

[print interest](#)

acsis' weekly market briefing

6 November 2009

interest

[continue to page 2](#)

international economic news

global manufacturing PMI at 39-month high

The Global Manufacturing Purchasing Managers Index increased to 54.4 points in October from 53 in September, the highest level in 39 months. Of the four largest weighted regions in the global PMI, only Japan's manufacturing activity marginally decreased in October (54.2) from a three-year high of 54.5 in September. US manufacturing activity improved for the third consecutive month to a three-and-a-half year high of 55.7 in October from 52.6 in September. China's corresponding index improved to 55.4 from 55 in September, while manufacturing activity in the eurozone improved from 49.3 in September to 50.7 in October.

US jobless rate increases

The US jobless rate increased to 10.2% in October from 9.8% in September, exceeding economists' expectations of a 9.9% y-o-y increase. The US Labour Department also reported that 190 000 jobs were cut in October, above the expected 175 000 but lower than September's 219 000. The largest job losses over the month were in construction, manufacturing and retail trade. The US economy has lost 7.3 million jobs since the recession started in December 2007, when the unemployment rate was 4.9%. According to analysts, unemployment could still increase further and poses a significant threat to economic recovery.

BoE further boosts money supply

The Bank of England (BoE) decided on Friday to inject an additional £25bn into the financial system and to keep the interest rate at 0.5%. According to analysts, the boost to the quantitative easing programme, which now stands at £200bn, is a reflection of the Bank's perception of the fragility of the UK economy. Economists predicted that the Bank would now suspend its activity and that the next policy change could be an interest rate increase next year.

international market news

international equities generally in positive territory

Global developed equity markets generally ended the week in positive territory, allowing the MSCI World Index to gain 2.4%. These gains were largely driven by US stocks, as the Dow Jones (+3.2%), S&P500 (+3.2%) and Nasdaq (+3.3%) all posted gains. Of the major developed equity markets, only Japan's Nikkei (-2.4%) ended the week in the red.

South African economic news

manufacturing output continues to improve

The Kagiso Purchasing Managers Index improved by 1.7 points to 47.6 in October, its highest level in 16 months. This is the third consecutive monthly gain and follows September's 6.4 point increase. The index has been below 50, which indicates a contraction, since May 2008. The full report said that a sustained improvement in global prospects and a somewhat weaker rand could, "in the foreseeable future", contribute to a return of growth in the local factory sector.

decline of SA vehicle sales slows

South African vehicle sales declined by 16.9% y-o-y in October, the lowest decline since April 2008. This follows September's decline of 22.4%. The auto industry, which is one of the country's biggest manufacturing sectors and an important source of jobs, has been declining since April 2007. According to the

developed equity markets

[+CLICK HERE TO VIEW BIGGER](#)

rand relative to developed world currencies

[+CLICK HERE TO VIEW BIGGER](#)

SA vehicle sales

[+CLICK HERE TO VIEW BIGGER](#)

Association of Automobile Manufacturers of South Africa, the latest report "reinforces the view that the industry is at an early stage in emerging from the extremely severe recession in the automotive market". The Association expects that further improvement in the months ahead is likely to be slow and hesitant.

reserves rise at slower pace

South Africa's foreign currency reserves increased by 1.7% to US\$39.8bn, following September's gain of 3.1%. Net reserves increased by 2.4% to US\$38.8bn. Analysts were surprised that the SARB did not use the strong rand to increase the pace of dollar purchases, especially after Tito Mobweni and Finance Minister Pravin Gordhan emphasised that the strong rand could negatively affect the economy. As at close on Friday, the rand was 36% stronger than the same day last year.

South African market news

The ALSI falters despite global equity strength

Despite generally positive global equity markets, the ALSI ended the week 1.6% lower. Fears that the local equity market recovery is overdone and the continued strength of the rand negatively affected the ALSI. Financials (-5.1%) and industrials (-??%) lost ground during the week. Despite rand strength, resources gained 0.6%. The rand gained 3.6% against the US dollar to end the week at R7.54/dollar.

[visit acsis website](#)

prepared by the Research and Investment Management team of **acsis** Disclaimer: Although every care is taken in compiling this document and the information therein, **acsis** Limited ("**acsis**") and the various managers do not guarantee the accuracy thereof. The investment strategies and underlying portfolios are registered collective investment portfolios, managed by Strategic Investment Service Management Company Limited (a member of the ACI), and should be viewed as medium to long term investments. The value of investments may go down as well as up and past performance is not necessarily a guide to the future. No guarantees are offered in respect of investment returns and/or capital invested. This document is not intended as advice and investment decisions should be made in consultation with your financial planner. **acsis** Reg. No. 1999/008036/06 6th Floor, The Terraces, 25 Protea Road, Claremont, PO Box 44604, Claremont 7735, South Africa Tel:+27 (21) 670 7800 Fax: +27 (21) 683 2831 email: help@acsis.co.za www.acsis.co.za **acsis** is the exclusive licence holder in perpetuity of the ipac licence in South Africa. **acsis** is registered as a financial services provider by the Registrar of Financial Services Providers - Licence No. 26/10/588