

DAILY MARKET COMMENTARY

07 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)	Risk off in Asia adds to late EMFX weakness and SAGBs, which closed poorly
(Currencies)	All focus on State of the Nation Address this evening
(Commodities)	Oil resumed its drop as rising U.S. production and concern over the global economic outlook countered a decline in American fuel inventories
(Equities)	Global markets traded cautiously on mixed corporate earnings, while global trade concerns continued to weigh on sentiment

KEY OVERNIGHT FACTORS AND UPCOMING EVENTS THIS WEEK

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Date	Region	Event	Actual/expected/prior	Implications
07/02	UK	BOE interest rate decision	--/0.75%/0.75%	BOE likely to remain cautious amid Brexit uncertainty
11/02	UK	GDP	--/--/0.6%	GDP may have slowed on the back of lower confidence levels
12/02	SA	Unemployment rate	--/--/27.5%	Unemployment expected to remain elevated
13/02	SA	Retail sales	--/--/3.1%	Retail activity may have picked up slightly in December, however the overall trend remains weak
13/02	US	CPI	--/1.5%/1.9%	CPI for January is expected to have fallen sharply due to energy costs

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 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
R208-2,1 yrs	7,04	-0,35	9,55	4,75	-25,35	↑
R186-7,9 yrs	8,64	0,10	7,70	-23,20	21,30	↑
R2048-29,1 yrs	9,66	-0,20	5,40	-23,70	16,70	↑
US10 yr	2,69	-0,51	6,03	0,53	-14,64	↑
UK 10 yr	1,22	-1,60	-0,30	-6,10	-30,50	↓
German 10 yr	0,16	-0,80	1,30	-8,00	-53,00	↑
Japan 10 yr	-0,01	0,30	-1,50	-1,30	-8,60	↓

Money Market	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	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	-3,75	-1,25	0,00	-2,50	↓
SA 6m NCD	7,73	0,00	0,00	-2,50	12,50	→
SA 12m NCD	8,23	0,00	0,00	-10,00	22,50	→
US3m LIBOR	2,74	-0,09	0,01	-7,00	94,69	↑
UK 3m LIBOR	0,90	-1,20	-0,86	-0,91	37,93	↓
Japan 3m LIBOR	-0,09	-0,88	-0,48	-2,08	-3,68	↓

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

FRAs and Swaps	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
3X6 FRA	7,14	0,00	0,50	-7,50	14,50	↑
6X9 FRA	7,14	0,00	4,00	3,00	4,00	↑
9X12 FRA	7,14	0,00	1,50	-19,50	30,50	↑
18X21 FRA	7,21	0,50	5,00	-25,00	23,00	↑
SA 2yr Swap	7,17	0,00	3,30	-17,00	21,10	↑
SA 3yr Swap	7,25	0,00	5,50	-20,00	15,50	↑
SA 5yr Swap	7,48	-1,50	6,50	-19,50	9,50	↑
SA 10yr Swap	8,03	-0,50	7,50	-16,50	9,50	↑
SA 15yr Swap	8,29	0,00	8,00	-17,50	11,00	↑

Spreads	Last price	Δ 1d	Δ MTD	Δ YTD	Δ 12Month	MTD trend
	%	bps	bps	bps	bps	
2v10y	-0,86	0,50	-4,20	-0,50	11,60	↓
3v10y	-0,78	0,50	-2,00	-3,50	6,00	↓
R186-R208	1,60	0,45	-1,85	-27,95	46,65	↓
R2048-R186	1,02	-0,30	-2,30	-0,50	-4,60	↓
5y-R186	-1,17	-1,60	-1,20	3,70	-11,80	↓
10y-R186	-0,62	-0,60	-0,20	6,70	-11,80	↓
15y-R186	-0,35	-0,10	0,30	5,70	-10,30	↑
SA 5yr CDS spread - basis points	176,78	0,71	-1,67	-46,17	30,68	↓

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

US 10 year yield

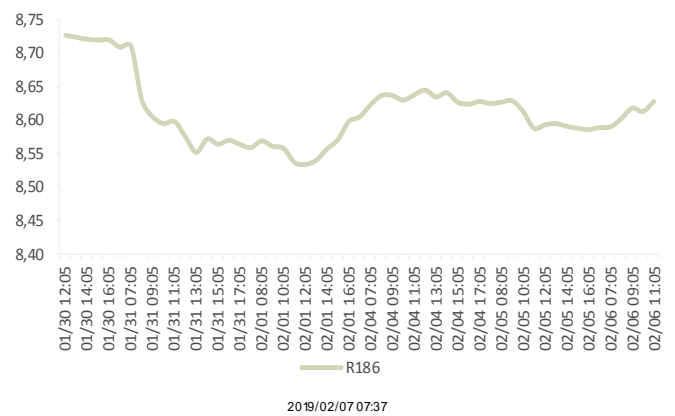
US 10 year yield



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

- Yesterday, the local session got underway with the rand trading around the 13.40 level. Volumes traded on the day were relatively limited but one-sided, this as demand for dollars saw the local unit trade steadily weaker throughout the day and touch a high of 13.5125 by the time of the local close. Weak trading continued in the overnight sessions, and the rand touched a high of 13.5925. This morning, it is currently trading at 13.5500, the EURZAR is trading at 15.3955 and the GBPZAR is trading at 17.5255.
- International markets have also come under steady pressure relative to the USD, seeing the EURUSD decline from a high of 1.1482 earlier in the week to the current levels around 1.1362. The GBPUSD printed a high of 1.3113 at the beginning of the week and is currently trading at 1.2935.
- As the USD recovered, gold declined; gold was trading at 1,314.00 at this time last morning, and is currently trading at 1,303.50.
- Data releases scheduled for today: locally, we have gross and net reserves; from Europe, we have German industrial production, the French trade and current accounts and the ECB's economic bulletin and forecasts; and from the US, we have jobless claims and consumer credit. This evening, the president will be presenting the State of the Nation Address in Parliament.
- Possible trading range for the rand today: 13.4000 to 13.7000

Majors	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
GBPUSD	1,29	-0,15	-1,44	1,47	-6,78	↓	USD strength
EURUSD	1,14	-0,12	-0,77	-0,79	-7,40	↓	USD strength
USDJPY	109,91	0,15	0,99	-0,23	0,30	↑	USD strength
USDAUD	1,41	0,43	2,49	-0,75	10,32	↑	USD strength

Rand crosses	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
USDZAR	13,56	0,03	1,79	-6,08	11,47	↑	ZAR weakness
GBPZAR	17,53	-0,11	0,36	-4,62	5,01	↑	ZAR weakness
EURZAR	15,40	-0,09	1,03	-6,93	4,39	↑	ZAR weakness
AUDZAR	9,62	-0,39	-0,65	-5,36	2,34	↓	ZAR strength
ZARJPY	8,11	0,10	-0,84	5,98	-12,65	↓	ZAR weakness

African FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	ZAR trend
ZARMWK (Malawian kwacha)	53,78	-0,03	-1,83	5,75	-12,23	↓	ZAR weakness
ZARBWP (Botswana pula)	0,77	-0,03	-0,72	2,82	-4,22	↓	ZAR weakness
ZARKES (Kenyan shilling)	7,38	-0,03	-2,41	4,09	-14,31	↓	ZAR weakness
ZARMUR (Mauritian rupee)	2,53	-0,13	-1,64	5,77	-7,40	↓	ZAR weakness
ZARNGN (Nigerian naira)	26,65	-0,03	-2,04	5,20	-12,89	↓	ZAR weakness
ZARGHS (Ghanian cedi)	0,39	0,08	3,91	12,03	4,29	↑	ZAR strength
ZARZMW (Zambian kwacha)	0,88	-0,53	-2,33	5,66	7,25	↓	ZAR weakness
ZARMZN (Mozambican metical)	4,59	-0,04	-1,78	7,91	-12,01	↓	ZAR weakness

Emerging Market FX	Last price	%Δ -1d	%Δ MTD	%Δ YTD	%Δ 12Month	MTD trend	USD trend
USDBRL (Brazilian Real)	3,70	0,93	1,46	-4,87	12,60	↑	USD strength
USDTRY (Turkish Lira)	5,23	0,24	0,73	-1,23	27,37	↑	USD strength
USDMXN (Mexican Peso)	19,11	0,17	0,21	-2,88	2,23	↑	USD strength
USDINR (Indian Rupee)	71,61	0,07	0,74	2,58	10,23	↑	USD strength
USD RUB (Russian Ruble)	65,79	-0,01	0,36	-5,45	12,64	↑	USD strength

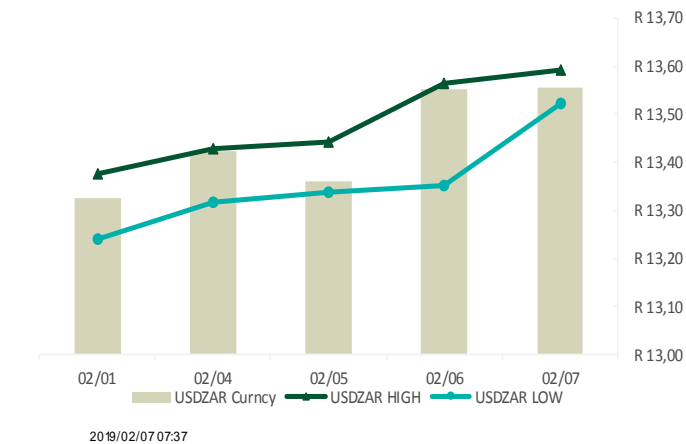
Source: Bloomberg & Nedbank CIB

Time 2019/02/07 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

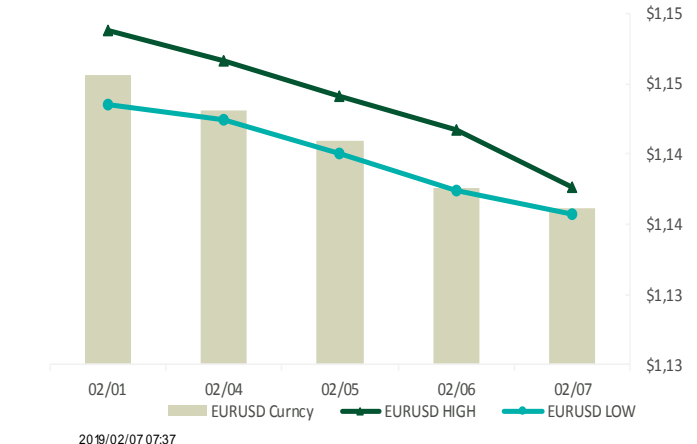
\$/R (close, high and low)



Source: Bloomberg, Nedbank

EUR/USD

€/€ (close, high and low)



Source: Bloomberg, Nedbank

- Oil resumed its drop as rising U.S. production and concern over the global economic outlook countered a decline in American fuel inventories. Gold declined a second day as the dollar strengthened with investors waiting for fresh market cues from further meetings between the U.S. and China on trade. Federal Reserve Chairman Jerome Powell gave a brief but positive assessment of the economy at an event organized for educators. "The U.S. economy is now in a good place," Powell said Wednesday evening in response to audience questions during a meeting with teachers. Spot gold -0.2% to \$1,304.00/oz, Silver little changed, Platinum -0.2%, Palladium +0.2%. Base metals mixed.

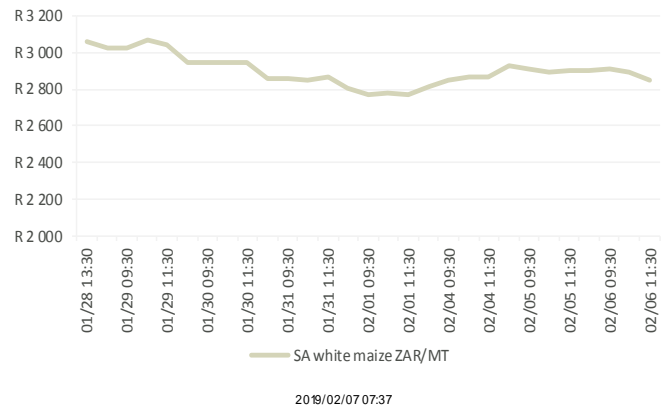
Source: Bloomberg

Commodities	Last price	%Δ				MTD trend
		-1d	MTD	YTD	12Month	
Brent near future (\$)	62,48	-0,33	0,95	16,13	-4,63	↑
WTI crude (\$)	53,85	-0,30	0,11	18,59	-12,85	↑
Gold spot (\$)	1303,61	-0,68	-1,40	1,72	-0,94	↓
Platinum spot (\$)	804,71	-0,81	-2,13	1,20	-17,88	↓
SA white maize spot (R)	2 848,00	-1,73	-0,70	-2,80	58,31	↓

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

SA white maize

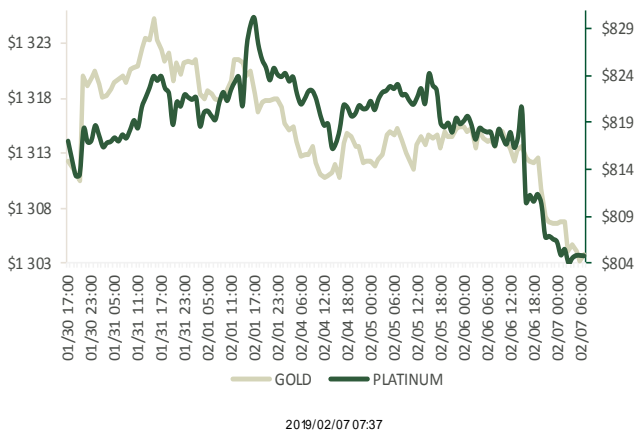
SA White maize (ZAR/MT) - 30 day chart



Source: Bloomberg, Nedbank

Platinum vs Gold

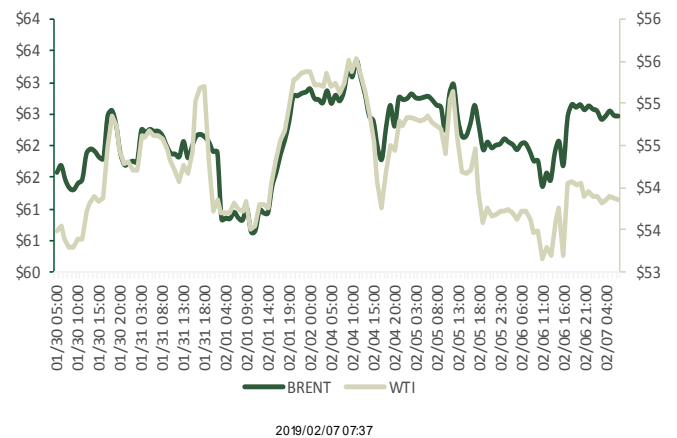
Platinum vs. Gold



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 local bourse added to Tuesday's gains, with both major indices gaining around half a percent.
- Reinet Investments, Investec Plc and Aspen Pharmacare all gained over 2%.
- Gold Fields dropped 1.5%. The gold miner released a trading statement saying that it expects headline earnings to be 65-80% lower.
- The value traded was R16.9bn, and the rand was at R13.60 to the USD.

UK/Europe

- Mixed earnings and Brexit concerns led to cautious trading in European markets.
- The FTSE and CAC ended flat, while the DAX dropped four-tenths of a percent.
- Daimler lost 1.8%; the company said that operating profit for the last three months of 2018 fell 22%.
- BNP Paribas reduced its 2020 revenue and growth targets, citing a tougher-than-expected fourth quarter in 2018.

USA

- US markets ended marginally lower after a choppy trading session as profit taking and uncertainty around the trade talks with China weighed on sentiment.
- The Dow lost a tenth of a percent, while the S&P and Nasdaq fell two-tenths of a percent and four-tenths of a percent, respectively.
- Data released by the US Department of Commerce showed that trade in November, of USD49.3bn, had narrowed from USD55.7bn in October.

Asia

- Asian markets are mixed this morning.
- At the time of writing, the Nikkei was seven-tenths of a percent lower. Car manufacturer Mazda jumped over 5% on the back of its upbeat outlook for 2019.
- Chinese markets remain closed for the Lunar New Year holidays.
- The ASX gained over a percent, with higher commodity prices supporting mining stocks.

Developed Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Dow Jones	25 390,30	-0,08	1,56	8,84	2,00	-6,03	↑
Nasdaq	7 375,28	-0,36	1,28	11,15	4,58	-5,30	↑
S&P 500	2 731,61	-0,22	1,02	8,97	1,86	-7,01	↑
DJ Eurostoxx 50	3 212,75	-0,07	1,69	7,04	-7,00	-14,00	↑
DAX	11 324,72	-0,38	1,36	7,25	-10,05	-17,97	↑
CAC	5 079,05	-0,08	1,73	7,36	-3,36	-10,55	↑
FTSE	7 173,09	-0,06	2,93	6,61	-1,46	-12,03	↑
ASX200	6 092,50	1,10	3,89	7,90	3,67	-6,84	↑
Nikkei 225	20 721,98	-0,73	-0,25	3,53	-4,27	-14,85	↓
MSCI World	2 047,11	-0,21	0,92	8,66	-2,57	-10,97	↑

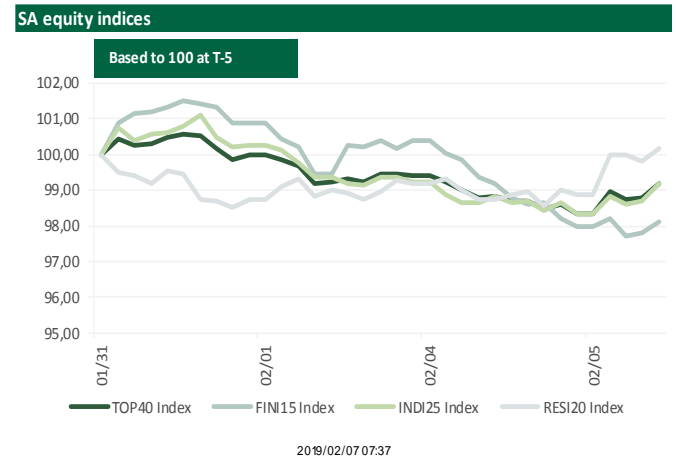
Emerging Markets	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
Hang Seng	27 990,21	0,21	0,17	8,30	-13,20	-15,30	↑
Shanghai	2 618,23	1,30	1,30	4,99	-24,37	-25,52	↑
Brazil Bovespa	94 635,57	-3,74	-2,83	7,68	14,34	12,83	↓
India - NSE	37 096,58	0,33	2,32	2,85	8,84	6,67	↑
Russia Micex	2 539,73	-0,30	0,74	7,19	12,64	9,55	↑
MSCI Emerging	1 048,46	-0,33	-0,14	8,56	-10,65	-18,02	↓

SA Indices	Last price	%Δ				2018 Performance	MTD trend
		-1d	MTD	YTD	12Month		
JSE All Share	54 574,28	0,67	0,77	3,48	-4,06	-11,71	↑
Top 40	48 318,53	0,67	0,76	3,41	-3,71	-11,54	↑
Resi 10	42 868,33	0,23	1,69	4,44	19,63	12,01	↑
Indi 25	64 987,07	0,91	1,19	2,05	-12,32	-20,20	↑
Fini 15	17 224,94	0,56	-1,49	5,16	-1,70	-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
12 February 2019		
HPR	Hosken Pax Log and Retail	dividend @ 80cps
KAL	Kaap Agri Ltd	dividend @ 84.70cps
THA	Tharisa Plc	dividend @ 27.94460cps
VMK	Verimark Holdings Ltd	Scheme of Arrangement @ 150cps

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	176,85	0,68	-4,30	9,29	-3,73	-11,08	↓
AGL : Anglo American Plc	345,51	0,47	1,00	7,21	26,18	26,07	↑
ANG : AngloGold Ashanti Ltd	183,39	0,55	-1,92	0,90	47,24	41,31	↓
APN : Aspen Pharmacare Holdings Lt	146,90	2,37	1,12	8,96	-42,95	-51,42	↑
BHP : Bhp Group Plc	301,55	0,07	2,05	4,18	25,69	21,24	↑
BID : Bid Corp Ltd	289,80	-0,76	2,27	9,36	11,22	-11,96	↑
BTI : British American Tobacco Plc	482,50	0,10	3,57	2,81	-36,86	-43,42	↑
BVT : Bidvest Group Ltd	202,82	1,06	0,11	-1,95	-12,74	-5,15	↑
CFR : Financiere Richemont-Dep Rec	94,62	0,75	4,20	1,04	-12,33	-16,20	↑
CLS : Clicks Group Ltd	193,78	-0,18	-1,58	1,22	17,96	5,70	↓
CPI : Capitec Bank Holdings Ltd	1 175,08	1,49	0,76	5,11	40,39	1,83	↑
DSY : Discovery Ltd	156,47	-0,34	-1,73	-2,08	-4,59	-14,09	↓
FSR : Firstrand Ltd	67,76	0,01	-2,35	3,36	1,22	-2,51	↓
GRT : Growthpoint Properties Ltd	25,77	0,86	-0,77	10,60	-9,26	-15,76	↓
INL : Investec Ltd	88,55	3,12	1,71	12,09	-12,38	-11,95	↑
INP : Investec Plc	87,93	3,16	1,43	10,38	-12,94	-11,25	↑
LHC : Life Healthcare Group Holdin	26,43	-2,62	-2,54	0,11	-1,86	-4,86	↓
MND : Mondi Ltd	336,35	0,71	2,51	8,65	13,79	-3,04	↑
MNP : Mondi Plc	329,78	0,33	2,10	8,46	11,77	-4,78	↑
MRP : Mr Price Group Ltd	213,46	-1,55	-4,28	-13,28	-20,78	0,52	↓
MTN : Mtn Group Ltd	87,62	0,05	0,68	-1,55	-31,99	-34,85	↑
NED : Nedbank Group Ltd	283,76	-0,08	-0,70	3,29	5,11	7,27	↓
NPN : Naspers Ltd-N Shs	3 091,77	1,86	1,70	6,90	1,53	-16,19	↑
NRP : Nepi Rockcastle Plc	127,30	0,77	1,48	12,65	-10,67	-47,09	↑
NTC : Netcare Ltd	24,47	0,08	-1,13	-5,98	-2,97	5,09	↓
OMU : Old Mutual Ltd	23,59	0,38	0,86	5,31			↑
PSG : Psg Group Ltd	250,44	0,94	-0,04	2,30	12,81	-9,33	↓
RDF : Redefine Properties Ltd	10,45	0,19	-0,95	8,07	-3,24	-9,63	↓
REM : Remgro Ltd	205,00	0,11	-2,86	5,27	-9,34	-17,48	↓
RMH : Rmb Holdings Ltd	83,01	0,42	-0,60	5,21	5,06	-0,34	↓
RNI : Reinet Investments Sca	211,21	3,19	5,26	-3,31	-16,39	-20,27	↑
SAP : Sappi Limited	75,73	-5,10	-2,94	-7,25	-7,35	-8,77	↓
SBK : Standard Bank Group Ltd	187,51	0,64	-3,84	4,87	-5,77	-8,61	↓
SHP : Shoprite Holdings Ltd	163,50	-0,49	-0,09	-14,02	-31,76	-14,03	↓
SLM : Sanlam Ltd	82,18	-0,39	-2,29	2,98	-10,19	-8,28	↓
SOL : Sasol Ltd	423,65	1,15	5,80	-0,32	4,35	-0,74	↑
SPP : Spar Group Limited/The	194,17	-0,09	-2,62	-6,42	1,13	2,05	↓
TBS : Tiger Brands Ltd	273,98	1,56	-0,81	0,07	-39,33	-40,48	↓
TFG : The Foschini Group Ltd	169,03	1,21	-0,19	1,68	-12,87	-15,76	↓
TRU : Truworths International Ltd	79,05	0,06	-1,31	-10,27	-20,08	-6,74	↓
VOD : Vodacom Group Ltd	116,16	-1,68	-3,67	-12,00	-27,51	-9,39	↓
WHL : Woolworths Holdings Ltd	49,45	0,61	-1,55	-10,24	-22,15	-15,65	↓

Source: Bloomberg & Nedbank CIB

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ECONOMIC CALENDAR

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	Country	Event	Period	Survey	Actual	Prior	Revised
06-February							
09:00 AM	GE	Factory Orders WDA YoY	DEC	█ -6,7%	█ -7,0%	█ -4,3%	-3,4%
11:30 AM	SA	SACCI Business Confidence	JAN	█ -	█ 95,1	95,2	-
02:00 PM	US	MBA Mortgage Applications	FEB 23	█ -	█ -2,50%	-3,00%	-
03:30 PM	US	Trade Balance	NOV	USD -54,0b	USD -49,3b	USD -55,5b	USD -55,7b
07-February							
07:00 AM	JN	Leading Index CI	DEC P	█ 97,9	█ 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	-
08-February							
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	-
11-February							
12:00 AM	CH	Foreign Reserves	JAN	USD 3082b	-	USD 3073b	-
11:30 AM	UK	Industrial Production YoY	DEC	█ 0,00%	█ -	-1,50%	-
11:30 AM	UK	Manufacturing Production YoY	DEC	█ 0,00%	█ -	-1,10%	-
11:30 AM	UK	Trade Balance	DEC	GBP 0m	-	GBP -2904m	-
11:30 AM	UK	GDP QoQ	4QP	█ 0,00%	█ -	0,60%	-
11:30 AM	UK	GDP YoY	4QP	█ 0,00%	█ -	1,50%	-

Source: Bloomberg 2019/02/07 07:35

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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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