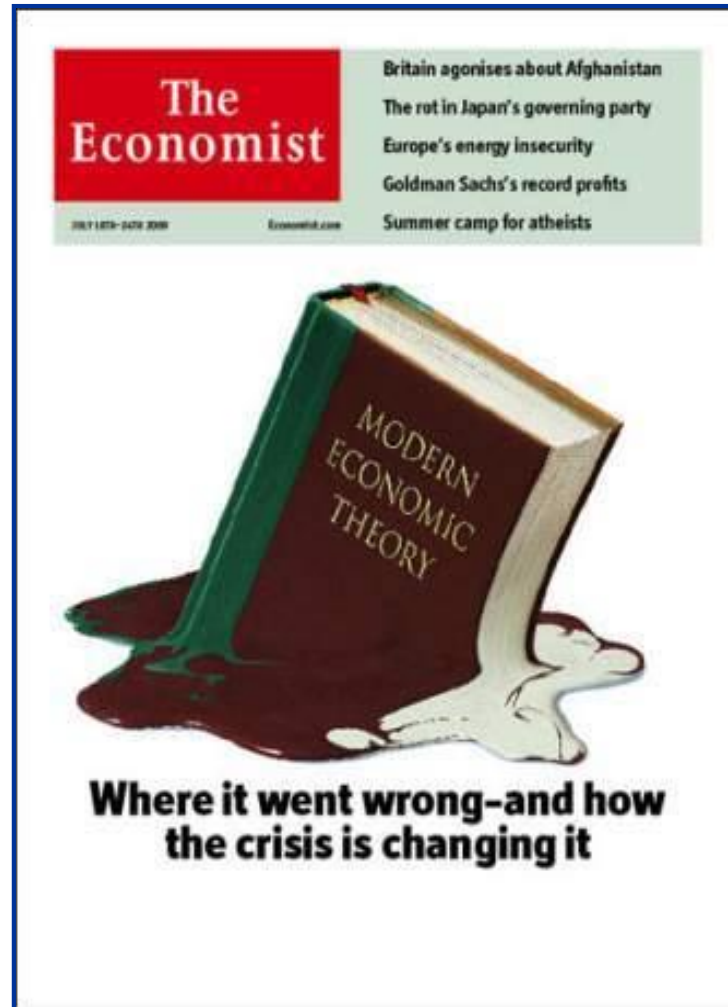


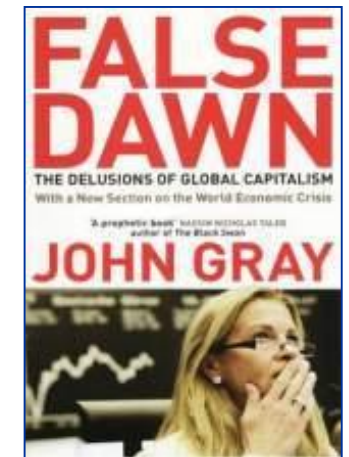
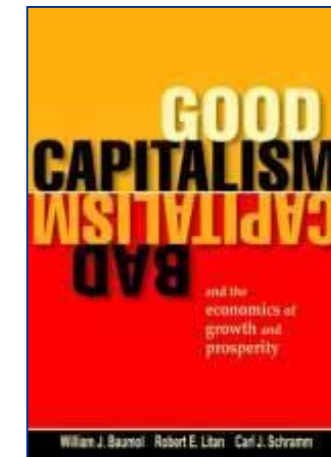
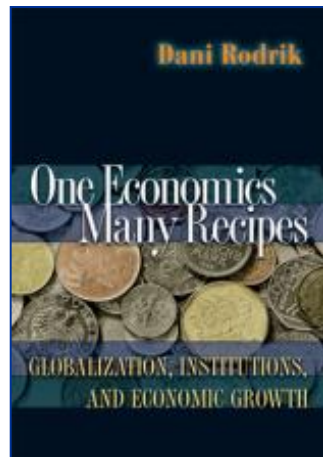
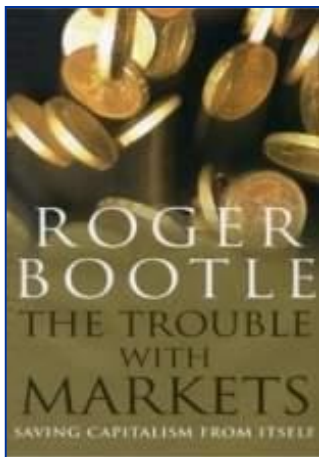
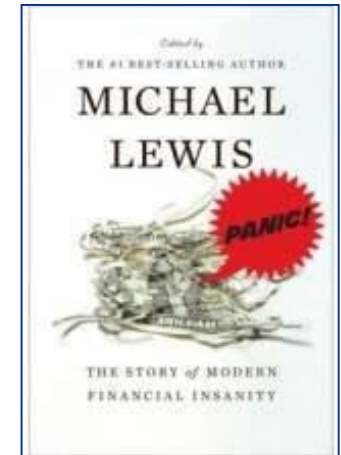
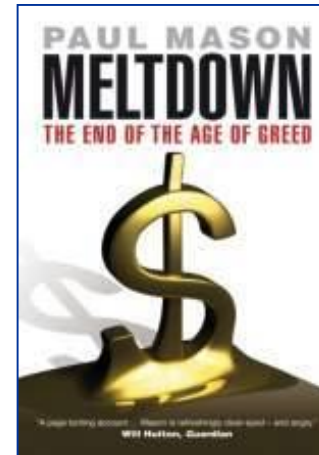
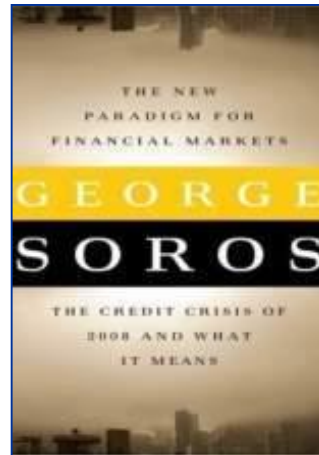
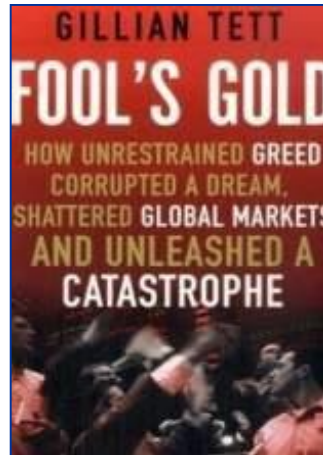
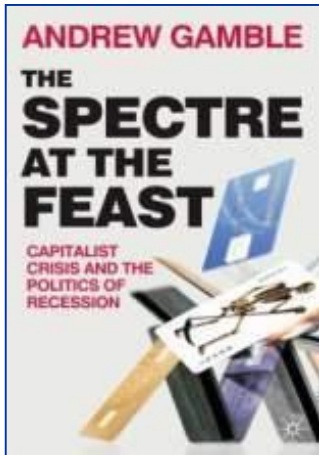


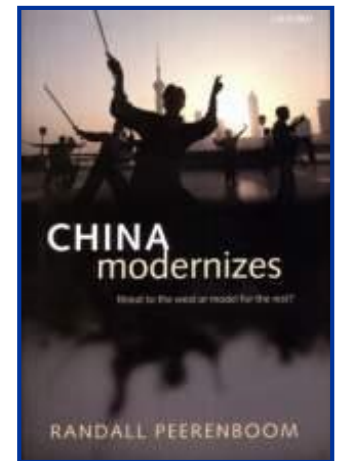
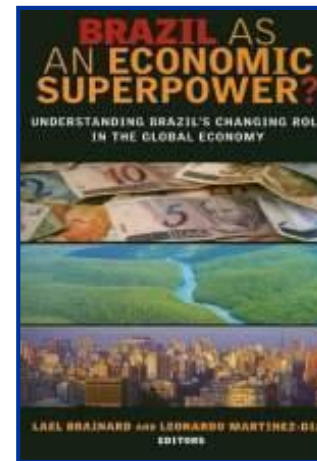
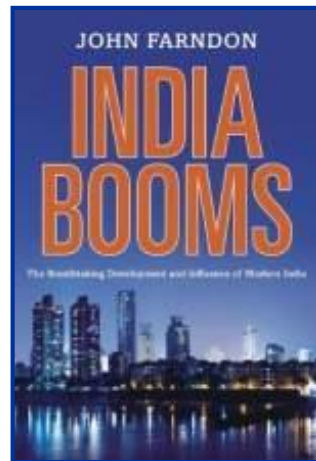
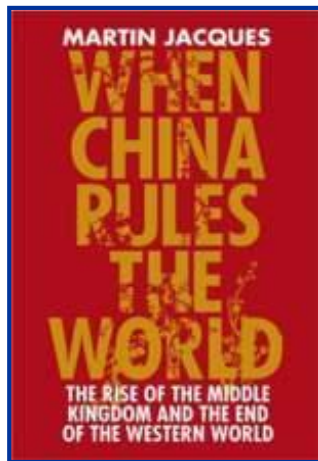
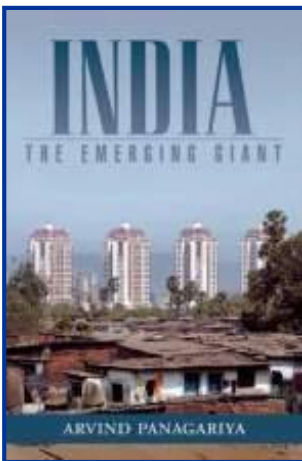
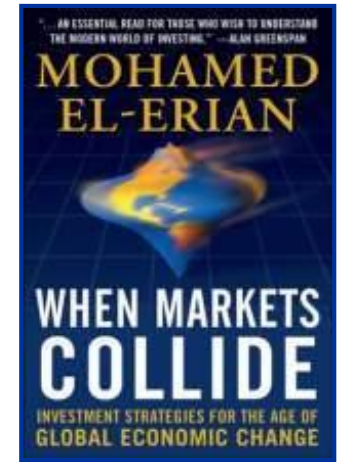
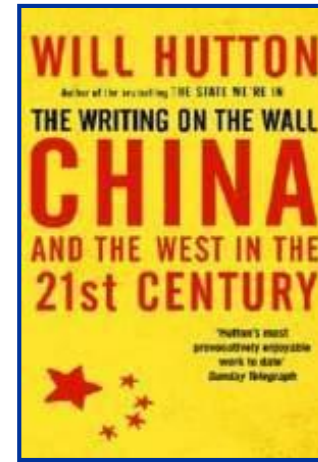
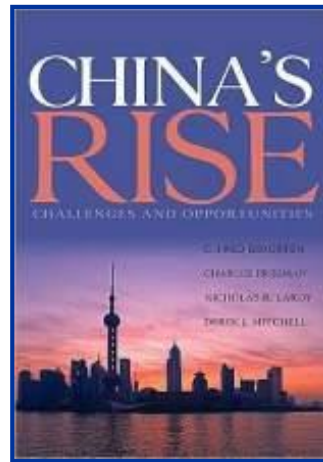
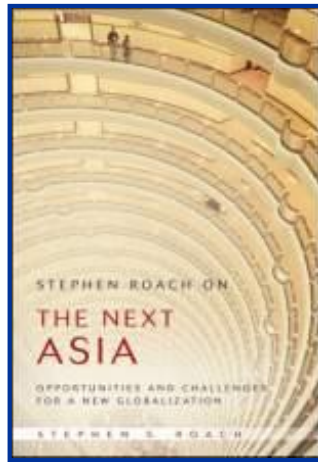
Kgotso Radira





Conflicting answers from economists??





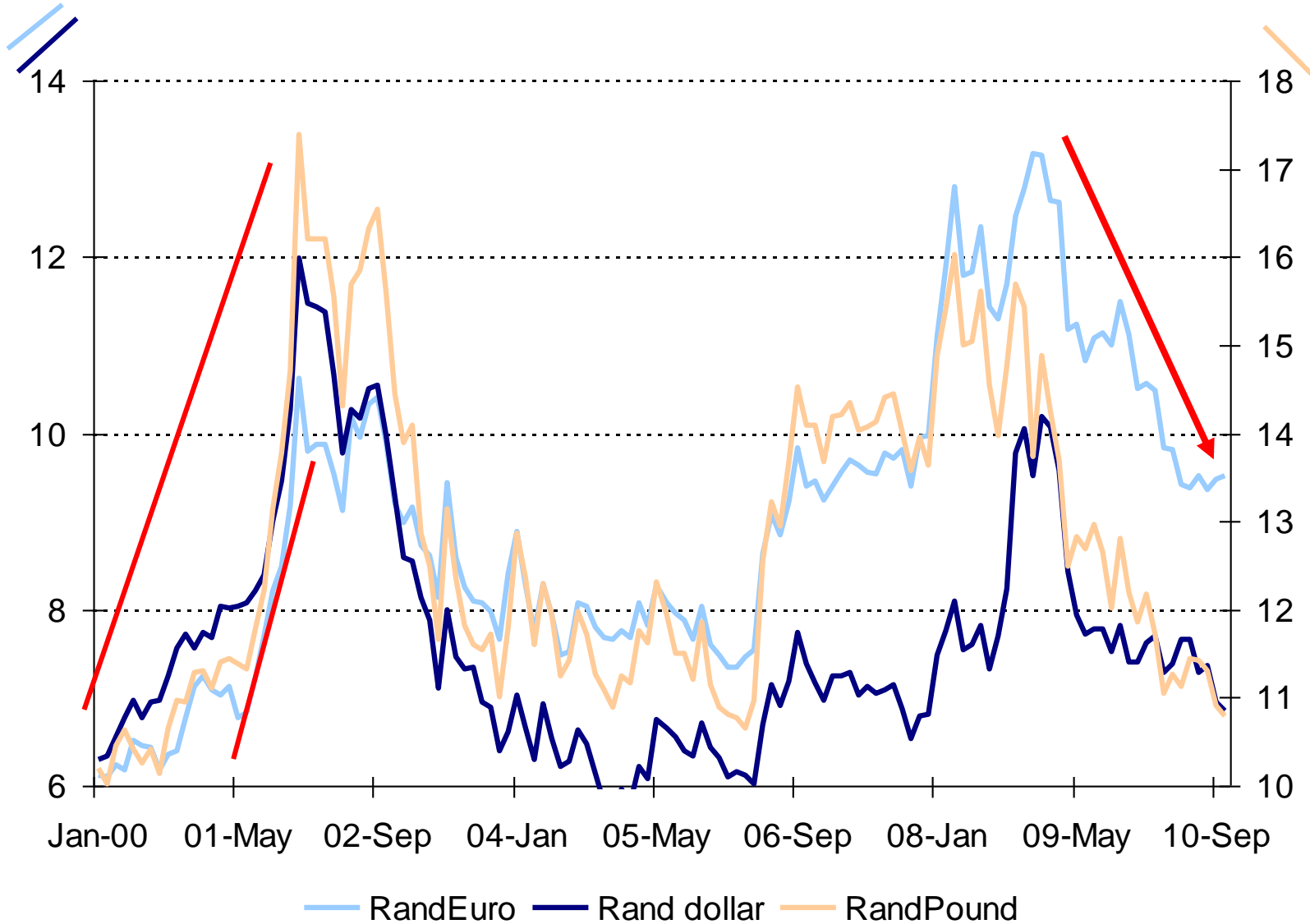


Global economic recovery is underway,
but is SA's consumer on that path.....



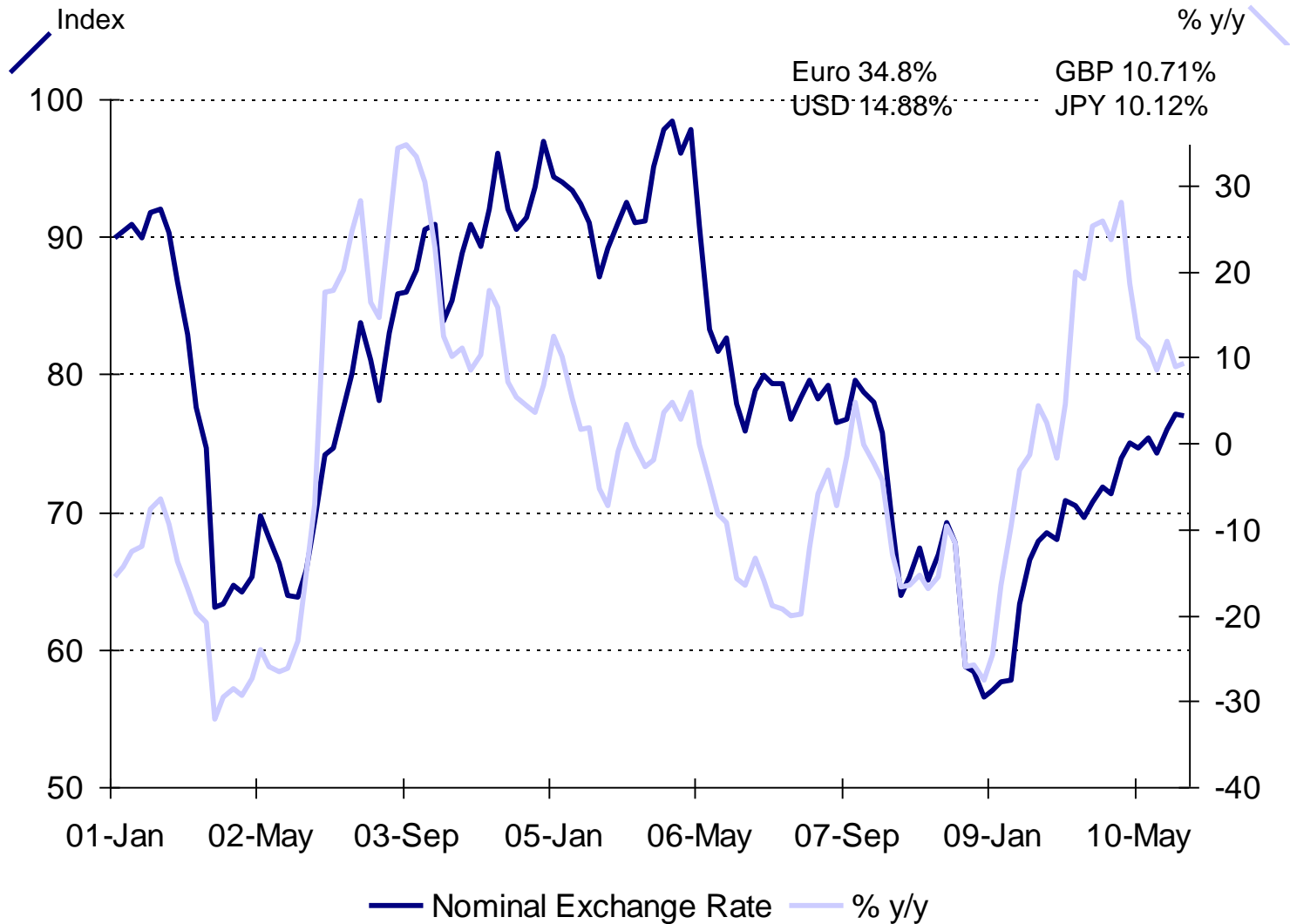
The consumer benefits from the rand.....

.....rand exchange rate.....





...on a trade weighted basis...

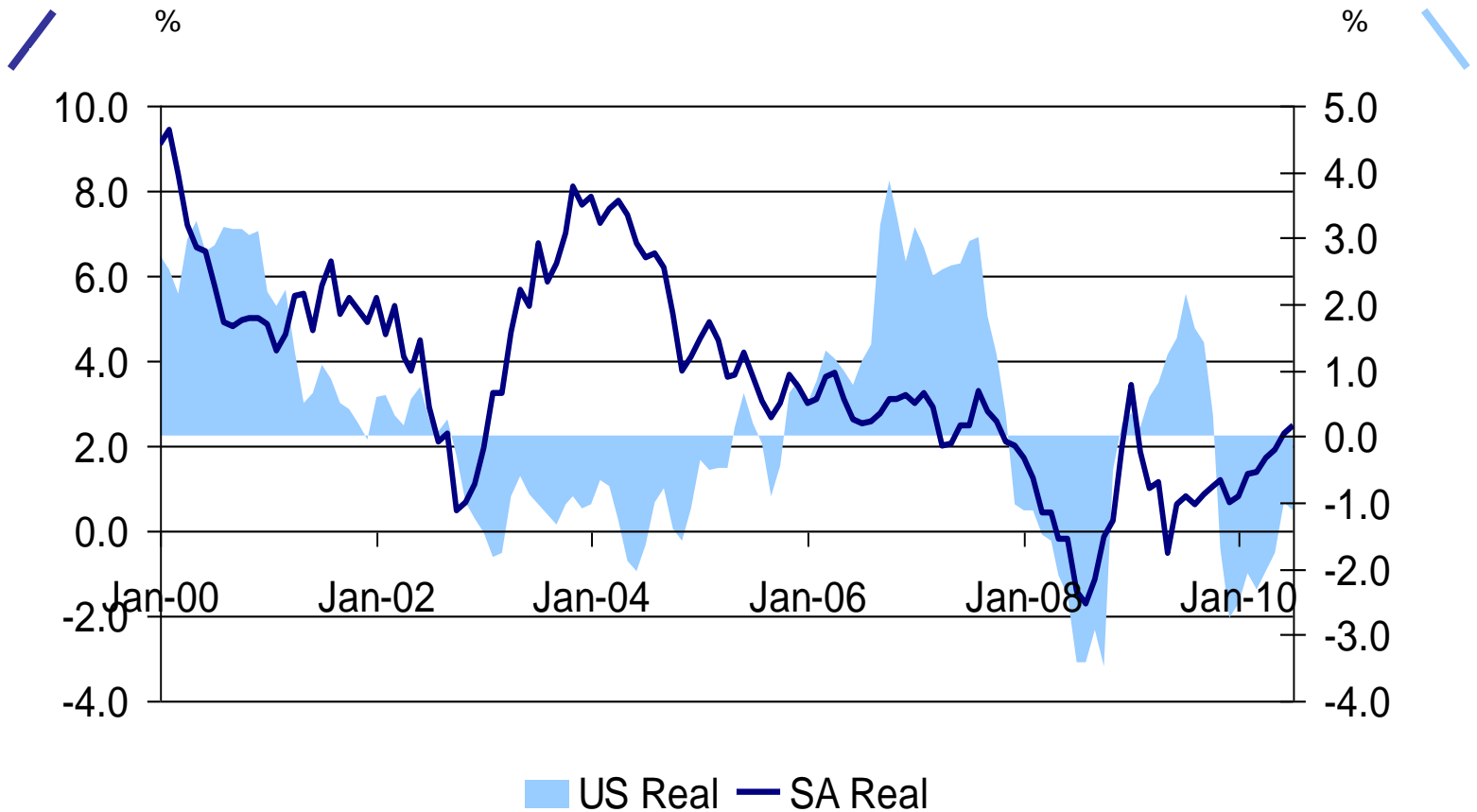




Some of the reasons for the
rand's strength



...Real Interest rates are a key driver of the rand..



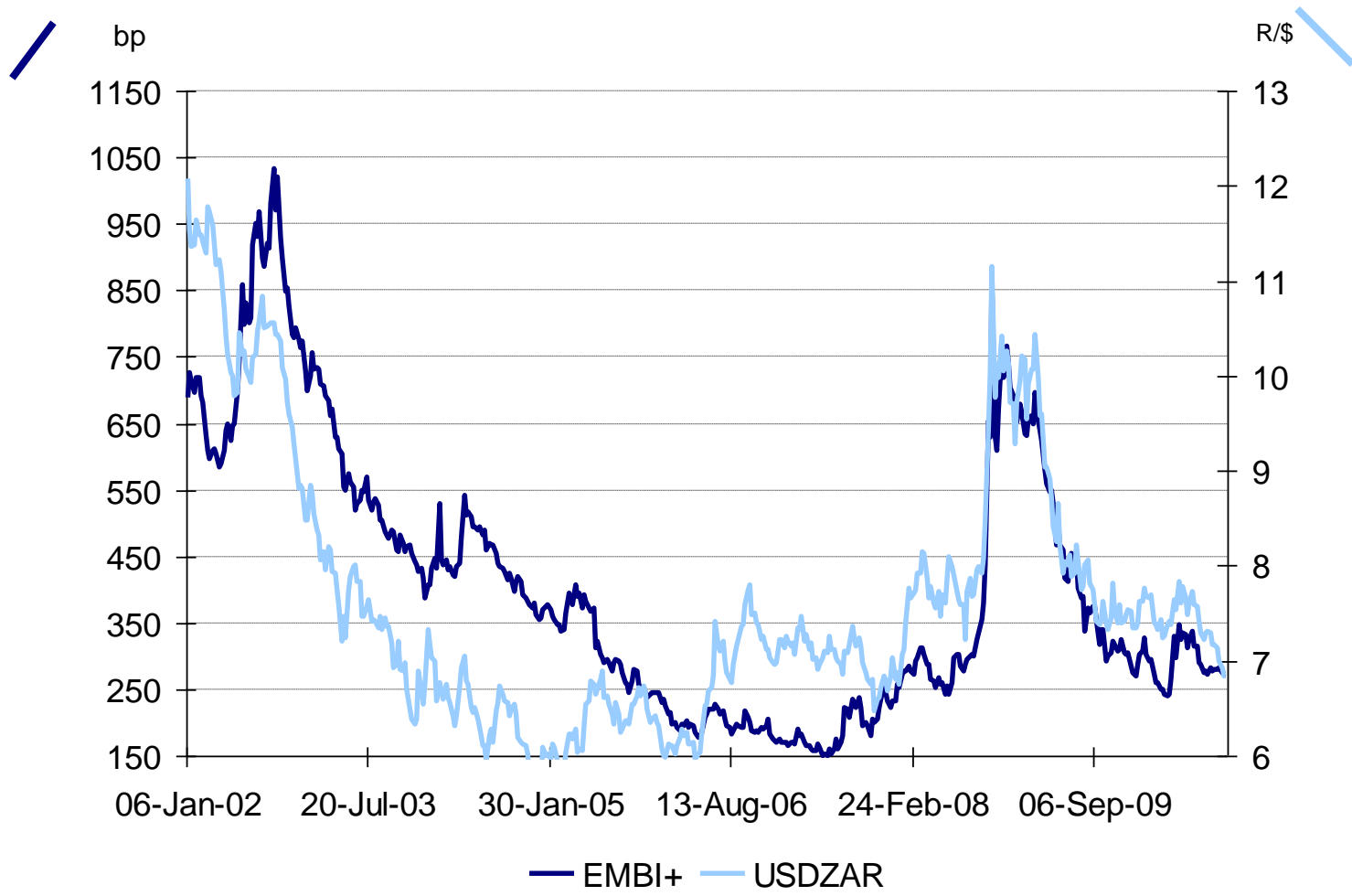


...SA's sovereign risk has improved also influencing the rand supported by euro debt crisis..



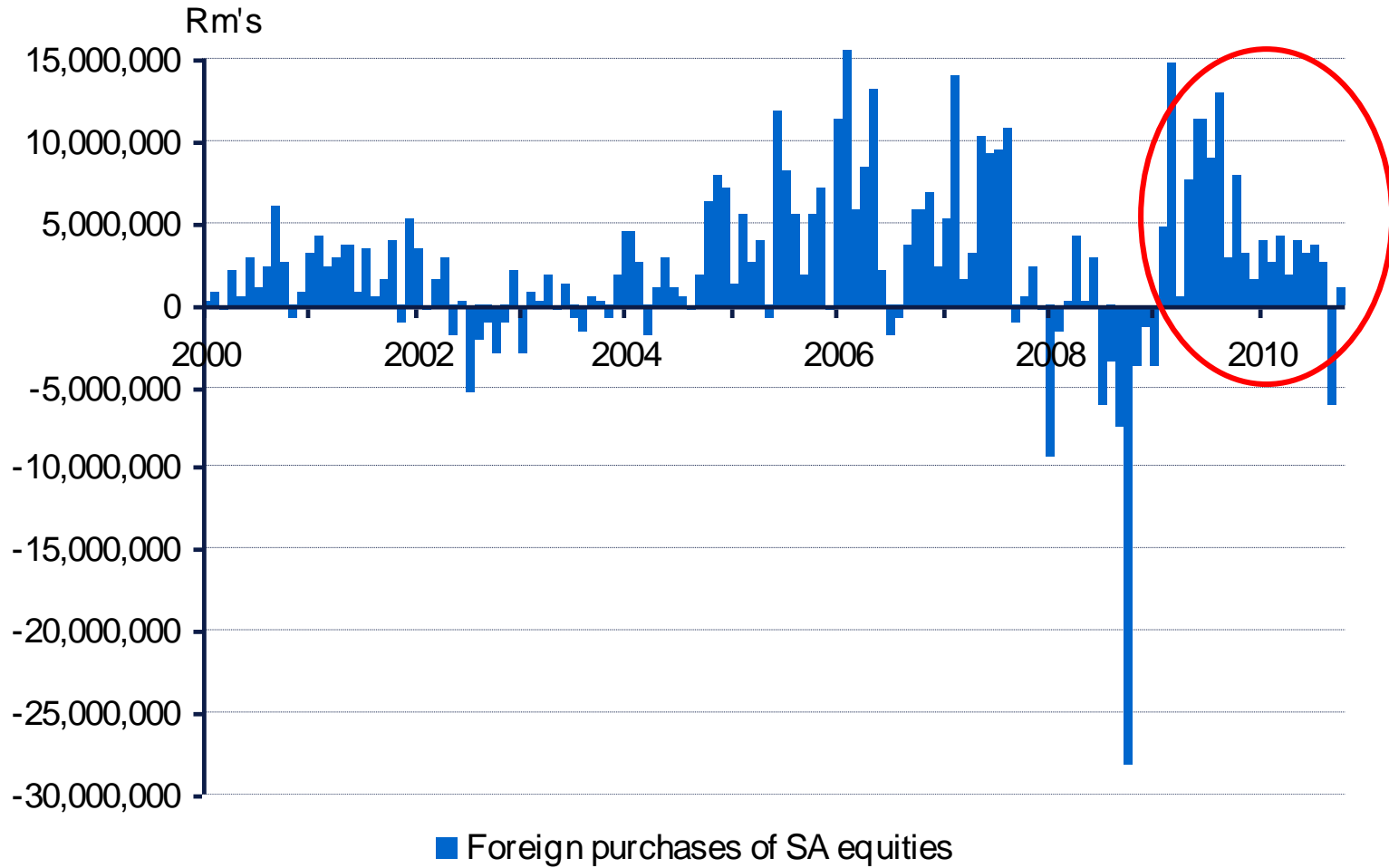


...a similar story....



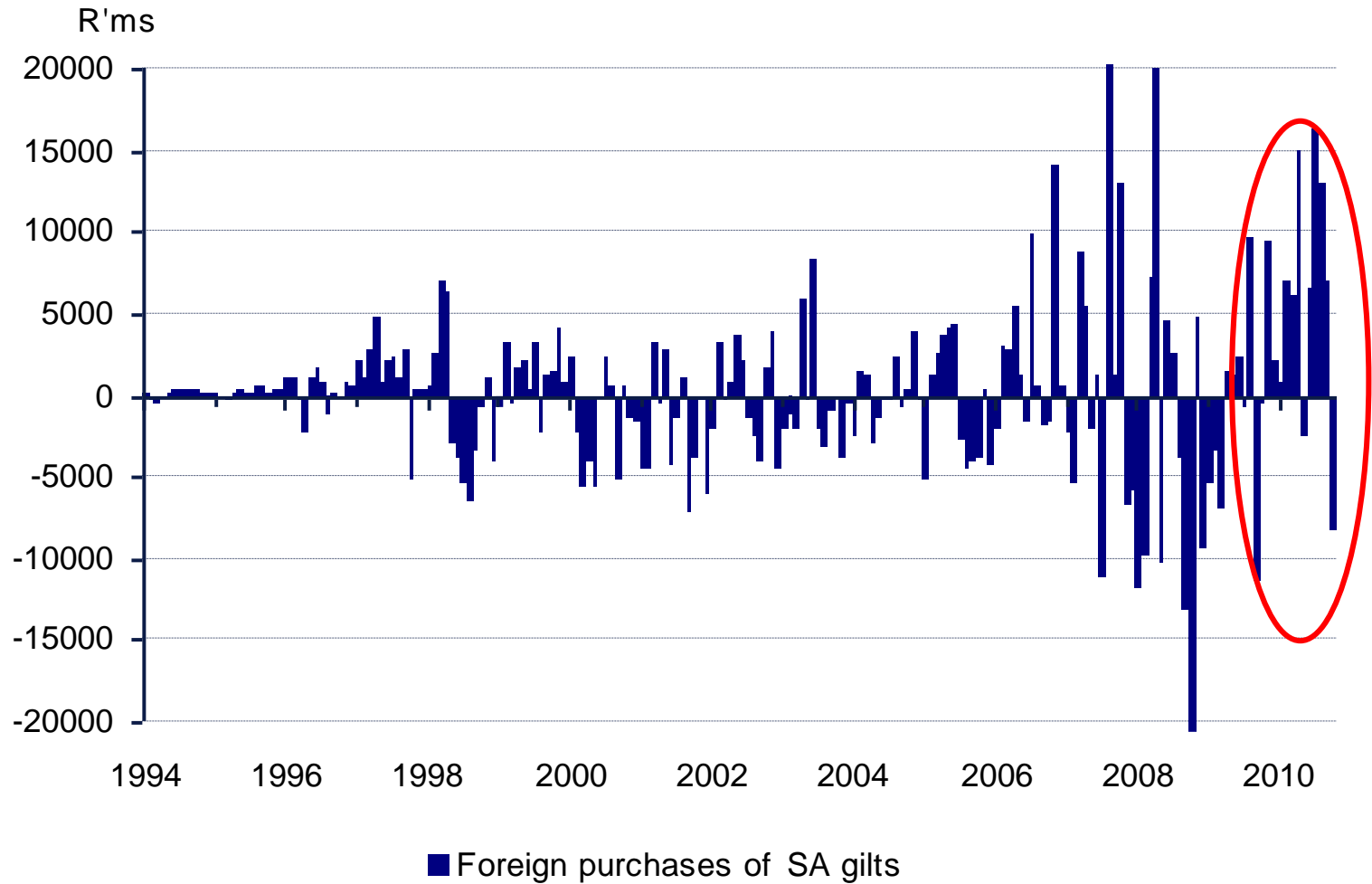


...inflows into equities



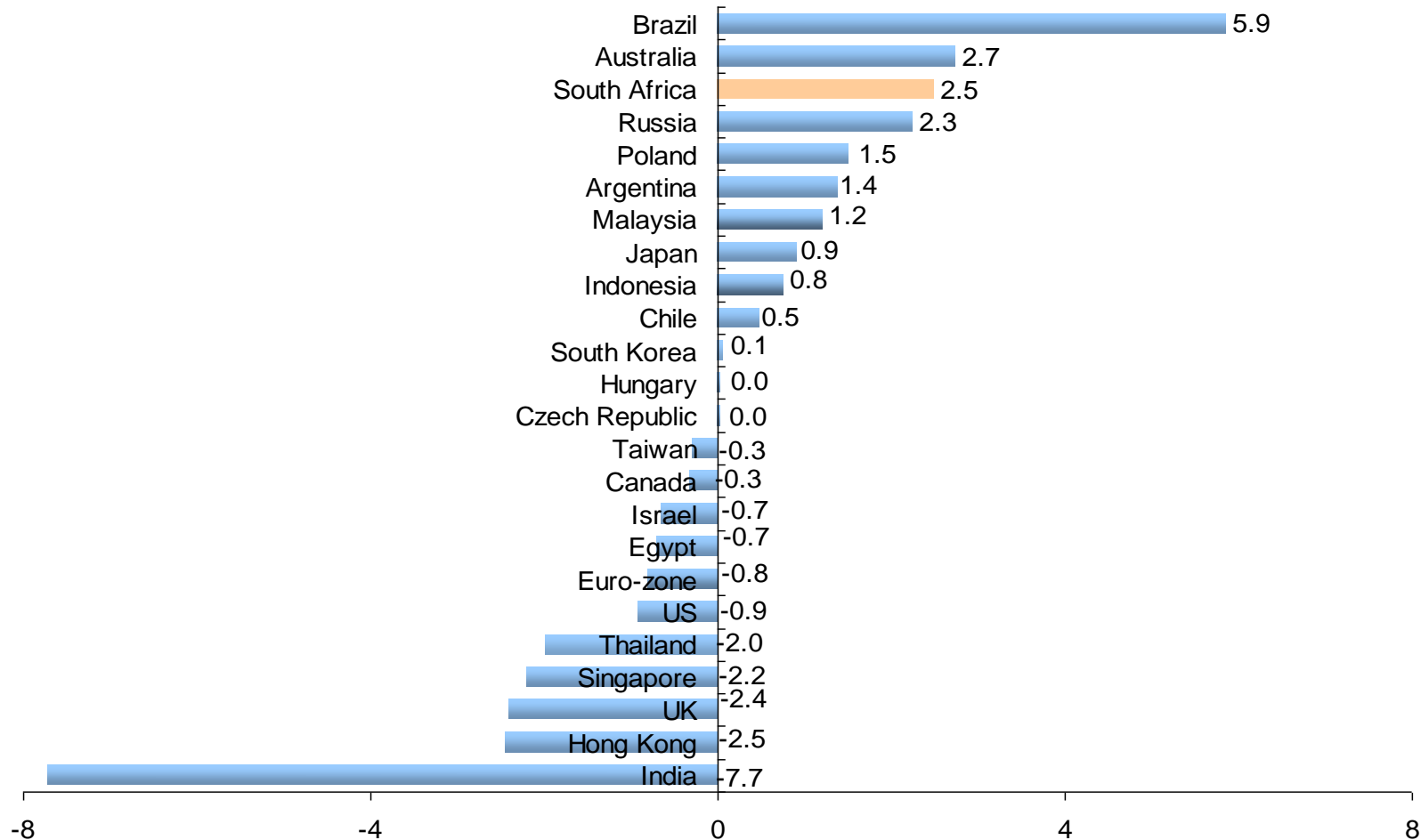


....and into SA bonds....



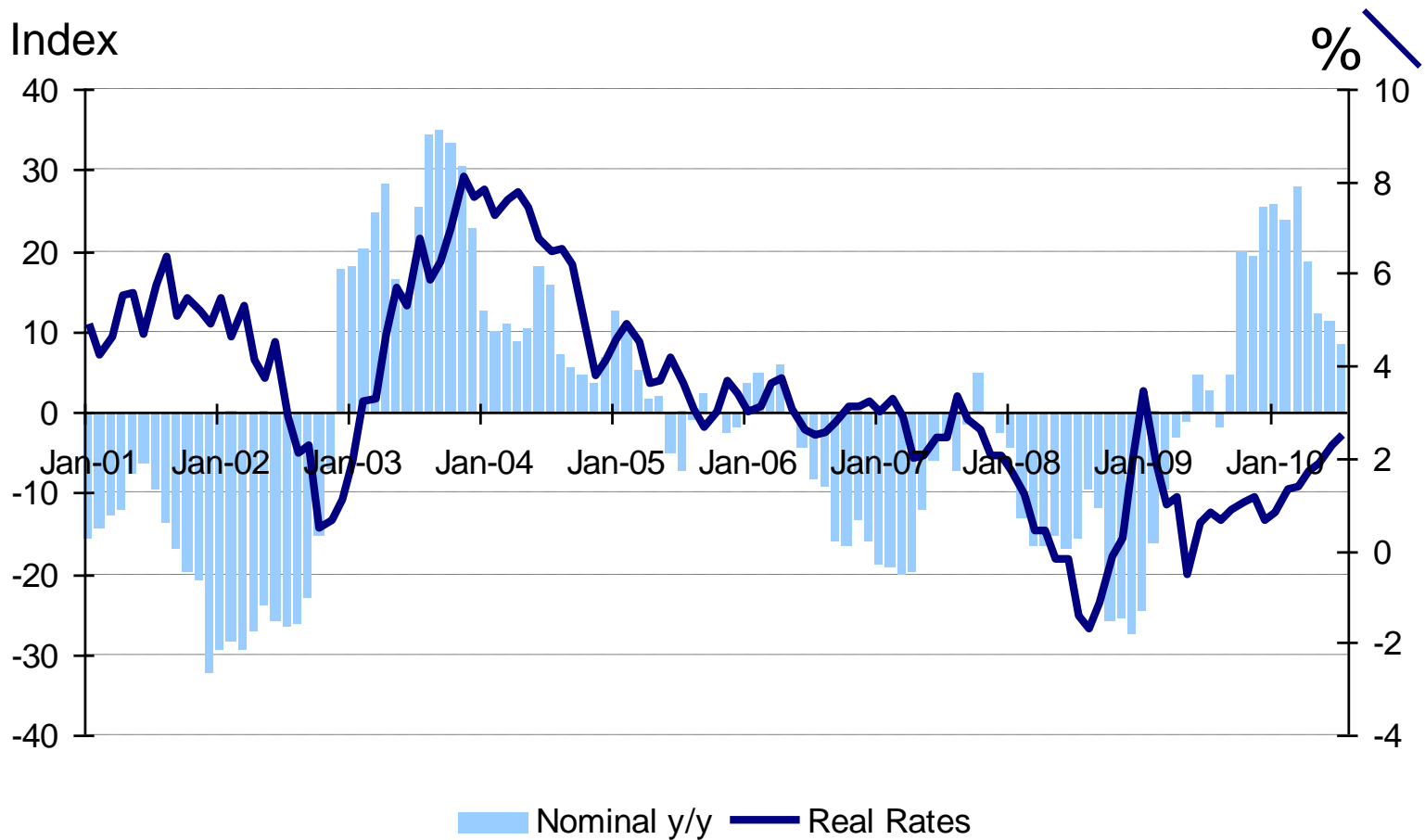


... relatively high interest rates and negative real interest rates in the US, pushed the rand dramatically stronger....



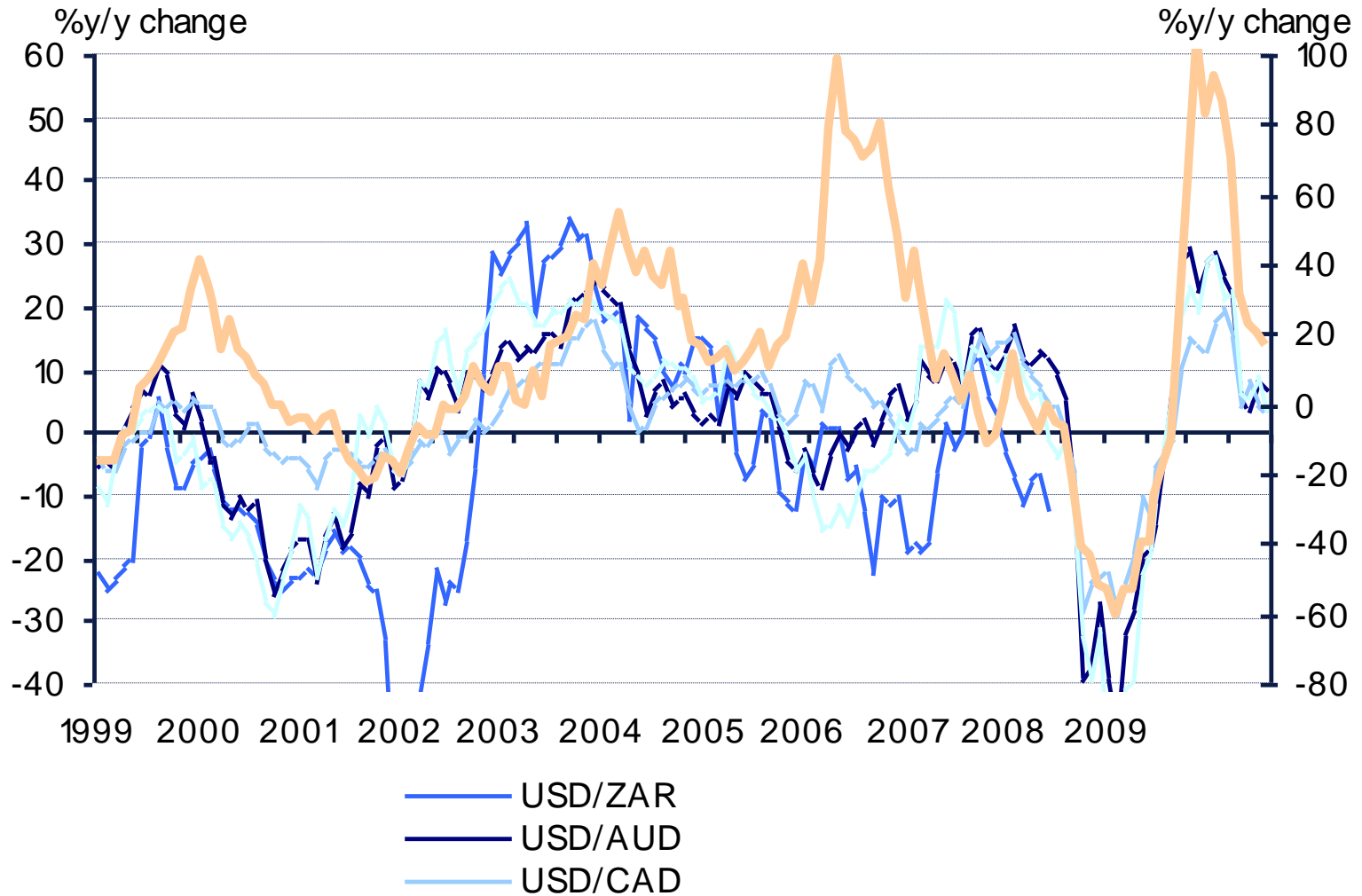


...Real rates are important ...





....and commodities

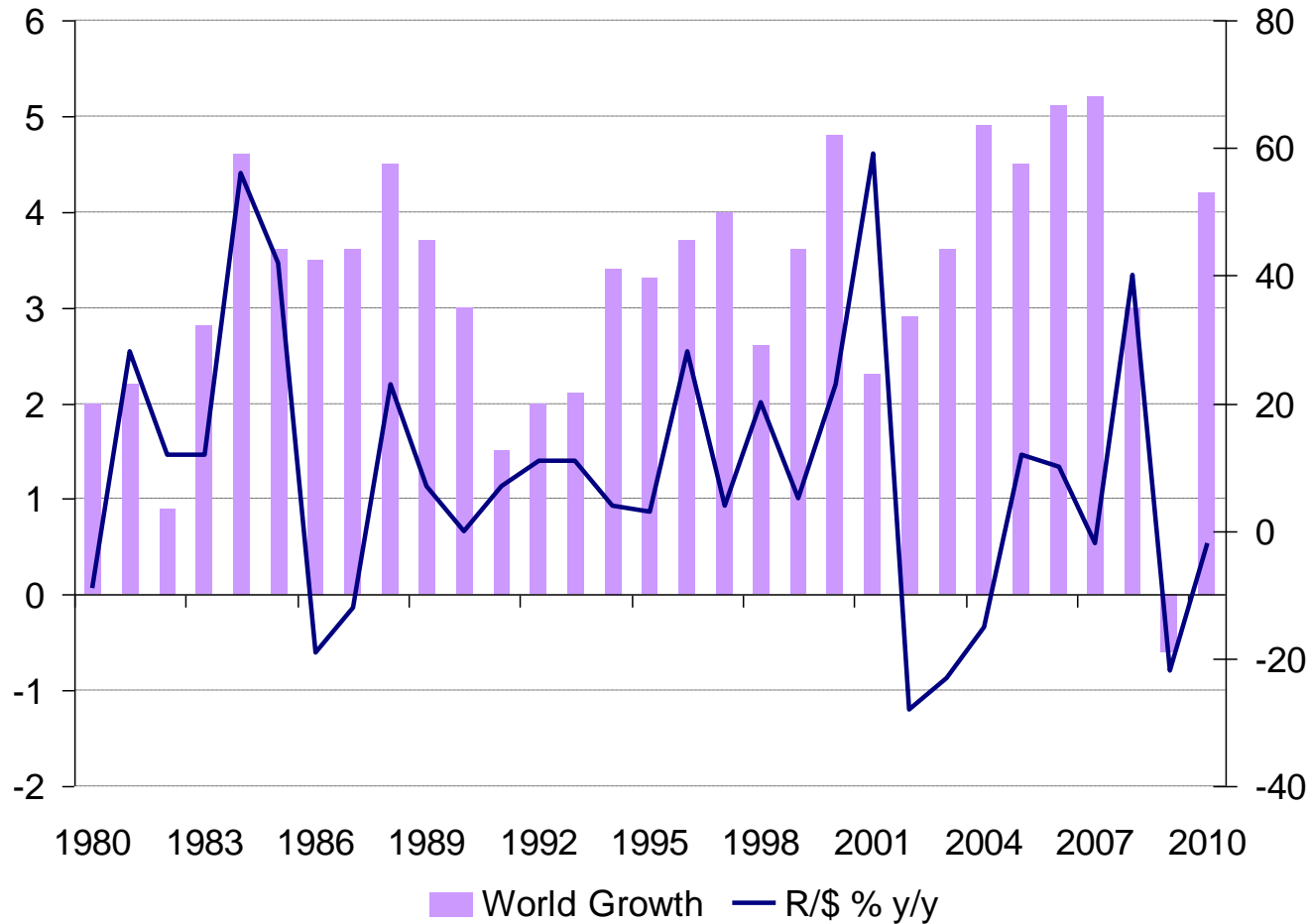




.... is the rand really important in driving growth

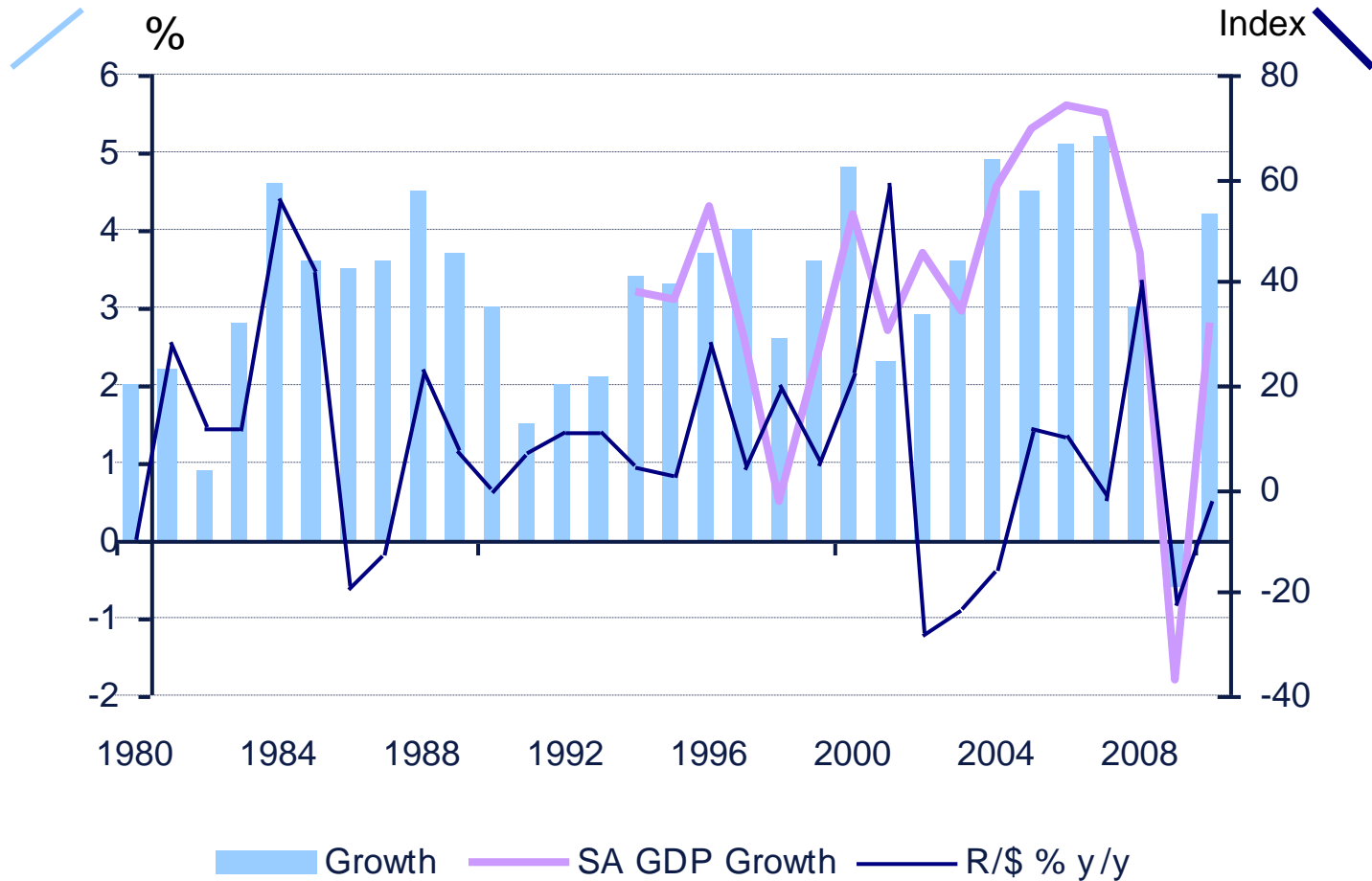


....this graph shows that the rand moves with global growth





....our growth is driven by global demand
not the rand





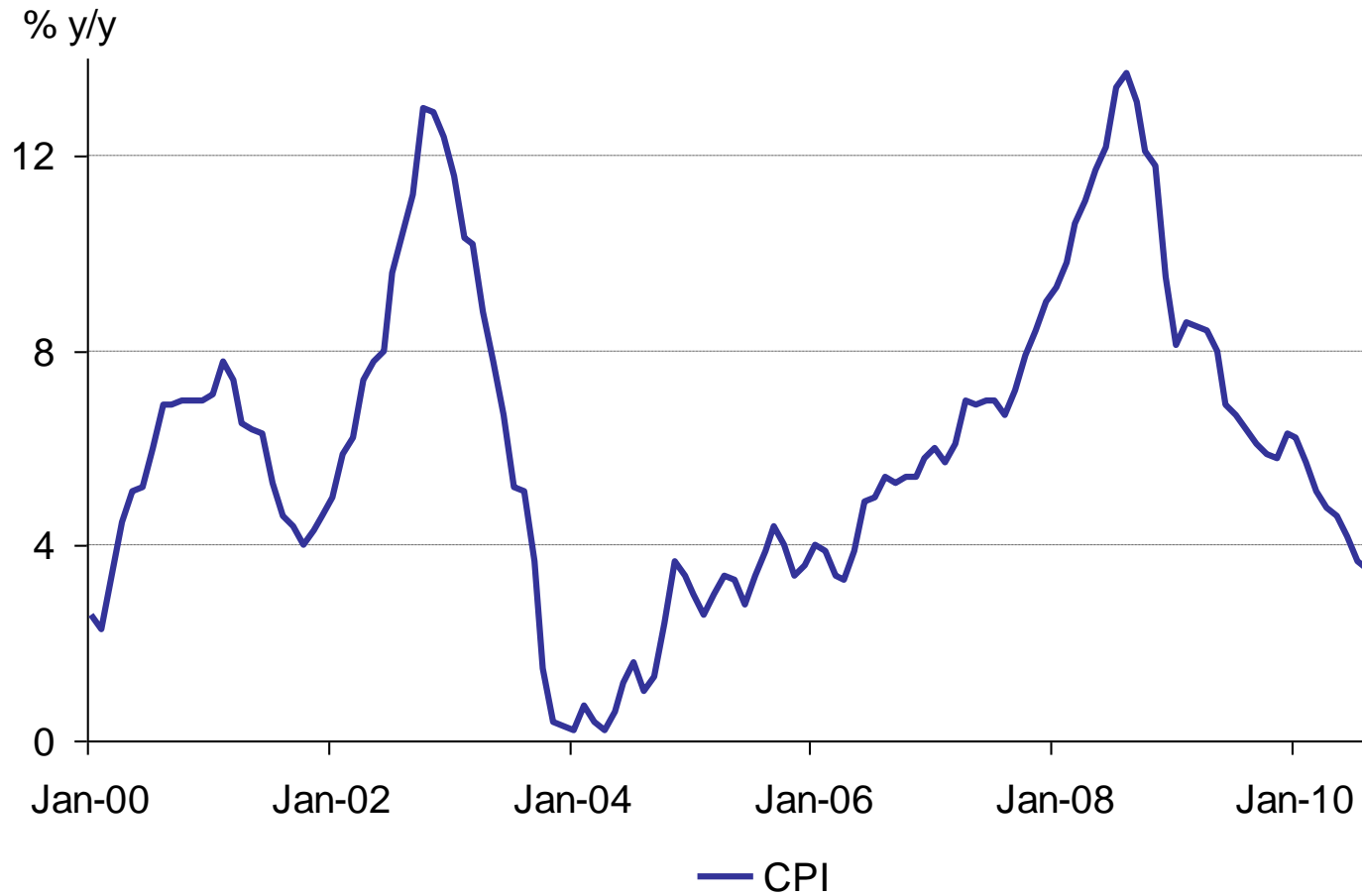
Domestic Economy



..the financial position of the consumer.....

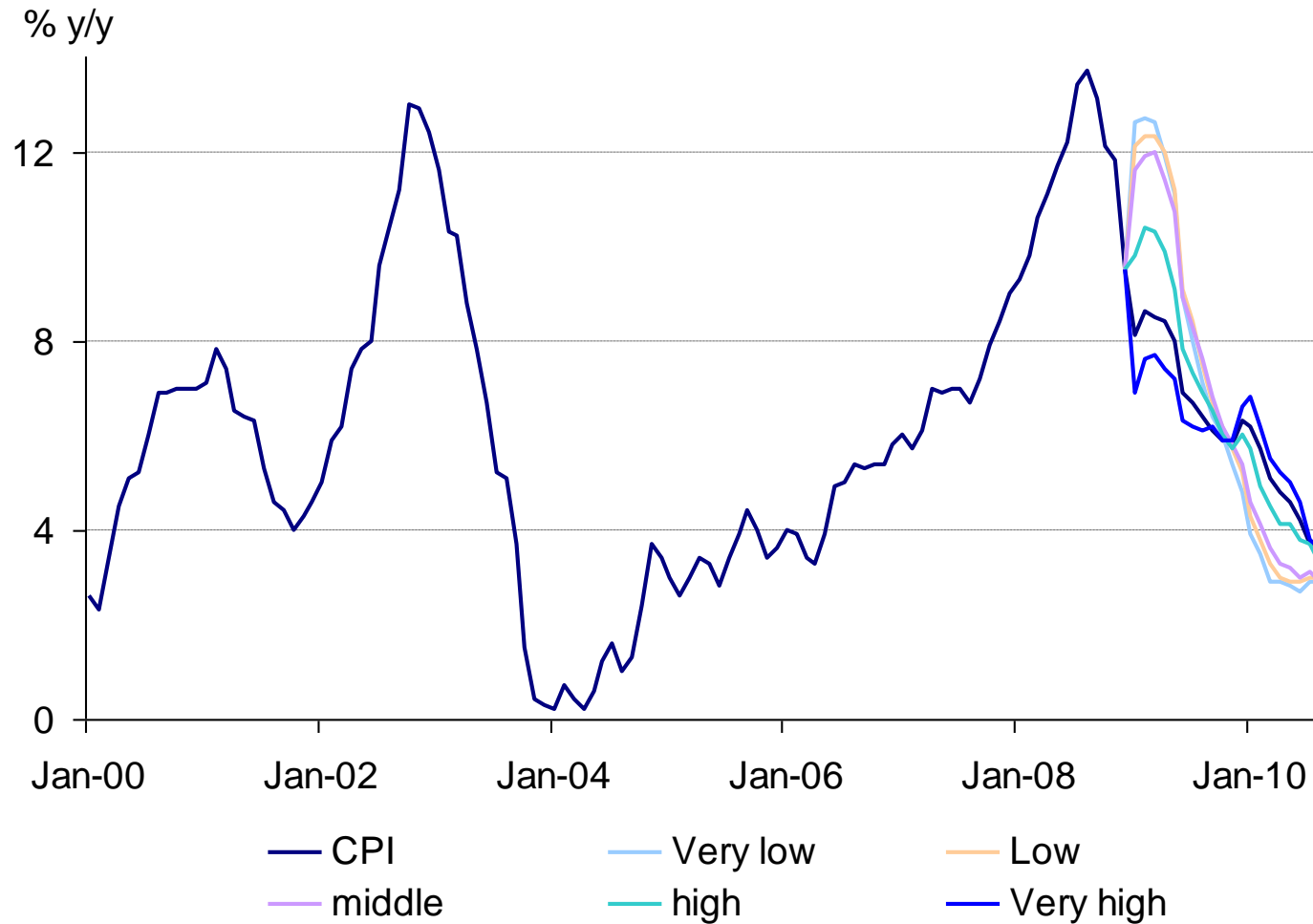


...inflation continues to moderate.....



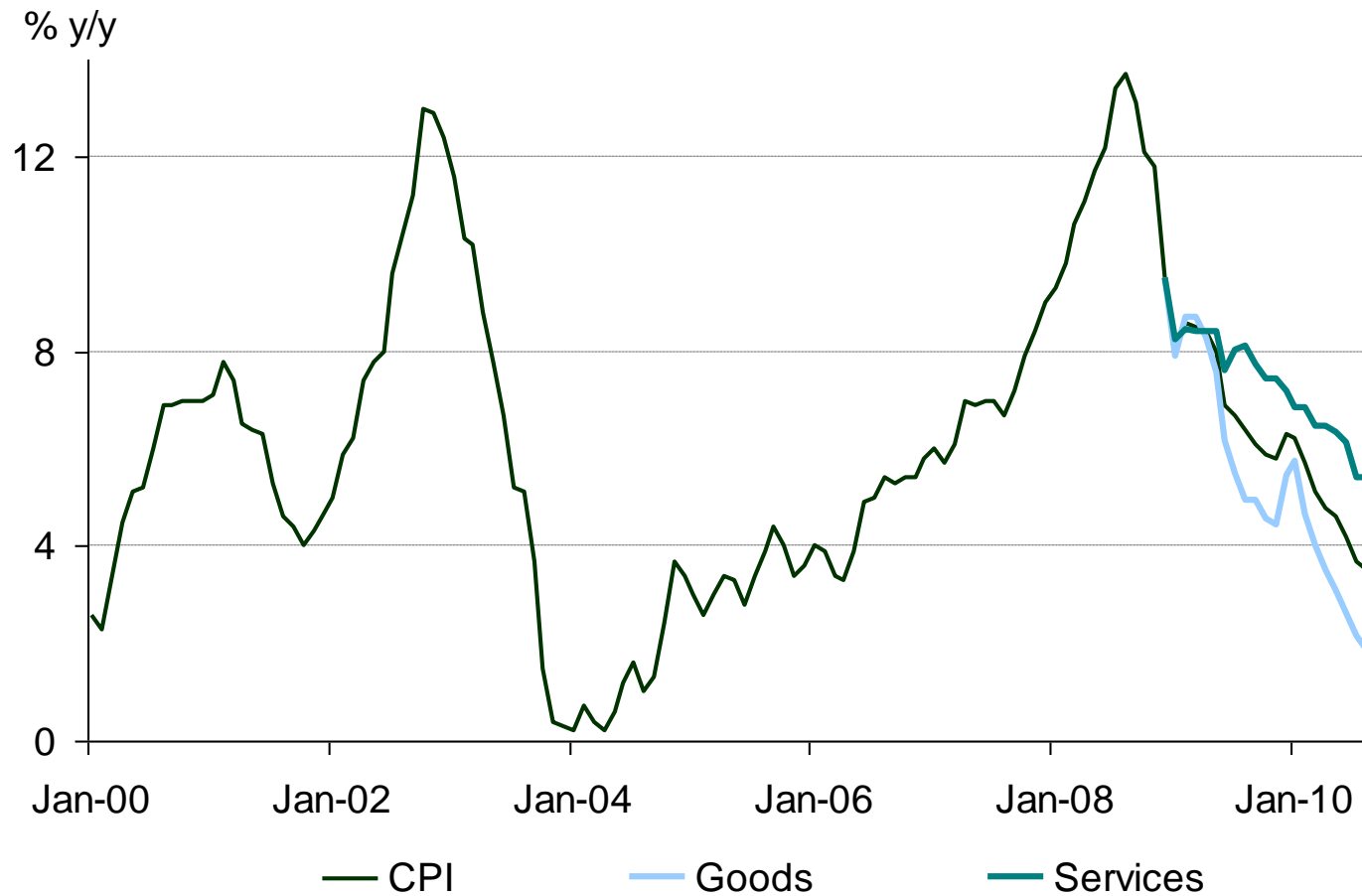


...a closer look at inflation....



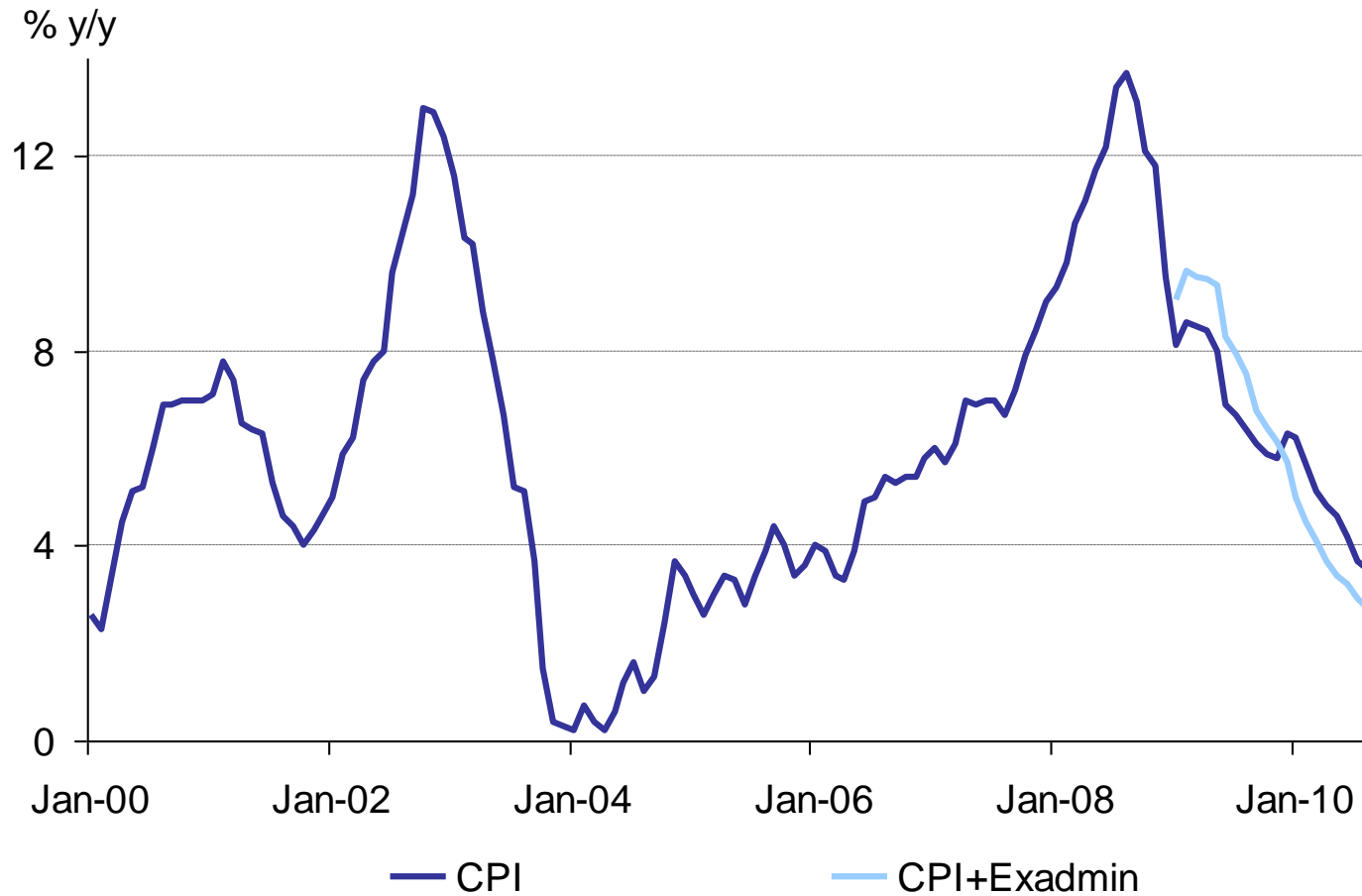


...demand led inflation is contained...



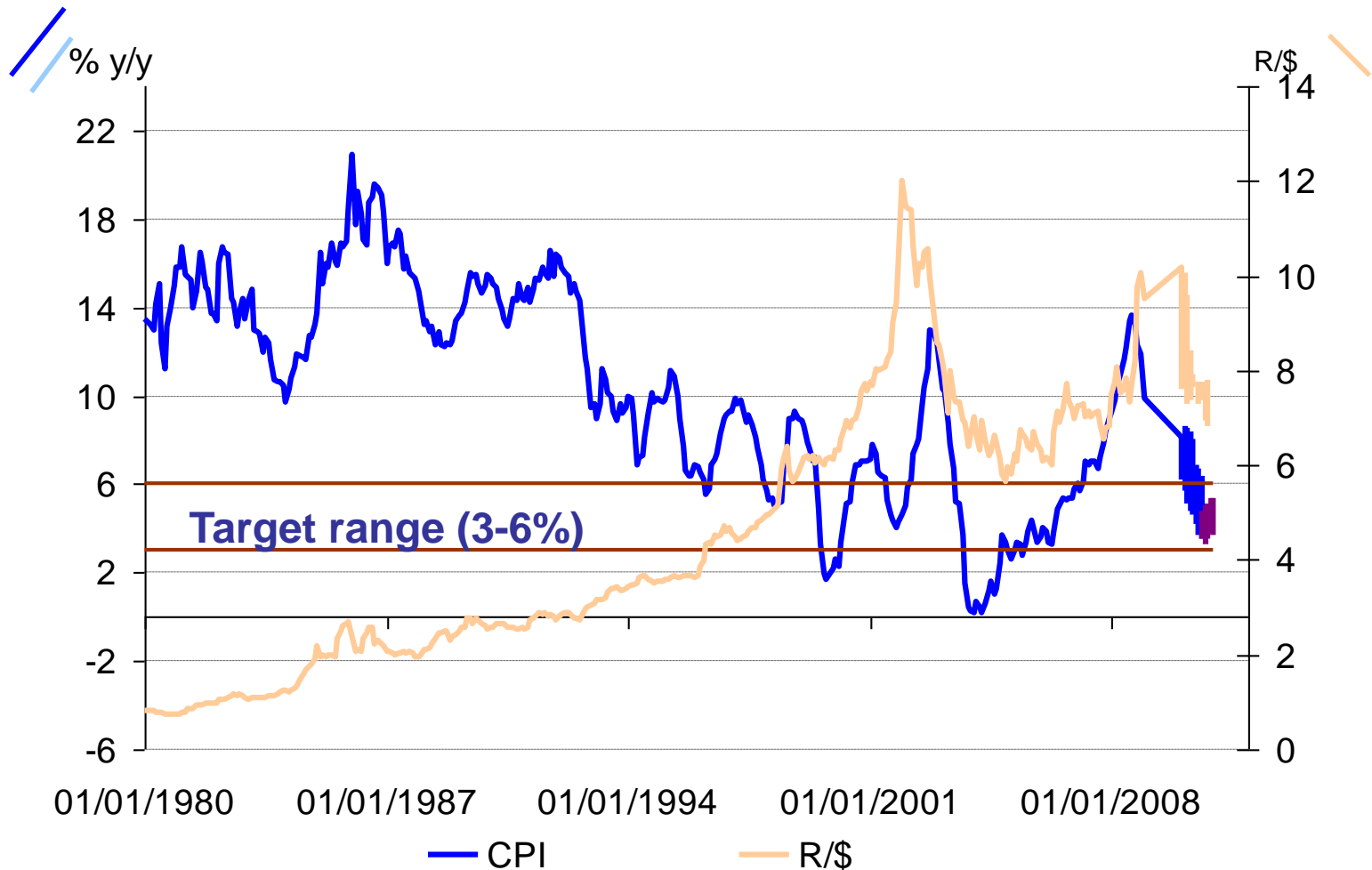


...administered prices are a major concern,
making policy implementation difficult.....





...The outlook for inflation is positive and supportive of consumption...





...Inflation and interest rate forecasts

- Should the SARB cut interest rates?
- Do we really need it?
- Is it going to help?
- What about the pensioners?
- Why so late?
- If we cut now when do we start hiking??
- At what speed??
- House view?



.. A cut wont help the interest rates much,
it will be temporary...

<HELP> for explanation, <MENU> for similar functions. EquityWB
1,2 or 3 for more markets;91 for Yields;92 for Spreads;93 for Yieldcurves

98) Markets		99) View		Current Pricing Information				Yield Change	
Maturity	10 Year	Price	Chg	Yield	Chg	Time	Source	3Mon	6Mon
1) North/Latin America									
4) UST 2yr	T 0 $\frac{3}{8}$ 09/12	100-01	+ 00+	.363	0	14:53	CBBT	-54	-69
5) UST 10yr	T 2 $\frac{5}{8}$ 08/20	101-17+	- 04+	2.447	+2	14:53	CBBT	-90	-137
6) UST 30yr	T 3 $\frac{7}{8}$ 08/40	100-12	- 19+	3.854	+3	14:53	CBBT	-35	-83
7) Canada 10yr	CAN3 $\frac{1}{2}$ 06/20	106.450	-.144	2.733	+2	14:41	BGN	-75	-94
8) MX Global 9yr	MEX5 $\frac{1}{8}$ 01/20	113.470	+.385	3.413	-5	14:53	CBBT	n/a	n/a
9) BR Global 10yr	BRAZIL4 $\frac{7}{8}$ 21	112.512	-.038	3.418	-5	14:53	CBBT	-142	-136
10) CO Global 9yr	COLOM11 $\frac{3}{4}$ 20	161.750	+.750	3.831	-8	14:53	CBBT	n/a	-133
2) Europe/Africa/Middle East									
11) UK 10yr	UKT4 $\frac{3}{4}$ 03/20	115.385	-.335	2.870	+4	14:53	CBBT	-53	-114
12) France 10yr	FRTR 2 $\frac{1}{2}$ 20	98.400	-.340	2.684	+4	14:53	CBBT	-84	-75
13) Germany 10yr	DBR2 $\frac{1}{4}$ 09/20	99.705	-.425	2.283	+5	14:53	CBBT	-88	-86
14) Italy 10yr	BTPS 3 $\frac{3}{4}$ 21	100.345	-.245	3.743	+3	14:53	CBBT	-32	-22
15) Spain 10yr	SPGB 4.85 20	106.740	-.405	4.019	+5	14:53	CBBT	+23	+17
16) Sweden 10yr	SGB5 12/01/20	122.197	-.476	2.491	+5	14:53	CBBT	-68	-70
17) Dutch 10yr	NETHER3 $\frac{1}{2}$ 20	108.650	-.425	2.488	+5	14:53	CBBT	-100	-87
18) Swiss 10yr	SWISS 2 04/21	105.620	-.490	1.421	+5	14:53	CBBT	-57	-48
3) Asia/Pacific Rim									
19) Japan 10yr	JGB 0.8 09/20	99.361	-.182	.870	+2	7:59	CBBT	-41	-50
20) Australia 10yr	ACGB 4 $\frac{1}{2}$ 20	95.896	-.577	5.050	+8	14:49	CBBT	-26	-71
21) N Zealand 10y	NZGB 6 05/21	108.128	+.039	5.001	0	14:52	CBBT	-52	-96

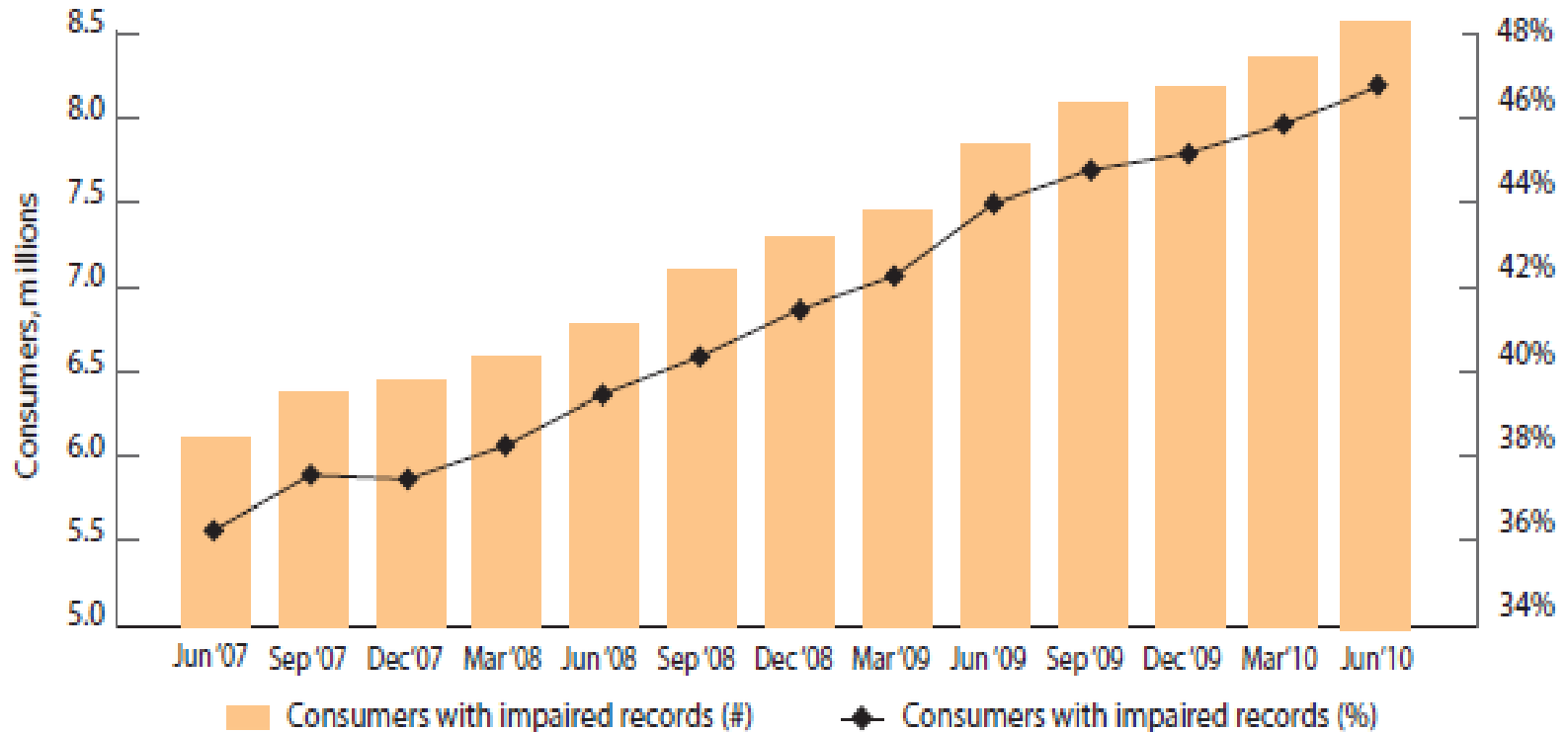




...the consumer....

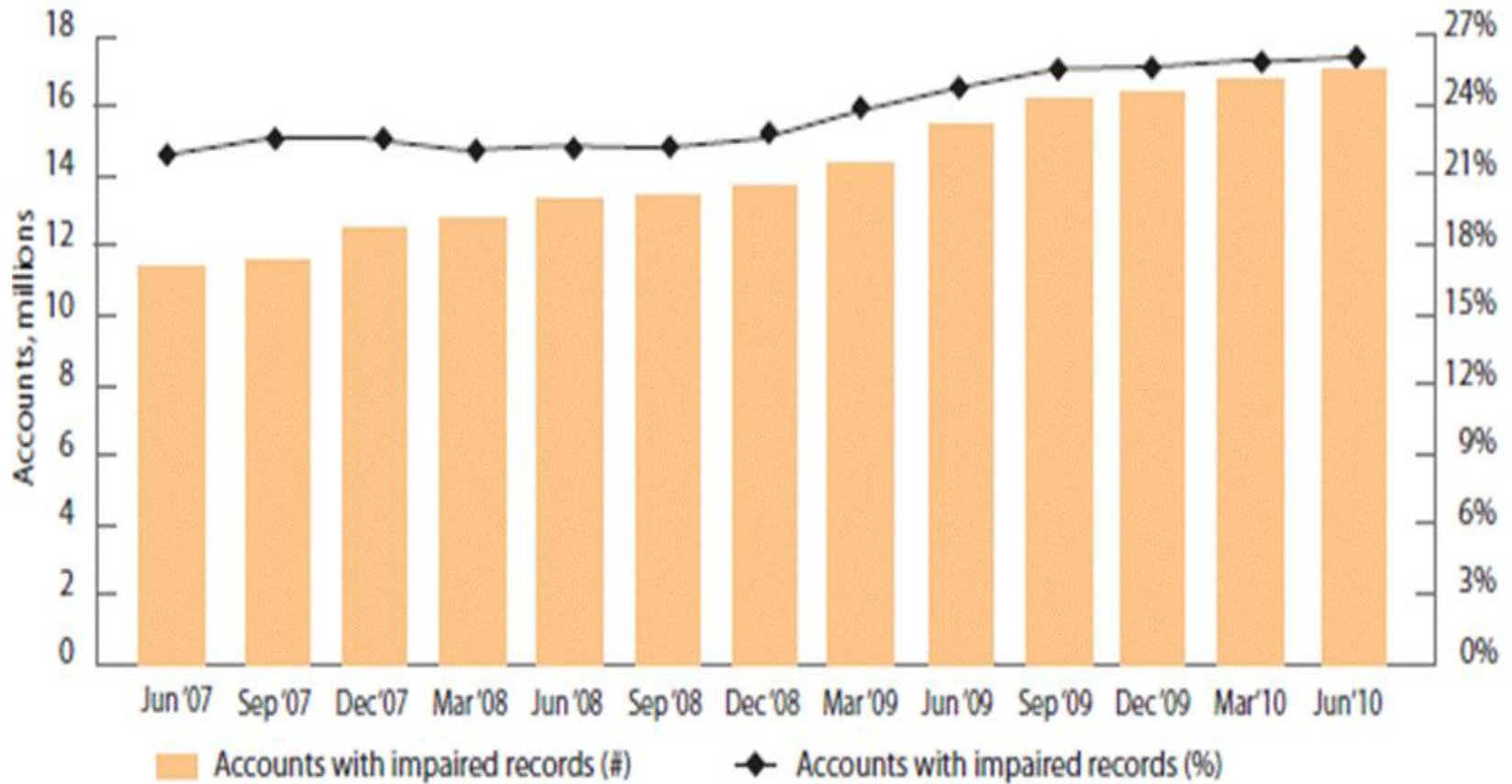


The latest NCR report...



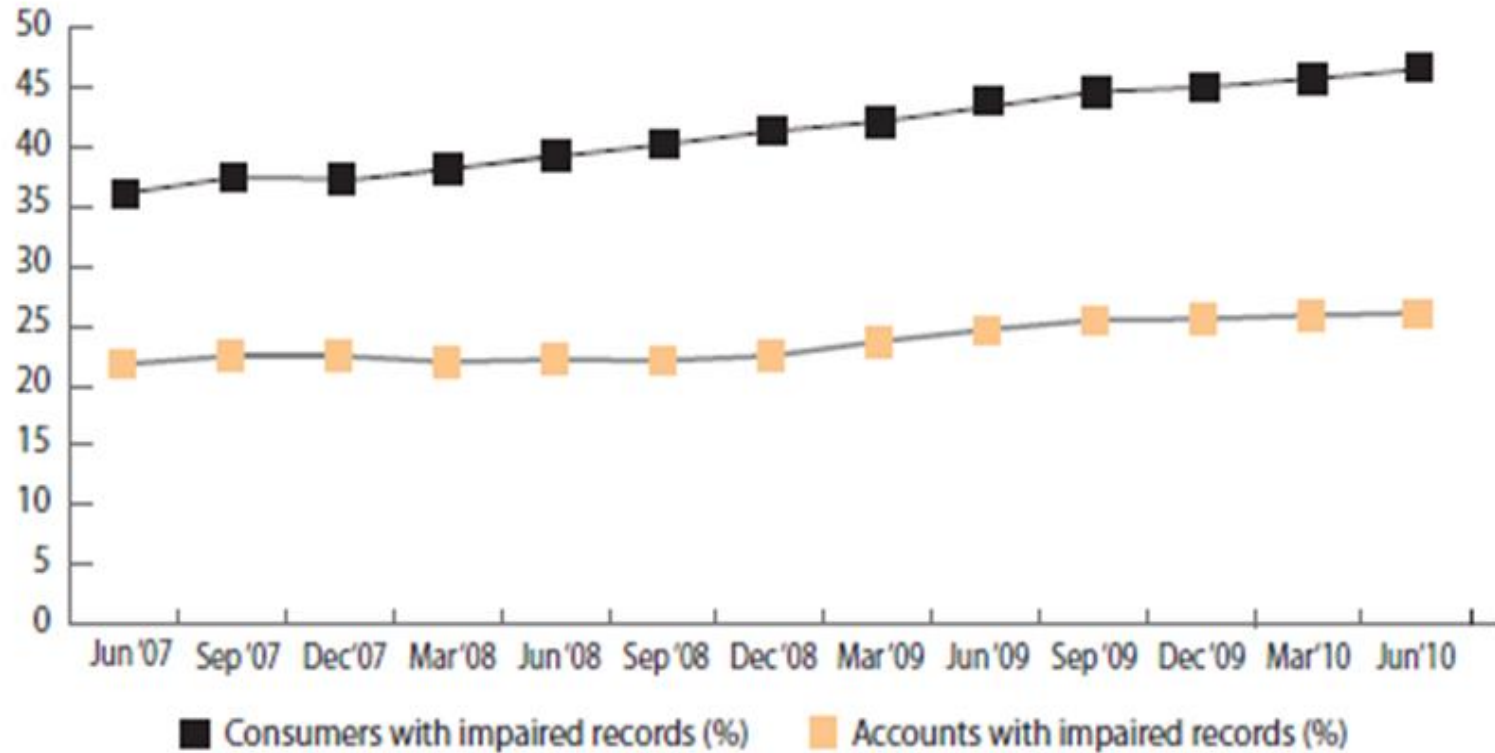


Deteriorating credit records...



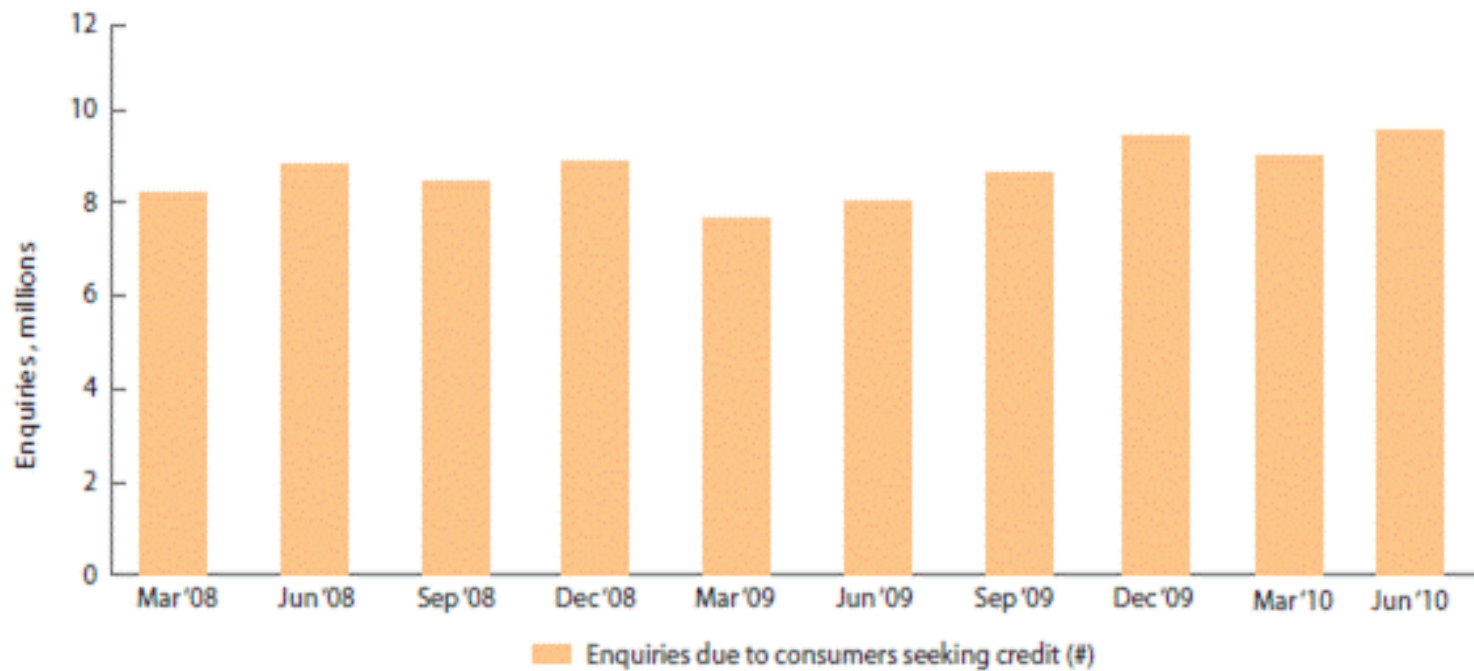


..this does not bode well for credit demand...



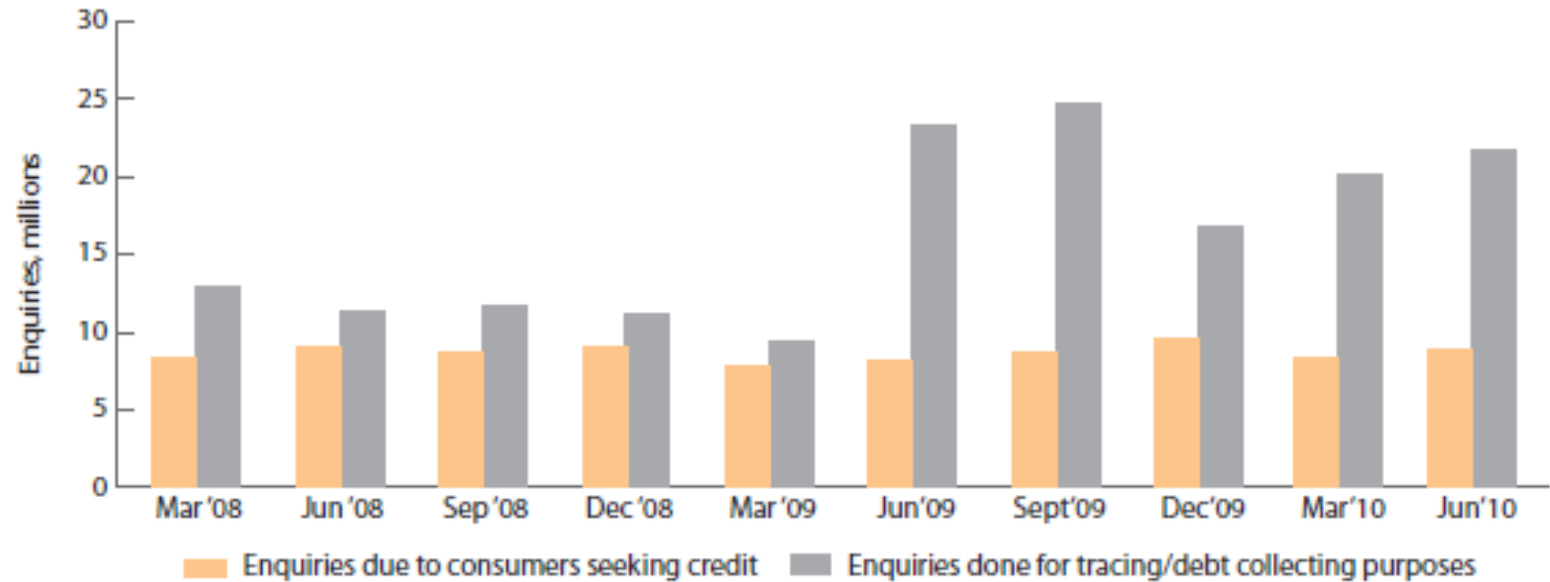


..there are some promising signs...



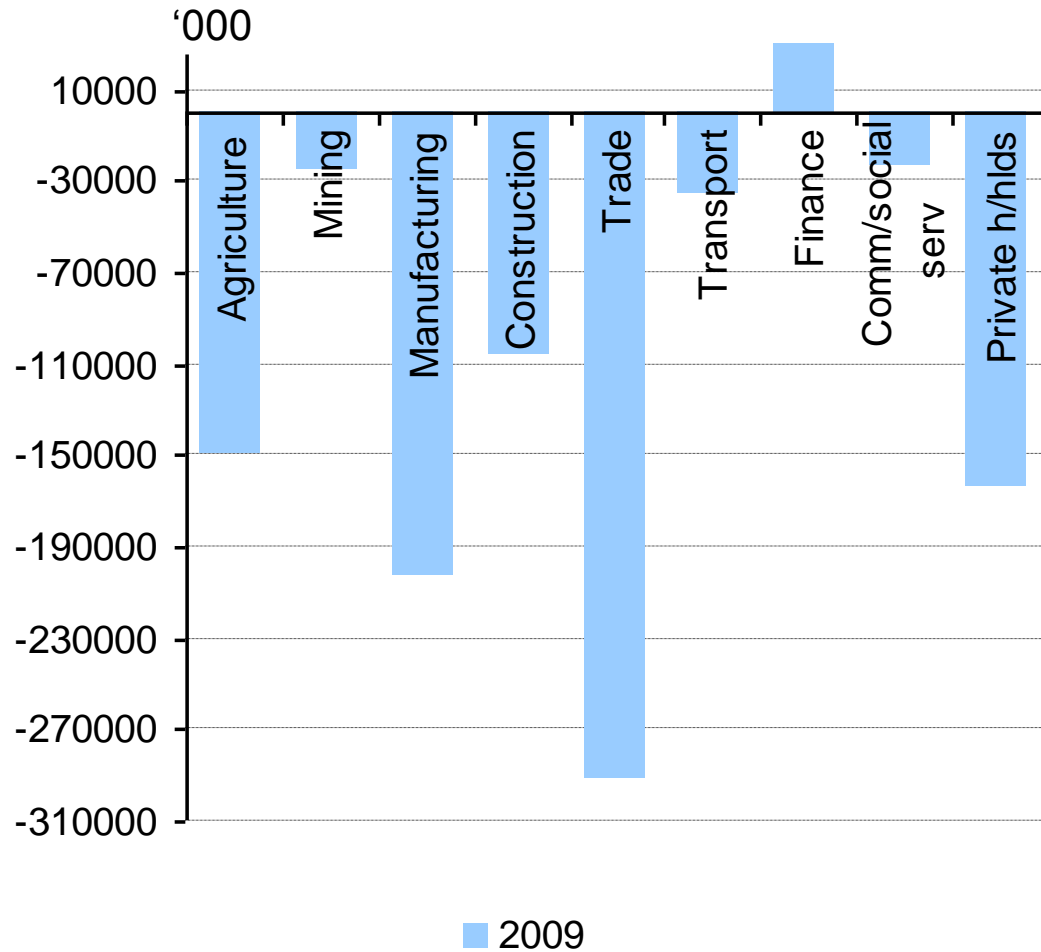


....but lets not get ahead of ourselves...



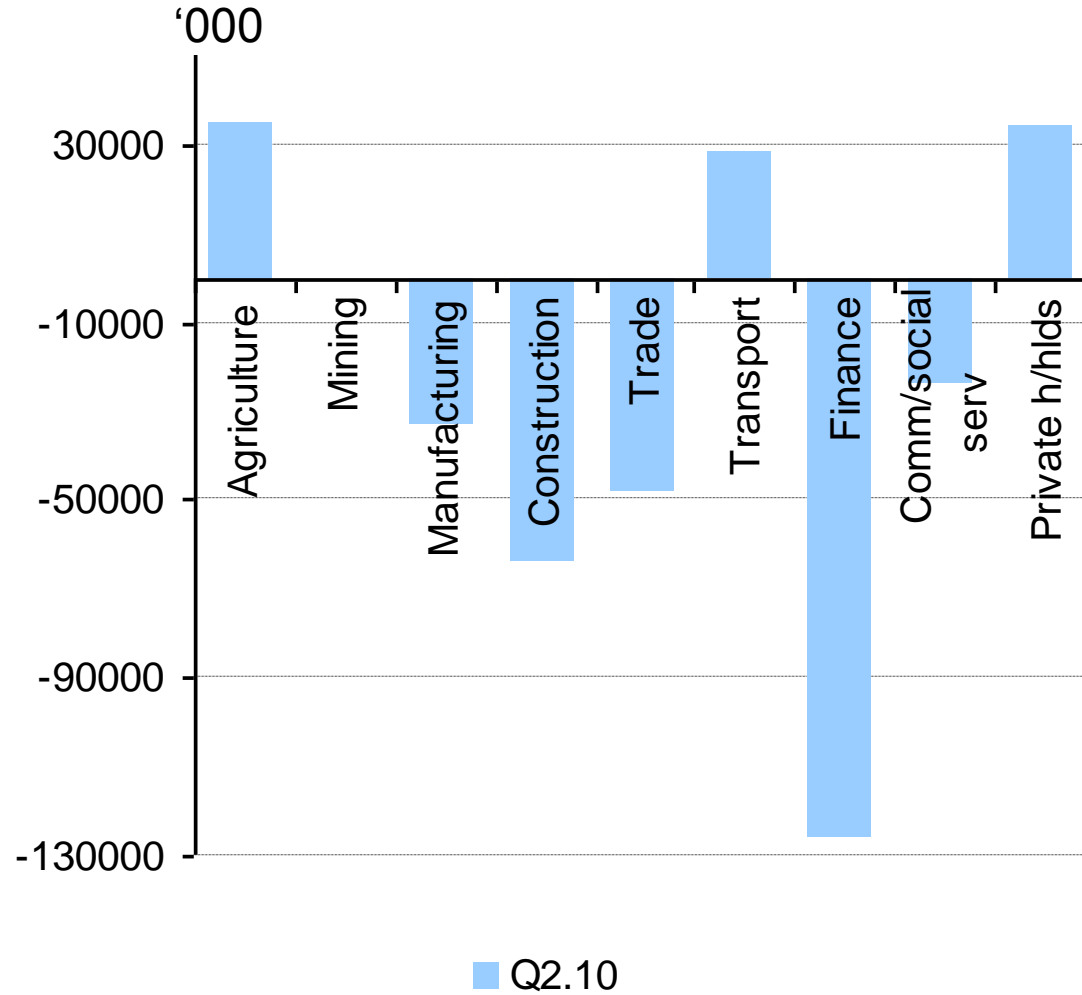


..as the economy shed 871 000 jobs in 2009....



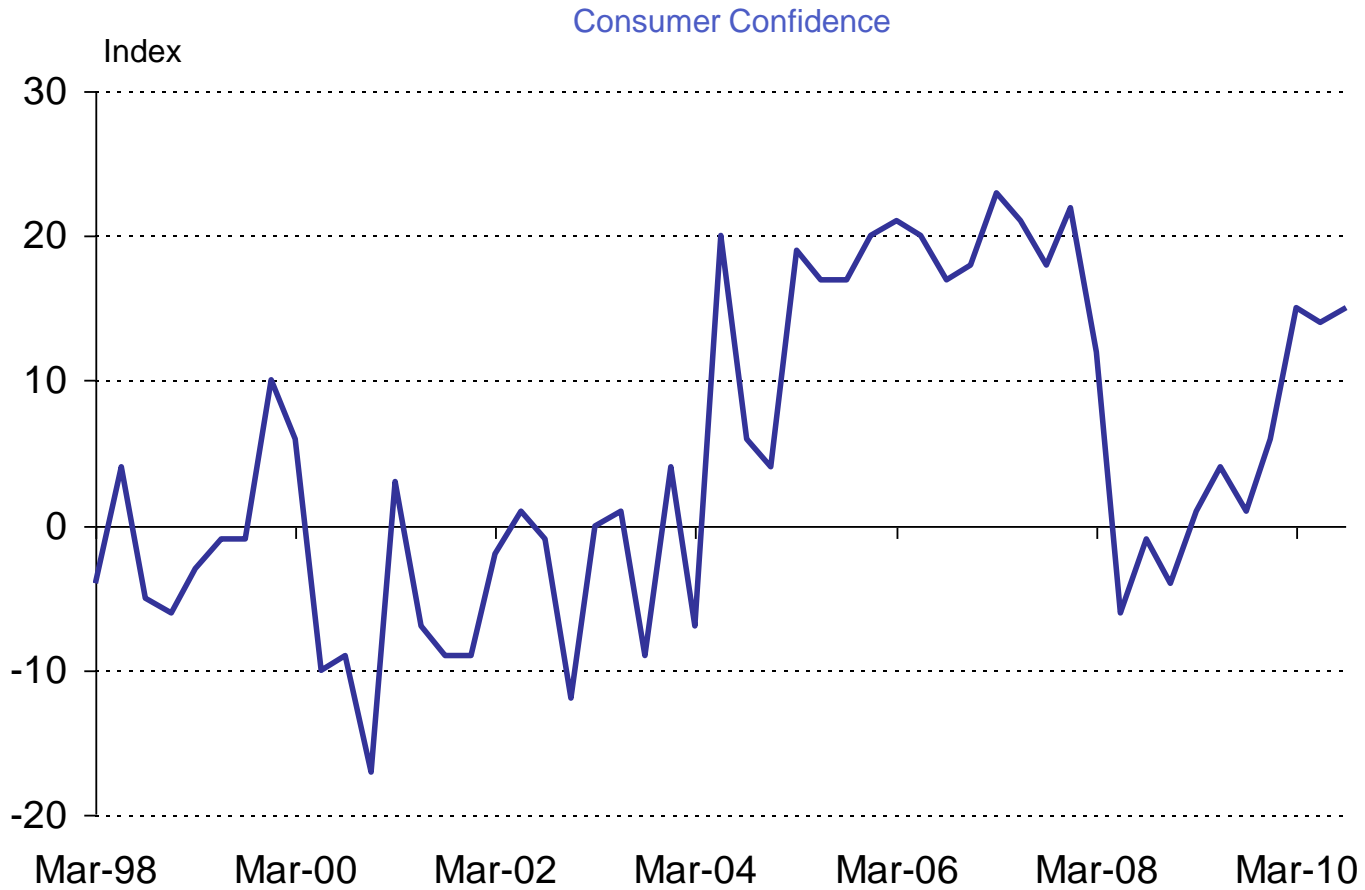


... 171000 in Q1.10 and 61 000 in Q2.10



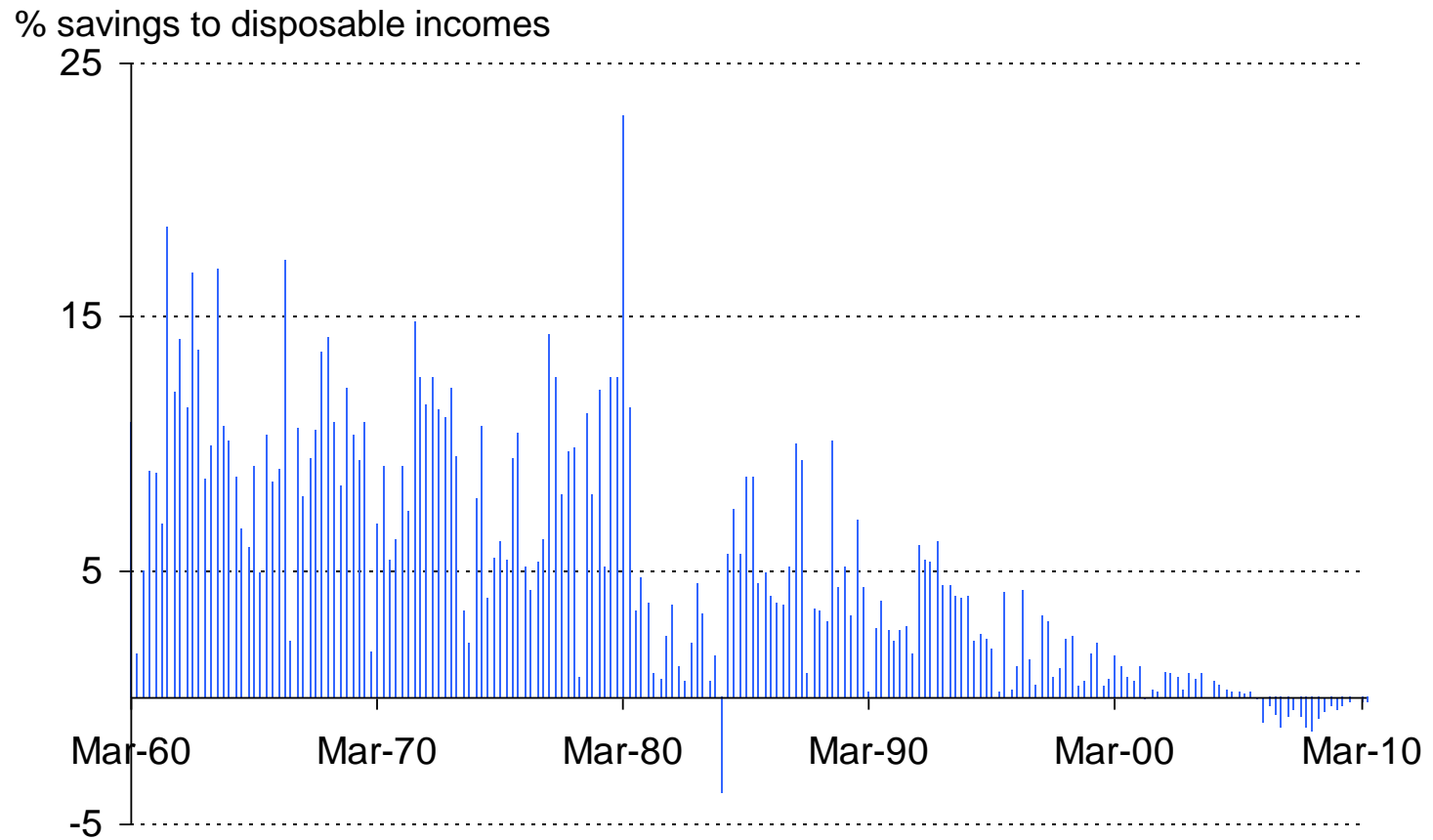


Confidence is weak



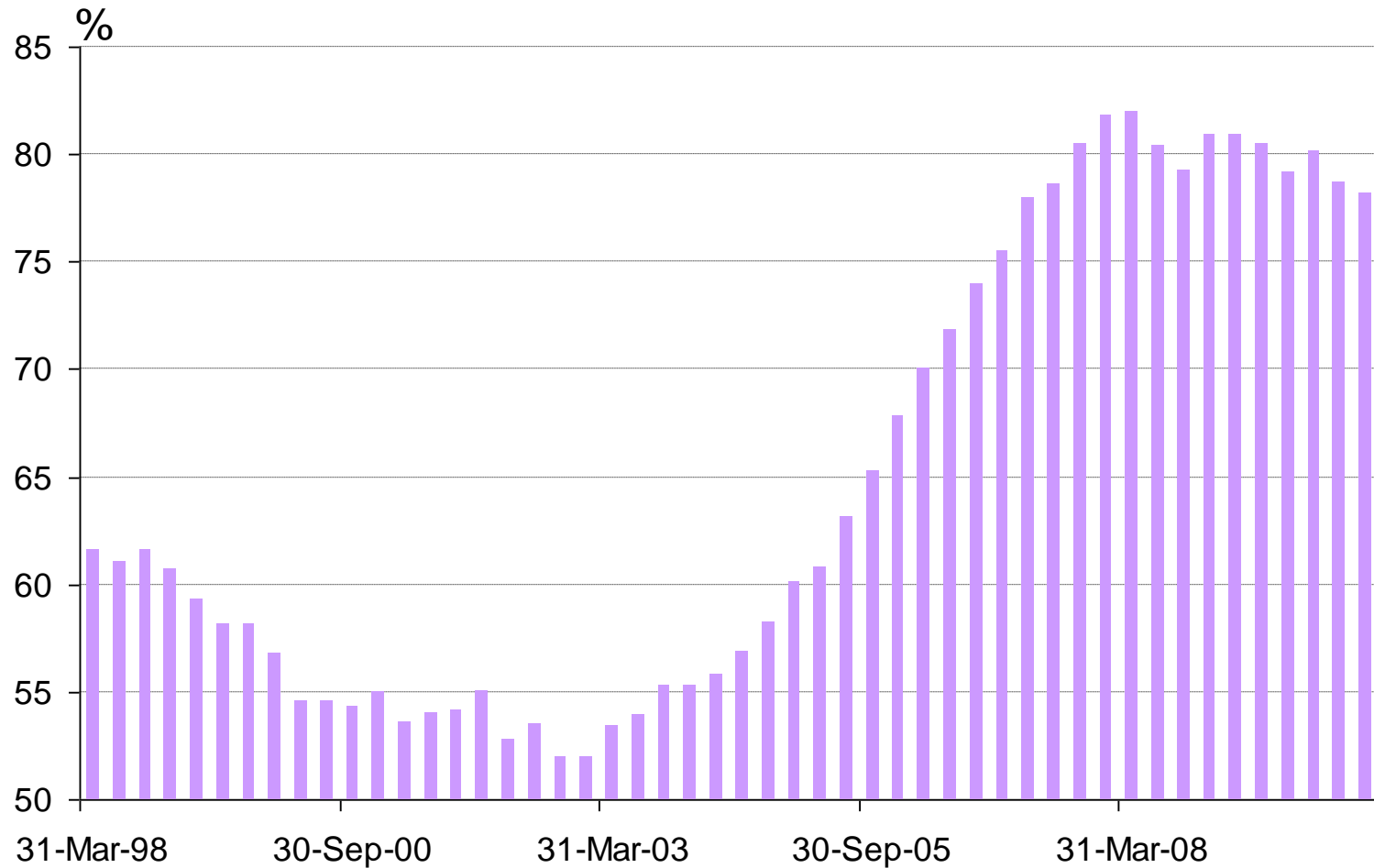


Household savings rate



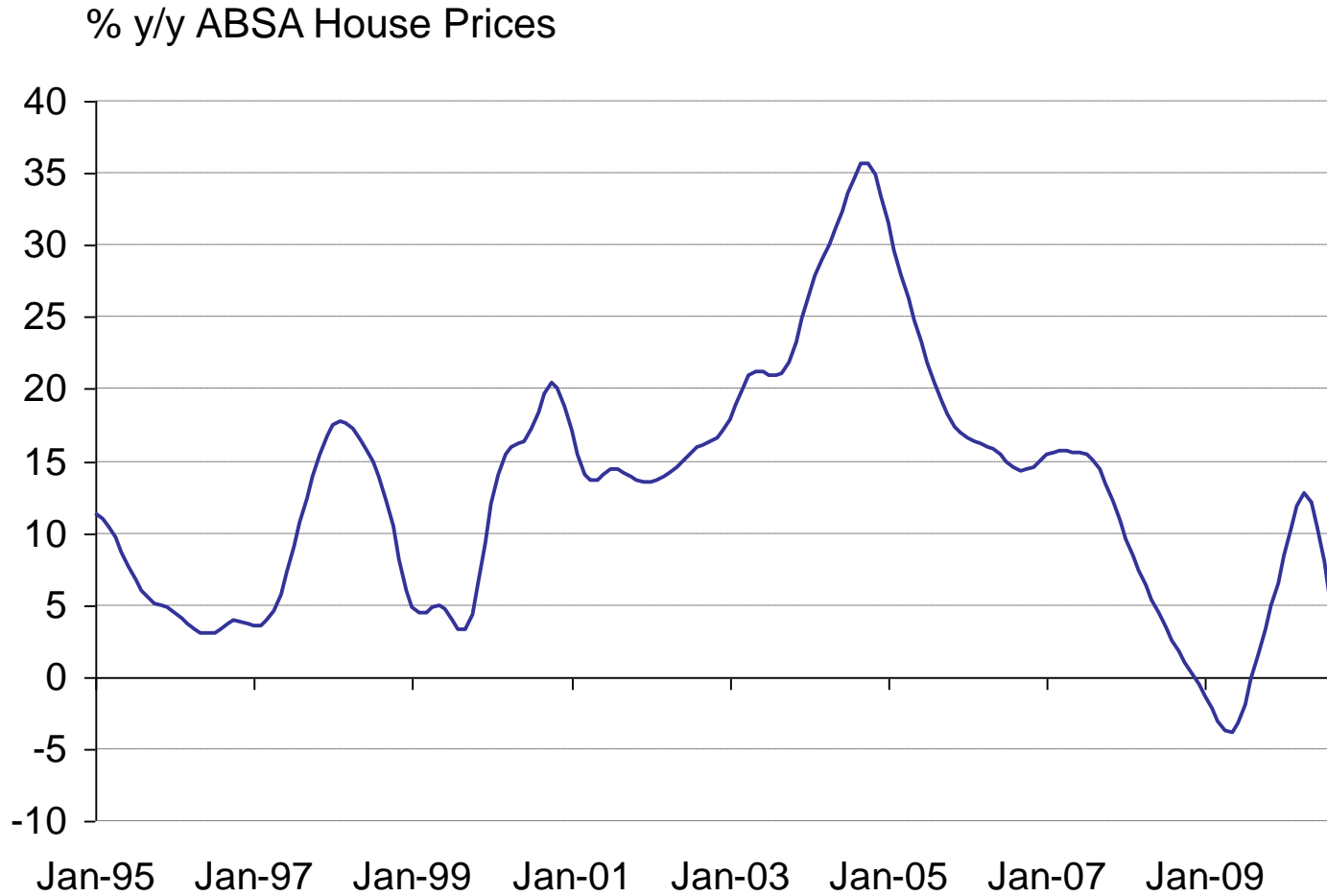


Household debt to income





..once of the key drivers of this debts was...



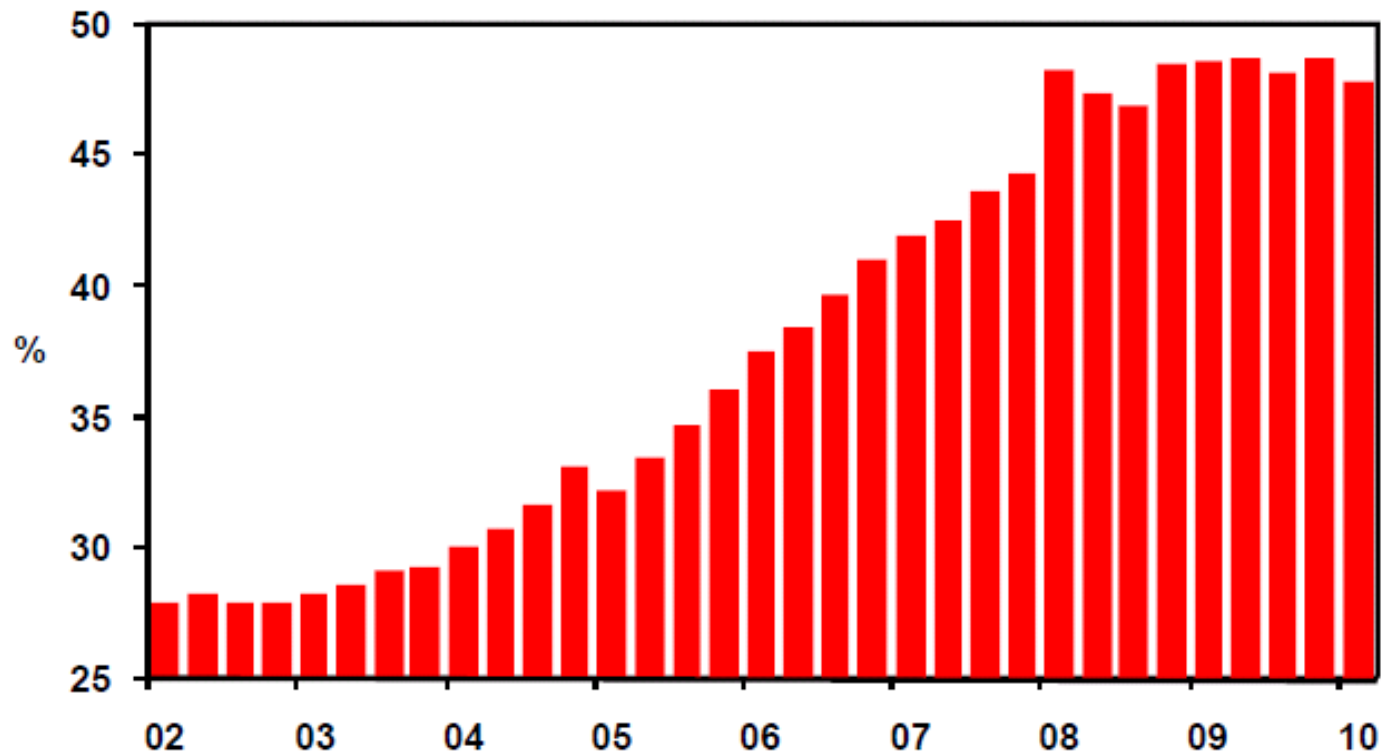


Household debt



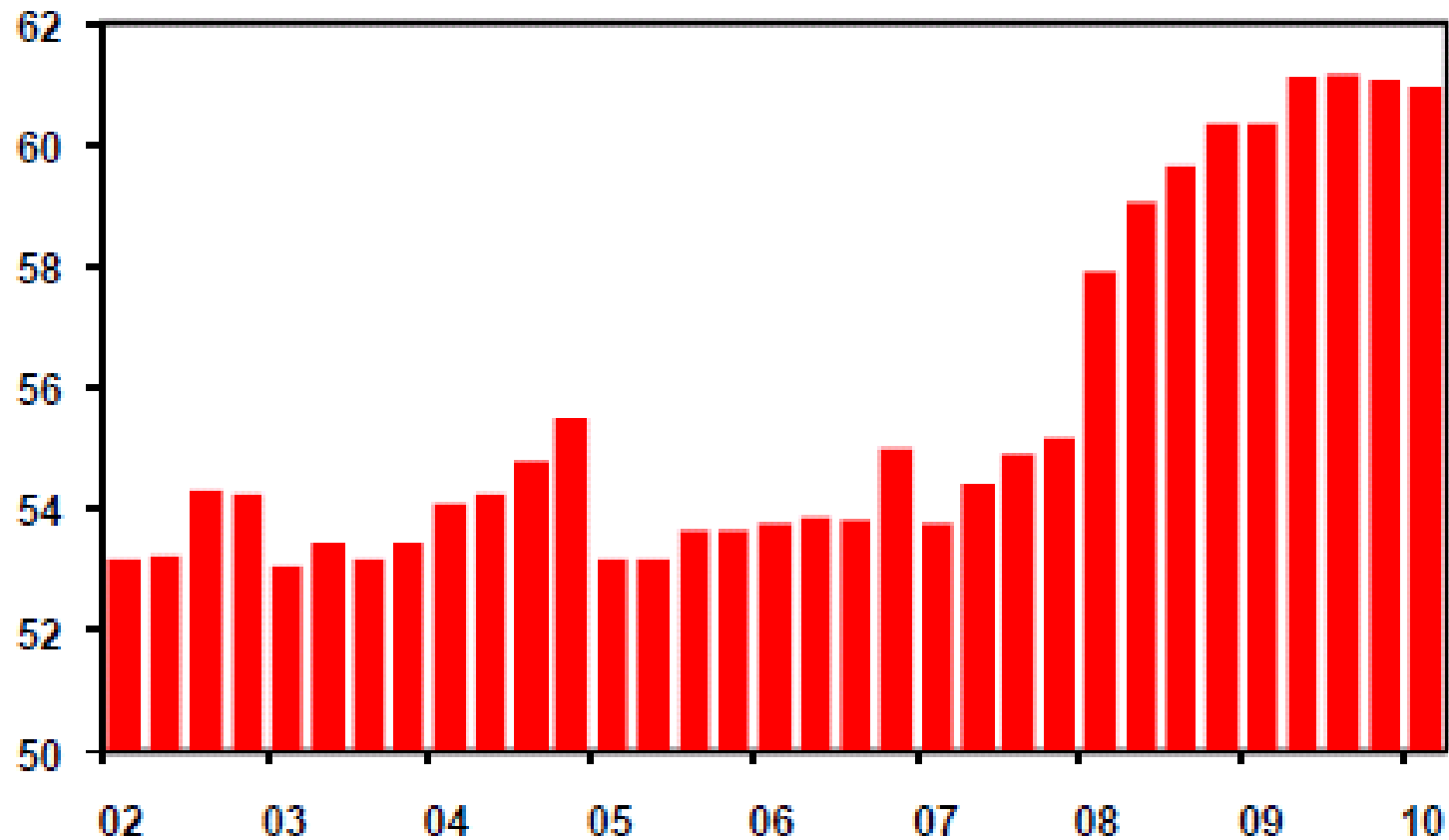
Household mortgage debt

Household Mortgage Debt
As % of disposable income





Household Mortgage Debt As % of total household debt





Consumer Vulnerability Index Q2.10

0-1.99	2.0-3.99	4.0-5.99	6.0-7.99	8.0-10
Financially very secure	Financially secure	Somewhat Financially vulnerable	Financially vulnerable	Financially very vulnerable

CONSUMER FINANCIAL VULNERABILITY	5.17
Comprising:	
Savings vulnerability	5.74
Expenditure vulnerability	5.54
Debt servicing vulnerability	4.37
Income vulnerability	5.64

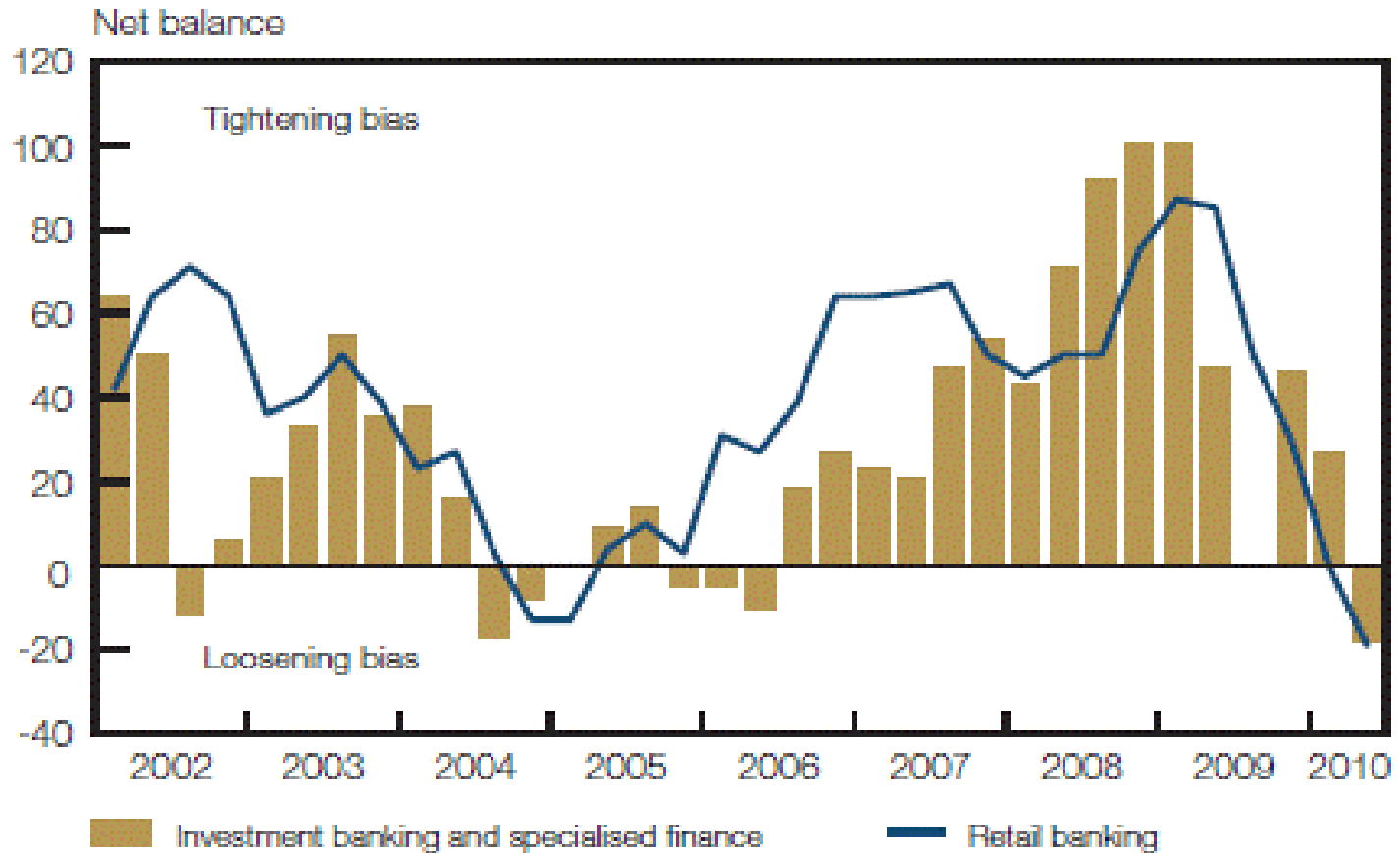


Reasons for vulnerability

Reason	Percentage consensus
Too much debt	63.8
Spending more than they earn	60.3
Bad financial planning	46.6
Low income	43.1
Not having sufficient savings to draw on	43.1
Carrying debts of partner/spouse/ family/friends	41.4
Adverse economic conditions	41.4
Unforeseen necessary expenses	39.7
Drop in income	39.7
Job loss	36.2



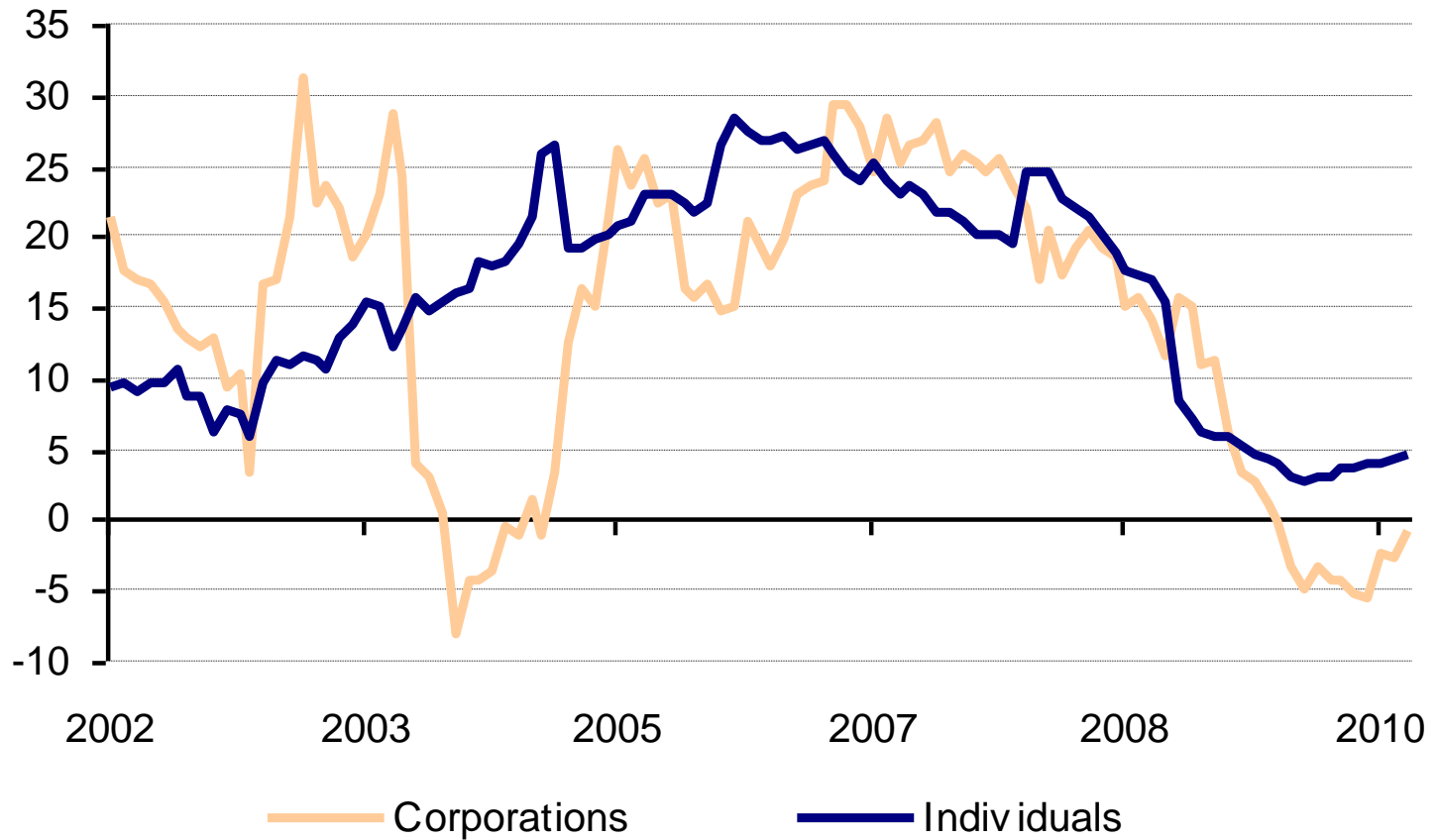
..lending standards are loosening





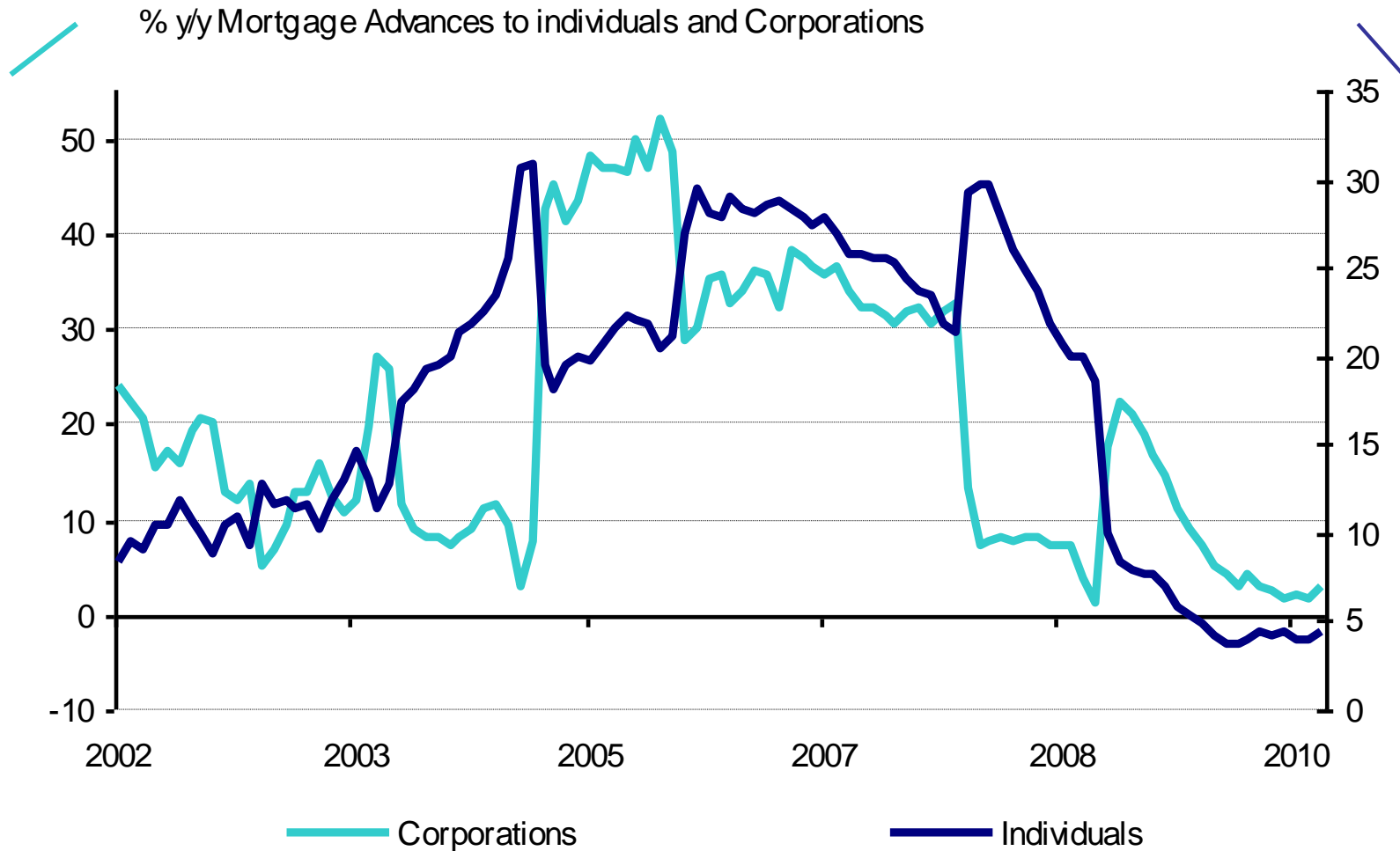
...yet credit demand is muted

% y/y PSCE to Corporations and Individuals



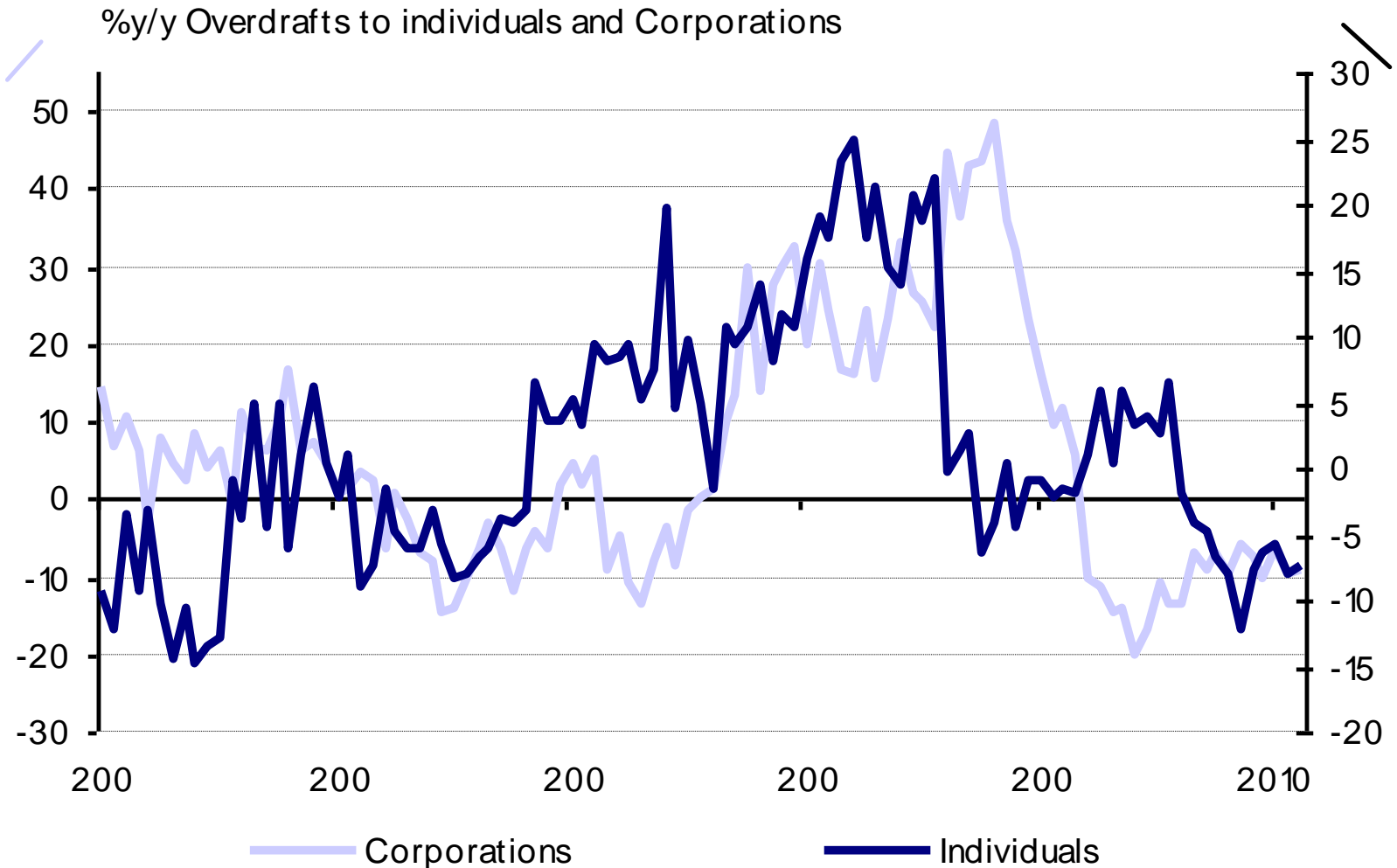


...mortgage demand remains weak as prices are fairly elevated



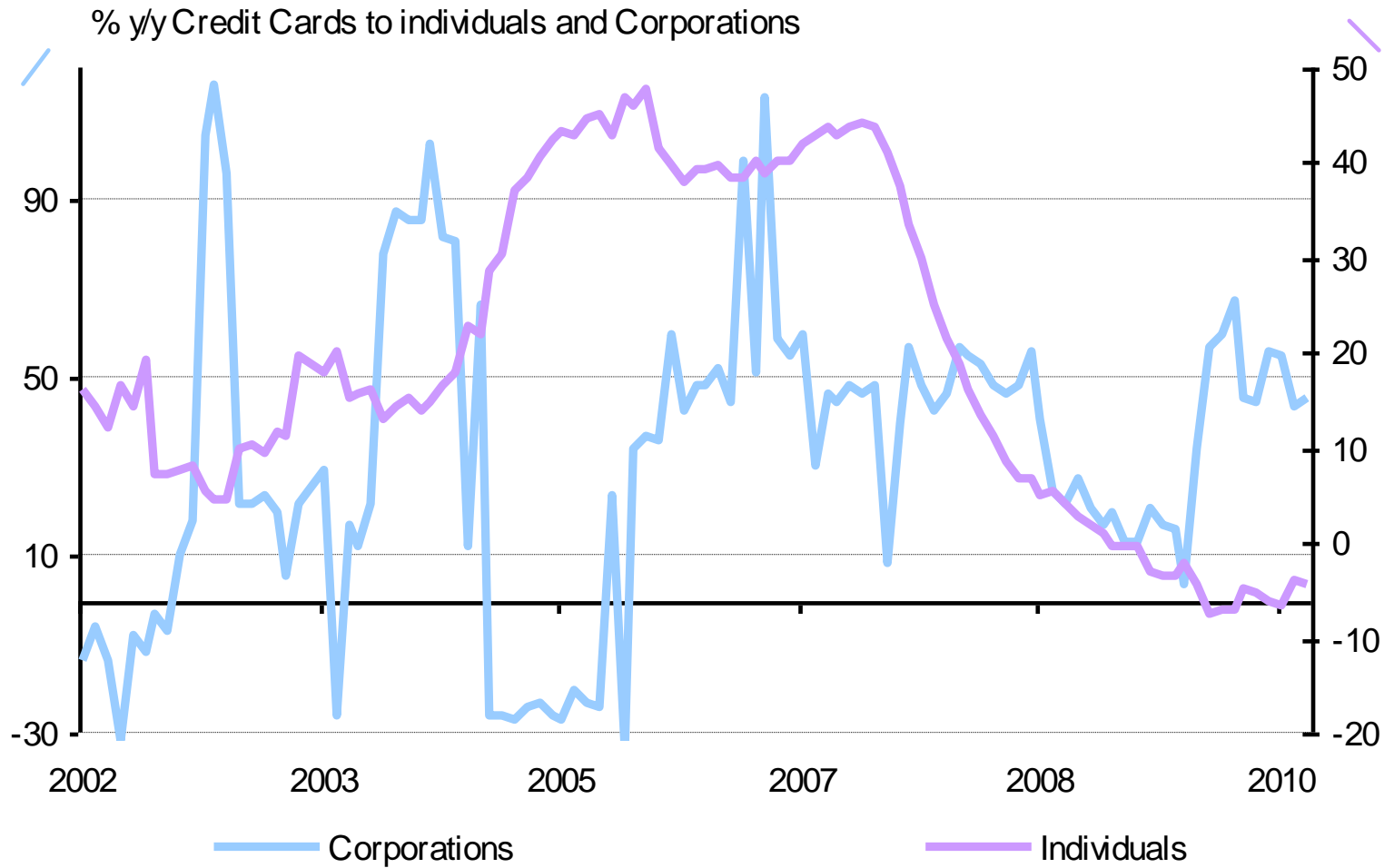


...overdraft facilities are no longer used, could be an indication of





...consumers have cut back on credit card usage....





South Africa is definitely on the path to economic recovery, but ...

- The recovery is still fragile
 - Characterized by distinctive features
 - Can be derailed by several factors or actions
 - * Global scenario
 - * Macro policy
 - * Labour actions
 - * Politics
 - * Labour actions
 - * Politics
 - Recovery affects different sectors differently
 - Identification of risks and opportunities crucial



Forecasts: 2010 - 2013

	2010	2011	2012	2013
Gross Domestic Product (% , real)	2.8	3.6	4.2	4.3
Household Consumption Expenditure - (% , real)	2.3	3.5	3.7	3.9
Government Consumption Expenditure (% , real)	4.3	4.1	3.8	4.4
Gross Domestic Fixed Investment (% , real)	2.2	8.3	8.8	7.0
Gross Domestic Expenditure (% , real)	3.6	5.3	5.2	4.6
Exports (goods & non-factor services) - (% , real)	4.4	6.9	7.5	7.6
Imports (goods & non-factor services) - (% , real)	7.3	12.6	10.1	7.8
Current account -deficit/ +surplus (% GDP)	-3.8	-5.9	-6.9	-7.0