

Date: 25 January 2012

USD-ZAR 7.8610/9707
 GBP-USD 1.5554/656
 GOLD \$1 666.94

EUR-ZAR 10.2545/3631
 USD-JPY 77.73/8.15
 BRENT \$110.42

GBP-ZAR 12.2975/4086
 AUD-USD 1.0484/565
 DJI 12 675.75

EUR-USD 1.2972/3072
 R157 6.590%
 3M JIBAR 5.596%

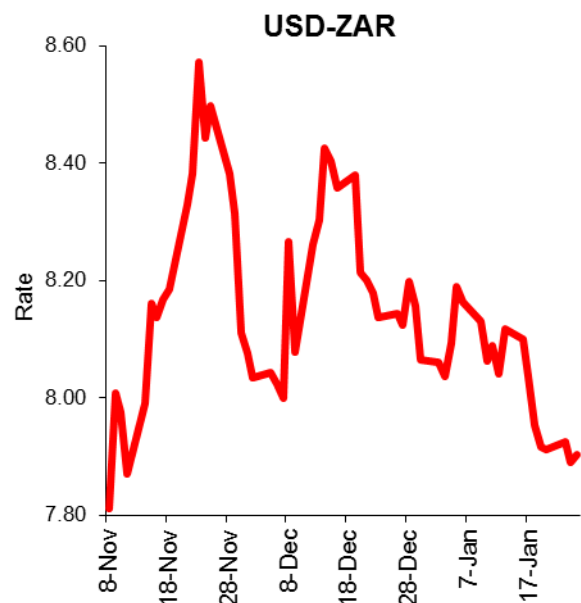
Time (GMT)	Country	Event	Month	Exp	Prior
09:00	DE	IFO Business Climate Index	Jan	107.60	107.20
09:30	GB	GDP Preliminary q/q	Q4	-0.10%	0.60%
11:00	GB	CBI Orders	Jan		-23.00
15:00	US	Home Price Index m/m	Nov		-0.20%
15:00	US	Pending Home Sales m/m	Dec	0.00%	7.30%
17:30	US	Fed Rate Decision		0.25%	0.25%
20:00	NZ	RBNZ Rate Decision		2.50%	2.50%
	GB	World Economic Forum begins BoE Publish MPM Minutes			

Today's Talking Point

SARB Leading Indicator (Nov): The SARB leading indicator has risen to 132.2 in Nov 2011 from 131.4 in Oct. This is still below levels seen earlier in 2011 however the improvement is in line with our view that local economic data could surprise to the upside in 2012 on the back of stronger local money growth at the end of 2011 moving into 2012. The SARB noted that the major contributors towards the uptick were the BER's average hours worked per factory worker and the number of residential building plans passed. The contribution of SA's major trading partner's indicators towards the SARBs version was the largest negative.

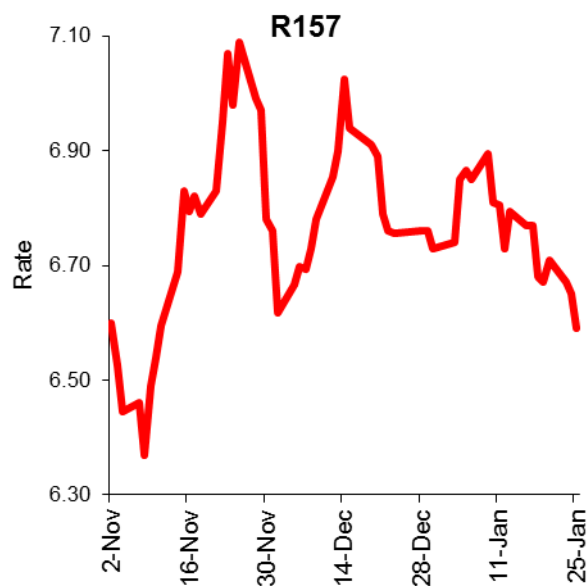
Rand Update

In what is becoming repetitive, the USD-ZAR again failed to sustain levels towards or above the 8.0000 handle. The ZAR's recovery in late US trade and early Asian trade coincided with a recovery in the EUR, and it may have something to do with the Fed's decision and statement that will take a slightly different form this time. For the first time, the Fed will be publishing the forecasts of the Fed funds rate based on the individual members of the FOMC. Secondly, it is important to note that the more hawkish members of the FOMC are departing and will be replaced by more neutral to dovish members all of which is likely to see the language offered by the Fed turn a little more dovish than has been the case in the past. Any talk of more rounds of quantitative easing or that rates could remain lower for longer than what the market has priced in and the USD is likely to find itself on the defensive. Add to that the increased likelihood that sentiment in the eurozone improves still further in the weeks ahead and one has the recipe for a weaker USD. We feel that this is one of the main contributors as to why the ZAR has not lost more ground than it has and why any further stabilisation in the banking sector in Europe might very well translate into an even larger recovery in the ZAR. Commodity prices have been finding some support recently and this too is another reason the ZAR could recover. According to Reuters data (bid chart), the ZAR finished stronger vs. the USD on Tuesday, closing at R7.8900 from R7.9240 on Monday. The ZAR strengthened against the EUR, ending at R10.2728 from R10.3242 on Monday, while similarly finished stronger against the GBP at R12.3179 from R12.3377 the previous day.



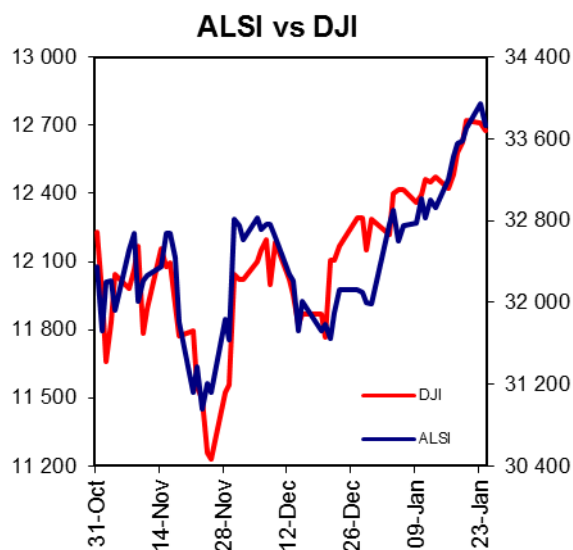
Bond Update

Despite a relative volatile session yesterday, local bond yields closed the session relatively flat on the day. By the close the R157 yield had dropped just 2bpts to close the day at 6.650%, whilst the R186 yield have moved just 1.5bpts lower to close at 8.315%. Results from yesterday's R203 and R208 bond auctions showed strong demand with total bids coming in at R7.485 billion, which is the highest for a weekly auction since August 2011. Last week's auction saw total bids of R6.185 billion. This resulted in demand 4.5 times higher than was on offer, significantly higher than the four week average. Auction results continue to suggest that demand is steadily improving at the weekly auctions. Data from the JSE shows that foreign domiciled investors took up a net R1.7 billion worth of local bonds yesterday. Note that the SARB leading indicator has risen to 132.2 in Nov from 131.4 in Oct, and although still below levels seen in earlier 2011, continues to climb in line with the view for some improvement in the local economy. Markets will today be focussed on the Fed rate announcement, press release, and for the first time a fed funds forecast looking three years out.



JSE Update

As is to be expected, the local bourse was plagued by profit taking yesterday, bringing to an end a six-day rally. That global markets also came under pressure would have given further reason to cash in recent gains. By the close the ALSI was down 0.68% as most indices closed lower, although the gold index continued to move higher adding 0.65%. Despite yesterday's marginal losses the ALSI remains well elevated, however given the current environment and cautious tone as investors grapple with the possibility of a Greek default, there is room for further selling. The sentiment was similar in foreign markets. As talks to avoid a Greek default looked set to go the wire, after EZ finance ministers rejected an offer made by private bondholders to help restructure Greece's debts, an air of caution hung over the EZ equity markets. Core bourses in the region moved into negative territory yesterday. Over in the US, traders wrestled with mixed corporate earnings, whilst weighing up the prospects of a Greek default, and as a result stocks closed mixed. Ahead of the US Fed rate decision and policy statement later today investors will favour caution which will contain buyer interest on the JSE.



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.