

# Efficient Research

## Inflation Focus

27 August 2008

The JSE All share closed 1.2% higher (27 023) yesterday, offsetting earlier losses. News surrounding the take-over bid for Rio Tinto by BHP Billiton supported the share price of the resource giant, increasing 3.8% (R240.50). Resources gained just over 2.0% after Anglo American also had a positive day (+0.7%, R402.99). The Platinum mining index climbed 2.8% with Anglo Platinum up a strong 3.8% (R924.99) and Impala Platinum increasing 2.0% (R217). The Gold mining index was nearly 1.5% firmer at close. AngloGold Ashanti gathered 1.0% (R205), Gold Fields advanced 2.6% (R69) and Harmony added 1.5% (R65.25). Sasol ended 1.0% higher (R141). Financials managed to close 0.35% higher though Banks gave up nearly 0.5%. First Rand retreated 1.0% (R15.24) and Nedbank shed 0.5% (R101.21). Industrials ended 0.46% stronger with Construction up 1.11%. Heavy construction groups Murray & Roberts Holdings (R96.60) and Raubex (R35.25) increased 3.3% and 3.7% each, respectively.

The dollar strengthened against the Euro (US\$/€ 1.46) after German business confidence fell more than expected. The price of gold was trading 1.1% higher earlier (\$827.70/oz). The platinum price was flat this morning whilst the oil price inched 92c higher. The rand depreciated against the stronger dollar yesterday, but managed to gain some ground against the Euro and the U.K. pound. Wall Street closed in the green as a report showed that consumer confidence unexpectedly increased in August as less expensive fuel prices improved sentiment. The U.S. consumer plays a pivotal role in the economy, responsible for around 70.0% of total demand and the upbeat result supported the main markets. The positive U.S. consumer sentiment spread across to Europe, leading the French and German markets higher. The FTSE closed down 34 points (-0.7%) on 5471 points, recovering from a drop of 130 points earlier in the day. The Nikkei 225 in Japan was trading 0.2% in the red earlier, whilst the Australian bourse inched 0.1% higher.

The resources sector on the JSE should be supported by the slight pick-up in commodity prices while investors will keep an eye on the CPI data scheduled for 11:30.

Local Markets				Exchange Rate			
	Index	Points	%		Points	%	
All Share	27023	320	1.20	R/\$	7.80	0.06	0.72
Top 40	24975	324	1.32	R/€	11.42	-0.03	-0.22
Indi 25	18767	87	0.46	R/£	14.34	-0.01	-0.04
Fini 15	6846	33	0.49	\$/€	1.46	-0.01	-0.75
Mid Cap	28474	137	0.48	\$/¥	109.65	0.34	0.31
Small Cap	26564	-38	-0.14	<b>Interest Rates</b>			
Financials	18036	63	0.35	REPO	12.00	0.00	0.00
Resources	56622	1117	2.01	Prime	15.50	0.00	0.00
Gold	1754	25	1.45	R 153	9.91	0.00	0.00
Platinum	92	3	2.80	R 157	9.29	0.02	0.22
Construction	77	1	1.11	<b>Commodities</b>			
Banks	30313	-149	-0.49	Gold \$	827.70	9.00	1.10
Retail	23580	46	0.20	Platinum \$	1437.00	-1.50	-0.10
IT	13566	361	2.73	Oil \$	115.25	0.92	0.80

International Markets							
	Index	Point	%		Index	Point	%
Nikkei 225	12755	-24	-0.19	CAC 40	4369	13	0.29
Australia	5087	5	0.10	Dow Jones	11413	27	0.23

FTSE 100	5471	-35	-0.63	Nasdaq	2362	-4	-0.15
DAX	6341	44	0.69	S&P 500	1272	5	0.37

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