

Today's highlights

- Global markets and the rand: Not all bad news
- Week at a glance: Upcoming results
- Upcoming dividend dates and corporate actions
- Company calendar – 6 June to 10 June
- Economic calendar – 6 June to 10 June

Talking point: Jobs data round off US Week of Woe

The US data Week of Woe was rounded off on Friday with the release of May employment data, which came in worse than the market expected. Payrolls rose 54 000 in May, well down on Bloomberg forecasts of 165 000, while the US unemployment rate rose to 9.1%. Equity markets were rocked by the news, and largely disregarded the relatively positive ISM services survey number that also came out on Friday. The US dollar also lost some ground, presumably on the view that the Fed would have to hold fire on any withdrawal from its stimulus measures (we discuss these issues in more detail elsewhere in Daily View).

Despite the current state of gloom, there are some good reasons to believe that we may well have seen the worst for now. One is that these numbers and the other activity numbers we have seen may well reflect high energy prices earlier in the year and disruptions to supply chains caused by the earthquakes in Japan. However the services numbers (which make up a much larger proportion of activity in the US than manufacturing) are encouraging, and there are signs that Japanese manufacturing activity is close to turning around and could rebound strongly later in the year. Europe appears close to agreeing on more assistance to Greece and China appears close to the end of its monetary tightening cycle. There is a lot of uncertainty about, but some good reasons to be a little optimistic.

Market highlights

Wall Street saw a bout of selling on Friday after the release of May employment data which came in far worse than the market had expected, prompting worries about the state of the economy.

The JSE fed off the weak sentiment in the US, closing lower as mining, industrial and financial counters were sold off.

Bonds were mixed while the rand was little changed as traders moved out of the US dollar on worries about the state of the US economy and the likelihood of continued stimulus measures.

Commodities managed gains on Friday as the US employment data caused the US dollar to weaken and market participants to speculate that stimulus measures would continue for some time.

Key indicators in a nutshell – Friday 3 June 2011

Key indicators	Last price	1 Day	1 Month	1 Quarter	Year date to	1 Year
JSE All Share	31575.65	-0.95%	-0.88%	-2.24%	-1.69%	15.88%
S&P 500	1300.16	-0.97%	-3.50%	-0.76%	3.38%	18.37%
Nikkei	9492.21	-0.66%	-5.12%	-9.64%	-7.20%	-1.16%
Rand/US \$	6.71	-0.24%	-0.74%	2.43%	-1.35%	13.86%
Rand/GB Pound	11.02	-0.49%	-0.17%	0.89%	-6.46%	1.64%
US\$/Euro	1.46	-1.03%	1.34%	-4.59%	-8.54%	-16.38%
Gold \$/oz.	1542.5	0.58%	1.70%	7.59%	8.52%	26.05%

Company results and updates

SABMiller is to sell its 20% stake in Kenya Breweries to East African Breweries for US\$225m.

BSI Steel expects to report an increase in HEPS for the year to March of between 70% and 80%. Results are due out on 13 June.

FirstRand has called off acquisition talks with Nigerian banking group Sterling.

Daily ideas

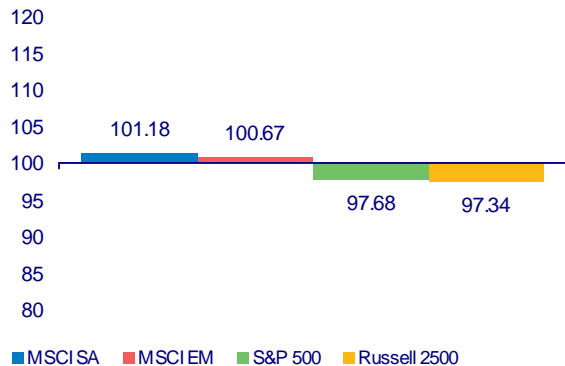
Global markets and the rand: Not all bad news

The flow of disappointing US economic data continued with the Payroll report of Friday that reported a gain of 54 000 in May, well below the monthly average gain in 2011 of 182 000, and an increase in the unemployment rate from 9% to 9.1%. The unemployment rate was not all bad news as, according to the US Survey of households, an extra 272 000 workers joined the labour force only partly offset by a 105 000 increase in household employment.

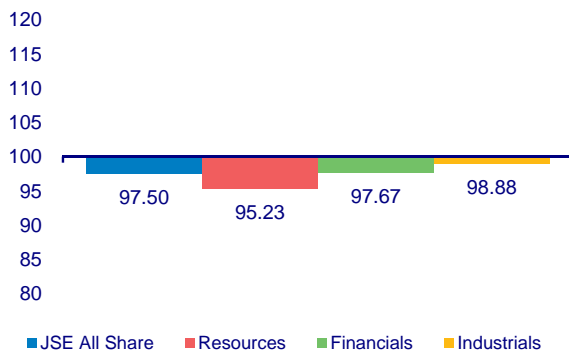
More people entered the labour force, presumably because they thought they could realistically find work, but not all did so. Hourly earnings in the US are rising very slowly, by 0.1% in April and 0.3% in May. With little growth in wages, any perceived inflationary threat from the labour market has dissipated, providing further reason for postponing higher interest rates and hence the weaker US dollar.

Not all the recent news about the US economy was bad, The ISM non-manufacturing index that covers 90% of the US economy rose from 52.8 to 54.6, marginally ahead of consensus. Numbers above 50 indicate growth. More encouraging was that the employment component of this Index rose from 51.9 to 54, consistent with payroll growth of 175 000, and faster than that indicated by the official payroll report.

The weaker numbers and their implications for low interest rates for longer weakened the dollar and strengthened the euro and emerging market currencies, including the rand. This made the week a better one for US dollar investors on the JSE and emerging markets generally than it was for investors in the S&P 500, that after an extended period of outperformance lost ground to emerging markets last week.

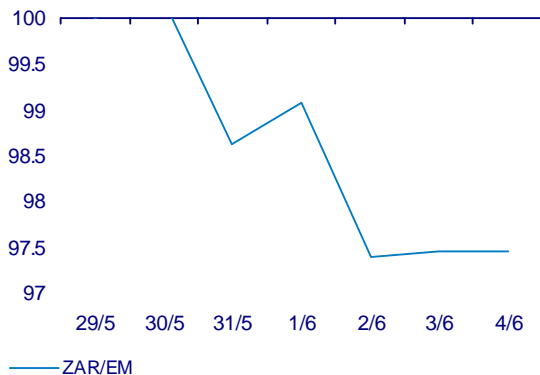
Total returns in US dollars, week ending 3 June 2011

Source: Investec Securities and Investec Wealth and Investment

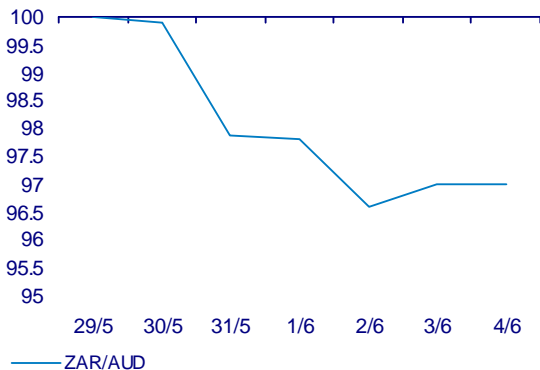
Total returns in rand, week ending 3 June 2011

Source: Investec Securities and Investec Wealth and Investment

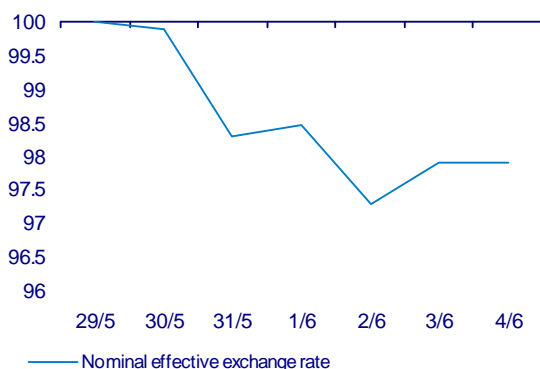
The rand during the week had turned out to be a particularly strong emerging market currency. The rand made gains not only against the US dollar, the euro and the Aussie dollar but also gained about 3% against our basket of other emerging market currencies.

The rand vs the emerging market basket (29 May = 100), Lower numbers indicate strength

Source: Investec Securities and Investec Wealth and Investment

The rand vs the Aussie dollar (29 May = 100), lower numbers indicate strength

Source: Investec Securities and Investec Wealth and Investment

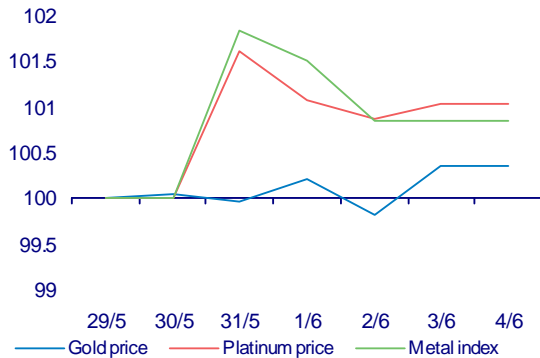
The Trade weighted rand (29 May = 100), lower numbers indicate strength

Source: Investec Securities and Investec Wealth and Investment

It would appear that the rand had gained from the approval of the Competition Tribunal of the Wal-Mart / Massmart deal after having weakened relative to the Aussie dollar and other emerging markets in the weeks leading up to the decision. SA specific risks, that is policies more or less friendly to foreign investment, would appear to have a modest influence on the exchange value of the rand in recent weeks. The more important influence on the rand will remain those emanating from global markets in the form of commodity prices and flows into emerging market bonds and equities.

The news from the commodity markets was not unsatisfactory as prices held up, helped by the weaker US dollar. The oil price in US dollars was largely unchanged.

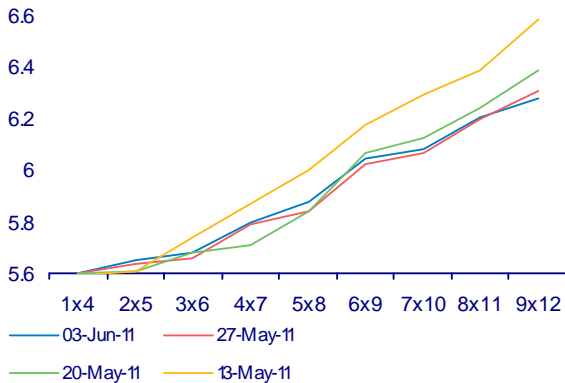
Precious and industrial metal price trends (29 May = 100)



Source: Investec Securities and Investec Wealth and Investment

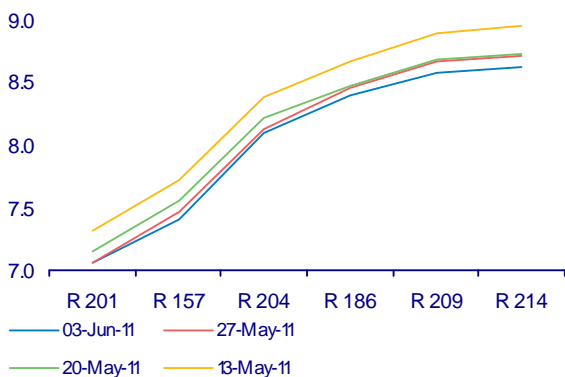
The stronger rand and the more uncertain outlook for the US and global economy weakens further the case for higher interest rates in SA. This has been partly recognised in the bond market with a downward shift of the term structure of interest rates. The probability of an increase in the repo rate this year receded the week before last but remained largely unaffected by the news last week.

Forward Rate Agreement (FRA) curves



Source: Investec Securities and Investec Wealth and Investment

The term structure of RSA Bond Yields



Source: Investec Securities and Investec Wealth and Investment

The US equity markets are undemandingly valued relative to earnings and interest rates and have become less so this past week. The weaker data disturbs the outlook for future earnings as the performance of the S&P 500 this past week made

perfectly clear. The key to the outlook for the US economy and the equity markets will be the willingness of US business to put their strong balance sheets to work hiring workers and buying equipment.

The confidence of US business would be greatly assisted by the belief that Washington will deal effectively with the US Budget and US government debt. Any sense that China is loosening rather than tightening its monetary stance will be very helpful too.
Brian Kantor

Week at a glance: Upcoming results

Things slow down on the reporting front this week and next, with only three companies covered by the analyst community reporting over the next two weeks. Two property companies make up the list, along with fixed line operator Telkom. **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
09/06	Acucap	F	March	229.9	274.8	292.2	274.8	Hold +	3695	7.4*
09/06	Sycom	F	March	148.4	159.8	172.9	159.8	Hold	2229	7.2*
13/06	Telkom	F	March	67.8	382.9	407.1	150	Hold	3650	9.5

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

*Dividend yield in percent

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 – 6 June to 10 June

Thursday 9 June Acucap finals
Sycom finals

Source: I-Net, Company updates

Economic calendar – 6 June to 10 June

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

Sources: Bloomberg, StatsSA, SA Reserve Bank, NAAMSA

Key market indicators – Friday 3 June 2011

Indices	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
JSE All Share	31575.65	-0.95%	-0.88%	-2.24%	-1.69%	15.88%
JSE Fini 15	8077.89	-1.22%	-0.30%	0.77%	-1.14%	5.83%
JSE Indi 25	27601.72	-0.78%	1.33%	3.77%	3.02%	26.74%
JSE Mining	34899.35	-1.23%	-3.12%	-9.26%	-6.17%	10.22%
JSE Resi 20	52977.46	-1.34%	-3.37%	-9.91%	-5.90%	11.30%
S&P 500	1300.16	-0.97%	-3.50%	-0.76%	3.38%	18.37%
DJI	12151.26	-0.79%	-4.50%	0.51%	4.96%	18.55%
NASDAQ	2732.78	-1.46%	-3.37%	-0.47%	3.01%	19.80%
Nikkei	9492.21	-0.66%	-5.12%	-9.64%	-7.20%	-1.16%
Hang Seng	22949.56	-1.31%	-1.57%	-1.56%	-0.37%	17.86%
FTSE 100	5855.01	0.12%	-2.16%	-1.99%	-1.94%	13.66%
CAC 40	3890.68	0.02%	-3.77%	-2.50%	2.26%	11.11%
DAX	7109.03	0.49%	-3.59%	-0.74%	2.82%	18.86%
ASX-ORD	4666.60	-0.35%	-3.06%	-4.68%	-3.72%	5.97%
JSE All Share (in US\$)	4705.97	-1.18%	-1.62%	0.14%	-3.02%	31.94%
MS EM Index	1155.51	-0.30%	-1.32%	2.07%	0.36%	27.18%
MS World Index	1320.11	-0.40%	-3.74%	-1.40%	3.13%	22.32%

Currencies	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Rand/US \$	6.71	-0.24%	-0.74%	2.43%	-1.35%	13.86%
Rand/GB Pound	11.02	-0.49%	-0.17%	0.89%	-6.46%	1.64%
Rand/Euro	9.82	-1.02%	0.77%	-2.34%	-9.94%	-4.66%
Rand/Aus \$	7.19	-0.40%	-0.16%	-3.33%	-6.02%	-10.37%
Yen/ US \$	80.27	0.86%	0.46%	2.52%	1.05%	14.86%
Swiss Franc/US \$	0.83	1.13%	3.30%	11.15%	12.11%	38.64%
US \$/Euro	1.46	-1.03%	1.34%	-4.59%	-8.54%	-16.38%
US \$/GB Pound	1.64	-0.40%	0.43%	-1.39%	-4.95%	-10.82%
US \$/Aus \$	1.07	-0.45%	0.30%	-5.57%	-4.57%	-21.48%
Nominal Effective Exchange Rate (2000 = 100)	76.64	-0.85%	0.29%	-0.23%	6.03%	-2.24%

	Last price	1 Day	1 Month	1 Quarter	Year to date	1 Year
Commodities						
Gold \$/oz.	1542.5	0.58%	1.70%	7.59%	8.52%	26.05%
Platinum/oz.	1817	0.03%	-0.36%	-0.27%	2.66%	17.23%
Brent Crude \$/bbl	116.06	0.69%	-3.78%	-0.07%	22.49%	56.50%

Fixed income	Closing yield %
SA R157	7.42
US 2 YEAR	0.43
US 10 YEAR	3.00
UK 2 YEAR	0.62
UK 10 YEAR	3.28
EURO 2 YEAR	1.71
EURO 10 YEAR	3.06

Feedback

We welcome your feedback. Please email iso@investec.co.za or call 0861 003 020.

Unsubscribe

Should you no longer wish to receive this newsletter in future, please reply to this e-mail with the word "unsubscribe" in the subject box.