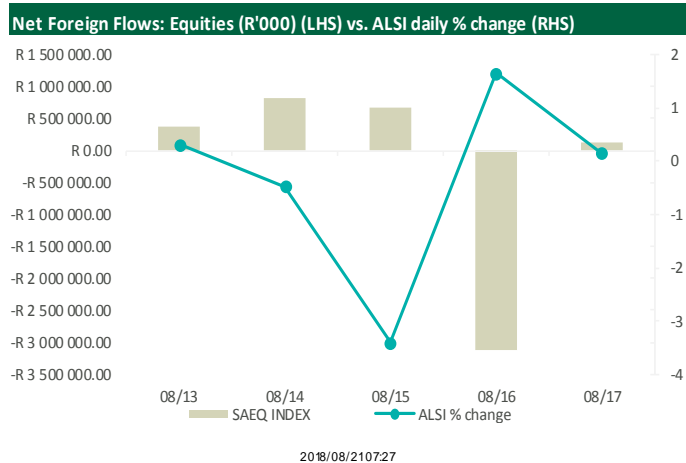
- Foreign flows remain at the mercy of global developments, following the sell-off in Turkey, which prompted some contagion across EM's. Despite a temporary reprieve, we saw foreign investors sell a combined R12 billion of equity and bonds last week – the biggest weekly outflow in eight weeks.
- Locally, we markets are likely to remain on tenterhooks as a result of the State Capture Inquiry that has begun, as well as the SARS inquiry that is on-going. The EFF tabling a proposed Bill to nationalise the SARB will dampen confidence levels in the interim, along with the on-going uncertainty over land expropriation.
- The above are unlikely to rally foreign inflows just yet, and we remain concerned about the trajectory of portfolio flows into year-end as this is the most vulnerable time for flows.

Foreign flows (bn)	Week to 17 Aug 2018	Month to 17 Aug 2018	Year to 17 Aug 2018
Foreign flows into SA equity market	-R 1.110	-R 5.983	R 4.567
Foreign flows into SA bond market	-R 10.901	-R 14.724	-R 49.402
Total foreign flows	-R 12.010	-R 20.707	-R 44.835

Source: Bloomberg

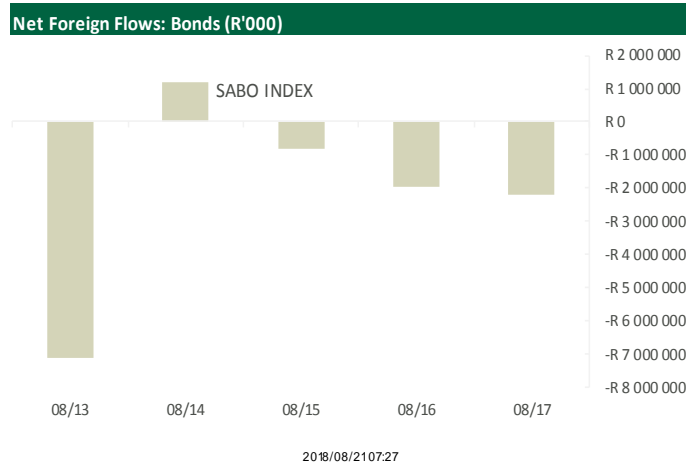
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Foreign equity flows: 5-day history



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
20-August							
08:00 AM	GE	PPI YoY	JUL	3.00%	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	5.10%	-	4.60%	-
04:00 PM	US	Existing Home Sales	JUL	5.40m	-	5.38m	-
04:00 PM	US	Existing Home Sales MoM	JUL	0.37%	-	-0.55%	-
08:00 PM	US	FOMC Meeting Minutes	AUG 1	-	-	0	-
23-August							
02:30 AM	JN	Nikkei Japan PMI Mfg	AUG P	-	-	52.3	-
07:00 AM	JN	Leading Index CI	JUN F	-	-	105.2	-
09:30 AM	GE	Markit Germany Services PMI	AUG P	54.3	-	54.1	-
09:30 AM	GE	Markit/BME Germany Manufacturing PMI	AUG P	56.5	-	56.9	-
10:00 AM	EC	Markit Eurozone Services PMI	AUG P	54.4	-	54.2	-
10:00 AM	EC	Markit Eurozone Manufacturing PMI	AUG P	55.2	-	55.1	-
03:45 PM	US	Markit US Services PMI	AUG P	55.8	-	56.0	-
03:45 PM	US	Markit US Manufacturing PMI	AUG P	55.0	-	55.3	-
04:00 PM	EC	Consumer Confidence	AUG A	-0.70	-	-0.60	-
04:00 PM	US	New Home Sales	JUL	645k	-	631k	-
04:00 PM	US	New Home Sales MoM	JUL	2.22%	-	-5.30%	-
05:00 PM	US	Kansas City Fed Manf. Activity	AUG	22.5	-	23.0	-

Source: Bloomberg 2018/08/21 07:23

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