

Efficient Research

Resources to the Rescue

22 August 2008

The resources sector (+2.5%) was favoured again yesterday, as commodity prices bounced back from year-to-date lows on renewed tension (especially surrounding the Russia/Georgia situation) and some pullback in the dollar. The All share advanced 1%, to close just above the 27,000 points level. Gold miners jumped 2.5% and platinum miners advanced 0.9% after having been slaughtered earlier in the week. DRDGold reported that it grew revenue from continuing operations by 20% for the year to June, while operating costs climbed 13.6%. DRD's share price jumped 4.7% on the day. Anglo American (+3%) and BHP Billiton (+2%) managed to climb higher on top of Wednesday's strong rises. Other sectors providing support to the JSE included Construction (+2.2%) and Retailers (+1.2%). Woolworths (0.9%) reported yesterday that sales rose 13.3% for the 53 weeks to June, while operating profit was up 8.7%. Industrials (-0.4%) and Financials (-0.1%) countered some of the gains of the market. The rand strengthened versus the major currencies, up around 0.6% to the dollar and 0.3% against the euro. The dollar lost ground as fears over the health of the US economy continues to linger, and dropped to just below the \$/€1.50 mark after trading as strong as \$/€1.46 earlier in the week. This effect provided impetus to commodity prices and gold climbed \$17.85 to \$837 per ounce, while platinum's price surged \$93 to \$1,473. The weaker dollar and rising tension between Russia and Georgia pushed the price of oil up almost 5% to \$120 per barrel. The latest worries in the US comes from analysts expecting more mortgage related write offs from major financial institutions, including JP Morgan Chase and AIG. Energy stocks kept the Dow (+0.1%) in the green, while the Nasdaq slipped 0.3%. In Europe the DAX and CAC both lost more than 1%, while the FTSE managed to close flat as weakness from banking shares were offset by strength for mining and oil companies. The Nikkei was down 0.7% earlier, to an almost five month low as exporters (including Honda Motor Corp) continue to take strain from fears over a slowing global economy. Australian shares were up 1.2% as miners supported the market. On the international front, the UK's second quarter growth are scheduled for release today, with the market expecting an meagre rise of 0.1% q:q. In the US Fed Chairman Mr Bernanke is due to speak on financial stability later today. Back home resources should continue to provide drive to the market, while investors will start to speculate over the numerous important economic releases (including CPI, PPI and PSCE) scheduled for next week.

Local Markets				Exchange Rate			
	Index	Points	%			Points	%
All Share	27065	271	1.01	R/\$	7.68	-0.05	-0.65
Top 40	25044	283	1.14	R/€	11.39	-0.04	-0.35
Indi 25	18714	-83	-0.44	R/£	14.40	-0.01	-0.07
Fini 15	6739	-9	-0.13	\$/€	1.49	0.01	0.68
Mid Cap	28249	13	0.05	\$/¥	108.47	-0.60	-0.55
Small Cap	26474	51	0.19	Interest Rates			
Financials	17799	-19	-0.10	REPO	12.00	0.00	0.00
Resources	57269	1377	2.46	Prime	15.50	0.00	0.00
Gold	1769	43	2.49	R 153	9.87	0.08	0.82
Platinum	91	1	0.90	R 157	9.23	0.08	0.87
Construction	76	2	2.16	Commodities			
Banks	30032	-3	-0.01	Gold \$	837.80	17.80	2.17
Retail	23668	283	1.21	Platinum \$	1473.00	93.00	6.74
IT	13158	-114	-0.86	Oil \$	120.38	5.27	4.58
International Markets							
	Index	Point	%		Index	Point	%
Nikkei 225	12662	-90	-0.71	CAC 40	4305	-61	-1.40

Australia	5012	62	1.26	Dow Jones	11430	13	0.11
FTSE 100	5370	-2	-0.03	Nasdaq	2380	-9	-0.36
DAX	6237	-81	-1.28	S&P 500	1278	3	0.25

Prepared by: Fanie Joubert

Efficient Group

This report is confidential and for the information of clients only. Information and opinions in this document are from sources believed to be reliable, but cannot be guaranteed due to the nature thereof. Efficient Group accepts no liability as a result of any action based on the information or opinions expressed in this report. The company, directors and staff may from time to time have interests in the shares mentioned in this report.