

Date: 22nd February 2010

USD-ZAR 7.5889/7117
 GBP-USD 1.5426/530
 GOLD \$1124.40

EUR-ZAR 10.3625/4915
 USD-JPY 91.466/896
 ALLSHARE 27 069.13

GBP-ZAR 11.7742/9123
 AUD-USD 0.8964/9047
 DJI 10 402.35

EUR-USD 1.35892/671
 R157 8.255%
 3M JIBAR 7.185%

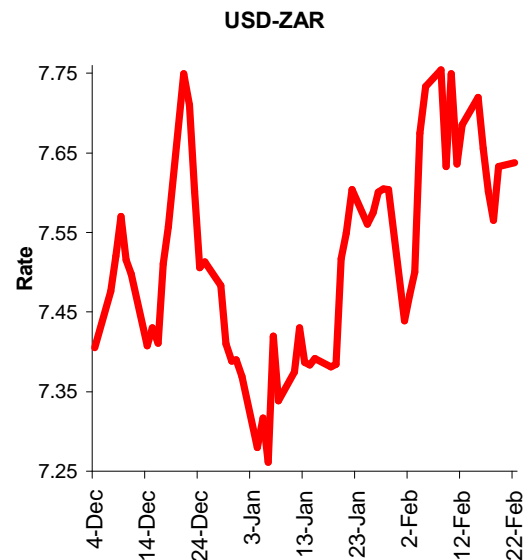
Time (GMT)	Country	Event	Month	Exp	Prior
07:00	SA	SARB Composite business cycle indicators			
12:30	SA	Liquidations and Insolvencies	Jan		
13:30	US	Chicago Fed National Activity	Jan		-0.61
16:00	US	San Francisco Fed Pres Yellen on "The Outlook for the Economy and Monetary Policy"			

Today's Talking Point

SARB Composite business cycle indicator preview: The composite leading business cycle indicator roughly acts as a 2-quarter leading indicator of domestic economic growth. However, it is not always reliable. The index has in fact been steadily climbing since mid 2003. A weakness with respect to the leading indicator is that it fails to provide much good insight into the strength or speed of the economic recovery and a big question mark continues to hang over the trajectory of the anticipated economic recovery in 2010.

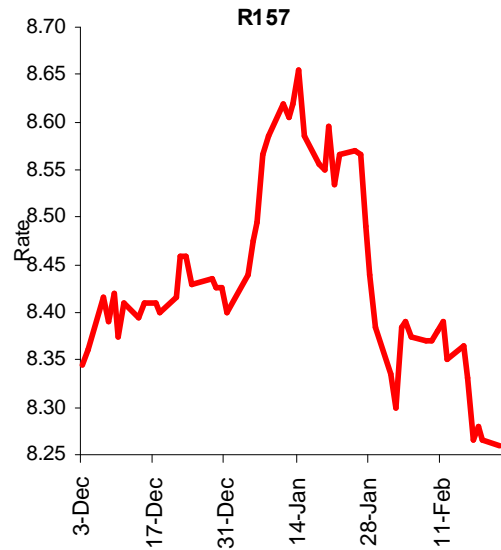
Rand Update

As the euro plunged to a 9 month low vs. the USD on Friday, it is becoming increasingly obvious that the euro is responding to its own localised fundamentals rather than behaving as a barometer for other currencies vs. the USD. Analysis of the trade weighted ZAR vs. the trade weighted EUR shows that the correlation between the two has in fact been very weak for some time now. Promoting the breakdown of the relationship between emerging market currencies and the EUR is the surprising move by global equity markets higher. It was thought that the troubles in Europe would weigh heavily on growth sentiment, however, global stocks have in fact marched higher in the past week. Asian stocks are again posting a reasonably strong performance this morning which when coupled with the firmer Wall St futures also has global levels of risk aversion on the defensive and the likes of the VIX about to break back below the 20.0 index level. According to Reuters data (bid chart), the ZAR weakened against the USD on Friday, closing at R7.6325 from R7.565 on Thursday. The ZAR also weakened against the EUR, closing at R10.3924 on Friday from R10.3222 the previous day, while strengthening against the GBP to end at R11.809 from R11.8445 on Thursday.



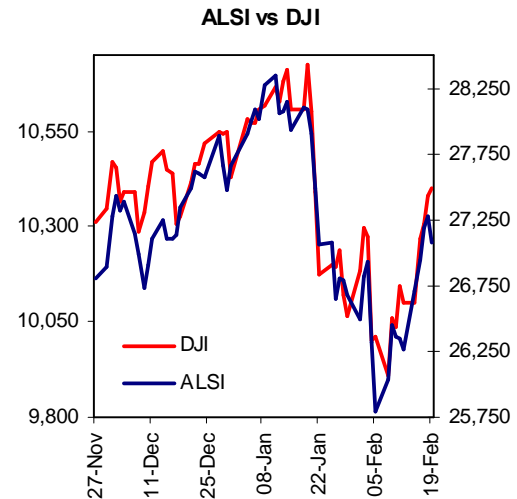
Bond Update

The market has recovered off the lows and strengthened further on Friday following Thursday's bout of profit taking following Wednesday's rally. Looking to this week, there is a deluge of data scheduled for release. Both sets of inflation data are due along with the M3 and PSCE data as well as GDP. There is also the NERSA tariff decision due mid week, which could be the highlight of the week, even though the true CPI implications of the decision will only be known as time plays out. With respect to the inflation data, CPI is likely to come in at 6.3/6.4% y/y for the month of Jan. Thereafter in Feb and March CPI could even hit levels closer to 7.0%. Be careful not to be fooled by short term poor readings on the inflation front. As base effects take effect from April the potential for much lower CPI numbers will become more apparent. As such, it remains imprudent to discount the possibility that the SARB reduces rates by a further 50-100bps later this year and fixed income desks still need to consider the possibility. Overall, the R157 closed stronger at the close of trade on Friday with the yield last bid lower at 8.265% vs. the previous close of 8.280%, while the R186 similarly was last bid stronger with the yield lower at 9.135% vs. Thursday's close of 9.160%.



JSE Update

Local stocks ended lower on Friday despite most other emerging market equities performing well on the day. Stocks dipped in the early session of the day and the gradual recovery throughout the day was not enough to see the bourse end in the green. At the close of trade the JSE ALSI had fallen 0.8%. Resources were down 1.2% as gold and platinum stocks lost 1.7% and 0.8% respectively. Banks ended 0.8% weaker, sending financials 0.7% lower, while industrials slipped 0.3%. US stocks got off to a slow start due to the news of the Fed's decision to hike bank lending rates, but managed to post marginal gains by the close on the back of an improvement in economic data. US consumer price inflation for Jan came in lower than expected and supported the already rising global risk appetite. At the close the Dow Jones was up just 0.1%, while the S&P had gained 0.2%. Asian stocks were broadly in the green overnight due to the improvement in global risk appetite, with the Nikkei closing 2.7% higher, the Hang Seng adding 2.6% and Aussie stocks up 1.8%. At the time of writing the Shanghai had gained just under 0.1%, getting off to a slow start as markets returned from a week long holiday.



With Compliments from IQuad Group Limited

Incorporating the specialists in investment incentives, treasury risk management, business optimisation and verification and audit services.



This report is provided on a complimentary basis by IQuad Group Limited and is prepared by Econometrix Treasury Management (Pty) Ltd. www.e-treasury.co.za

DISCLAIMER: IQuad Limited (IQuad) obtains information for its analyses from sources, which it considers to be reliable, but IQuad does not guarantee the accuracy or completeness of its analyses or any information contained therein. IQuad makes no warranties, expressed or implied as to the results obtained by any person or entity from use of its information and analyses, and makes no warranties or merchantability or fitness for a particular purpose. In no event shall IQuad be liable for indirect or incidental, special or consequential damages, regardless of whether such damages were foreseen or unforeseen. IQuad shall be indemnified and held harmless from any actions, claims, proceedings, or liabilities with respect to its information and analyses. Clients should be fully aware of the risks involved in trading stock market related products. All illustrations, forecasts or hypothetical data is for illustrative purposes only and is not guaranteed.

The information contained in this communication does not constitute an offer, advertisement or solicitation for investment, financial or banking services. It is for informative purposes and not intended to constitute advice in any form, including but not limited to investment, accounting, tax, legal or regulatory advice. The information therefore has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient.