

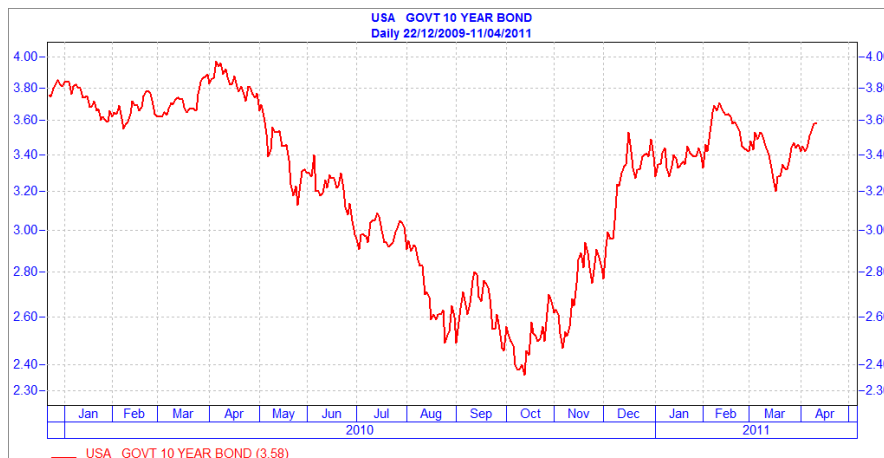
Today's highlights

- The state of the SA economy: Moving forward but not picking up speed
- Dividends and dividend yields: Property stocks
- Upcoming dividend dates and corporate actions
- Company calendar – 11 April to 15 April
- Economic calendar – 11 April to 15 April

Talking point: Republican vs Democrat as US tries to avert fiscal disaster

While golf loving South Africans were glued to their television sets last night watching the tense finale to the US Masters (which eventually saw local lad Charl Schwartzel take the coveted green jacket), an equally tense struggle has been on the go a little north of the Masters, in Washington DC. This is the struggle to agree on extending the US government's \$14.3 trillion debt ceiling, which is expected to be hit by 16 May. While the US government could push that out to July, thereafter it would face potential disaster, with a major default not beyond the realms of possibility (with repercussions for the rest of the world).

Despite the hardline approach by Republicans in Congress, particularly the more right wing Tea Party faction, bond markets seem to be saying that agreement will be reached and the ceiling extended. Despite the ballooning of debt since the financial crisis of 2008, bond yields are today lower than they were 10 years ago when the US government ran a budget surplus, according to Bloomberg. However the raising of the ceiling is likely to be secured only through the Democrats making major longer term concessions. These would include longer term budget cuts (including to defence) and major changes to contentious Obama laws, such as his healthcare laws. Budgets in the US are thus likely to become tighter in the coming years.



Source: I-Net Bridge

Market highlights

US equities fell on Friday, pushing the S&P 500 into the red for the week as investors fretted about the impact of higher oil prices on global growth.

The JSE closed higher on Friday despite a late sell off, with bellwether resources counters making solid gains over the day, offsetting weaker performances by banks and industrials.

The rand fed off a firmer euro on Friday, while bonds in their turn rose on the back of the firmer currency.

The weaker US dollar was good news for commodity bulls, with copper staging its biggest weekly gain since December, while gold hit another record high thanks to worries of an enforced shutdown of some US government functions if politicians cannot agree to raising the US government debt ceiling.

Key indicators in a nutshell – Friday 8 April 2011

Key indicators	Last price	1 Day	1 Month	1 Quarter	Year date to	1 Year
JSE All Share	32806.27	0.53%	3.10%	3.49%	2.14%	12.10%
S&P 500	1328.17	-0.40%	0.62%	4.60%	5.61%	12.32%
Nikkei	9768.08	1.85%	-7.76%	-7.33%	-4.51%	-13.50%
Rand/US \$	6.63	0.45%	3.13%	2.66%	-0.22%	9.41%
Rand/GB Pound	10.86	0.08%	2.14%	-2.43%	-5.12%	1.90%
US\$/Euro	1.45	-1.27%	-4.01%	-10.50%	-7.59%	-7.86%
Gold \$/oz.	1474.96	1.13%	3.19%	7.26%	3.77%	28.48%

Company results and updates

BHP Billiton has announced that it has bought back US\$6.3bn worth of its own shares.

Brazilian resources giant Vale is offering to buy the whole of Metorex for R7.5bn or 735c a share, in an all cash deal.

Astrapak expects to report a decline in HEPS on continuing operations for the year to February, by between 35% and 40% (to between 76c and 70.1c). Astrapak reports on 9 May.

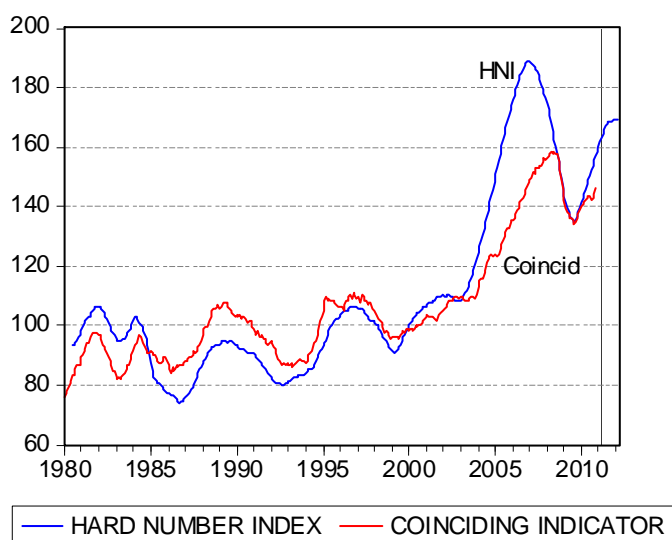
Daily ideas

The state of the SA economy: Moving forward but not picking up speed

We have updated our Hard Number Index (HNI) of the state of the SA economy to March 2011. The HNI combines two very up-to-date hard numbers, unit vehicle sales and the note issue of the Reserve Bank adjusted for Consumer Prices to form a business cycle indicator.

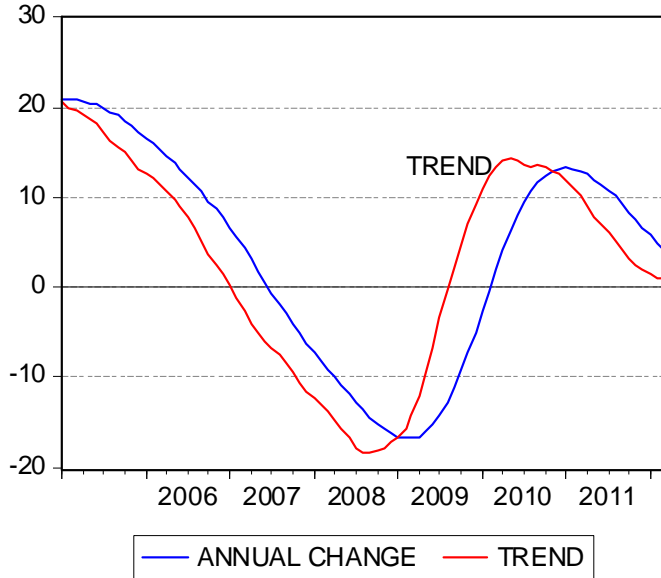
The HNI continued to move higher in March, though the speed at which the economy is moving forward (the rate of change of the HNI itself) has probably stabilised and may well slow down. We also compare the HNI with the Co-Inciding Business Cycle Indicator of the Reserve Bank that is only updated to January 2011. The turning points of the two Indexes are well aligned making the HNI a good and up to date leading indicator of the current state of the economy

The Hard Number Index and the Reserve Bank Coinciding Business Cycle Indicator



Source: Naamsa, SA Reserve Bank and Investec Wealth and Investment

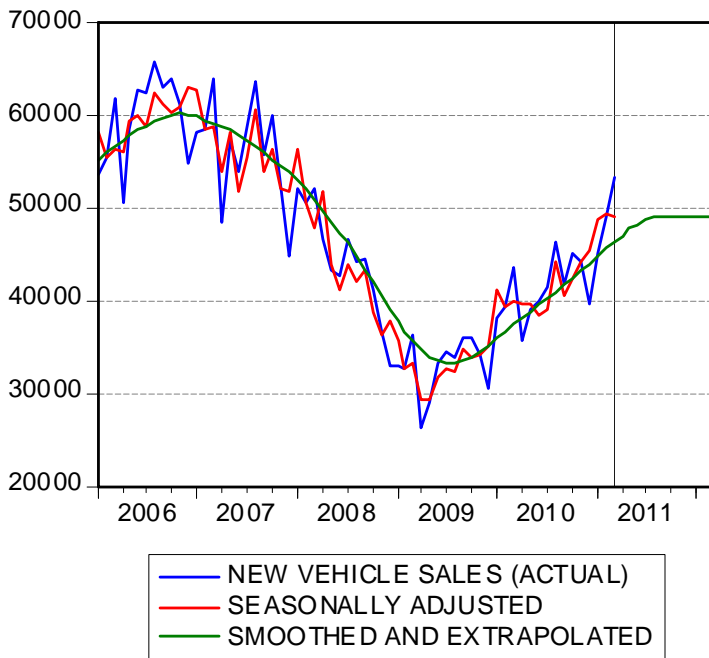
The rate of change of the Hard Number Index (the second derivative of the business cycle)



Source: Naamsa, SA Reserve Bank and Investec Wealth and Investment

The strength of the HNI owes much more to the growth in new vehicle sales than it does to the growth in note issue. We have considered the state of the vehicle market before and suggested that the growth rates in unit sales may well have reached a peak rate of growth of about 23% a year.

New Vehicle Unit Sales



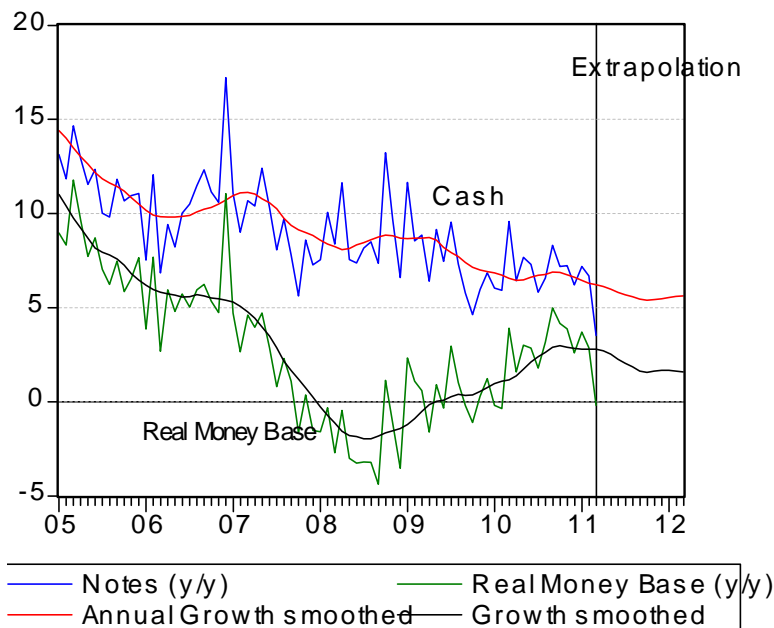
Source: Naamsa, SA Reserve Bank and Investec Wealth and Investment

The growth in note issue (central bank money) indicates the thrust of monetary policy. Central bank money is held either as notes in the pockets and purses of individuals, or as cash reserves held by the banking system with the Reserve Bank. SA banks do not hold excess reserves over and above the required cash to bank deposit reserve ratio. They satisfy the demand for cash reserves required of them by borrowing cash from the Reserve Bank. The cost of these borrowed reserves is the repurchase rate set by the Reserve Bank that then establishes the benchmark for all short term interest rates.

The modus operandi of the SA Reserve Bank is to set its repo rate according to its judgment about the outlook for inflation and the real economy and to satisfy all demands for cash from the public and the banks. Thus the supply of Reserve Bank cash to the system is set by the demands for cash.

The extra demands for cash by the public to spend or by the banks to support their deposits continue to slow down. It is lower inflation rather than quantitative easing that has allowed the real supply of cash to grow and to add a little extra momentum to the HNI. With inflation picking up this contribution is likely to weaken unless the demands for cash pick up.

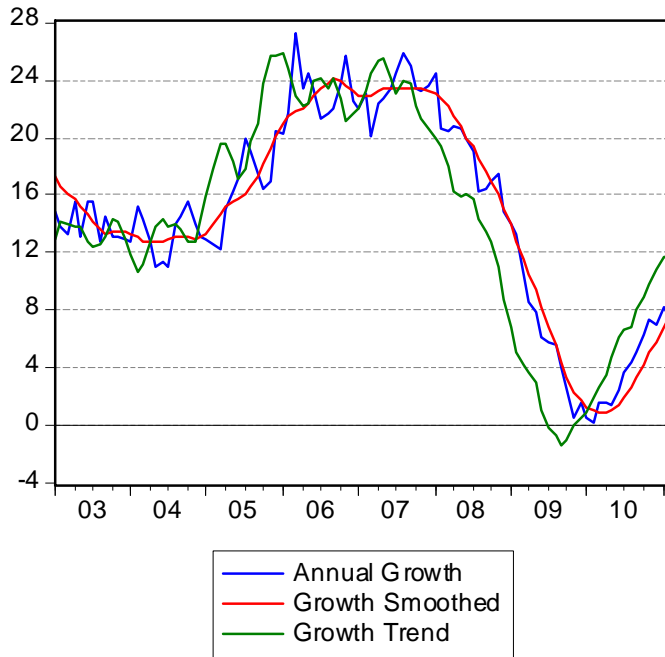
The growth in the supply of cash and the real money base



Source: SA Reserve Bank and Investec Wealth and Investment

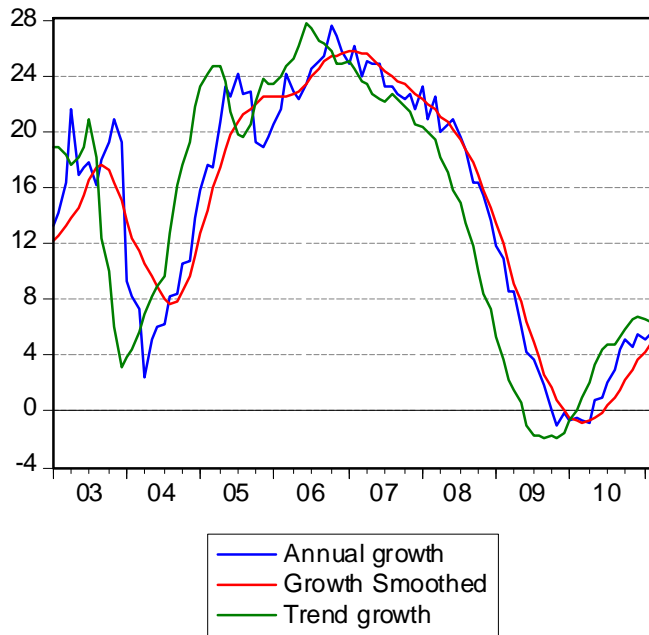
The weakness in the demands for extra cash reserves by the banks is well explained by the modest growth in bank credit and their corresponding liabilities that make up the broadly defined money supply. The liabilities side of bank balance sheets in SA seem to be growing somewhat faster than that of their lending to the private sector. Though both the broadly defined money supply and bank credit cycles have clearly passed through a trough after the sharp declines from their heady heights of 2006-07 when growth peaked at about a 25% annual rate. Growth however remains somewhat subdued indicating perhaps that interest rates in SA should have been lower to encourage demands for money and credit consistently with potential output and employment growth.

The Money Supply (M3) Cycle



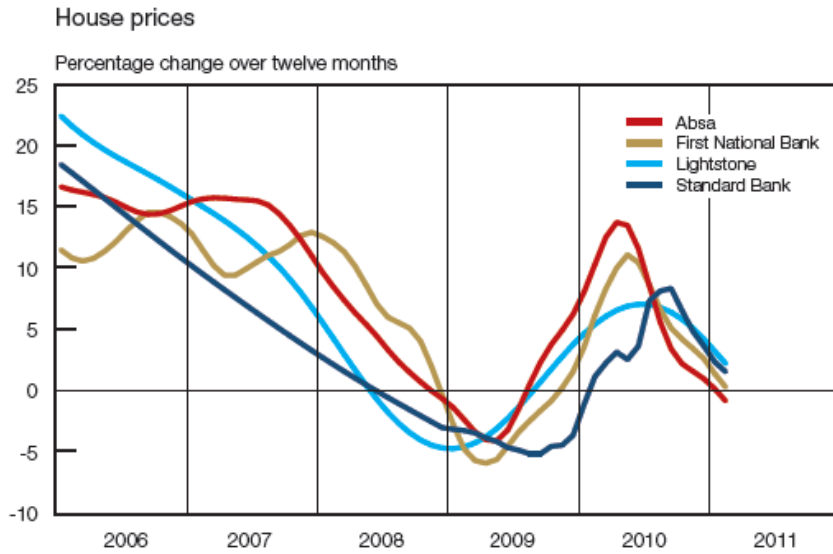
Source: SA Reserve Bank, Investec Wealth and Investment

The Bank Credit supplied to Private Sector Cycle



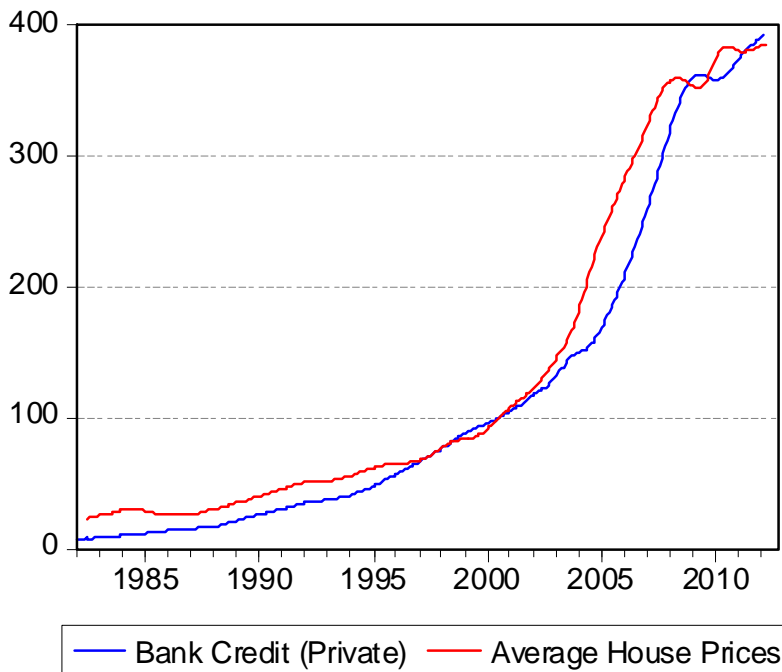
Source: SA Reserve Bank, Investec Wealth and Investment

The key to bank lending and the money supply supplied by the Reserve Bank as cash and by the commercial banks as deposits is the demand for mortgage finance. And the key to mortgage lending and bank credit supplied by the banks generally is house prices. House price inflation leads the growth in bank credit.



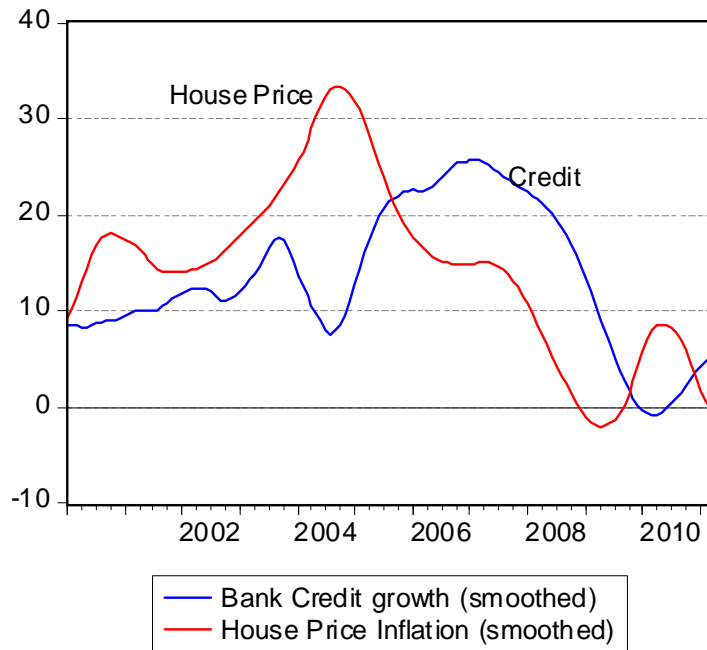
Source: SA Reserve Bank

The Supply of Bank Credit and House Prices Indexes (2000=100)



Source: SA Reserve Bank and Investec Wealth and Investment

House price Inflation and the growth in Bank Credit

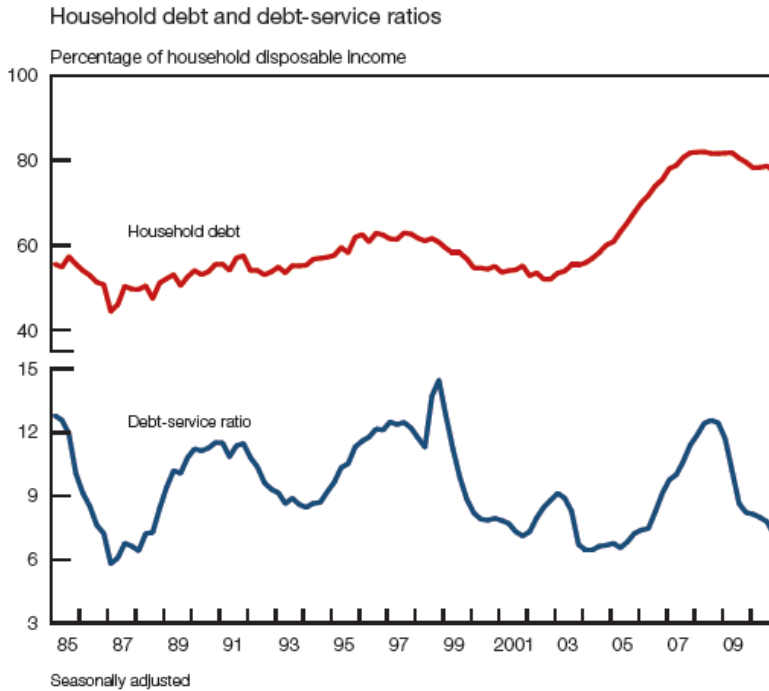


Source: SA Reserve Bank and Investec Wealth and Investment

With house prices barely up on a year before, mortgage lending by the banks remains understandably subdued. It will take a pick up in house prices to add significant momentum to the credit and money supply cycles.

The key to the demand for homes and so house prices is the growth in employment and disposable incomes. Those with jobs are seeing good growth in their after inflation disposable incomes. But employment growth outside the public sector remains very weak. While household debt ratios have declined little from their boom time peak of 80% of disposable incomes, the average SA household has enjoyed about a 10% increase in their net wealth over the past year.

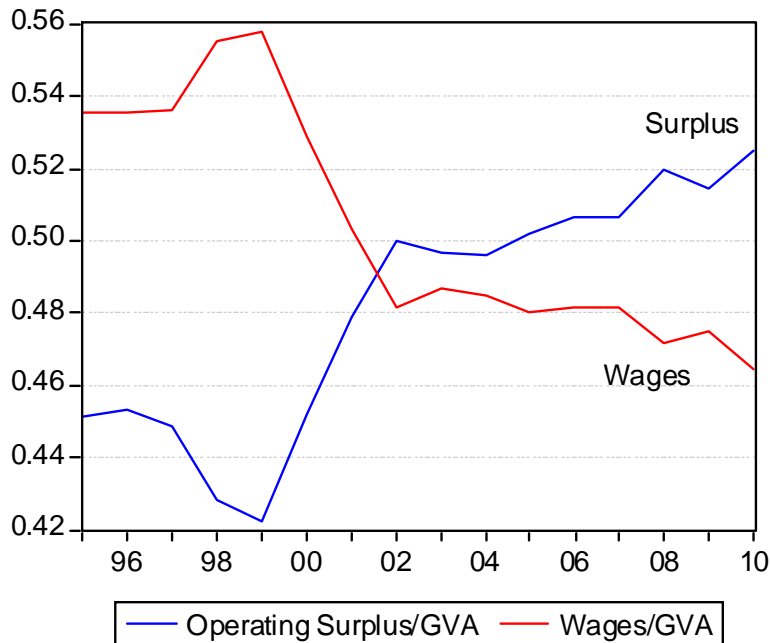
Net wealth runs at about 3.65 times disposable incomes according to the Reserve bank and debt service to disposable incomes ratios are now at record low levels of about 8% thanks to lower interest rates.



Source: SA Reserve Bank

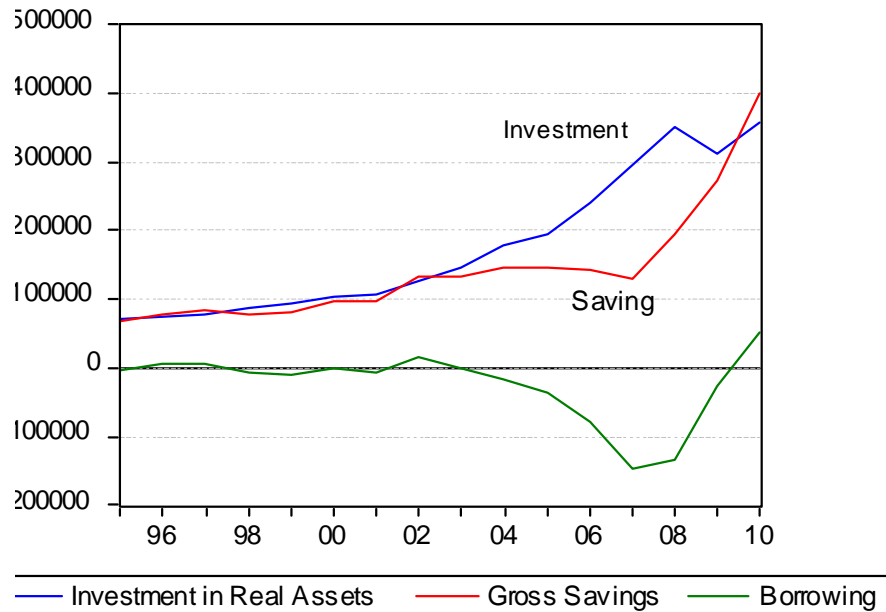
Among the other ingredients that will help the economy continue to move forward are strong business balance sheets. 2010 was a year in which SA business became more profitable, saving more and investing less, thus not incurring new debt.

The Operating Surplus and Wage Payments to Value Added Ratios; Non-financial Corporations



Source: SA Reserve Bank and Investec Wealth and Investment

SA Non Financial Corporations – Savings and Capital Formation and Inventory Accumulation



Source: SA Reserve Bank and Investec Wealth and Investment

This reluctance to invest has brought record low levels of inventories compared to GDP as well as a decline in Gross Fixed Capital Formation by business. With household spending growing at about a 5% rate, business is very likely to put balance sheet strength to work to add to inventories and capacity and also to provide extra credit for their customers. Export revenues are also rising strongly.

The economy therefore seems well set to sustain its forward momentum. However the money and credit supply trends indicate very clearly that there is no reason at all to raise interest rates at this stage of the business cycle. **Brian Kantor**

Dividends and dividend yields: Property stocks

In the last in our series of dividends and dividend yields, we look at the property sector, a sector that has seen an upsurge in corporate activity in recent months. Yields still look quite healthy out to 2013, mostly in a range of 9% to 10% (an exception is Capital Shopping Centres at 4.6%, but this reflects yields available in the UK market). Bear in mind that these yields are all pre-tax.

It will be interesting to see what yields of the new listings coming to the market will be (Investec Property Fund lists this week), and whether some of the mooted deals (like Hyprop's merger with the unlisted Attfund) will be yield enhancing or not. All in all, it should be an interesting year for the sector. **Patrick Lawlor**

		Current	Published (at FYE)		F2011		F2012		F2013	
Name	FYE	Price	DPS	DPS	DPS	DPS	DPS	DPS	DPS	DPS
ACUCAP	31/03/2010	3500	259.26	7.4%	274.8	7.9%	292.2	8.3%	312.6	8.9%
CAPITAL PROPERTY	31/12/2010	782	60.14	7.7%	66	8.4%	71.6	9.2%	77.1	9.9%
CAPSHOP	31/12/2010	4215	159.16	3.8%	169	4.0%	176	4.2%	195.7	4.6%
EMIRA	30/06/2010	1301	108.08	8.3%	114.8	8.8%	122.4	9.4%	131	10.1%
FOUNTAINHEAD	30/09/2010	645	54.08	8.4%	55.8	8.7%	59.4	9.2%	62.1	9.6%
GROWTHPOINT	30/06/2010	1765	121.2	6.9%	130.9	7.4%	140.7	8.0%	153	8.7%
HOSPITALITY-A	30/06/2010	1365	116.3	8.5%	122.2	9.0%	128.3	9.4%	134.7	9.9%
HYPROP	31/12/2010	5216	357	6.8%	384.2	7.4%	416	8.0%	451.1	8.6%
REDEFINE	31/08/2010	766	66.5	8.7%	70	9.1%	73.2	9.6%	79.1	10.3%
RESILIENT	31/12/2010	3015	211.83	7.0%	229.1	7.6%	249	8.3%	268	8.9%
SA CORPORATE	31/12/2010	323	28.42	8.8%	29.9	9.3%	31.8	9.8%	34	10.5%
SYCOM PROP FUND	31/03/2010	2050	159.34	7.8%	159.5	7.8%	171.5	8.4%	186.6	9.1%
VUKILE	31/03/2010	1404	107.9	7.7%	115.3	8.2%	123.7	8.8%	133.3	9.5%

Source: I-Net Bridge consensus forecasts

Upcoming dividend dates and corporate actions

Share/security	Last day to trade	Ex-dividend	Record date	Pay date	Description	Per share amount/result
AECI	8 April	11 April	15 April	18 April	Cash Dividend	R1.35
Beige	8 April	11 April	15 April	18 April	Rights issue	1.53203 BEGN per 100 BEG
Capital & Counties	8 April	11 April	15 April	19 April	Cash Dividend	GBP0.01
Ceramic	8 April	11 April	15 April	18 April	Cash Dividend	R1.40
Group Five	8 April	11 April	15 April	18 April	Capital Reduction	R0.52
Howden	8 April	11 April	15 April	18 April	Cash Dividend	R0.15
Iliad	8 April	11 April	15 April	18 April	Cash Dividend	R0.20
Marshall Monteagle	8 April	11 April	15 April	29 April	Cash Dividend	R0.1030185
Metair	8 April	11 April	15 April	18 April	Cash Dividend	R0.65
Mondi	8 April	11 April	15 April	12 May	Cash Dividend and reinvestment plan	R1.61324545
Old Mutual	8 April	11 April	15 April	31 May	Cash or scrip dividend	GBP0.029 or shares
Steinhoff Prefs	8 April	11 April	15 April	18 April	Cash Dividend	R3.62
Tradehold	8 April	11 April	15 April	18 April	Rights issue	298.94835 TDHN per 100 TDH
Wilson Bayly Holmes	8 April	11 April	15 April	18 April	Cash Dividend	R1.10
Advtech	14 April	15 April	21 April	26 April	Cash Dividend	R0.025
Advtech	14 April	15 April	21 April	26 April	Capital reduction	R0.11
Afrox	14 April	15 April	21 April	26 April	Cash Dividend	R0.08
Cashbuild	14 April	15 April	21 April	26 April	Cash Dividend	R1.57
Glenrand MIB	14 April	15 April	21 April	26 April	Scheme of arrangement	R2 a share
Brait	14 April	15 April	21 April	26 April	Rights issue	3 rights per 1 BAT
Anglo Plat	19 April	20 April	29 April	3 May	Name change	Anglo American Platinum
Nail and Nail N	19 April	20 April	29 April	3 May	Cash dividend	R0.176
Netcare Prefs	19 April	20 April	29 April	3 May	Cash dividend	R3.4161
Oando Oil	19 April	20 April	29 April	31 August	Cap issue	1 OAO for every 4 OAO held
Oando Oil	19 April	20 April	29 April	31 August	Cash dividend	R0.1177702
SBR003	19 April	20 April	29 April	3 May	Interest	R1.41
Sanlam	19 April	20 April	29 April	10 May	Cash Dividend	R1.15
Brait	28 April	29 April	6 May	9 May	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
Tradehold NPLs	28 April	29 April	6 May	9 May	Rights take up	1 TDHN converts to 1 TDH at R6.26
Beige NPLs	6 May	9 May	13 May	16 May	Rights take up	1 BEGN converts to 1 BEGP2 at R1 a share
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

Cipla Medpro	6 May	9 May	13 May	16 May	Cash Dividend	R0.06
Mvela Resources	6 May	9 May	13 May	16 May	Scheme of arrangement	9.5980 NHM per 100 MVL
Afgri	12 May	13 May	20 May	23 May	Cash Dividend	R0.2415
Brait	12 May	13 May	20 May	23 May	Rights issue	3 rights per 1 BAT
CIL	12 May	13 May	20 May	23 May	Consolidation	1 new CIL per 10 old CIL
Simmer and Jack	12 May	13 May	20 May	23 May	Unbundling	47.72727 VIL in addition to every 100 SIM
White Water Resources	12 May	13 May	20 May	23 May	Name change	Goliath Gold (GGM)
UCS	12 May	13 May	20 May	23 May	Unbundling	34 BCX per 100 UCS
JSE	20 May	23 May	27 May	30 May	Cash Dividend	R2.10
Spanjaard	20 May	23 May	27 May	30 May	Cash Dividend	R0.16
Basil Read	27 May	31 May	3 June	6 June	Cash Dividend	R0.30
Capital Shopping	27 May	31 May	3 June	21 June	Cash Dividend	R1.15355
ELB	27 May	31 May	3 June	6 June	Cash Dividend	R0.15
ELB Prefs	27 May	31 May	3 June	6 June	Cash Dividend	R0.06
Brait NPLs	3 June	6 June	10 June	15 June	Rights take up	1 right converts to 1 BAT at R16.50
SBR002	3 June	6 June	10 June	15 June	Interest	R1.45
Freeworld	9 June	10 June	17 June	tbc	Minority offer	R12 per share tendered
JOZI03	9 June	10 June	17 June	21 June	Interest	R14.90
Brait NPLs	17 June	20 June	24 June	27 June	Rights take up	1 right converts to 1 BAT at R16.50
Capitec	17 June	20 June	24 June	27 June	Cash Dividend	R2.05

Source: JSE

Company calendar – 11 April to 15 April

Monday 11 April	Zeder finals
Thursday 14 April	Aveng interims Clicks interims Business Connexion interims Investec Property Fund lists on JSE
Friday 15 April	Evraz Steel quarterlies

Source: I-Net, Company updates

Economic calendar – 11 April to 15 April

Date	International	South Africa
Monday 11 April	China – March Foreign trade China – March Money supply and bank loans	
Tuesday 12 April	Germany – March CPI final [09h00] Germany – April ZEW Business survey [12h00] UK – March CPI [11h30] US – February International trade [14h30]	
Wednesday 13 April	EMU – February Industrial production [12h00] US – March Retail sales [14h30] US – Fed Beige Book [20h00]	
Thursday 14 April	US – Initial jobless claims for previous week [14h30] US – March PPI [14h30]	
Friday 15 April	China – Q1 GDP China – March CPI China – March PPI China – March Fixed asset investment China – March Retail sales China – March Industrial production Japan – February Industrial production final EMU – February Foreign trade [12h00] US – March CPI [14h30] US – April Empire State survey [14h30] US – February TIC data [15h00] US – March Industrial production [15h15] US – April Consumer sentiment prelim [15h55]	

Sources: Bloomberg

Key market indicators – Friday 8 April 2011

Indices	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
JSE All Share	32806.27	0.53%	3.10%	3.49%	2.14%	12.10%
JSE Fini 15	8301.14	-0.36%	3.70%	1.29%	1.59%	1.65%
JSE Indi 25	26978.45	-0.10%	1.60%	2.87%	0.69%	19.20%
JSE Mining	38549.76	1.73%	3.56%	5.20%	3.64%	9.27%
JSE Resi 20	58936.19	1.53%	3.65%	6.34%	4.68%	11.09%
S&P 500	1328.17	-0.40%	0.62%	4.60%	5.61%	12.32%
DJI	12380.05	-0.24%	1.37%	6.38%	6.93%	13.60%
NASDAQ	2780.42	-0.56%	1.04%	2.68%	4.81%	14.37%
Nikkei	9768.08	1.85%	-7.76%	-7.33%	-4.51%	-13.50%
Hang Seng	24396.07	0.47%	2.46%	3.00%	5.91%	11.25%
FTSE 100	6055.75	0.81%	2.00%	1.67%	1.42%	5.10%
CAC 40	4061.91	0.83%	1.71%	6.84%	6.76%	0.87%
DAX	7217.02	0.53%	1.19%	5.25%	4.38%	15.98%
ASX-ORD	5036.50	0.62%	3.56%	4.52%	3.91%	1.07%
JSE All Share (in US\$)	4945.69	0.99%	6.32%	6.25%	1.92%	22.64%
MS EM Index	1206.03	0.32%	6.20%	6.15%	4.75%	15.63%
MS World Index	1351.43	0.46%	0.88%	5.94%	5.57%	11.38%

Currencies	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Rand/US \$	6.63	0.45%	3.13%	2.66%	-0.22%	9.41%
Rand/GB Pound	10.86	0.08%	2.14%	-2.43%	-5.12%	1.90%
Rand/Euro	9.60	-0.84%	-0.66%	-8.13%	-7.89%	1.11%
Rand/Aus \$	7.01	-0.69%	-1.27%	-3.48%	-3.64%	-3.90%
Yen/ US \$	84.73	0.27%	-2.25%	-2.38%	-4.27%	10.07%
Swiss Franc/US \$	0.91	1.08%	2.59%	6.58%	3.10%	18.44%
US \$/Euro	1.45	-1.27%	-4.01%	-10.50%	-7.59%	-7.86%
US \$/GB Pound	1.64	-0.40%	-1.10%	-4.85%	-4.71%	-6.98%
US \$/Aus \$	1.06	-1.02%	-4.47%	-5.86%	-3.22%	-12.27%
Nominal Effective Exchange Rate (2000 = 100)	78.24	-0.14%	-2.01%	2.30%	3.86%	-2.35%

	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Commodities						
Gold \$/oz.	1474.96	1.13%	3.19%	7.26%	3.77%	28.48%
Platinum/oz.	1813	1.63%	0.64%	4.05%	2.43%	6.46%
Brent Crude \$/bbl	126.76	3.37%	10.70%	33.56%	33.78%	47.60%

Fixed income	Closing yield %
SA R157	7.67
US 2 YEAR	0.81
US 10 YEAR	3.58
UK 2 YEAR	0.74
UK 10 YEAR	3.82
EURO 2 YEAR	1.92
EURO 10 YEAR	3.48

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