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Date: 17 August 2010

USD-ZAR 7.2025/3110	**EUR-ZAR** 9.2764/3865	**GBP-ZAR** 11.3197/4393	**EUR-USD** 1.2815/897
GBP-USD 1.5631/735	**USD-JPY** 85.094/524	**AUD-USD** 0.8971/9053	**R157** 7.405%
GOLD $1223.50	**ALLSHARE** 27 583.09	**DJI** 10 302.01	**3M JIBAR** 6.585%

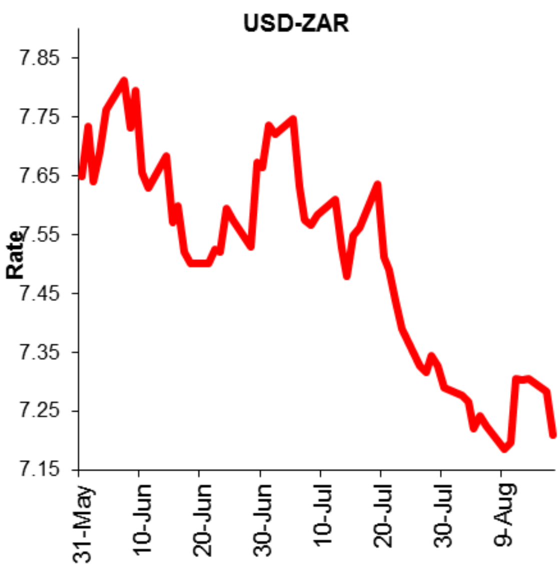
Time (GMT)	Country	Event	Month	Exp	Prior
09:00	SA	Bond Auction (R208 - R1500mn; R213 - R600mn)			
09:00	DE	ZEW economic sentiment index	Aug	21	21.2
12:30	US	House starts	Jul	0.56mn	0.55mn
12:30	US	Permits units	Jul	0.59mn	0.58mn
12:30	US	PPI m/m	Jul	0.20%	-0.50%
12:30	US	PPI X y/y	Jul	1.30%	1.10%
13:15	US	Industrial production m/m	Jul	0.50%	0.10%
13:15	US	Capacity use	Jul	74.50%	74.10%

Today's Talking Point

International mining giants unhappy with SA Govt: The current administration is doing everything but reassuring mining investors at the moment. Anglo American PLC and Lonmin PLC have stated that the current administration has deprived them of mine rights and the disputes that have arisen on the re-issuing of mining rights surrounding BEE laws that stipulate targets for black ownership and participation. There are also concerns that nepotism is rife with prospecting rights heading towards family of those in power. The government is currently walking a fine line between appeasing its political calling and providing a stable platform for investment. Should the government continue with the current trajectory and even step up the entertaining of the ANCYLs call for mine nationalisation we could well see an exodus of international miners.

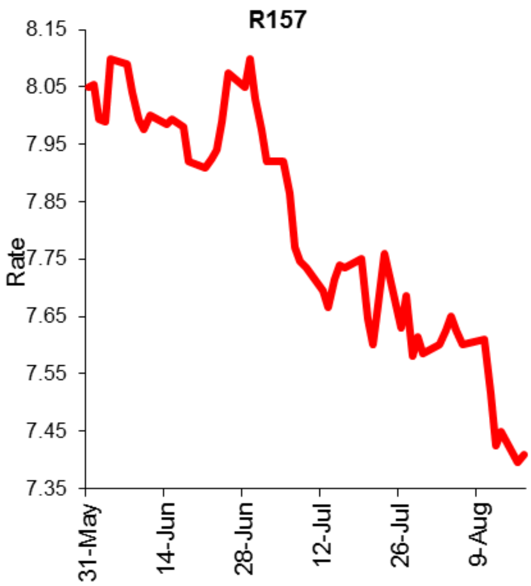
Rand Update

Only a few short trading sessions ago, fears of a double dip recession were intensifying with many in the markets fearing that the next leg lower in the global economy was upon us. This morning, many of these fears have subsided as investors look on with a great sense of relief at the loss in downside stock market momentum. Emerging market currencies have recovered off their lows of two days back in a move that most investors had not anticipated. With yields of the major economies dropping to levels many consider to be unattractive as they price in an overly pessimistic outlook for the global economy, emerging market bond yields once again offer a plausible alternative. In the case of SA, the comfortable debt metrics certainly offer foreigners some comfort. Furthermore, prices of commodities such as gold have worked very nicely in SA's favour. The gold price has launched higher as investors position themselves against a slow growth environment characterised by deflation. According to Reuters data (bid chart), the ZAR strengthened against the USD on Monday, closing at R7.2825 from R7.3047 on Friday. The ZAR however lost ground vs. the EUR and GBP, ending at R9.3383 vs. the EUR from R9.3142 on Friday and finishing at R11.4088 vs. the GBP from R11.3924 at the end of last week.



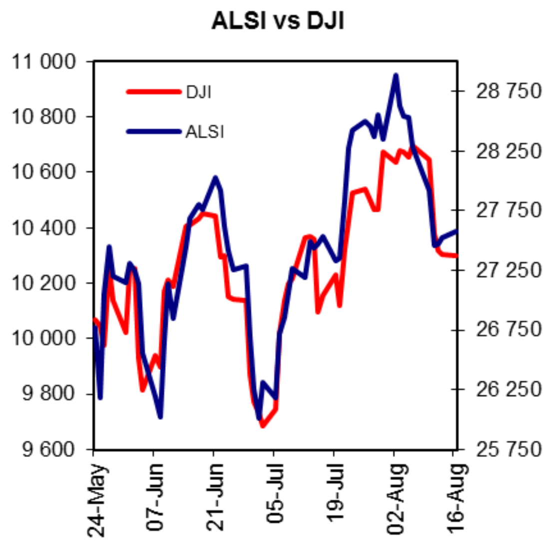
Bond Update

Again it has been the longer end of the curve which has outperformed the shorter end of the curve. With many players concerned over the loss of the momentum in the global recovery, global bond yields continue to cruise lower. It appears so long as the growth outlook continues to deteriorate so market participants will continue to price in more aggressive QE measures in the G4, or at the very least QE being left intact for longer, which will ensure yields on the longer end remain firmly anchored. Moreover, given the soft growth environment, the questions that are now being asked is whether the current monetary policy stimulus will be enough to avert strong global deflation rather than the longer term implications for inflation. A soft global inflation backdrop also bodes well for longer dated yields as the inflation risk premium attached to such a scenario is lower. Overall at the close the key benchmark R157 closed sharply stronger with the yield at 7.395% vs. a previous close of 7.450%, while the longer dated R186 outperformed the benchmark ending the session sharply stronger at 8.245% vs. Friday's close of 8.310%.



JSE Update

The JSE ALSI ended moderately higher yesterday, in line with most other emerging markets, as Wall St looked to shrug off some disappointing US data to rise in the early hours of US trade. Added to this was a further increase in gold and platinum prices, offering support to resource stocks. However volumes were thin on the day, suggesting some caution. At the close of trade the JSE ALSI had risen just 0.2% with resources up 0.3% and financials gaining 0.2%. US stocks ended fairly flat yesterday. Technology stocks offered support to the Nasdaq, but the Dow Jones and S&P were unable to find support as concerns lingered surrounding the economic recovery. The NY Fed manufacturing outlook index climbed by less than expected in Aug, while other data showed that the US saw a net capital outflow in Jun. Meanwhile the Asian markets are mixed once again overnight. Aussie stocks gained 0.9% but pressure remains on Japanese stocks due to a strong JPY and softer domestic growth, sending the Nikkei 0.4% lower by the close. At the time of writing the Hang Seng had fallen 0.2% while the Shanghai composite had risen 0.2%, with both indices taking direction from property stocks.



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