

Date: 24 August 2010

USD-ZAR 7.3400/4486  
 GBP-USD 1.5353/457  
 GOLD \$1220.90

EUR-ZAR 9.2887/3983  
 USD-JPY 84.756/5.186  
 ALLSHARE 27 361.70

GBP-ZAR 11.3360/4531  
 AUD-USD 0.8843/930  
 DJI 10 174.41

EUR-USD 1.2592/674  
 R157 7.375%  
 3M JIBAR 6.545%

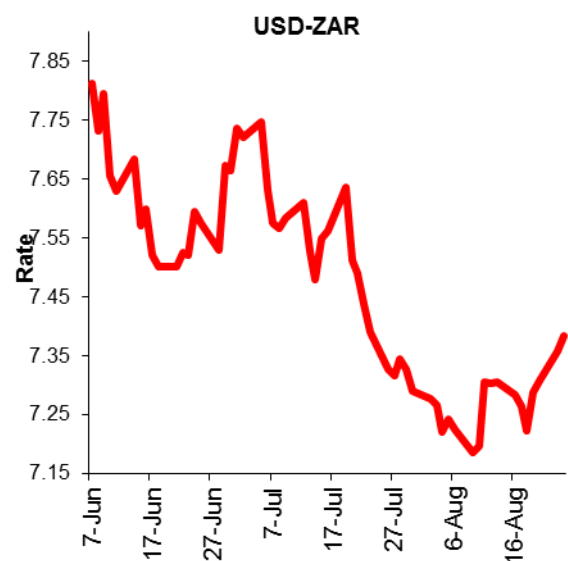
Time (GMT)	Country	Event	Month	Exp	Prior
09:00	SA	Bond Auction (R207 - R1500mn; R213 - R600mn)			
09:30	SA	GDP q/q annualised	Q2	3.70%	4.60%
06:00	DE	GDP q/q final	Q2	2.20%	2.20%
09:00	EZ	Industrial New Orders m/m	Jun	1.50%	3.80%
14:00	US	Existing home sales	Jul	4.80mn	5.37mn

## Today's Talking Point

**GDP (Q2) preview:** GDP growth in Q1 of 4.6% q/q annualised was primarily attributable to strong growth in the mining and manufacturing sectors. These sectors alone accounted for 2.1 percentage points of the 4.6% total figure. The recovery in the domestic economy remains anything but broad-based but the data over recent months suggest that Q2 may show a slightly different trend. While growth in the manufacturing industry remains healthy on a y/y basis, the mining sector has come under pressure on the back of slowing external demand for raw materials. It will be interesting to note whether the growth retail sales in Q2 can make up for this slack in terms of boosting overall GDP, with the positive impact of the World Cup likely to be a driving factor for growth in sectors such as retail, manufacturing and construction.

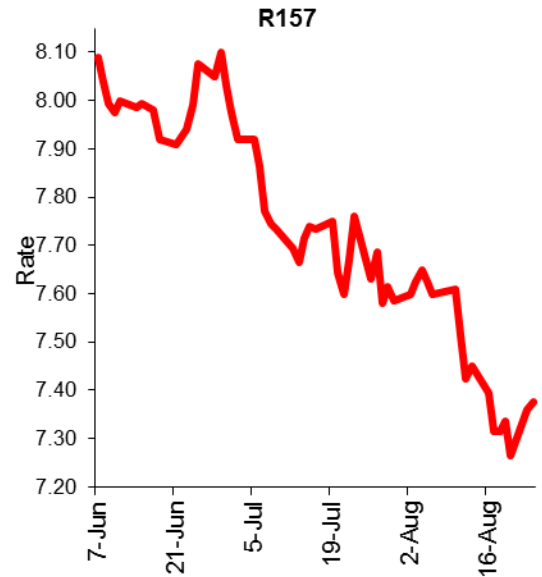
## Rand Update

Emerging market currencies overall have come under some pressure as there appears to be a wholesale rotation away from riskier assets. It would appear that with the FOMC effect now well and truly behind us and with indications favouring a slide in global GDP growth in H2 2010 that investors are opting for the safety of the side lines. The list of emerging market currencies that are on the back foot this morning is all-encompassing. The RUB, HUF, PLN, BRL, TRY, NZD to name but a few are all retreating and it would be foolish to try and attribute localised factors for the weakness in any of these currencies. The same of course would go for the ZAR. With growth concerns the world over intensifying, there is a definite shift back towards the safety of currencies such as the JPY (risk trades are suffering from this) and growth hedge instruments such as the US Treasuries, which are threatening to scale fresh record highs on a regular basis. According to Reuters data (bid chart), the ZAR weakened against the USD on Monday, closing at R7.358 from R7.3077 on Friday. Meanwhile the ZAR strengthened vs. the EUR, ending at R9.2523 from R9.2844 on Friday, while also finishing weaker vs. the GBP at R11.4221 from R11.3496 at the end of last week.



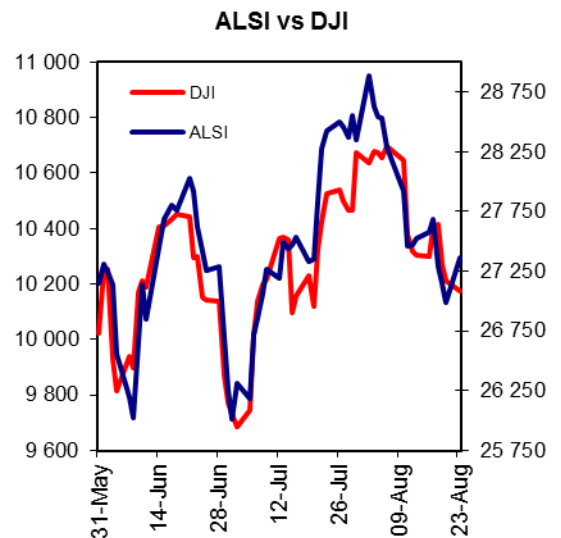
## Bond Update

Yesterday bonds have come under pressure with the weaker USD-ZAR boding negatively for the bond market. Added to this were the rumours in the market that National Treasury could be looking to increase the weekly vanilla issuance size above the R2.1bn. Given that National Treasury is likely to overshoot in terms of revenue collections and potentially borrow far less than was originally anticipated from the open market in the current fiscal year, one questions the merits of these rumours. It appears a combination of profit taking ahead of this week's key data, coupled with lower levels of risk appetites on global capital markets, saw local bonds come under pressure. Overall at the close the key benchmark R157 closed weaker with the yield at 7.360% vs. a previous close of 7.265%, while the longer dated R186 performed much the same ending the session weaker at 8.015% vs. Friday's close of 7.915%.



## JSE Update

Bargain hunting set in again on the JSE on Monday, with players buying up battered stocks following last week's losses. However the main focus for the market was on domestic merger and acquisition news. BHP Billiton shares firmed on speculation the Australian mining tax would be less harsh as the Australian Labor Party failed to gain majority at the weekend elections, while Nedbank and Old Mutual stocks rallied on talk that offshore firm HSBC was planning to make a bid for Nedbank. At the close the JSE ALSI was up 1.4%, with resources adding 1.1% and financials climbing 1.7%. US stocks opened higher but dipped into the red in the late hours of trade yesterday. At the close both the Dow Jones and the S&P had fallen 0.4%. Stocks were pressured amid light volumes again and another dip in commodity prices. Weakness across the European bourses also sparked some concern amongst investors and subsequently positive merger news was mostly shrugged off. The Asian markets are also suffering from this deterioration in equity sentiment, with the Nikkei ending 1.3% weaker below the 9,000 mark on the back of Wall St losses and further JPY strength. Aussie stocks have also retreated some 1.1%. Meanwhile at the time of writing the Hang Seng was flat and the Shanghai composite was up 0.7%. Stocks in Shanghai are being boosted positive corporate results.



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