

Today's highlights

- New vehicle sales: A bright start to the year
- Value for money and value add at the GSB Cape Town
- Upcoming dividend dates and corporate actions
- Company calendar – 3 February to 10 February
- Economic calendar – 3 February to 10 February

Talking point: Bringing in the Year of the Rabbit

The Chinese Lunar New Year kicks off today and the New Year is already promising to be quite different from what went before. Unrest in the Middle East and North Africa and a massive cyclone in Australia are perhaps not the sorts of news headlines one would associate with the happiness and prosperity that the Year of the Rabbit is supposed to be associated with. Nonetheless there are some good reasons to believe that such optimism is justified.

One is the comeback of the US economy and US equities. GDP and manufacturing numbers are looking good, while healthy US corporate balance sheets and good earnings growth (some 75% of S&P 500 companies have beaten analyst forecasts in the last quarter) should help expansion in the months ahead. While there are concerns about overheating in the developing world, central banks are generally responding quickly and appropriately so a hard landing should be avoided. Europe remains a concern, with the European Central Bank (which meets today) having to deal with very different growth issues between its large core constituent economies and its periphery. It too is likely to signal rate tightening at some stage, though it will be wise not to jump the gun.

Locally, the Year of the Rabbit promises some good growth, despite recent currency weakness, with many of the major parts of the economy doing well (including the motor industry, as we discuss elsewhere in Daily View). May the year be like the lucky rabbit in the Looney Tunes cartoons, and continue to evade the hapless Elmer Fudd.

Market highlights

US equities ended little changed overnight, with the S&P 500 slightly down in reaction to renewed violence in Egypt which offset some of the positive news on the economy.

Feeding on rising commodity prices and renewed confidence about a resolution to the Egyptian crisis earlier in the day, the JSE recorded its biggest daily gain in five months yesterday.

Bonds ticked up yesterday on improving risk appetites, but the rand lost a little against the US dollar as markets awaited today's ECB meeting and employment data out of the US tomorrow.

Commodities were mixed overnight with base metals higher and gold and oil prices lower on improving risk appetites and rising US crude oil stockpiles.

Key indicators in a nutshell – Wednesday 2 February 2011

Key indicators	Last price	1 Day	1 Month	1 Quarter	Year date to	1 Year
JSE All Share	32487.61	2.04%	0.56%	3.70%	1.15%	22.65%
S&P 500	1304.03	-0.27%	2.53%	6.79%	3.69%	19.73%
Nikkei	10457.36	1.78%	2.23%	11.74%	2.23%	2.47%
Rand/US \$	7.16	-0.84%	-7.54%	-5.26%	-7.52%	4.51%
Rand/GB Pound	11.59	-1.07%	-11.64%	-4.73%	-11.05%	3.03%
US\$/Euro	1.38	0.08%	-3.34%	2.98%	-3.12%	0.77%
Gold \$/oz.	1336.55	-0.32%	-5.49%	-4.03%	-5.97%	20.81%

Company results and updates

Investec grew its attributable earnings for the nine months to December by 4% in UK sterling, with recurring income making up 66%. Core loans and advances grew by 8%. Investec will hold a pre close briefing on 17 March, while results for the year to March are due for release on 19 May.

First Uranium grew its revenue for the December quarter by 60% over the similar period in 2009, while operating profit grew by 129%.

Optimum Coal reported diluted HEPS for the six months to December of 138.76c, from 3.53c previously.

Pioneer Food has called off its offer to acquire KVV Holdings, after significant shareholders rejected the offer price of R12 a share.

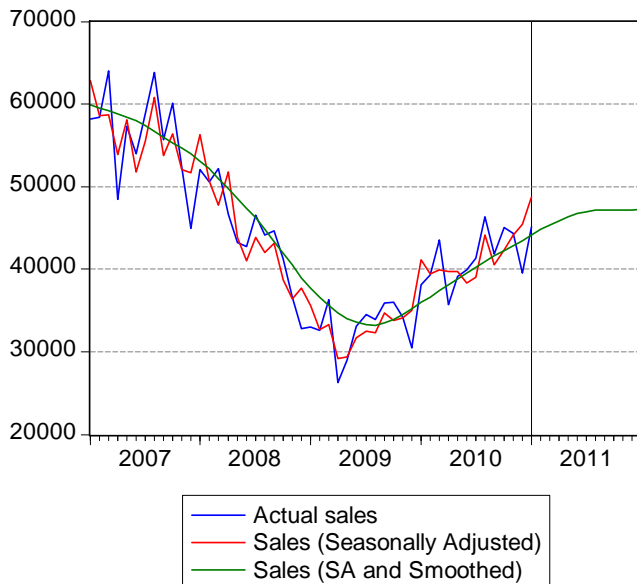
Daily ideas

New vehicle sales: A bright start to the year

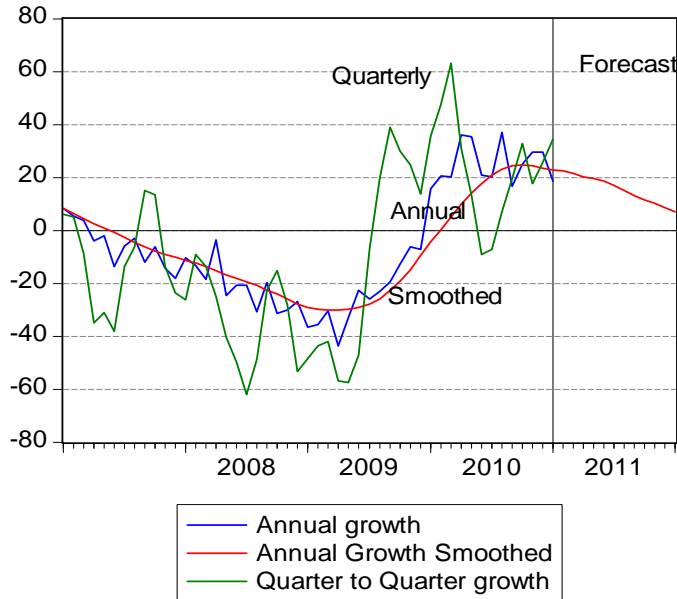
The first bit of news about the SA economy in 2011 has been released by NAAMSA in the form of new vehicle sales in January. 45 135 new units were sold in January 2011, up from 39 504 in December 2010. But this does not tell the full story of very robust sales. January and December are usually well below par months for selling new vehicles. Holiday makers are more likely to buying Christmas presents for others than new toys for themselves.

On a seasonally adjusted basis new vehicle sales were up from 45 404 units in December to 45 758 units in January, an increase of 7.4%. This followed a very strong November. If these trends are sustained, sales in 2011 will approximate 585 000 units, up 18% from the 494 340 units sold in 2010.

New Vehicle Sales (Units)



Source: NAAMSA and Investec Wealth and Investment

Growth in Vehicle Sales

Source: NAAMSA and Investec Wealth and Investment

No doubt the SA motor industry would be cheered if sales at this pace were to be realised in 2011. Strong domestic sales, coupled with strong growth in exports of vehicles and components is already making a helpful contribution to the manufacturers and their distributors as well as on investors in motor dealerships.

(A case in point is Imperial's AMH (which distributes Hyundai, Kia, Daihatsu and Tata), which saw a 67% increase year on year, after a 17% year on year rise in December. It would appear that AMH's apparently weak numbers for December related to vehicle registrations going through in January rather than December. Taken together with Imperial's recent trading update, which guided for a 40% to 45% increase in HEPS at the half year to December, one can expect some possible earnings upgrades for the group.)

The combination of low inflation in vehicle prices (thanks to the strong rand) and low inflation (also thanks to the strong rand) has proved very helpful to the SA motor industry, its manufacturers and its distribution arm.

This refutes the notion that a strong rand is bad for the SA economy and especially its manufacturing arm. The opposite is surely true. The strong rand helps stimulate domestic spending and so manufacturing output. A strong rand also comes with decent global growth and the export opportunities this provides for domestic producers. **Brian Kantor**

Value for money and value add at the GSB Cape Town

Our readers may not have noticed but the Financial Times ranking of Business Schools around the world was published yesterday. The top schools as estimated by the schools themselves and by the opinions of their alumni were jointly the London Business School and the Wharton School at the University of Pennsylvania. Third was Harvard and joint fourth, Insead and Stanford Business School.

In 60th place (up from 89) in 2010 was the Graduate School of Business (GSB) at the University of Cape Town. It is the only business school in Africa that is ranked in the FT Top 100. Most interestingly the GSB ranked first in the value for money category. This has a low 3% weight in the overall score and so could not have made a great difference to the ranking order. Much more important for the ranking measure are the categories weighted salary with a 20% weight (*the average alumnus salary today with adjustment for salary variations between industry sectors. Includes data for the current year and the one or two preceding years where available*) and the salary percentage increase with another 20% weight (*The percentage increase in average alumnus salary from before the MBA to today as a percentage of the pre-MBA salary*).

The weighted average salary of UCT alumni in 2011 was estimated as US\$140 896 and the average increase as 76%. By comparison the weighted salary for the top school London was little more at US\$145 776 and US\$171 551 for the average Wharton graduate. The Harvard average was US\$170 238 and that of Insead US\$147 883. The Cape Town graduate salary after graduation thus compares very well with those of the best schools. The Chicago (ranked 12) graduate earns an average US\$151 173 after graduation, the average Yale (ranked 15) MBA earns US\$146 999 while graduates from the Stern School in

New York (ranked joint 15th) earns US\$138 865. The salaries earned by graduates of the high ranking European and Asian schools typically earn less than their American and Cape Town contemporaries. The graduates of the top schools typically enjoyed more rapid increases than the average Cape Town which suggests the quality of the Cape Town student. But on the value for money axis, the top schools ranked very poorly. London ranked 57 on value for money, Wharton 89 and Harvard 87. New York was ranked 91 for value for money and Yale 79. On the value for money scale the European schools were more competitive.

The mixture of great value for money combined with highly competitive after graduation salaries and a highly acceptable increase in salaries surely makes a Cape Town MBA a highly desirable objective (adjusted for purchasing power parity and very good access to beaches and mountains, not to mention good wine and restaurants at reasonable prices, adds to the relative value).

According to the FT there would have been another good reason to go to or have gone to the GSB. The GSB judged by its alumni ranked as high as sixth in Economics behind Chicago, MIT, Cranfield, Imperial College London and the University of Rochester, and ahead of Yale and Wharton.

As far as I know the Economics curriculum at UCT has been designed and taught by a mere two lecturers in recent years. Take a big bow Barry Standish; your students clearly appreciate your efforts. (Modesty prevents me from naming the other major contributor to economics at the UCT GSB). **Brian Kantor**

Upcoming dividend dates and corporate actions

Share/security	Last day to trade	Ex-dividend	Record date	Pay date	Description	Per share amount/ result
EsorFranki	4 February	7 February	11 February	14 February	Rights issue	30.786 ESRN per 100 ESR
Foord Compass	4 February	7 February	11 February	14 February	Scrip Dividend	53.846c or 7.342 FCPD per 100
UCS	4 February	7 February	11 February	14 February	Cash Dividend	R0.05
Digicore NPLs	11 February	14 February	18 February	21 February	Rights take up	1 DGNN converts to 1 DGC at R3 a share
Freeworld	11 February	14 February	18 February	tba	Minority offer	R12 per share tendered
Trematon	11 February	14 February	18 February	21 February	Cash Dividend	R0.015
SA Coal	11 February		18 February	21 February	Minority offer (extended)	R0.30 a share
Sovereign	11 February	14 February	18 February	21 February	Rights issue	66.04155 SOVN per 100 SOV
Winhold	11 February	14 February	18 February	21 February	Cash Dividend	R0.10
AR Hold 5.5% Prefs	18 February	21 February	25 February	28 February	Cash Dividend	
Dialogue	18 February	21 February	25 February	28 February	Capital reduction	R0.1238
Marshall Monteagle	18 February		25 February	28 February	Restructure	2 MMP per 1 MTE
Premium NPLs	18 February		25 February	28 February	Rights take up	1 PMMN converts to 1 PMM on take up at R15 per unit
Rareco			28 February		Minority offer	R3 a share
EsorFranki NPLs	25 February		4 March	7 March	Rights take up	1 ESRN converts to 1 ESR at R2.15 a share
Hudaco	4 March	7 March	11 March	4 April	Cash Dividend	R2.35
RMB Holdings	4 March		7 March	14 March	Unbundling	1 Rand Merchant Insurance Holdings per RMH
Paracon	4 March	7 March	11 March	14 March	Cash Dividend	R0.10
Simeka Business Group	4 March	7 March	11 March	14 March	Name change	Morvest Business Group (MOR)
SBR002	4 March	7 March	11 March	15 March	Interest	R1.41
Sovereign NPLs	4 March		11 March	14 March	Rights take up	1 SOVN converts to 1 SOV at R4.75 a share
JOZI03	11 March	14 March	18 March	22 March	Interest	R14.83
Foschini Prefs	17 March	18 March	25 March	28 March	Cash Dividend	R0.065
Country Bird	6 May	9 May	13 May	16 May	Capital reduction	R0.111

Source: JSE

Company calendar – 3 February to 10 February

Friday 4 February	Net 1 quarterlies
Monday 7 February	Harmony December quarterlies African Bank quarterly update Anglo Platinum finals Randgold Resources quarterlies Palabora Mining finals (approx date)
Tuesday 8 February	ArcelorMittal finals
Wednesday 9 February	Sappi quarterlies and AGM
Thursday 10 February	Kumba Iron Ore finals Aquarius Platinum interims DRDGold quarterlies Astral Foods AGM Aquarius Platinum interims Trencor finals

Source: I-Net, Company updates

Economic calendar – 3 February to 10 February

Date	International	South Africa
Thursday 3 February	Japan – January PMI services and composite Germany – January PMI services and composite [10h55] UK – January PMI services [11h30] EMU – January PMI services and composite [11h00] EMU – December Retail sales [12h00] EMU – ECB rate decision [14h45] US – Initial jobless claims for previous week [14h30] US – January ISM nonmanufacturing [16h00]	
Friday 4 February	US – January Nonfarm payrolls [14h30]	
Monday 7 February	US – December Consumer credit [21h00]	January Gold and forex reserves [08h00]
Tuesday 8 February	Japan – December Current account Germany – December Industrial production [12h00]	
Wednesday 9 February	Germany – December Foreign trade [09h00] UK – December Trade balance [11h30]	
Thursday 10 February	China – January Trade balance UK – December Industrial production [11h30] UK – BoE MPC meeting and rate decision [14h00] EMU – ECB monthly bulletin [17h00] US – Initial jobless claims for previous week [14h30]	December Manufacturing [12h00]

Sources: Bloomberg, SA Reserve Bank

Key market indicators – Wednesday 2 February 2011

Indices	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
JSE All Share	32487.61	2.04%	0.56%	3.70%	1.15%	22.65%
JSE Fini 15	8222.41	0.76%	-0.26%	0.31%	0.62%	10.39%
JSE Indi 25	26503.24	2.04%	-1.32%	2.33%	-1.08%	26.65%
JSE Mining	39075.21	3.28%	3.94%	7.58%	5.05%	25.22%
JSE Resi 20	58923.44	2.93%	3.73%	7.67%	4.66%	24.79%
S&P 500	1304.03	-0.27%	2.53%	6.79%	3.69%	19.73%
DJI	12041.97	0.02%	3.18%	5.31%	4.01%	18.23%
NASDAQ	2749.56	-0.06%	2.16%	6.68%	3.64%	26.64%
Nikkei	10457.36	1.78%	2.23%	11.74%	2.23%	2.47%
Hang Seng	23908.96	0.00%	2.02%	-2.55%	3.79%	18.11%
FTSE 100	6000.07	0.71%	0.49%	2.34%	0.49%	14.34%
CAC 40	4066.53	-0.15%	4.25%	3.82%	6.88%	8.09%
DAX	7183.67	-0.01%	2.77%	6.67%	3.90%	27.04%
ASX-ORD	4897.90	0.95%	1.00%	1.67%	1.05%	7.77%
JSE All Share (in US\$)	4539.09	1.18%	-7.02%	-1.75%	-6.46%	28.18%
MS EM Index	1135.33	0.41%	-2.42%	-1.37%	-1.39%	21.53%
MS World Index	1332.77	0.19%	3.48%	5.49%	4.12%	18.02%

Currencies	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Rand/US \$	7.16	-0.84%	-7.54%	-5.26%	-7.52%	4.51%
Rand/GB Pound	11.59	-1.07%	-11.64%	-4.73%	-11.05%	3.03%
Rand/Euro	9.89	-0.50%	-10.63%	-2.24%	-10.56%	5.56%
Rand/Aus \$	7.24	-0.61%	-7.04%	-4.78%	-6.64%	-7.70%
Yen/ US \$	81.49	-0.12%	0.21%	-0.88%	-0.47%	11.39%
Swiss Franc/US \$	0.94	-0.47%	-0.57%	1.95%	-0.55%	12.46%
US \$/Euro	1.38	0.08%	-3.34%	2.98%	-3.12%	0.77%
US \$/GB Pound	1.62	-0.42%	-4.42%	0.45%	-3.65%	-1.59%
US \$/Aus \$	1.01	-0.02%	0.98%	0.40%	1.12%	-11.85%
Nominal Effective Exchange Rate (2000 = 100)	74.41	-0.04%	9.35%	3.21%	9.21%	-3.79%

3 February 2011

dailyview

	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Commodities						
Gold \$/oz.	1336.55	-0.32%	-5.49%	-4.03%	-5.97%	20.81%
Platinum/oz.	1833.5	0.33%	3.94%	2.80%	3.59%	18.40%
Brent Crude \$/bbl	101.83	0.99%	6.67%	17.05%	7.47%	41.35%

Fixed income	Closing yield %
SA R157	7.78
US 2 YEAR	0.61
US 10 YEAR	3.42
UK 2 YEAR	0.80
UK 10 YEAR	3.71
EURO 2 YEAR	1.44
EURO 10 YEAR	3.22

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