

Banking, Finance and Insurance

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BANKING IN SHORT

In Banking news this morning, the 2010 National Budget Speech was in focus as Finance Minister Pravin Gordhan made his first budget speech under the Presidency of Jacob Zuma. He announced "a new growth path" - starting with a "concerned effort" to reduce unemployment. He also spelt out clearly the connection between "credible" monetary policy and job growth, and tackled a number of controversial issues head on. Job creation, particularly focused on the youth, has been recognised as a key priority of the government, with the state intending to subsidise youth employment at municipalities, private companies and non-governmental organisations (NGOs). Another key focus was the health sector as government is looking increasingly at the private sector to improve the country's health system while the introduction of the national health insurance (NHI) scheme appears to be on hold for now.

NEWS REVIEWS

2010 BUDGET SPEECH

Parastatal spend makes up R454bn of plan

Public sector investment remains a crucial component of development as it provides the infrastructure through which goods are transported, thereby powering the economy and connecting households and businesses to services and markets, according to Finance Minister Pravin Gordhan. Noting that infrastructure programme spending had risen to R846 billion from R787 billion budgeted in last year's medium-term statement, Gordhan said that Eskom's construction of power plants made up "about a third of the total". According to budget documents, non-financial public enterprises including Transnet, Eskom and the South African National Roads Agency made up the largest share of infrastructure spending: R453.7 billion, or 53% of the total. Infrastructure spending by municipalities is the second largest contributor, comprising 17.5% of the total. "Extensive planning and consultation is in progress on infrastructure programmes for the next 10 to 20 years, in recognition of our long-term development challenges," he said.

BUSINESS REPORT (Star), THE TIMES

Gordhan reveals new growth path

Finance Minister Pravin Gordhan yesterday announced "a new growth path" in his maiden budget speech - starting with a "concerned effort" to reduce unemployment. He also spelt out clearly the connection between "credible" monetary policy and job growth, and tackled a number of controversial issues head on. The budget speech, the first under President Jacob Zuma, is an indication that he will not abandon the policies that earned the African National Congress (ANC) government a reputation for prudent fiscal management over the past 15 years. Gordhan said the Reserve Bank would keep its inflation target of 3% to 6%. This after years of bitter criticism from the Congress of South African Trade Unions (Cosatu) over the focus on inflation targeting and calls from some economists to raise the range to 4% to 7%, at least temporarily.

BUSINESS REPORT (Star)

Millions allotted to KZN for housing

Finance Minister Pravin Gordhan said that provinces will receive an additional R45.6 billion over the next three years as President Jacob Zuma's administration focused on improving services. Gordhan said that government wanted "better alignment" between what provinces budgeted and the national government's priorities. A special grant of R133.8 million for housing disaster relief will be allotted to KwaZulu-Natal to repair subsidised houses damaged by storms.

MERCURY

Gordhan has 'soft-pedalled' on fuel levy this year

The fuel levy is up, but at less than 3% of the price of petrol, some believe that Finance Minister Pravin Gordhan gave motorists a let-off after he hammered them with a 40c increase last year. Yesterday, Gordhan increased taxes on fuel by 25.5c for both petrol and diesel. Included in that total is a 7.5c-a-litre increase to fund a petroleum pipeline between Durban and Johannesburg, and an 8c-a-litre tax that will go towards the Road Accident Fund levy. "All in all, it is acceptable. It is less than 3% of the price of petrol and just over 3% on diesel. In light of the large increase last year, he soft-pedalled this year," said economist Tony Twine.

STAR

'Large increase in fuel tax a big mistake'

Solidarity has expressed its disappointment with the decision by the Minister of Finance to increase the tax on fuel by 25.5 cents per litre. In addition, the trade union welcomed the minister's announcement that parastatals would be straightened out and that government departments must save more. According to Solidarity spokesperson Jaco Kleynhans, higher tax on fuel is a big mistake. "It will increase the cost of living, and consequently inflation, and will be to the detriment of consumer spending. Production costs will also increase, which will make local producers less competitive with their foreign competitors. The minister today [Wednesday] tried to take the easy way out by plugging many gaps in his budget with large tax increases. These taxes will, however, be to the detriment of all South African businesses and consumers."

NEWS REVIEWS ; CITIZEN (Second Edition)

Lack of policy for new jobs draws Cosatu's ire

Pravin Gordhan rejected claims from labour unions that the Budget announced yesterday offered new policies to combat unemployment and called on them to support government actions. "We want to humbly and respectfully disagree" with criticism from Cosatu, Gordhan said. "This budget begins to signal that we are on a different growth path. We are attempting to do things differently. The appeal we are making here is to work together." Congress of South African Trade Unions (Cosatu) General Secretary Zwelinzima Vavi said that the finance minister's refusal to ease the 3% to 6% inflation target and the Budget's "conservative framework" showed that the government had not moved beyond the policies of the past 15 years, which had led to the unemployment rate of 24% in South Africa. "We are extremely disappointed that the inflation targeting policy" remains in place, said Vavi.

BUSINESS REPORT (National)

Job creation drive to focus primarily on youth

Job creation, particularly focused on the youth, has been recognised as a key priority of the government, with the state intending to subsidise youth employment at municipalities, private companies and non-governmental organisations (NGOs) to help out about 1.3 million people who would otherwise be jobless. It is envisaged that the two year employment programme would be kick-started early next year. Treasury spokesperson Thoraya Pandey said proposals would be tabled "by the end of March" as to the quantum of costs to the fiscus. Finance Minister Pravin Gordhan yesterday noted that the state's "transformational challenge" was clear: one in four adults seeking work were unemployed "and almost half of our young people have not found work". In addition, income inequality was among the highest in the world and half the population survived on 8% of the national income.

BUSINESS REPORT (National)

Sin tax hike no deterrent for some

Drinkers and smokers seemed nonplussed by the increase in the cost of their tittle and puff. Beer drinkers will pay 6.5c more for a 340ml bottle, wine will increase by 12c per 750ml, spirits by R2.22 per 750ml and a packet of 20 cigarettes will go up by R1.24.

Steven Setsiphane said the continued increase in the price of cigarettes had forced him to smoke fake cigarettes, while the National Council Against Smoking bemoaned the "meagre" increase and "a policy which keeps tobacco taxes low and so favours the tobacco companies at the expense of public health and government revenues".

STAR

Health care focuses on partnerships

The government is looking increasingly at the private sector to improve the country's health system while the introduction of the national health insurance (NHI) scheme appears to be on hold owing to high implementation costs. The Health Department and Council for Medical Schemes had proposed that medical schemes be protected by risk equalisation, which would shift resources from schemes with younger and healthier members, to those with a higher proportion of older or sicker members. A risk equalisation fund would be set up to protect small funds with ageing memberships. Pravin Gordhan said in his 2010 Budget Speech yesterday that "We will continue to broaden the use of public-private partnerships in the health sector".

BUSINESS REPORT (Star)

Phased-in approach for NHI welcomed

Role players in the health care industry yesterday welcomed Pravin Gordhan's pronouncements on the sector, even though he shed very little light on the proposed National Health Insurance (NHI). The proposed reform of the health care system was mentioned in passing by the finance minister. Gordhan, who announced a health budget increase to R105 billion from R84 billion in 2008/2009, said a closer partnership between the public and private health systems was a prerequisite for the introduction of an NHI system. Stavros Nicolaou, a senior executive at Aspen Pharmacare, said the fact that Gordhan mentioned the importance of public-private partnerships was "consistent with pronouncements from the government that NHI would be phased in because there is still a lot of detail to work out".

BUSINESS REPORT (Star)

Education chosen as 'number one priority'

Education was the "number one priority" of the government, Pravin Gordhan told the nation yesterday. Consolidated education spending rises from R148 billion in 2009/2010 - out of total consolidated budget of R835 billion - to R165 billion next year out of an anticipated consolidated budget of R906 billion. Noting that spending by the government, both national and provincial and including social security funds and selected public entities would rise to R2.9 trillion over the next three years, Gordhan said spending on education remained "our largest item of spending, giving meaning to our commitment that it is our number one priority". A particular focus of education would be the expansion and improvement of further education and training colleges. This would be a "vital" part of the country's growth strategy.

BUSINESS REPORT (Star)

Social grant recipients to keep rising

Nearly 14-million people are now benefiting from social assistance transfers from the national government, up from about 12-million in 2006/2007, with the cost to the state jumping from R85 billion to R94 billion in the past year. However, the cost as a percentage of gross domestic product remains at about 3.5% for the medium term, although it has risen from 3.3% in 2006/2007. This constitutes about 7% of the consolidated budget - of national, provincial and certain state utilities - of about R900 billion. There are some 2.5-million recipients of old age grants, up from 2.3-million in 2006/2007. Child support recipients stand at R9.4 million, up from 7.8-million or an annual 7.5% growth.

BUSINESS REPORT (Star)

Social security 'lacks vision'

Pravin Gordhan's budget lacked "vision and clarity" on an "interlinking social security system", the Institute of Retirement Funds SA said yesterday. "The minister referred in a fragmented way to peripheral aspects of social security and there were indeed some positive aspects to emerge, most notably the subsidy for industry to employ unskilled workers or youth, who in theory will become contributors to the pension savings base and economically active," the institutes President Santha Padayachee said in a statement. "This, however, would not occur without a degree of compulsion regarding retirement benefits," she said. Padayachee welcomed the government's commitment to keeping inflation in check, as social benefits could be eroded by rampant inflation.

BUSINESS REPORT (Star)

Transport and stadiums score in soccer spree

Investment to improve the country's transport systems, upgrade and construct stadiums and ports-of-entry infrastructure made up the bulk of the Treasury's R33 billion spending in support of projects complementing the World Cup. The bill for stadiums came to R11.7 billion. A Treasury official said yesterday that the original budget had allocated R8.6 billion to the refurbishment and construction of stadiums. Other costs associated with World Cup spending include a R72 million grant paid to the nine host cities over two years for operational costs, such as overtime for emergency personnel. The World Cup Local Organising Committee has predicted a 1 percentage point boost to GDP from the competition.

BUSINESS REPORT (Star)

Government to clamp down on investment fund

The government will increase its oversight of hedge funds, private equity funds and ratings agencies in the wake of the global financial crisis, Finance Minister Pravin Gordhan said yesterday. "Although our institutions have proved to be robust, we must not be complacent," Gordhan said in his budget speech to Parliament yesterday. "We are reviewing standards in banking, insurance and securities markets. We will be expanding the scope of regulation to include hedge funds, private equity and credit ratings agencies". The government also plans to strengthen the country's financial regulators and will establish a new body to co-ordinate their work. Gordhan did not give details on the new regulations or when they would be imposed.

BUSINESS REPORT (Star)

Tax compliance plans aim to raise revenues

As the world emerges from the recession, governments are looking for ways to raise their revenues, according to Finance Minister Pravin Gordhan. The falling tax revenue has prompted most governments to tighten compliance and to collaborate more closely with each other to identify people who have avoided paying their due. "One of the responses emerging from the G20 (Group of Twenty) process is the creation of a global forum for the exchange of information," Gordhan said yesterday. Finance ministers of the G20 meet regularly to discuss policy co-ordination.

BUSINESS REPORT (Star)

Fiscal drag gets increases down

Relief to taxpayers in the 2010/2011 fiscal year will be worth R6.5 billion, but will only partially compensate for inflation, according to the Budget review. Because South Africa has a progressive tax system, individuals who get inflation-related pay increases will pay a higher percentage of their earnings in tax. The process is described as "fiscal drag" or "bracket creep" because, when inflation is taken into account, they are not really earning more. The review said relief would be mainly provided to taxpayers in the lower-income brackets. Taxpayers with taxable income: below R150 000 will and R250 000, 28.8%; between R250 000 and R500 000, 26.2%; and more than R500 000, 20.4%.

BUSINESS REPORT (Star) ; BUSINESS DAY (National)

Death duties set to be reviewed to reduce costs

The government would review death duties and taxes on derivatives and other financial instruments over the next two years to reduce administration costs and improve revenue collection. "The estate duty raises limited revenue and is cumbersome to administer," the Treasury said in the annual Budget, released in Cape Town yesterday. "Moreover, its efficacy is questionable. Many wealthy individuals escape estate-duty liability through trusts and other means". The Treasury also plans to release proposals on a carbon tax in the first half of this year and is investigating a landfill tax, traffic-congestion charges, waste water discharge levies and pollution charges.

BUSINESS REPORT (Star)

Property bosses give mixed feelings

Finance Minister Pravin Gordhan's first budget speech drew mixed reactions from estate agents, with some welcoming it and others describing it as disappointing. Berry Everitt, of Chas Everitt International Property, said it was "largely positive and confidence boosting," but did not directly benefit the property industry. However the group said it was confident that positive aspects of the budget would "undoubtedly have a spin-off in the property market". Everitt added, "Especially encouraging aspects are the fact that the GDP growth this year will be higher than initially expected at 2.3% and the government's budget deficit will be cut to 7.3% of GDP".

BUSINESS REPORT (Star)

Deficit smaller than anticipated

The government's 2009/2010 budget deficit - the shortfall between revenue and spending - is turning out to be slightly better than anticipated at the time of the medium-term budget policy statement last October. Lesetja Kganyago, the Treasury Director-General, said the smaller deficit was due to the fact that revenue "did not decline as fast as we thought it would". In addition, "there was an amount of R7.8 billion in capital expenditure (that) did not take place," he said. In October the deficit on the consolidated budget was estimated at 7.6% of gross domestic product (GDP). Yesterday's figures put it at 7.3% of GDP.

BUSINESS REPORT (Star)

Government looks to capital markets for shortfall

The recession has reduced the state's revenue from taxes and other sources, while spending pressures have grown over the past two years. As a result, the shortfall between the two has grown and the government is increasingly turning to capital markets to fund the difference. To meet future foreign currency commitments, the government plans to borrow \$2 billion over each of the next two years and \$3 billion in 2012/2013 in international capital markets. Government debt is expected almost to double from current levels of R690 billion to R1.3 trillion over the next three years. This will push the interest bill from R57.6 billion to R10.4 billion, according to the Budget Review.

BUSINESS REPORT (Star)

New bank oversight body on the cards

The government is moving fast on regulations to tighten oversight of banks after the global financial crisis, with a new regulatory council in the pipeline. Finance Minister Pravin Gordhan said the framework for accountability, co-ordination and performance of South Africa's financial regulators needed to be strengthened and a council of regulators was planned. SA's banks were spared the worst of the financial crisis, while some of the largest global banks were forced to receive bail-outs, local financial institutions received no such support. South African banking CE Cas Coovadia said the proposals, as far as they affected banks, "should bring to a head some of the processes that are ongoing" and he was confident there would be no "knee-jerk" reaction to bank regulation.

BUSINESS DAY (National)

New pragmatism curtails reform ambitions

Severe budget and capacity constraints, and a new mood of pragmatism on the land issue, have prompted a drastic cutback on ambitious land reform targets. Figures released yesterday showed the target of transferring 30% of white-owned land to black people could take at least 60 years, not five as originally planned. Since 1994, the department has handed over only 6% of 86-million hectares owned by whites. More than half of those collapsed or are in decline. Rather than ramp up land delivery, the Department of Rural Development and Land Reform "adjusted" its annual target down by about 60% to an average of 300 000ha in accordance with the "actual budget allocation", the Budget review said.

BUSINESS DAY (National)

Shot in the arm for HIV/Aids treatment

The Treasury has set aside an extra R8.4 billion for HIV/Aids over the next three years, reflecting its commitment to improving the quality of services for people affected by the disease and doubling the number of patients getting life-saving antiretroviral therapy. Conditional grants to the provinces for HIV/Aids are set to rise from R6.01 billion in fiscal 2010-2011 to R7.43 billion in 2011/2012 and R8.77 billion in 2012/2013. These are ring-fenced grants that are transferred to the provinces via the national Department of Health and cannot be used for any other purpose.

BUSINESS DAY (National)

NATIONAL ECONOMY

Rand and dollar report

The rand firmed up to 10c against the dollar in the afternoon session yesterday after Finance Minister Pravin Gordhan said the government would continue to take steps to counter the volatility of the exchange rate. At 15:38, the rand was bid at R7.585 to the dollar from R7.636. It was bid at R10.389 to the euro from R10.524 and at R11.956 against the sterling from R12.063. The euro was bid at \$1.370 from \$1.376.

BUSINESS DAY (National)

NATIONAL BUSINESS

Absa to 'lag' peers

Market watchers believe Absa's share price will underperform its rivals in 2010, although the stock has some room left for growth. After Absa reported a 24% decline in earnings for the year to end-December on Tuesday, analysts at research house Quickval described the financial giant's performance as "inferior", saying the bank's competitors will more likely give shareholders reason to smile. Quickval has set a short-term target price of R155.24 for Absa shares, which were trading at R133.30 on Wednesday morning. Derivatives trading firm Global Trader advised clients it expects Absa to reach R142.50/share, at which point investors are advised to take their profits. On Tuesday, Absa was the first of the financial services giants to release results, reporting its headline earnings had dipped to R7.6bn for the year. Its full-year dividend was slashed by 25% to 445c/share.

FIN24.CO.ZA - FINWEEK

JSE may face serious correction

The South African share market could be very volatile this year and investors will have to exercise great caution. A technical analysis of the all-share index's movements indicates that the current correction - which has already led the index 7% down from its high of 28 347 points on 11 January - may not be the last. An important indicator is the rising wedge formation and the index has already broken down through the formation. Long-term investors would regard a 7% correction as healthy and normal, but a rising wedge formation can sometimes lead to serious profit-taking. There is frequently, like now, first a light or moderate correction, sometimes followed by a short-term run in the market, seeking the previous high (in this case 28 347 points).

FIN24.CO.ZA - FINWEEK

Optimum Coal seeking to raise \$500m

Optimum Coal, South Africa's sixth-largest thermal coal miner, seeks to raise between \$300 million and \$500 million via an initial public offering on the JSE next month, sources familiar with the matter said. The firm and its shareholders are offering about 30% of Optimum's enlarged share capital, valuing the company at about \$1 billion to \$1.5 billion, the sources said. Optimum, which started pre-marketing on Tuesday, will begin book-building on 1 March and price the offering on 12 March. Shares are expected to start trading on 16 March, with Morgan Stanley and Rand Merchant Bank as book-runners, the sources said.

BUSINESS DAY (National), Companies & Markets

Bonitas execs fight back

Members of the Bonitas medical scheme need not be concerned that their money has gone to waste, because this is far from the case. This is according to Bonitas acting Chief Executive Gerhard van Emmenis - as indicated in court documents that the fund submitted on Tuesday to oppose proposed curatorship by the Council for Medical Schemes (CMS). South Africa's third-largest medical scheme is in the line of fire after its board of trustees asked Deloitte to compile a report on certain property investments. As a consequence of the report in July 2009 the CMS requested an investigation into Bonitas' finances. This month the CMS submitted an urgent application to the South Gauteng High Court to have the fund placed under curatorship owing to alleged corporate mismanagement. The contention is that about R80 million is involved.

FIN24.CO.ZA - FINWEEK

Banks cautious on 100% bonds

The latest statistics released by ooba, South Africa's leading bond origination company, reveal that the decision by banks in August 2009 to start granting 100% bonds has significantly boosted the number of consumers applying for home loans. According to Saul Geffen, CEO of ooba, many would-be homeowners, however, will be left disappointed, as banks remain reluctant to grant the full amounts applied for. "While the granting of 100% home loans is a sign of confidence in the local property market, the implications of the National Credit Act mean that consumers still have to meet the strict affordability criteria in order to qualify." The ooba statistics show that the proportion of consumers applying for 100% bonds has jumped to 44% of overall applications in December 2009, up from 18% three months earlier.

FIN24.CO.ZA - FINWEEK

Liberty gets boost from second half

Liberty Holdings has traded back into the black in the second half of its financial year to 31 December. The life insurer said in a trading statement yesterday that it expected to report headline earnings of R122 million to R148 million for the 12 months to 31 December.

BUSINESS DAY (National)

Insurance brokers confident of signing clients

More than two-thirds of South Africa's insurance brokers polled in a survey by CIB Insurance Solutions (CIB) were confident of expanding their business this year. Of the 88 respondents in the quarterly CIB Broker Confidence Index Survey, 69% said they were either confident or very confident of getting new clients this year.

BUSINESS DAY (National), Companies & Markets

GENERAL NEWS

Zimbabwe hosts international investment conference

Zimbabwe hosted an international investment conference on Tuesday to explore investment opportunities for Africa, with special emphasis on tourism. However, the conference came amidst growing tensions in the country over a proposed law that aims to reduce every foreign investor into a minority shareholder. With the 2010 World Cup around the corner, the thrust is to bring together authorities of successful previous World Cup projects as well as encourage investment on the continent. South Africa, which is eyeing massive investments in Zimbabwe, is cautious. "In our own view it is important that countries should have basic regulations which empower their own nationals. But, we must be very careful about the nature and form in which we over regulate because if we over regulate it becomes a crowding out effect," says SA Delegation Leader, Mike Mabuyakhulu.

NEWS24.COM - NEWS 24

Msunduzi staff concerned

Msunduzi Municipality staff have expressed concern about the stability of their jobs and service delivery following the announcement that the municipality has enough money to operate for a week. The staff also expressed concern about the task team appointed by KwaZulu-Natal MEC for Local Government, Nomusa Dube, and KZN Finance MEC, Ina Cronje, to help the cash strapped municipality develop a turn-around strategy. Meanwhile, Pietermaritzburg residents have expressed their disgust and shock at the state of the municipality's finances and have called for Dube to dismiss those responsible for dragging the City into a black hole of debt.

DAILY NEWS (Deadline)

Govt investigates corruption cases

As the government prepares to review "fraud-proof" tender processes, it has launched an investigation into major corruption cases of more than R2 billion, with a number of arrests made in the past 10 days. Finance Minister Pravin Gordhan, said in his Budget speech yesterday, that five people linked to supply chain fraud were apprehended in KwaZulu-Natal last week and more cases have been handed over to the National Prosecuting Authority (NPA). These civil servants were allegedly attempting to defraud Ithala Bank of R2.87 million.

MERCURY

World Bank to consider Eskom's request for a loan

The World Bank says it will next month consider R29 billion loan application from Eskom to fund the Medupi Power Plant in Limpopo. The National Treasury and Eskom officials are currently in Washington to discuss the terms of the loan. This is separate from another World Bank loan Eskom applied for last year, to fund other projects. Eskom which supplied 95 percent of South Africa's electricity is struggling to fund a R460 billion five year expansion plan. The utility has applied to National Energy Regulator of South Africa (Nersa) to raise tariffs by 35 percent a year over the next three years.

SAFM NEWS EXTRA @ 06:00

Financial stability of the City could be jeopardised

The financial stability of the City of Cape Town could be jeopardised by a recent High Court judgement which makes municipalities responsible for providing rent or accommodation to illegal squatters. This is according to mayco member for finance, Ian Neilson who said that it is worrying that the city could be forced to pay for situations where people had acted illegally.

CAPE ARGUS (City Late)

Lotto to change funding regulations

The new Chairperson of the National Lottery Board, Ntshengedzeni Nevhutanda, has vowed to change lotto fund regulations to make the money more accessible to those who apply for financial aid. In the past, there have been complaints from a number of charity organisations about the slow pace of the distribution of these funds. Nevhutanda said, "We want to remove all those red tapes and make sure that the money is accessible by all who deserves. In order to bridge the gap that was caused by the previous board and the act, lets make sure that we make the regulations flexible so that at least everybody can access."

SAFM NEWS EXTRA @13:00

PROPERTY AND HOUSING

Property owners should be sceptical about rental prices

Property owners thinking of renting out their homes during the 2010 World Cup should be sceptical about the rents some agents are claiming they can get - especially if, tempted by these huge gains, they are holding back on signing satisfactory long-term leases right now. This is the advice of Graham Leslie, MD of Greeff Properties, which runs an active rental division in Cape Town that has many homes which could prove popular with World Cup visitors. "My prediction is that a rent of £150 per room per night is about the acceptable price. This means that a comfortable three-bedroom home in a reasonably good area would cost the visitors £450 per night - roughly R4 500," he said.

BUSINESS DAY (National), IOL.CO.ZA, PROJECT2010.CO.ZA

KZN hotels affected by decision

The associations representing KwaZulu-Natal hotels said that the provinces hotels were affected by the provincial government's decision to cut down on expensive accommodation. Federated Hospitality Association of Southern Africa (Fedhasa) Chairperson, Gerhard Patzer, said that the use of hotels and the Durban International Convention Centre (ICC) has dropped greatly since government started its cost-cutting exercise.

MERCURY

OIL NEWS

Oil Report

In London, Brent crude gave up 7c at \$75.61 a barrel (R3.60 a litre). US light crude for delivery in March dropped 22c at \$76.79 a barrel yesterday.

BUSINESS REPORT (Star)

INTERNATIONAL ECONOMY & BUSINESS

Barclays call on people to celebrate comeback

The president of Barclays called on people to celebrate the bank's "remarkable" financial comeback, striking a defiant tone in the face of questions over a new plan to pay £2.2 billion in bonuses. Announcing record 2009 profits of £11.6 billion, Bob Diamond shrugged off charges that the British bank's performance relied heavily on government support for the financial system and asked why there was "edge" to questions about pay. "The facts are this is a remarkable story from a UK bank," said Diamond. He said people should be "immensely proud" that Barclays Capital was the number one in the world for bond trading.

GUARDIAN.CO.UK

Barclays bosses waive 2009 bonuses

The bosses of Royal Bank of Scotland and Lloyds are under pressure to waive their bonuses for 2009 after the chief executive of Barclays revealed yesterday that he would not take a performance-related payout. In an attempt to defuse public anger over bankers' pay, John Varley and Bob Diamond, the Barclays president, opted for the second consecutive year not to receive a bonus. Varley said that he was sensitive to outrage over bonuses at a time when "public sector pay has been frozen as a result of the recession". Barclays cut total pay as a proportion of revenues to 38% last year, down from 44% in 2008. On average Barclays' 23 000 investment bankers each received £191 000, although many received multimillion-pound payouts.

BUSINESS.TIMESONLINE.CO.UK

Mauritius change a model for SA

The government of Mauritius was considering legislation to make the country even more attractive to the financial services and business process outsourcing sectors, Raju Jaddoo, MD of the Mauritius Board of Investment, said this week. Mauritius, once heavily reliant on its sugar industry, has taken steps since 2005 that have attracted foreign investors and reduced unemployment - now about 7% - a model for another resource-based economies such as South Africa.

BUSINESS DAY (National)

Singapore flying high

The combined brand value of the world's top five airline brands rose by "only" 4.8%, over the past year at a time when many brands in other sectors have re-branded because of the recession. According to the annual Brand Finance Global 500 survey published by brand valuation consultancy Brand Finance, Singapore Airlines outperformed Lufthansa, American Airlines and Japan Airlines in the annual table, climbing from number 246 to number 224, with a 32% increase in brand value from \$2.7 billion to \$3.6 billion.

BUSINESS DAY (National)

Barclays: the end of term report card

Bumper profits hardly sit easily in these times of austerity. Especially if the company in question is a bank. So, there was much self-flagellation by Barclays as it unveiled record-breaking full-year results yesterday. "The bond of trust between banks and their stakeholders has been significantly weakened by the events of the last three years," chairperson Marcus Agius said. "The task of rebuilding trust will be based on banks acknowledging the mistakes they have made." John Varley, Chief Executive, said. Agius offered a new definition of success yesterday, one where banks "should make significant contributions to society by ... lending and investing, by paying dividends and taxes, by creating employment ... in a way that serves society".

TELEGRAPH.CO.UK

US assets not included in RBS Sempra sale

JP Morgan is to buy the European arm of Royal Bank of Scotland's lucrative Sempra commodities business for \$1.7 billion (£1.07 billion) after four weeks of exclusive talks. However, the investment banking arm of US banking conglomerate JP Morgan Chase failed to buy RBS Sempra's US assets, following concerns over incoming American rules over bank's ownership of risky trading businesses. JP Morgan is originally understood to have submitted a bid for all of the commodities business, but soon focused deal talks on what are largely the European operations so as not to fall foul of regulations proposed by Barack Obama, the US President. The bank was ordered to sell its stake in the joint venture as one of the conditions of its UK government bail-out.

TELEGRAPH.CO.UK

Tesco Bank appoints HSBC's Pitt to lead marketing

Tesco Bank has appointed HSBC Marketer Chris Pitt to the role of director of marketing as it looks to expand its financial services offering. Pitt will join later this month and will report to Tesco Bank Chief Executive Benny Higgins. He will work with David McCreddie, Commercial Director for banking at Tesco and Julie Hopes, Commercial Director for general insurance, and will be responsible for developing marketing strategy. He is currently HSBC's head of marketing and customer propositions, personal financial services Europe. Prior to this, he held several senior marketing positions including UK head of marketing and head of direct marketing. Tesco Bank recently acquired a banking licence and is currently hiring thousands of staff in Glasgow and Newcastle.

MARKETINGWEEK.CO.UK

INDICATORS

Rand - Dollar \$	7.5602	(+0.1175)
Rand - Sterling £	11.8952	(+0.1143)
Rand - Euro €	10.3522	(+0.1317)
JSE Allshare	27192.5	(+252.78)
Gold	1119.0	(+3.75)
Platinum	1542.0	(+8.00)
Brent Crude Oil	75.6	(-0.07)

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