

Banking, Finance and Insurance

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BANKING IN SHORT

In Banking news this morning, government wants to rope in private retirement funds and the Public Investment Corporation to help finance development projects, as well as dust the cobwebs off a plan formulated at the 2003 Growth Summit; the Institute of Retirement Funds (IRF) has welcomed the government's exploration of investing some of the R1.5 trillion of public and private retirement funds in development projects, including the possibility of issuing a development bond; and the Free State has a budget of R21.4 billion for the 2010/2011 fiscal year. In business, financial services group Sanlam has entered into an international joint venture to form a new Isle of Man-based European property investment advisory and management company.

NEWS REVIEWS

NATIONAL ECONOMY

Rand and dollar report

The rand remained well positioned on Friday afternoon amid better than expected US nonfarm payrolls data that boosted the dollar. At 15:45 the rand was bid at R7.427 to the dollar from R7.475. It was bid at R10.093 to the euro from R10.147 and was at R11.163 against the sterling from R11.220. The euro was bid at \$1.355 from \$1.358.

BUSINESS DAY (National), Companies & Markets

Rand: Government looks at carry trade

South Africa is looking at the impact of the carry trade on its rand currency and is weighing its options to curb currency volatility, the country's finance minister said on Thursday. Pravin Gordhan ruled out the adoption of capital controls but noted that the International Monetary Fund (IMF) seems to be shifting its thinking on restrictions on the movement of capital. "We have made a commitment that we will lean against the wind... we want less volatility," Pravin Gordhan told a business presentation at Bloomberg. "We are... looking at the impact of the carry trade more carefully and the options we have to assist the currency to have less volatility," he said, adding that the government was assisting the central bank to build up reserves to have a buffer during bouts of sharp currency swings.

FIN24.CO.ZA - FINWEEK

'Overwhelming' UK interest in SA

Over the past few days, South African government officials and business representatives have had to be on their toes, answering British investors' questions - especially about nationalisation and empowerment. Anitha Soni, Chairperson of the International Marketing Council, said that interest in meetings held in London this week as part of President Jacob Zuma's state visit, had been "overwhelming". At the South African-British business forum held at the Chelsea Soccer Club on Wednesday, there was eventually standing room only because so many people turned up to meet South African ministers and business representatives, Soni reports. The negative reports in the British media - and the tabloids in particular - about Zuma's wives, children, and the rape and corruption cases did not appear to dampen interest from businesses.

FIN24.CO.ZA - FINWEEK

'Pension money for development'

Government wants to rope in private retirement funds and the Public Investment Corporation to help finance development projects, as well as dust the cobwebs off a plan formulated at the 2003 Growth Summit. In terms of this plan, 5% of the money that private retirement funds invest should go to development activities - but this has not been implemented to date. This a plan that Ebrahim Patel, Minister of Economic Development, tabled in parliament on Thursday as part of his department's strategic plan for the next three years. Patel said private retirement funds and the Public Investment Corporation could become involved through, for instance, a development bond. Patel's strategic plan also indicates that his department would be largely responsible for the development of all economic policy.

FIN24.CO.ZA - FINWEEK

Life companies can honour payments

Life companies remain well positioned to honour benefit payments due to clients, the Association for Savings and Investment SA (Asisa) said on Thursday. In a statement it said that South Africans bought life insurance products worth R62 billion in new premiums last year, only five percent less than was spent on new recurring and single premiums in 2008 when R65.5 billion was received. Reporting back on the 2009 sales statistics for the SA long-term insurance industry, Peter Dempsey, Deputy CEO of Asisa, said the uncertainty caused by the global financial crisis and the resulting economic woes had slowed consumer uptake of life products, particular in the single premium space, in the second half of 2008 and during the first half of 2009.

FIN24.CO.ZA - FINWEEK ; BUSINESS DAY (National), Companies & Markets

Patel's Ministry in control of key institutions

The Economic Development Ministry will take over responsibility for a host of institutions and regulatory bodies to ensure they are aligned with the state's vision for growth, according to Minister Ebrahim Patel's strategic plan tabled in Parliament on Thursday. The much-awaited plan sets out a programme of action for Patel's new department, which was created when President Jacob Zuma announced his Cabinet 10 months ago. After considerable speculation about Patel's mandate, the plan states that his department will "draft economic planning proposals that promote the coherence and alignment of the state's and state entities' economic plans and foster South Africa's growth path and need for substantial job creation".

ENGINEERINGNEWS.CO.ZA

Patel's pension plan 'workable'

Economic Development Minister Ebrahim Patel's idea of using private retirement funds to help finance development projects is not necessarily a bad one, economist Mike Schussler said on Friday. This followed media reports that Patel was exploring ways of investing private retirement funds in development projects by possibly issuing development bonds. "It's not necessarily a bad idea but you need to be careful that there is a positive return on the money," Schussler said. "In other words the development bond would have to pay more than inflation." Economist Dawie Roodt, however, thought Patel's idea was "terrible". He asked, "Who can guarantee a positive return on the money?" Roodt said while he was not against social investment, the correct vehicle had to be used.

FIN24.CO.ZA - FINWEEK

Patel takes aim at retirement funds

Trustees of retirement funds, both public and private, should be given greater powers to ensure the invested funds were more balanced and did not "chase bull runs", Economic Development Minister Ebrahim Patel said at the weekend. Leveraging the private and public pension fund industries to promote investment in development projects was a "work in progress", but the idea was based on the Singapore example where a proportion of the contributions by workers to retirement went into state development projects, Patel said after briefing MPs serving on the economic development portfolio committee. This follows the release last Thursday of his department's strategic plan for the medium term, which proposed leveraging 5% of pension funds for this purpose.

BUSINESS REPORT (Star)

Pensions institute warns on prescribed assets

The Institute of Retirement Funds (IRF) has welcomed the government's exploration of investing some of the R1.5 trillion of public and private retirement funds in development projects, including the possibility of issuing a development bond. The use of retirement funds for development is one objective of the Department of Economic Development's strategic plan tabled in Parliament last week. IRF President Shantha Padayachee said the government had still to clarify its thinking on the issue and the recent announcement of draft changes to the Pension Fund Act's regulation 28, which defined the prudential limits of pension fund investments, "arguably" made it the time to do this.

BUSINESS DAY (National)

Creating jobs is critical - Nene

Creating more jobs was South Africa's most critical challenge, Deputy Minister of Finance Nhlanhla Nene said on Friday. "There are far too many South Africans who do not work, with the bulk of the gains in national income inevitably going to those who are employed," he said. Without higher and more inclusive growth, South Africa was not likely to address the high levels of poverty that persisted 16 years into democracy, he said. Nene said that South Africa needed a more labour-absorbing growth path. "Making the economy more labour-absorptive will require raising productivity, boosting exports and promoting greater levels of savings and investment.

BUSINESS REPORT (Star)

SA gold, forex dip on stronger dollar

South Africa's gold and foreign exchange reserves have fallen for the third month in a row, as gains in the dollar eroded the value of other currencies held by the Reserve Bank, reducing the overall value of its holdings. Figures released on Friday also showed that the Bank stuck to its policy last month of not intervening in the currency market to curb strength in the rand, seen by some as a threat to the competitiveness of local exports. Net reserves dipped by 0.9% to \$32.28 billion, while gross reserves were virtually unchanged - 0.1% lower at \$39.44 billion.

BUSINESS DAY (National) ; CITIZEN, Citi Business

Bank to keep inflation targeting

The Reserve Bank's mandate of targeting low inflation will stay, although that also involves taking growth and employment into account, Deputy Finance Minister Nhlanhla Nene said on Friday. Nene reiterated the position of Finance Minister Pravin Gordhan, who is under pressure from alliance partners to scrap the policy. Nene credited inflation targeting for the past decade's economic gains. "this policy will remain in place, although we will establish and maintain an open dialogue on this policy stance with our social partners," he said in Soweto.

BUSINESS DAY (National) ; CITIZEN, Citi Business

Treasury bills discount at 7.02%

The average discount rate for South African three-month Treasury bills fell to 7.02% on Friday, from 7.05% last week, the Reserve Bank said. The average yield was also down at 7.15% from 7.18% and applications for the R3.7 billion of bills on offer totalled R7.024 billion. The discount rate for six-month bills ticked up to 7.14% from 7.13%, while the average yield was at 7.40% from 7.39%. Applications for the R950 million of six-month bills on offer amounted to R1.869 billion.

BUSINESS DAY (National)

Foreigners buy R737 million in bonds

Foreigners were net buyers of R737.84 million of bonds including repo transactions on Thursday, after net purchases of R2.96 billion of local bonds on Wednesday, market statistics show. Nominal cumulative volume was R23.6 billion on Thursday from R41.10 billion on Wednesday. Foreigners were net buyers of R737.38 million of bonds excluding repo transactions on Thursday, after net purchases of R3.02 billion of local bonds on Wednesday.

BUSINESS DAY (National)

Free State has R21.4 billion budget

The Free State has a budget of R21.4 billion for the 2010/2011 fiscal year. Of that, 76% would be allocated from the national government, finance MEC Seiso Mohai said on Friday. 21% of the provincial budget would come from national conditional grants, while the province would have to get the other 3% through collecting its own taxes and fees. Referring to the provincial budget for the next three years, which would increase to R24.1 billion in 2013, Mohai said the money should be handled carefully.

BUSINESS DAY (National)

NATIONAL BUSINESS

Standard 'not profitable enough'

Armed with a "fortress-like" balance sheet, financial services group Standard Bank said on Thursday it will up its game to become more profitable. That's according to group Deputy CEO Sim Tshabalala, who spoke to Fin24.com following the release of full-year results for the year to end-December 2009. "We sit with quite a lot of capital on our balance sheet and it gives us plenty of opportunities," Tshabalala said. Countries in Africa which appeal to Standard Bank include Nigeria, South Africa and Angola. After racking up a profit of R11.2 billion in 2009, Tshabalala replied with an emphatic "no" when asked whether South African banks were too profitable. "In fact, I would suggest we are not profitable enough," he said. Asked about the most desirable earnings mix target for the bank, Tshabalala said the group was targeting a 50-50 contribution between personal and investment banking.

FIN24.CO.ZA - FINWEEK

Farmers can create more jobs

South Africa's agricultural sector can play a bigger role in the country's industrial development, national commercial farmers body Agri SA said on Thursday. Agri SA Executive Director Hans van der Merwe said the union had provided Parliament's committee on trade and industry with more information on the agricultural dimensions of the Industrial Policy Action Plan (IPAP). "Agriculture could make a bigger contribution to industrial development, job creation and development on a broad basis than is currently the case," said Van der Merwe. "However, this is only possible if restrictive policies and legislation are addressed and a more production-friendly environment is created," he said. IPAP was tabled in Parliament in February by the Minister of Trade and Industry, Rob Davies.

FIN24.CO.ZA - FINWEEK

Complaint brought against Nedbank

The Securities Regulation Panel said on Friday that it had received a complaint against Nedbank from a group that includes Pinnacle Point. The group had complained that Nedbank should have made a mandatory offer for Pinnacle Group when it acquired shares amounting to 89.3% of the company, the regulator said.

BUSINESS DAY (National), Companies & Markets

GENERAL NEWS

Govt can't provide more loans to Eskom

The government cautioned at the weekend that it did not have money to provide further loans to Eskom, and said that there was a limit to the total guarantees it could issue. The comments from the Department of Public Enterprises come amid increasing pressure to fund the utility's R485 billion capacity expansion. Major developed nations are threatening to withhold support for a \$3.75 billion (R28 billion) World Bank loan, the bulk of which is earmarked for the Medupi coal-fired power plant. Their stance has highlighted deep cracks between industrialised and developing countries over the issue of tackling climate change. A key unresolved issue is who foot the bill for poorer nations to transform into environmentally sustainable economies. Public Enterprises spokesperson Ayanda Shezi said that funding and security of electricity supply were receiving "urgent attention" by the government after last month's decision by the energy regulator to grant lower tariff hikes than Eskom had proposed for the next three years.

BUSINESS REPORT (Star)

US, Britain threaten to withhold support for Eskom loan

The US and Britain are threatening to withhold support for a \$3.75 billion World Bank loan for a coal-fired plant in South Africa, experiencing the battleground in the global debate over who should pay for clean energy. The opposition by the bank's two largest members has raised eyebrows among those who note that the two advanced economies are allowing development of coal-powered plants in their own countries even as they raise concern about those in poorer countries. While the local is still likely to be approved on 6 April by the World Bank board, it has revealed the deep fissures between the world's industrial powers and developing countries over tackling climate change. The two camps failed to reach a new deal in Copenhagen in December on a global climate agreement because of differences over emissions targets and who should pay for poorer nations to green their economies.

BUSINESS DAY (National)

Standard, Opec fund launch initiatives

Standard Bank and the Opec Fund for International Development (Ofid) have launched two Africa development financing initiatives. The first is a smallholder risk-sharing agreement, which is to work in support of the Agriculture Guarantee Fund Scheme that the bank launched in partnership with the Alliance for a Green Revolution in Africa and other partners. The second is a trade finance risk-sharing agreement. Ofid will share the risk 50/50 with Standard Bank in London and Standard Bank of South Africa on trade finance transactions of as much as \$300 million entered into by Standard Bank with eligible banks in several African countries.

BUSINESS DAY (National), Companies & Markets

World Bank defends possible loan to Eskom

The World Bank has defended its proposed \$3.75 billion (R29 billion) loan to Eskom amid growing criticism from environmental groups and non-governmental organisations (NGOs). The loan - set to come up for discussion and approval at the bank's board meeting either later this month or in April - is a crucial component of Eskom's borrowing programme. The utility must intensify its borrowings if it is to keep its R385 billion capital expansion programme on track. Eskom Finance Director Paul O'Flaherty said last week that the utility had already factored the World Bank loan into the funding plan it submitted to Nersa as part of its application for tariff hikes. The NGOs, Climate Justice Now, groundWork and the Federation for a Sustainable Environment have criticised the loan, supported by the National Union of Metalworkers of SA and the SA Council of Churches. They said that if it was approved, the poor would bear the burden of Eskom's debt.

BUSINESS DAY (National)

SARS cracking the whip on defrauders

The South African Revenue Service (SARS) says it has no mercy for people who have defrauded the tax collection system and has vowed to crack down on tax invaders and defrauders. In the past week alone it has seized properties worth millions of rands from a Gauteng family. The National Prosecution Authority says since beginning to the year, it's been freezing assets of people alleged to be fleecing SARS. Finance Minister Pravin Gordhan promised to tighten the screws on the culprits. So far the minister and SARS have started their guns cracking down on business owners across the country. Just last weekend it seized properties in Pretoria West worth R15 million from a family they are accuse of falsifying VAT refunds totalling more than R35 million.

ENEWS PRIME @ 19:00

Reporting standards convergence 'crucial'

The convergence of International Financial Reporting Standards (IFRS) is crucial to investor and financial stability, according to a new global study released last week by the International Federation of Accountants (Ifac). The latest survey of 157 accountancy organisations in 123 countries found that the adoption, implementation and enforcement of IFRS is vital as investors need clear, reliable, consistent data. Company presidents and CEOs said that Ifac needed to continue to lead the convergence of standards developed by its independent boards, relating to auditing and assurance, education, ethics and public sector accounting, and to support their implementation.

BUSINESS DAY (National), Companies & Markets

PROPERTY AND HOUSING

Sanlam hits UK property market

Financial services group Sanlam has entered into an international joint venture to form a new Isle of Man-based European property investment advisory and management company. Sanlam said on Friday the new company - called Exclusive Holdings - was a partnership with the Merteck and Attventure Groups in South Africa and Salt Properties on the Isle of Man. This brings to four the number of international deals concluded by Sanlam International Investment Partners in the past 18 months, the company said in a statement. Hendrik Pfaff, managing director of Sanlam International Investment Partners, said the partnership was in line with the Sanlam Group's strategic objective of expanding its global asset management footprint through direct investment in specialist investment management businesses in specific regions.

FIN24.CO.ZA - FINWEEK ; BUSINESS REPORT (Star) ; BUSINESS DAY (National), Companies & Markets

INTERNATIONAL ECONOMY & BUSINESS

UK commercial property prices up 1.4% in Feb

UK commercial property values rose 1.4% in February, bouncing back after slower growth in January, although rents still fell as occupier demand stayed weak, CB Richard Ellis (CBG.N) data showed on Thursday. Rental values for offices, retail and industrial properties fell 0.2% on average across Britain, the world's largest property brokerage said in its CBRE Monthly Index, as tenants continue to cut costs amid the weak economy. Offices in Central London showed flat rental growth in February, however, a sign of firming occupier demand, and were also the month's best-performers with total returns at 2.6% and capital growth of 2.1%, it said. Average total returns - comprising rental income and capital growth - rose to 2% in February, compared with 1.5% in January, while All Property equivalent yields fell 0.1 percentage point over the month to 7.2%.

REUTERS.COM

Fears grow of double dip for UK housing market

The housing market seems set to undergo its own "double-dip" recession, with Halifax announcing yesterday that there was a 1.5% fall in house prices between January and February, and with the slow economic recovery now on course to depress sentiment for the rest of the year. The Halifax number follows the 1% drop in values registered by the Nationwide in January, and will be especially disappointing for home owners because it cannot be seen as simply a reflection of the temporary strength of the market in December being corrected the following month. Mortgage advances and prices rose strongly in the last weeks of 2009 as first-time buyers rushed to take advantage of the stamp-duty holiday before it ended on New Year's Day. Thus, December "borrowed" some of the buoyancy that might normally have shown through at the start of this year, leaving January looking anaemic.

INDEPENDENT.CO.UK

UK 'would still be in recession' without BoE

Britain would still be in recession if the Bank of England's quantitative easing programme had not been introduced, economists said on Thursday, as the Bank's Monetary Policy Committee (MPC) voted against extending the scheme on the anniversary of its inception. Economists at Capital Economics estimated that since it began in March last year, the Bank's £200 billion asset purchase programme has boosted gross domestic product (GDP) by 2pc to 3pc. They said that although it had not worked well enough to kick-start a strong economic recovery, "the economy would have been even weaker without QE." Following its monthly policy meeting on Thursday, the MPC said it was maintaining its stock of asset purchases at £200 billion, and held interest rates at 0.5pc.

TELEGRAPH.CO.UK

HSBC boss Michael Geoghegan paid £800 000 a year

HSBC will pay Michael Geoghegan, chief executive, an extra £800 000 a year in "allowances" and "benefits in kind" for moving his family from London to Hong Kong. The "allowance" element, of £300 000 a year for "family disruption", is likely to infuriate shareholders who recently rejected the bank's plans to award Mr Geoghegan a pay rise of almost 40pc. The allowance, "in recognition of the additional costs of living" in Hong Kong is almost equivalent to the estimated £350 000 salary increase planned. His "allowance" does not include housing, children's education or travel costs. Those will come under "benefits in kind" and are expected to be in excess of £500 000, which HSBC said "are normal within this location", compared with the £57 000 he received in 2009.

TELEGRAPH.CO.UK

CDB reviews plans for Barclays stake

Barclays yesterday sought to play down reports that China Development Bank (CDB) is considering selling its stake in the UK lender. Speaking on the sidelines of a conference in Beijing, Jiang Chaoliang, president of the China Development Bank, said, "We are now reviewing our ties with Barclays. A review report will be submitted to board members for consideration." CDB built up a 2.1pc stake in Barclays in 2007 and 2008 before the full extent of the financial crisis became apparent, spending £1.6 billion. Its holding is now significantly underwater with Barclays shares at 333.1p, up 3.2 yesterday. If CDB were to sell, it would crystallise an £800 million loss. Temasek, the Singaporean state investment fund which invested alongside CDB, has already decided to cut its losses, taking a £500 million hit by selling its entire £1.2 billion investment.

TELEGRAPH.CO.UK

Lloyd's of London chairperson slams India rules

India is a "difficult market" for foreign insurance companies to penetrate because of the country's regulatory system, Lloyd's of London Chairperson Peter Levene said. The country is "the one place I would complain about," he said. India restricts offshore investors in insurance companies to 26% ownership; legislation to raise the limit to 49% is bogged down in parliament. Levene said he hopes to boost Lloyd's business in Asia to 15% of total premium income from the present 8%, noting that Lloyd's has yet to obtain a license in India.

BLOOMBERG.COM

RBS begins Williams & Glyn's sale

Royal Bank of Scotland (RBS) has begun the process to offload its small business and retail bank Williams & Glyn's, the BBC has learned. It has issued a sale memorandum for the group which the European Commission told RBS last year it must sell after it was bailed out by the government. Details of the business have been sent to possible purchasers, BBC business editor Robert Peston said. Santander and Virgin Money are rumoured to be interested in the branches. Initial bids are due in April, though the completion of the disposal is unlikely until after the General Election. RBS, which is 84% owned by the taxpayer, is selling 318 branches, about £20 billion of loans and other assets. Williams & Glyn's has about 2% of Britain's retail banking market.

NEWS.BBC.CO.UK

'Absolutely no' UK groceries tax

A British Treasury spokesperson said yesterday that there was "absolutely no question" of Chancellor of the Exchequer Alistair Darling imposing value-added tax on groceries, in response to a Sunday Telegraph report in which sources are quoted as saying that government officials were considering it to help reduce the nation's deficit. An increase in the main value-added tax rate, which is 17.5%, was also being considered, the newspaper said.

BUSINESS DAY (National)

Bad bank 'could damage NI firms'

A business organisation has warned that several major Northern Ireland companies could have their images damaged by the Republic's "bad bank." The bad bank, Nama, is being set up to buy and manage property loans held by Dublin-based financial institutions. It could end up taking over all loans from a firm even if it has a relatively small amount of property borrowings. Business Alliance said this could cause "reputational damage" if Nama is viewed as a dumping ground for bad loans. Business Alliance is an umbrella group whose members include the CBI and the Northern Ireland Chamber of Commerce. The main aim of Nama is to remove bad or impaired property loans from the banks, allowing them to rebuild their balance sheets and start lending again.

BBC.NEWS.CO.UK

Deutsche Bank sees no impact on Moody's cut

Deutsche Bank AG, Germany's biggest bank, said there will be no "material impact" after Moody's Investors Service downgraded its credit ratings because of the company's dependence on the securities unit. The Frankfurt-based bank's long-term deposit and senior debt ratings were lowered to Aa3, the fourth-highest level, from Aa1, and its bank financial strength rating to C+ from B after the completion of a review started in November, Moody's said in a statement today. The ratings firm cited Deutsche Bank's "continuing preponderance of capital market activities" and the "ensuing challenges for risk management" as well as the delay in the acquisition of Deutsche Postbank AG. The non-investment banking businesses have "shown a greater degree of earnings volatility" than Moody's had previously expected.

BUSINESSWEEK.COM

Greece 'won't get one cent'

The German government will "not give one cent" to help Greece out of its debt crisis, Economy Minister Rainer Bruederle said on Friday as the two countries' leaders prepared to meet in Berlin. Greek Prime Minister George Papandreou said that he didn't want one cent - in any case the German government will not give one cent," Bruederle said on the sidelines of a meeting with European Union industry commissioner Antonio Tajani. The remarks came ahead of talks later on Friday between Papandreou and Chancellor Angela Merkel amid rising tension between the two countries. Bruederle was referring to comments by Papandreou in Germany's Frankfurter Allgemeine newspaper published on Friday. "We are not asking for money," Papandreou said.

FIN24.CO.ZA - FINWEEK

BofA to fix "patchy" Australian record

Bank of America Merrill Lynch will hire staff and plug holes in its services as it seeks a return to a top-three ranking among investment banks in Australia, said new local chief executive officer Craig Drummond. The 49-year-old, who formerly led local rival Goldman Sachs JBWere Pty, is seeking more stock researchers and bankers to provide corporate advice, arrange share and debt sales, and lend funds to companies, he said in an interview in the bank's Sydney offices yesterday. He declined to give hiring targets. "Historically, Merrill Lynch has had a very patchy track record with commitment in this country," Drummond said. "We've got lots of work to do on the hiring front." Drummond said his job may depend on climbing back up the investment banking charts in Australia.

BUSINESSWEEK.COM

Treasury 'had no choice on Citigroup investment'

The US government had to invest bailout money in Citigroup to keep the financial crisis from worsening and should make money on its investment, a senior Treasury Department official said on Thursday. Herbert Allison, assistant Treasury secretary for financial stability, told a Congressional Oversight Panel that the government had to act in the fall of 2008 because further deterioration of Citigroup would have caused doubt that US policymakers would support the banking system. "More generally, given Citigroup's substantial international presence, global liquidity pressures would likely have increased and confidence in US assets more broadly would have declined," Allison said.

REUTERS.COM

Outraged Icelanders reject bank bailout bill

Icelanders rejected by a massive majority a bill that would saddle each citizen with \$16 400 of debt in protest at British and Dutch demands that they cover losses triggered by the failure of a private bank. Ninety-three percent voted against the so-called Icesave bill, according to preliminary results announced yesterday. The bill would have obliged the island to take on a \$5.3 billion or 45% of last year's economic output, in loans from the UK and the Netherlands to compensate the two countries for depositor losses stemming from the collapse of Landsbanki Islands more than a year ago.

BUSINESS REPORT (Star)

Stocks hit highs as US firms cut fewer jobs

US employers cut fewer jobs than expected during snow-battered February and the unemployment rate held steady at 9.7%, bolstering views that the economy is on the brink of creating jobs. President Barack Obama, whose approval ratings have dropped partly because of high unemployment, said the figures showed measures to boost the economy were working but unemployment was still too high. Nonfarm payrolls fell 36 000, the Labour Department said on Friday, adding that it was unclear how severe snowstorms in the country affected employment. Financial markets expected payrolls to drop 50 000 last month and the unemployment rate to edge up to 9.8%.

BUSINESS REPORT (Star)

German minister backs idea of European fund

The Greek crisis showed the euro region should consider creating an organisation with powers similar to the International Monetary Fund (IMF), German Finance Minister Wolfgang Schaeuble said at the weekend. "For internal stability of the euro zone, we need an institution that has the powers and know-how of the IMF," he said in an interview with Weltam Sonntag published yesterday. "We shouldn't rule anything out, including the creation of a European monetary fund".

BUSINESS DAY (National)

Israeli reserves down after record

Israeli foreign currency reserves declines last month from a record posted in the previous month, the Bank of Israel said yesterday. reserves fell to \$60.7 billion from \$61.6 billion at the end of January, mainly due to a "downward revaluation of the reserves". Bank of Israel Governor Stanley Fischer began buying foreign currency in March 2008 and has more than doubled reserves since then in a move aimed at weakening the shekel to help exporters weather the global economic crisis.

BUSINESS DAY (National)

New Zealand house prices climb

New Zealand house prices climbed for a fifth month last month, fuelled by increased demand for property in the nation's largest cities as the economy emerges from recession. Prices rose 5.5% from a year earlier, after a 4.4% annual gain in January, according to a Quotable Value index in New Zealand yesterday. Prices in the 17 largest cities rose 7.3%. Further gains in house prices may be curbed by the prospect of higher interest rates and changes to taxation of investment property to be announced in the 20 May budget.

BUSINESS DAY (National)

Stimulus lifts Australian growth

Australia's economy continues to strengthen, underpinned by the government's stimulus measures and a recovery in private-sector demand, Treasurer Wayne Swan said yesterday. Growth last quarter was at the fastest pace in almost two years, with gross domestic product climbing 0.9% from the third quarter, the Bureau of Statistics said last week. Prime Minister Kevin Rudd's government is spending nearly \$20 billion on roads, railways, ports and schools.

BUSINESS DAY (National)

Bulgaria cancels Fitch agreement

Bulgaria cancelled its agreement with Fitch Ratings a month before the company said the eastern European nation may see its credit ranking lowered to junk. Bulgaria sent a letter to Fitch on 1 February, saying it "cannot afford to continue the sovereign rating agreement" for 2010/2011 due to budget constraints, the Sofia-based finance ministry said yesterday. Fitch rates Bulgaria's foreign-currency debt BBB-, the lowest investment grade, and has kept a negative outlook on its since April.

BUSINESS DAY (National)

China's central bank warns of land collateral risk

Chinese central bank governor Zhou Xiaochuan said at the weekend that local government financing vehicles might pose risks for the nation's banks. "When land prices rise, there may be overvaluation of land," Zhou said at a press briefing in Beijing at the weekend. "In the future, if land prices fall, there may be a difference in the assessment of the loan". China's local governments are raising funds through investment vehicles to circumvent regulations that prevent them from borrowing, not counted in official calculations, could lead to debt rising to 96% of gross domestic product ratio next year and in the "worst case" trigger a financial crisis, Northwestern University Professor Victor Shih said last week.

BUSINESS DAY (National)

INDICATORS

Rand - Dollar \$	7.4305	(-0.0034)
Rand - Sterling £	11.1725	(+0.0164)
Rand - Euro €	10.0966	(+0.0072)
JSE Allshare	27904.6	(+130.55)
Gold	\$1135.0	(-1.50)
Platinum	\$1578.0	(-1.00)
Brent Crude Oil	80.4	(+1.90)

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