

Date: 16 August 2010

USD-ZAR 7.2578/3663
 GBP-USD 1.5563/667
 GOLD \$1219.00

EUR-ZAR 9.2994/4116
 USD-JPY 85.641/6.071
 ALLSHARE 27 526.23

GBP-ZAR 11.3582/4808
 AUD-USD 0.8896/978
 DJI 10303.15

EUR-USD 1.2754/836
 R157 7.460%
 3M JIBAR 6.565%

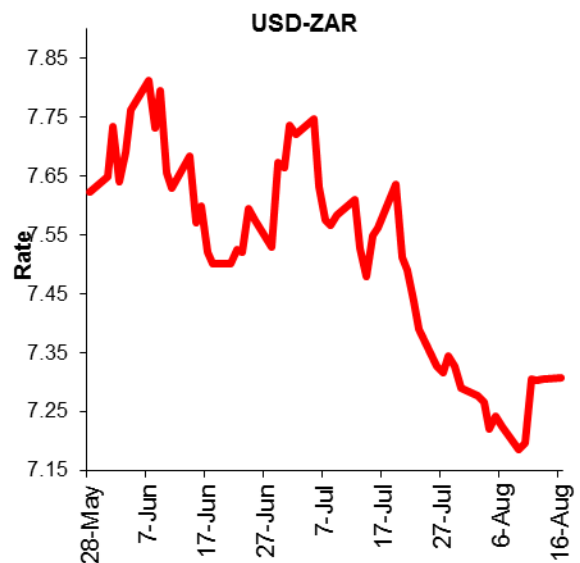
Time (GMT)	Country	Event	Month	Exp	Prior
23:50	JP	GDP q/q Q2	Q2	0.60%	1.20%
09:00	EZ	HICP final m/m	Jul	-0.40%	0.00%
12:30	US	NY Fed manufacturing	Aug	8.75	5.08
13:00	US	Net long term TIC flows	Jun		15.0bn
13:00	US	Overall flows	Jun		17.5bn
14:00	US	NAHB Housing Market index	Aug	15	14

Today's Talking Point

Oil holds around the \$75/bl mark: Oil prices have continued to moderate lower with the soft US retail sales (ex auto and gas) coupled with the benign consumer inflation data raising some concern over the strength of economic growth. Added to this has been the weaker than expected Japanese GDP data, which will no doubt have further added to the growth concerns. With oil prices moderating and the ZAR resilient against the USD this continues to bode well for the ZAR price of oil as it trends ever close to the R550/bl mark vs. R600/bl at the start of August. Should this trend persist one could in fact see a small petrol price decrease at the start of Sep or at the very least no change.

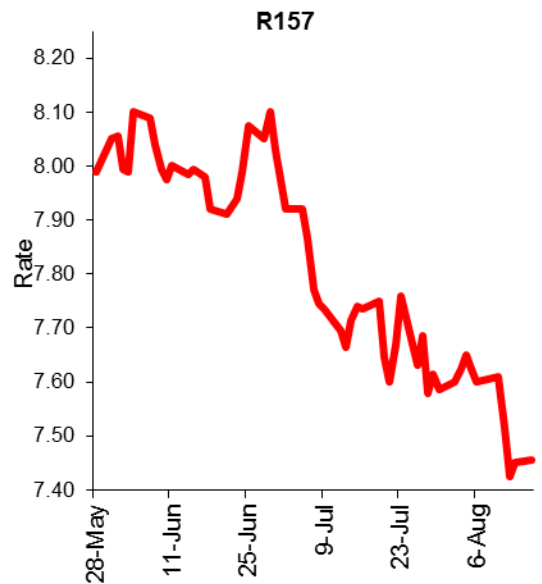
Rand Update

There is no question that the Fed's FOMC decision and statement last week was a turning point in sentiment towards equity markets. Whilst the US is doing little to curb government spending, there is a growing unease that the authorities will have left it too late to prevent yet another crisis from unfolding. The difficult question however relates to the timing of the volatility which will follow the fiscal crisis fall-out. Even if one assumes that the fall-out is inevitable, one cannot ignore the efforts being made specifically on the part of the central banks to avoid the crisis. Those looking for a volatility induced weakening of the ZAR might be disappointed. It would require a significant rotation away from emerging markets and the irony at the moment is that many of these emerging markets offer investors greater comfort than some of the more developed economies do. According to Reuters data (bid chart), the ZAR weakened slightly against the USD on Friday, closing at R7.3047 from R7.3019 on Thursday. Meanwhile the ZAR strengthened vs. the EUR to end at R9.3142 from R9.3632 on Thursday and lost ground vs. the GBP to finish at R11.3924 from R11.3669 the previous day.



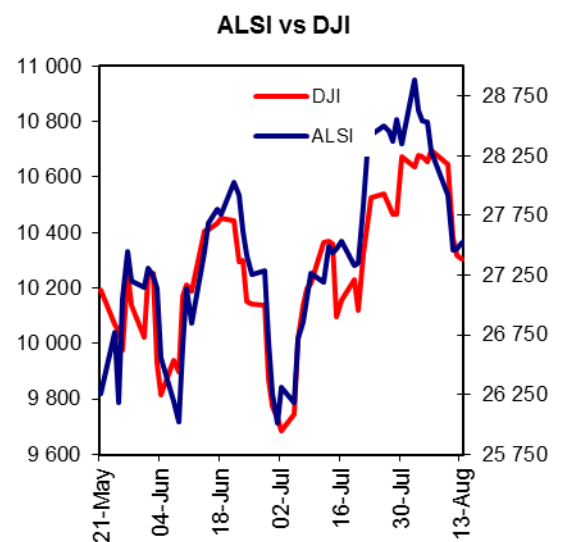
Bond Update

Debt concerns are coming back to the fore, which will hold implications for sentiment through the coming week. It is not that investors ever thought that these debt concerns had dissipated but given the soft US retail sales component (ex-auto and gas), coupled with the soft Japanese GDP data, growth concerns have been raised. It follows that investors will also question the sustainability of the fiscal ability of governments to sustain the debt building which is currently still under way. This is the theme which is emerging at the moment and which is bound to occupy the strategies of many investors in the week ahead. It could very well pile more pressure on to equity markets and keep the risk-off trade in the frame. For emerging market assets, such developments are likely to ensure some volatility and potentially further weakness, almost across the board, which could ensure bonds remain on the front foot as players rotate into safe haven assets. At the close of last week, Friday was a quiet trading profit taking mostly determining bond market direction. At the close, the key benchmark R157 ended 3.5bps weaker at 7.450% vs. a previous close of 7.425%, while the longer dated R186 also ended the session weaker at 8.310 vs. Thursday's close of 8.285%.



JSE Update

Stocks on the JSE posted moderate gains on Friday as German GDP data came in better than expected, boosting global growth expectations. However volumes were light, suggesting the momentum might not be sustained this week. At the close the JSE ALSI had risen 0.2% with resources up 0.2% and financials down 0.7%. Emerging market equities are likely to struggle to find clear direction in their early hours of trade today with sentiment offshore mostly mixed overnight. US stocks fell on Friday with a mix of domestic data not providing any substantial support to the market. While the Michigan consumer confidence index for Aug impressed, Jul retail sales did not, and this is likely to have kept the mood subdued. At the close the Dow Jones was down 0.2% to end the week 3.3% lower, while the S&P lost 0.4% to end 3.8% lower on the week. Meanwhile the Asian markets are mixed overnight. The Nikkei declined 0.6% on the back of disappointing Q2 GDP data out of Japan and Aussie stocks dipped 0.5%. At the time of writing, however, the Hang Seng and Shanghai composite were up 0.5% and 2.1% respectively, boosted by dissipating concerns of overheating in the Chinese economy.



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