

DAILY MARKET COMMENTARY

28 January 2019



[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

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SNIPPETS

(Fixed Income)	SAGB yields continues to edge lower, supported by offshore buying
(Currencies)	Rand currently around best levels so far for 2019
(Commodities)	Gold held above \$1,300 an ounce before a pivotal round of trade talks between the U.S. and China this week
(Equities)	US markets saw gains as technology stocks caught a bid ahead of Apple's results due later this week

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
29/01	US	Consumer confidence index	--/126.3/128.1	Trade concerns, government shutdown and higher interest rates are likely to weigh on consumer sentiment in the US
30/01	SA	Monthly Budget	--/R6.2b/-R16.9b	Budget expected to post a small surplus, though worse than the seasonal pace for December
30/01	EZ	Business climate index	--/0.8/0.82	Business and consumer confidence expected to decline amid political uncertainty
30/01	US	ADP employment change	--/170k/271k	Payroll gains may recede as labour market tightens
30/01	US	GDP	--/2.5%/3.4%	GDP growth expected to ease in 4Q18 amid lower net exports, trade
30/01	US	FOMC interest rate decision	--/2.5%/2.5%	Fed likely to temper their expectations for rate hikes, given global slowdown and financial market tightening
31/01	SA	Trade balance	--/--/R3.5b	Trade balance may post small surplus in December, as imports fall

Source: Nedbank

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FIXED INCOME AND INTEREST RATES

[back to top](#)

Bond flow sales | +2711 535 4021 | Corporate Money Markets | +2711 535 4007 | Business Bank Money Markets | +2711 535 4006

Bonds	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
R208-2,2 yrs	7,05	1,04	5,84	5,84	-38,96	↕
R186-7,9 yrs	8,69	0,10	-18,10	-18,10	15,50	↕
R2048-29,1 yrs	9,73	-0,60	-16,60	-16,60	11,90	↕
US10 yr	2,74	-1,45	5,98	5,98	8,40	↕
UK 10 yr	1,31	4,00	2,80	2,80	-10,70	↕
German 10 yr	0,19	1,30	-4,90	-4,90	-41,90	↕
Japan 10 yr	0,00	0,30	-0,30	-0,30	-7,80	↕

Money Market	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
SA repo rate	6,75	0,00	0,00	0,00	0,00	↔
SA prime rate	10,25	0,00	0,00	0,00	0,00	↔
SA CPI (MTD=previous month)	4,50		-70,00	-20,00	-20,00	↕
SA 3m JIBAR	7,15	0,00	0,00	0,00	1,70	↔
SA 3m NCD	7,13	-5,00	0,00	0,00	-2,50	↔
SA 6m NCD	7,75	1,25	0,00	0,00	17,50	↔
SA 12m NCD	8,28	0,00	-5,00	-5,00	40,00	↕
US3m LIBOR	2,75	-1,31	-5,60	-5,60	99,13	↕
UK 3m LIBOR	0,92	-0,63	0,69	0,69	39,12	↕
Japan 3m LIBOR	-0,09	0,07	-1,30	-1,30	-4,87	↕

Source: Bloomberg & Nedbank CIB
Time: 2019/01/28 07:33

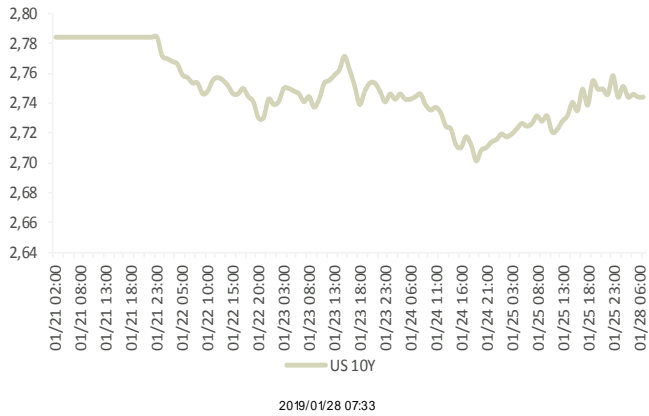
FRAs and Swaps	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
3X6 FRA	7,13	-1,00	-8,00	-8,00	13,00	↕
6X9 FRA	7,15	0,00	4,00	3,00	4,00	↕
9X12 FRA	7,15	-1,50	-18,00	-18,00	29,00	↕
18X21 FRA	7,21	-1,00	-25,00	-25,00	15,00	↕
SA 2yr Swap	7,17	-1,00	-16,50	-16,50	17,75	↕
SA 3yr Swap	7,25	-1,00	-19,50	-19,50	10,45	↕
SA 5yr Swap	7,51	-1,50	-17,00	-17,00	4,00	↕
SA 10yr Swap	8,04	-1,50	-16,00	-16,00	-0,50	↕
SA 15yr Swap	8,31	-1,50	-16,00	-16,00	4,50	↕

Spreads	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
2v10y	-0,87	0,50	-0,50	-0,50	18,25	↕
3v10y	-0,79	0,50	-3,50	-3,50	10,95	↕
R186-R208	1,64	-0,95	-23,94	-23,94	54,45	↕
R2048-R186	1,04	-0,70	1,50	1,50	-3,60	↕
5y-R186	-1,19	-1,60	1,10	1,10	-11,50	↕
10y-R186	-0,66	-1,60	2,10	2,10	-16,00	↕
15y-R186	-0,39	-1,60	2,10	2,10	-11,00	↕
SA 5yr CDS spread - basis points	188,00	0,50	-35,00	-35,00	40,50	↕

Source: Bloomberg & Nedbank CIB
Time: 2019/01/28 07:33

US 10 year yield

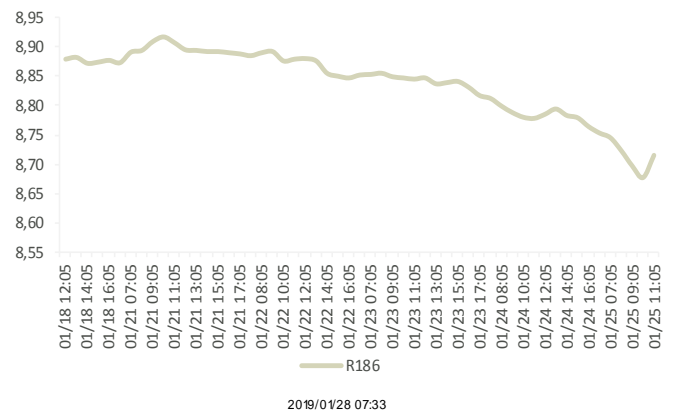
US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



Source: Bloomberg, Nedbank

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- The final session of the week saw the rand open trading in the high 13.60s. Flows on the day were limited again, but over the course of the session, the rand posted steady gains, to trade to its best level of 13.6000 on the day around the time of the local close. This morning, it is currently trading at 13.5950, the EURZAR is trading at 15.5225 and the GBPZAR is trading at 17.9480.
- International markets saw the dollar trade broadly on the back foot. The EURUSD was trading from a low print of 1.1302 on the day to 1.1407 by the time of the local close. This morning, it is currently trading at 1.1420. Over the course of the week, the GBPUSD traded from a low of 1.2831 to a high 1.3163 on Friday. This morning, it has posted additional gains to currently trade at 1.3202. Gold, too, has traded steadily firmer, and this morning, it is currently trading at 1,303.50, some USD12 firmer from the same time on Friday.
- Data releases scheduled for today: no local releases; from Europe, we have money supply for the zone; and from the US, we have Chicago and Dallas Fed index releases, and potentially others', with the US government shut down for three weeks.
- The rand has now traded to the objective on the downside, as alluded to last week. A break below these lows is likely to signal a possible extension of the move, although markets are likely to remain cautious as local factors continue to weigh on the rand.
- Possible trading range for the rand today: 13.5000 to 13.8000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1,32	0,02	3,48	3,48	-6,22	↑	USD weakness
EURUSD	1,14	0,10	-0,44	-0,44	-7,80	↓	USD strength
USDJPY	109,38	-0,16	-0,28	0,28	0,38	↓	USD weakness
USDAUD	1,39	-0,27	-2,13	-2,13	12,40	↓	USD weakness

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	13,59	-0,19	-5,54	-5,54	12,15	↓	ZAR strength
GBPZAR	17,94	-0,15	-2,11	-2,11	6,32	↓	ZAR strength
EURZAR	15,52	-0,08	-6,03	-6,03	4,73	↓	ZAR strength
AUDZAR	9,79	0,10	-3,40	-3,40	1,27	↓	ZAR strength
ZARJPY	8,05	-0,10	5,14	5,14	-13,39	↑	ZAR strength

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	53,66	0,26	5,43	5,43	-13,33	↑	ZAR strength
ZARBWP (Botswana pula)	0,77	0,22	2,77	2,77	-4,93	↑	ZAR strength
ZARKES (Kenyan shilling)	7,41	0,18	4,19	4,19	-15,65	↑	ZAR strength
ZARMUR (Mauritian rupee)	2,53	0,26	5,56	5,56	-7,70	↑	ZAR strength
ZARNGN (Nigerian naira)	26,63	0,16	5,00	5,00	-13,30	↑	ZAR strength
ZARGHS (Ghanian cedi)	0,37	0,86	7,97	7,97	-1,65	↑	ZAR strength
ZARZMW (Zambian kwacha)	0,88	-0,14	5,45	5,45	7,01	↑	ZAR strength
ZARMZN (Mozambican metical)	4,57	0,19	6,19	6,19	-11,55	↑	ZAR strength

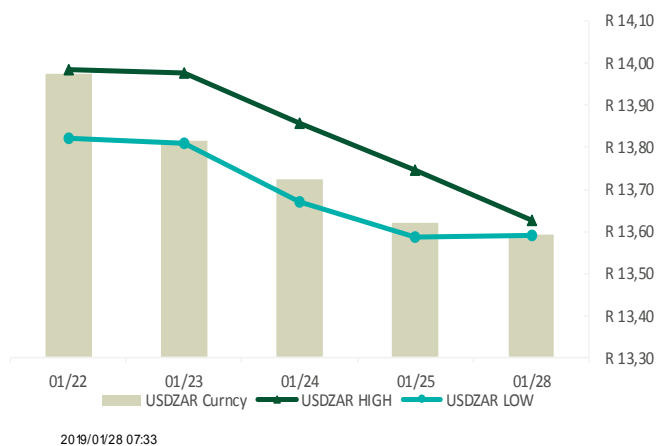
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3,76	-0,23	-2,99	-2,99	16,73	↓	USD weakness
USDTRY (Turkish Lira)	5,26	-0,32	-0,65	-0,65	27,82	↓	USD weakness
USDMXN (Mexican Peso)	18,97	-0,08	-3,57	-3,57	1,93	↓	USD weakness
USDINR (Indian Rupee)	71,06	-0,16	1,82	1,82	10,52	↑	USD strength
USDRUB (Russian Ruble)	65,99	0,31	-5,65	-5,65	14,65	↓	USD weakness

Source: Bloomberg & Nedbank CIB
Time: 2019/01/28 07:33

*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

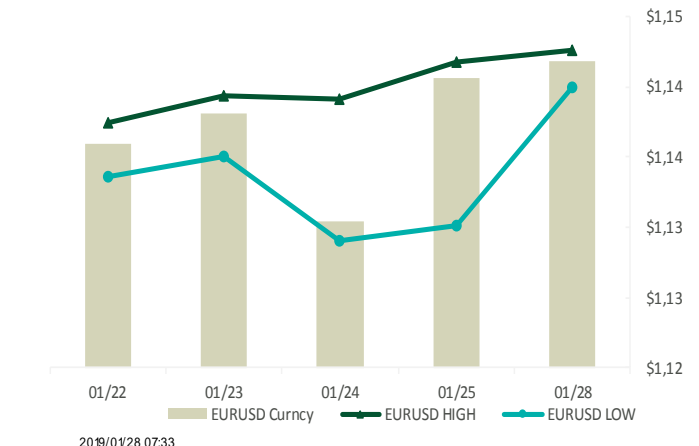
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

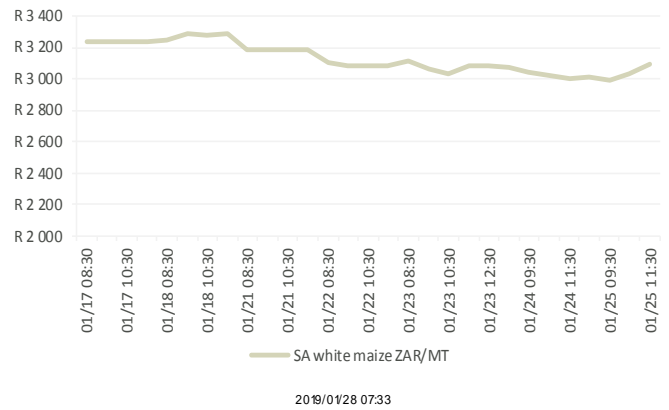
- Oil halted its gains, stabilising just above the \$61/bbl level as the US's rig count rose for the first time this year. Futures dropped 0.9% after climbing 2.1% over the previous three sessions. Gold held above \$1,300 an ounce before a pivotal round of trade talks between the U.S. and China this week and the Fed's policy meeting which is expected to be more dovish than the meeting in January.

Commodities	Last price	%Δ				MTD trend
		-1d	MTD	YTD	12Month	
Brent near future (\$)	61,36	-0,45	14,05	14,05	-12,99	↑
WTI crude (\$)	53,36	-0,61	17,51	17,51	-19,32	↑
Gold spot (\$)	1304,43	-0,06	1,71	1,71	-2,68	↑
Platinum spot (\$)	819,88	0,21	3,05	3,05	-18,55	↑
SA white maize spot (R)	3 088,00	2,76	5,39	5,39	64,26	↑

Source: Bloomberg & Nedbank CIB
Time: 2019/01/28 07:33

SA white maize

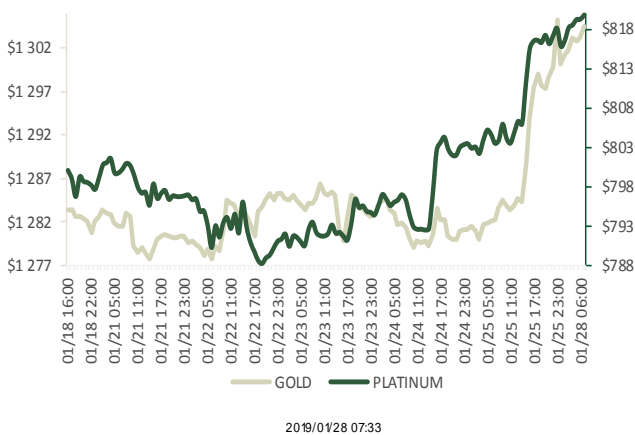
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

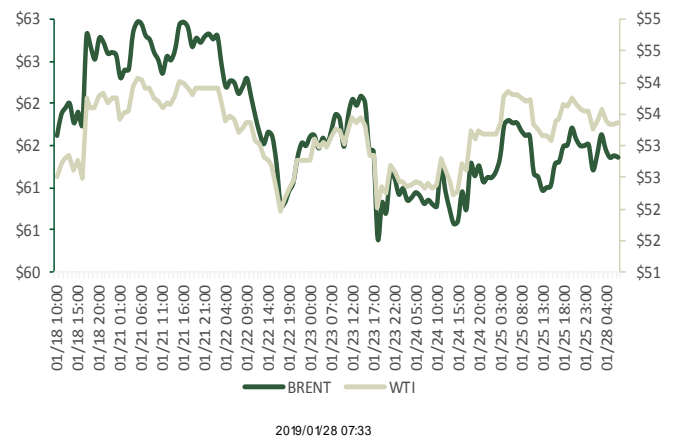
Platinum vs. Gold



Source: Bloomberg, Nedbank

Brent Crude vs West Texas Intermediate

Brent Crude vs West Texas Intermediate



Source: Bloomberg, Nedbank

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South Africa

- The All Share index started its trading day in positive territory and remained range bound throughout the trading day to eventually post a 0.77% gain
- The Banking index advanced 2.51% with the likes of Standard Bank and Nedbank advancing 3.69% and 2.90% respectively.
- On the company front, AVI released a voluntary trading update showing a marginal gain in group revenue of 0.2%.
- Value traded at 5pm was around R20bn with the currency at R13.59c vs. the USD at the close.

UK/Europe

- European markets were stronger on Friday as the DAX advanced 1.36%
- German IFO Business Climate came in marginally below expectations at 99.1 index points
- The Stoxx 50 was up 1.18% with the likes of Nokia and Volkswagen gaining 5.75% and 4.19% respectively.

USA

- US markets saw gains as technology stocks caught a bid ahead of Apple's results due later this week.
- The Dow Jones was up 0.75% while the S&P 500 climbed 0.85%
- US economic data has been postponed due to the government shutdown this includes Durable Goods Orders and New Home Sales.

Asia

- Asian markets are mixed this morning ahead of the FED rate decision later this week
- The Nikkei has lost 0.40% while the Hang Seng has advanced 0.42%.
- The Australian market is closed for a public holiday

Developed Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	24 737,20	0,75	6,04	6,04	-7,06	-6,03	↑
Nasdaq	7 164,86	1,29	7,98	7,98	-4,54	-5,30	↑
S&P 500	2 664,76	0,85	6,30	6,30	-7,24	-7,01	↑
DJ Eurostoxx 50	3 163,24	1,18	5,39	5,39	-13,27	-14,00	↑
DAX	11 281,79	1,36	6,85	6,85	-15,43	-17,97	↑
CAC	4 925,82	1,11	4,12	4,12	-10,91	-10,55	↑
FTSE	6 809,22	-0,14	1,21	1,21	-11,17	-12,03	↑
ASX200	5 905,61	0,68	4,59	4,59	-2,39	-6,84	↑
Nikkei 225	20 686,53	-0,42	3,36	3,36	-12,46	-14,85	↑
MSCI World	2 001,86	0,94	6,26	6,26	-10,99	-10,97	↑

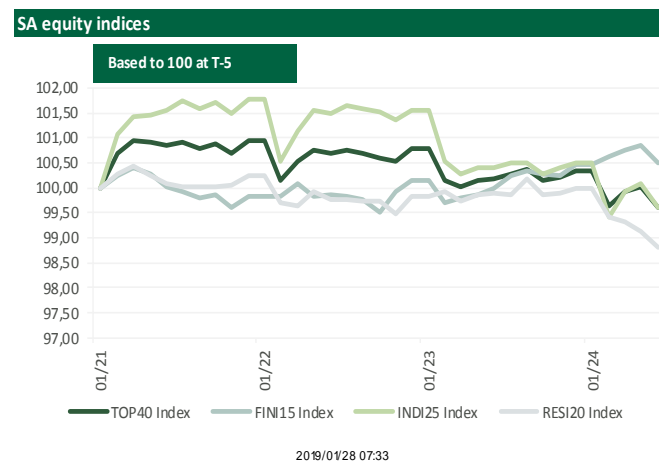
Emerging Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Hang Seng	27 681,66	0,41	7,10	7,10	-16,51	-15,30	↑
Shanghai	2 608,36	0,26	4,59	4,59	-26,69	-25,52	↑
Brazil Bovespa	97 677,19	1,16	11,14	11,14	16,73	12,83	↑
India - NSE	35 838,17	-0,52	-0,64	-0,64	-0,59	6,67	↓
Russia Micex	2 498,23	0,63	5,44	5,44	8,84	9,55	↑
MSCI Emerging	1 032,34	1,27	6,89	6,89	-18,91	-18,02	↑

SA Indices	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
JSE All Share	54 050,23	0,77	2,49	2,49	-12,25	-11,71	↑
Top 40	47 892,41	0,88	2,49	2,49	-12,17	-11,54	↑
Resi 10	41 439,10	1,84	0,96	0,96	8,10	12,01	↑
Indi 25	64 672,69	-0,20	1,55	1,55	-21,11	-20,20	↑
Fini 15	17 448,91	1,86	6,53	6,53	-4,71	-6,54	↑

Source: Bloomberg & Nedbank CIB

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Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

LAST DAY TO TRADE

[back to top](#)

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SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
29 January 2019		
MAP	Master Plastics Ltd	Scheme consideration @ 220cps
NPKP	Nampak Ltd 6% Pref	dividend @ 6cps
NPP1	Nampak Ltd 6.5% Pref	dividend @ 6.5cps
PFG	Pioneer Foods Group Ltd	dividend @ 260cps

Source: JSE

JSE PERFORMANCE

[back to top](#)

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
ABG : Absa Group Ltd	180,00	2,56	11,23	11,23	-1,89	-11,08	↑
AGL : Anglo American Plc	327,32	1,54	1,57	1,57	11,33	26,07	↑
ANG : Anglogold Ashanti Ltd	179,55	2,06	-1,21	-1,21	29,56	41,31	↓
APN : Aspen Pharmacare Holdings Lt	151,99	-1,31	12,74	12,74	-40,34	-51,42	↑
BHP : Bhp Group Plc	286,11	1,63	-1,16	-1,16	12,91	21,24	↓
BID : Bid Corp Ltd	281,05	0,62	6,06	6,06	1,74	-11,96	↑
BTI : British American Tobacco Plc	431,50	-1,73	-8,05	-8,05	-47,38	-43,42	↓
BVT : Bidvest Group Ltd	201,90	0,25	-2,39	-2,39	-18,00	-5,15	↓
CFR : Financiere Richemont-Dep Rec	95,29	-0,22	1,75	1,75	-15,25	-16,20	↑
CLS : Clicks Group Ltd	194,51	1,75	1,60	1,60	6,41	5,70	↑
CPI : Capitec Bank Holdings Ltd	1172,99	2,00	4,92	4,92	14,37	1,83	↑
DSY : Discovery Ltd	162,10	0,04	1,45	1,45	-12,69	-14,09	↑
FSR : Firstrand Ltd	70,61	1,57	7,70	7,70	0,51	-2,51	↑
GRT : Growthpoint Properties Ltd	25,14	1,66	7,90	7,90	-12,34	-15,76	↑
INL : Investec Ltd	88,80	0,81	12,41	12,41	-6,38	-11,95	↑
INP : Investec Plc	88,72	0,77	11,37	11,37	-6,12	-11,25	↑
LHC : Life Healthcare Group Holdin	26,90	-0,88	1,89	1,89	-1,28	-4,86	↑
MND : Mondi Ltd	336,99	2,04	8,86	8,86	10,13	-3,04	↑
MNP : Mondi Plc	332,16	2,08	9,24	9,24	8,04	-4,78	↑
MRP : Mr Price Group Ltd	215,00	2,14	-12,65	-12,65	-24,50	0,52	↓
MTN : Mtn Group Ltd	83,20	-0,96	-6,52	-6,52	-38,26	-34,85	↓
NED : Nedbank Group Ltd	288,27	2,90	4,93	4,93	3,07	7,27	↑
NPN : Naspers Ltd-N Shs	3040,00	0,33	5,11	5,11	-17,05	-16,19	↑
NRP : Nepi Rockcastle Plc	119,50	0,92	5,75	5,75	-30,31	-47,09	↑
NTC : Netcare Ltd	25,50	-1,05	-2,02	-2,02	1,75	5,09	↓
OMU : Old Mutual Ltd	23,27	3,42	3,88	3,88			↑
PSG : Psg Group Ltd	253,27	2,13	3,46	3,46	-8,57	-9,33	↑
RDF : Redefine Properties Ltd	10,10	1,00	4,45	4,45	-10,54	-9,63	↑
REM : Remgro Ltd	209,00	1,15	7,32	7,32	-14,34	-17,48	↑
RMH : Rmb Holdings Ltd	83,50	0,96	5,83	5,83	0,76	-0,34	↑
RNI : Reinet Investments Sca	198,46	-2,10	-9,15	-9,15	-25,95	-20,27	↓
SAP : Sappi Limited	77,19	3,04	-5,46	-5,46	-7,78	-8,77	↓
SBK : Standard Bank Group Ltd	194,94	3,69	9,02	9,02	-6,62	-8,61	↑
SHP : Shoprite Holdings Ltd	186,00	0,20	-2,18	-2,18	-24,55	-14,03	↓
SLM : Sanlam Ltd	83,81	-0,23	5,03	5,03	-7,39	-8,28	↑
SOL : Sasol Ltd	421,07	2,60	-0,92	-0,92	-6,95	-0,74	↓
SPP : Spar Group Limited/The	200,25	-3,72	-3,49	-3,49	-4,27	2,05	↓
TBS : Tiger Brands Ltd	277,00	-2,94	1,18	1,18	-41,07	-40,48	↑
TFG : The Foschini Group Ltd	169,63	-0,60	2,04	2,04	-12,96	-15,76	↑
TRU : Truworths International Ltd	83,00	0,12	-5,79	-5,79	-16,93	-6,74	↓
VOD : Vodacom Group Ltd	119,65	-1,82	-9,36	-9,36	-26,60	-9,39	↓
WHL : Woolworths Holdings Ltd	49,80	-0,93	-9,60	-9,60	-25,78	-15,65	↓

Source: Bloomberg & Nedbank CIB

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ECONOMIC CALENDAR

[back to top](#)

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	Country	Event	Period	Survey	Actual	Prior	Revised
25-January							
11:00 AM	GE	IFO Business Climate	JAN	-	99,1	99,1	-
11:00 AM	GE	IFO Current Assessment	JAN	-	104,3	104,3	-
11:00 AM	GE	IFO Expectations	JAN	-	94,2	94,2	-
28-January							
03:30 AM	CH	Industrial Profits YoY	DEC	-	-1,90%	-1,80%	-
11:00 AM	EC	M3 Money Supply YoY	DEC	3,80%	-	3,70%	-
03:30 PM	US	Chicago Fed Nat Activity Index	DEC	-	-	0,22	-
05:30 PM	US	Dallas Fed Manf. Activity	JAN	-2,7	-	-5,1	-
29-January							
03:30 PM	US	Advance Goods Trade Balance	DEC	USD -75,6b	-	00:00	-
03:30 PM	US	Wholesale Inventories MoM	DEC P	-	-	0,80%	-
04:00 PM	US	S&P CoreLogic CS 20-City YoY NSA	NOV	4,90%	-	5,03%	-
05:00 PM	US	Conf. Board Consumer Confidence	JAN	124,6	-	128,1	-
#VALUE!	US	New Home Sales MoM	DEC	5,70%	-	-	-
#VALUE!	US	Wholesale Trade Sales MoM	NOV	-	-	-	-
30-January							
01:50 AM	JN	Retail Trade YoY	DEC	1,00%	-	1,40%	-
08:00 AM	SA	Money Supply M3 YoY	DEC	-	-	5,69%	-
08:00 AM	SA	Private Sector Credit YoY	DEC	-	-	5,56%	-
11:30 AM	UK	M4 Money Supply YoY	DEC	-	-	0,80%	-
11:30 AM	UK	Net Consumer Credit	DEC	GBP 0,80b	-	GBP 0,92b	-
12:00 PM	EC	Business Climate Indicator	JAN	0,77	-	0,82	-
12:00 PM	EC	Economic Confidence	JAN	106,8	-	107,3	-
02:00 PM	SA	South Africa Budget	DEC	-	-	ZAR -16,9b	-
03:00 PM	GE	CPI YoY	MAY F	1,60%	-	1,70%	-
03:15 PM	US	ADP Employment Change	JAN	185k	-	271k	-
03:30 PM	US	Core PCE QoQ	4QA	-	-	1,60%	-
03:30 PM	US	GDP Annualized QoQ	4QA	2,60%	-	3,40%	-
03:30 PM	US	Personal Consumption	4QA	3,90%	-	3,50%	-
05:00 PM	US	Pending Home Sales NSA YoY	DEC	-	-	-7,70%	-
09:00 PM	US	FOMC Rate Decision (Upper Bound)	JAN 30	2,50%	-	2,25%	-
09:00 PM	US	FOMC Rate Decision (Lower Bound)	JAN 30	2,25%	-	2,00%	-

Source: Bloomberg 2019/01/28 07:33

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