

DAILY MARKET COMMENTARY

27 August 2018



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*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)	Risk on in FX, gives SAGBs a bid in very thin volume
(Currencies)	Jackson Hole comments drive dollar weaker. Quiet day ahead, as UK are on holiday
(Commodities)	Both gold and oil rally as the dollar weakens
(Equities)	The All Share index started its trading day in positive territory and continued gaining traction as Naspers chairman Koos Bekker made some comments at the company's AGM stating that Naspers was too big for the JSE
(Economics)	US durable goods orders hampered by global trade war uncertainty

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
24/08	US	Durable goods orders	-1.7%/-1%/0.7%	Durable goods orders may be hampered by recent import tariff hikes
28/08	US	Consumer confidence index	--/126.5/127.4	Consumers are concerned about future prosperity, and have slowed down consumption growth recently
29/08	US	GDP	--/4%/4.1%	GDP estimate may be revised lower as a result of sluggish spending and investment

Source: Nedbank

CONTACT FOR QUERIES

REEZWANA SUMAD

Strategy: Research Analyst
Tel: +27 11 537 4091
ReezwanaS@Nedbank.co.za

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	6.82	4.70	15.90	-24.10	-16.40	↑
R208-2.6 yrs	7.84	0.05	17.55	28.05	37.95	↑
R186-8.3 yrs	8.89	-0.40	31.20	30.20	32.10	↑
R2048-29.5 yrs	9.74	-0.00	27.50	3.00	-3.10	↑
US10 yr	2.82	0.54	-14.46	40.98	64.94	↓
UK 10 yr	1.28	0.80	-5.20	8.80	22.50	↓
German 10 yr	0.35	0.60	-9.80	-8.20	-3.10	↓
Japan 10 yr	0.10	-0.20	3.70	5.10	8.00	↑

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)	5.10		50.00	40.00	50.00	↑
SA 3m JIBAR	7.01	-0.90	4.10	-15.00	-4.20	↑
SA 3m NCD	6.95	-2.50	0.00	-20.00	-10.00	→
SA 6m NCD	7.63	0.00	10.00	2.50	20.00	↑
SA 12m NCD	8.33	0.00	25.00	42.50	62.50	↑
US 3m LIBOR	2.32	0.59	-3.13	62.30	100.00	↓
UK 3m LIBOR	0.81	-0.01	0.74	28.46	52.57	↑
Japan 3m LIBOR	-0.03	0.08	0.17	-0.62	-0.18	↑

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	7.21	0.50	17.50	31.50	43.50	↑
6X9 FRA	6.86	0.00	4.00	3.00	4.00	↑
9X12 FRA	7.53	0.00	31.00	74.00	101.00	↑
18X21 FRA	7.76	1.50	31.50	77.50	114.50	↑
SA 2yr Swap	7.48	0.96	23.97	55.29	81.07	↑
SA 3yr Swap	7.64	-0.25	26.25	58.75	84.85	↑
SA 5yr Swap	7.92	0.00	32.00	59.00	79.50	↑
SA 10yr Swap	8.39	0.00	30.00	46.00	59.50	↑
SA 15yr Swap	8.65	-1.00	30.50	48.50	60.50	↑

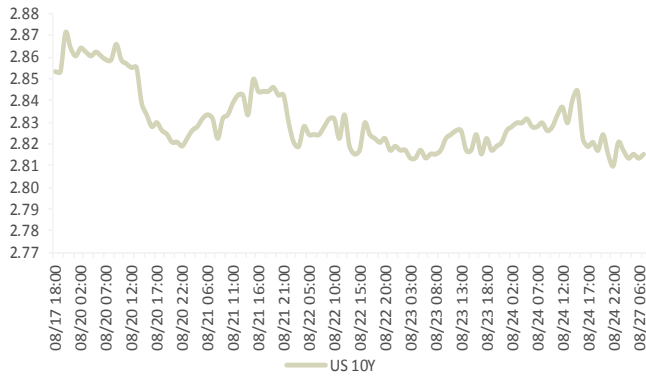
Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
2v10y	-0.90	0.96	-6.03	9.29	21.57	↓
3v10y	-0.75	-0.25	-3.75	12.75	25.35	↓
R186-R204	2.07	-5.10	15.30	54.30	48.50	↑
R2048-R186	0.85	0.40	-3.70	-27.20	-35.20	↓
5y-R186	-0.97	0.40	0.80	28.80	47.40	↑
10y-R186	-0.51	0.40	-1.20	15.80	27.40	↓
15y-R186	-0.25	-0.60	-0.70	18.30	28.40	↓
SA 5yr CDS spread - basis points	208.55	-0.39	26.00	51.60	33.48	↑

Source: Bloomberg & Nedbank CIB

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US 10 year yield

US 10 year yield

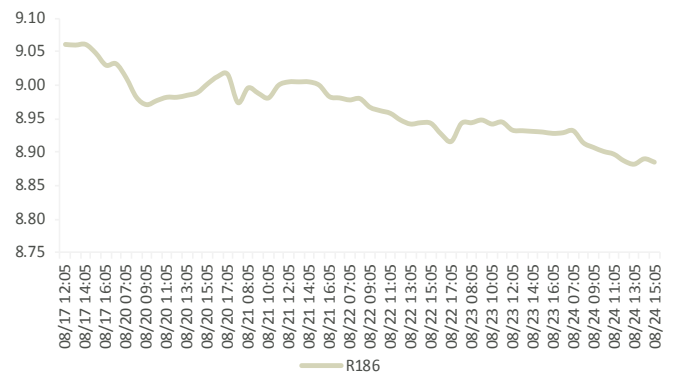


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Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



2018/08/27 07:25

Source: Bloomberg, Nedbank

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- The local session started with the rand trading at 14.36. It was a fairly quiet day on the markets, as focus remained on the upcoming FED speakers at Jackson Hole. For most of the session the rand price action remained indecisive. We traded between a range of 14.2200 to 14.3500 for most of the day. Later in the afternoon, as comments printed from the FED's speaker Powell on the continued trajectory of the US hiking rates the rand swiftly traded lower to 14.1800, before closing the day back in the mid 14.20's. We open this morning trading at 14.2900, EURZAR opens at 16.6000, and GBPZAR opens at 18.3600.
- International markets all benefitted from a weaker dollar towards the end of the session. Post the comments from Jackson Hole, the Euro was able to trade to a high of 1.1635 into the session close, Sterling traded to a high of 1.2880. Gold traded \$19 firmer on the day, closing at \$ 1207.
- Quiet day on the data front, as the UK are on holiday today.
- Possible trading range: 14.1500-14.4500

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.29	0.04	-2.10	-4.90	-0.63	↓	USD strength
EURUSD	1.16	-0.03	-0.73	-3.22	-2.99	↓	USD strength
USDJPY	111.09	-0.14	-0.64	1.44	1.70	↓	USD weakness
USDAUD	1.37	0.02	1.54	6.59	8.68	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14.27	-0.41	8.22	13.24	8.65	↑	ZAR weakness
GBPZAR	18.35	0.19	6.28	8.85	8.10	↑	ZAR weakness
EURZAR	16.58	0.32	7.54	10.41	5.83	↑	ZAR weakness
AUDZAR	10.45	0.05	6.81	7.55	0.73	↑	ZAR weakness
ZARJPY	7.78	-0.11	-9.66	-16.00	-7.61	↓	ZAR weakness

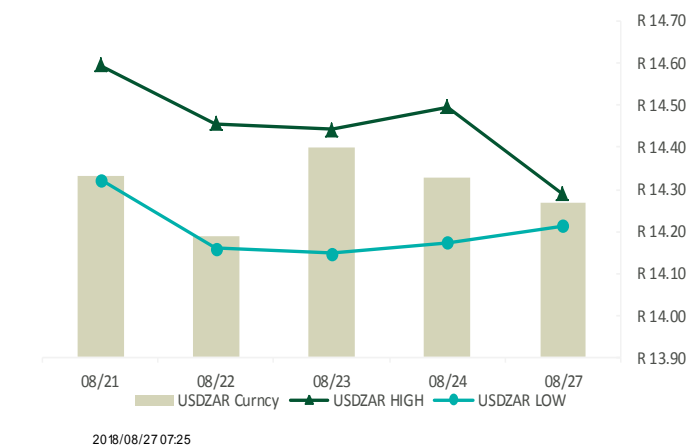
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	50.78	0.38	-9.15	-15.40	-9.59	↓	ZAR weakness
ZARBWP (Botswana pula)	0.74	0.43	-4.50	-6.50	-4.24	↓	ZAR weakness
ZARKES (Kenyan shilling)	7.06	-0.52	-8.59	-18.07	-12.07	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.40	0.43	-9.26	-13.85	-5.43	↓	ZAR weakness
ZARNGN (Nigerian naira)	25.36	0.39	-9.01	-14.57	-9.48	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.33	-1.90	-10.34	-10.19	-2.44	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.71	0.93	-7.36	-13.05	2.41	↓	ZAR weakness
ZARMZN (Mozambican metical)	4.20	0.80	-5.56	-12.69	-11.95	↓	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

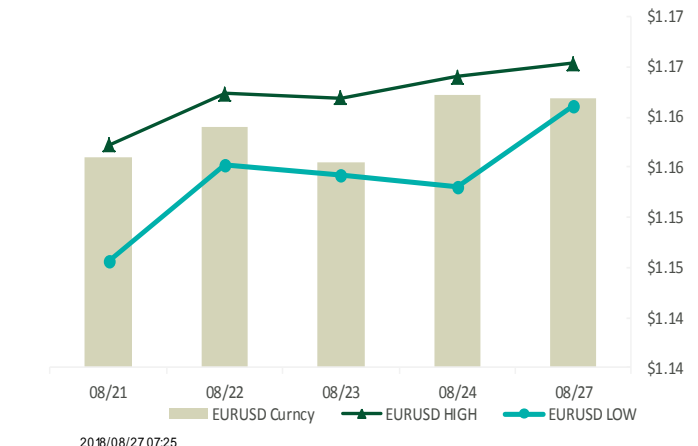
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

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- Oil held gains above \$68 a barrel on slowing American drilling and investor optimism after a breakthrough in a trade standoff between the U.S. and Mexico. Futures little changed, following a 1.3% gain on Friday.
- Gold holds advance after Powell signaled policy makers are sticking to gradual pace of hikes. Bullion for immediate delivery +0.1% to \$1,206.66/oz after +1.7% Friday. Silver +0.1% to \$14.8386/oz.
- Platinum little changed at \$791.59/oz. Palladium +0.4% to \$940.36/oz.
- Copper adds to last week's gains to head for highest close in two weeks on Shanghai Futures Exchange, with other metals mixed as stronger yuan and U.S.-China trade conflict weigh on domestic prices.
- London Metal Exchange closed for U.K. public holiday.

Source: Bloomberg

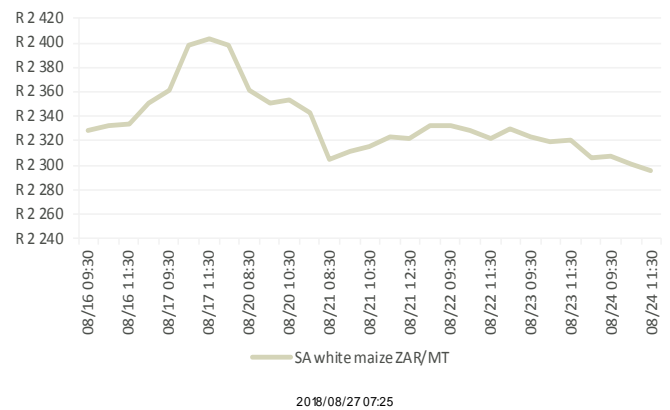
Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	75.80	-0.03	2.09	13.35	44.63	↑
WTI crude (\$)	68.71	-0.01	-0.07	13.72	43.53	↓
Gold spot (\$)	1 206.19	0.07	-1.62	-7.42	-7.75	↓
Platinum spot (\$)	792.06	0.11	-5.94	-14.67	-19.64	↓
SA white maize spot (R)	2 296.00	-1.03	7.69	20.84	26.02	↑

Source: Bloomberg & Nedbank CIB

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SA white maize

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

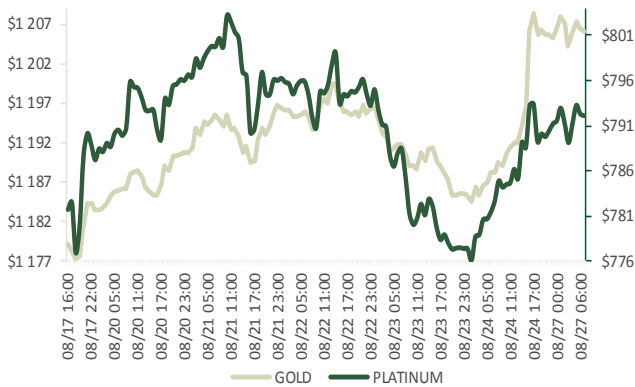


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Source: Bloomberg, Nedbank

Platinum vs Gold

Platinum vs. Gold



2018/08/27 07:25

Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



2018/08/27 07:25

Source: Bloomberg, Nedbank

Cash equities | +2711 535 4030/31

South Africa

- The All Share index started its trading day in positive territory and continued gaining traction as Naspers chairman Koos Bekker made some comments at the company's AGM stating that Naspers was too big for the JSE.
- Resource counters led the upside with the index up 0.98% and the likes of Goldfields saw some buyers come in after the recent rout, gaining 3.67%.
- On the company front, Distell published its results for the year ended 30 June 2018 showing a 10% increase in revenue.
- Value traded at 5pm was around R18bn with the currency at R14.25c vs. the USD at the close.

UK/Europe

- European markets were mostly stronger on Friday as the CAC40 advanced 0.24%
- German GDP data came in in line with consensus estimates at 0.5% for 2Q.
- The Stoxx 50 was up 0.24% with the likes of Nokia and Total SA gaining 1.37% and 1.29% respectively.

USA

- US markets advanced ahead of the FED Governors speech at the Jackson Hole symposium at which he articulated the Fed's desire to continue raising rates.
- The Dow Jones was up 0.52% while the S&P 500 advanced 0.62% with technology stocks gaining 1.10%
- On the economic data front, Durable Goods came in worse than expected at -1.7% for the month of July.

Asia

- Asian markets are strong this morning as Chinese industrial profits rose 16.2% and the Fed re-affirmed its intention to raise rates at a steady pace.
- The Nikkei is up 1.00% while the Hang Seng climbed 2.05%.
- The Australian ASX is up 0.32% with the likes of BHP jumping 1.31%.

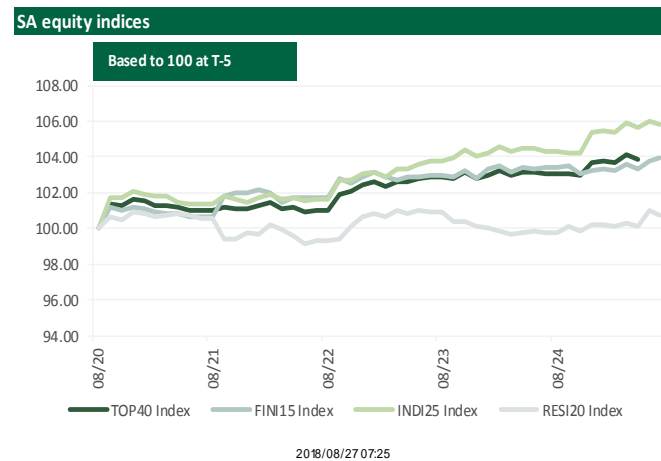
Developed Markets	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	25 790.35	0.52	1.48	4.33	18.23	24.33	↑
Nasdaq	7 945.98	0.86	3.57	15.10	26.82	27.16	↑
S&P 500	2 874.69	0.62	2.07	7.52	17.67	18.42	↑
DJ Eurostoxx 50	3 427.44	0.24	-2.78	-2.18	-0.32	5.70	↓
DAX	12 394.52	0.23	-3.21	-4.05	1.86	11.51	↓
CAC	5 432.50	0.24	-1.43	2.26	6.43	8.43	↓
FTSE	7 577.49	0.19	-2.21	-1.43	2.38	7.10	↓
ASX200	6 264.40	0.27	-0.25	3.29	9.06	6.42	↓
Nikkei 225	22 811.04	0.93	1.14	0.20	17.26	16.18	↑
MSCI World	2 161.61	0.58	0.40	2.77	11.16	19.65	↑

Emerging Markets	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Hang Seng	28 248.78	2.08	-1.17	-5.58	1.44	35.19	↓
Shanghai	2 771.92	1.56	-3.63	-16.18	-16.80	5.46	↓
Brazil Bovespa	76 262.23	0.83	-3.73	-0.18	7.30	28.22	↓
India - NSE	38 607.96	0.93	2.66	13.36	22.19	27.91	↑
Russia Micex	2 279.76	0.87	-1.78	8.06	15.19	-7.69	↓
MSCI Emerging	1 050.19	0.19	-3.43	-9.35	-3.24	34.35	↓

SA Indices	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
JSE All Share	58 797.68	1.02	2.38	-1.19	3.78	17.47	↑
Top 40	52 741.71	1.17	2.78	0.40	5.11	19.66	↑
Resi 10	42 033.86	0.98	1.22	15.82	19.74	13.03	↑
Indi 25	77 502.85	1.41	5.25	-2.00	0.84	23.03	↑
Fini 15	16 865.34	0.52	-1.79	-5.64	6.13	18.54	↓

Source: Bloomberg & Nedbank CIB Time 2018/08/27 07:25

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
28 August 2018		
AFE	AECI Ltd	dividend @ 149cps
CCO	Capital & Counties Prop Plc	dividend @ 0.0948810 cps or 1 new per 500.7633 held
IMRP1	IM Redeemable Pref 1 Aug 21	dividend @ 9133.421980cps
LBH	Liberty Holdings Ltd	dividend @276cps
MMH	Miranda Mineral Holdings Ltd	name change to Union Atlantic (UAT)
MRF	Merafe Resources Ltd	dividend @ 7.965890cps
MTN	MTN Group Ltd	dividend @ 175cps
NEWGBP	Newwave GBP ETN 12Mar42	interest @ 3cps
NEWUSD	Newwave USD ETN 12Mar42	interest @ 16cps
SCD	Schroder Eur REIT Plc	dividend @ 30.423250cps

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	160.75	0.38	-6.48	-11.67	5.07	7.05	↓
AGL : Anglo American Plc	288.00	1.42	-3.28	12.67	27.02	29.43	↓
ANG : Anglogold Ashanti Ltd	110.66	1.24	-3.74	-13.96	-6.22	-14.78	↓
APN : Aspen Pharmacare Holdings Lt	285.63	1.34	12.01	2.93	0.57	-1.62	↑
BID : Bid Corp Ltd	302.75	2.14	14.89	0.58	2.49	20.93	↑
BIL : Bhp Billiton Plc	303.44	1.41	0.43	21.11	24.63	11.95	↑
BTI : British American Tobacco Plc	721.22	-2.93	-0.65	-13.05	-11.26	6.38	↓
BVT : Bidvest Group Ltd	208.88	0.73	11.52	-4.22	18.95	21.18	↑
CFR : Financiere Richemont-Dep Rec	125.59	0.74	9.07	12.38	7.77	24.15	↑
CLS : Clicks Group Ltd	203.65	3.48	5.38	12.43	38.08	54.21	↑
CPI : Capitec Bank Holdings Ltd	1000.00	-0.99	5.09	-8.92	12.74	58.44	↑
DSY : Discovery Ltd	173.71	0.41	2.18	-6.61	16.95	61.26	↑
FSR : Firststrand Ltd	67.80	1.65	-2.12	0.82	18.41	25.00	↓
GFI : Gold Fields Ltd	35.60	3.67	-25.90	-34.20	-34.34	23.12	↓
GRT : Growthpoint Properties Ltd	25.96	0.23	-0.73	-6.15	6.26	6.59	↓
INL : Investec Ltd	91.70	0.15	-3.61	2.21	-9.35	-1.57	↓
INP : Investec Plc	92.44	0.39	-3.20	2.99	-8.48	-1.52	↓
LHC : Life Healthcare Group Holdin	25.54	1.96	6.42	-7.96	-4.02	-9.23	↑
MEI : Mediclinic International Plc	90.99	1.22	2.81	-14.47	-28.35	-18.17	↑
MND : Mondi Ltd	394.25	0.48	9.19	28.73	15.94	14.66	↑
MNP : Mondi Plc	392.23	0.14	8.69	28.44	15.69	14.14	↑
MRP : Mr Price Group Ltd	241.17	1.64	2.56	-1.51	28.97	53.52	↑
MTN : Mtn Group Ltd	106.65	0.36	-6.86	-21.93	-14.68	5.08	↓
NED : Nedbank Group Ltd	270.39	-0.85	-0.91	5.58	22.35	6.16	↓
NPN : Naspers Ltd-N Shs	3538.06	2.82	9.13	2.52	17.63	69.72	↑
NRP : Nepi Rockcastle Plc	134.30	0.98	10.08	-37.12			↑
NTC : Netcare Ltd	28.99	2.19	7.21	15.27	16.38	-20.66	↑
OMU : Old Mutual Ltd	30.47	2.56	1.03				↑
RDF : Redefine Properties Ltd	10.34	-0.39	-2.73	-3.36	-1.62	-6.96	↓
REM : Remgro Ltd	202.75	-0.12	-6.64	-14.09	-9.28	4.19	↓
RMH : Rmb Holdings Ltd	81.20	1.72	-1.44	2.56	19.53	18.13	↓
SAP : Sappi Limited	95.00	0.73	1.23	6.15	4.83	0.56	↑
SBK : Standard Bank Group Ltd	186.70	-1.36	-8.41	-4.58	9.86	28.22	↓
SHP : Shoprite Holdings Ltd	218.70	1.63	0.47	-1.13	0.65	27.89	↑
SLM : Sanlam Ltd	79.02	2.08	3.51	-9.17	9.11	36.30	↑
SOL : Sasol Ltd	547.00	-0.19	5.56	27.75	40.26	5.32	↑
SPP : Spar Group Limited/The	197.90	0.25	3.30	-2.67	14.77	2.82	↑
TBS : Tiger Brands Ltd	283.75	-1.30	-18.93	-38.32	-30.68	16.65	↓
TFG : The Foschini Group Ltd	180.00	1.19	4.53	-8.78	14.72	24.11	↑
TRU : Truworths International Ltd	87.39	1.26	6.76	-7.49	4.97	17.70	↑
VOD : Vodacom Group Ltd	129.68	0.21	-7.54	-10.98	-29.60	-3.27	↓
WHL : Woolworths Holdings Ltd	50.00	-1.19	-2.27	-23.44	-19.64	-9.09	↓

Source: Bloomberg & Nedbank CIB

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US

- Durable goods orders declined by 1.7% month-on-month in July, from 0.7% growth in June, worse than consensus of -1%. However stripping out volatile items like defence and transport goods, nondefense capital goods orders excluding transport surged 1.4% month-on-month, from 0.6% growth in June.
- Orders for transportation goods and nondefense goods declined sharply, while orders for electronics, machinery and computers rose. Concerns over trade tariffs, trade wars and the possibility of a slowdown of global demand have been key issues highlighted by businesses. Nonetheless, US economic activity has been supportive of capex spending as a result of the recent tax cuts, but this is likely to wane in 2019.
- More sustainable improvement in investment spending needs to be driven by stronger local and international demand, rather than by temporary fiscal stimulus.

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
24-August							
01:30 AM	JN	Natl CPI YoY	JUL	-	0.90%	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	-	1.4%	0.2%	0.6%
02:30 PM	US	Durables Ex Transportation	JUL P	-	0.20%	0.20%	0.10%
02:30 PM	US	Durable Goods Orders	JUL P	-	-1.7%	0.8%	0.7%
27-August							
03:30 AM	CH	Industrial Profits YoY	JUL	-	16.20%	20.00%	-
10:00 AM	GE	Ifo Business Climate	AUG	101.8	-	101.7	-
10:00 AM	GE	Ifo Current Assessment	AUG	105.3	-	105.3	-
10:00 AM	GE	Ifo Expectations	AUG	98.4	-	98.2	-
02:30 PM	US	Chicago Fed Nat Activity Index	JUL	0.45	-	0.43	-
04:30 PM	US	Dallas Fed Manf. Activity	AUG	30.0	-	32.3	-
28-August							
10:00 AM	EC	M3 Money Supply YoY	JUL	4.30%	-	4.40%	-
02:30 PM	US	Wholesale Inventories MoM	JUL P	0.20%	-	0.10%	-
02:30 PM	US	Advance Goods Trade Balance	JUL	USD -69.0b	-	00:00	-
03:00 PM	US	S&P CoreLogic CS 20-City YoY NSA	JUN	6.43%	-	6.51%	-
04:00 PM	US	Conf. Board Consumer Confidence	AUG	126.5	-	127.4	-
04:00 PM	US	Richmond Fed Manufact. Index	AUG	17	-	20	-
29-August							
02:30 PM	US	Core PCE QoQ	2QS	2.00%	-	2.00%	-
02:30 PM	US	GDP Annualized QoQ	2QS	4.00%	-	4.10%	-
02:30 PM	US	Personal Consumption	2QS	3.90%	-	4.00%	-
04:00 PM	US	Pending Home Sales NSA YoY	JUL	-	-	-4.00%	-

Source: Bloomberg 2018/08/27 07:19

CONTACTS

Research Analyst Reezwana Sumad (011) 537 4091	Fixed Income and Currency Strategist Walter de Wet (011) 537 4140	Research Publishers (011) 294 0206
ALM Portfolio Management (011) 535 4042	Bond Trading (011) 535 4021	Credit Derivatives (011) 535 4047
Equities Sales and Distribution (011) 535 4030/31	Forex Business Banking Sales Desk (011) 535 4003	Forex Corporate Sales Desk JHB (011) 535 4002; DBN (031) 327 3000; CTN (021) 413 9300
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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