

Today's highlights

- Bank credit and vehicle sales: No room for complacency
- Redefine (RDF): Repositioning for quality
- Upcoming dividend dates and corporate actions
- Company calendar – 5 May to 12 May
- Economic calendar – 5 May to 12 May

Talking point: Central banks take stock

Today is a big day for central bankers, with the Bank of England and the European Central Bank (ECB) meeting today to decide on rates. Both are due to make their rate announcements this afternoon and while neither is expected to raise rates this time around, the rates outlook is more uncertain than it was a few months ago.

The ECB hiked rates by 25bps, to 1.25% at its April meeting after signaling it would do so in the weeks before. While the ECB has clearly set itself on a path of raising rates further, the continued fiscal turmoil in Portugal, Ireland and Greece has given it some cause to take new stock of the situation. The key to this meeting will thus be in its commentary and in the ECB's take on the state of the Eurozone and the timing and extent of future rate hikes. Likewise the Bank of England appeared hawkish a few months ago, but may well have toned things down after a number of data readings, including GDP and manufacturing, showed that the economy was still growing only sluggishly. It will probably adopt a wait and see approach despite the likelihood of inflation could hit 5% within a few months.

This will probably be the approach of the SA Reserve Bank when the Monetary Policy Committee (MPC) meets next week. As we discuss elsewhere in Daily View today, bank credit data and vehicle sales show that there is good reason for the Bank to hold fire on rate increases for a while yet.

Market highlights

US equities ended lower yesterday, as a disappointing jobs report as well as the ISM nonmanufacturing survey number both dampened market sentiment.

A pullback in commodity prices weighed on resources, forcing down the overall index in the process. Financials and industrials were also lower.

Bonds were little changed, while the rand was a little weaker on a day dominated by euro firmness.

Commodity prices slid yesterday, on a combination of worries about Chinese demand and weak US data, with rising crude stocks in the US adding to oil price declines.

Key indicators in a nutshell – Wednesday 4 May 2011

Key indicators	Last price	1 Day	1 Month	1 Quarter	Year date to	1 Year
JSE All Share	31856.64	-1.45%	-1.79%	-2.86%	-0.82%	11.27%
S&P 500	1347.32	-0.69%	1.08%	3.08%	7.13%	12.07%
Nikkei	10004.2	0.00%	2.94%	-4.09%	-2.20%	-9.52%
Rand/US \$	6.66	-0.44%	0.83%	8.64%	-0.62%	11.11%
Rand/GB Pound	11.00	-0.60%	-1.70%	6.24%	-6.30%	2.55%
US\$/Euro	1.48	0.01%	-4.14%	-8.13%	-9.74%	-11.01%
Gold \$/oz.	1516.7	-1.32%	5.71%	12.09%	6.70%	28.90%

Company results and updates

Harmony reported HEPS for the March quarter of 91c, from 69c reported in the December quarter. Production declined 2% to 316 909oz.

Randgold Resources grew its March quarterly profit by 43%, to US\$45.9m, while gold production grew 6% to 139 403oz.

IQuad saw its HEPS for the year to February fall to 37.3c, from a previous 46.2c.

Cashbuild grew its revenue in the March quarter by 4%, compared with the March quarter in 2010. Stores opened since July 2009 contributed three percentage points of the gain, with the remaining one percentage point coming from existing stores. Revenue for the nine months to March grew by 6%.

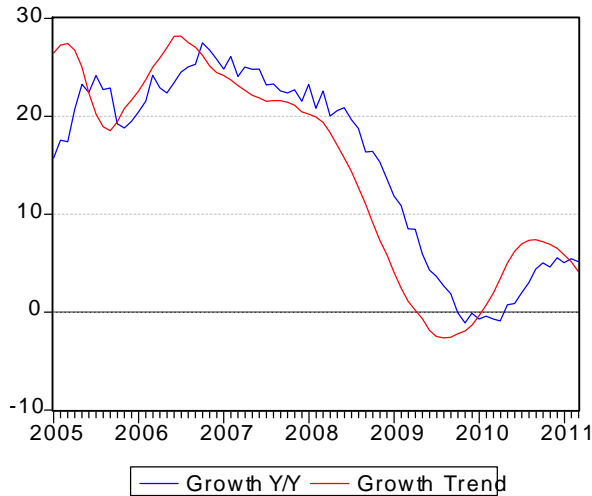
Optimum Coal has acquired two prospecting rights in close proximity to its Koorfontein mines for R420m.

Daily ideas

Bank credit and vehicle sales: No room for complacency

The bank credit statistics updated by the Reserve Bank to March 2011 indicate that weak growth in the supply of bank credit to the SA economy may be slowing down rather than gaining momentum. As we show below, our calculation of the underlying trend in the supply of extra bank credit to the private sector, suggests as much. Year on year growth appears to have stabilised at just over 5% (about a very modest 1% after adjusting for inflation) while the underlying trend growth has declined to a just over a 4% rate.

Growth in supplies of SA bank credit

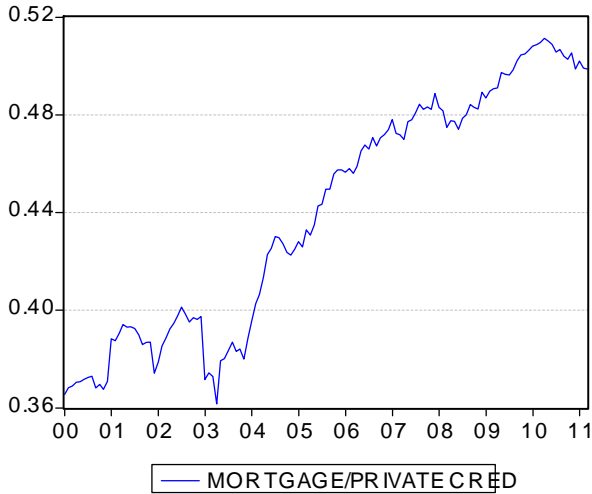


Source: Reserve Bank, Investec Wealth and Investment

Behind this weakness in the supply of and demand for bank credit is the housing market and so the demand for mortgage loans. Mortgage loans have become an ever more important asset of the SA banks and now account for about 50% of all bank lending to the private sector.

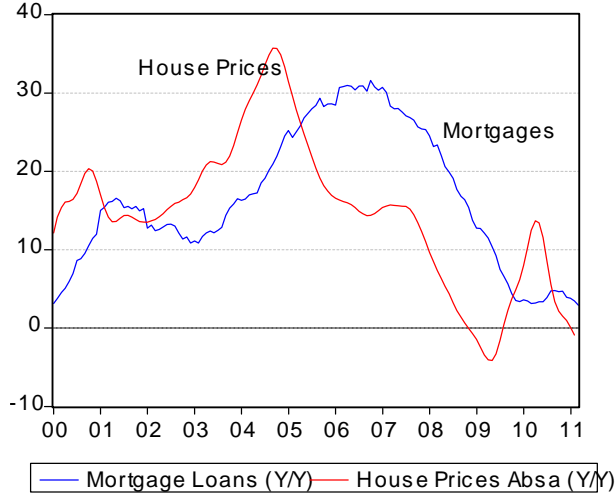
House price inflation understandably leads mortgage lending as we also show below. The more valuable the house the larger the mortgage loan provided to secure it. Moreover house price inflation encourages home ownership. House prices are however not providing much encouragement to home owners, potential home owners or the banks. Clearly bank lending and money supply growth are not contributing any impetus to the SA economy. By implication therefore interest rates in SA are too high rather than too low: a point that will be taken account of when the Monetary Policy Committee (MPC) of the Reserve Bank meets next week.

SA Ratio of mortgage lending to total bank credit to private sector



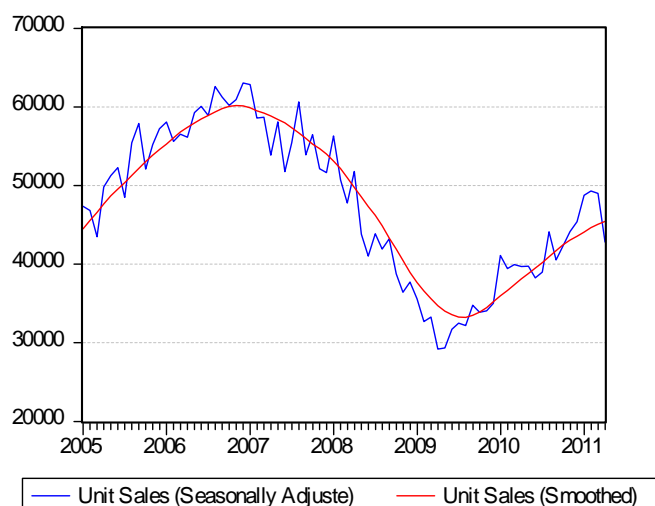
Source: Reserve Bank, Investec Wealth and Investment

House Price Inflation and Growth in Mortgage Lending



Source: Reserve Bank, Investec Wealth and Investment

The market for new and by implication used vehicles in South Africa has been the most conspicuous benefactor of lower interest rates and a stronger rand. However sales statistics for new units sold in April indicate that the growth momentum has slowed down. April with its many public holidays is typically a very slow month for vehicle sales, as slow as December for similar holiday reasons. April 2011 saw more than the usual numbers of days off and so April vehicle sales will need to be treated with more than usual caution. For the record, unit sales adjusted for seasonal factors (as far as we can measure them accurately) declined from 49 003 units in March 2011 to 42 830 units in April.

New Vehicle Unit sales

Source: NAAMSA, Investec Wealth and Investment

Furthermore the ripples from the Japanese Tsunami are still to be felt in the supply chains (including SA plants). In the months ahead new vehicle sales may well be inhibited by a want of supply rather than a lack of demand, making this leading indicator temporarily less helpful than usual.

The recent credit and vehicle sales statistics justify the caution expressed at the last MPC meeting about the state of the SA economy and the risks to the growth outlook. The credit and money numbers state very clearly that there is no pressure from the demand side of the economy on output, employment or prices.

The food and energy prices that have risen have their sources well beyond the influence of monetary policy in SA. They nevertheless help slow down rather than speed up the local economy.

These facts of economic life in SA should continue to give the MPC pause. There is no case for higher interest rates in SA. Indeed there is a much better case for lower rather than higher interest rates to add momentum to money supply and credit growth, which are too slow rather than too rapid for the good of the economy. **Brian Kantor**

Redefine (RDF): Repositioning for quality

Redefine (783c; market cap: R21bn; forward yield: 8.9%): Distributions per linked unit for the six months to February came in a little below expectations at 31c (from 33.5c) due to adjustments for non-recurring fee income. Despite this, Redefine's portfolio performance seems to be moving in the right direction with rental reversions coming in at positive 4.6% and overall vacancies falling from 10.2% to 8.5% and rental arrears reducing by 14% to R34.3m.

The SA property portfolio increased in value by R27.9m while the offshore property portfolio decreased by R74.8m.

During the period Redefine sold 12 properties worth R190m and negotiations are in place to sell a further 118 properties worth R2.9bn in total: this is part of its strategy to sell non-core properties and replace these with better quality properties. Redefine also announced yesterday the possible acquisition of seven properties known as the Nicol Grove Precinct (centring around the Design Quarter in Fourways) from Zenprop for a consideration of R1.1bn.

The share is trading on an expected forward yield of about 8.9% which is slightly ahead of the SA listed property sector average of 8.5%. **Giulio Frigenti**

Upcoming dividend dates and corporate actions

Share/security	Last day to trade	Ex-dividend	Record date	Pay date	Description	Per share amount/ result
Anglo Plat	6 May	9 May	13 May	16 May	Name change	Anglo American Platinum
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
PSG	6 May	9 May	13 May	16 May	Cash Dividend	R0.47
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
Octodec	12 May	13 May	20 May	23 May	Cash Dividend	R0.0032
Octodec	12 May	13 May	20 May	23 May	Interest	R0.6468
Premium Property	12 May	13 May	20 May	23 May	Cash Dividend	R0.0029
Premium Property	12 May	13 May	20 May	23 May	Interest	R0.5791
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
Altech	20 May	23 May	27 May	30 May	Cash Dividend	R3.56
JSE	20 May	23 May	27 May	30 May	Cash Dividend	R2.10
KayDav	20 May	23 May	27 May	30 May	Capital reduction	R0.055
PBT	20 May	23 May	27 May	30 May	Cash Dividend	R0.03
Redefine	20 May	23 May	27 May	30 May	Interest	R0.16
Redefine International	20 May	23 May	27 May	30 May	Interest	R0.221594
Spanjaard	20 May	23 May	27 May	30 May	Cash Dividend	R0.16
Barloworld Prefs	27 May	31 May	3 June	6 June	Cash Dividend	R0.06
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
Mvela Resources	27 May	31 May	3 June	6 June	Scheme of arrangement	9.5980 NHM per 100 MVL
CMH	3 June	6 June	10 June	13 June	Cash Dividend	R0.30
Pick n Pay	3 June	6 June	10 June	13 June	Cash Dividend	R1.055
Pikwik	3 June	6 June	10 June	13 June	Cash Dividend	R0.5134
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
Altron	24 June	27 June	1 July	4 July	Cash Dividend	R1.08
Altron Prefs	24 June	27 June	1 July	4 July	Cash Dividend	R1.08
Clicks	24 June	27 June	1 July	4 July	Cash Dividend	R0.37

Source: JSE

Company calendar – 5 May to 12 May

Friday 6 May

Metmar finals
AngloGold Ashanti quarterlies
Nedbank AGM and trading update
Kumba Iron Ore AGM

Monday 9 May

Astrapak finals
Sappi quarterlies

Tuesday 10 May

Value Group finals
Life Healthcare finals
Paracon interims

Wednesday 11 May

Datatec finals
Spar interim
Nu-World interims
Oceana interims

Thursday 12 May

Gold Fields quarterlies
Capital & Counties interim management statement
Afrimat finals
Old Mutual AGM

Source: I-Net, Company updates

Economic calendar – 5 May to 12 May

Date	International	South Africa
Thursday 5 May	UK – April PMI services [10h30] UK – BoE MPC rate announcement [13h00] EMU – ECB meeting and rate announcement [13h45] US – Initial jobless claims for previous week [14h30] US – Q1 Productivity and costs [14h30]	March Electricity consumption [13h00] 2010 Household survey [14h30]
Friday 6 May	Japan – April PMI services & composite Germany – March Industrial production [12h00] US – April Employment report [14h30]	
Monday 9 May	Germany – March Foreign trade [08h00]	April Gold and forex reserves [08h00]
Tuesday 10 May	China – April Trade balance US – March Wholesale trade [16h00]	
Wednesday 11 May	China – April CPI China – April PPI China – April Fixed asset investment China – April Retail sales China – April Industrial production Germany – April CPI final [08h00] UK – March Trade balance [10h30] US – March International trade [14h30]	March Manufacturing output [13h00]
Thursday 12 May	Japan – March Current account UK – March Industrial production [10h30] EMU – March Industrial production [11h00] EMU – ECB monthly bulletin [10h00] US – April Retail sales [14h30] US – April PPI [14h30] US – Initial jobless claims for previous week [14h30]	MPC meeting and rates decision [15h00]

Sources: Bloomberg, StatsSA, SA Reserve Bank

Key market indicators – Wednesday 4 May 2011

Indices	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
JSE All Share	31856.64	-1.45%	-1.79%	-2.86%	-0.82%	11.27%
JSE Fini 15	8102.57	-1.29%	-1.69%	-1.72%	-0.84%	0.44%
JSE Indi 25	27240.08	-1.19%	1.04%	1.69%	1.67%	20.61%
JSE Mining	36024.07	-2.00%	-4.77%	-8.91%	-3.15%	7.29%
JSE Resi 20	54823.76	-2.02%	-5.02%	-8.19%	-2.63%	8.33%
S&P 500	1347.32	-0.69%	1.08%	3.08%	7.13%	12.07%
DJI	12723.58	-0.66%	2.61%	5.48%	9.90%	14.09%
NASDAQ	2828.23	-0.47%	1.40%	2.70%	6.61%	13.19%
Nikkei	10004.20	0.00%	2.94%	-4.09%	-2.20%	-9.52%
Hang Seng	23315.24	-1.35%	-3.46%	-2.48%	1.21%	12.03%
FTSE 100	5984.07	-1.62%	-0.55%	0.01%	0.22%	7.76%
CAC 40	4043.13	-1.31%	0.01%	0.16%	6.26%	5.61%
DAX	7373.93	-1.69%	2.77%	2.51%	6.65%	19.57%
ASX-ORD	4813.80	-0.84%	-3.43%	-2.14%	-0.68%	0.14%
JSE All Share (in US\$)	4783.28	-1.88%	-0.98%	5.53%	-1.43%	23.62%
MS EM Index	1170.93	-1.25%	-1.86%	3.34%	1.70%	16.13%
MS World Index	1371.36	-0.84%	1.91%	3.12%	7.13%	14.06%

Currencies	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Rand/US \$	6.66	-0.44%	0.83%	8.64%	-0.62%	11.11%
Rand/GB Pound	11.00	-0.60%	-1.70%	6.24%	-6.30%	2.55%
Rand/Euro	9.89	-0.58%	-3.61%	-0.21%	-10.63%	-1.21%
Rand/Aus \$	7.18	0.15%	-3.05%	2.43%	-5.87%	-4.44%
Yen/ US \$	80.64	0.41%	4.33%	1.25%	0.58%	17.42%
Swiss Franc/US \$	0.86	0.00%	7.19%	9.91%	8.52%	26.05%
US \$/Euro	1.48	0.01%	-4.14%	-8.13%	-9.74%	-11.01%
US \$/GB Pound	1.65	-0.02%	-2.22%	-2.19%	-5.36%	-7.57%
US \$/Aus \$	1.07	0.97%	-3.60%	-5.62%	-4.86%	-13.76%
Nominal Effective Exchange Rate (2000 = 100)	76.86	-0.18%	1.33%	-3.97%	5.72%	-2.32%

5 May 2011

dailyview

	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Commodities						
Gold \$/oz.	1516.7	-1.32%	5.71%	12.09%	6.70%	28.90%
Platinum/oz.	1823.5	-1.70%	2.04%	-0.82%	3.02%	5.04%
Brent Crude \$/bbl	120.62	-2.24%	0.52%	18.66%	27.30%	35.82%

Fixed income	Closing yield %
SA R157	7.62
US 2 YEAR	0.59
US 10 YEAR	3.22
UK 2 YEAR	0.60
UK 10 YEAR	3.38
EURO 2 YEAR	1.85
EURO 10 YEAR	3.27

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