

## Today's highlights

- Vehicle sales: Not much vroom
- Upcoming dividend dates and corporate actions
- Company calendar – 3 June to 10 June
- Economic calendar – 3 June to 10 June

### Talking point: Looking beyond the weak data

Markets have had a fair bit of weak data to digest in recent days, particularly out of the US, and the assumption must now be that the Fed will be in no hurry to exit its quantitative easing programme this month, in keeping with its policy of erring on the side of caution when setting policy. It would need a meaningful pickup in inflation, especially core inflation, for the Fed to even start thinking about raising rates or cutting back sharply on asset purchases.

Some pundits are already talking of a double dip in the US economy, but this seems a rather premature assessment. For one thing, data showing declines in the pace of activity in the US appears to have much to do with high energy prices and supply side disruptions in Japan, which has affected manufacturing numbers. A stabilisation in energy prices and the recovery of Japanese production would hopefully help activity levels in the second half of the year. Meanwhile it appears as if the cycle of Chinese monetary tightening might be drawing to a close, which should help activity levels there.

Global economy watchers have a lot of things to look at over the next week. US services sector numbers are due out later today, as are May nonfarm payrolls. Next week sees Eurozone GDP, along with the monthly policy meetings of the ECB and the Bank of England. The Fed also releases its Beige Book next week. These should provide some guidance on the state of the world economy and the outlook for the rest of the year.

### Market highlights

US equities fell for the second day in a row as investors continued to focus on weak recent data, even though weekly jobless numbers came in in line with expectations.

The JSE ended lower yesterday, as weakness on Wall Street on the previous day pushed global sentiment down. Mining counters were also affected by the firmer rand.

Bond markets and the rand remained firm yesterday as a combination of the approval of the Walmart/Massmart deal and bullish remarks about the euro by the ECB lifted the currency against the US dollar.

Commodities were mixed overnight with base metals lower on worries about US growth, but oil prices rose on the weaker US dollar.

### Key indicators in a nutshell – Thursday 2 June 2011

Key indicators	Last price	1 Day	1 Month	1 Quarter	Year date to	1 Year
JSE All Share	31877.77	-1.37%	-1.39%	-1.42%	-0.75%	16.73%
S&P 500	1312.94	-0.12%	-3.22%	-0.62%	4.40%	22.62%
Nikkei	9555.04	-1.69%	-4.49%	-10.65%	-6.59%	-1.61%
Rand/US \$	6.69	1.73%	-0.94%	2.56%	-1.12%	15.10%
Rand/GB Pound	10.96	1.57%	-0.28%	1.95%	-6.00%	3.16%
US\$/Euro	1.45	-0.98%	2.41%	-3.44%	-7.58%	-15.54%
Gold \$/oz.	1533.57	-0.48%	-0.22%	7.26%	7.89%	25.09%

### Company results and updates

Brait reported an 11.4% decline in diluted HEPS for the year to March, to 153.4c. No final dividend was declared due to the restructuring of the business and new business model.

African Media Entertainment a 15% increase in diluted HEPS for the year to March, to 305.3c.

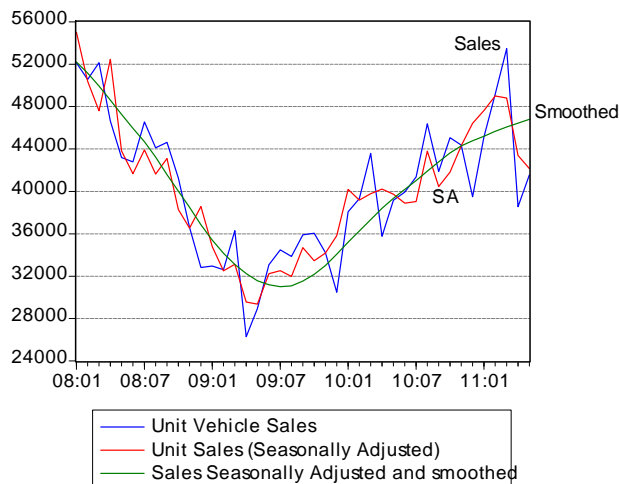
## Daily ideas

### Vehicle sales: Not much vroom

Naamsa released its new units sold statistics for May 2011 yesterday. The numbers are not encouraging. April 2011 was a poor month for sales, especially when compared to sales in March 2011, and the fall off in monthly sales, when seasonally adjusted, continued in May as we show below.

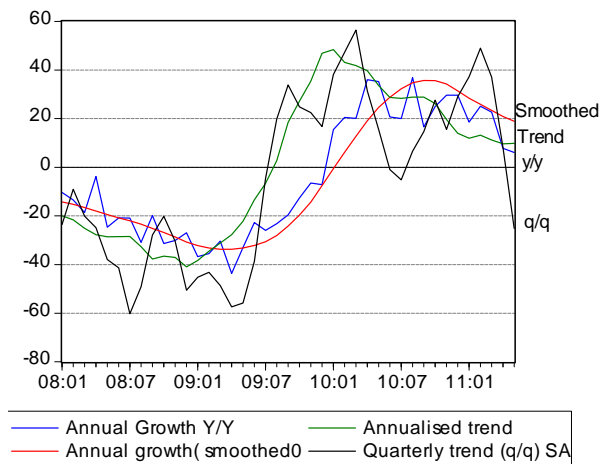
The sales quarter to quarter and seasonally adjusted have fallen sharply from a very strong March 2011 as we also show. The growth in sales is now barely positive, compared to a year ago, which is a long time in the motor dealing business, and in fact negative on a three month moving quarterly basis as may also be seen.

### New Vehicle Unit Sales



Source: Naamsa and Investec Wealth and Management

### Annual growth in new vehicles sold



Source: Naamsa and Investec Wealth and Management

Making the seasonal adjustment for two months with an unusual number of public holidays, including the Easter holidays that fell in April, has no doubt complicated the analysis of the underlying cyclical trend. Holidays are good for shopping malls but not vehicle show rooms. Also adding complexity are disruptions in the supply chains that start North of Tokyo. Is it a relative lack of

demand or an inability to supply that is holding back sales? The Naamsa explanation quoted below appears to attach some (though not major) importance to negative supply side forces.

*“..During May, 2011 – constraints on the availability of components from Japan impacted on the production of certain product lines in South Africa and, together with shortages of various models sourced from Japan, this would have contributed to the slow down in the rate of growth in the new car and light commercial vehicle sales cycle for the month. These factors would also have contributed to lower aggregate industry exports. It was anticipated that the supply position would normalize over the medium term..”*

Our own interpretation is that the peak of the vehicle cycle has been reached and the growth trend is now a significantly lower one. The market for new vehicles seems to be stabilising at a monthly pace of approximately 47 000 new units sold, well below the heady pace of 60 000 units sold at the peak of the previous motor vehicle cycle of early 2007. That is to say, year on year growth in December 2011 on December 2010 will be about 5%.

The current and projected level of vehicle sales help confirm our impression of an SA economy that is growing satisfactorily, but that the growth is not accelerating. There would appear to be no danger of excess demand materialising any time soon.

The economy, on the basis of these May vehicle sales and the April credit, money supply and house price data, appears to be taking longer to reach its growth potential than previously thought. Moreover the risks have increased recently that the global economy will not support export volumes and prices strongly enough to help take up the slack in domestic demand over potential supply. The danger of a global slowdown has risen in response to signs of slowing rather than accelerating growth in the US. The case for higher interest rates in SA, in the light of domestic vehicle sales and exports of vehicles, has weakened further. **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
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 takeover	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 takeover	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 – 3 June to 10 June

**Thursday 9 June** Acucap finals  
Sycom finals

Source: I-Net, Company updates

## Economic calendar – 3 June to 10 June

Date	International	South Africa
<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]	
<b>Monday 6 June</b>	<b>EMU</b> – April PPI [11h00]	
<b>Tuesday 7 June</b>	<b>EMU</b> – April Retail sales [11h00] <b>US</b> – April Consumer credit [15h00]	May Gross reserves [08h00]
<b>Wednesday 8 June</b>	<b>Japan</b> – April Current account <b>Germany</b> – April Foreign trade [08h00] <b>Germany</b> – April Industrial production [12h00] <b>EMU</b> – Q1 GDP [11h00] <b>US</b> – Beige Book [20h00]	
<b>Thursday 9 June</b>	<b>Japan</b> – Q1 GDP second estimate <b>UK</b> – April Trade balance [10h30] <b>UK</b> – MPC meeting and rate announcement [13h00] <b>EMU</b> – ECB meeting and rate announcement [13h45] <b>US</b> – Initial jobless claims for previous week [14h30] <b>US</b> – May Housing starts [14h30] <b>US</b> – Q1 Current account [14h30]	April Manufacturing [13h00]
<b>Friday 10 June</b>	<b>Germany</b> – May CPI final [08h00] <b>UK</b> – April Industrial production [10h30] <b>UK</b> – May PPI [10h30]	

Sources: Bloomberg, StatsSA, SA Reserve Bank

## Key market indicators – Thursday 2 June 2011

Indices	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
JSE All Share	31877.77	-1.37%	-1.39%	-1.42%	-0.75%	16.73%
JSE Fini 15	8178.07	-0.87%	-0.37%	1.93%	0.08%	8.30%
JSE Indi 25	27819.80	-0.95%	0.92%	5.00%	3.83%	27.84%
JSE Mining	35334.09	-2.21%	-3.88%	-8.71%	-5.00%	10.06%
JSE Resi 20	53698.12	-2.28%	-4.03%	-9.10%	-4.62%	11.56%
S&P 500	1312.94	-0.12%	-3.22%	-0.62%	4.40%	22.62%
DJI	12248.55	-0.34%	-4.36%	0.65%	5.80%	22.19%
NASDAQ	2773.31	0.15%	-2.40%	-0.41%	4.54%	24.79%
Nikkei	9555.04	-1.69%	-4.49%	-10.65%	-6.59%	-1.61%
Hang Seng	23253.84	-1.58%	-1.61%	-0.66%	0.95%	19.27%
FTSE 100	5847.92	-1.36%	-3.86%	-2.38%	-2.06%	13.26%
CAC 40	3889.87	-1.89%	-5.05%	-3.24%	2.24%	11.04%
DAX	7074.12	-1.99%	-5.69%	-1.46%	2.31%	18.27%
ASX-ORD	4683.20	-2.20%	-3.53%	-5.55%	-3.38%	5.56%
JSE All Share (in US\$)	4762.21	0.33%	-2.32%	1.10%	-1.86%	34.35%
MS EM Index	1158.96	-0.67%	-2.26%	1.80%	0.66%	27.76%
MS World Index	1325.36	-0.77%	-4.17%	-1.71%	3.54%	23.92%

Currencies	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Rand/US \$	6.69	1.73%	-0.94%	2.56%	-1.12%	15.10%
Rand/GB Pound	10.96	1.57%	-0.28%	1.95%	-6.00%	3.16%
Rand/Euro	9.72	0.77%	1.21%	-1.29%	-9.02%	-2.87%
Rand/Aus \$	7.16	1.40%	0.39%	-2.83%	-5.64%	-10.27%
Yen/ US \$	80.96	-0.09%	0.01%	1.67%	0.19%	12.55%
Swiss Franc/US \$	0.84	-0.14%	2.15%	9.82%	10.86%	37.09%
US \$/Euro	1.45	-0.98%	2.41%	-3.44%	-7.58%	-15.54%
US \$/GB Pound	1.64	-0.15%	0.81%	-0.54%	-4.57%	-10.36%
US \$/Aus \$	1.07	-0.34%	1.72%	-4.96%	-4.14%	-21.95%
Nominal Effective Exchange Rate (2000 = 100)	75.99	0.04%	0.96%	0.64%	6.94%	-1.72%

	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
<b>Commodities</b>						
Gold \$/oz.	1533.57	-0.48%	-0.22%	7.26%	7.89%	25.09%
Platinum/oz.	1816.5	-0.22%	-2.08%	-1.41%	2.63%	17.80%
Brent Crude \$/bbl	115.26	0.66%	-6.58%	-0.40%	21.65%	56.92%

Fixed income	Closing yield %
SA R157	7.44
US 2 YEAR	0.45
US 10 YEAR	2.99
UK 2 YEAR	0.58
UK 10 YEAR	3.24
EURO 2 YEAR	1.63
EURO 10 YEAR	2.99

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