

Efficient Research

Resources Rebound

29 July 2008

The JSE All share ended the week's first trading day in green territory, up 1.20% (27 320). The bourse was supported by a strong performance in Resources (+3.17%) as a weaker U.S. dollar and higher oil prices buoyed commodity prices. BHP Billiton ended 4.4% higher (R243.84) and Anglo American had gathered 2.3% (R415) at close. The Platinum mining index jumped 3.43%. Anglo Platinum, the world's largest platinum miner, reporting a 21.0% rise in headline earnings for the six months and announced new capital projects worth R24.8bn. The company's share price closed 3.9% higher (R971). Impala Platinum increased 3.6% (R231). The Gold mining index was up 1.43% with AngloGold Ashanti shedding 0.3% (R252.51) but Gold Fields surging 4.2% (R93) and Harmony adding 1.1% (R78.90). Sasol was 4.2% firmer (R394) at close. Financials were down 1.11% with Banks moving a marginal 0.06% lower. Absa (+0.9%, R99.10) and RMB (+1.8%, R24.24) gained, whilst Nedbank (-1.6%, R100.40) and Standard Bank (-0.3%, R87.50) retreated.

The gold price was trading stronger on the back of a weaker dollar and higher oil prices, quoted at \$932.22/oz earlier. Platinum was slightly higher yesterday, although still \$106.50/oz less expensive than a week before. The oil price inched higher on concerns over supply in Nigeria. The U.S. dollar was weaker against the Euro earlier. This was mainly due to speculation ahead of the release of a report on house prices today that is expected to show a sharp decline – confirming fears that the housing slump has deepened. The rand strengthened against the major currencies yesterday though still trading range bound ahead of the important inflation data to be released later this week. The R153 and R157 government bonds gathered 8 points and 13 points respectively, following the local currency higher.

The International Monetary Fund commented yesterday that worsening credit conditions may prolong the global economic slowdown. Wall Street ended the session in the red, lead lower by financial companies with the Dow Jones dropping 240 points. The main European markets declined on the back of the IMF's comments and higher Brent crude prices sparking negative sentiment. Stocks in Asia were lower earlier after forecasts by Toyota Motor Corp. and Singapore Airlines Ltd. deepened concern over earnings.

Australia's main index was also lower earlier, dragged lower by banking stocks.

Locally, the money supply and credit figures were released earlier this morning. Money supply in June increased 20.12% y:y and Private Sector Credit Extension increased 20.3% y:y – both rates of increase are above estimates which is not good news for expectations of an unchanged stance in interest rates to follow after the next MPC meeting in August. This, combined with the negative international sentiment may put pressure on Financial and banking stocks in today's trading session.

Local Markets				Exchange Rate			
	Index	Points	%		Points	%	
All Share	27320	324	1.20	R/\$	7.52	-0.08	-0.99
Top 40	25453	354	1.41	R/€	11.85	-0.06	-0.48
Indi 25	18850	-51	-0.27	R/£	15.02	-0.05	-0.33
Fini 15	6770	-85	-1.24	\$/€	1.57	0.00	0.29
Mid Cap	27076	-109	-0.40	\$/¥	107.48	-0.38	-0.35
Small Cap	25556	-55	-0.21	Interest Rates			
Financials	17697	-199	-1.11	REPO	12.00	0.00	0.00
Resources	58551	1797	3.17	Prime	15.50	0.00	0.00
Gold	2200	31	1.43	R 153	10.55	-0.08	-0.80
Platinum	96	3	3.43	R 157	9.53	-0.13	-1.35
Construction	71	0	0.68	Commodities			
Banks	30543	-18	-0.06	Gold \$	932.22	2.02	0.22
Retail	21719	-30	-0.14	Platinum \$	1761.00	3.00	0.17
IT	13053	80	0.62	Oil \$	126.18	1.39	1.11
International Markets							
	Index	Point	%		Index	Point	%

Nikkei 225	13100	-254	-1.90	CAC 40	4397	20	0.46
Australia	4924	-66	-1.31	Dow Jones	11131	-240	-2.11
FTSE 100	5313	-40	-0.75	Nasdaq	2264	-46	-2.00
DAX	6351	-86	-1.33	S&P 500	1234	-23	-1.86

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