

## Today's highlights

- The rand: Foundations still to be laid
- Week at a glance: Upcoming results
- Upcoming dividend dates and corporate actions
- Company calendar – 27 May to 3 June
- Economic calendar – 27 May to 3 June

### Talking point: IMF, football and succession debates

There is nothing simple about succession planning at global institutions these days. Whether it is the IMF or FIFA, heavy debate and controversy is to be seen at every turn. The candidature of French candidate Christine Lagarde has been called into question due to her alleged links with disgraced businessman (and former Olympique Marseilles football club president) Bernard Tapie. Among other scandals, Tapie's football team was at the centre of a major bribery scandal in the 1990s.

Football and bribery are themes in the election of the next FIFA head as well, with investigations of corruption being implemented against Mohamed bin Hammam, the candidate standing against the incumbent, Sepp Blatter.

Fortunately, the IMF succession is far less acrimonious than the one at FIFA. Moreover, those in the developing world (notably the BRIC countries) who are questioning the logic of a European candidate automatically getting the job, are playing the issue the right way: rather than stridently demanding that one of their own gets the position, they are focusing on the importance of each candidate's skills and qualities, rather than nationality. With all of the tensions in the world about Eurozone bailouts, the value of the yuan and other issues, this focus seems eminently sensible.

### Market highlights

US equities gained overnight on some good earnings numbers that offset the impact of weak jobless numbers and first quarter GDP numbers that were lower than expectations.

The JSE closed higher yesterday, despite general nervousness in global equity markets and poor jobs numbers out of the US, as banks and resources rose to offset declines in gold and platinum shares.

The rand made some decent gains against the US dollar as the latter lost ground to the euro, while bonds fed off the firmer currency as well as producer price data for April, which came in lower than expected.

Commodities were mostly lower overnight, as higher jobless claims and an unchanged update of first quarter GDP numbers in the US disappointed markets.

### Key indicators in a nutshell – Thursday 26 May 2011

Key indicators	Last price	1 Day	1 Month	1 Quarter	Year date to	1 Year
JSE All Share	31980.11	0.59%	-2.11%	0.05%	-0.43%	22.16%
S&P 500	1325.69	0.40%	-1.60%	0.44%	5.41%	23.43%
Nikkei	9562.05	1.48%	0.04%	-9.16%	-6.52%	1.08%
Rand/US \$	6.96	1.09%	-4.12%	0.80%	-4.87%	12.17%
Rand/GB Pound	11.40	0.25%	-3.55%	-0.87%	-9.60%	-1.36%
US\$/Euro	1.41	-0.37%	3.92%	-2.70%	-5.31%	-12.67%
Gold \$/oz.	1519.05	-0.45%	0.79%	7.76%	6.87%	26.39%

### Company results and updates

William Tell expects its HEPS for the year to June to improve by at least 20%.

New Corpcapital recorded an unchanged headline loss per share of 0.2c for the six months to February.

Reinet reported a net asset value per share of EUR14.21 at 31 March 2011, up from EUR12.95 a year previously.

Crookes Brothers expects to report an increase in HEPS of between 120% and 140% for the year to March. The company reports on Tuesday.

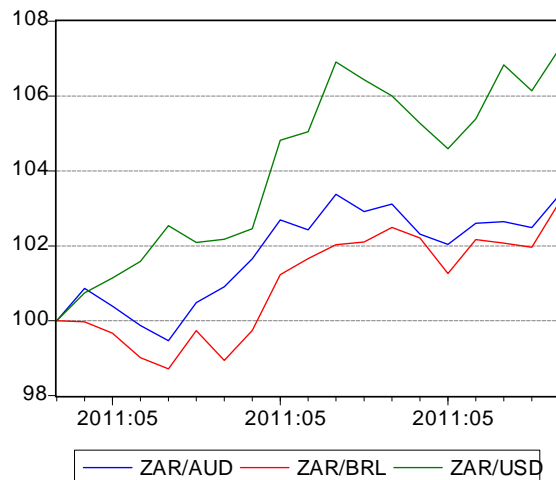
Foschini grew its HEPS for the year to March by 21.3% to 632.3c. Total dividends grew by 21.5% to 350cps.

## Daily ideas

### The rand: Foundations still to be laid

This past month has not been a particularly good one for the rand. The rand lost about 7% against the Aussie dollar in May 2011 to date, while losing less about three per cent Vs the Brazilian real and the US dollar.

#### The rand vs the Aussie and US dollars and the Brazilian Real (1 May 2011 = 100), Daily Data



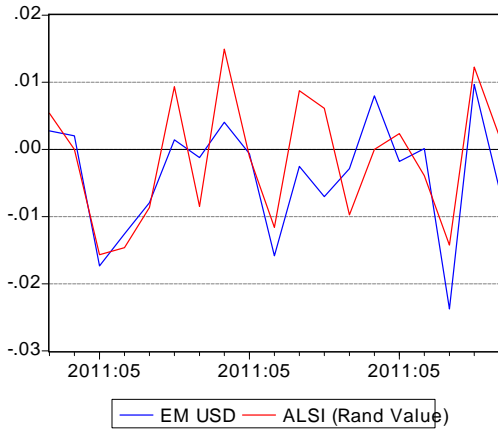
Source: I-Net Bridge and Investec Wealth and Investment

We have long watched the relationship between the rand and the Aussie dollar for signs of South African specific risks influencing the value of the rand rather than commodity prices that are common to both currencies. A combination of commodity price strength and rand weakness is a heady one for investors in Resource companies, quoted in rands, on the JSE.

However the current modest rand weakness would appear to have more to do with favourable Australian, rather than less favourable South African specifics. This view is supported by the better performance of the rand against the US dollar and the Brazilian currency.

The rand is more than a commodity currency. It is also very much an emerging market currency and actively traded as a proxy for other less liquid emerging market currencies. The beat to which the rand is moving this month has been day to day volatility on emerging equity markets. The rand has been getting weaker or stronger as emerging equity markets have been going down or up in a highly synchronised way. And the JSE remains a highly representative emerging equity market.

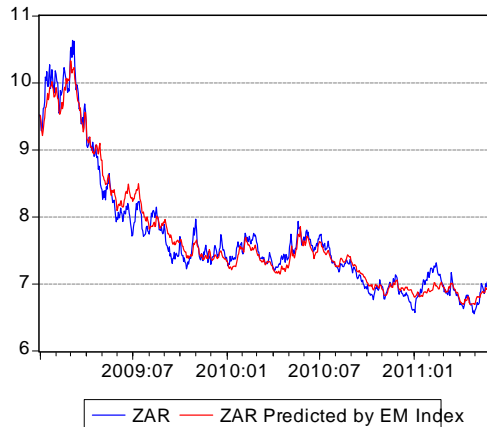
**The JSE Alsi (rand Value) and the EM Index Daily per cent movements May 2011**



Source: I-Net Bridge and Investec Wealth and Investment

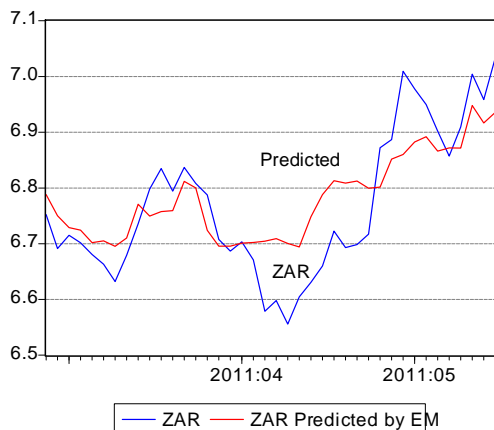
It would appear that it is very much emerging market business as usual in the market for rands. If we run a model that uses the EM equity market Index to explain the rand/US dollar exchange rate using daily data since January 2008, the rand is trading almost exactly as the model predicts.

**The Value of the rand/US dollar predicted by the EM Index (daily data 2008- 2011)**



Source: I-Net Bridge and Investec Wealth and Investment

**The Value of the rand/US dollar predicted by the EM Index (daily data May 2011)**



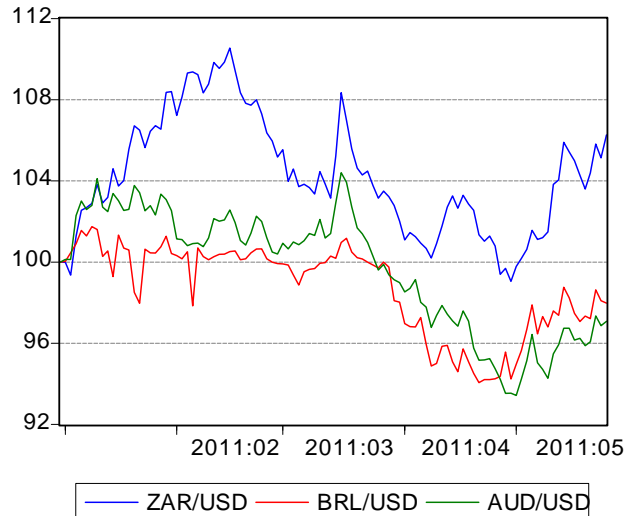
Source: I-Net Bridge and Investec Wealth and Investment

In the large market for the rand, with daily turnover of about US\$20bn making it about the tenth largest foreign exchange market, three quarters of the transactions reported to the SA Reserve Bank are conducted between third parties with no direct link to SA foreign trade or capital movements. They trade the rand because they can trade the rand to hedge emerging market exposures.

The notion that the SA Reserve Bank could intervene effectively in such a market to move the exchange value of the rand in some preferred direction would seem a false premise. The Reserve Bank can buy foreign currency in this market to add to its reserves, as it has been doing, but such interventions could not easily be seen as market moving. The value of the rand continues to be dominated by global forces, particularly those that influence the outlook for the global economy and so emerging equity and bond markets. South African specifics seem to have had little influence on the exchange value of the rand in recent years and we expect global forces to continue to dominate the rand exchange rates.

The rand began the year at R6.61 per US dollar. It lost about 10% of this value by early February 2011 and then reclaimed its beginning of the year value in late April 2011. It has by now lost about 4% of its January 2011 value against the US dollar this year, while the Aussie and the real are about three percent stronger than they were at the beginning of the year.

#### Exchange rates Vs the US dollar (1 January 2011 = 100)



Source: I-Net Bridge and Investec Wealth and Investment

While the volatility in the market for rands this year may be regarded as moderate by its own standards, the still unusual volatility in the rand must remain of concern to the authorities in SA. Without rand stability, predicting inflation and interest rates more than six months ahead with any degree of accuracy or confidence, remains a near impossible task. The foundations for genuinely stabilising monetary policy and interest rate settings in the form of a stable and predictable rand have still to be laid.

**Brian Kantor**

**Week at a glance: Upcoming results**

There's a clear pattern about the companies reporting next week (those covered by I-Net consensus forecasts that is), with the week starting with food companies and ending with specialist finance companies.

Illovo, Tiger Brands and Tongaat all report on Monday, and then the week closes with Peregrine and Brait. **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
30/05	Illovo	F	March	170.7	110.2	156.5	53.3	Sell	2578	23.4
30/05	Tiger Brands	I	September	1370.6	1499.1	1645.4	760.5	Hold	18620	12.4
30/05	Tongaat	F	March	600.3	672.2	913	283.9	Hold	9038	13.5
02/06	Peregrine	F	March	124.4	118	181.6	32.2	Hold +	1117	9.5
03/06	Brait	F	March	173.2	230.7	426.9	148.2	Hold +	1655	7.2

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
Afrimat	27 May	31 May	3 June	6 June	Cash Dividend	R0.11
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
Life Healthcare	27 May	31 May	3 June	6 June	Cash Dividend	R0.11
Life Healthcare	27 May	31 May	3 June	6 June	Capital reduction	R0.20
Mvela Resources	27 May	31 May	3 June	6 June	Special cash dividend	R0.31
Mvela Resources	27 May	31 May	3 June	6 June	Scheme of arrangement	9.5980 NHM per 100 MVL
Oasis Crescent	27 May	31 May	3 June	6 June	Scrip dividend	R0.397668 a share or 2.89 OAS per 100 linked units
Oasis Crescent	27 May	31 May	3 June	6 June	Scrip dividend	R0.046531 a share or 0.34 OAS per 100 linked units
Oasis Crescent	27 May	31 May	3 June	6 June	Scrip dividend	R0.017441 a share or 0.12 OAS per 100 linked units
AECI Pref	3 June	6 June	10 June	13 June	Cash Dividend	R0.3120728
Barloworld	3 June	6 June	10 June	13 June	Cash Dividend	R0.50
CMH	3 June	6 June	10 June	13 June	Cash Dividend	R0.30
Coronation	3 June	6 June	10 June	13 June	Cash Dividend	R0.80
Ceramic	3 June	6 June	10 June	13 June	Special Cash Dividend	R15.00
Gold Reef	3 June	6 June	10 June	13 June	Cash Dividend	R0.50
MAS plc	3 June	6 June	10 June	13 June	Scrip Dividend	EUR0.021 or at ratio tbc
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
Pinnacle Point	3 June	6 June	10 June	13 June	Rights issue	18.5419 PNGN per 100 PNG
PPC	3 June	6 June	10 June	13 June	Cash Dividend	R0.35
Raubex	3 June	6 June	10 June	13 June	Cash Dividend	R0.68
SA French	3 June	6 June	10 June	15 June	Rights issue	240 SFHN per 100 SFH
Spar	3 June	6 June	10 June	13 June	Cash Dividend	R1.42
SBR002	3 June	6 June	10 June	15 June	Interest	R1.45
African Bank	9 June	10 June	17 June	20 June	Cash Dividend	R0.85
African Bank Prefs	9 June	10 June	17 June	20 June	Cash Dividend	R3.10
Astral	9 June	10 June	17 June	20 June	Cash Dividend	R3.05
Cargo	9 June	10 June	17 June	20 June	Cash Dividend	R0.05
Freeworld	9 June	10 June	17 June	tbc	Minority offer	R12 per share tendered
Investec Ltd Prefs	9 June	10 June	17 June	30 June	Cash Dividend	R3.4161

Investec plc Prefs	9 June	10 June	17 June	30 June	Cash Dividend	R0.84
Investec Bank Prefs	9 June	10 June	17 June	30 June	Cash Dividend	R3.1884
JOZI03	9 June	10 June	17 June	21 June	Interest	R14.90
Mazor	9 June	10 June	17 June	20 June	Cash Dividend	R0.028
Reunert	9 June	10 June	17 June	20 June	Cash Dividend	R0.77
Vukile	9 June	10 June	17 June	20 June	Cash Dividend	R0.0014
Vukile	9 June	10 June	17 June	20 June	Interest	R0.6698
Verimark	9 June	10 June	17 June	20 June	Cash Dividend	R0.15
Adcock Ingram	17 June	20 June	24 June	27 June	Capital Reduction	R0.81
Brait NPLs	17 June	20 June	24 June	4 July	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
Dorbyl 5.5% Cum Pref	17 June	20 June	24 June	27 June	Cash Dividend	R0.055
Dorbyl 5% Cum Pref	17 June	20 June	24 June	27 June	Cash Dividend	R0.05
HCI	17 June	20 June	24 June	27 June	Cash Dividend	R0.60
JD Group	17 June	20 June	24 June	27 June	Cash Dividend	R1.00
Medi-Clinic	17 June	20 June	24 June	27 June	Cash Dividend	R0.50
Metmar	17 June	20 June	24 June	27 June	Cash Dividend	R0.11
Astrapak	24 June	27 June	1 July	4 July	Cash Dividend	R0.264
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
Famous Brands	24 June	27 June	1 July	4 July	Cash Dividend	R0.85
Oceana	24 June	27 June	1 July	4 July	Cash Dividend	R0.37
Pioneer	24 June	27 June	1 July	4 July	Cash Dividend	R0.40
Pinnacle Point NPLs	24 June	27 June	1 July	4 July	Rights takeup	1 PNGN converts to 1 PNG at R0.01
Sallies CD	24 June	27 June	1 July		Interest	R0.0248221
Stefanutti Stocks	24 June	27 June	1 July	4 July	Cash Dividend	R0.25
Steinhoff NPLs	24 June	27 June	1 July	4 July	Rights takeup	1 SHFN converts to 1 SFH at R0.05
Value Group	24 June	27 June	1 July	4 July	Cash Dividend	R0.12
Vodacom	24 June	27 June	1 July	4 July	Cash Dividend	R2.80
Datatec	1 July	4 July	7 July	11 July	Capital reduction	R0.88
Nampak	1 July	4 July	7 July	11 July	Cash Dividend	R0.34
Taste	1 July	4 July	7 July	11 July	Cash Dividend	R0.03
Adcorp	8 July	11 July	15 July	18 July	Cash Dividend	R1.21
Austro	8 July	11 July	15 July	18 July	Capital Reduction	R0.02
Gold Reef	8 July	11 July	15 July	18 July	Name change	Tsogo Sun Holdings
ISA	8 July	11 July	15 July	18 July	Cash Dividend	R0.062
ISA	8 July	11 July	15 July	18 July	Capital Reduction	R0.01
Lewis	15 July	18 July	22 July	25 July	Cash Dividend	R2.07

Netcare	15 July	18 July	22 July	25 July	Cash Dividend	R0.22
Investec Ltd	22 July	24 July	29 July	8 August	Cash Dividend	R1.02
Investec plc	22 July	24 July	29 July	8 August	Cash Dividend	R1.02
SBR003	22 July	24 July	29 July	5 August	Interest	R1.49
SABMiller	29 July	1 August	5 August	12 August	Cash Dividend	USD0.615
Richemont	9 September	12 September	16 September	23 September	Cash Dividend	CHF0.02925 less Swiss withholding tax

Source: JSE

### Company calendar – 27 May to 3 June

<b>Friday 27 May</b>	Wilderness finals
<b>Monday 30 May</b>	Tiger Brands interims Illovo Sugar finals Tongaat Hullett finals Cadiz Holdings finals Platfields finals Ideco interims
<b>Tuesday 31 May</b>	AECI AGM Command Holdings finals UCS Group interims Buildmax finals Stratcorp finals Chrometco finals
<b>Wednesday 1 June</b>	Mercantile AGM

Source: I-Net, Company updates



## Economic calendar – 27 May to 3 June

Date	International	South Africa
<b>Friday 27 May</b>	<b>Japan</b> – April CPI <b>Germany</b> – May CPI [08h00] <b>EMU</b> – April M3 [10h00] <b>EMU</b> – May Consumer confidence [11h00] <b>US</b> – April Personal income [14h30] <b>US</b> – May Consumer sentiment final [15h55] <b>US</b> – April Pending home sales [16h00]	
<b>Monday 30 May</b>	<b>Germany</b> – April Retail sales [08h00]	
<b>Tuesday 31 May</b>	<b>Japan</b> – May PMI manufacturing <b>Japan</b> – April Unemployment <b>Japan</b> – April Industrial production prelim <b>Germany</b> – April Employment [09h55] <b>EMU</b> – April Unemployment [11h00] <b>US</b> – March S&P Case-Shiller HPI [15h00] <b>US</b> – May Chicago PMI [15h45]	April PSCE and money supply [08h00] Q1 GDP [11h30] April Exchequer data [14h00] April Trade [14h00]
<b>Wednesday 1 June</b>	<b>China</b> – May PMI <b>Germany</b> – May PMI manufacturing final [09h55] <b>EMU</b> – May PMI manufacturing final [10h00] <b>UK</b> – May PMI manufacturing [10h30] <b>UK</b> – April M4 and M4 lending final [10h30] <b>US</b> – May ADP employment report [14h15] <b>US</b> – May ISM manufacturing [16h00]	May Kagiso PMI [10h00]
<b>Thursday 2 June</b>	<b>US</b> – Initial jobless claims for previous week [14h30] <b>US</b> – April Factory orders [16h00]	May New vehicle sales [11h00]
<b>Friday 3 June</b>	<b>Japan</b> – May PMI services and composite <b>Germany</b> – May PMI services and composite final [09h55] <b>Germany</b> – May PMI services and composite final [10h00] <b>UK</b> – May PMI services [10h30] <b>US</b> – May Nonfarm payrolls [14h30] <b>US</b> – May ISM nonmanufacturing [16h00]	

Sources: Bloomberg, StatsSA, SA Reserve Bank, NAAMSA

## Key market indicators – Thursday 26 May 2011

Indices	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
JSE All Share	31980.11	0.59%	-2.11%	0.05%	-0.43%	22.16%
JSE Fini 15	8175.85	1.21%	-0.95%	2.18%	0.05%	11.27%
JSE Indi 25	27484.04	0.32%	0.17%	5.41%	2.58%	32.24%
JSE Mining	36131.45	0.57%	-4.45%	-5.18%	-2.86%	18.74%
JSE Resi 20	54965.31	0.71%	-4.81%	-5.62%	-2.37%	20.11%
S&P 500	1325.69	0.40%	-1.60%	0.44%	5.41%	23.43%
DJI	12402.76	0.07%	-1.53%	2.24%	7.13%	23.49%
NASDAQ	2782.92	0.78%	-2.27%	0.07%	4.90%	25.87%
Nikkei	9562.05	1.48%	0.04%	-9.16%	-6.52%	1.08%
Hang Seng	22900.79	0.67%	-4.61%	-0.48%	-0.58%	20.62%
FTSE 100	5880.99	0.18%	-3.10%	-2.00%	-1.51%	19.03%
CAC 40	3917.22	-0.30%	-3.17%	-4.56%	2.96%	17.59%
DAX	7114.09	-0.79%	-3.30%	-0.99%	2.89%	25.47%
ASX-ORD	4735.10	1.58%	-5.22%	-3.85%	-2.31%	10.47%
JSE All Share (in US\$)	4596.43	1.68%	-6.14%	0.85%	-5.28%	37.02%
MS EM Index	1133.37	1.37%	-5.81%	3.08%	-1.56%	32.48%
MS World Index	1326.96	0.51%	-2.91%	-1.07%	3.66%	26.55%

Currencies	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Rand/US \$	6.96	1.09%	-4.12%	0.80%	-4.87%	12.17%
Rand/GB Pound	11.40	0.25%	-3.55%	-0.87%	-9.60%	-1.36%
Rand/Euro	9.83	0.62%	-0.36%	-1.93%	-10.08%	-1.99%
Rand/Aus \$	7.39	0.15%	-2.69%	-3.39%	-8.57%	-12.55%
Yen/ US \$	81.35	0.82%	0.20%	0.37%	-0.30%	11.05%
Swiss Franc/US \$	0.86	0.84%	0.61%	7.32%	8.04%	33.78%
US \$/Euro	1.41	-0.37%	3.92%	-2.70%	-5.31%	-12.67%
US \$/GB Pound	1.64	-0.65%	0.79%	-1.65%	-4.73%	-12.05%
US \$/Aus \$	1.06	-0.49%	1.96%	-3.87%	-3.40%	-21.83%
Nominal Effective Exchange Rate (2000 = 100)	74.74	-0.44%	2.05%	0.76%	8.72%	-2.76%

	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
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<b>Commodities</b>						
Gold \$/oz.	<b>1519.05</b>	<b>-0.45%</b>	<b>0.79%</b>	<b>7.76%</b>	<b>6.87%</b>	<b>26.39%</b>
Platinum/oz.	<b>1770.5</b>	<b>-0.62%</b>	<b>-1.94%</b>	<b>-1.99%</b>	<b>0.03%</b>	<b>16.86%</b>
Brent Crude \$/bbl	<b>115.45</b>	<b>0.50%</b>	<b>-7.89%</b>	<b>3.26%</b>	<b>21.85%</b>	<b>69.43%</b>

<b>Fixed income</b>	<b>Closing yield %</b>
SA R157	<b>7.50</b>
US 2 YEAR	<b>0.50</b>
US 10 YEAR	<b>3.09</b>
UK 2 YEAR	<b>0.59</b>
UK 10 YEAR	<b>3.30</b>
EURO 2 YEAR	<b>1.63</b>
EURO 10 YEAR	<b>3.01</b>

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