

DAILY MARKET COMMENTARY

05 February 2019



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(* when available)*

KEY DAILY DRIVERS

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SNIPPETS

(Fixed Income)	A slow day for SAGBs after gapping early and holding weaker levels for most of the day
(Currencies)	Various speakers scheduled to address the Mining Indaba
(Commodities)	Brent crude prices marginally higher, gold tightly range bound, unchanged over the day
(Equities)	The Top40 closed in the red, European markets were mixed and Wall Street posted strong gains

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
04-08/02	US	GDP	--/2.5%/3.4%	GDP growth expected to ease in 4Q18 amid lower net exports, trade
05/02	EZ	Retail sales	--/0.5%/1.1%	Eurozone retail activity may ease on the back of lower confidence
06/02	SA	SACCI business confidence index	--/--/95.2	Confidence likely to remain subdued
07/02	UK	BOE interest rate decision	--/0.75%/0.75%	BOE likely to remain cautious amid Brexit uncertainty

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				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
R208-2.1 yrs	7.03	-0.00	8.40	3.60	-29.70	↑
R186-7.9 yrs	8.63	-0.20	6.20	-24.70	17.10	↑
R2048-29.1 yrs	9.67	-0.15	6.45	-22.65	16.15	↑
US10 yr	2.71	-1.09	8.34	2.85	0.70	↑
UK 10 yr	1.28	2.90	5.80	0.00	-30.00	↑
German 10 yr	0.18	1.10	2.80	-6.50	-59.00	↑
Japan 10 yr	-0.02	-0.60	-2.00	-1.80	-9.90	↓

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	-1.25	-1.25	0.00	-1.25	↓
SA 6m NCD	7.73	0.00	0.00	-2.50	12.50	⇒
SA 12m NCD	8.23	0.00	0.00	-10.00	26.25	⇒
US3m LIBOR	2.73	-0.49	-0.49	-7.50	94.57	↓
UK 3m LIBOR	0.91	0.15	0.15	0.11	39.12	↑
Japan 3m LIBOR	-0.08	0.67	0.67	-0.93	-3.75	↑

Source: Bloomberg & Nedbank CIB
Time: 2019/02/05 07:37

FRAs and Swaps	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
3X6 FRA	7.13	0.00	0.00	-8.00	11.00	⇒
6X9 FRA	7.13	0.00	4.00	3.00	4.00	↑
9X12 FRA	7.13	0.00	0.50	-20.50	23.50	↑
18X21 FRA	7.18	0.50	2.00	-28.00	13.00	↑
SA 2yr Swap	7.15	0.50	1.80	-18.50	14.69	↑
SA 3yr Swap	7.23	-0.50	3.50	-22.00	7.25	↑
SA 5yr Swap	7.47	0.00	5.50	-20.50	0.50	↑
SA 10yr Swap	8.00	-1.50	5.00	-19.00	-2.00	↑
SA 15yr Swap	8.29	0.00	7.50	-18.00	4.30	↑

Spreads	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
2v10y	-0.85	2.00	-3.20	0.50	16.69	↓
3v10y	-0.78	1.00	-1.50	-3.00	9.25	↓
R186-R208	1.60	-0.20	-2.20	-28.30	46.80	↓
R2048-R186	1.05	0.05	0.25	2.05	-0.95	↑
5y-R186	-1.16	0.20	-0.70	4.20	-16.60	↓
10y-R186	-0.63	-1.30	-1.20	5.70	-19.10	↓
15y-R186	-0.34	0.20	1.30	6.70	-12.80	↑
SA 5yr CDS spread - basis points	178.00	0.00	1.50	-45.00	28.50	↑

Source: Bloomberg & Nedbank CIB
Time: 2019/02/05 07:37

US 10 year yield

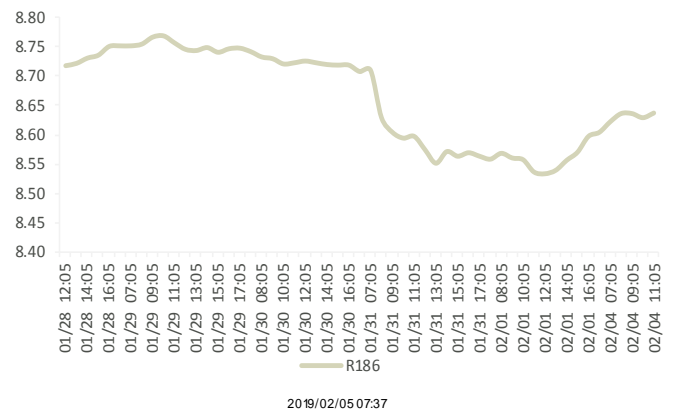
US 10 year yield



Source: Bloomberg, Nedbank

SA 10 year yield

SA 10 year yield



Source: Bloomberg, Nedbank

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- The new week opened with the rand trading in the high 13.30s. Flows on the day were limited, although the bias was for dollar strength. This saw the local unit confined to a range between 13.3275 and 13.4175, before the closing the day trading at the highs. There was almost no activity in the overnight sessions. The rand is currently trading at 13.4000, the EURZAR is trading at 15.3190 and the GBPZAR is trading at 17.4710.
- International markets also held steady for much of the day, with the EURUSD trading between 1.1425 and 1.1458. It is currently trading at 1.1433. The GBPUSD was similarly subdued, trading between 1.3040 and 1.3104. It is currently at 1.3040, this as markets brace for a potential 'no deal' exit. Gold, too, held steady, along with the foreign exchange markets, and is currently trading at 1,314.50.
- Data releases scheduled for today: locally we have the PMI for January; from Europe, we have services PMIs for France, Germany and the zone and the UK as well as retail sales for the zone; and from the US, we have the services PMI and non-manufacturing ISM, the Fed's Mester is scheduled to speak and President Trump will be delivering the State of the Union Address.
- Markets across the board have been subdued after significant activity in the latter part of last week. On the downside, the technical level around 13.30 is likely to prove resilient; on the top side, initial dollar sellers are likely to emerge between 13.50 and 13.55. We see the technical resistance at 13.6000.
- Possible trading range for the rand today: 13.3000 to 13.6000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.30	0.01	-0.54	2.23	-6.60	↓	USD strength
EURUSD	1.14	-0.04	-0.13	-0.30	-7.55	↓	USD strength
USDJPY	109.86	-0.03	0.88	-0.15	0.70	↑	USD strength
USDAUD	1.38	-0.50	0.18	-2.95	8.49	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	13.40	-0.17	1.07	-7.08	9.47	↑	ZAR weakness
GBPZAR	17.47	-0.15	0.53	-4.88	3.08	↑	ZAR weakness
EURZAR	15.32	-0.21	0.97	-7.44	2.07	↑	ZAR weakness
AUDZAR	9.73	0.30	0.93	-4.04	1.77	↑	ZAR weakness
ZARJPY	8.20	0.12	-0.21	6.92	-9.68	↓	ZAR weakness

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	54.48	0.28	-1.01	6.85	-9.66	↓	ZAR weakness
ZARBWP (Botswana pula)	0.77	0.13	-0.56	3.46	-2.65	↓	ZAR weakness
ZARKES (Kenyan shilling)	7.47	0.18	-1.64	4.99	-12.15	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.56	0.12	-1.10	6.62	-3.94	↓	ZAR weakness
ZARNGN (Nigerian naira)	27.00	0.20	-1.19	6.31	-10.20	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.38	0.21	1.94	10.91	3.27	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.89	0.44	-1.12	7.10	9.16	↓	ZAR weakness
ZARMZN (Mozambican metical)	4.64	0.20	-1.08	7.66	-8.22	↓	ZAR weakness

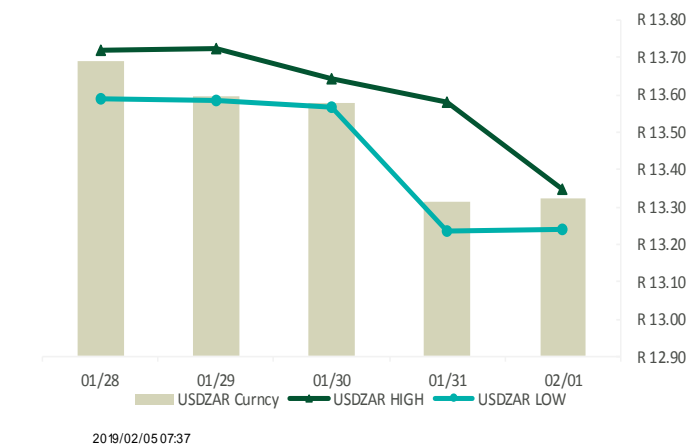
Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3.67	0.27	0.54	-5.67	11.27	↑	USD strength
USDTRY (Turkish Lira)	5.21	-0.08	0.94	-1.45	27.30	↓	USD strength
USDMXN (Mexican Peso)	19.08	-0.16	-0.13	-2.98	1.55	↓	USD weakness
USDINR (Indian Rupee)	71.77	-0.05	0.95	2.78	10.73	↑	USD strength
USD RUB (Russian Ruble)	65.59	0.15	0.28	-6.28	12.77	↑	USD strength

Source: Bloomberg & Nedbank CIB
Time: 2019/02/05 07:37

*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

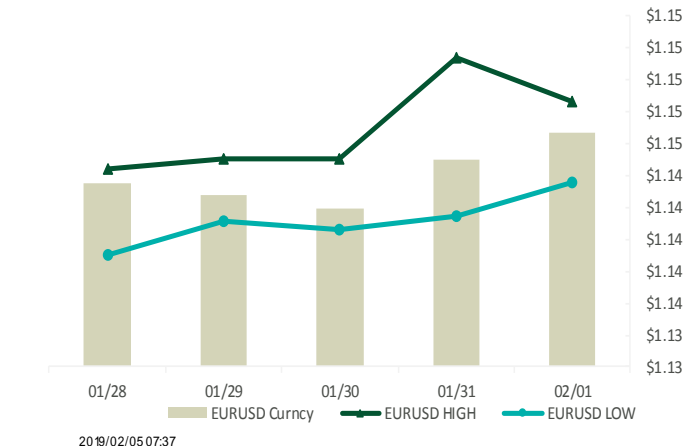
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

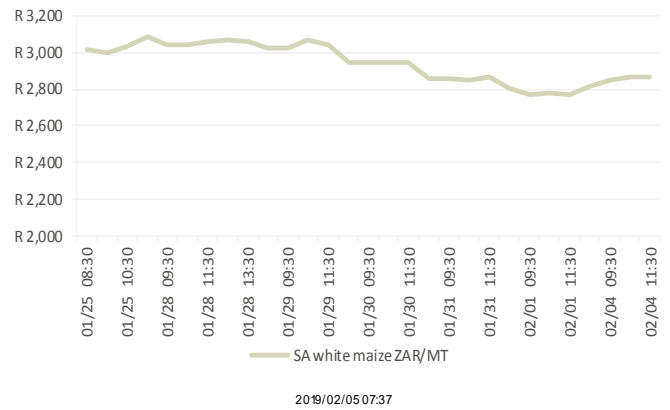
- Oil halted a decline as traders weighed output cuts from the OPEC producer group and its partners against expectations for rising U.S. crude inventories. Futures little changed after a 1.3% drop Monday.
- Gold was steady in thin holiday trading in Asia after declining for two days, as the dollar retreats. Palladium rose. Spot gold +0.1%, after dropping 0.4% Monday.
- Silver steady; Platinum +0.2%; Palladium +0.3%.

Commodities	Last price	%Δ				MTD trend
		-1d	MTD	YTD	12Month	
Brent near future (\$)	62.75	0.38	1.39	16.64	-7.20	↑
WTI crude (\$)	54.81	0.46	1.90	20.70	-14.56	↓
Gold spot (\$)	1315.27	0.23	-0.45	2.56	-1.82	↓
Platinum spot (\$)	823.41	0.34	0.17	3.49	-16.93	↑
SA white maize spot (R)	2 868.00	3.61	0.00	-2.12	57.58	↔

Source: Bloomberg & Nedbank CIB
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SA white maize

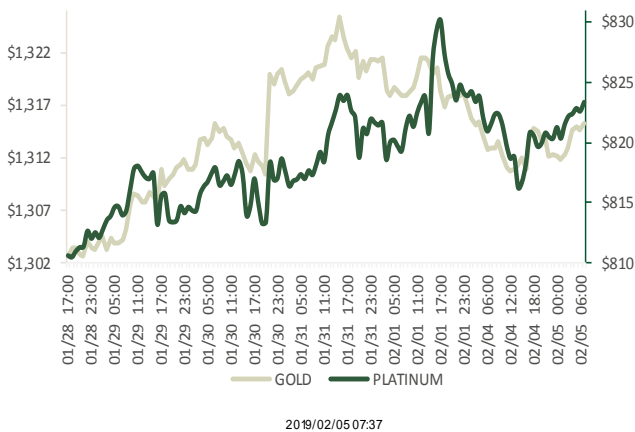
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

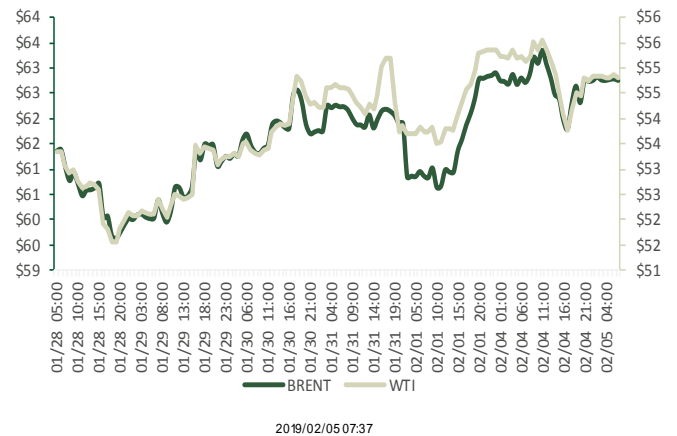
Platinum vs. Gold



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 closed down -1% just off the lows of the day (Resi -0.3%, Fini -2.4% and Indi -0.9%).
- AngloGold released a trading statement showing improved earnings, but the stock was drilled -5%.
- MTN closed down -2%, despite a trading statement that showed that HEPS is expected to be 20% higher.
- The value traded was R15.9bn, and the rand was hovering around 13.40 to the USD at the close.

UK/Europe

- The major European markets closed on opposite sides of the unchanged mark (Dax -0.04%, CAC -0.4% and FTSE +0.2%).
- Eurozone industrial producer prices fell -0.8% in January, lower than consensus of a -0.5% drop.
- In Germany, Wildcard jumped +17% after the company's employees were cleared of any wrongdoing by an investigative law firm.

USA

- The US markets closed a lacklustre trading session firmly in positive territory (S&P 500 +0.7%, Dow +1.7%, and Nasdaq +1.2%).
- Software, computer hardware, oil services and retail sectors showed the most strength on the day.
- Of the 239 companies that have reported, 60% have beaten on sales and 74% have beaten on earnings.

Asia

- Asian markets are trading lower this morning, despite the positive lead from Wall Street last night; the MSCI AC Asia Pacific ex-Japan is down -0.05%.
- The Australian central bank has kept rates unchanged. The ASX 200 is up +1.8%, led higher by banks.
- Tencent is currently down -0.1% in Hong Kong this morning. Several markets are closed for the Lunar New Year holidays.

Developed Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	25 239.37	0.70	0.96	8.20	3.67	-6.03	↑
Nasdaq	7 347.54	1.15	0.90	10.73	5.45	-5.30	↑
S&P 500	2 724.87	0.68	0.77	8.70	2.87	-7.01	↑
DJ Eurostoxx 50	3 165.20	-0.19	0.18	5.46	-9.01	-14.00	↑
DAX	11 176.58	-0.04	0.03	5.85	-11.91	-17.97	↑
CAC	5 000.19	-0.38	0.15	5.70	-5.40	-10.55	↑
FTSE	7 034.13	0.20	0.94	4.55	-4.10	-12.03	↑
ASX200	6 005.90	1.95	2.41	6.37	-0.34	-6.84	↑
Nikkei 225	20 853.95	-0.14	0.39	4.19	-8.06	-14.85	↑
MSCI World	2 037.76	0.40	0.46	8.17	-3.13	-10.97	↑

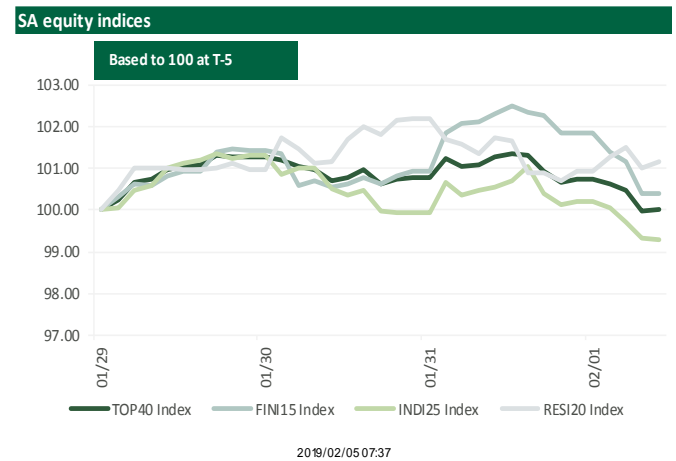
Emerging Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Hang Seng	27 990.21	0.21	0.17	8.30	-13.20	-15.30	↑
Shanghai	2 618.23	1.30	1.30	4.99	-24.37	-25.52	↑
Brazil Bovespa	98 588.63	0.74	1.23	12.18	20.43	12.83	↑
India - NSE	36 606.28	0.06	0.96	1.49	5.32	6.67	↑
Russia Micex	2 523.52	0.07	0.10	6.51	10.83	9.55	↑
MSCI Emerging	1 048.05	-0.21	-0.18	8.52	-13.34	-18.02	↓

SA Indices	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
JSE All Share	53 391.83	-1.00	-1.41	1.24	-6.52	-11.71	↓
Top 40	47 183.39	-1.08	-1.61	0.98	-6.56	-11.54	↓
Resi 10	42 206.73	-0.32	0.12	2.83	14.64	12.01	↑
Indi 25	62 979.02	-0.91	-1.94	-1.11	-16.13	-20.20	↓
Fini 15	16 981.17	-2.40	-2.89	3.67	0.29	-6.54	↓

Source: Bloomberg & Nedbank CIB

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Short-term performance of SA equity indices



Source: Bloomberg, Nedbank

LAST DAY TO TRADE

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SHARE CODE	SHARE NAME	DIVIDEND / INTEREST RATE
5 February 2019		
CULP	Cullinan Holdings 5.5%Prefs	dividend @ 5.50cps and scheme consideration @ 220cps
NWL	Nu-World Holdings Ltd	dividend @ 327.50cps
PGR	Peregrine Holdings Ltd	dividend @ 85cps

Source: JSE

JSE PERFORMANCE

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Top40 constituents	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	2018 Performance	MTD trend
ABG : Absa Group Ltd	175.33	-4.14	-5.12	8.35	-2.63	-11.08	↓
AGL : Anglo American Plc	343.00	-0.63	0.27	6.43	21.46	26.07	↑
ANG : AngloGold Ashanti Ltd	180.34	-5.08	-3.55	-0.78	40.63	41.31	↓
APN : Aspen Pharmacare Holdings Lt	143.35	-1.14	-1.33	6.33	-44.89	-51.42	↓
BHP : Bhp Group Plc	298.59	0.45	1.05	3.15	20.14	21.24	↑
BID : Bid Corp Ltd	284.65	-0.19	0.46	7.42	7.33	-11.96	↑
BTI : British American Tobacco Plc	472.07	-0.62	1.33	0.59	-40.02	-43.42	↑
BVT : Bidvest Group Ltd	196.97	-3.21	-2.78	-4.78	-14.59	-5.15	↓
CFR : Financiere Richemont-Dep Rec	91.81	-0.04	1.10	-1.96	-18.50	-16.20	↑
CLS : Clicks Group Ltd	191.82	-3.12	-2.58	0.19	16.61	5.70	↓
CPI : Capitec Bank Holdings Ltd	1137.14	-2.52	-2.49	1.71	31.51	1.83	↓
DSY : Discovery Ltd	156.50	-1.88	-1.71	-2.06	-3.99	-14.09	↓
FSR : Firstrand Ltd	66.66	-2.69	-3.93	1.68	3.24	-2.51	↓
GRT : Growthpoint Properties Ltd	25.23	-1.71	-2.85	8.28	-5.51	-15.76	↓
INL : Investec Ltd	84.56	-2.31	-2.87	7.04	-7.15	-11.95	↓
INP : Investec Plc	84.26	-2.02	-2.80	5.77	-7.56	-11.25	↓
LHC : Life Healthcare Group Holdin	26.72	-1.94	-1.47	1.21	2.57	-4.86	↓
MND : Mondi Ltd	329.35	0.41	0.38	6.39	9.08	-3.04	↑
MNP : Mondi Plc	324.07	0.33	0.33	6.58	7.46	-4.78	↑
MRP : Mr Price Group Ltd	211.50	-5.27	-5.16	-14.08	-21.17	0.52	↓
MTN : Mtn Group Ltd	85.86	-2.54	-1.34	-3.53	-31.27	-34.85	↓
NED : Nedbank Group Ltd	279.26	-1.45	-2.28	1.65	9.18	7.27	↓
NPN : Naspers Ltd-N Shs	2955.00	0.34	-2.80	2.17	-5.29	-16.19	↓
NRP : Nepi Rockcastle Plc	124.90	-0.37	-0.43	10.53	-0.87	-47.09	↓
NTC : Netcare Ltd	24.20	-2.38	-2.22	-7.02	-3.25	5.09	↓
OMU : Old Mutual Ltd	23.30	-0.85	-0.38	4.02			↓
PSG : Psg Group Ltd	246.00	-1.60	-1.81	0.49	9.99	-9.33	↓
RDF : Redefine Properties Ltd	10.22	-1.92	-3.13	5.69	1.19	-9.63	↓
REM : Remgro Ltd	202.72	-3.00	-3.94	4.10	-10.00	-17.48	↓
RMH : Rmb Holdings Ltd	81.25	-2.13	-2.71	2.98	5.81	-0.34	↓
RNI : Reinet Investments Sca	199.70	-0.65	-0.48	-8.58	-23.17	-20.27	↓
SAP : Sappi Limited	77.43	-0.82	-0.76	-5.17	-8.37	-8.77	↓
SBK : Standard Bank Group Ltd	187.80	-3.32	-3.69	5.03	-3.74	-8.61	↓
SHP : Shoprite Holdings Ltd	159.40	-3.09	-2.60	-16.17	-32.34	-14.03	↓
SLM : Sanlam Ltd	82.00	-2.96	-2.51	2.76	-7.50	-8.28	↓
SOL : Sasol Ltd	402.00	0.88	0.39	-5.41	-2.33	-0.74	↑
SPP : Spar Group Limited/The	191.20	-3.76	-4.11	-7.86	0.83	2.05	↓
TBS : Tiger Brands Ltd	268.15	-2.41	-2.93	-2.06	-39.69	-40.48	↓
TFG : The Foschini Group Ltd	160.61	-3.97	-5.16	-3.39	-13.32	-15.76	↓
TRU : Truworths International Ltd	76.95	-5.20	-3.93	-12.66	-19.51	-6.74	↓
VOD : Vodacom Group Ltd	116.16	-3.13	-3.67	-12.00	-27.85	-9.39	↓
WHL : Woolworths Holdings Ltd	47.88	-4.94	-4.68	-13.09	-23.38	-15.65	↓

Source: Bloomberg & Nedbank CIB

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FOREIGN FLOWS

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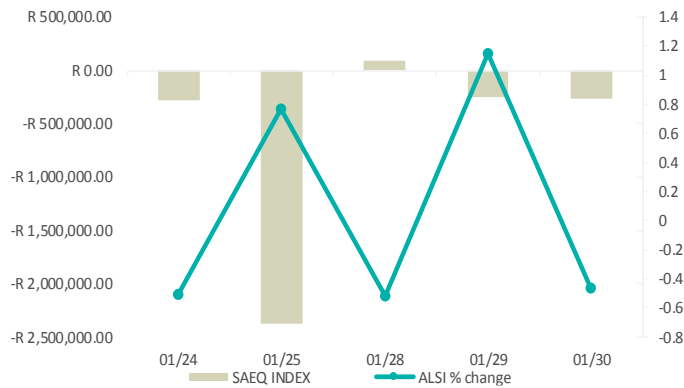
Foreign flows (bn)	Week to 01 Feb 2019	Month to 01 Feb 2019	Year to 01 Feb 2019
Foreign flows into SA equity market	-R 0.594	-R 14.284	-R 14.803
Foreign flows into SA bond market	R 4.696	R 8.003	R 12.798
Total foreign flows	R 4.103	-R 6.281	-R 2.005

Source : Bloomberg

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Foreign equity flows: 5-day history

Net Foreign Flows: Equities (R'000) (LHS) vs. ALSI daily % change (RHS)

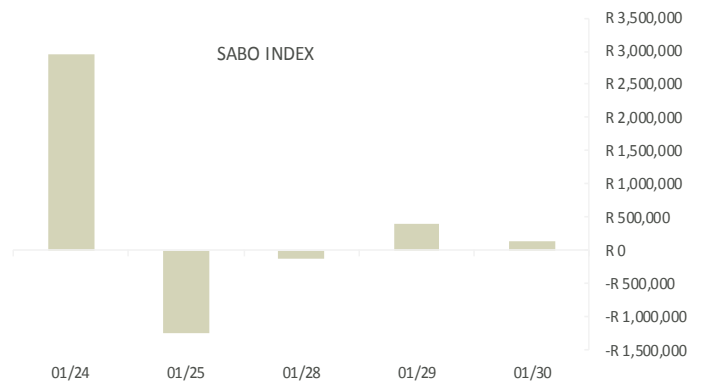


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Source: Bloomberg, Nedbank

Foreign bond flows: 5-day history

Net Foreign Flows: Bonds (R'000)



2019/02/05 07:37

Source: Bloomberg, Nedbank

ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
04-February							
11:30 AM	EC	Sentix Investor Confidence	FEB	-1.3	-3.7	-1.5	-
12:00 PM	EC	PPI YoY	DEC	3.1%	3.0%	4.0%	-
05:00 PM	US	Cap Goods Orders Nondef Ex Air	NOV F	-0.1%	-0.6%	-0.6%	-
05:00 PM	US	Durables Ex Transportation	NOV F	0.00%	-0.40%	-0.40%	-
05:00 PM	US	Durable Goods Orders	NOV F	1.5%	0.7%	0.7%	-
05:00 PM	US	Factory Orders	NOV	0.3%	-0.6%	-2.1%	-
05:00 PM	US	Factory Orders Ex Trans	NOV	-	-1.3%	0.3%	0.2%
05-February							
10:55 AM	GE	Markit Germany Services PMI	JAN F	53.1	-	53.1	-
11:00 AM	EC	Markit Eurozone Services PMI	JAN F	50.8	-	50.8	-
11:30 AM	UK	Markit/CIPS UK Services PMI	JAN	51.0	-	51.2	-
12:00 PM	EC	Retail Sales YoY	DEC	0.5%	-	1.1%	-
04:45 PM	US	Markit US Services PMI	JAN F	54.2	-	54.2	-
#VALUE!	US	Retail Sales Advance MoM	DEC	0.10%	-	-	-
06-February							
09:00 AM	GE	Factory Orders WDA YoY	DEC	-6.7%	-	-4.3%	-
11:30 AM	SA	SACCI Business Confidence	JAN	-	-	95.2	-
03:30 PM	US	Trade Balance	NOV	USD -54.0b	-	USD -55.5b	-
07-February							
07:00 AM	JN	Leading Index CI	DEC P	97.9	-	99.1	-
08:00 AM	SA	Gross Reserves	JAN	-	-	USD 51.6b	-
08:00 AM	SA	Net Reserves	JAN	-	-	USD 43.1b	-
09:00 AM	GE	Industrial Production WDA YoY	DEC	-3.40%	-	-4.70%	-
02:00 PM	UK	Bank of England Bank Rate	FEB 7	0.75%	-	0.75%	-
02:00 PM	UK	BOE Asset Purchase Target	FEB	GBP 435b	-	GBP 435b	-
02:00 PM	UK	BOE Corporate Bond Target	FEB	GBP 10b	-	GBP 10b	-
10:00 PM	US	Consumer Credit	DEC	USD 17.0b	-	USD 22.1b	-

Source: Bloomberg 2019/02/05 07:37

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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
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