

Date: 04th March 2010

USD-ZAR 7.4561/5716
 GBP-USD 1.5022/126
 GOLD \$1136.33

EUR-ZAR 10.2190/3385
 USD-JPY 88.166/596
 ALLSHARE 27 683.65

GBP-ZAR 11.2662/3918
 AUD-USD 0.8978/9060
 DJI 10 396.76

EUR-USD 1.3637/719
 R157 8.195%
 3M JIBAR 7.170%

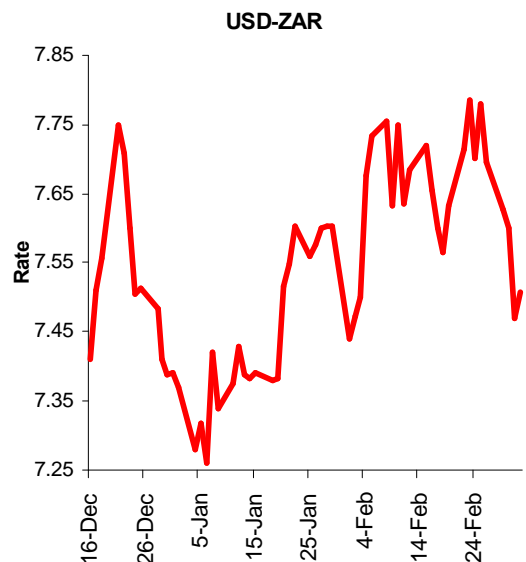
Time (GMT)	Country	Event	Month	Exp	Prior
09:30	SA	Reuters Econometer Survey			
10:00	EZ	GDP Revised q/q Q4	Q4		0.40%
12:00	GB	BoE rate announcement	Mar	0.50%	0.50%
12:45	EZ	ECB rate announcement	Mar	1.00%	1.00%
13:30	EZ	ECB press conference following rate announcement			
13:30	US	Jobless claims	w/e	469.0k	496.0k
15:00	US	Factory Orders	Jan	1.70%	1.00%
15:00	US	Pending Homes	Jan	1.00%	1.00%
15:15	US	St Louis Fed Pres Bullard on "The Fed at a Crossroads"			

Today's Talking Point

SACCI Business confidence index rises to 83.0 in Feb: The SACCI Business confidence index climbed to 83.0 in Feb from a previous 81.2 in Jan. The index has remained relatively flat from mid 2009 through to early 2010, but it does appear to be gaining some upward momentum. 8 of the 13 sub-indices showed a y/y improvement. Indicators for the productive sectors such as manufacturing, construction and retail sales contributed to the m/m upturn. Meanwhile on a y/y basis, the impact of a resilient ZAR and declining inflationary pressures continue to support an improvement in the overall business climate. The construction and retail sales indicators remain negative y/y and could continue to weigh on overall GDP growth in the quarters ahead due to the soft credit demand.

Rand Update

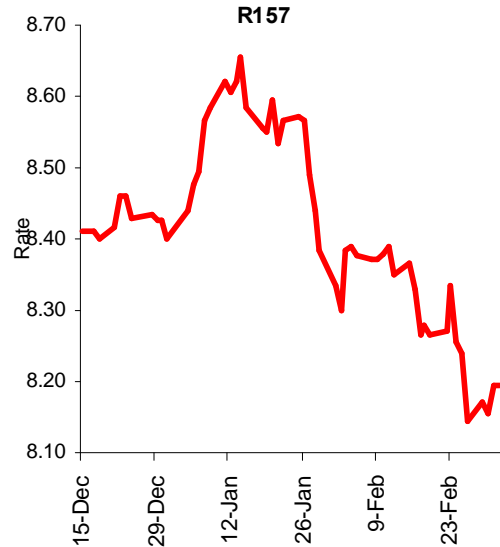
According to BESA stats, inflows into bonds rose to more than R6.0bn for the month of Feb. This, on top of the R2.5bn inflows recorded into the JSE makes Feb a very strong month in terms of portfolio inflows and gives perspective as to why the ZAR remained as resilient as it did on a trade weighted basis despite carry trades being placed under pressure. Now investors have the proceeds of the \$2.0bn worth of bond issuance successfully auctioned yesterday to contend with. It is however highly unlikely that the SARB will allow these flows to enter the FX market and will in all likelihood utilise these flows to build the reserve base of the country. Nevertheless, the strong build to reserves will just be another step forward in stabilising the macro economic variables foreigners look at when investing in SA. It is also worth mentioning that the bond auction was heavily oversubscribed by 3.35 times reflecting the confidence foreign investors have in SA's management of the economy. According to Reuters data (bid chart), the ZAR strengthened against the USD yesterday, closing at R7.4695 from R7.60 on Tuesday. The ZAR also gained ground on the EUR and GBP, posting marginal gains against the EUR to end at R10.2607 on Wednesday from R10.2752 the previous day, while ending at R11.2359 against the GBP from R11.3696 on Tuesday.



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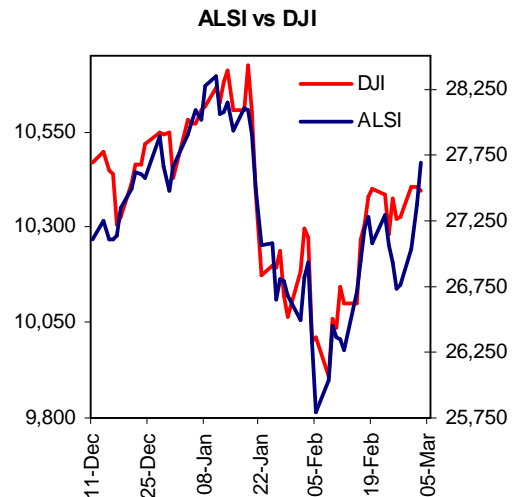
Bond Update

In the current environment in which the global economy is awash with so much vulnerable debt and given the greater prudence and concern amongst investors over these debt levels, the current issues and a heightened sense of sovereign debt discernment among investors will remain a dominant theme in 2010 if not until well into 2011. Interesting article on the Financial Times this morning speaks of the healthy demand expected to be seen for emerging market debt in the next 5 years with JP Morgan putting the figure at \$100bn from US pension funds. That South Africa has an investment grade sovereign rating, an attractive risk/return profile and continued demand from foreign investors for local assets, it would appear SA still seems to be well placed to enjoy the appetite of foreign investors going forward. The recent strong demand generated at foreign bond issue by NT, which saw a cover ratio of 3.35, coupled with the solid portfolio inflows seen ytd is supportive of the above. Overall, the R157 closed weaker on Wednesday with the yield last bid higher at 8.195% vs. the previous close of 8.155%, while the R186 similarly was last bid weaker with the yield higher at 8.980% vs. Tuesday's close of 8.925%.



JSE Update

Stronger metal prices on the day and a firm opening on Wall St led local stocks higher yesterday. News of Greece's plans to ramp up govt revenues also eased concerns of the country's debt problems and supported the local market. At the close of trade the JSE ALSI was up 1.1%. Resources had gained 2.2% as gold and platinum stocks climbed 1.5% and 2.5% respectively. Banks added 0.5%, pushing financials 0.9% higher, while industrials strengthened 0.3%. US stocks got off to a strong start but lost ground towards the end of the trading day with economic data not offering sustained support. ADP employment data yesterday created mixed sentiment after matching consensus in Feb but showing a large downward revision in Jan. At the close the Dow Jones was down just under 0.1%, while the S&P was flat. Asian markets fell overnight as sentiment turned due to a flat finish on Wall St. The Nikkei finished 1.1% weaker, while Aussie stocks were still in the green on the back of a higher gold price. At the time of writing the Hang Seng had fallen 0.5% and the Shanghai composite was 1.8% off its previous close.



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