

DAILY MARKET COMMENTARY

22 August 2018



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KEY DAILY DRIVERS

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SNIPPETS

(Fixed Income)	Risk marginally better, albeit temporarily, on the back of Trump comments
(Currencies)	USDZAR holds steady
(Commodities)	Gold marginally lower, oil price upbeat
(Equities)	Trade optimism kept the positive momentum in global markets as investors focused on the upcoming talks between the U.S. and China

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
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
23/08	EZ	Consumer confidence	--	Consumer confidence is expected to deteriorate marginally on the back of global developments

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	Δ	Δ	Δ	MTD trend
	%	1d	MTD	YTD	12Month	
R204-0.3 yrs	6.78	-1.80	11.80	-28.20	-24.20	↑
R208-2.6 yrs	7.93	-0.05	26.75	37.25	51.75	↑
R186-8.3 yrs	8.98	-0.15	40.05	39.05	46.95	↑
R2048-29.5 yrs	9.84	-0.25	37.05	12.55	11.25	↑
US10 yr	2.83	-0.54	-13.55	41.89	61.12	↓
UK 10 yr	1.27	4.40	-6.30	7.70	19.70	↓
German 10 yr	0.33	2.90	-11.20	-9.60	-6.90	↓
Japan 10 yr	0.10	1.10	3.50	4.90	5.40	↑

Money Market	Last price	Δ	Δ	Δ	Δ	MTD trend
	%	1d	MTD	YTD	12Month	
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	-6.25	0.00	-20.00	-12.50	→
SA 6m NCD	7.63	0.00	10.00	2.50	20.00	↑
SA 12m NCD	8.35	0.00	27.50	45.00	65.00	↑
US3m 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	Δ	Δ	Δ	MTD trend
	%	1d	MTD	YTD	12Month	
3X6 FRA	7.18	0.00	15.00	29.00	35.00	↑
6X9 FRA	6.86	0.00	4.00	3.00	4.00	↑
9X12 FRA	7.55	-1.00	33.00	76.00	103.00	↑
18X21 FRA	7.81	-1.00	37.00	83.00	124.00	↑
SA 2yr Swap	7.53	-0.30	29.50	59.32	86.25	↑
SA 3yr Swap	7.70	-0.70	32.00	64.50	90.50	↑
SA 5yr Swap	8.00	1.50	39.50	66.50	88.00	↑
SA 10yr Swap	8.44	-1.00	35.00	51.00	68.50	↑
SA 15yr Swap	8.71	-1.00	36.50	54.50	70.75	↑

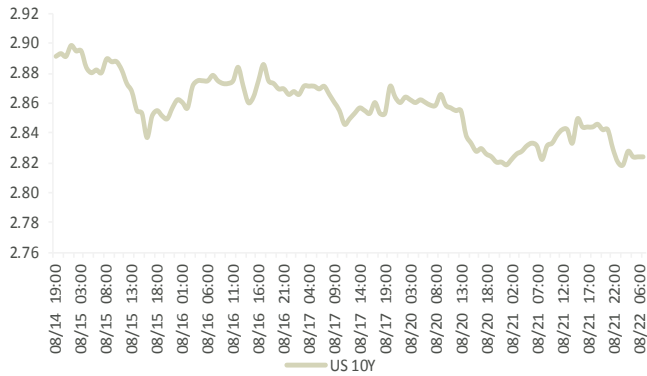
Spreads	Last price	Δ	Δ	Δ	Δ	MTD trend
	%	1d	MTD	YTD	12Month	
2v10y	-0.91	0.70	-5.50	8.32	17.75	↓
3v10y	-0.74	0.30	-3.00	13.50	22.00	↓
R186-R204	2.20	1.65	28.25	67.25	71.15	↑
R2048-R186	0.86	-0.10	-3.00	-26.50	-35.70	↓
5y-R186	-0.98	1.65	-0.55	27.45	41.05	↓
10y-R186	-0.54	-0.85	-5.05	11.95	21.55	↓
15y-R186	-0.27	-0.85	-3.55	15.45	23.80	↓
SA 5yr CDS spread - basis points	213.00	-0.50	31.50	56.00	36.50	↑

Source: Bloomberg & Nedbank CIB

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US 10 year yield

US 10 year yield

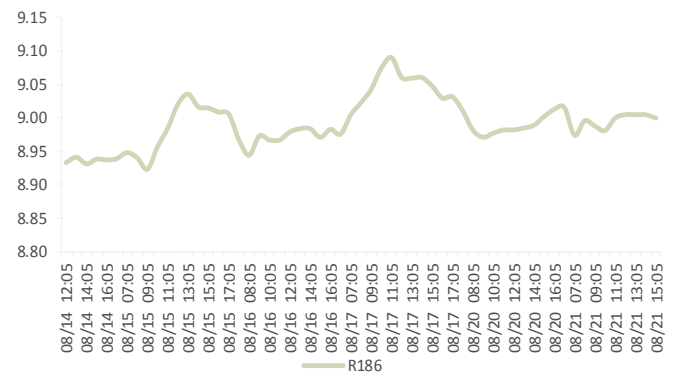


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Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



20/08/22 07:55

Source: Bloomberg, Nedbank

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- The local trading session opened with the rand trading in the 14.40s, some two way flows on the day, in a somewhat more sedate session, the rand confined between 14.3175 and 14.5275, and closing the day trading at 14.4025. In the overnight session the rand managed a print sub 14.30, this morning the rand is currently trading at 14.3625, EURZAR at 16.6245 and GBPZAR at 18.5445.
- On the international front the major currency pairs also had a largely noncommittal trading session, EURUSD confined to a trading range between 1.1486 and 1.1541, this morning the European unit marginally firmer at 1.1575.
- Gold holds steady around the 1195.00 mark, unchanged from the same time yesterday.
- Data releases scheduled for today, locally we have CPI, no releases from Europe or the U.K, from the U.S we have mortgage applications and existing home sales and the release of the FOMC minutes.
- The rand has over the most recent sessions largely consolidate, in what has proven to be a limited activity environment, emerging markets additionally spared from any significant headlines over this time, technically the 14.20 level remains significant on the downside, only a sustained breach below this level would open a test of the 13.70 level, local headlines remain focussed on the property rights issue and the dismal performances of the SOEs, the SABC the latest of these seeking assistance from treasury.
- Possible trading range in the rand today 14.1500 to 14.5500

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.29	0.09	-1.61	-4.44	0.69	↓	USD strength
EURUSD	1.16	0.06	-0.97	-3.56	-1.56	↓	USD strength
USDJPY	110.43	0.11	-1.29	2.05	0.78	↓	USD weakness
USDAUD	1.36	0.13	0.98	6.13	7.56	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14.36	-0.24	7.55	13.76	7.90	↑	ZAR weakness
GBPZAR	18.54	-0.13	6.04	9.82	8.50	↑	ZAR weakness
EURZAR	16.62	-0.17	6.65	10.65	6.43	↑	ZAR weakness
AUDZAR	10.56	-0.39	6.67	8.50	0.92	↑	ZAR weakness
ZARJPY	7.69	0.36	-9.62	-17.40	-7.71	↓	ZAR weakness

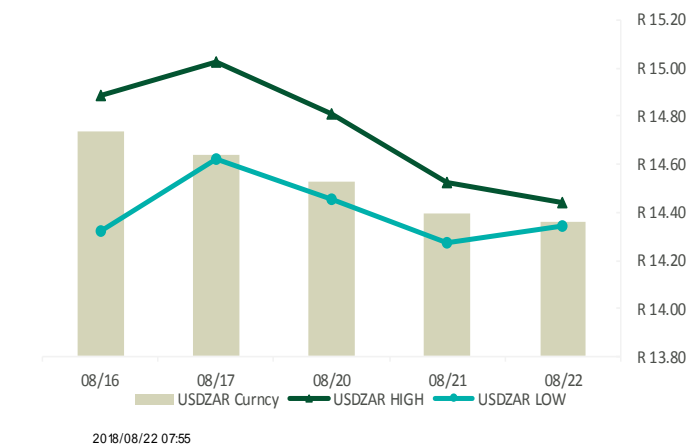
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	50.59	0.27	-7.96	-16.04	-8.53	↓	ZAR weakness
ZARBWP (Botswana pula)	0.74	0.32	-3.54	-6.69	-3.88	↓	ZAR weakness
ZARKES (Kenyan shilling)	7.02	0.26	-7.78	-18.75	-11.09	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.38	-0.90	-8.76	-14.94	-6.05	↓	ZAR weakness
ZARNGN (Nigerian naira)	25.15	0.27	-8.48	-15.65	-8.43	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.34	0.27	-6.94	-8.85	-0.24	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.71	-0.17	-6.50	-13.77	2.77	↓	ZAR weakness
ZARMZN (Mozambican metical)	4.14	0.44	-5.44	-14.33	-11.58	↓	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

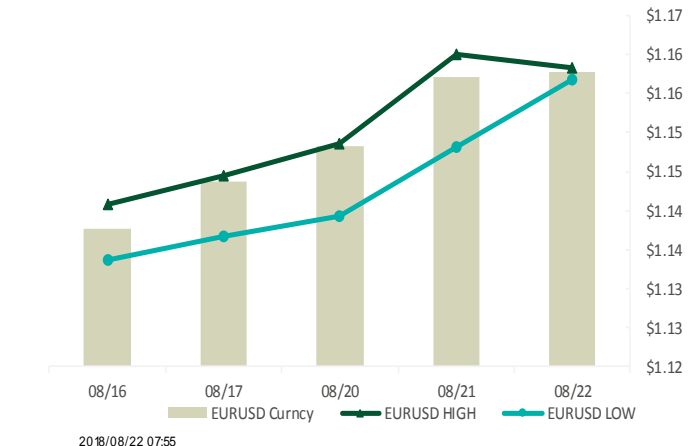
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/\$(close, high and low)



Source: Bloomberg, Nedbank

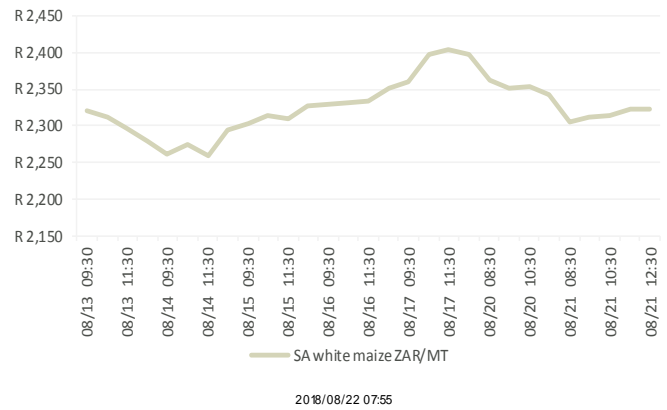
- Oil prices higher supported by a drop in U.S. crude inventories, while a potential shortfall of Iranian oil from November due to U.S. sanctions added to the positive tone.
- Gold steady on continued dollar weakness and signs of improving physical demand. Bullion for immediate delivery flat at \$1,195.88/oz, Silver, platinum flat; palladium -0.5%. Metals were mostly higher, with the exception of aluminum, nickel +0.4%, lead +0.5%, zinc -0.3%.

Commodities	Last price	%Δ				MTD trend
		-1d	MTD	YTD	12Month	
Brent near future (\$)	72.91	0.39	-1.80	9.03	40.56	↓
WTI crude (\$)	66.16	0.49	-3.78	9.50	38.87	↓
Gold spot (\$)	1195.40	-0.05	-2.35	-8.24	-6.98	↓
Platinum spot (\$)	795.58	-0.06	-5.13	-14.29	-18.59	↓
SA white maize spot (R)	2322.00	-0.90	8.91	22.21	26.54	↑

Source: Bloomberg & Nedbank CIB
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SA white maize

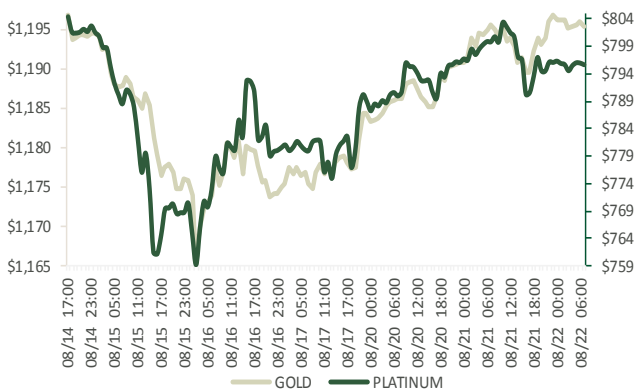
SA White maize (ZAR/MT) - 30 day chart



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

- Positive momentum continued on the JSE with the local market gaining for the fourth consecutive session posting small gains. The Top 40 and All Share ended at 51,125.84 and 57,186.66 respectively.
- News flow was dominated by earnings results, with reports from Harmony Gold Mining Company Ltd, Shoprite Holdings Ltd, Imperial Holdings Ltd and BHP Billiton Plc.
- The weaker rand buoyed financials and retailers. Capitec Bank advanced over 4% while Shoprite Holdings Ltd dropped over 4%.
- Value traded was R22bn and the rand was at R14.31 to the dollar.

UK/Europe

- European markets were mixed with the FTSE losing over 3 tenths of a percent while the DAX and CAC advanced 4 tenths of a percent and half a percent respectively.
- In London, gains in technology shares were offset by weaker consumer and communication stocks.
- Banking shares outperformed in Germany with Commerzbank & Deutsche bank both up over 1.5%.
- The CAC was led higher by stronger utility and energy sectors.

USA

- U.S. markets gained as trade concerns eased from optimism on the upcoming talks between the U.S. and China.
- All three major averages advanced led by the Nasdaq which gained half a percent. The DOW and S&P were up a quarter of a percent and two tenths of a percent respectively. Further gains were hampered by weaker utilities.
- Intel Corp gained 2.4% while Coca Cola and Johnson & Johnson both dropped over a percent.

Asia

- Asian markets are mixed. Overnight news broke that that President Trumps former personal lawyer has pleaded guilty to federal charges.
- At the time of writing the Nikkei was trading half a percent higher. Non-cyclical consumer goods was the only laggard on the day.
- The Hang Seng was up a tenth of a percent with Tencent up 1.7% while the Shanghai Composite fell half a percent and the ASX lost 4 tenths of a percent.

Developed Markets	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	25 822.29	0.25	1.60	4.46	17.91	24.33	↑
Nasdaq	7 859.17	0.49	2.44	13.85	24.80	27.16	↑
S&P 500	2 862.96	0.21	1.66	7.08	16.74	18.42	↑
DJ Eurostoxx 50	3 411.66	0.53	-3.23	-2.63	-1.27	5.70	↓
DAX	12 384.49	0.43	-3.29	-4.13	1.27	11.51	↓
CAC	5 408.60	0.54	-1.86	1.81	5.39	8.43	↓
FTSE	7 565.70	-0.34	-2.36	-1.59	2.49	7.10	↓
ASX200	6 260.30	-0.38	-0.32	3.22	8.87	6.42	↓
Nikkei 225	22 348.33	0.58	-0.91	-1.83	15.29	16.18	↓
MSCI World	2 151.79	0.31	-0.06	2.30	10.62	19.65	↓

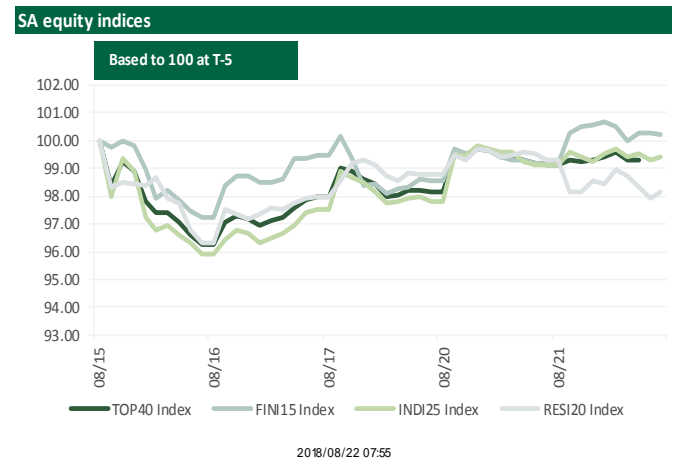
Emerging Markets	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Hang Seng	27 848.39	0.34	-2.57	-6.92	1.63	35.19	↓
Shanghai	2 717.50	-0.60	-5.52	-17.83	-17.41	5.46	↓
Brazil Bovespa	75 180.40	-1.50	-5.10	-1.60	7.38	28.22	↓
India - NSE	38 285.75	0.02	1.81	12.42	22.35	27.91	↑
Russia Micex	2 291.76	0.85	-1.26	8.63	17.68	-7.69	↓
MSCI Emerging	1 044.31	1.03	-3.97	-9.85	-2.63	34.35	↓

SA Indices	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
JSE All Share	57 186.66	0.07	-0.43	-3.90	2.06	17.47	↓
Top 40	51 125.84	0.05	-0.37	-2.68	3.10	19.66	↓
Resi 10	41 461.60	-1.19	-0.16	14.24	19.38	13.03	↓
Indi 25	74 411.96	0.28	1.05	-5.91	-2.04	23.03	↑
Fini 15	16 503.08	1.03	-3.90	-7.67	5.31	18.54	↓

Source: Bloomberg & Nedbank CIB

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Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

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	158.14	-0.98	-8.00	-13.11	5.22	7.05	↓
AGL : Anglo American Plc	288.99	-1.01	-2.95	13.05	30.05	29.43	↓
ANG : AngloGold Ashanti Ltd	107.99	2.21	-6.06	-16.04	-11.63	-14.78	↓
APN : Aspen Pharmacare Holdings Lt	266.99	0.67	4.70	-3.79	-2.91	-1.62	↑
BID : Bid Corp Ltd	296.50	1.38	12.52	-1.49	-4.76	20.93	↑
BIL : Bhp Billiton Plc	297.25	-3.19	-1.62	18.64	25.29	11.95	↓
BTI : British American Tobacco Plc	761.99	-3.35	4.97	-8.14	-6.10	6.38	↑
BVT : Bidvest Group Ltd	196.30	2.49	4.81	-9.99	13.47	21.18	↑
CFR : Financiere Richemont-Dep Rec	123.09	-2.21	6.90	10.15	7.59	24.15	↑
CLS : Clicks Group Ltd	190.01	1.60	-1.68	4.90	28.72	54.21	↓
CPI : Capitec Bank Holdings Ltd	980.00	4.15	2.99	-10.74	11.62	58.44	↑
DSY : Discovery Ltd	166.70	1.49	-1.94	-10.38	15.56	61.26	↓
FSR : Firststrand Ltd	65.20	2.11	-5.88	-3.05	15.13	25.00	↓
GFI : Gold Fields Ltd	35.50	2.60	-26.10	-34.38	-38.03	23.12	↓
GRT : Growthpoint Properties Ltd	25.87	0.08	-1.07	-6.47	4.31	6.59	↓
INL : Investec Ltd	92.25	-0.47	-3.03	2.82	-8.25	-1.57	↓
INP : Investec Plc	93.23	-0.53	-2.38	3.87	-7.24	-1.52	↓
LHC : Life Healthcare Group Holdin	24.29	1.55	1.21	-12.47	-5.38	-9.23	↑
MEI : Mediclinic International Plc	87.79	-1.37	-0.80	-17.48	-28.83	-18.17	↓
MND : Mondi Ltd	392.52	-1.57	8.71	28.17	15.15	14.66	↑
MNP : Mondi Plc	391.97	-2.01	8.62	28.35	15.37	14.14	↑
MRP : Mr Price Group Ltd	229.00	3.98	-2.61	-6.48	25.14	53.52	↓
MTN : Mtn Group Ltd	102.29	-1.12	-10.66	-25.12	-17.67	5.08	↓
NED : Nedbank Group Ltd	266.00	2.31	-2.51	3.87	19.82	6.16	↓
NPN : Naspers Ltd-N Shs	3 304.50	1.74	1.93	-4.25	13.00	69.72	↑
NRP : Nepi Rockcastle Plc	128.44	2.30	5.28	-39.86			↑
NTC : Netcare Ltd	27.72	1.61	2.51	10.22	10.35	-20.66	↑
OMU : Old Mutual Ltd	29.19	0.93	-3.22				↓
RDF : Redefine Properties Ltd	10.30	0.00	-3.10	-3.74	-2.74	-6.96	↓
REM : Remgro Ltd	200.00	0.03	-7.91	-15.25	-8.89	4.19	↓
RMH : Rmb Holdings Ltd	78.86	2.42	-4.28	-0.39	17.26	18.13	↓
SAP : Sappi Limited	94.83	-0.16	1.04	5.96	7.76	0.56	↑
SBK : Standard Bank Group Ltd	186.34	0.45	-8.59	-4.76	13.07	28.22	↓
SHP : Shoprite Holdings Ltd	203.00	-4.15	-6.74	-8.22	-6.50	27.89	↓
SLM : Sanlam Ltd	76.30	1.73	-0.05	-12.30	8.91	36.30	↓
SOL : Sasol Ltd	534.27	2.15	3.10	24.78	35.60	5.32	↑
SPP : Spar Group Limited/The	190.18	0.56	-0.73	-6.47	9.22	2.82	↓
TBS : Tiger Brands Ltd	282.89	1.03	-19.17	-38.50	-29.64	16.65	↓
TFG : The Foschini Group Ltd	172.65	1.26	0.26	-12.51	11.39	24.11	↑
TRU : Truworths International Ltd	86.56	3.23	5.74	-8.37	4.60	17.70	↑
VOD : Vodacom Group Ltd	127.99	1.23	-8.74	-12.14	-30.10	-3.27	↓
WHL : Woolworths Holdings Ltd	51.55	1.28	0.76	-21.07	-23.38	-9.09	↑

Source: Bloomberg & Nedbank CIB

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ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
21-August							
09:00 AM	SA	Leading Indicator	JUN	-	107.1	105.9	-
10:30 AM	UK	PSNB ex Banking Groups	JUL	GBP -1.1b	GBP -2.0b	GBP 5.4b	GBP 4.2b
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%	-	-0.60%	-
08:00 PM	US	FOMC Meeting Minutes	AUG 1	-	-	-	-
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	23.0	-	23.0	-
24-August							
01:30 AM	JN	Natl CPI YoY	JUL	0.95%	-	0.70%	-
08:00 AM	GE	GDP NSA YoY	2QF	2.30%	-	2.30%	-
08:00 AM	GE	GDP SA QoQ	2QF	0.50%	-	0.50%	-
02:30 PM	US	Cap Goods Orders Nondef Ex Air	JUL P	0.5%	-	0.2%	-
02:30 PM	US	Durables Ex Transportation	JUL P	0.50%	-	0.20%	-
02:30 PM	US	Durable Goods Orders	JUL P	-1.0%	-	0.8%	-

Source: Bloomberg 2018/08/22 07:54

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