

## OMIGSA Comment – Tracy Brodziak, Sector Head: Financials

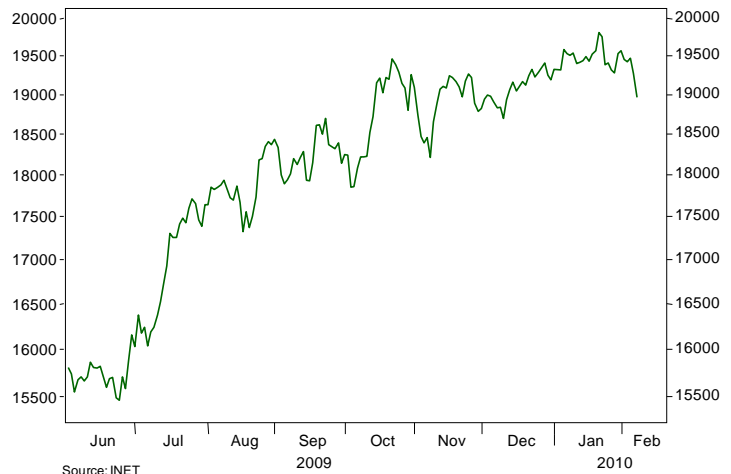
### Financials: Standard Bank shines .....while Old Mutual drags sector



The FTSE/JSE Financial Index gained 1.2% for the month of January 2010. It outperformed the FTSE/JSE Shareholder Weighted All Share Index (SWIX), which ended the month 2.6% down.

Within financials, the banking sector provided the lift, returning 4.3% in the month and was mainly boosted by strong performance from Standard Bank. In contrast, the life sector was down 2.1% mainly as a result of Old Mutual, which was down close to 4% over the same period.

FTSE/JSE Financial Index



The financial sector continues to benefit from an improved local economic environment following positive GDP growth for the third quarter of 2009, and expectations that the fourth quarter GDP will show continued consolidation of the trend.

As the reporting season for the sector commences, we expect company results to show evidence of a tough operating environment in 2009, with loan impairment ratios for banks and policy termination rates for life companies remaining at elevated levels.

However, we expect an operational recovery to commence sometime in 2010, supported by a stabilising economy and improved household incomes.

#### 29 Jan - 04 Feb 2010 in a nutshell

**Global:** Negative investor mood hovered over global bourses this week on the back of disappointing employment numbers from the US and the eurozone's worsening debt crisis. The S&P 500 in the US slid 2.03% while its European counterpart dropped 1.10% and emerging market shares were 1.49% weaker.

**South Africa:** The local market was not left unscathed, with the FTSE/JSE All Share Index shedding 1.78%. The biggest losers of the week were resources, plunging 8.37% on weaker commodity prices.

#### Markets and Economics - Highlights

##### Global

- The number of US workers claiming jobless benefits rose unexpectedly last week, as the White House signalled that the recession may have claimed far more jobs than previously thought. Initial jobless claims climbed 8 000 to 480 000, the labour department figures showed.
- European Central Bank (ECB) president Jean-Claude Trichet said the bank was confident that Greece was taking steps necessary to reduce its budget deficit. Meanwhile, the ECB kept rates at a record low of 1%.
- Central and eastern European markets have been the strongest performers in the world in the past six months, in a sharp turnaround of fortunes as the concerns of investors have switched to the mounting debts in the developed world.

## South Africa

- New vehicle sales began the year with a bang, rising for the first time in 33 months and suggesting that consumer demand, the economy's main engine, may be on the mend. Sales were likely to rise 7%-10% this year, said the National Association of Automobile Manufacturers of SA (Naamsa).
- The University of Stellenbosch's Bureau for Economic Research (BER) said the rebound in the local Kagiso purchasing managers' index (PMI) last month implied an end to job losses, after the loss of about a million jobs last year. The index was 53.6 points in January this year, the highest since April 2008.
- House prices rose 3.1% y/y last month, compared with a revised 2.3% in December and 1.5% in November, said a local bank.

### Key Indicators:

Market	Index	Movement for the period		Year to Date
		%	Index Value @ 04.02.2010	% Performance Return
United States	S & P 500 (US\$)	-2.03%	1,063	-4.67%
Europe	Euro Stoxx 50 (Euro)	-1.10%	2,707	-8.74%
Emerging Mkts	MSCI Emerg Mkts (US\$)	-1.49%	926	-6.41%
South Africa	FTSE/JSE All Share (ZAR)	-1.78%	26,318	-4.87%
Global	MSCI (US\$)	-1.95%	1,106	-5.31%
ZAR/Dollar	Rand/US \$ (ZAR)	0.66%	7.65	3.52%
ZAR/Pound	Rand/£ (ZAR)	-1.47%	12.07	1.77%
ZAR/Euro	Rand/Euro (ZAR)	-0.57%	10.54	0.48%
JSE	Industrials	-1.12%	24,707	-2.13%
JSE	Financials	-2.46%	19,270	-0.29%
JSE	Resources 20	-8.37%	46,506	-8.96%
JSE	Small Companies	-2.52%	27,417	-1.68%
JSE	Listed Property	-1.82%	323	0.00%
JSE	RAFI@ ALSI	-4.40%	5,502	-4.35%
JSE	RAFI@ 40	-4.63%	5,331	-4.67%
JSE	SWIX	-2.92%	5,527	-3.63%

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