

Date: 30 August 2010

USD-ZAR 7.2662/3747  
 GBP-USD 1.5473/577  
 GOLD \$1235.40

EUR-ZAR 9.2740/3836  
 USD-JPY 84.93/5.36  
 ALLSHARE 26 738.91

GBP-ZAR 11.3133/4304  
 AUD-USD 0.8937/9019  
 DJI 10 150.65

EUR-USD 1.2700/82  
 R157 7.230%  
 3M JIBAR 6.425%

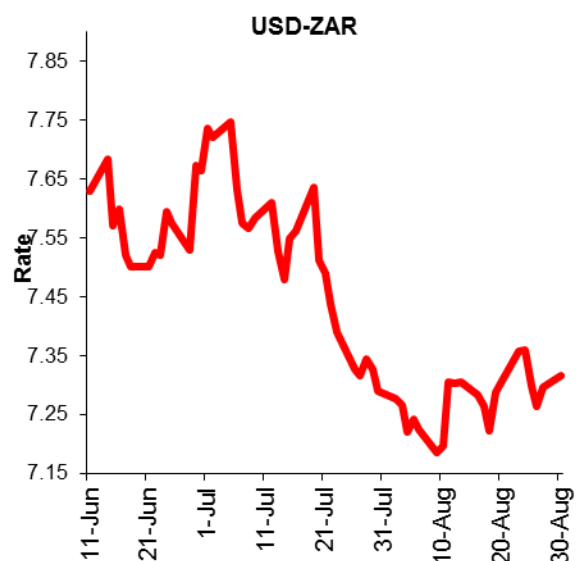
Time (GMT)	Country	Event	Month	Exp	Prior
09:00	SA	Transnet Bond Auction (TN20, TN23, TN25 - R300mn)	Jul		
12:30	SA	Government Finance Figures	Jul		
12:30	SA	Liquidations and Insolvencies	Jul		22%; -27%
	GB	Market Holiday			
09:00	EZ	Sentiment indicators	Aug		
12:30	US	Core PCE y/y	Jul	1.40%	1.40%
12:30	US	Personal income	Jul	0.20%	0.00%
23:15	JP	Manufacturing PMI	Aug		52.8
23:50	JP	Industrial production preliminary m/m	Jul	-0.20%	-1.10%

## Today's Talking Point

**Government Finance Figures (Jul) preview:** The government finance figures showed a budget surplus of R8.9bn in Jun, which was approximately double that of market forecasts. On a purely historical trend basis, the Jul budget is likely to reflect a deficit after being in surplus territory in Jun as revenue collections dip slightly m/m. However, the budget balance is expected to come closer to neutral compared to the same period last year, with VAT collections likely to remain robust on the back of World Cup related spending.

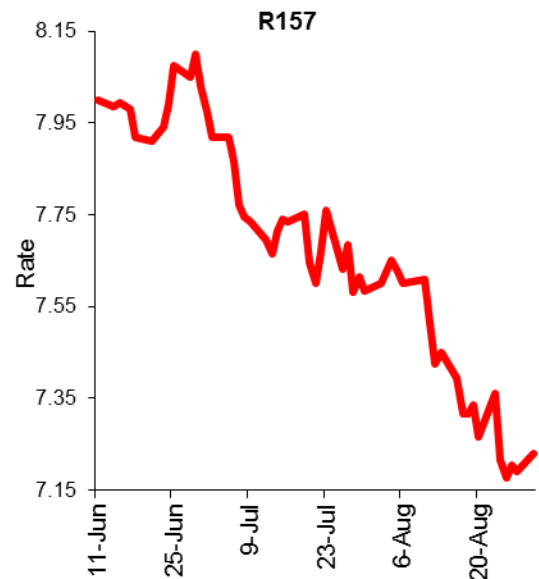
## Rand Update

Ahead of the Jackson Hole economic symposium on Friday, emerging market jitters became a little more pronounced as investors feared another bout of risk aversion as policy makers highlighted the risks for growth in the foreseeable future. The response to indications of further quantitative easing efforts should they be required was looked on far more positively this time around. Whether the more positive sentiment is sustained over the longer term is up for debate given that the markets are generally rewarding fiscal prudence rather than fiscal expansion. Nevertheless, US Treasuries sold off on Friday following some of Bernanke's comments and the reality is that this might be seen as a trigger for a relief rally in stock markets and a general improvement in sentiment towards emerging markets. Given that the ZAR has held up well despite a general rotation back to safety, this response by global stock markets could be exactly what is required to help the ZAR start the week on a much firmer footing. According to Reuters data (bid chart), the ZAR weakened against the USD on Friday, closing at R7.2952 from R7.2625 on Thursday. The ZAR also lost ground vs. the EUR and GBP, ending at R9.3101 vs. the EUR from R9.2722 on Thursday, while finishing at R11.3222 vs. the GBP from R11.3214 the previous day.



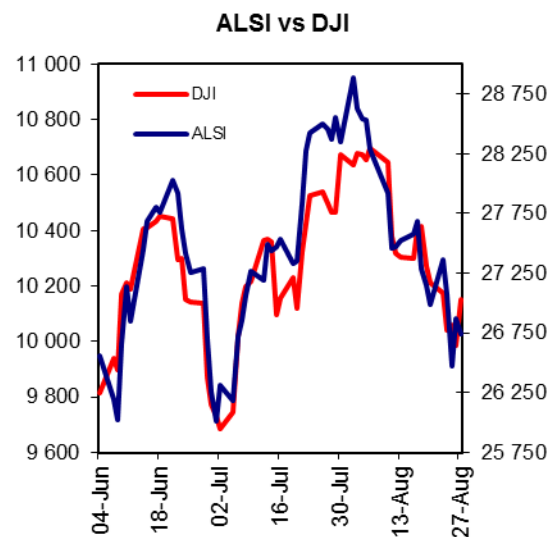
## Bond Update

Over recent weeks there has been a re-affirmation of many of the major central banks to keep monetary policy extremely accommodative to ensure the global economic recovery remains on track. As highlighted before with quantitative easing policies likely to remain intact, so the global term structure of interest rates will remain low and the demand for high yield Emerging Market in place. On Friday the market was reported to be scrappy with interest here and there on parts of the yield curve. Position taking is limited following the strong moves in the earlier part of last week and ahead of the bank holiday in the UK. The view is the R157 is likely to churn in 7.10-7.25% range pending the SARB MPC outcome or some major international economic data. At the close, the key benchmark R157 (2015) closed slightly stronger at a yield of 7.195% lower than the previous close of 7.205%, while the R186 (2026) similarly closed stronger at 7.960%, vs. Thursday's close of 7.970%. The bond market activity was similarly lacklustre with foreign investors reported as net sellers of R48mn vs the inflows on the week of R6.02bn.



## JSE Update

It was a choppy day of trading on the JSE on Friday as investors closed out positions ahead of the weekend and US Fed Chief Bernanke's speech on the economic outlook at Jackson Hole. Furthermore, Wall St was under some pressure at the open and so stocks received no boost from offshore towards the close. At the close of trade the JSE ALSI had fallen 0.5%. Resources slipped 1.2% as gold and platinum stocks lost 0.5% and 2.2% respectively, while financials lost 0.1% as banks dipped 0.5%. US stocks meanwhile recovered from their early losses to end well up on the day. This was helped by a slightly smaller than expected downward revision to Q2 GDP growth and Bernanke's comments that the Fed would continue to support the economic recovery. Bernanke spoke of slower growth but Wall St volatility declined on the back of a greater assurance of sustained growth. At the close both the Dow Jones and S&P had risen 1.7%. The Asian markets have risen overnight in response to these factors. The Nikkei has finished 1.8% higher, also supported by speculation that Japanese authorities will step in to weaken the JPY. Aussie stocks climbed 1.9%, while at the time of writing the Hang Seng was up 0.7% and the Shanghai composite had gained 1.4%.



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