

## Review of 10 to 13 August 2010 and Preview of 16 to 20 August 2010

### Domestic market review

Comment	Index	Level at week close	Movement
<b>Equity market: Local equities</b> were dragged down further by weaker global markets.	All Share	27 526.2	-2.7%
	Basic materials	26 383.0	-4.0%
	Industrials	27 311.3	-1.4%
	Financials	20 051.5	-2.8%
<b>Bond market: Bonds</b> strengthened.	R157 2015	7.42%	-0.17
<b>Money market: Rates</b> were down.	3-month JIBAR	6.50%	-0.02

### Domestic economy comment

**Manufacturing production** rose by 8,8% y-o-y in June from 8,1% y-o-y in May. Over the month, production may have been helped by stocking ahead of the commencement of the World Cup. On an annual basis, seven out of 10 major sectors recorded increases, but the strongest contribution continued to come from industries that have an export component. Production in the broad 'motor vehicles and parts' sector increased by 26% y-o-y and 0,5% m-o-m, while that of 'petroleum, chemicals products, rubber and plastic products' and 'electrical machinery' rose by 13,2% y-o-y (up by 4,2% m-o-m) and 9,1% y-o-y (down by 1,4% m-o-m) respectively. Production in the sectors that supply the retail sector continued to benefit from improved consumer confidence and spending. Output of 'food and beverages' increased by 7%, while the annual rate of decline in output of 'textiles and clothing' and 'radio, television and professional equipment' moderated to 2,7% and 3,8% respectively from 4,5% and 7,4% in June.

**Mining production** fell in May and June, dropping by 7,6% y-o-y and 4,9% y-o-y respectively, dragged down mainly by drops in the production of coal, copper, gold and building materials. However, production increased in June on a m-o-m basis, rising by a seasonally adjusted 4,2%, with the increase boosted by higher diamond production, which increased by over 50% following a 32,7% drop in May. Coal, nickel and platinum production also rose over the month, up by 6,4%, 7,6% and 2,6% respectively following declines in May. Over the quarter, mining production was significantly weaker, falling by seasonally adjusted 6,7% with production of nickel, platinum, coal and copper falling by 20,4%, 11,4%, 9,8% and 9,6% respectively. However, production of gold and chrome increased further, rising by 4,8% q-o-q and 10,4% q-o-q respectively.

### Commodities market

Comment	Commodity	Level at week close	Movement
<b>Commodity prices</b> ended the week mixed.	Gold/ounce	\$1 215.5	+1.3%
	Platinum/ounce	\$1 522.5	-3.7%
	Brent crude oil/barrel	\$74.9	-7.3%

### Currency market

Comment	Currency	Level at week close	Previous week close
The <b>rand</b> weakened against the US dollar, pressured by a weaker euro and increased risk aversion on renewed concerns about the global economic outlook.	R/\$	7.30	7.22
	R/£	11.37	11.49
	R/€	9.31	9.58

## International market review

Comment	Index	Level at week close	Movement
Global equities fell last week on further signs that growth in China is slowing, weak US economic data as well as renewed concerns about peripheral eurozone countries.	Dow Jones	10 303.2	-3.3%
	NASDAQ	2 173.5	-5.0%
	S&P 500	1 079.3	-3.8%
	UK FTSE 100	5 275.4	-1.1%
	German DAX	6 110.4	-2.4%
	French CAC	3 610.9	-2.8%
	Nikkei 225	9 253.3	-4.0%

## International market comment

In the **US**, the **University of Michigan consumer sentiment index** rose in August, increasing to 69,6 from 67,8 in the previous month. **Retail sales** rose for the first time in two months in July, rising by 0,4% m-o-m, following declines of 0,3% m-o-m and 1% m-o-m in the two previous months. Core retail sales, which excludes car and gas sales, fell by 0,1% over the month. **Initial jobless claims** rose by 2 000 to 484 000 for the week ending 6 August, its highest level since the middle of February.

**Eurozone gross domestic product** rose by 1% q-o-q in the second quarter, following an increase of 0,2% q-o-q in the first quarter. Over the year, output rose by 1,7%, compared with an annual increase of 0,6% in the first quarter. Germany was instrumental in boosting the region's output, with second quarter growth of 2,2%, helped by strong exports.

In the **UK**, **industrial production** fell by 0,5% m-o-m in June. Manufacturing production rose by 0,3% m-o-m in June, unchanged from May.

## The week ahead

**Locally**, the only key economic release scheduled for this week includes June's **retail sales** figures.

**Internationally**, the key economic releases scheduled for this week in the **US** includes July's **housing starts**, **PPI** and the **leading indicator** figures and **initial jobless claims** for the week ending 13 August. In the **Eurozone**, July's **CPI** figures will be released. In the **UK**, July's **CPI** and **retail sales** figures will be released.

### The contents of the Weekly Economic Monitor are sourced from the Nedbank Economic Unit.

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