

[print interest](#)

acsis' weekly market briefing

26 February 2010

interest

[continue to page 2](#)

international economic news

US consumer confidence retracts

The US Conference Board Consumer Confidence Index, which increased to 56.5 points in January, declined significantly to 46 points in February. In addition, the Present Situation Index also decreased from 25.2 to 19.4, its lowest level in 27 years. These indicators suggest that consumers view the current conditions as less favourable, with the labour market conditions playing a major role in this assessment. The Expectations Index declined from 77.3 to 63.8, showing consumers' short-term outlook around their income prospects to be pessimistic. This combination of earnings and job anxieties is likely to continue to curb spending.

US existing home sales down

US existing home sales declined unexpectedly by 7.2% in January to a seven-month low. This indicates that a lack of job growth is undermining government incentives to support the housing market. According to the National Association of Realtors in Washington, the January decline was the second-largest on record after December's 16.2% decline. January's annual rate of 5.05m existing home sales compares with revised rates of 5.44m in December and the stimulus-boosted 6.49m in November.

US durable goods sales increase

According to the US Census Bureau, new orders for manufactured durable goods increased by US\$5.2bn or 3% to US\$175.7bn in January. This was the second consecutive monthly increase and followed a 1.9% increase in December. However, excluding transportation, new orders decreased by 0.6% after a 2% gain in December. Overall, manufacturing continues to be supported by a moderate upward trend in durables orders.

international market news

international equities mixed

Markets ended the week mixed. The S&P 500 (-0.4%), Dow Jones (-0.7%) and Nasdaq (-0.3%) all recorded losses. The DAX (-2.2%) and FTSE (-0.1%) also ended lower, while the Nikkei (0.0%) was unchanged. This was predominantly driven by investor concerns about the strength of the economic recovery in the US and Greece's possible rating downgrade. The Hang Seng gained 3.6% and was led by property stocks and positive sentiment surrounding expectations that the Hong Kong government may announce tax concessions.

South African economic news

SA economy improves

SA's GDP increased by a seasonally adjusted annualised 3.2% q-o-q in 4Q09, exceeding the consensus forecast of 2.5%. This is a significant improvement on the 0.9% q-o-q growth registered in 3Q09, when the economy officially exited the recession that began in 4Q08. Growth was strongest in the manufacturing sector, which expanded by an annualised 10.1% q-o-q. The agricultural sector and the wholesale, retail, motor trade and accommodation sectors contracted. According to the SARB, its 3.5% growth forecast for 2010 is still reasonable and the shift in growth drivers from exports/inventories to the consumer/fixed investment could happen sooner than anticipated. This, however, poses downside risks to 2011 growth estimates.

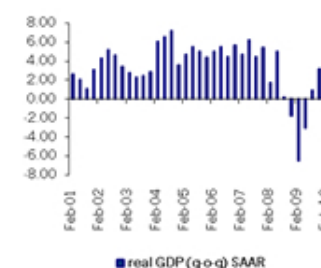
global vs local equity markets

[+CLICK HERE TO VIEW BIGGER](#)

SA consumer & producer inflation

[+CLICK HERE TO VIEW BIGGER](#)

SA real GDP

[+CLICK HERE TO VIEW BIGGER](#)

CPI declines

Data released this week by StatsSA confirmed that CPI had declined to 6.2% y-o-y in January from 6.3% y-o-y in December. Housing and utilities, which account for 22.56% of the CPI basket, increased by 7% y-o-y. Food and non-alcoholic beverages, which make up 15.68% of the basket, increased by 2.4% y-o-y. The National Energy Regulator of South Africa (NERSA) granted Eskom 24.8%, 25.8% and 25.9% tariff increases for the period 2010/11 to 2012/13 respectively. This is in line with what the SARB had included in its forecast. CPI is expected to move within the target range from February 2010 and remain there throughout the MPC's two-year forecast period.

South African market news**The ALSI led lower by resources**

The ALSI, affected by profit taking and negative global sentiment, declined by 3.1% during the week. Resources (-2.8%) and industrials (-0.3%) declined while financials (0.5%) gained ground during the week. The rand weakened marginally and ended the week at R7.69/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