

Date: 23rd February 2010

USD-ZAR 7.6486/7817
 GBP-USD 1.5426/530
 GOLD \$1116.70

EUR-ZAR 10.4460/5900
 USD-JPY 90.84/1.27
 ALLSHARE 27 284.16

GBP-ZAR 11.9037/2.0593
 AUD-USD 0.8974/9057
 DJI 10 383.38

EUR-USD 1.35892/671
 R157 8.265%
 3M JIBAR 7.185%

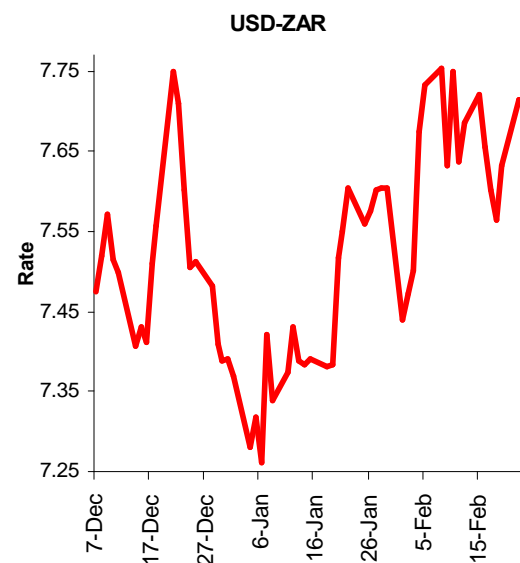
Time (GMT)	Country	Event	Month	Exp	Prior
09:00	SA	Bond Auction (R207 - R1100mn; R209 - R1000mn)			
09:30	SA	GDP annualised	Q4	1.80%	0.90%
09:00	DE	IFO business climate index	Feb	96	95.8
14:00	US	S&P Case/Shiller m/m	Dec	0.00%	-0.20%
15:00	US	Consumer confidence	Feb	56	55.9
	GB	Committee of Euro Banking Supervisors on EU bank capital requirement rules			
22:00	US	St Louis Fed Pres Bullard on "Will Regulatory Reform Prevent Futures Crises?"			

Today's Talking Point

GDP (Q4) preview: The domestic economy technically exited from the recession in Q3 with annualised q/q GDP growth coming in at 0.90%. The Q4 figure is expected to show further expansion in the economy with consensus favouring growth of 2.60%. That the manufacturing and retail sectors have improved (albeit marginally), supports this view. However, taking into account the fact that unemployment is still steadily climbing, the risk is of a more conservative increase in the q/q figure. Nevertheless, with the economy slowly recovering this would dispel calls for a further rate cut in Q1 2010.

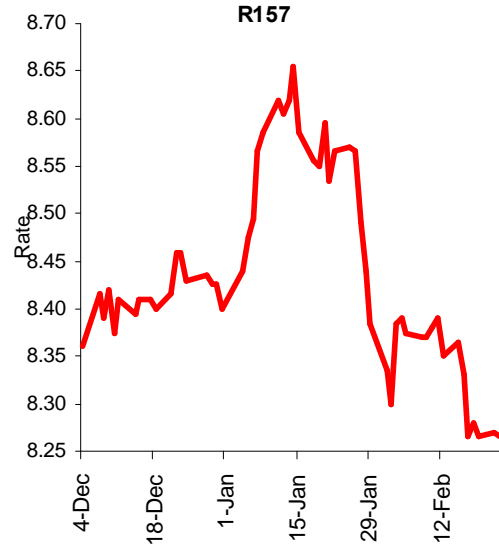
Rand Update

If one were looking for a driver of ZAR direction at present one would have to turn focus on to the performance of the US equity markets. As the Wall St futures came under some pressure yesterday afternoon, the ZAR came under pressure. When it appeared that the sell-off would not be as bad as what was priced in, the ZAR recovered. Today, there is very little other than consumer confidence out of the US and the German IFO (business climate index) which could impact on offshore market sentiment which means that there could be added significance placed on SA's Q4 GDP outcome. The market is looking for expansion of 2.6% q/q SAAR. In-house forecasts reveal a slightly stronger reading of 2.8% q/q SAAR is possible. Incidentally, yesterday's release of the Dec round of the leading indicators data showed a relatively strong jump, both on the month and y/y suggesting that the Q4 data might indeed surprise to the upside. According to Reuters data (bid chart), the ZAR weakened against the USD yesterday, closing at R7.7148 from R7.6325 on Friday. The ZAR also weakened against the EUR and GBP, closing at R10.4885 against the EUR on Monday from R10.3924 on Friday, while ending at R11.942 against the GBP from R11.809 on Friday.



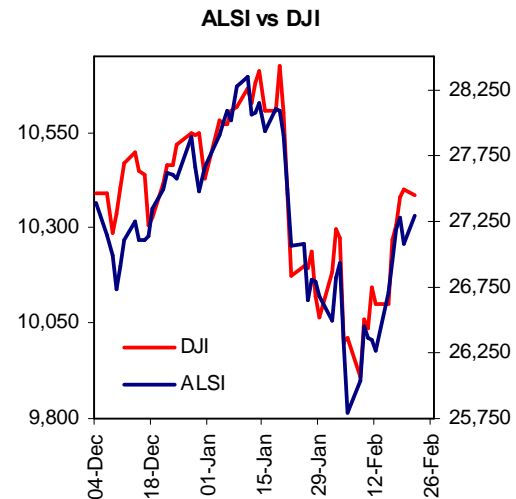
Bond Update

Local bonds came in for some selling action late yesterday afternoon on the back of some early ZAR weakness and possibly some mild rotation action into equities which had had a solid session. The market may also be lightening up on long positions ahead of what is going to be a very busy data week. A zero-% m/m change in CPI will see y/y CPI jump to at least around 6.5% so players may be bracing for some disappointment on the CPI side while Q4 GDP estimates appear to be increasingly upbeat. The NERSA decision is also in focus although perhaps less so with a 25-35% tariff increase surely fully priced in. Overall given the risks at play it is not particularly surprising to see some mild selling action across the curve especially after the strong period for bonds last week. Overall, a consolidative mood remains in play with the R157 closing largely unchanged on Monday with the yield last bid higher at 8.270% vs. the previous close of 8.265%, while the R186 similarly was last bid unchanged with the yield flat at 9.135% vs. Friday's close of 9.135%.



JSE Update

A general improvement in sentiment has coincided with a drop in risk aversion over the past week and a strong finish on Asian markets yesterday morning provided incentive for local stocks to push higher in early trade yesterday. At the close of trade the JSE ALSI was up 0.8%. Resources added 1.0% despite gold and platinum stocks losing 0.2% and 1.5% respectively. Banks dropped 0.5%, but financials managed to end in the green, gaining 0.5%, while industrials strengthened 0.7%. US stocks lost ground yesterday and this is most likely a function of some profit taking after recent gains. Trading volumes yesterday, however, were low and reflective of some caution ahead of consumer confidence figures today and US Fed Chairman Bernanke's semi-annual monetary policy speech tomorrow. At the close the Dow Jones had lost 0.2%, while the S&P had fallen 0.1%. Asian markets posted mixed results overnight with the Nikkei dropping 0.5% and Aussie stocks ending flat. At the time of writing the Hang Seng had gained 1.0%, while the Shanghai was down 0.9% as the markets responded tentatively to the change in direction on Wall St.



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