

Date: 15th February 2010

USD-ZAR 7.6593/7702
 GBP-USD 1.5674/714
 GOLD \$1092.47

EUR-ZAR 10.4265/5425
 USD-JPY 89.897/90.327
 ALLSHARE 26 262.41

GBP-ZAR 11.9887/12.1100
 AUD-USD 0.8854/946
 DJI 10 099.14

EUR-USD 1.3548/630
 R157 8.360%
 3M JIBAR 7.190%

Time (GMT)	Country	Event	Month	Exp	Prior
09:00	SA	Transnet Bond Auction (TN20, TN23, TN27 - R300mn)			
O/N	JP	GDP q/q annualised Q4	Q4	4.60% a	1.30%
	CH	Chinese Lunar New Year (Markets closed for the week)			
	US	Market Holiday			
	EZ	Eurogroup Meeting			

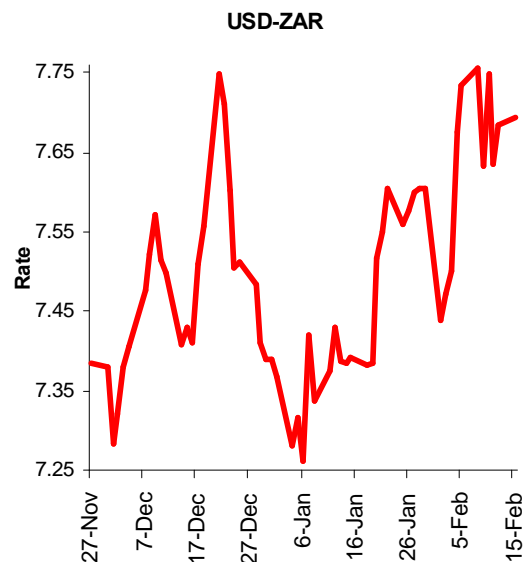
Today's Talking Point

US and China public holidays: The US celebrates Presidents Day today, while in China celebrations begin for the lunar new year, which sees Chinese markets closed for the whole week. This is likely to result in thin trading conditions and lethargic trading behaviour this week and especially today. The domestic market, as such, will focus on movements in Europe and any further news surrounding the potential bailout plan for Greece.

Rand Update

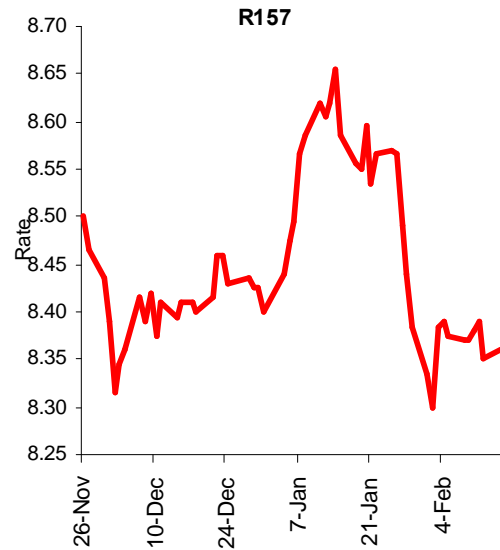
The point was made on Friday that the relationship between the trade weighted EUR and the trade weighted ZAR is virtually non-existent. This morning, the point is highlighted once again as the EUR slips to test support at 1.3500 and the USD-ZAR manages to remain resilient to the sell-off. It may be that the market sees the movements in the EUR as driven by localised events such as the debt crisis in Greece, but the reality is that the trade weighted EUR and trade weighted ZAR has had correlation metric of almost zero in the past 6-9 months. What this implies, is that any focus on the EUR is there for the sake of gauging general USD movements as opposed to something specific about the drivers of the ZAR. Closer to home, front page of the Business Day once again raises the issue of stabilising the ZAR through a currency peg of sorts. The house view remains unchanged on this point. Without major debates with all stake holders such an announcement would be irresponsible and unlikely to be welcomed. There may be some stronger efforts to prevent the ZAR from strengthening by more actively buying reserves, but the actions of the SARB in recent months say different.

According to Reuters data (bid chart), the ZAR weakened against the USD on Friday, closing at R7.685 from R7.6357 on Thursday. The ZAR also weakened against the EUR and GBP, closing at R10.4654 vs. the EUR on Friday from R10.4464 on Thursday, while finishing at R12.0562 against the GBP from R11.9832 on Thursday.



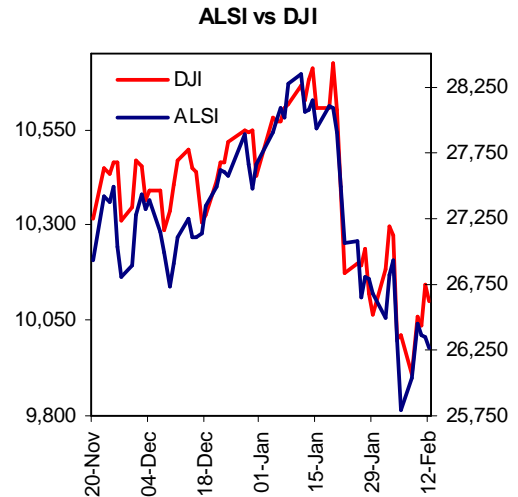
Bond Update

This week will hold some significance for the bond market with the Budget Policy Statement due mid week. Two topics will be of major interest within the statement namely the Public Sector Borrowing Requirement and clarity surrounding the discussions of the SARB mandate. National Treasury is expected to announce a declining/shrinking budget deficit over the next 3 years as was the case back in Oct. The revised Oct projections were for 7.6% in 2009/10, 6.6% in 2010/11 before it finally declines to 5.4% in 2011/12. However, some are questioning how this will be achieved given the low growth forecast provided by Treasury and subsequent soft revenue growth. Govt has forecast an economic growth rate of 1.5% for 2010, which is a full 1% softer than market consensus and below the SARB's forecast of 2.0%. As such, gov't could raise its growth forecast at the BPS next week. Although this will provide some room given the soft economic recovery, a drop in expenditure could help Treasury achieve the smaller deficits. Overall, the R157 closed stronger at the close of trade on Friday with the yield last bid lower at 8.350% vs. the previous close of 8.390%, while the R186 was last bid stronger with the yield lower at 9.135% vs. Thursday's close of 9.175%.



JSE Update

Local stocks ended lower on Friday after Wall St lost ground shortly after the opening bell. Sentiment was rather subdued considering that Eurozone GDP figures had disappointed and the USD had strengthened. At the close of trade the JSE ALSI was down 0.3%. Resources lost 0.2% as platinum stocks declined 1.0%, while gold stocks in fact climbed 1.3%. Financials fell 0.6% as banks dropped 1.3%, while industrials ended 0.3% lower. US stocks regained some of their lost ground as the day progressed on Friday, but news of monetary tightening in China and a decline in consumer confidence in Feb saw stocks end weaker at the close. The Dow Jones closed 0.4% weaker, while the S&P lost 0.3%. Chinese markets are closed this week for the lunar new year holiday, which has reduced liquidity in the market somewhat. At the time of writing the Nikkei had fell 0.8%, while Aussie stocks had dropped 0.4%. This despite strong Q4 GDP figures out of Japan, and evidently Asian markets are also tracking the weak global sentiment of late.



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