

Today's highlights

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- Upcoming dividend dates and corporate actions
- Company calendar – 7 February to 11 February
- Economic calendar – 7 February to 11 February

Talking point: Is the Fed too obsessed with jobs?

While the US unemployment rate fell to 9% in January from 9.4% in December, it will probably not have been enough to change the current thinking of the Fed on the jobs problem. The Fed remains very concerned about unemployment, and wants to see significant progress on this front before altering its very loose monetary stance. It seems however that the decline in unemployment was to a large extent due to fewer workers seeking work during the severe blizzards seen in many parts of the US last month, with payrolls rising less than expected. The Fed has highlighted that it only expects unemployment to reduce to "normal" levels by 2014, and sees this as justification for keeping rates very low and continuing with its asset repurchase programme. Persistent unemployment would not please President Barack Obama either: no US president since the Second World War has won re-election while the unemployment rate has been above 7.5%.

Yet is the Fed making too much of the unemployment story? Just about every other data set is pointing in the right direction, with strong ISM numbers for manufacturing and services being the latest positive highlights. Employment growth in any event tends to lag other indicators during a recovery so a sluggish picture on the jobs front should not necessarily be a cause of great concern. Indeed, with commodity prices rising and inflation picking up in many parts of the world, the inflation spectre may come soon to the US as well.

While this seems not to be the line of thinking at the Fed right now, it may not be too long before it has to pull back on its quantitative easing programme and look to start raising rates.

Market highlights

US equities rose on Friday, driven largely by rising commodity prices, and with the January employment numbers offering only an unclear message to the market.

The JSE ended a mixed day higher on Friday, with stronger commodity prices providing the spur for mining shares, and offsetting declines in banks and industrials.

Bonds were weaker on Friday while the rand came under pressure as the mixed January employment report out of the US increased risk aversion levels and pushed traders out of currencies like the rand.

Copper hit new record highs on Friday but the picture was more mixed for other commodity classes, with oil prices dropping on unfounded reports that Egyptian president Hosni Mubarak was about to announce his resignation.

Key indicators in a nutshell – Friday 4 February 2011

Key indicators	Last price	1 Day	1 Month	1 Quarter	Year date to	1 Year
JSE All Share	32902.52	0.33%	2.79%	4.82%	2.44%	22.19%
S&P 500	1310.87	0.29%	2.69%	7.16%	4.23%	19.47%
Nikkei	10543.52	1.08%	1.57%	8.33%	3.08%	1.34%
Rand/US \$	7.24	-0.04%	-7.40%	-5.69%	-8.56%	3.80%
Rand/GB Pound	11.66	0.25%	-10.74%	-5.51%	-11.58%	2.68%
US\$/Euro	1.36	0.28%	-3.14%	2.03%	-1.49%	2.27%
Gold \$/oz.	1349.35	-0.28%	-2.04%	-4.27%	-5.07%	21.61%

Company results and updates

Anglo Platinum reported diluted HEPS for the year to December of 1929c, an increase of 567%. A dividend of 683cps was declared. 2.57m refined ounces were produced in the period.

Harmony grew its production in the December quarter over the September quarter by 4% to 10 055kg.

AECI expects HEPS for the year to December to rise by between 50% and 70%. AECI reports in full on 22 February.

African Bank grew combined credit sales over the December quarter (compared with the previous December quarter) by 59%, to R5.5bn. Combined advances grew 29% to R32.7bn. Ellerines grew merchandise sales by 8%, with like for like sales growing by 12%.

Royal Bafokeng Platinum expects to report HEPS of between 186c and 215c for the year to December. The group recorded a headline loss per share of 1072c in 2009. Results are due out on 8 March.

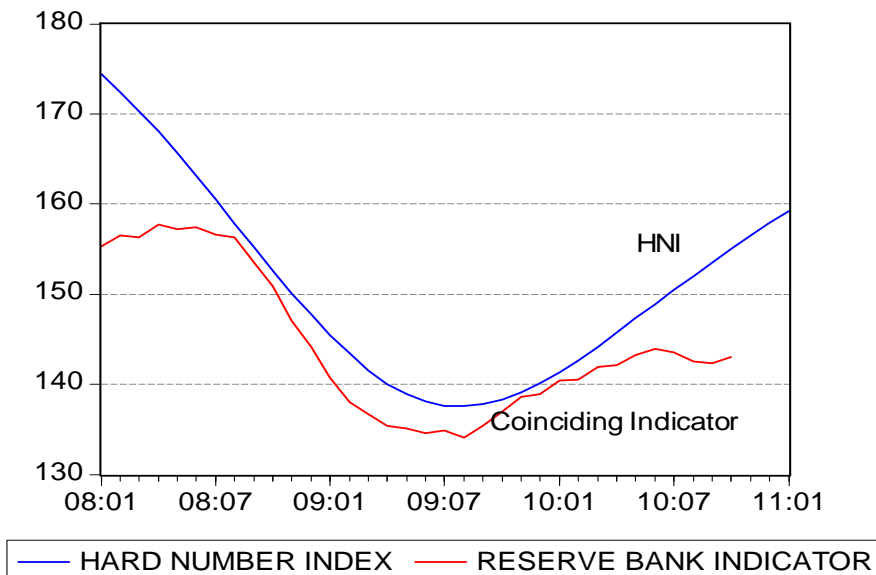
Daily ideas

The Hard Number Index: Recovery remains well on course

The Reserve Bank announced its note issue for January this morning. This enables us to complete our Hard Number Index (HNI) of the immediate state of the SA economy. Our HNI combines unit vehicle sales with the note issue (adjusted for inflation in equal weights) to provide a very up to date indicator. We compare trends in the HNI with the Reserve Bank coinciding indicator of the state of the business cycle, although this has only been updated to October 2010. Three months can be a very long time in economic life.

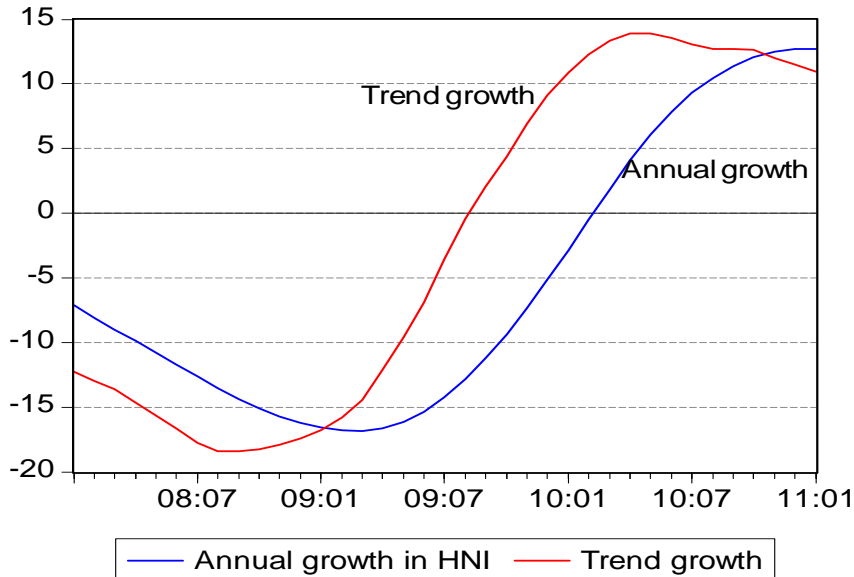
According to the HNI the recovery of the SA economy is now very well intact. The HNI and its growth suggest that the forward momentum of the economy (that is, its positive growth) is being maintained at a robust pace. By our calculation the turning point in the business cycle, when the economy began to grow again, occurred in late 2009 or early 2010.

The Hard Number Index (to January 2011) and the Reserve Bank Coinciding Indicator of the SA Business Cycle



Source: NAAMSA, I-Net Bridge and Investec Wealth and Investment

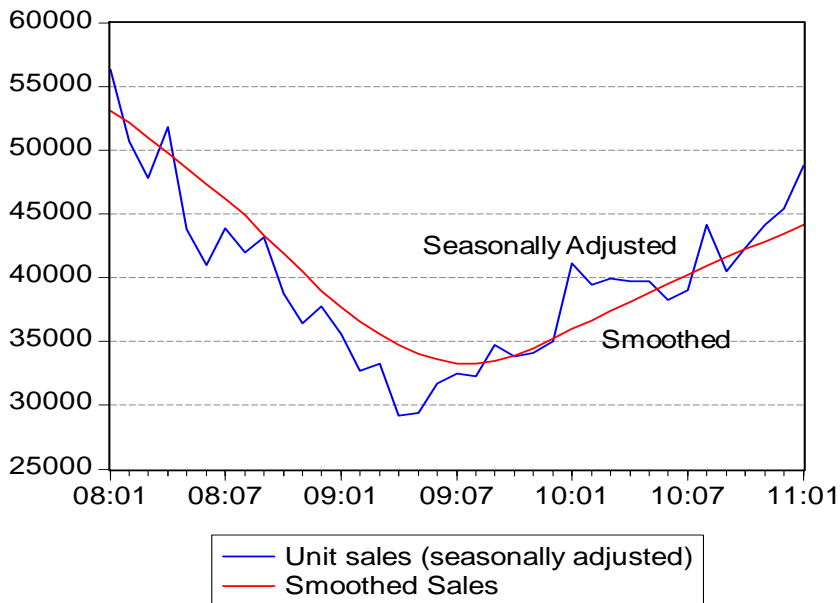
The second derivative of the Hard Number Index



Source: NAAMSA, I-Net Bridge and Investec Wealth and Investment

On the release of Naamsa data for new unit vehicle sales in January 2011 we pointed to the renewed surge, obvious since November 2010, in seasonally adjusted vehicle sales. December and January are usually slow months for the motor dealers, but this proved not to be the case this time, with strong growth shown in both months.

The cycle in unit vehicle sales

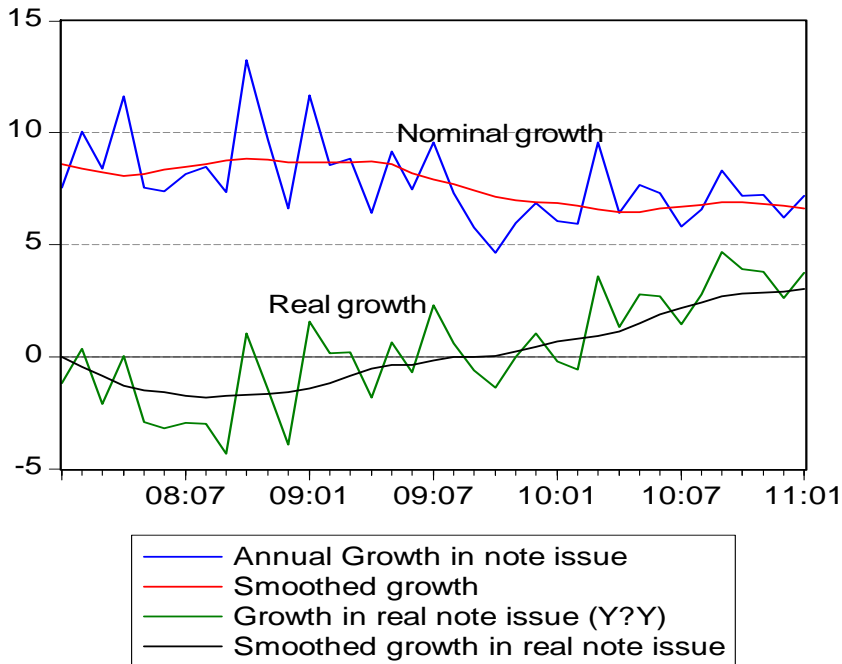


Source: NAAMSA, I-Net Bridge and Investec Wealth and Investment

Note issue is a very good indicator of the state of demand in the economy, since it gives a picture of the supply of notes for the purpose of facilitating spending intentions. It has the great further advantage, with vehicle sales, of being a very up to date indicator and not subject to sampling error.

The nominal value of notes in circulation has picked up momentum, but when adjusted for lower inflation a clearer stronger trend emerges. Combined with strong vehicle sales this growth in the note issue has been more than enough to take the HNI Higher.

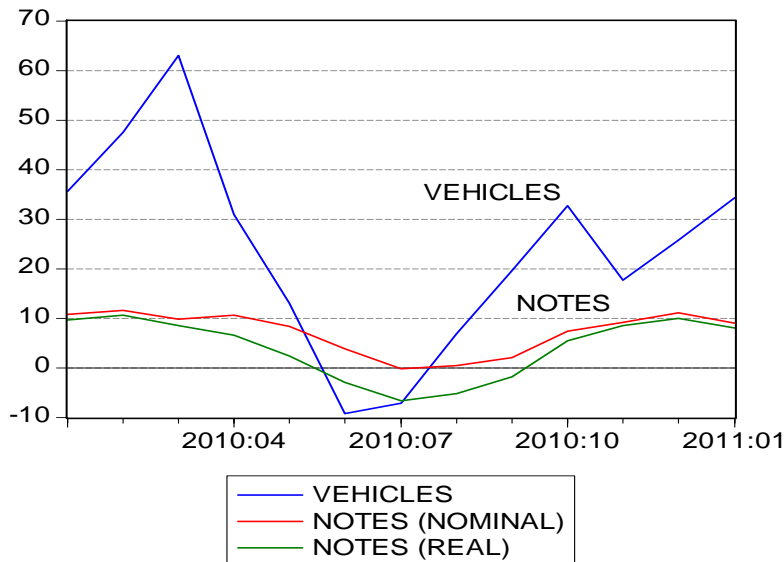
Growth in the note issue- nominal and real



Source: NAAMSA, I-Net Bridge and Investec Wealth and Investment

The quarterly trend in vehicle sales and in the note issue (both real and nominal) indicates a strong pick up in vehicle sales and also a good recovery in the demand for and supply of notes, with a quarterly growth rate of close to 10% a year.

Rolling quarterly trend in vehicle sales and the note issue



Source: NAAMSA, I-Net Bridge and Investec Wealth and Investment

Retail sales updates released by the General and Food retailers confirm the strength in the HNI. Bank credit numbers indicate perhaps less robust growth and the employment numbers, for what they are worth, do not reveal any renewed strong appetite

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dailyview

for hiring by the formal sector or demand for bank credit. The supply of bank credit to the public is however growing again growing at about a 7% a year trend rate.

But the strong demand for credit from retailers indicates that the SA household has recovered some of its appetite for spending and borrowing. Bank credit may well play catch up with other lenders applying the benefits of their strong balance sheets with fewer inhibitions. **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 – 7 February to 11 February

Monday 7 February	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 Trencor finals

Source: I-Net, Company updates

Economic calendar – 7 February to 11 February

Date	International	South Africa
Monday 7 February	US – December Consumer credit [21h00]	
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]
Friday 11 February	China – January Fixed asset investment China – January Retail sales China – January Industrial production Germany – January CPI final [09h00] UK – January PPI [11h30] US – December International trade [14h30] US – February Consumer sentiment prelim [15h55]	

Sources: Bloomberg, StatsSA

Key market indicators – Friday 4 February 2011

Indices	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
JSE All Share	32902.52	0.33%	2.79%	4.82%	2.44%	22.19%
JSE Fini 15	8213.69	-0.38%	-0.87%	0.39%	0.52%	10.28%
JSE Indi 25	26618.02	-0.64%	0.09%	3.16%	-0.65%	26.29%
JSE Mining	39877.48	0.83%	8.13%	9.06%	7.21%	23.43%
JSE Resi 20	60558.07	1.41%	8.51%	9.67%	7.56%	24.24%
S&P 500	1310.87	0.29%	2.69%	7.16%	4.23%	19.47%
DJI	12092.15	0.25%	3.15%	6.01%	4.45%	17.74%
NASDAQ	2769.30	0.56%	2.48%	7.34%	4.39%	26.40%
Nikkei	10543.52	1.08%	1.57%	8.33%	3.08%	1.34%
Hang Seng	23908.96	0.00%	0.64%	-4.23%	3.79%	15.38%
FTSE 100	5997.38	0.23%	-0.77%	2.52%	0.44%	14.17%
CAC 40	4047.21	0.26%	3.65%	3.41%	6.37%	6.69%
DAX	7216.21	0.31%	3.98%	6.90%	4.37%	27.22%
ASX-ORD	4958.80	0.80%	2.86%	2.13%	2.31%	6.11%
JSE All Share (in US\$)	4545.43	0.29%	-4.82%	-1.14%	-6.33%	26.84%
MS EM Index	1129.69	-0.30%	-2.69%	-2.12%	-1.88%	18.63%
MS World Index	1331.65	0.13%	3.62%	5.57%	4.03%	16.92%

Currencies	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Rand/US \$	7.24	-0.04%	-7.40%	-5.69%	-8.56%	3.80%
Rand/GB Pound	11.66	0.25%	-10.74%	-5.51%	-11.58%	2.68%
Rand/Euro	9.83	0.48%	-10.13%	-3.50%	-10.01%	6.43%
Rand/Aus \$	7.36	-0.04%	-8.81%	-6.07%	-8.14%	-9.75%
Yen/ US \$	82.19	-0.66%	1.19%	-1.34%	-1.31%	10.54%
Swiss Franc/US \$	0.95	-0.85%	1.18%	1.35%	-2.10%	10.89%
US \$/Euro	1.36	0.28%	-3.14%	2.03%	-1.49%	2.27%
US \$/GB Pound	1.61	0.22%	-3.61%	0.09%	-3.03%	-1.14%
US \$/Aus \$	1.01	0.10%	-1.35%	-0.33%	0.91%	-12.99%
Nominal Effective Exchange Rate (2000 = 100)	73.12	0.94%	9.85%	5.80%	11.13%	-0.63%

	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Commodities						
Gold \$/oz.	1349.35	-0.28%	-2.04%	-4.27%	-5.07%	21.61%
Platinum/oz.	1843.5	0.27%	6.71%	3.98%	4.15%	17.08%
Brent Crude \$/bbl	99.34	-2.27%	5.10%	13.27%	4.84%	30.57%

Fixed income	Closing yield %
SA R157	7.91
US 2 YEAR	0.76
US 10 YEAR	3.65
UK 2 YEAR	0.90
UK 10 YEAR	3.82
EURO 2 YEAR	1.45
EURO 10 YEAR	3.26

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