

Today's highlights

- Equity and currency markets: Oil price calls the tune?
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- Company calendar – 18 April to 22 April
- Economic calendar – 18 April to 22 April

Talking point: The March of inflation

South Africans may have half an eye on their Easter holiday plans, but there are some important releases due out before things go quiet. We deal with the company results coming up elsewhere in Daily View, but the important one for economy watchers is the CPI release for March, due out on Wednesday.

A poll of leading economists by I-Net Bridge has inflation coming in at a 12 month rate of 3.9%, up from the 3.7% reading in February. However a reading above this number would not be a surprise as March is a busy survey month for inflation, and these numbers will incorporate some of the duties that were increased in the Budget. As with elsewhere in the world, food and fuel prices are placing upward pressure on inflation rates. However central bankers (here and abroad) would do well to take note of the slack in other parts of the economy before hiking rates.

On the topic of global inflation, China announced new hikes in reserve requirements over the weekend, in moves to cool the economy down further and rein in inflation, which hit an above-expectation 5.4% in March. It seems China is taking a more robust approach to curbing demand than we had at first thought, given that base effects are likely to see inflation rates drift down later in the year. It will be interesting to see how its approach works out over the coming months.

Market highlights

Wall Street closed higher on Friday thanks to some positive economic data, but the focus this week is likely to be on earnings numbers, with a fifth of S&P 500 constituent companies due to report this week.

The JSE finished a mixed week on a softer note on Friday, as weaker resources and banking shares led the way down.

The rand was little changed in thin trade on Friday, while bonds were firmer on the back of increased foreign interest.

Worries about Chinese inflation and a strong policy response from the authorities weighed on copper prices on Friday, but gold and oil prices were higher, the latter on improving economic data in the US.

Key indicators in a nutshell – Friday 15 April 2011

Key indicators	Last price	1 Day	1 Month	1 Quarter	Year date to	1 Year
JSE All Share	32227.66	-0.59%	5.28%	-0.27%	0.34%	9.25%
S&P 500	1319.68	0.39%	5.00%	2.04%	4.93%	9.01%
Nikkei	9591.52	-0.65%	5.47%	-8.68%	-6.23%	-14.40%
Rand/US \$	6.79	0.59%	5.54%	1.06%	-2.58%	7.56%
Rand/GB Pound	11.07	0.81%	3.42%	-1.32%	-6.91%	2.17%
US\$/Euro	1.44	0.39%	-3.77%	-7.96%	-7.24%	-5.36%
Gold \$/oz.	1486.5	0.78%	6.09%	9.09%	4.58%	29.09%

Company results and updates

Pick 'n Pay reported HEPS for the year to February of 189.35c, a decline of 18.3%. A total dividend for the year of 142.5cps was declared, down from 174.5cps previously.

Bauba Platinum reported a headline loss per share for the six months to December of 33c, from previous HEPS of 2c.

Eastern Platinum produced 25 387oz in the March quarter (down from 32 752oz in the December quarter) and hoisted 62 498t of chrome, down from 79 461t previously.

B&W Instrumentation reported HEPS for the six months to February of 6c, down from a previous 15.4c.

Ingenuity Property reported HEPS for the six months to February of 1c, up from 0.6c previously.

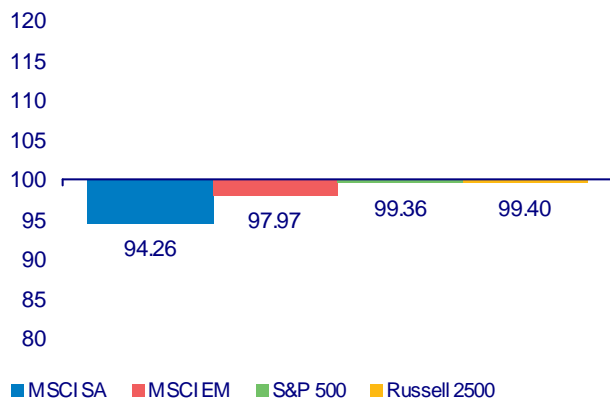
Gold Fields has acquired an 18.9% interest in the Tarkwa and Damang gold mines in Ghana from IAMGold, for US\$667m.

Daily ideas

Equity and currency markets: Oil price calls the tune?

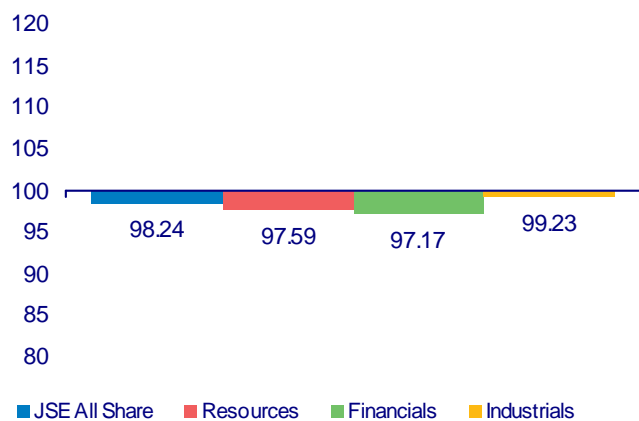
Last week was not a good week for the JSE or the rand. The SA component of the MSCI emerging market index lost over 5% of its US dollar value at the beginning of last week compared to a loss of just over 2% recorded for the benchmark EM Index itself. The rand lost 2.4% of its US dollar value by the weekend and about the same against the weighted average currencies of its trading partners. Rand weakness versus the Aussie dollar, another commodity currency, was of the same order of magnitude.

Share market performance in USD, 10 to 16 April (10 April = 100)

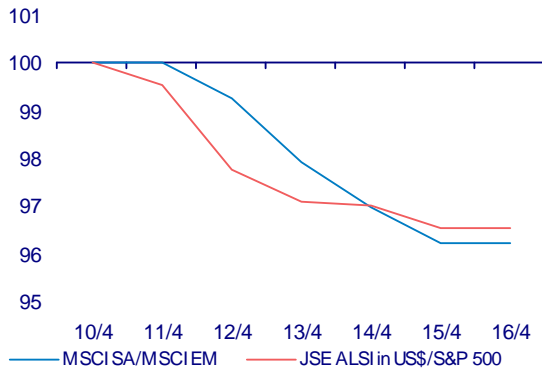


Source: Bloomberg, Investec Securities

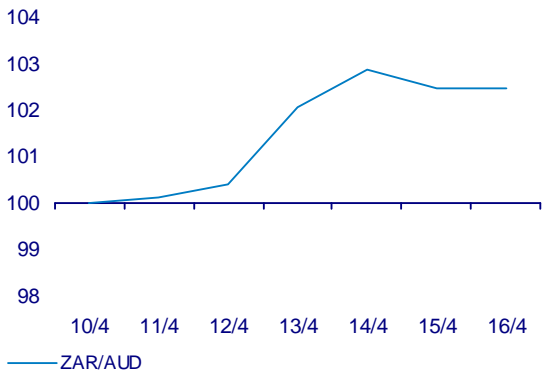
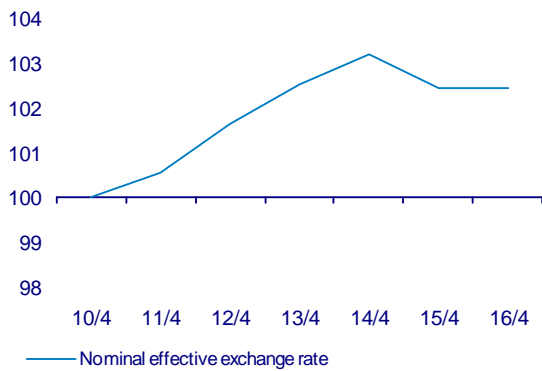
Share market performance in rands, 10 to 16 April (10 April = 100)



Source: Bloomberg, Investec Securities

Relative Performance (10 April = 100)

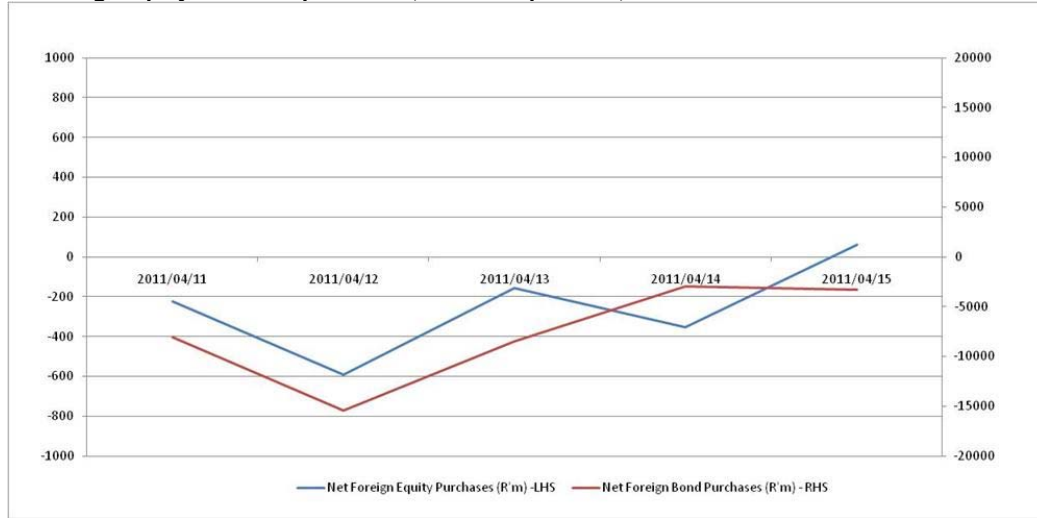
Source: Bloomberg, Investec Securities

Relative Performance (10 April = 100) - Higher numbers indicate currency weakness

Source: Bloomberg, Investec Securities

Thus rand weakness was mostly behind the relative underperformance of the JSE. The issue then is what was behind rand weakness itself. Not surprisingly in these circumstances foreigners were net sellers of SA equities through the week and modest net buyers of SA rand denominated bonds.

Net foreign equity and bond purchases, 11 to 15 April 2011, R millions

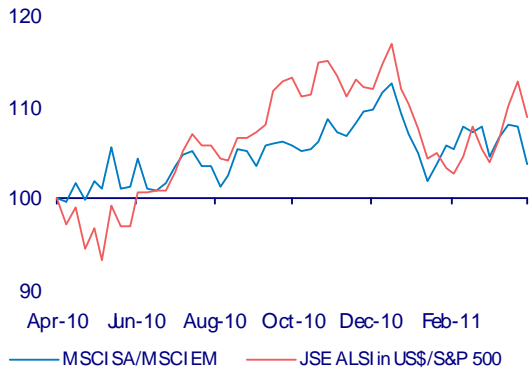


Source: I-Net Bridge Investec Wealth and Investment

Or, to put it the other way round, locals were net buyers of JSE listed stocks – though not enthusiastically enough to prevent a modest 1.76% decline in the rand value of the JSE. For every foreign net seller there has to be an equal and opposite net SA buyer and vice versa. When share prices generally fall it may be inferred that the sellers were more determined to sell than the buyers were keen to take stock off their hands.

Over the past 12 months it is foreign investors who have been the keen buyers and locals the less keen sellers, enough for the JSE and MSCI SA to have proved outperformers in a generally improved market.

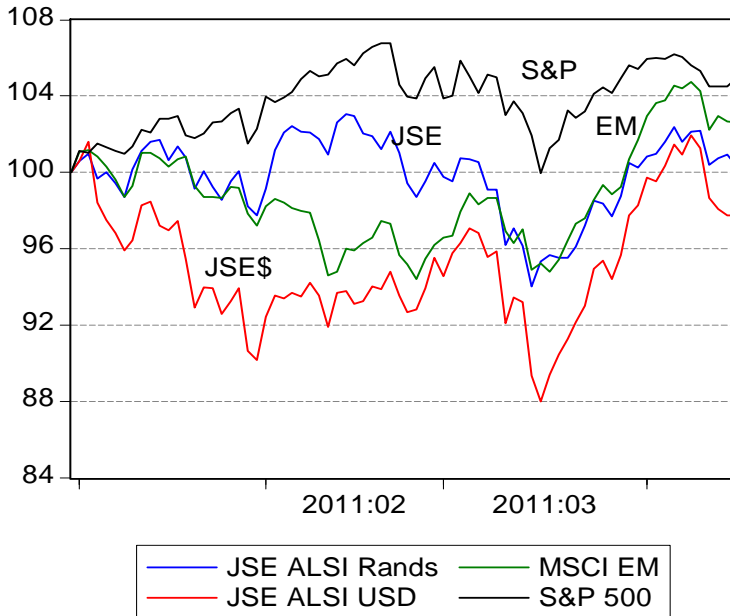
Relative Equity Performance (10 April 2010 = 100)



Source: Bloomberg, Investec Securities

This year the S&P has proven to be a modest outperformer, with the JSE in US dollars and rands lagging behind and barely maintaining its values of 1 January 2011. We continue to argue that the most obviously least demandingly valued market is the S&P 500 with the JSE marginally less attractive than the MSCI EM. However we do not expect the performance of these three equity indexes to diverge greatly, dependent as they all are on global growth.

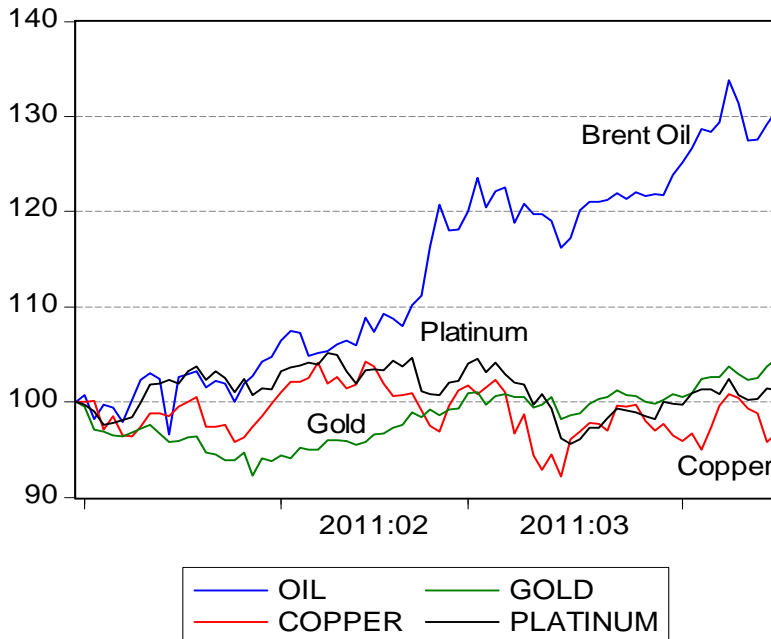
Relative Equity Performance 2011 (1 January 2011 = 100)



Source: I-Net Bridge Investec Wealth and Investment

The strength of the global economy is reflected in commodity and metal prices. These as we show below have mostly moved sideways rather than higher over the past four months. However the great exception has been the price of oil as we show below.

Oil and Metal Prices 2011 (1 January 2011 = 100)



Source: I-Net Bridge Investec Wealth and Investment

Oil price shocks of this kind are more the result of the threat to supplies of oil from the Middle East than the impact of additional demands for oil emanating from an expanding global economy. As such they represent a threat to global growth and to other commodity and metal prices. Higher fuel prices absorb spending power and threaten higher inflation and higher interest rates. And

so they also represent a danger to equity markets and to commodity currencies that do not have much oil or energy in their export baskets. In this regard the Aussie dollar may be somewhat better insulated than the rand.

Ideally from the perspective of investors in equities and resources (other than in oil and oil producers) the oil price will decline as fears about disrupted supplies decline. This will improve the outlook for growth, inflation and interest rates. A mixture of lower oil prices and stable, not necessarily higher, other commodity prices would be the right stuff for equity markets and the rand. Still higher oil prices would not be at all welcome. **Brian Kantor**

Week at a glance: Upcoming results

A few more companies are due to report this week ahead of the Easter holidays. Pick n Pay reported this morning and the likes of Datacentrix, Combined Motor Holdings, DRDGold, PSG and Altech report later in the week. We feature the companies covered by I-Net Bridge consensus forecasts in the table below (Datacentrix, DRD and Altech).

All three companies have released trading updates in recent weeks: Datacentrix expects full year HEPS to be up by between 10% and 15%; Altech expects HEPS for the year to be down by between 11% and 16%; and DRDGold expects gold production to be down by 3%, with cash operating unit costs 6% higher.

As alluded to above, there are no consensus forecasts for CMH or PSG, but both should be of interest to the market, CMH because of the recovery in vehicle sales and PSG for its holdings in Capitec, Zeder and Paladin Capital. CMH expects HEPS for the year to February to be 40% to 50% higher; while PSG expects recurring HEPS to be between 16.2% and 17.2% higher. **Patrick Lawlor**

	Company		Year end	Prev FY EPS	Next FY EPS (I-Net)	2yr (I-Net)	Next DPS (I-Net)	Rec (I-Net)	Price	FPE
19/04	Datacentrix	F	February	40.5	46.5	52.8	30	Hold	470	10
19/04	DRDGold	Q	June	12.9	27.6	31.8	5.8	Sell	366	13.3
20/04	Altech	F	February	562	522	612.5	314	Hold +	5740	11

F = final, I = interim, Q = quarterly; EPS = earnings per share; DPS = dividend per share; FY = full year;

FPE = forward PE

All prices, earnings and dividends in cents per share

Upcoming dividend dates and corporate actions

Share/security	Last day to trade	Ex-dividend	Record date	Pay date	Description	Per share amount/result
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
Telemasters	19 April	20 April	29 April	3 May	Cash Dividend	R0.04
Phumelela	28 April	29 April	6 May	9 May	Cash Dividend	R0.25
Vividend	28 April	29 April	6 May	9 May	Interest	R0.0996
Tradehold NPLs	28 April	29 April	6 May	9 May	Rights take up	1 TDHN converts to 1 TDH at R6.26
Zeder	28 April	29 April	6 May	9 May	Cash Dividend	R0.04
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
Miranda NPLs	12 May	13 May	20 May	23 May	Rights take up	1 MMHN converts into 1 MMH on take up at R0.73 a share
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	34.087 BCX and 8.428 Business Connection Group A shares 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
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Source: JSE

Company calendar – 18 April to 22 April

Tuesday 19 April	SABMiller quarterly update CMH finals Datacentrix finals DRDGold March quarterlies
Wednesday 20 April	Altech finals BHP Billiton March quarterly production and exploration report
Thursday 21 April	Anglo American AGM Kumba March quarterly production

Source: I-Net, Company updates

Economic calendar – 18 April to 22 April

Date	International	South Africa
Monday 18 April	US – April NAHB survey [16h00] EMU – April Consumer confidence prelim [17h00]	
Tuesday 19 April	Germany – April PMI flash [10h30] EMU – April PMI flash 11h00] EMU – February Balance of payments [11h00] US – March Housing starts [14h30]	
Wednesday 20 April	Japan – March Trade balance Germany – March PPI [09h00] UK – MPC minutes [11h30] UK – March Public sector finances [11h30] US – March Existing home sales [16h00]	March CPI [11h00]
Thursday 21 April	Germany – April IFO Business confidence [11h00] UK – March Retail sales [11h30] US – Initial jobless claims for previous week [14h30] US – March Leading indicators [16h00]	
Friday 22 April		Good Friday – Markets closed

Sources: Bloomberg, StatsSA

Key market indicators – Friday 15 April 2011

Indices	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
JSE All Share	32227.66	-0.59%	5.28%	-0.27%	0.34%	9.25%
JSE Fini 15	8066.22	-1.15%	4.16%	-2.19%	-1.29%	-1.10%
JSE Indi 25	26769.87	-0.16%	5.12%	0.28%	-0.08%	18.22%
JSE Mining	37840.86	-0.80%	6.37%	0.16%	1.74%	4.98%
JSE Resi 20	57513.00	-0.91%	5.43%	0.59%	2.15%	6.51%
S&P 500	1319.68	0.39%	5.00%	2.04%	4.93%	9.01%
DJI	12341.83	0.46%	6.27%	4.70%	6.60%	10.96%
NASDAQ	2764.65	0.16%	5.65%	0.34%	4.21%	10.37%
Nikkei	9591.52	-0.65%	5.47%	-8.68%	-6.23%	-14.40%
Hang Seng	24008.07	-0.02%	5.76%	-0.62%	4.22%	8.53%
FTSE 100	5996.01	0.54%	7.11%	0.17%	0.42%	3.45%
CAC 40	3974.48	0.10%	7.52%	-0.02%	4.46%	-2.05%
DAX	7178.29	0.44%	10.20%	1.42%	3.82%	14.33%
ASX-ORD	4939.30	-0.67%	6.36%	1.37%	1.91%	-1.57%
JSE All Share (in US\$)	4743.27	0.00%	11.11%	0.79%	-2.25%	17.50%
MS EM Index	1181.57	-0.05%	7.78%	2.34%	2.62%	12.91%
MS World Index	1338.04	0.11%	6.18%	2.34%	4.53%	7.97%

Currencies	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Rand/US \$	6.79	0.59%	5.54%	1.06%	-2.58%	7.56%
Rand/GB Pound	11.07	0.81%	3.42%	-1.32%	-6.91%	2.17%
Rand/Euro	9.80	0.91%	1.47%	-6.75%	-9.80%	1.96%
Rand/Aus \$	7.18	0.29%	-2.23%	-4.88%	-5.88%	-4.62%
Yen/ US \$	83.11	0.55%	-4.78%	-0.53%	-2.41%	12.27%
Swiss Franc/US \$	0.89	0.06%	1.33%	8.14%	4.75%	17.86%
US \$/Euro	1.44	0.39%	-3.77%	-7.96%	-7.24%	-5.36%
US \$/GB Pound	1.63	0.17%	-2.06%	-2.62%	-4.37%	-5.23%
US \$/Aus \$	1.06	-0.27%	-7.25%	-6.00%	-3.16%	-11.39%
Nominal Effective Exchange Rate (2000 = 100)	76.66	-0.51%	-0.21%	1.30%	6.00%	-1.77%

	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Commodities						
Gold \$/oz.	1486.5	0.78%	6.09%	9.09%	4.58%	29.09%
Platinum/oz.	1791	-0.22%	5.85%	-0.69%	1.19%	4.55%
Brent Crude \$/bbl	123.78	1.15%	11.43%	27.25%	30.64%	44.27%

Fixed income	Closing yield %
SA R157	7.67
US 2 YEAR	0.69
US 10 YEAR	3.41
UK 2 YEAR	0.60
UK 10 YEAR	3.60
EURO 2 YEAR	1.86
EURO 10 YEAR	3.38

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