

Date: 01st March 2010

USD-ZAR 7.6393/7607
 GBP-USD 1.5105/209
 GOLD \$1117.90

EUR-ZAR 10.4200/5490
 USD-JPY 88.905/9.335
 ALLSHARE 26 764.61

GBP-ZAR 11.6027/7403
 AUD-USD 0.8936/9019
 DJI 10 325.26

EUR-USD 1.3575/657
 R157 8.155%
 3M JIBAR 7.185%

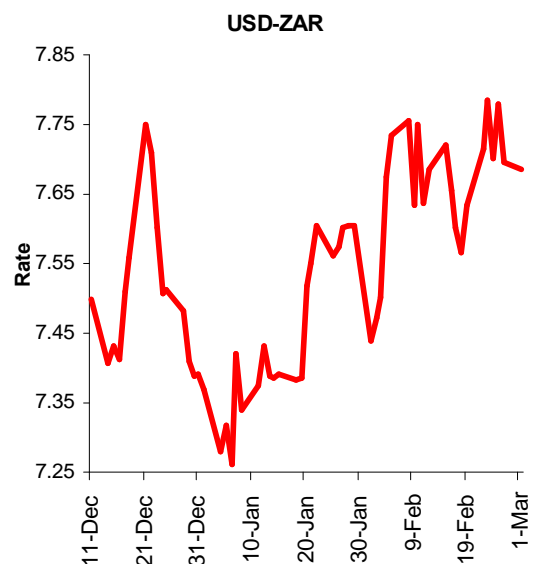
Time (GMT)	Country	Event	Month	Exp	Prior
09:00	SA	Kagiso PMI	Feb	53.8	52.5
09:00	SA	Transnet Bond Auction (TN20, TN23, TN27 - R300mn)			
08:55	DE	Manufacturing PMI	Feb	57.1	53.7
09:00	EZ	Markit Manufacturing PMI	Feb	54.1	54.1
09:30	GB	CIPS Manufacturing PMI	Feb	56.3	56.7
13:30	US	Consumption SA	Jan	0.40%	0.20%
13:30	US	Core PCE m/m	Jan	0.10%	0.10%
15:00	US	Construction spending	Jan	-0.70%	-1.20%
15:00	US	ISM manufacturing	Feb	58	58.4
03:30	AU	RBA rate announcement	Mar	4.00%	3.75%

Today's Talking Point

Kagiso PMI (Feb): The Kagiso PMI is expected to continue on its upward trend in Feb from a previously revised 52.5 in Jan given that the manufacturing sector has shown a sharp improvement towards the end of 2009. In terms of the breakdown of the PMI data, both the business activity and new sales orders categories improved in Jan, while expectations are also gradually ticking higher, which points to the potential for the manufacturing industry to continue to lead the recovery in the domestic economy.

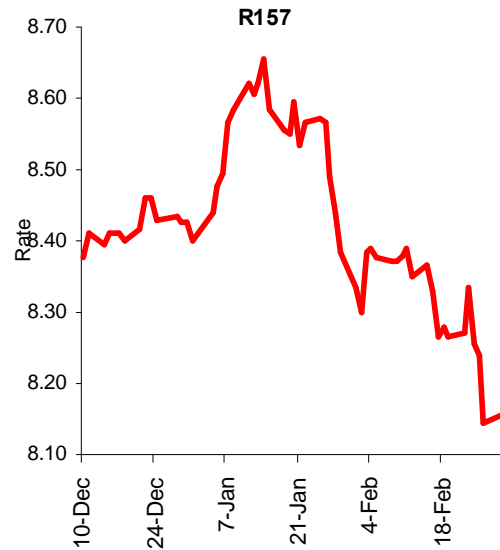
Rand Update

With Wall St recording the best month since Nov 2009 and with stock markets across the globe enjoying some added support this morning, it would appear as though the week will begin with an extension to the upbeat sentiment seen throughout most of Feb. As the USD responds negatively to the more upbeat sentiment so the rally in commodity prices is expected to extend a little further all of which is good news for commodity currencies. The AUD is on a slightly firmer footing this morning and all indications are that the ZAR will benefit not just from this association, but the gradual decline in the VIX which is now trading back below the 20.0 index level. Further reductions in the VIX will only serve to further strengthen the argument for a strong and resilient ZAR. The point is made once more that on a trade weighted basis, the ZAR has in fact appreciated by some 0.3% in nominal terms for the year-to-date. According to Reuters data (bid chart), the ZAR strengthened against the USD on Friday, closing at R7.696 from R7.7785 on Thursday. The ZAR also gained ground on the EUR and GBP, closing at R10.4835 against the EUR on Friday from R10.5445 on Thursday, while ending at R11.6769 against the GBP from R11.8533 the previous day.



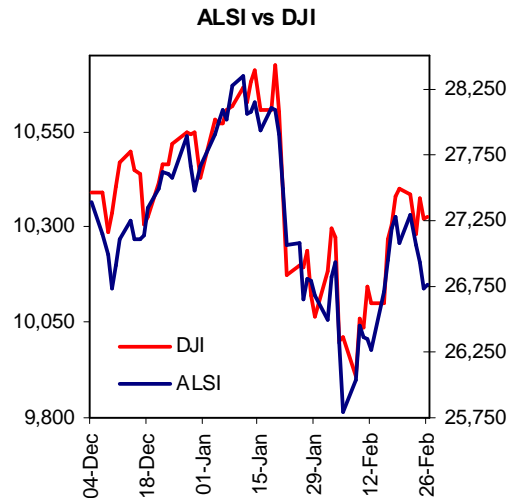
Bond Update

The lower trend in global bond yields highlights the underlying weakness of the global economy and could very well be a leading indicator of potentially lower interest rates in SA considering the weakness in the domestic consumption of the economy. Local bond yields have retained a lower yield bias and this coincides with the falling yields seen in the likes of the US where Treasuries responded last week to some weaker than expected housing and labour data. Whether one looks at the 2yr US benchmark, or the 2yr Gilts or 2yr European bonds, the trend in all of these is lower suggesting that investors are convinced that policy makers will err on the side of persisting with ultra-accommodative monetary policy. In the case of SA, the same applies. Weak global growth implies weak domestic growth and for the time being, it would appear as though the weakness on the consumption side of the SA economy will raise the probability that inflation will surprise to the downside and that interest rates may still have further to fall. Overall, in light of the above the R157 closed stronger on Friday with the yield last bid lower at 8.145% vs. the previous close of 8.240%, while the R186 similarly was last bid stronger with the yield lower at 8.965% vs. Thursday's close of 9.085%.



JSE Update

Local stocks ended just marginally in the green on Friday on the back of an improvement in global sentiment. US economic data, however, was somewhat mixed and did not provide a clear direction for global stocks. At the close the JSE ALSI was 0.1% up. Resources ended 0.2% higher as gold and platinum stocks gained 1.1% and 2.8% respectively. Banks climbed 0.7%, leading financials up 0.4%, while industrials fell 0.4%. US stocks also posted just marginal gains as the market lost some steam towards the end of the trading day. Q4 GDP was revised upwards and Chicago PMI rose in Feb, but positive sentiment from this was slightly offset by a worse than expected consumer confidence figure. At the close the Dow Jones had gained just under 0.1%, while the S&P was up 0.1%. Asian markets were in the green overnight with sentiment improving into the start of this week despite Chinese manufacturing PMI for Feb coming in lower than expected. The Nikkei ended 0.5% higher, while Aussie stocks had gained 1.1%. At the time of writing the Hang Seng had risen 1.9% and the Shanghai composite had added 1.2%.



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