

## Today's highlights

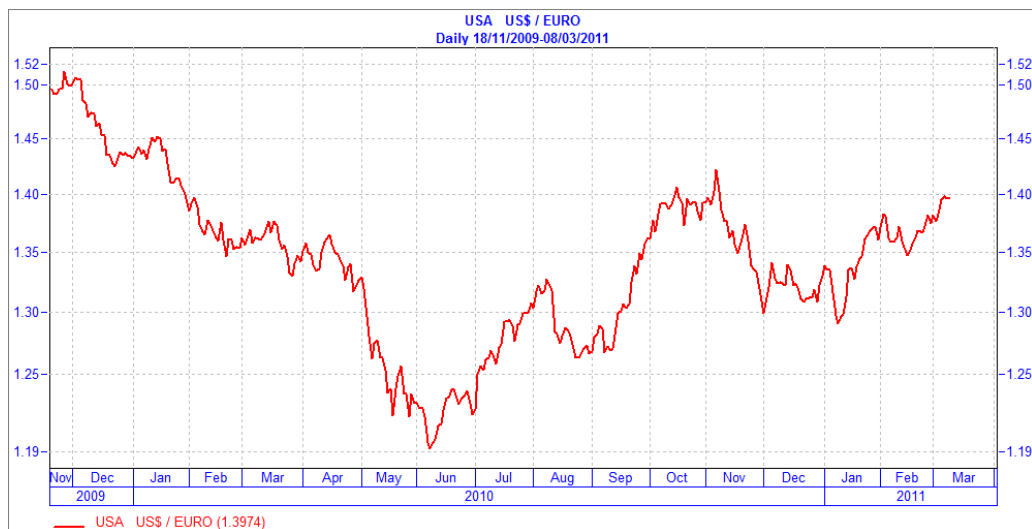
- Hard Number Index: Maintaining speed
- Upcoming dividend dates and corporate actions
- Company calendar – 8 March to 15 March
- Economic calendar – 8 March to 15 March

## Talking point: European indicators show that the region can absorb some rate tightening

It is quite telling that on a day when Moody's downgraded Greece's credit rating by three notches, the euro shrugged this off and broke through the key 1.40 level, continuing its impressive gains of recent weeks. Clearly the currency market preferred to focus on bigger issues, such as the European Central Bank's more hawkish remarks recently about inflation, and strong economic data coming out of the Eurozone as a whole.

Most would have seen the rating downgrade as more of a confirmation of what is generally already known about Greece in the market. Such a ratings change would have been more of a lagging indicator than anything else (though it did ruffle a few feathers in Athens). More important to the market was a solid rise in a key manufacturing indicator released yesterday, which put growth at its fastest level in some 10 years. This was supported by data which showed a strong rebound in German factory orders.

Data readings like these should make markets less concerned about ECB hawkishness than they otherwise would have been. Were the ECB to hike rates purely on the basis of rising oil prices, there might be a justifiable concern about the stifling of growth while the likes of Greece and Ireland remain vulnerable. But solid growth numbers as we have seen should allay most of these fears, and show that the region can absorb some rate tightening.



Source: I-Net Bridge

## Market highlights

A combination of high oil prices and new worries about sovereign debt in Greece after Moody's lowered the country's credit rating weighed on US equities overnight, with the main indices closing a little lower.

The JSE was slightly lower again yesterday, but it recouped most of its earlier losses later in the day as rising hostilities in Libya increased tensions in global markets.

Bonds lost ground yesterday but the rand continued to benefit from US dollar weakness amidst speculation that the European Central Bank could hike rates sooner rather than later.

Oil hit levels last seen just before the global financial crisis in September 2008 on continued conflict in Libya, while gold retreated after hitting record highs earlier in the day. Base metals prices fell however as traders worried about the impact of higher oil prices on global growth.

## Key indicators in a nutshell – Monday 7 March 2011

Key indicators	Last price	1 Day	1 Month	1 Quarter	Year date to	1 Year
JSE All Share	<b>32298.21</b>	-0.12%	-1.51%	1.68%	0.56%	16.29%
S&P 500	<b>1325.51</b>	-0.34%	1.41%	8.32%	5.40%	18.04%
Nikkei	<b>10505.02</b>	-1.76%	0.71%	3.59%	2.70%	3.54%
Rand/US \$	<b>6.87</b>	-0.11%	5.27%	0.37%	-3.70%	8.77%
Rand/GB Pound	<b>11.12</b>	0.55%	5.12%	-2.13%	-7.29%	0.94%
US\$/Euro	<b>1.40</b>	0.16%	-2.41%	-5.13%	-4.13%	-2.72%
Gold \$/oz.	<b>1433.63</b>	0.27%	5.95%	2.26%	0.86%	26.67%

## Company results and updates

Old Mutual reported adjusted EPS for the year to December of 16p, up from a previous 11.6p. A final dividend of 2.9p a share was declared, bringing the total for the year to 4p a share, up from 1.5p a share in 2009.

Royal Bafokeng Platinum reported HEPS for the year to December of 192c, from a previous headline loss per share of R10.72.

Ceramic Industries reported HEPS for the six months to December of 522c, an increase of 3.4%. An unchanged interim dividend of 140cps was declared.

FirstRand reported a 20% increase in normalised EPS, to 84.3c. An interim dividend of 35cps was declared, an increase of 25%.

Compu-Clearing reported a 17% increase in diluted HEPS for the six months to December, to 8.9c.

Jasco Electronics expects to report a decline in HEPS for the six months to December of between 60% and 70%. Jasco reports on 23 March.

Mr Price expects its HEPS for the year to March to increase by at least 20%. A more precise update will be released closer to the release of the full results.

Masonite expects to report a decline in HEPS for the year to December of between 85% and 95%. Results are expected to be released by the end of March.

Mr Price expects its HEPS for the year to March to increase by at least 20%.

Grand Parade reported an increase of 34% in adjusted HEPS for the six months to December, to 12c.

York Timber expects to report an increase in HEPS for the six months to December of between 99% and 109%. York reports on 15 March.

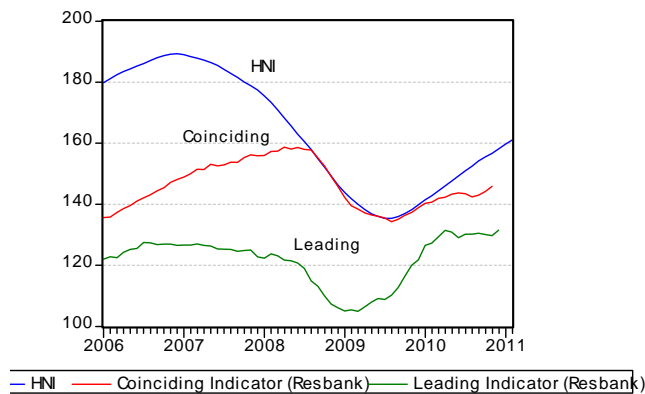
## Daily ideas

## Hard Number Index: Maintaining speed

The February 2011 reports on new unit vehicle sales and the Reserve Bank note issue have been released and we are able to update our Hard Number Index (HNI) of the current state of the SA economy. As may be seen below, the economy continued to pick up momentum in February 2011.

As may also be seen, the very up to date HNI is proving a reliable leading indicator of both the Coinciding Business Cycle Indicator of the Reserve Bank (updated to November 2010) and the Reserve Bank Leading Indicator of the SA Business cycle (updated to December 2010).

### The Hard Number Index of the State of the SA Economy, February 2011

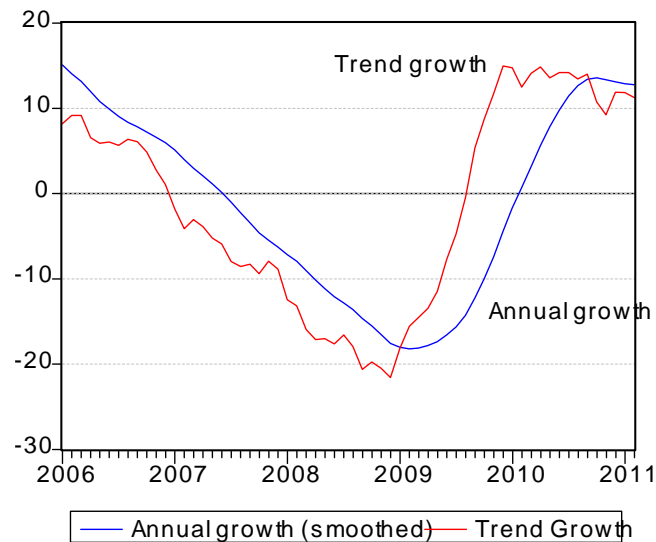


Source: Naamsa, Reserve Bank, Investec Wealth and Investment

When we calculate the rate of change of the HNI (the second derivative of the Index and so the Business Cycle) it appears that the satisfactory forward speed of the economy is being maintained, rather than accelerating further.

### The Second Derivative of the HNI

*The economy is maintaining its speed*



Source: Naamsa, Reserve Bank, Investec Wealth and Investment

The main impetus to the HNI has come from surging vehicle sales. Monetary policy could not be considered to be adding much stimulus to the economy. The note issue, that is, the supply of central bank money to the system, continues to grow at a consistent 6% annual rate. Helped by lower inflation the real money base has picked up momentum and is growing at about a 3.3% rate. This growth has added marginally to the upward trend in the Hard Number Index.

The money supply trends, of both broadly and narrowly defined definitions of the money supply continue to indicate that monetary policy has added very little impetus to the improving state of the economy. Money and credit growth remains subdued enough to indicate that lower, rather than higher interest rates are called for.

The rand remains the leading indicator of inflation. Even the currently strong rand, given supply side shocks to global food prices, will not prevent inflation edging higher. These inflation trends will be enough to deter lower interest rates given the modus operandi of the Reserve Bank despite the lack of demand for credit and money.

Our view is that short term rates will remain on hold until it becomes obvious that the economy is fully testing its growth potential of about 5% per annum GDP growth. This full economic recovery will only become apparent when the demand for credit and money is increasing at or above the 10% annual rate. **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
Absa Prefs	4 March	7 March	11 March	14 March	Cash Dividend	R28.876
Anglo Platinum	4 March	7 March	11 March	14 March	Cash Dividend	R6.83
Absa	4 March	7 March	11 March	14 March	Cash Dividend	R2.30
AngloGold Ashanti	4 March	7 March	11 March	18 March	Cash Dividend	R0.80
Assore	4 March	7 March	11 March	14 March	Cash Dividend	R2
BHP Billiton	4 March	7 March	11 March	31 March	Cash Dividend	USD0.46
British American Tobacco	4 March	7 March	11 March	5 May	Cash Dividend	R9.352098
Digicore	4 March	7 March	11 March	14 March	Cash Dividend	R0.03
Distell	4 March	7 March	11 March	14 March	Cash Dividend	R1.24
Emira	4 March	7 March	11 March	14 March	Interest	R0.5521
Gold Fields	4 March	7 March	11 March	14 March	Cash Dividend	R0.70
Hospitality A	4 March	7 March	11 March	14 March	Interest	R0.6033
Hospitality B	4 March	7 March	11 March	14 March	Interest	R0.3845
Hudaco	4 March	7 March	11 March	4 April	Cash Dividend	R2.35
Imperial	4 March	7 March	11 March	4 April	Cash Dividend	R1.50
Panprop	4 March	7 March	11 March	14 March	Interest	R0.7404
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
Woolworths	4 March	7 March	11 March	31 March	Cash Dividend	R0.505
City Lodge	11 March	14 March	18 March	22 March	Cash Dividend	R1.24
Capevin	11 March	14 March	18 March	22 March	Cash Dividend	R1.72
Discovery	11 March	14 March	18 March	22 March	Cash Dividend	R0.42
Fortress A	11 March	14 March	18 March	22 March	Interest	R0.508
Fortress B	11 March	14 March	18 March	22 March	Interest	R0.0604
Fountainhead	11 March	14 March	18 March	22 March	Rights issue	16.73288 FPTN per 100 FPT
Grindrod	11 March	14 March	18 March	22 March	Cash Dividend	R0.27
Grindrod Prefs	11 March	14 March	18 March	22 March	Cash Dividend	R3.86
Growthpoint	11 March	14 March	18 March	22 March	Scrip dividend	R0.693 per share or shares
Growthpoint	11 March	14 March	18 March	22 March	Interest	R0.63836

JOZI03	11 March	14 March	18 March	22 March	Interest	R14.83
Kagiso Media	11 March	14 March	18 March	22 March	Cash Dividend	R0.50
Kumba Iron Ore	11 March	14 March	18 March	22 March	Cash Dividend	R21
Massmart	11 March	14 March	18 March	22 March	Cash Dividend	R2.52
Rolfes	11 March	14 March	18 March	22 March	Cash Dividend	R0.05
Shoprite	11 March	14 March	18 March	22 March	Cash Dividend	R0.88
Truworths	11 March	14 March	18 March	22 March	Cash Dividend	R1.28
Capitec Prefs	17 March	18 March	25 March	28 March	Cash Dividend	R3.4377
Foschini Prefs	17 March	18 March	25 March	28 March	Cash Dividend	R0.065
Hyprop	17 March	18 March	25 March	28 March	Interest	R1.83
Imperial	17 March	18 March	25 March	28 March	Cash Dividend	R2.20
Imperial Prefs	17 March	18 March	25 March	28 March	Cash Dividend	R3.61233
Italtile	17 March	18 March	25 March	28 March	Cash Dividend	R0.06
Liberty Holdings	17 March	18 March	25 March	28 March	Cash Dividend	R2.91
Lonfin	17 March	18 March	25 March	28 March	Cash Dividend	R0.038118
Merafe	17 March	18 March	25 March	28 March	Cash Dividend	R0.02
Northam	17 March	18 March	25 March	28 March	Cash Dividend	R0.05
Nedbank Prefs	17 March	18 March	25 March	28 March	Cash Dividend	R0.3620548
OneLogix	17 March	18 March	25 March	28 March	Capital Reduction	R0.03
Panprop	17 March	18 March	25 March	28 March	Scheme of arrangement with election	2.38 CPL per PAP (for holders of over 100 PAP)
PSG Fin Prefs	17 March	18 March	25 March	28 March	Cash Dividend	R3.4377
SA Corporate	17 March	18 March	25 March	28 March	Interest	R0.1418
Sabvest	17 March	18 March	25 March	28 March	Cash Dividend	R0.13
Sasfin Prefs	17 March	18 March	25 March	28 March	Cash Dividend	R3.6205
Santam	17 March	18 March	25 March	28 March	Cash Dividend	R3.25
Sun International	17 March	18 March	25 March	28 March	Cash Dividend	R0.80
Sovereign	17 March	18 March	25 March	28 March	Cash Dividend	R0.13
Anglo American	25 March	28 March	1 April	28 April	Cash Dividend and reinvestment plan	R2.8906
Bidvest	25 March	28 March	1 April	4 April	Cash Dividend	R2.25
Sasfin	25 March	28 March	1 April	4 April	Cash Dividend	R0.49
Trencor	25 March	28 March	1 April	4 April	Cash Dividend	R1
Exxaro	1 April	4 April	8 April	11 April	Cash Dividend	R3
Fountainhead NPLs	1 April	4 April	8 April	11 April	Rights take up	1 FPTN converts into 1 FPT on take up at R6 per unit
Glenrand MIB	1 April	4 April	8 April	11 April	Scheme of arrangement	R2
Nedbank	1 April	4 April	8 April	11 April	Cash Dividend	R2.68
AECI	8 April	11 April	15 April	18 April	Cash Dividend	R1.35
Capital & Counties	8 April	11 April	15 April	19 April	Cash Dividend	GBP0.01
Group Five	8 April	11 April	15 April	18 April	Capital Reduction	R0.52

Mondi	8 April	11 April	15 April	12 May	Cash Dividend and reinvestment plan	R1.61324545
Steinhoff	8 April	11 April	15 April	18 April	Cash Dividend	R3.62
Wilson Bayly Holmes	8 April	11 April	15 April	18 April	Cash Dividend	R1.10
Afrox	14 April	15 April	21 April	26 April	Cash Dividend	R0.08
Brait	14 April	15 April	21 April	26 April	Rights issue	3 rights per 1 BAT
Mvela Resources	28 April	29 April	6 May	9 May	Unbundling and scheme of arrangement	83.5230 NHM and 9.5980 NHM per 100 MVL
Brimstone	6 May	9 May	13 May	16 May	Cash Dividend	R0.15
Country Bird	6 May	9 May	13 May	16 May	Capital reduction	R0.111
Mvela Resources	6 May	9 May	13 May	16 May	Scheme of arrangement	9.5980 NHM per 100 MVL
Afgri	13 May	16 May	20 May	23 May	Cash Dividend	R0.2415
Simmer and Jack	13 May	16 May	20 May	23 May	Unbundling	47.72727 VIL in addition to every 100 SIM
White Water Resources	13 May	16 May	20 May	23 May	Name change	Goliath Gold (GGM)
Spanjaard	20 May	23 May	27 May	30 May	Cash Dividend	R0.16
Capital Shopping	27 May	31 May	3 June	21 June	Cash Dividend	R1.15355

Source: JSE

## Company calendar – 8 March to 15 March

<b>Tuesday 8 March</b>	Uranium One finals Paracon AGM Hyprop shareholder meeting to approve Attfund deal
<b>Wednesday 9 March</b>	MTN finals MMI interims Gijima interims
<b>Thursday 10 March</b>	Sanlam finals Dawn interims
<b>Monday 14 March</b>	Clover interims Aveng Group interims Northam Platinum AGM
<b>Tuesday 15 March</b>	EOH interims Metair Investments finals

Source: I-Net, Company updates

## Economic calendar – 8 March to 15 March

Date	International	South Africa
<b>Tuesday 8 March</b>	<b>Japan</b> – January Current account <b>Germany</b> – January Industrial orders [13h00]	
<b>Wednesday 9 March</b>	<b>UK</b> – January Trade balance [13h00] <b>Germany</b> – January Industrial production [14h00]	
<b>Thursday 10 March</b>	<b>Japan</b> – Q4 GDP 2 <sup>nd</sup> estimate <b>EMU</b> – ECB monthly bulletin <b>Germany</b> – January Foreign trade [10h00] <b>UK</b> – January Industrial production [11h30] <b>UK</b> – BoE MPC rate announcement [14h00] <b>US</b> – January International trade [14h30] <b>US</b> – Initial jobless claims for previous week [14h30] <b>US</b> – Q4 Flow of funds [18h00]	January Manufacturing output [13h00]
<b>Friday 11 March</b>	<b>China</b> – February CPI <b>China</b> – February PPI <b>China</b> – February Fixed asset investment <b>China</b> – February Retail sales <b>China</b> – February Industrial production <b>Germany</b> – February CPI final [10h00] <b>US</b> – February Retail sales [14h30] <b>US</b> – March Consumer sentiment prelim [15h55]	
<b>Monday 14 March</b>	<b>Japan</b> – January Industrial production final <b>EMU</b> – January Industrial production [12h00]	
<b>Tuesday 15 March</b>	<b>Japan</b> – BoJ MPC meeting <b>EMU</b> – Q4 Employment [12h00] <b>US</b> – March Empire State survey [14h30] <b>US</b> – January Long term TIC data [15h00] <b>US</b> – March NAHB survey [16h00] <b>US</b> – FOMC meeting	

Sources: Bloomberg, StatsSA

## Key market indicators – Monday 7 March 2011

Indices	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
JSE All Share	32298.21	-0.12%	-1.51%	1.68%	0.56%	16.29%
JSE Fini 15	8016.05	-0.09%	-2.77%	1.48%	-1.90%	2.04%
JSE Indi 25	26597.89	0.39%	-0.71%	0.43%	-0.73%	21.18%
JSE Mining	38462.56	-0.62%	-2.74%	2.99%	3.41%	17.21%
JSE Resi 20	58801.99	-0.46%	-1.53%	4.61%	4.44%	19.40%
S&P 500	1325.51	-0.34%	1.41%	8.32%	5.40%	18.04%
DJI	12090.03	-0.66%	0.23%	6.43%	4.43%	15.76%
NASDAQ	2745.63	-1.40%	-0.30%	5.66%	3.50%	19.78%
Nikkei	10505.02	-1.76%	0.71%	3.59%	2.70%	3.54%
Hang Seng	23313.19	-0.41%	-2.49%	-0.49%	1.21%	13.30%
FTSE 100	5973.78	-0.28%	-0.16%	2.85%	0.05%	8.08%
CAC 40	3990.41	-0.74%	-1.14%	4.72%	4.88%	4.23%
DAX	7161.93	-0.24%	-0.44%	2.29%	3.58%	23.58%
ASX-ORD	4895.90	-1.26%	-0.48%	1.66%	1.01%	2.91%
JSE All Share (in US\$)	4699.29	-0.23%	3.68%	2.06%	-3.16%	26.48%
MS EM Index	1132.02	-0.57%	-0.10%	0.14%	-1.68%	17.75%
MS World Index	1338.87	-0.71%	0.67%	7.16%	4.59%	15.86%

Currencies	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Rand/US \$	6.87	-0.11%	5.27%	0.37%	-3.70%	8.77%
Rand/GB Pound	11.12	0.55%	5.12%	-2.13%	-7.29%	0.94%
Rand/Euro	9.59	0.05%	2.96%	-4.53%	-7.78%	5.82%
Rand/Aus \$	6.95	0.12%	5.79%	-2.27%	-2.78%	-3.29%
Yen/ US \$	82.29	0.02%	-0.78%	1.45%	-1.43%	8.34%
Swiss Franc/US \$	0.93	-0.08%	2.15%	6.64%	0.86%	16.23%
US \$/Euro	1.40	0.16%	-2.41%	-5.13%	-4.13%	-2.72%
US \$/GB Pound	1.62	0.46%	-0.38%	-2.74%	-3.61%	-7.21%
US \$/Aus \$	1.01	0.20%	0.25%	-2.85%	1.06%	-11.11%
Nominal Effective Exchange Rate (2000 = 100)	76.46	0.03%	-3.47%	2.46%	6.28%	-4.79%



	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
<b>Commodities</b>						
Gold \$/oz.	1433.63	0.27%	5.95%	2.26%	0.86%	26.67%
Platinum/oz.	1822	-1.11%	-0.90%	7.68%	2.94%	15.32%
Brent Crude \$/bbl	116.14	0.36%	14.25%	28.06%	22.58%	48.38%

Fixed income	Closing yield %
SA R157	7.91
US 2 YEAR	0.71
US 10 YEAR	3.53
UK 2 YEAR	0.76
UK 10 YEAR	3.75
EURO 2 YEAR	1.75
EURO 10 YEAR	3.27

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