

# DAILY MARKET COMMENTARY

06 February 2019



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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)	SAGBs see inflows amid strong auction, yields lower across the curve
(Currencies)	Powell to provide insights on FOMC rate decision
(Commodities)	WTI held losses below \$54 a barrel on signs of a weakening economy and an industry report pointing to rising inventories
(Equities)	Corporate earnings surprise to the upside and boost markets

## KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
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	7.00	-0.10	5.10	0.30	-27.00	↑
R186-7.9 yrs	8.59	0.00	2.50	-28.40	18.90	↑
R2048-29.1 yrs	9.63	0.15	2.25	-26.85	15.65	↑
US10 yr	2.70	-0.01	6.90	1.40	-10.35	↑
UK 10 yr	1.23	-4.50	1.30	-4.50	-32.60	↑
German 10 yr	0.17	-0.70	2.10	-7.20	-56.60	↑
Japan 10 yr	-0.01	-0.50	-1.90	-1.70	-9.20	↓

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	-2.50	↓
SA 6m NCD	7.73	0.00	0.00	-2.50	10.00	⇒
SA 12m NCD	8.23	0.00	0.00	-10.00	22.50	⇒
US3m LIBOR	2.73	0.18	-0.31	-7.33	94.54	↓
UK 3m LIBOR	0.92	0.33	0.48	0.43	39.13	↑
Japan 3m LIBOR	-0.08	0.23	0.90	-0.70	-2.92	↑

Source: Bloomberg & Nedbank CIB  
Time 2019/02/06 07:45

FRAs and Swaps	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
3X6 FRA	7.13	-0.50	0.00	-8.00	11.00	⇒
6X9 FRA	7.13	0.00	4.00	3.00	4.00	↑
9X12 FRA	7.12	0.00	0.00	-21.00	23.00	⇒
18X21 FRA	7.18	0.50	1.50	-28.50	12.50	↑
SA 2yr Swap	7.15	0.00	1.30	-19.00	14.00	↑
SA 3yr Swap	7.22	0.00	2.50	-23.00	6.99	↑
SA 5yr Swap	7.44	0.00	2.50	-23.50	-0.50	↑
SA 10yr Swap	7.98	0.00	3.00	-21.00	-1.70	↑
SA 15yr Swap	8.25	1.00	4.00	-21.50	1.00	↑

Spreads	Last price	Δ				MTD trend
		1d	MTD	YTD	12Month	
	%	bps	bps	bps	bps	
2v10y	-0.84	0.00	-1.70	2.00	15.70	↓
3v10y	-0.77	0.00	-0.50	-2.00	8.69	↓
R186-R208	1.59	0.10	-2.60	-28.70	45.90	↓
R2048-R186	1.04	0.15	-0.25	1.55	-3.25	↓
5y-R186	-1.15	0.00	-0.00	4.90	-19.40	↓
10y-R186	-0.61	0.00	0.50	7.40	-20.60	↑
15y-R186	-0.34	1.00	1.50	6.90	-17.90	↑
SA 5yr CDS spread - basis points	172.50	0.00	-4.00	-50.50	22.00	↓

Source: Bloomberg & Nedbank CIB  
Time 2019/02/06 07:45

## US 10 year yield

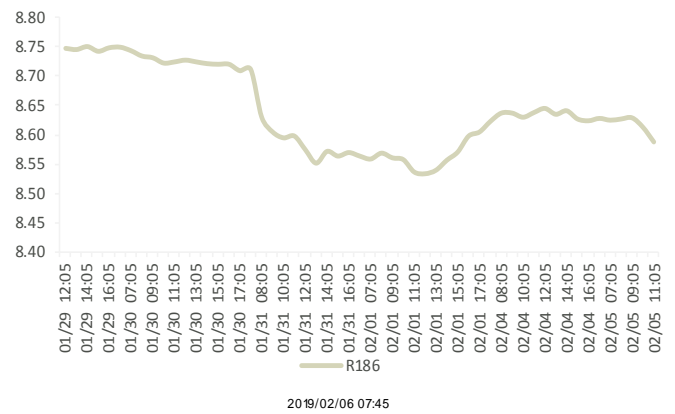
### US 10 year yield



Source: Bloomberg, Nedbank

## SA 10 year yield

### SA 10 year yield



Source: Bloomberg, Nedbank

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

- The local session opened with the rand trading at 13.40. Activity in the financial markets was exceptionally subdued, and the local unit was confined to a trading range between 13.3400 and 13.4400, closing the session where it opened. This morning, it is again trading at 13.4000, the EURZAR is currently trading at 15.2785 and the GBPZAR is trading at 17.3635.
- On the international front, the major currency pairs traded marginally weaker relative to the USD over the course of the session, with the EURUSD trading from 1.1436 down to 1.1404. This morning, it is currently trading at the lows of yesterday at 1.1405. The GBPUSD was trading from 1.3051 down to 1.2938 on the day, and this morning, it is currently at 1.2955. Gold has held steady since the same time yesterday, currently trading at 1,315.60.
- Data releases scheduled for today: locally, we have the Sacci Business Confidence Index; from Germany, factory orders; and from the US, mortgage applications, trade, productivity and unit labour costs, and some Fed representatives are scheduled to speak.
- The markets have held broadly steady over the week thus far, with no apparent reason for the lack of activity. Locally, the markets are now looking toward the State of the Nation Address and budget speeches. In the US, President Trump gave a mixed State of the Union speech, and indications are that another government shutdown remains a possibility amid the quest for a “wall”.
- Possible trading range for the rand today: 13.3000 to 13.5000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1.30	0.09	-1.16	1.59	-7.11	↓	USD strength
EURUSD	1.14	-0.06	-0.43	-0.59	-7.90	↓	USD strength
USDJPY	109.77	-0.17	0.80	-0.07	0.19	↑	USD strength
USDAUD	1.40	1.13	1.70	-1.48	10.51	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	13.40	0.22	1.12	-7.03	11.08	↑	ZAR weakness
GBPZAR	17.37	0.27	-0.05	-5.50	4.28	↓	ZAR strength
EURZAR	15.28	0.16	0.73	-7.70	3.46	↑	ZAR weakness
AUDZAR	9.59	-0.89	-0.50	-5.55	1.73	↓	ZAR strength
ZARJPY	8.19	-0.39	-0.34	6.80	-12.23	↓	ZAR weakness

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	54.38	-0.23	-1.20	6.68	-11.96	↓	ZAR weakness
ZARBWP (Botswana pula)	0.77	-0.22	-0.44	3.57	-4.54	↓	ZAR weakness
ZARKES (Kenyan shilling)	7.47	-0.23	-1.73	4.91	-14.08	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2.55	-0.40	-1.31	6.43	-6.28	↓	ZAR weakness
ZARNGN (Nigerian naira)	27.08	-0.22	-0.90	6.58	-11.83	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0.39	-0.23	3.75	12.56	3.60	↑	ZAR strength
ZARZMW (Zambian kwacha)	0.89	-0.21	-1.16	7.05	8.40	↓	ZAR weakness
ZARMZN (Mozambican metical)	4.64	-0.21	-1.14	7.61	-10.33	↓	ZAR weakness

Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3.67	0.00	0.54	-5.67	11.27	↑	USD strength
USDTRY (Turkish Lira)	5.20	0.04	0.71	-1.69	27.52	↓	USD strength
USDMXN (Mexican Peso)	19.05	0.08	-0.29	-3.15	2.33	↓	USD weakness
USDINR (Indian Rupee)	71.53	-0.05	0.62	2.46	10.18	↑	USD strength
USDRUB (Russian Ruble)	65.62	0.04	0.33	-6.24	12.81	↑	USD strength

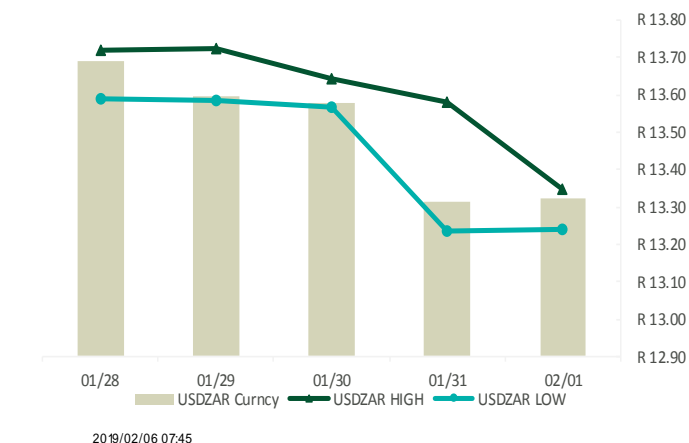
Source: Bloomberg & Nedbank CIB

Time 20/01/02/06 07:45

\*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

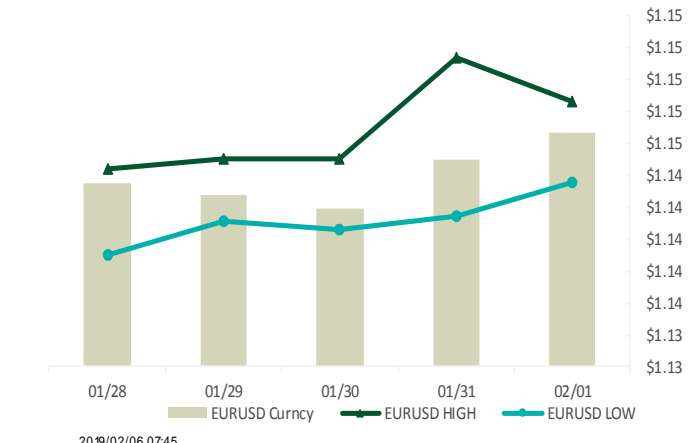
\$/R (close, high and low)



Source: Bloomberg, Nedbank

## EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

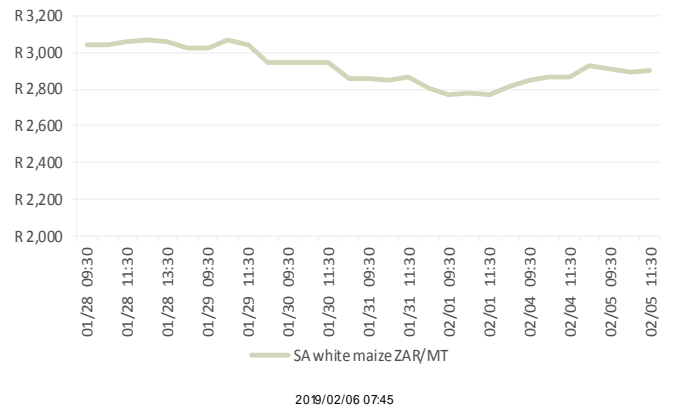
- Iron ore rallied toward \$90 a metric ton after Brazil's Vale SA declared force majeure on some contracts, raising the prospect of a worldwide deficit of the commodity this year. Futures climbed 1% to \$86.95 a ton; highest close since March 2017.  
Source: Bloomberg

Commodities	Last price	%Δ				MTD trend
		-1d	MTD	YTD	12Month	
Brent near future (\$)	61.98	0.00	0.15	15.20	-7.30	↑
WTI crude (\$)	53.67	0.02	-0.22	18.19	-15.33	↓
Gold spot (\$)	1314.35	-0.07	-0.52	2.48	-0.74	↓
Platinum spot (\$)	818.48	-0.04	-0.43	2.87	-17.39	↓
SA white maize spot (R)	2 898.00	1.05	1.05	-1.09	60.91	↑

Source: Bloomberg & Nedbank CIB  
Time: 2019/02/06 07:45

## SA white maize

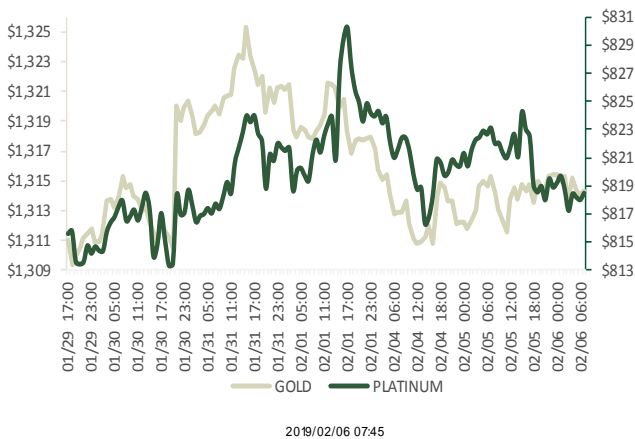
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

## Platinum vs Gold

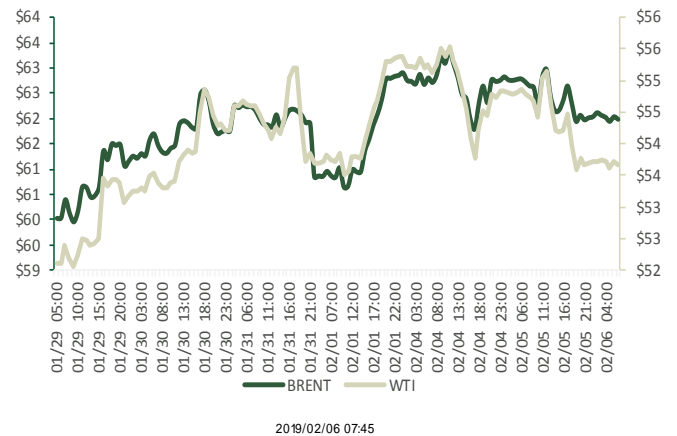
Platinum vs. Gold



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 tracked global markets higher and closed up +1.7%.
- Increased risk appetite, a rebound in the oil price and positive corporate results boosted market sentiment. The rally was broad-based, with all sectors contributing (Resi +1.3%, Fini +0.9% and Indi +2.3%).
- Anglo American Platinum and Imperial released positive trading statements, with expected HEPS of 83% and 18%, respectively.
- The value traded was R16.5bn, and the rand was hovering around 13.40 to the USD at the close.

## UK/Europe

- European markets closed firmly in positive territory, inspired by BP's strong earnings (Dax +1.7%, CAC +1.7% and FTSE +2%), marking the sixth straight day of gains.
- BP (+5%) surged after announcing better-than-expected earnings, profits and return on capital employed.
- All the subsectors of the Stoxx Euro 600 closed in the black, barring real estate; the top performers were the energy, consumer discretionary and healthcare sectors.

## USA

- Positive momentum from the previous sessions continued, with the major US indexes closing firmly in the black at two-month highs (Dow +0.7%, S&P 500 +0.5%, Nasdaq +0.7%).
- Sentiment was boosted by Fed Chair Powell's "constructive" dinner meeting with President Trump.
- Corporate earnings continued to surprise to the upside. Google's parent company Alphabet's top and bottom lines surpassed analyst estimates.

## Asia

- Asian markets are trading higher this morning, taking the lead from Wall Street last night; the MSCI AC Asia Pacific ex-Japan is up +0.1%.
- The Australian market is up +0.3%, with BHP up +1%.
- Tencent is currently down -0.1% in Hong Kong this morning.

Developed Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	25 411.52	0.68	1.65	8.93	2.00	-6.03	↑
Nasdaq	7 402.08	0.74	1.65	11.56	4.02	-5.30	↑
S&P 500	2 737.70	0.47	1.24	9.21	1.58	-7.01	↑
DJ Eurostoxx 50	3 215.04	1.57	1.76	7.12	-5.30	-14.00	↑
DAX	11 367.98	1.71	1.74	7.66	-8.27	-17.97	↑
CAC	5 083.34	1.66	1.82	7.45	-1.52	-10.55	↑
FTSE	7 177.37	2.04	2.99	6.68	0.50	-12.03	↑
ASX200	6 026.10	0.34	2.75	6.72	3.30	-6.84	↑
Nikkei 225	20 893.31	0.23	0.58	4.39	-3.32	-14.85	↑
MSCI World	2 051.36	0.67	1.13	8.89	-2.26	-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	98 311.20	-0.28	0.94	11.86	17.18	12.83	↑
India - NSE	36 819.96	0.55	1.55	2.08	7.67	6.67	↑
Russia Micex	2 547.27	0.94	1.04	7.51	13.81	9.55	↑
MSCI Emerging	1 051.90	0.37	0.19	8.92	-10.57	-18.02	↑

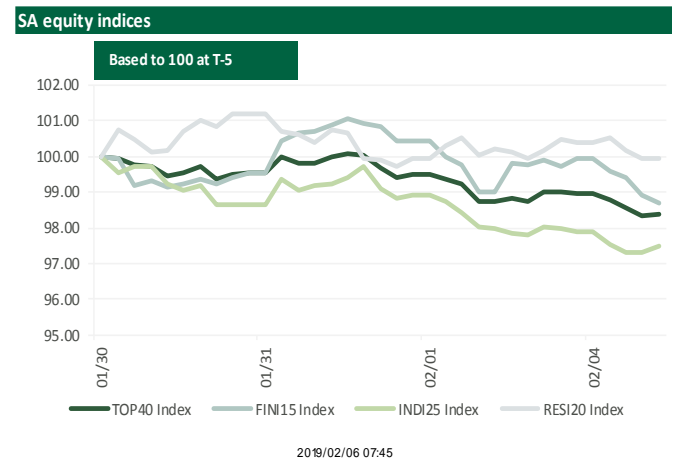
  

SA Indices	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
JSE All Share	54 209.41	1.53	0.10	2.79	-3.85	-11.71	↑
Top 40	47 999.09	1.73	0.09	2.72	-3.72	-11.54	↑
Resi 10	42 768.25	1.33	1.45	4.20	17.66	12.01	↑
Indi 25	64 398.14	2.25	0.27	1.12	-13.01	-20.20	↑
Fini 15	17 128.70	0.87	-2.04	4.57	2.05	-6.54	↓

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	2018 Performance	MTD trend
ABG : Absa Group Ltd	175.65	0.18	-4.95	8.55	-0.20	-11.08	↓
AGL : Anglo American Plc	343.89	0.26	0.53	6.71	22.49	26.07	↑
ANG : AngloGold Ashanti Ltd	182.39	1.14	-2.45	0.35	45.16	41.31	↓
APN : Aspen Pharmacare Holdings Lt	143.50	0.10	-1.23	6.44	-43.71	-51.42	↓
BHP : Bhp Group Plc	301.33	0.92	1.98	4.10	23.16	21.24	↑
BID : Bid Corp Ltd	292.03	2.59	3.06	10.20	11.97	-11.96	↑
BTI : British American Tobacco Plc	482.00	2.10	3.46	2.71	-37.03	-43.42	↑
BVT : Bidvest Group Ltd	200.70	1.89	-0.94	-2.97	-12.76	-5.15	↓
CFR : Financiere Richemont-Dep Rec	93.92	2.30	3.42	0.29	-14.51	-16.20	↑
CLS : Clicks Group Ltd	194.12	1.20	-1.41	1.39	22.86	5.70	↓
CPI : Capitec Bank Holdings Ltd	1157.83	1.82	-0.72	3.56	39.02	1.83	↓
DSY : Discovery Ltd	157.00	0.32	-1.39	-1.75	-0.88	-14.09	↓
FSR : Firstrand Ltd	67.75	1.64	-2.36	3.34	4.89	-2.51	↓
GRT : Growthpoint Properties Ltd	25.55	1.27	-1.62	9.66	-5.72	-15.76	↓
INL : Investec Ltd	85.87	1.55	-1.37	8.70	-8.26	-11.95	↓
INP : Investec Plc	85.24	1.16	-1.67	7.00	-9.31	-11.25	↓
LHC : Life Healthcare Group Holdin	27.14	1.57	0.07	2.80	6.77	-4.86	↑
MND : Mondi Ltd	333.98	1.41	1.79	7.89	12.42	-3.04	↑
MNP : Mondi Plc	328.69	1.43	1.76	8.10	10.84	-4.78	↑
MRP : Mr Price Group Ltd	216.81	2.51	-2.78	-11.92	-16.85	0.52	↓
MTN : Mtn Group Ltd	87.58	2.00	0.63	-1.60	-28.97	-34.85	↑
NED : Nedbank Group Ltd	284.00	1.70	-0.62	3.38	11.38	7.27	↓
NPN : Naspers Ltd-N Shs	3035.33	2.72	-0.15	4.95	-2.23	-16.19	↓
NRP : Nepi Rockcastle Plc	126.33	1.14	0.71	11.80	3.55	-47.09	↑
NTC : Netcare Ltd	24.45	1.03	-1.21	-6.06	0.60	5.09	↓
OMU : Old Mutual Ltd	23.50	0.86	0.47	4.91			↑
PSG : Psg Group Ltd	248.11	0.86	-0.97	1.35	14.71	-9.33	↓
RDF : Redefine Properties Ltd	10.43	2.05	-1.14	7.86	1.86	-9.63	↓
REM : Remgro Ltd	204.77	1.01	-2.97	5.15	-6.42	-17.48	↓
RMH : Rmb Holdings Ltd	82.66	1.74	-1.02	4.77	8.58	-0.34	↓
RNI : Reinet Investments Sca	204.68	2.49	2.00	-6.30	-19.25	-20.27	↑
SAP : Sappi Limited	79.80	3.06	2.28	-2.27	-5.51	-8.77	↑
SBK : Standard Bank Group Ltd	186.32	-0.79	-4.45	4.20	-3.83	-8.61	↓
SHP : Shoprite Holdings Ltd	164.30	3.07	0.40	-13.59	-29.79	-14.03	↑
SLM : Sanlam Ltd	82.50	0.61	-1.91	3.38	-5.74	-8.28	↓
SOL : Sasol Ltd	418.82	4.18	4.60	-1.45	3.44	-0.74	↑
SPP : Spar Group Limited/The	194.35	1.65	-2.53	-6.34	2.16	2.05	↓
TBS : Tiger Brands Ltd	269.77	0.60	-2.34	-1.46	-37.77	-40.48	↓
TFG : The Foschini Group Ltd	167.01	3.98	-1.38	0.46	-8.10	-15.76	↓
TRU : Truworths International Ltd	79.00	2.66	-1.37	-10.33	-15.46	-6.74	↓
VOD : Vodacom Group Ltd	118.15	1.71	-2.02	-10.49	-25.81	-9.39	↓
WHL : Woolworths Holdings Ltd	49.15	2.65	-2.15	-10.78	-21.07	-15.65	↓

Source: Bloomberg & Nedbank CIB

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# ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
<b>05-February</b>							
10:55 AM	GE	Markit Germany Services PMI	JAN F	53.1	53.0	53.0	-
11:00 AM	EC	Markit Eurozone Services PMI	JAN F	50.8	51.2	51.2	-
11:30 AM	UK	Markit/CIPS UK Services PMI	JAN	51.0	50.1	51.2	-
12:00 PM	EC	Retail Sales YoY	DEC	0.5%	0.8%	1.1%	1.8%
04:45 PM	US	Markit US Services PMI	JAN F	54.2	54.2	54.2	-
#VALUE!	US	Retail Sales Advance MoM	DEC	0.10%	-	-	-
<b>06-February</b>							
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	-
<b>07-February</b>							
07:00 AM	JN	Leading Index Cl	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	-
<b>08-February</b>							
01:30 AM	JN	Overall Household Spending YoY	DEC	0.80%	-	-0.60%	-
01:50 AM	JN	Trade Balance BoP Basis	DEC P	JPY 132b	-	JPY -559b	-
01:50 AM	JN	BoP Current Account Adjusted	DEC P	JPY 1502b	-	JPY 1439b	-
09:00 AM	GE	Current Account Balance	DEC	EUR 23.3b	-	EUR 21.4b	-
09:00 AM	GE	Exports SA MoM	DEC	0.40%	-	-0.30%	-
09:00 AM	GE	Imports SA MoM	DEC	0.50%	-	-1.30%	-
09:00 AM	GE	Trade Balance	DEC	EUR 16.5b	-	EUR 20.4b	-

Source: Bloomberg 2019/02/06 07:45

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