

# Banking, Finance and Insurance

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isabeldn@bankseta.org.za

Compiled by Susan McFadzean

## BANKING IN SHORT

In Banking news this morning, South Africa's economic confidence improved last month, bolstered by growing optimism that the local economy would rebound this year after emerging from recession in the third quarter of last year; South Africa's job market is stabilising and preparing for recovery as employers gradually regain their confidence news, according to analysts in the recruitment sector; and the Democratic Alliance (DA) says government departments and organisations are wasting millions of rands producing annual reports. In addition, the long-awaited property valuation appeal boards have finally been set up in KwaZulu-Natal, and property owners who disagree with their valuations can take their appeals to them in about one month.

NEWS REVIEWS

## NATIONAL ECONOMY

### Rand and dollar report

A softer rand remained range bound against a firmer dollar in the afternoon session yesterday, ahead of nonfarm payrolls data in the US today. At 15:41 the rand was bid at R7.570 to the dollar from R7.513. It was bid at R10.481 to the euro from R10.458 and was at R12.001 against the sterling from R11.967. The euro was bid at 1.383 from \$1.389.

BUSINESS DAY (National), Companies & Markets

### SA lines up for debt counselling

The National Credit Regulator received 1 429 applicants for debt counselling in just the first two days of February 2010, Debtbusters noted on Thursday, an indication that the average South African consumer's debt problems are only getting worse. It means that the total number of applicants for debt counselling has reached 145 027 to date. "If this trend continues, that would be over 20 000 applicants applying for debt counselling per month - almost double the amount of any previous months - and a 14% growth rate per month," Debtbusters said. Luke Hirst, MD of debt experts Debtbusters said: "Unlike Europe and America, where interest rate cuts have allowed consumers to reduce their debt, in South Africa the rate reductions have been proportionately smaller and have just postponed the inevitable - consumers falling into arrears and slipping further into the debt spiral".

FIN24.CO.ZA - FINWEEK ; BUSINESS REPORT (Star)

### Confidence up, rebound looms

South Africa's economic confidence improved last month, bolstered by growing optimism that the local economy would rebound this year after emerging from recession in the third quarter of last year. The economy is expected to have contracted by about 1.8% last year, but signs of recovery in manufacturing output and higher vehicle sales, as well as an injection of foreign money during the World Cup point to a better performance this year. Factory activity is on the rise, tracking conditions in other countries, although concerns remain about soft consumption demand.

BUSINESS REPORT (Star) ; BUSINESS DAY (National)

### MEC highlights key aspects of budget

KwaZulu-Natal Finance MEC Ina Cronje outlined key aspects of the 2010/2011 government budget with Pietermaritzburg business people at the City Hall yesterday. Cronje said that the focus of the budget, to be released on the fourth of March, will be on the government's priorities; rural development and agrarian reform; the creation of decent job opportunities and economic growth; fighting crime; education; health; nation-building and good governance. Cronje emphasised that although KZN is recovering from the recession, government will not decrease spending on infrastructure.

WITNESS (Pietermaritzburg)

### Job market to stay under pressure

South Africa's job market is stabilising and preparing for recovery as employers gradually regain their confidence news, said analysts in the recruitment sector. "Companies are gearing up for growth in the early part of 2010 and are hunting for the right caliber of skills." said Lars Porseth, Director for Europe, the Middle East, and Africa of Manpower, an international recruitment company. "South African employees expect hiring activity to improve considerably for the first quarter of the year. According to Statistics SA, the number of people in the labour force decreased by 418 000, from 17.5-million in the second quarter to 17.1-million in the third quarter of last year.

BUSINESS DAY (National), Companies & Markets

## NATIONAL BUSINESS

### Grindrod hijacks PSG crew

Grindrod Bank, the specialist financial services company owned by shipping giant Grindrod, has recently become the port of call for several small companies looking for corporate advisory services. In the last few weeks Fin24.com has noticed a handful of smaller listed companies - including Verimark, Rolfes Technology, Dynamic Technologies and ARB Holdings - switching to Grindrod Bank. Most companies moved over to Grindrod Bank with immediate effect. This can't be coincidental, and it seems Grindrod Bank has 'acquired' the services of a number of top staff at PSG Capital. All four companies mentioned earlier in the article were previously clients of PSG Capital.

FIN24.CO.ZA - FINWEEK

### Aurik to fund new bosses.

Aurik Investment Holdings this week said it had access to R100 million in funding for lending to start-up companies seeking either debt or equity finance. CEO Pavlo Phitdus said that the funding was available at R5 million to \$10 million pounds per investment. "This fund is for early stage business, early stage business," he said.

BUSINESS DAY (National), Companies & Markets

## GENERAL NEWS

### Help Haiti with your eBucks

On 12 January 2010, a series of earthquakes with magnitudes ranging between 6.5 and 7.3 devastated the Haitian capital of Port au Prince. The aftermath of the disaster has claimed hundreds-of-thousands of lives; and damages to the country's infrastructure has left many more individuals homeless and destitute. eBucks members wishing to assist those affected by this devastating catastrophe, can do so by making a donation - either using their eBucks or rands - to Doctors without Borders and/or Gift of the Givers Foundation - via the eBucks website. Donations from eB250 or R25 will support much needed emergency relief and recovery efforts, and help the Haitian people reclaim their country and begin to rebuild their lives. To date, almost eB2 million has already been donated. For more information visit <<https://www.ebucks.com/web/shop/categorySelected.do?catId=123997925>>.

NEWS REVIEWS

### Lottery requirements 'relaxed'

The National Lotteries Board is unable to distribute R2 billion in surplus funds to poor beneficiaries. The board's Chief Executive Professor Vevek Ram, said that enormous obstacles are preventing the board from distributing the money. From 2008 to 2010, R3.7 billion was available for distribution to beneficiaries, but could not be disbursed. Over the past nine years since the establishment of the board some R6.8 billion has been paid out. Ram put the blame for the surplus money on the distribution agencies, in particular. The board, which should largely play the role of a regulator, holds the money in a trust, and the distribution agencies, which are appointed by the Minister of Trade and Industry, select the beneficiaries. But these two bodies have for years been got bogged down over the nature of their actual roles.

FIN24.CO.ZA - FINWEEK

### DA says government departments are wasting millions

The Democratic Alliance (DA) says government departments and organisations are wasting millions of rands producing annual reports. DA finance spokesperson Dion George said that the simple task of reporting on their financial records each year was a major drain on state resources. Responding to a question, George said the DA was investigating how contracts for the publication of annual reports were awarded, and who was getting them.

CAPE TIMES

### Increase in poverty expected in KZN

Unemployment in KwaZulu-Natal is set to reach 36% and poverty is expected to increase by up to 8% in the next two years. KZN Finance MEC Ina Cronje had presented these figures to Pietermaritzburg businessmen, government officials and the private sector during a discussion yesterday, preceding the tabling of the provincial budget in March. Cronje said that the KZN Treasury forecasted gross domestic product (GDP) growth of 1.5 and 2% in the next two years.

MERCURY (Durban)

## Overtime management at Msunduzi fails

It has emerged that overtime management at the Msunduzi Municipality has failed dismally. Deputy Municipal Manager or Finance Roy Bridgmohan said that as of the first of January, the municipality was left with an overtime fund of only R1 million. This means that the municipality spent R32 million of its total R33 million in six months.

WITNESS (Pietermaritzburg)

## Water supply restored to PMB schools

Education institutions in Pietermaritzburg that had their water services cut-off for non-payment have been granted a reprieve. The Msunduzi Municipality restored services on Wednesday afternoon, after it cut off supply for three weeks as a result of an outstanding bill of R24 million, which was allowed to accumulate over years. "We're not asking for millions at once, but a continued reduction," said Municipal Manager Rob Haswell.

WITNESS (Pietermaritzburg)

## Auctions

Business Day contained an Auctions supplement with the following headings: "Siegfried Line to Cornish pasty in SA on website"; Auctioneers see year start with a swing"; "Well-known SA artists' works to be had at Kirstenbosch"; "Second chance beckons for Plettenberg Bay hotel site"; "Beachfront building nets R22.5 million"; "Aucor goes for combined sale"; and "Historic SA flag in London".

BUSINESS DAY (National)

## PROPERTY AND HOUSING

### Strike ends at hotel group

Striking Sun International workers were back at their posts following a lengthy pay strike over the holiday season, the company said yesterday. "For now everyone is back at work," Solly Phetoe, the spokesperson for the SA Commercial Catering and Allied Workers' Union in the North West. About 4 500 union employees went on strike for about two months from the beginning of December, but failed to get the company to increase its offer of 8.75% to 13%.

BUSINESS REPORT (Star)

### Valuation appeal boards set up

The long-awaited property valuation appeal boards have finally been set up, and property owners who disagree with their valuations can take their appeals to them in about one month. KwaZulu-Natal Local Government MEC Nomusa Dube announced yesterday that an appeals board had been established in 11 municipalities, including eThekweni, after lengthy delays largely owing to the selection process of members. Lilian Develing, of the Combined Ratepayers Association, said that she was relieved at the establishment of the boards.

MERCURY (Durban) ; BUSINESS DAY (National)

### Coral International opens in Cape Town

Cape Town's newest five-star hotel, the Coral International will officially open its doors this weekend. The Coral will be the fourth five-star hotel to have opened in the city in the past three months, showing the massive power in the drawing power of Cape Town. The others are the Crystal Towers, The Taj and 15 on Orange. Last year Sol Kerzner opened the One&Only Hotel in the Waterfront area.

CAPE TIMES

### Rezidor expands partnership with Mvelaphanda

International hotel group Rezidor has expanded its management partnership with empowerment group Mvelaphanda Holdings to cover Rezidor's entire South African portfolio. Until now, Mvelaphanda were only partners in the management of the Radisson Blu at the V&A Waterfront in Capre Town. However, in recent years Rezidor has embarked on aggressive expansion in SA and the rest of Africa, and has three hotels open in SA, including the 177-room Radisson Blu Hotel Waterfront, Radisson Blue Hotel in Sandton and the 173-room Radisson Blu Hotel in Port Elizabeth.

BUSINESS DAY (National), Companies & Markets

### Resilient sees opportunity in downturn

Retail-focused property company Resilient Property Income Fund said yesterday that it was taking advantage of the downturn in the construction cycle to enter into new contracts to develop new malls with reputable and tenant construction companies at attractive rates. Releasing the groups results yesterday, CEO Des de Beer said the group would like to add more new mail this year.

BUSINESS DAY (National), Companies & Markets

## OIL NEWS

### Oil Report

Brent crude for March delivery lost \$2.40 to trade at \$73.52 a barrel (R3.52 a litre).

In New York, sweet light crude traded \$2.31 lower at \$74.67 a barrel.

BUSINESS REPORT (Star)

## Shell: Oil demand to slow this year

Global oil demand would be slow in the early part of this year, stocks were jury and there was plenty of unused capacity, Shell's CE Peter Voser said yesterday, suggesting downside risks for oil prices. The cautious outlook suggests that Shell expects little immediate help from the outside environment in boosting profit and follows similar comments from other industry leaders on the weak prospects of oil demand. "My outlook for 2010, I would not call a rosy one," Voser said.

BUSINESS REPORT (Star)

## INTERNATIONAL ECONOMY & BUSINESS

### European shares rise

European shares rose on Thursday ahead of rate decisions by the Bank of England and the European Central Bank, led by Vodafone after it raised its outlook, but Royal Dutch Shell fell after results. By 8:20, the pan-European FTSEurofirst 300 .FTEU3 index of top shares was up 0.2% at 1 022.54 points. "We have had on balance decent earnings growth coming through," said Bernard McAlinden, market strategist at NCB Stockbrokers. Investors will await the ECB rate decision at 12:45 GMT and the Bank of England decision at 12:00 GMT. Both are expected to keep rates unchanged.

UK.REUTERS.COM

### Bank likely to call time on QE

Eleven months and £200 billion later, the Bank of England looks set on Thursday to pause its unprecedented asset-buying scheme to boost the economy in what could become the first step back to more normal policy. The jury remains out on whether it worked. Critics note the economy grew by just 0.1% at the end of 2009 after an 18-month downturn that wiped out 6% of output and left Britain as the last major country out of recession. However, others say the outcome would have been much worse if the central bank had not pumped so much newly-minted money into the economy by buying UK government bonds.

UK.REUTERS.COM

### Bank of America moves 'suspect' Angola funds

Bank of America Corp. didn't raise enough questions about how an Angolan arms dealer now in prison moved millions of dollars in "suspect" funds to the US, says a Senate report on corrupt foreign money entering the country. HSBC Holdings also gave an Angolan bank, Banco Africano de Investimentos, "ready access to the US financial system" during the past decade although the bank failed to identify all of its owners and couldn't provide written anti-money-laundering policies, the report said. Angola, Africa's second-largest oil producer after Nigeria, has a history of corruption. The report described weaknesses in the US anti-money-laundering system that requires banks to raise red flags when foreign officials and their relatives and associates move money.

BUSINESSWEEK.COM

### IMF - would help Greece if asked

The International Monetary Fund (IMF) would help Greece if asked but is confident the country's government will take the necessary action to deal with its fiscal crisis, the head of the fund said on Thursday. Greece's three-year plan to repair public finances got conditional European Union approval on Wednesday. But Brussels vowing to hold the country strictly to its austerity plan as market turmoil spread to other euro zone periphery countries. "We are there to help. I have a mission in place providing technical advice at the request of the Greek government and if they ask me to intervene, we will do it," IMF Managing Director Dominique Strauss-Kahn told France's RTL radio.

UK.REUTERS.COM

### Citi aims to build on gains in Asia

Vikram Pandit, Citigroup Chief Executive, on Wednesday reaffirmed the bank's commitment to expand its presence in Asia as its regional head signalled double-digit revenue this year. Pandit told the Financial Times that Citi was committed to retaining its coveted stakes in Chinese and Indian leaders while also pushing to expand its retail network in both countries. "A big part of Citicorp is our emerging-market franchise and Asia-Pacific is a substantial part of it. And you will see us expanding across Asia-Pacific this year". The comments will serve as a riposte to sceptics who believe that Citi, which was rescued by the US government during the financial crisis, will retreat from international markets.

FINANCIAL TIMES (London)

### Giacometti sculpture fetches £65 million

A bronze sculpture of a man by Alberto Giacometti has sold for £65 million - making it the most expensive work of art ever sold at auction, Sotheby's auction house said. It took just eight minutes of furious bidding on Wednesday for about ten bidders to reach the hammer price for "L'Homme Qui Marche I" (Walking Man I), which opened at £12 million, Sotheby's said. The sculpture by the 20th century Swiss artist, considered an iconic Giacometti work as well as one of the most recognisable images of modern art, was sold to an anonymous bidder by telephone, the auction house said. Sotheby's had estimated the work would sell for between £12 million to £18 million.

*FIN24.CO.ZA - FINWEEK*

### Rates stay put in 'subdued' EU

The European Central Bank (ECB) left its benchmark interest rate unchanged at 1% for the ninth consecutive month yesterday, while the Bank of England called a halt to its policy of pumping money into the economy. ECB President Jean-Claude Trichet said that price developments remained "subdued" and that inflation expectations were "firmly anchored" around the banks target of "close to, but below 2%". Trichet also said that the euro zone economy continued to expand at the beginning of this year, but warned that the recovery would be "uneven" and "uncertain".

*BUSINESS REPORT (Star) ; BUSINESS DAY (National)*

### US to take tougher line on trade deals

Tough enforcement of trade agreements would help the US meet President Barack Obama's goal of doubling exports during the next five years, US Commerce Secretary Gary Locke said yesterday. "Increasing the export of American products and services to global markets can help revive the fortunes of US companies, spur future economic growth and support jobs here at home," Locke said in an excerpt of a speech he was to give on Obama's National Export Initiative (NEI). Locke outlined a three-prong strategy to double exports by 2014: robust government advocacy for US exporters in markets around the world, increased export financing, and tough enforcement of trade agreements the US has already signed to open foreign markets.

*BUSINESS DAY (National)*

### World Bank lending arm invests \$2 billion in Africa

The World Bank's private sector lending arm is investing more than \$2 billion in sub-Saharan Africa in the 2009-2010 fiscal year, as investment opportunities improve, the lenders head said yesterday. "Last year, we did \$1.8 billion in sub-Saharan Africa," Lars Thunell, CEO of the International Finance Corporation, said in a presentation. "In the June 2009-2010 year, we will grow over \$2 billion. We are hoping that we will also mobilise more funds, in total we will do about \$2.5 billion". The corporation provides loans, equity and advisory services in emerging markets and also looks to draw in investment from institutions and sovereign wealth funds.

*BUSINESS DAY (National)*

### Europe's insurers confident

Two insurance companies - Zurich Financial Services and Aviva, have offered a cautiously optimistic outlook for this year, saying that they are poised to benefit from any economic upturn thanks to the defensive tactics they adopted last year. Zurich, Europe's fourth-biggest insurer, yesterday underlined its optimism with a forecast-beating 45% dividend hike as it met profit forecasts for last year, while Aviva said that a sharp drop in sales last year had probably bottomed out in the third quarter. Analysts said that Zurich's bumper payout was a sign of the company's confidence in its ability to generate profits despite the economic downturn.

*BUSINESS DAY (National), Companies & Markets*

### Santander's forays into Brazil pay off

Santander, the euro zone's largest bank, beat profit forecasts yesterday as diversification away from tough domestic market into fast-growing areas like Brazil paid off and it kept a lid on bad debt provisioning. The quality of Santander's earnings pleased investors, but the Madrid-based trader said, "There are fears in general on Spain right now and as for Santander there are concerns it's not doing enough to address its property exposure".

*BUSINESS DAY (National), Companies & Markets*

### Lower loan losses buoy Danske

Shrinking loan losses helped Danske Bank swing to a bigger fourth-quarter profit than expected but the Nordic region's second-biggest lender warned of another tough year to come. Pre-tax profit was 1.29 billion Danish kroner, compared with a year-earlier loss of \$7.1 billion and the average forecast profit in a Reuters poll of \$845 million. Shares in Danske, the first of the big Nordic banks to report its fourth quarter, were up 3.34% at 133 kroner yesterday morning, off an earlier high of 135.60 kroner and outperforming the European banking sector index, which was down 1.3%.

*BUSINESS DAY (National), Companies & Markets*

### INDICATORS

Rand - Dollar \$	7.6170	(-0.1450)
Rand - Sterling £	12.0105	(-0.0822)
Rand - Euro €	10.5031	(-0.0826)
JSE Allshare	26318.4	(-608.10)
Gold	1083.3	(-32.00)
Platinum	1549.0	(-29.00)
Brent Crude Oil	73.5	(-2.40)

The figures quoted are from the close of business yesterday, along with any movement, either up or down, from the previous day.