

DAILY MARKET COMMENTARY

10 October 2018



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

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(* when available)*

KEY DAILY DRIVERS

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

SNIPPETS

(Fixed Income)	SAGBs rally sharply on the back of Finance Minister announcement
(Currencies)	New finance minister's appointment comforts markets
(Commodities)	Brent remains elevated on the back of supply concerns, gold steady
(Equities)	The local Top40 closed mixed after a new finance minister was appointed; Global markets exhibited a lack of direction and fluctuated over the course of the trading day

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
08-15/10	SA	BER consumer confidence	--/--/22	Confidence likely to remain subdued as a result of weak economic activity
11/10	SA	Mining and manufacturing production	--	Growth expected in August on the back of surge in exports and rebuilding of stockpiles
11/10	US	CPI	--/2.4%/2.7%	CPI expected to ease but remain above Fed target
15/10	US	Retail sales	--/0.7%/0.1%	Retail sales likely to be supported by strong consumer demand

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	
R204-0.2 yrs	6.36	-2.60	3.30	-70.50	-72.90	↑
R208-2.5 yrs	7.89	-9.15	0.15	32.85	28.25	↑
R186-8.2 yrs	9.20	-8.15	21.55	61.45	52.75	↑
R2048-29.4 yrs	10.08	-7.50	16.90	36.90	26.50	↑
US10 yr	3.21	0.20	14.71	80.29	84.76	↑
UK 10 yr	1.72	4.20	14.30	52.60	35.90	↑
German 10 yr	0.55	2.00	7.90	12.20	10.50	↑
Japan 10 yr	0.15	-0.80	2.30	10.50	9.80	↑

Money Market	Last price	Δ	Δ	Δ	Δ	MTD trend
	%	1d	MTD	YTD	12Month	
SA reporate	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)	4.90		-20.00	20.00	10.00	↓
SA 3m JIBAR	7.02	0.00	1.70	-14.10	2.50	↑
SA 3m NCD	6.95	-5.00	0.00	-20.00	-5.00	⇒
SA 6m NCD	7.63	0.00	5.00	2.50	20.00	↑
SA 12m NCD	8.35	-7.50	5.00	45.00	50.00	↑
US 3m LIBOR	2.41	0.62	1.59	72.00	106.40	↑
UK 3m LIBOR	0.80	-0.03	0.19	28.11	45.87	↑
Japan 3m LIBOR	-0.07	-0.38	-1.82	-4.88	-2.37	↓

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	7.21	1.50	4.50	31.50	26.50	↑
6X9 FRA	7.48	0.00	4.00	3.00	4.00	↑
9X12 FRA	7.64	-1.50	12.50	84.50	81.50	↑
18X21 FRA	8.00	-0.50	17.50	101.50	103.50	↑
SA 2yr Swap	7.62	1.14	11.74	69.06	70.44	↑
SA 3yr Swap	7.84	0.00	15.00	78.50	78.70	↑
SA 5yr Swap	8.17	0.25	19.25	84.25	82.75	↑
SA 10yr Swap	8.72	-0.50	21.00	79.00	75.50	↑
SA 15yr Swap	8.98	-0.25	23.75	82.25	70.87	↑

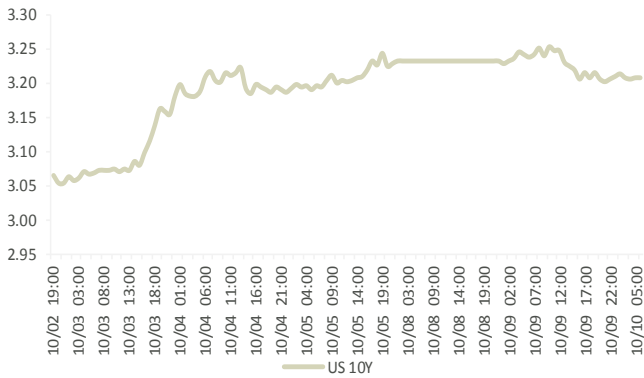
Spreads	Last price	Δ	Δ	Δ	Δ	MTD trend
	%	1d	MTD	YTD	12Month	
2v10y	-1.09	1.64	-9.26	-9.94	-5.06	↓
3v10y	-0.88	0.50	-6.00	-0.50	3.20	↓
R186-R204	2.85	-5.55	18.25	131.95	125.65	↑
R2048-R186	0.88	0.65	-4.65	-24.55	-26.25	↓
5y-R186	-1.03	8.40	-2.30	22.80	30.00	↓
10y-R186	-0.49	7.65	-0.55	17.55	22.75	↓
15y-R186	-0.22	7.90	2.20	20.80	18.12	↑
SA 5yr CDS spread - basis points	228.00	0.00	24.00	71.00	56.50	↑

Source: Bloomberg & Nedbank CIB

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US 10 year yield

US 10 year yield

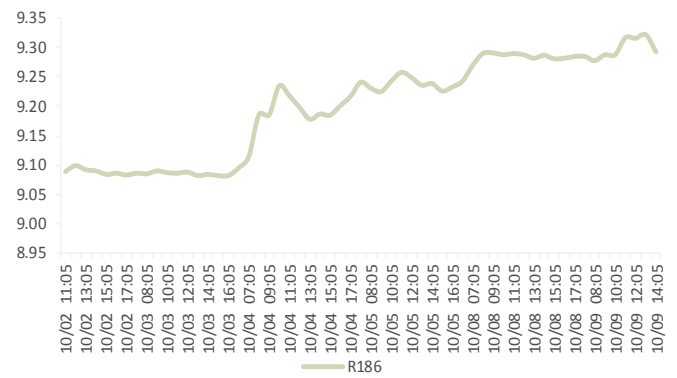


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Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



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Source: Bloomberg, Nedbank

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

- The local trading session got underway with the rand trading in the 14.80s as unfolding issues regarding the finance minister weighed on the local unit. As a result, it traded to a high of 15.0625. However, the announcement that Mr Mboweni had been appointed provided the markets with much needed relief and by the time of the local close, the rand was trading at 14.7325. In the overnight session, the rand continued to post gains to currently trade at 14.5575; the EURUZAR is currently trading at 16.7480 and the GBPZAR is currently trading at 19.1575.
- On the international front, the major currency pairs also sold off initially, with the EURUSD trading to a low of 1.1433 on the day. However, by the time of the local close, it was trading back at around the 1.1490 level. This morning, it is currently trading at 1.1505 as markets await announcements regarding Brexit. Gold held largely steady over the latest session; this morning, it is currently trading at 1,189.50, basically unchanged from the same time yesterday.
- Data releases scheduled for today: locally, we have SACCI business confidence; from Europe, we have French industrial and manufacturing confidence; from the UK, we have various data, including trade, industrial and manufacturing production and GDP; and from the US, we have mortgage applications, the PPI and wholesale inventories.
- Price action in the local market yesterday after the announcement of the new finance minister likely suggests the market's appreciation of the candidate's certainty and credibility. The timing of the announcement was also aligned with a broader sell-off of the dollar and as a result, the extent of recovery in the rand was potentially attributable not only to the announcement. The technical uptrend in the rand likely remains intact, but a break below 14.20 would negate this.
- Possible trading range for the rand today: 14.4000 to 14.8500

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.32	0.11	0.97	-2.63	-0.34	↑	USD weakness
EURUSD	1.15	0.13	-0.84	-4.16	-2.56	↓	USD strength
USDJPY	113.05	0.08	-0.58	-0.32	0.53	↓	USD weakness
USDAUD	1.41	-0.19	1.50	9.69	9.29	↑	USD strength
Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	14.56	0.00	2.90	14.97	5.93	↑	ZAR weakness
GBPZAR	19.16	0.11	3.82	12.74	5.61	↑	ZAR weakness
EURZAR	16.76	0.13	2.04	11.35	3.45	↑	ZAR weakness
AUDZAR	10.36	0.21	1.41	6.76	-2.80	↑	ZAR weakness
ZARJPY	7.76	0.07	-3.60	-16.32	-5.75	↓	ZAR weakness
African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	49.88	-0.11	-3.06	-17.70	-6.19	↓	ZAR weakness
ZARBWP (Botswana pula)	0.74	0.04	-0.88	-7.03	-1.98	↓	ZAR weakness
ZARKES (Kenyan shilling)	6.93	-0.01	-2.90	-20.35	-8.86	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.37	-0.19	-2.42	-15.07	-4.56	↓	ZAR weakness
ZARNGN (Nigerian naira)	24.96	0.03	-3.31	-16.54	-5.13	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.34	-0.06	-3.78	-7.89	5.29	↓	ZAR weakness
ZARZMW (Zambian kwacha)	0.85	-0.09	0.08	5.20	16.52	↑	ZAR strength
ZARMZN (Mozambican metical)	4.18	0.03	-3.08	-13.44	-6.63	↓	ZAR weakness
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3.72	-1.72	-8.99	10.95	14.18	↓	USD weakness
USDTRY (Turkish Lira)	6.10	-0.09	0.64	37.68	39.11	↑	USD strength
USDMXN (Mexican Peso)	19.02	-0.07	1.60	-3.34	1.02	↑	USD strength
USDINR (Indian Rupee)	74.24	-0.20	2.36	13.97	12.07	↑	USD strength
USDRUB (Russian Ruble)	66.28	-0.45	1.10	13.06	11.98	↑	USD strength

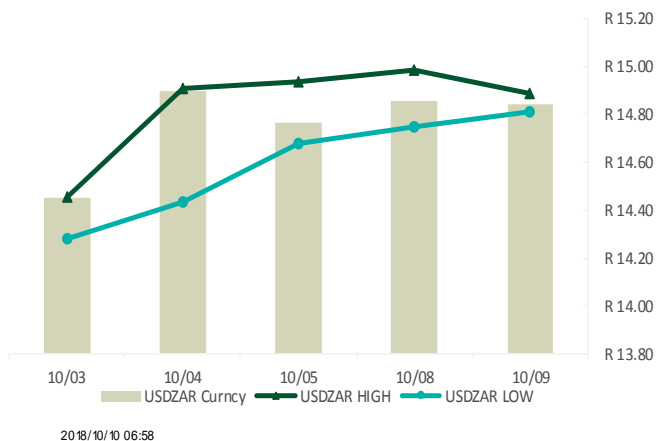
Source: Bloomberg & Nedbank CIB

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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

\$/R (close, high and low)

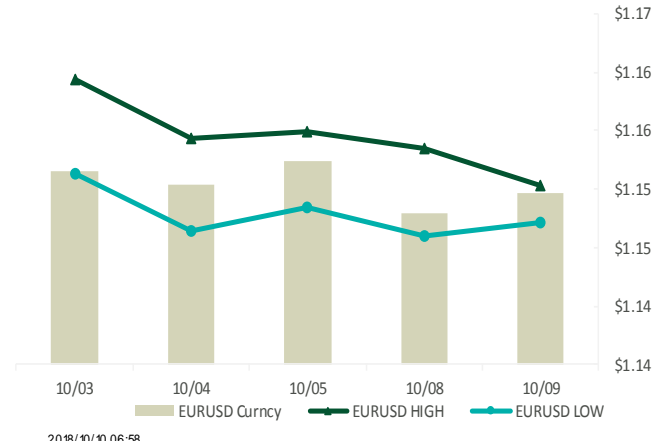


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Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



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Source: Bloomberg, Nedbank

- Oil traded above \$74 a barrel on concerns Hurricane Michael may exacerbate a supply crunch, while the IEA warned higher prices may put the world economy at risk. Futures were little changed after gaining 0.9% Tuesday.
- Gold steady as investors weigh Trump's sustained criticism of the Fed's pace of interest rate increases. Bullion for immediate delivery little changed at \$1,190.21/oz.
- Silver +0.1% to \$14.4047/oz.
- Platinum +0.2% to \$826.93/oz.
- Palladium +0.3% to \$1,073.49/oz.
- Zinc rises for a fifth day, its longest winning streak since August last year, as stockpiles keep dropping amid a global shortfall.
- LME copper -0.2% aluminum +0.2%, nickel -0.7%.
- Iron ore for Jan. +1.8% to 518 yuan/ton on DCE.

Source: Bloomberg

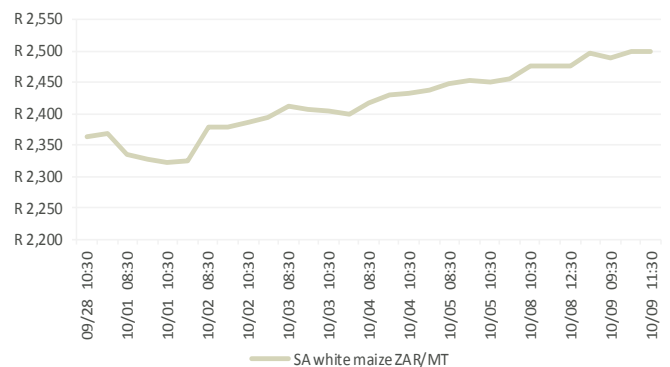
Commodities	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend
Brent near future (\$)	84.80	-0.24	2.51	26.81	49.80	↑
WTI crude (\$)	74.63	-0.44	1.88	23.52	46.56	↑
Gold spot (\$)	1189.76	-0.00	-0.09	-8.68	-7.63	↓
Platinum spot (\$)	827.22	0.23	1.38	-10.88	-11.24	↑
SA white maize spot (R)	2500.00	1.01	5.53	31.58	29.60	↑

Source: Bloomberg & Nedbank CIB

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SA white maize

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

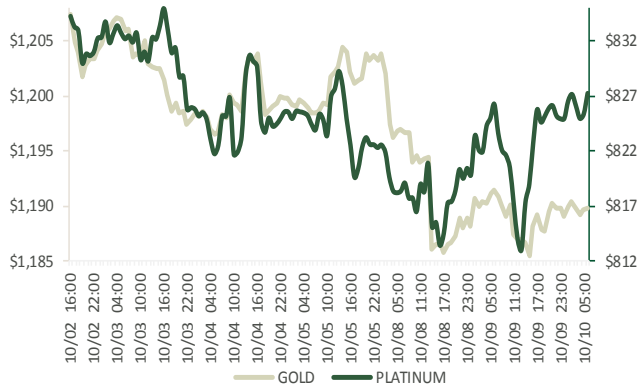


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Source: Bloomberg, Nedbank

Platinum vs Gold

Platinum vs. Gold

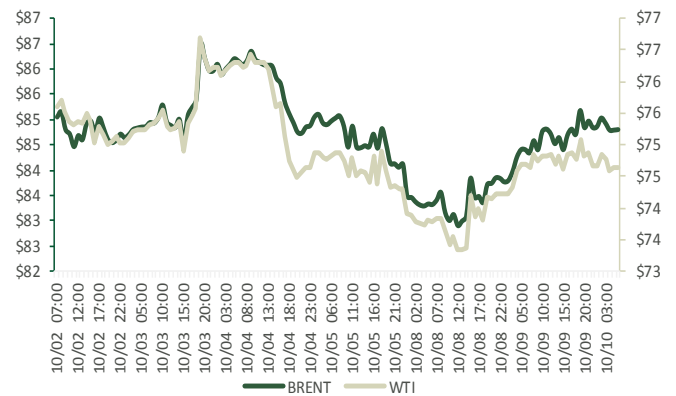


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Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



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Source: Bloomberg, Nedbank

Cash equities | +2711 535 4030/31

South Africa

- The Top40 swung between gains and losses before closing mixed (Resi +0.7%, Fini +0.5% and Indi -0.7%).
- Activity was dominated by the search for a new finance minister. The rand weakened, the equity market tanked and bond yields rallied sharply on the uncertainty but normalised after Tito Mboweni was appointed.
- Interest-sensitive sectors (banks, property and general retailers) experienced the most volatility during the search for a new finance minister, but subsequently recovered from earlier losses and closed at their highest for the day.
- The value traded was R19.5bn, and the rand was trading around 14.74 to the US dollar at the close.

UK/Europe

- European markets recovered from earlier losses and closed with marginal gains. The bounce was led by a recovery in Italian stocks after their sharp sell-off the previous day.
- The FTSE inched higher by +0.06%, the Dax climbed +0.3% and the CAC rose +0.4%.
- In company news, RPC Group rallied +3% on being pursued by two more suitors, Wildcard rose +10% after announcing a positive forecast and Sage fell after a broker downgrade.

USA

- The major US indices fluctuated across the unchanged mark and closed mixed, extending the volatility seen the previous day.
- The market was driven by rising Treasury bond yields, the IMF slashing Chinese and US growth rates and the upcoming earnings season.
- The Dow shed -0.2%, the Nasdaq inched higher by +0.06% and the S&P 500 fell a marginal -0.1%.

Asia

- Asian markets are trading mostly in negative territory as traders take precautions following consecutive days of uncertainty on Wall Street; the MSCI AC Asia Pacific is down -0.2%.
- The Australian ASX200 is down -0.1%, dragged lower by banking stocks; BHP Billiton is up +0.4%.
- The Japanese Nikkei is down, led lower by a stronger yen.
- Tencent is currently trading down -1% in Hong Kong this morning.

Developed Markets	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	26 430.57	-0.21	-0.10	6.92	15.77	24.33	↓
Nasdaq	7 738.02	0.03	-3.83	12.09	17.47	27.16	↓
S&P 500	2 880.34	-0.14	-1.15	7.73	12.93	18.42	↓
DJ Eurostoxx50	3 321.79	0.36	-2.28	-5.20	-7.70	5.70	↓
DAX	11 977.22	0.25	-2.20	-7.28	-7.51	11.51	↓
CAC	5 318.55	0.35	-3.18	0.11	-0.84	8.43	↓
FTSE	7 237.59	0.06	-3.63	-5.86	-3.99	7.10	↓
ASX200	6 056.20	0.25	-2.44	-0.15	5.54	6.42	↓
Nikkei 225	23 470.36	0.00	-2.69	3.10	12.71	16.18	↓
MSCI World	2 138.46	-0.24	-2.09	1.66	5.78	19.65	↓

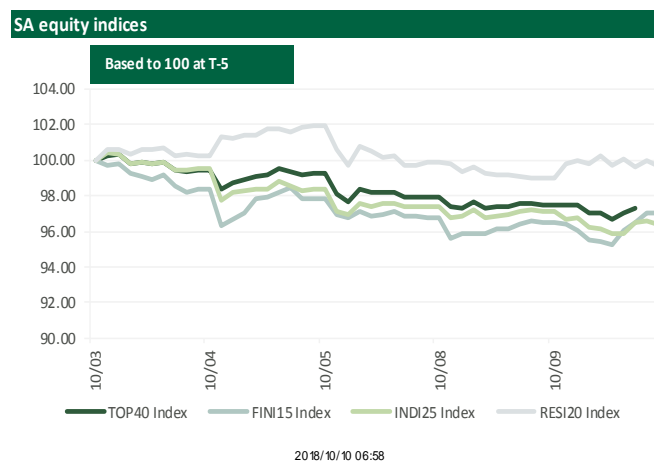
Emerging Markets	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Hang Seng	26 286.29	0.43	-5.41	-12.14	-7.74	35.19	↓
Shanghai	2 716.12	-0.18	-3.73	-17.87	-19.71	5.46	↓
Brazil Bovespa	86 087.55	0.00	8.50	12.68	11.95	28.22	↑
India - NSE	34 542.00	0.71	-4.65	1.42	8.20	27.91	↓
Russia Micex	2 443.83	-0.43	-1.27	15.84	17.10	-7.69	↓
MSCI Emerging	993.99	-0.15	-5.15	-14.20	-10.66	34.35	↓

SA Indices	Last price	%Δ				2017 Performance	MTD trend
		-1d	MTD	YTD	12Month		
JSE All Share	54 187.82	-0.06	-2.73	-8.94	-5.97	17.47	↓
Top 40	47 970.68	-0.15	-3.13	-8.68	-6.60	19.66	↓
Resi 10	43 778.44	0.71	1.33	20.62	19.44	13.03	↑
Indi 25	65 633.93	-0.70	-4.41	-17.01	-16.95	23.03	↓
Fini 15	15 751.02	0.52	-4.98	-11.87	2.19	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	148.61	1.54	-2.15	-18.34	3.56	7.05	↓
AGL : Anglo American Plc	326.19	1.84	2.00	27.61	26.63	29.43	↑
ANG : Anglogold Ashanti Ltd	125.39	3.05	2.44	-2.51	-4.03	-14.78	↑
APN : Aspen Pharmacare Holdings Lt	157.00	-3.69	-7.31	-43.42	-48.52	-1.62	↓
BID : Bid Corp Ltd	287.69	-0.59	-2.45	-4.42	-6.90	20.93	↓
BIL : Bhp Billiton Plc	316.01	0.28	2.13	26.13	26.59	11.95	↑
BTI : British American Tobacco Plc	659.89	-0.57	-1.18	-20.45	-24.80	6.38	↓
BVT : Bidvest Group Ltd	179.81	0.71	-2.81	-17.55	0.28	21.18	↓
CFR : Financiere Richemont-Dep Rec	113.08	-0.21	-2.58	1.19	-8.92	24.15	↓
CLS : Clicks Group Ltd	160.76	-2.11	-8.14	-11.25	1.43	54.21	↓
CPI : Capitec Bank Holdings Ltd	991.38	1.44	-3.21	-9.71	8.64	58.44	↓
DSY : Discovery Ltd	161.13	-1.07	-5.22	-13.37	14.78	61.26	↓
FSR : Firstrand Ltd	62.09	1.95	-8.52	-7.67	16.64	25.00	↓
GRT : Growthpoint Properties Ltd	22.95	0.31	-1.21	-17.03	-7.61	6.59	↓
INL : Investec Ltd	94.80	-1.15	-4.75	5.66	-4.75	-1.57	↓
INP : Investec Plc	95.00	-1.04	-4.76	5.84	-5.14	-1.52	↓
LHC : Life Healthcare Group Holdin	24.17	0.62	-1.59	-12.90	-7.68	-9.23	↓
MEI : Mediclinic International Plc	87.11	-0.96	9.57	-18.11	-28.38	-18.17	↑
MND : Mondi Ltd	379.57	-1.09	-2.30	23.94	5.58	14.66	↓
MNP : Mondi Plc	377.29	-1.65	-2.92	23.55	4.77	14.14	↓
MRP : Mr Price Group Ltd	224.00	1.92	-1.87	-8.52	21.41	53.52	↓
MTN : Mtn Group Ltd	86.64	0.74	-1.07	-36.57	-30.35	5.08	↓
NED : Nedbank Group Ltd	253.00	-0.95	-4.39	-1.21	21.33	6.16	↓
NPN : Naspers Ltd-N Shs	2840.77	-1.53	-6.91	-17.68	-10.98	69.72	↓
NRP : Nepi Rockcastle Plc	129.50	0.58	0.75	-39.36	-28.12		↑
NTC : Netcare Ltd	24.56	1.15	1.45	-2.35	-2.38	-20.66	↑
OMU : Old Mutual Ltd	29.46	-0.14	-2.74				↓
RDF : Redefine Properties Ltd	9.77	1.77	-2.50	-8.69	-11.18	-6.96	↓
REM : Remgro Ltd	188.44	-0.30	-4.47	-20.15	-15.77	4.19	↓
RMH : Rmb Holdings Ltd	70.49	2.01	-10.94	-10.96	11.03	18.13	↓
RNI : Reinet Investments Sca	258.01	0.27	-1.94	-5.84			↓
SAP : Sappi Limited	85.82	-0.33	-3.30	-4.11	-9.35	0.56	↓
SBK : Standard Bank Group Ltd	164.01	0.62	-6.28	-16.18	0.64	28.22	↓
SHP : Shoprite Holdings Ltd	185.91	2.04	-3.00	-15.95	-13.89	27.89	↓
SLM : Sanlam Ltd	74.49	-0.55	-5.84	-14.38	8.65	36.30	↓
SOL : Sasol Ltd	548.80	0.51	0.23	28.17	40.00	5.32	↑
SPP : Spar Group Limited/The	174.11	0.85	-5.44	-14.37	1.37	2.82	↓
TBS : Tiger Brands Ltd	248.90	-1.23	-6.08	-45.89	-36.02	16.65	↓
TFG : The Foschini Group Ltd	166.74	-0.76	-3.82	-15.50	23.16	24.11	↓
TRU : Truworths International Ltd	81.25	-0.12	-2.69	-13.99	8.52	17.70	↓
VOD : Vodacom Group Ltd	123.50	-2.83	-1.93	-15.23	-20.09	-3.27	↓
WHL : Woolworths Holdings Ltd	48.69	0.23	-1.83	-25.45	-19.65	-9.09	↓

Source: Bloomberg & Nedbank CIB

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ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
09-October							
01:50 AM	JN	Trade Balance BoP Basis	AUG	JPY -208b	JPY -219b	JPY -1b	-
01:50 AM	JN	BoP Current Account Adjusted	AUG	JPY 1516b	JPY 1429b	JPY 1485b	-
08:00 AM	GE	Current Account Balance	AUG	EUR 16.2b	EUR 15.3b	EUR 15.3b	EUR 15.1b
08:00 AM	GE	Exports SA MoM	AUG	0.35%	-0.10%	-0.90%	-
08:00 AM	GE	Imports SA MoM	AUG	-0.05%	-2.70%	2.80%	-
08:00 AM	GE	Trade Balance	AUG	EUR 16.2b	EUR 17.2b	EUR 16.5b	-
10-October							
01:50 AM	JN	Machine Orders YoY	AUG	1.80%	12.60%	13.90%	-
10:30 AM	UK	Industrial Production YoY	AUG	1.00%	-	0.90%	-
10:30 AM	UK	Manufacturing Production YoY	AUG	1.10%	-	1.10%	-
10:30 AM	UK	Trade Balance	AUG	GBP -1200m	-	GBP -111m	-
11:30 AM	SA	SACCI Business Confidence	SEP	89.0	-	90.5	-
02:30 PM	US	PPI Final Demand YoY	SEP	2.70%	-	2.80%	-
04:00 PM	US	Wholesale Inventories MoM	AUG F	0.80%	-	0.80%	-
04:00 PM	US	Wholesale Trade Sales MoM	AUG	0.50%	-	0.00%	-
11-October							
01:50 AM	JN	PPI YoY	SEP	2.90%	-	3.00%	-
01:00 PM	SA	Manufacturing Prod NSA YoY	AUG	1.15%	-	2.90%	-
02:30 PM	US	CPI YoY	SEP	2.40%	-	2.70%	-
02:30 PM	US	Real Avg Weekly Earnings YoY	SEP	0.00%	-	0.50%	-
02:30 PM	US	Real Avg Hourly Earning YoY	SEP	-	-	0.20%	-
12-October							
12:00 AM	CH	Exports YoY CNY	SEP	9.50%	-	7.90%	-
12:00 AM	CH	Imports YoY CNY	SEP	15.60%	-	18.80%	-
12:00 AM	CH	Trade Balance CNY	SEP	CNY 82.2b	-	CNY 179.8b	-
12:00 AM	CH	Imports YoY	SEP	15.00%	-	19.90%	-
12:00 AM	CH	Exports YoY	SEP	8.0%	-	9.8%	-
12:00 AM	CH	Trade Balance	SEP	USD 19.2b	-	USD 27.9b	-
01:50 AM	JN	Money Stock M3 YoY	SEP	2.50%	-	2.50%	-
08:00 AM	GE	CPI YoY	MAY F	2.30%	-	2.30%	-
11:00 AM	EC	Industrial Production WDA YoY	AUG	-0.25%	-	-0.10%	-
04:00 PM	US	U. of Mich. Sentiment	OCT P	100.4	-	100.1	-

Source: Bloomberg 2018/10/10 06:57

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