

Date: 19th July 2010

USD-ZAR 7.5474/6560
 GBP-USD 1.5247/306
 GOLD \$1192.50

EUR-ZAR 9.7550/8645
 USD-JPY 86.45/88
 ALLSHARE 27 529.83

GBP-ZAR 11.5715/6885
 AUD-USD 0.8646/727
 DJI 10 097.90

EUR-USD 1.2864/946
 R157 7.755%
 3M JIBAR 6.545%

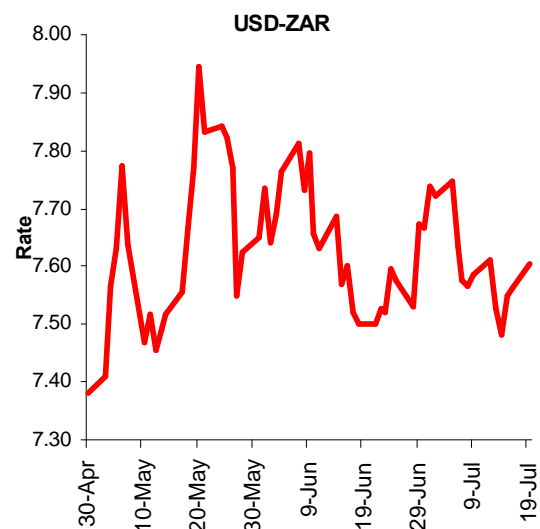
Time (GMT)	Country	Event	Month	Exp	Prior
09:00	SA	Transnet Bond Auction (TN20, TN23 - R300mn)			
12:30	SA	OECD economic survey of SA, FM Gordhan speaks at conference			
	JP	Market Holiday			
08:00	EZ	Current account nsa	May		-6.9bn
13:00	US	Hearings on regulations under Community Reinvestment Act			
14:00	US	NAHB Housing Market index	Jul	17	17

Today's Talking Point

OECD economic survey due later today: The Organisation for Economic Cooperation and Development (OECD) is due to release its economic survey of South Africa on Mon 19 July. According to the press release, the survey *looks at measures to boost long-term growth and employment in the country, ranging from labour markets to fiscal policy issues.* The OECD released its first Economic Assessment of South Africa in 2008.

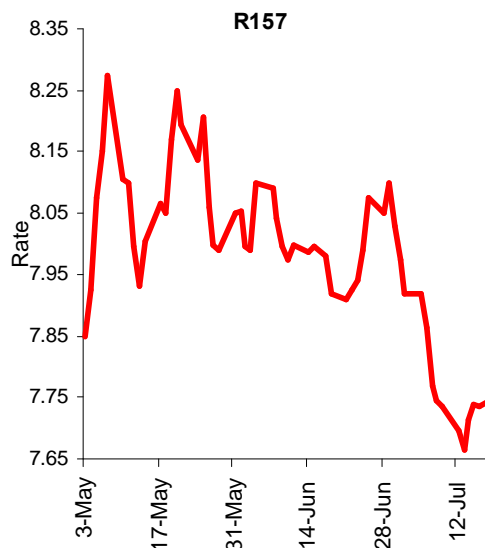
Rand Update

The drivers of a weaker ZAR at the start of the week are once again expected to come from abroad. This time, it will be the sharp sell-off on Wall St on Friday to which the ZAR and other emerging market currencies have not yet responded. Very weak consumer confidence data out of the US and some fairly poor revenue figures out of the likes of GE, BoA and Citigroup resulted in investors withdrawing out of the equity market and choosing to lock in some profits. Unless there are some significant earnings results released this week, the poor sentiment is likely to persist for a while longer. Arguably more concerning however is the impact that the breakdown of the talks between Hungary and the IMF-EU delegation could have. Given the heightened perceptions of risk towards countries with bad fiscal track records and uncomfortable levels of debt, the news that Hungary will not have the buffer of an aid package in the years ahead may not sit well with investors. According to Reuters data (bid chart), the ZAR weakened against the USD on Friday, closing at R7.561 from R7.5483 on Thursday. The ZAR lost some ground vs. the EUR, ending at R9.7764 from R9.5691 on Thursday, while strengthening vs. the GBP to end at R11.5593 from R11.6696 the previous day.



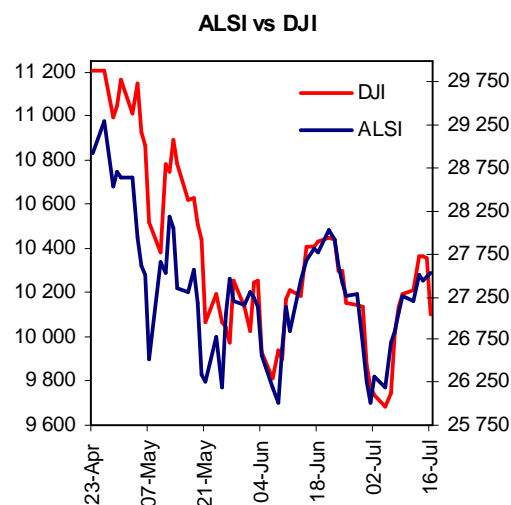
Bond Update

Heading into the weekend bonds enjoyed some buying interest following two days of consecutive losses. Trading conditions were reported to be quiet with most of the trading activity and positioning of books ahead of the MPC taking place over the past two days. That being said, after weeks of weak bidding activity at the ILB auction, the most recent auction on Friday saw improved bidding activity. This followed on from Tuesday's vanilla auction where a cover ratio of 6.0 times was seen for the R207. It would appear with the World Cup finally drawing to an end last week Sunday, so liquidity conditions have improved. The inflows into the bond market from offshore investors also suggest a similar theme. R10.5bn worth of inflows was recorded last week. Foreign investors have bought R13.2bn worth of local debt in July alone, which comes as no surprise. However, compared to R17.6bn in Q2 and R19.7bn in Q1, this is a sizeable inflow and highlights the upbeat sentiment. Last week's inflow has now seen ytd bond inflows breach the R50bn mark. Overall, the benchmark R157 closed stronger on Friday, ending the session at 7.735% vs. 7.745% on Thursday. Similarly, the R186 closed stronger at 8.900%, lower than the previous close of 8.915%.



JSE Update

Gains on the JSE ALSI eroded towards the close on Friday. Another set of weak US data, a few disappointing earnings results and subsequently a drop in early trade on Wall St left sentiment less positive than it was earlier in the day. At the close the JSE ALSI closed just 0.2% higher, finishing the week up 0.9%. Resources fell 0.4%, pulled lower as gold and platinum stocks lost 1.0% and 0.9% respectively. Banks, however, added 1.0% and financials gained 0.5%, while industrials strengthened 0.6%. US stocks ended substantially lower on the day, with the Dow Jones losing 2.5% and the S&P shedding 2.9%. This took Wall St into the red for the week. Sentiment was hurt as revenues from the likes of GE, Bank of America and CitiBank disappointed, while the preliminary Michigan consumer confidence index for July dropped more than expected. Meanwhile the Asian markets are mixed overnight as Japan enjoys a market holiday. Aussie stocks fell 1.5%, while at the time of writing the Hang Seng had dipped 1.0%. Stocks on the Shanghai composite, however, are currently up 2.0%, boosted by comments from the Chinese central bank stating that inflationary pressures had eased somewhat for now.



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