

# Banking, Finance and Insurance

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isabeldn@bankseta.org.za

Compiled by Susan McFadzean

## BANKING IN SHORT

In Banking news this morning, the United Association of South Africa is opposed to Economic Development Minister Ebrahim Patel's plans to invest retirement funds money in development projects; meanwhile, retirement experts said that the proposal that a portion of invested pension funds be directed towards socially responsible purposes can work, particularly if invested in revenue-generating infrastructure, but dangers lurk if the system mirrors the prescribed assets regimen of the apartheid era. Staying with the economy, South Africans, stung by recession and high debt, want to cut spending and save, but are finding it hard to do, a survey shows. In business, financial holding firm RMB Holdings expects to post a rise in half-year profit thanks to a robust performance by insurer Discovery Holdings and its exit of an emerging market portfolio.

NEWS REVIEWS

## NATIONAL ECONOMY

### Rand and dollar report

The rand remained on the front foot yesterday afternoon, targeting R7.29 against the greenback. The local currency also reached key technical levels against the euro amid keen buying interest both locally and internationally. At 16:00, the rand was bid at R7.3693 to the dollar from R7.4229 at its previous close. It was bid at R10.0632 to the euro from its previous close of R10.1383 and was at R11.1321 against the sterling from R11.2497. The euro was bid at \$1.3656 from \$1.3636 previously.

BUSINESS DAY (National), Companies & Markets

### WC will have 'little economic impact' on SA

A leading researcher has warned that the 2010 World Cup will have little economic impact on South Africa. Dr Udesch Pillay, principal investigator and Executive Director at the Human Sciences Research Council, said the event presented many positives for the country, but its economic benefits had been overstated. Pillay's research on the World Cup has spanned almost five years and culminated in the publication of the book *Development and Dreams: The Urban Legacy of the 2010 Football World Cup*.

PROJECT2010.CO.ZA

### French Trade Minister visits SA to strengthen ties

French Minister of Foreign Trade Anne-Marie Idrac will be visiting South Africa this week to strengthen economic ties and relations between the two countries. The focus areas of her visit would include demonstrating France's commitment to its strategic partnership with South Africa, sharing French experience and expertise in energy and nuclear power, and meetings with prominent French investors in South Africa. Idrac plans to attend the launching ceremony of the new manufacturing facilities at the Sanofi-Aventis pharmaceutical plant in Pretoria-Mamelodi. She would also pay a visit to the Nissan-Renault car plant in Rosslyn, which is going through a significant upgrade for the manufacture of the new Renault Sandero model.

ENGINEERINGNEWS.CO.ZA

### 'Grandiose plans ignore basic delivery'

Economists are sceptical about the successful implementation of industrial and development plans announced by the government in recent weeks. Nedbank Group Chief Economist Dennis Dykes said yesterday the initiatives launched by Trade and Industry Minister Rob Davies and Economic Development Minister Ebrahim Patel did not tie in with policies implicit in the Budget presented last month by Finance Minister Pravin Gordhan. A day after the Budget, Davies put forward the national industrial policy action plan (Ipap) to promote 12 industries. Patel last week outline a medium-term strategic framework, which will be implemented through other government departments. Dykes said, "we need to get the basics right before we develop grandiose plans. And the basics are simple: delivery."

BUSINESS REPORT (National)

### Risk appetite revives

The rand and the JSE traded yesterday at their best levels since early January, boosted by a return of global risk appetite over the past week. Little more than a year since the all share index hit a closing low of 18 120 points, the index ended yesterday 55% higher at 28 116.69 points. In addition, the rand, which touched a weakest level of R10.69 points to the dollar on 10 March last year, traded below R7.40 after the official close yesterday. Earlier in the global trading day, Japan's benchmark Nikkei average rose 2.1% after news that job losses are falling in the US and credit is growing again after contracting for a year, combined with reduced concern about European debt fault.

BUSINESS REPORT (Star)

### Pension fund plan 'is feasible'

Retirement experts said that the proposal that a portion of invested pension funds be directed towards socially responsible purposes can work, particularly if invested in revenue-generating infrastructure, but dangers lurk if the system mirrors the prescribed assets regimen of the apartheid era. The Institute of Retirement Funds SA, which represents about 900 of the 8 000 pension fund players, noted that a similar proposal that emerged out of the financial sector charter had come to naught, but the new proposal would need to be studied further. If the system lacked flexibility, this could present problems, the institutes President Shantha Padayachee, said yesterday.

BUSINESS REPORT (Star)

### Wealthy begin to default

Over-indebtedness and the inability to meet obligations had not been confined to the "less fortunate", Debtbusters said yesterday. Wealthier consumers had also begun to default, it added. According to statistics released from the rental research agency Tenant Profile Network, one out of five tenants paying rent of R12 000 a month and more did not make their payments in the fourth quarter of 2009. "This is almost double the reported figure in the third quarter last year," Debtbusters Managing Director Luke Hirst said.

BUSINESS REPORT (Star)

### Gordhan seeks fair economic system

The worst of the global recession might be over, but the world economic structure still had to be properly and fairly restructured, Finance Minister Pravin Gordhan said at the opening of the international Actuaries Convention in Cape Town yesterday. Gordhan told the 1 500 delegates from 100 countries that actuaries should contribute by developing a new values index that would not only see a safer financial system but a more humane system based on fairness and public spiritedness. It was when personal greed took over from public spiritedness that the public interest was always the lose, the minister said.

BUSINESS REPORT (Star)

### SA finds spending a hard habit to quit

Spending is a hard habit to break. South Africans, stung by recession and high debt, want to cut spending and save, but are finding it hard to do, a survey shows. At first glance, the figures from the latest MasterCard worldwide purchasing priorities index are confusing. The proportion of consumers pledging to save more over the first half of this year, actually slipped to 42% of respondents from 47% six months ago. The number planning to save less fell, to 23% from 29%. The number saying they would save the same jumped to 36% from 24%. At the same time, uncertainty about economic prospects has soared.

BUSINESS DAY (National)

### Hands off retirement funds, union tells Patel

The United Association of South Africa is opposed to Economic Development Minister Ebrahim Patel's plans to invest retirement funds money in development projects. "Patel and his fellow Cabinet ministers would do SA a huge favour by focusing their attention where it is needed the most: on service delivery, the country's water and sewerage crisis, the repair of thousands of potholes in our roads, the electricity crisis etc, before casting an eye on the savings of the country's private citizens," union spokesperson Andre Venter said yesterday. Patel plans to invest some of the R1.5 trillion of public and private retirement funds in such projects.

BUSINESS DAY (National)

## NATIONAL BUSINESS

### Discovery to boost RMB profit

Financial holding firm RMB Holdings expects to post a rise in half-year profit thanks to a robust performance by insurer Discovery Holdings and its exit of an emerging market portfolio. The company said on Monday that it expects headline EPS - the main profit gauge in South Africa which strips out certain one-off, financial and non-trading items - to be 15% to 19% higher for the six months to end-December. Normalised earnings per share are expected to be 20% to 25% higher. RMBH, which owns a 27% stake in Discovery Holdings, said its results would be lifted by Discovery's 54% increase in first-half headline earnings. It added that its results had also been helped by its successful exit of an emerging market portfolio in which it was invested without incurring further losses.

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

### Start-up fund pulls a crowd

An innovative funding initiative has seen investors pledge R360 000 in 48 hours to support start-up businesses in South Africa. The brainchild of South African entrepreneur Eve Dmochowska, the Crowd Fund has come up with a unique way to raise early-stage funds for entrepreneurs. The money raised on Thursday and Friday will be used for the development of prototypes which can be presented to more formal investors such as venture capitalists or banks. "I've been amazed by the interest. We've only really marketed via Twitter so far and are only looking at doing a formal press release next week," Dmochowska told Fin24.com. Dmochowska said South Africa does not have a culture of "angel investing", which means that many small businesses will battle to find funding to get their ideas off the ground.

*FIN24.CO.ZA - FINWEEK*

### Resilient JSE aims to cash in on derivatives

JSE Limited continued to see great prospects in derivatives and it would encourage its clients to trade in them, Nicky Newton-King, the Deputy Chief Executive, said yesterday. She made these comments despite the fact that these instruments had been badly hit during the global financial crisis. "We are going to be more and more innovative when it comes to derivatives," Newton-King said. "We have realised that there has been a clamour for unlisted, over-the-counter trading in the world and South Africa. JSE Limited admitted that equity derivative contract volumes fell by 86% to R164 million last year. Another reason was the drop in confidence of retail investors during the period and the increase in clearing margins on derivatives on many small-cap stocks.

*BUSINESS REPORT (Star)*

### Sanlam unit cautious on JSE earnings

Market analysts expect earnings of JSE companies to grow 40% on average over the next 12 months, boosted by expectations of substantially more earnings growth from resource shares, says Sanlam Private Investments Director Alwyn van der Merwe. In an overview of the investment market for the next quarter, Van der Merwe said yesterday that the analysts expected earnings of resource stocks to climb 82% over the next 12 months, which he said was not an unrealistic target, given the decline in resource stock earnings last year compared with 2008, he said.

*BUSINESS DAY (National), Companies & Markets*

## GENERAL NEWS

### Lotto needs to loosen up criteria

Olympic sports body Sascoc wants the National Lottery to review its funding criteria for sports. The organisation said its federations found the Lotto's application process and requirements cumbersome and its pay out period too long. This was one of the resolutions taken at Sascoc's President's Council meeting in Boksburg at the weekend. The organisation has since urged its member federations to look at other forms of sponsorship and not to just depend on funding from the National Lottery and government departments.

*TALK RADIO 702 NEWS @ 12:00*

### Mvelaphanda's exit forces Life Healthcare to list

Life Healthcare was set to list on the JSE within nine months, subject to market conditions, the private hospital group said yesterday. The company sought advice following an announcement by Mvelaphanda Group six months ago of its intention to realise or unbundle its 22% shareholding in Life Healthcare. "Following a strategic review between the company's board and its advisers, the preferred route is to list the company on the JSE... within nine months," said the company. Life Healthcare, the second-largest private hospital group after Netcare, delisted when it was taken over by Mvelaphanda. It was previously known as Afrox Healthcare.

*BUSINESS REPORT (National)*

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*BUSINESS REPORT (National); BUSINESS DAY (National), Companies & Markets; TIMES, THE (First Edition) Business Times; CITIZEN, Citi Business*

### eThekwini to increase rates

The eThekwini Municipality is expected to increase rates by 4% if it does not recover the projected deficit of more than R172 million owed by hostel dwellers in the 2010/11 financial year. It emerged at a meeting between the community residential units (hostels), working group and the housing committee yesterday that only 6% of all hostel dwellers pay their bills. Municipal head of housing, Coughlan Pather said the high deficit is due to electricity costs, high water consumption and very low rental paid by tenants. Chairperson of the Combined Ratepayers' Association of Durban, Dave Smith said that there is no justification for making other people foot the bill for hostel dwellers.

*MERCURY*

## PROPERTY AND HOUSING

### Cipro chief suspended over probe

The Chief Executive of Cipro (Companies and Intellectual Property Registration Office), Keith Sendwe has been suspended in connection with tender irregularities, according to the Democratic Alliance, whose trade and industry spokesperson visited the Minister Rob Davies last week. Andricus van der Westhuizen, deputy spokesperson, said on Monday that Sendwe, and chief information officer, Michael Twum-Darko, who were allegedly involved in rigging a R152 million Electronic Content Management (ECM) tender to ValorIT, have both been placed on special leave with immediate effect. "On Thursday last week, I, along with Kobus Marais MP, the DA's Shadow Minister of Trade and Industry, met with the Minister of Trade and Industry Rob Davies and the director general at the department, Tshediso Matona, to request that both Twum-Darko and Sendwe be suspended," Van der Westhuizen said.

*FIN24.CO.ZA - FINWEEK*

### Safari firm seeks listing

As one of the first companies to enter the tourism market, with a strong emphasis on conserving the environment, Wilderness Safaris aims to raise between R20 million and R30 million through a public offer of shares in Botswana and South Africa, to be followed by a primary listing on the Botswana stock exchange and a secondary one in South Africa. Chief Executive Andy Payne said yesterday that the company had sufficient capital available for its immediate needs but it was positioning itself for future growth. He was confident that it would pay a dividend at the end of the coming year, although he expected it to be a difficult year.

*BUSINESS REPORT (Star)*

### Seychelles holiday

Constance Ephelia Resort in the Seychelles opened on 1 February. The resort is located on two of Mahe's beaches, overlooking the marine national park of Port Maunay.

*BUSINESS DAY (National)*

### Landlords 'need to be realistic' on World Cup fees

Landlords should be realistic in terms of rental prices for their properties during the World Cup, Randburg Rentals said yesterday. "Landlords need to be realistic about how much they can expect to earn from renting out their properties during the World Cup," said Tract Pugin, a Director of Randburg Rentals. The company deals with Seeff Property's World Cup rentals in the Sandton and Randburg markets. "Landlords need to take note of a request from the premier's office that we, as a nation, need to be mindful of not ripping off our visitors". Pugin added that there had been ongoing criticism from the international media about the prices of accommodation and airfares.

*BUSINESS REPORT (Star)*

### State suspends CE over 'tender rigging'

Companies and Intellectual Property Registration Office CE Keith Sendwe has been suspended in connection with tender irregularities, according to the Democratic Alliance (DA), whose trade and industry spokesperson visited Trade and Industry Minister Rob Davies last week. Andricus van der Westhuizen, deputy DA spokesperson, yesterday said that Sendwe and Chief Information Officer Michael Twum-Darko, who were allegedly involved in rigging a R152 million Electronic Content Management tender to ValorIT, had both been placed on special leave with immediate effect.

*BUSINESS DAY (National)*

## RESTRUCTURING AND APPOINTMENTS

### KZN finance head up for the challenge

Newly-appointed head of Finance in KwaZulu-Natal, Simiso Leslie Magagula is excited to tackle the challenges that come with the job. He said he wants to assist municipalities to achieve good financial management and service delivery as mandated by the Municipal Finance Management Act. Magagula was employed as an acting HoD for the department since February last year.

WITNESS

## OIL NEWS

### Oil Report

In London, Brent crude oil was up 68c to \$80.92 a barrel (R3.74 a litre), the highest level since 11 January.

US sweet light crude advanced 57c to \$82.07 a barrel.

BUSINESS REPORT (Star)

## INTERNATIONAL ECONOMY & BUSINESS

### IMF proposes climate funds

The head of the International Monetary Fund (IMF) yesterday proposed a plan for the world's governments to pool together to raise money needed to adapt to climate change, a rare step for an organisation that normally does not develop environmental policies. IMF MD Dominique Strauss-Kahn said the fund was concerned about the huge amount of funding needed and the effect it would have on the global economy. He proposed that countries adopt a quota system similar to the one the fund uses to raise its own money.

BUSINESS DAY (National)

### De Vere agrees £650m Lloyds debt-for-equity swap

Lloyds Banking Group yesterday said that it is to breathe new life into the owner of De Vere hotels, the group behind The Grand in Brighton and Cameron House on Loch Lomond, which has been under pressure to renegotiate bank loans. De Vere, part of the Alternative Hotel Group, was among a disastrous portfolio of investments put together by Peter Cummings, the disgraced former head of corporate lending at the Bank of Scotland, which Lloyds bought amid the banking crisis. Lloyds, which is 43%-owned by the taxpayer, will swap about £650 million of debt in the hotel and conference centre operator for preference shares in a refinancing of the biggest loan inherited from HBOS. The move will cut AHG's debt burden cut from about £1.7 billion to just over £1 billion and the term will be extended to give management a chance to rebuild the group's value over the coming years.

BUSINESS.TIMESONLINE.CO.UK

### Judge criticises former Lloyd's chief

Peter Middleton, the former chief executive of Lloyd's of London, has been criticised by the High Court for "shabby and underhand" treatment of two business partners with whom he was planning a takeover of the UK's largest pawnbroker. The criticism is contained in a High Court judgment for a lawsuit brought by Mr Middleton's former partners in which they successfully claimed compensation for being cut out of the 2004 acquisition of Harvey & Thompson (H&T) despite identifying the opportunity and creating a detailed business plan. Paul Vercoe and John Pratt, former professional racing drivers-turned-entrepreneurs, approached Middleton with their plan to buy and revamp H&T in 2003. The plan, Project Scrooge, was adopted by Rutland Partners, a private equity firm.

BUSINESS.TIMESONLINE.CO.UK

### Santander leads race for £4bn RBS branches

Santander has moved into pole position to take over the 320 branches in England being sold by Royal Bank of Scotland. A large corporate buyer with existing UK interests such as the Spanish bank would frustrate attempts to inject fresh competition into British banking. The sale memorandum went out last week, but it emerged over the weekend that any buyer would have to find an extra £3 billion as well as the mooted price of £1 billion. The business, which is being marketed as the old Williams & Glyn's branch network, is dependent on £3 billion of emergency funding from the Bank of England, part of the rescue package provided to RBS and the rest of the banking sector. A buyer would have to replace this with fresh funding within weeks. A purchaser would also require about £2 billion in capital to support the £24 billion loan book.

BUSINESS.TIMESONLINE.CO.UK

### Ghiloni steps up at Swip as Lloyds tie-up is strengthened

Scottish Widows Investment Partnership has named Francis Ghiloni as its head of group partnerships as it seeks to cement its status as the central asset manager for Lloyds Banking Group. Ghiloni recently joined the group as head of Swip's partnerships team, which was established in November last year to manage the company's internal relationships with other Lloyds units. Lloyds Banking Group is now a financial behemoth that includes insurance, pension and banking units from Halifax, Lloyds TSB and Bank of Scotland. Many of these units are potential or existing customers for Swip's asset management capabilities. Swip is set to become the UK's second-biggest asset manager by the end of March when it receives a fourth and final tranche of Lloyds Banking Group assets from Insight Investment.

FTADVISER.COM

### Northern Rock still in red for third year running

Northern Rock made multi-million pound losses for a third year running in 2009, the nationalised lender will reveal this week. The bank will report pre-tax losses of about £400 million, analysts believe, a marked improvement on the £1.36 billion of losses in 2008. Since the government bailed it out in September 2007, it has lost a total of £2 billion. Bad debts will hit a record of more than £1 billion, reflecting the fact that a quarter of the bank's borrowers are in negative equity and problem loans account for almost 5pc of the book. At the start of the year, Northern Rock was restructured into a "good" bank with £19.4 billion of deposits, £10 billion of quality mortgages, £10 billion of cash and 76 branches and as a "bad" bank with toxic 125pc mortgages. The restructuring was designed to enable the government to sell the "good" bank to private sector buyers.

TELEGRAPH.CO.UK

### Virgin's threat to free banking

The era of free banking may be drawing to a close after Virgin Money said it plans to levy a charge for current accounts when it launches its banking services this year. In an interview with The Sunday Times, Jayne-Anne Gadhia, its Chief Executive, revealed plans to charge a low monthly fee rather than impose high overdraft charges or require customers to pay in regular monthly sums. It would be the first bank to charge a compulsory upfront fee for all accounts, no matter how much you pay in. Gadhia said, "Most people know there is no such a thing as free banking. Banks have to cover the cost of free current accounts with hidden charges such as overdraft fees. We're definitely planning to charge for current accounts and be transparent about it." She said that the bank would charge a flat "low but regular monthly fee", while overdraft charges would be "fair and transparent".

TIMESONLINE.CO.UK

### Pru faces investor revolt over bank fees

Top institutional investors are threatening a revolt against Tidjane Thiam, Chief Executive of Prudential, after being excluded from sub-underwriting the insurer's \$20 billion (£14 billion) rights issue. Shareholders are furious that they have not been offered a role in sub-underwriting the record-breaking deal and that the job and the lucrative fees have been given to a group of 30 banks instead. Sub-underwriting fees are expected to run to hundreds of millions of dollars. One investor told The Daily Telegraph, "It's baffling that all these banks have been brought in. We have not been told the terms of the rights issue but we will need some fast answers as to why we were not offered the underwriting. Ostensibly it just looks like the banks creaming off an extra layer of fees at our expense."

TELEGRAPH.CO.UK

### UKFI seeks expert to sell state's stake in bailed out banks

Headhunters are being appointed to find a top financier to fill one of the most influential roles in banking at the body that controls the taxpayers' stake in the bailed-out banks. UK Financial Investments is poised to begin the search for a banking expert who will decide the best way to sell the state's 84% stake in Royal Bank of Scotland and 41% stake in Lloyds Banking Group. The government paid £70 billion for the shares in the two banks but is sitting on a loss of about £20 billion in the two businesses, which last month reported deep losses. The role is being filled at a crucial juncture in the future of UKFI, which operates at "arm's length" to the Treasury. It also comes amid news that the proposed sale of 320 RBS branches has hit a stumbling block, with prospective bidders told that the network relies upon funding from the Bank of England, which they must replace.

GUARDIAN.CO.UK

### UK authority gives banks space

Britain's Financial Services Authority (FSA) did not plan to increase liquidity requirements for banks operating in Britain for now, giving the sector some breathing room in a still early economic recovery, the regulator said yesterday. The FSA said that it would be premature to tighten standards again after it introduced tougher liquidity rules last October to protect against further collapses.

BUSINESS REPORT (Star)

### India Gary-Martin, head of RBS disposals

The senior banker who put together the Government's Asset Protection Scheme in Royal Bank of Scotland's global banking and markets division has become president of City Women's Network (CWN). India Gary-Martin, who is assisting with disposals of non-core assets by RBS, succeeds Clare Dobie, a former financial journalist, at the head of the network, which was formed in 1978. In October, Gary-Martin was included on the Powerlist 2010, a list of influential Afro-Caribbean people in the UK. The list was topped by Baroness Scotland, the Attorney-General, and Tidjane Thiam, chief executive of Prudential, now trying to force through the \$30 billion purchase of American International Group's Asian assets.

*BUSINESS.TIMESONLINE.CO.UK*

### Volcker says too soon to cut monetary stimulus

White House adviser Paul Volcker said it's too soon for US policy makers to withdraw the stimulus measures and interest-rate cuts used to fight the worst slump since the Great Depression. "This is not the time to take aggressive tightening action, either fiscally or monetary-wise," said Volcker in an interview in Berlin 6 March, pointing to "high" unemployment. "So I think we have to, as best as we can, maintain the expectation that it will be taken care of in a timely way." The Federal Reserve and the Treasury are trying to withdraw the emergency measures introduced during the financial crisis without causing a relapse in the economy. Fed Chairperson Ben Bernanke said 24 February, the US is in a "nascent" recovery that still requires keeping interest rates near zero "for an extended period" to spur demand once stimulus wanes.

*BUSINESSWEEK.COM*

### AIG sells Alico to repay aid

American International group (AIG) would sell its overseas life and health insurance unit, Alico, for \$15.5 billion to MetLife, the insurer said yesterday, as it attempted to repay billions in US government aid. In the deal announced yesterday, MetLife will pay \$6.8 billion in cash and the rest in stock and equity units. The cash portion of the sale will be used to reduce a \$47.9 billion investment in AIG by Federal Reserve Bank of New York. "With this sale of AIA to Prudential announces last week, we are on track to generate approximately \$50.7 billion... consisting of about \$31.5 billion in cash to repay the Federal Reserve Bank of New York.

*BUSINESS REPORT (Star) ; BUSINESS DAY (National), Companies & Markets*

### Africa is back from crisis - IMF

Africa is recovering from the global economic crisis and could see growth of 4.5% in 2010, International Monetary Fund (IMF) Managing Director Dominique Strauss-Kahn said yesterday. "All across the continent, we can see signs of life, with rebounds in trade, export earnings, bank credit, and commercial activity," Strauss-Kahn said during a panel discussion at the University of Nairobi. "In 2010, the IMF expects growth of around 4.5%," he added. "In short, I think that Africa is back - although a lot depends on a global recovery that is still in its early stages." While having limited exposure to international capital markets, Africa suffered as trade and capital flow fell and remittances from Africans living outside the continent dropped off. According to IMF figures, 2009 growth in sub-Saharan Africa fell to around 2% after averaging 5%-7% previously.

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

### India sells more state assets, tweaks rules

India plans to accelerate sales of state assets to about one a month and tighten requirements for investment banks competing to arrange the \$8.8 billion sell-off, according to the official overseeing the divestment programme. Investment banks would need to prove their expertise at managing share sales locally and overseas because offering the lowest fee would not assure them a mandate, said Sumit Bose, the secretary of the Department of Divestment. Stakes in Steel Authority of India, Engineers India, Coal India, and Hindustan Copper might also be sold in the next 12 months, he added. "We are looking at tweaking the rules to ensure that we continue to make a good selection," without attaching too much importance to fees, Bose said.

*BUSINESS REPORT (Star)*

### Dubai World seeks \$26 billion repayment holiday

Dubai World would ask banks for permission to delay loan repayments when it presented a plan to creditors this month, three banks familiar with the negotiations said yesterday. Two of them said that banks might be able to avoid a so-called haircut, where they receive less money than they are owed, if they waited to be repaid. The banks might also receive a guarantee from Dubai's government, one said. Dubai World, which is in talks to renegotiate about \$26 billion of debt, and its Nakheel and Limitless property units, used loans to finance real estate projects, which they struggled to refinance amid the global credit crisis.

*BUSINESS REPORT (Star)*

### Euro zone will stand by Greece - Sarkozy

The euro zone was ready to rescue Greece, should the government struggle to fund its budget deficit, French president Nicolas Sarkozy said at the weekend, arguing that the country was "under attack" from so-called speculators. "I want to be very clear: if it were necessary, the states of the euro zone would fulfil their commitments," Sarkozy said on Sunday after a meeting with Greek Prime Minister George Papandreou. "There can be no doubt in this regard". The euro strengthened, Asian stocks rose and US and European stock futures climbed early yesterday.

*BUSINESS REPORT (Star)*

### EU Commission considers fund

The European Commission is discussing the idea of creating a European Monetary Fund. EU spokesperson Amadeu Altafaj Tardio said the immediate aim was not to organise a bailout for Greece. Speaking to reporters yesterday, he said that the Greek debt crisis had shown the EU needed better co-ordination and oversight of economic policies of the 16-nations that share the euro. Tardio added the fund would try to foresee trouble and stop it from happening.

*BUSINESS REPORT (Star)*

### Stimulus withdrawel 'not signal of rate hikes'

European Central Bank (ECB) President Jean-Claude Trichet, speaking on behalf of the world's central bankers, yesterday said that the removal of non-standard measures used to fight the financial crisis did not signal an imminent increase in interest rates. "The market has been improving and we can phase out non-conventional measures," Trichet said at the Bank for International Settlements in Basel, after chairing the Global Economy Meeting.

*BUSINESS DAY (National)*

### China hints at a liberalised yuan

China would allow a more market-related exchange rate for its currency after the global economy recovered from the financial crisis, former central bank governor Wu Xiaoling said yesterday. It was a "timing" issue for China to normalise its exchange-rate system, Wu, Vice-Chairperson of the financial committee of the National People's Congress, said in Beijing.

*BUSINESS DAY (National)*

### Dai-Ichi Life's IPO set to revive market

Dai-Ichi Mutual Life Insurance said yesterday that its initial public offering, Japan's biggest in 12 years would raise as much as ¥1.1 trillion at the top of a price range, roughly in line with expectations. The offering, the world's largest since credit card firm, Visa's \$19.7 billion IPO in 2008, comes after Japan's IPO market fell to a near two-decade low last year.

*BUSINESS DAY (National), Companies & Markets*

### Russia's Alfa to sell dollar bonds

Alfa Bank, Russia's biggest private lender, plans to sell five-year bonds denominated in US dollars this week, according to a person familiar with the matter. The notes, which will be benchmark in size, are expected to yield between 8.25% and 8.5%, said the person. Benchmark typically means at least \$500 million.

*BUSINESS DAY (National), Companies & Markets*

### INDICATORS

Rand - Dollar \$	7.3655	(+0.0650)
Rand - Sterling £	11.0954	(+0.0771)
Rand - Euro €	10.0539	(+0.0427)
JSE Allshare	28116.7	(+212.04)
Gold	\$1125.8	(-9.25)
Platinum	\$1603.0	(+25.00)
Brent Crude Oil	\$80.6	(+0.68)

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