SHRINKING ECONOMIES STIMULATE UNPRECEDENTED POLICY RESPONSES

MARKET OVERVIEW: DECEMBER 2008

- Fourth Quarter in Review
  - Global
  - Local
- Outlook
- Asset Class Return

FOURTH QUARTER IN REVIEW

GLOBAL:

Global developed markets officially sank into recession during the final quarter of 2008. The United States, Japan, the Euro Zone and the United Kingdom all posted dismal growth outcomes pulling equity markets down a further 20%. The quarter was characterized by bold moves in monetary policy as central banks embarked on aggressive rate cutting cycles while the fiscus was beset with demands for economic stimuli programmes. Uncertainty in the latter contributed to much volatility in financial markets ending the year with risky asset classes deep in the red.

The Business Cycle Dating Committee of the National Bureau of Economic Research (NBER) maintains a chronology of the beginning and ending dates of U.S. recessions. The committee determined that a peak in economic activity occurred in the U.S. economy in December 2007. The peak marks the end of the expansion that began in November 2001 and the beginning of a recession. In essence, the US has been in recession for the whole of 2008. The NBER defines a recession as a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators. Given that a recession is a broad contraction of the economy, not confined to one sector, the committee emphasizes economy-wide measures of economic activity where domestic production and employment are the primary conceptual measures of economic activity. The committee views the payroll employment measure, which is based on a large survey of employers, as the most reliable comprehensive estimate of employment. This series peaked in December 2007 and has declined every month since then[1].

The US Bureau of Labour Statistics has recently revealed that Nonfarm payroll employment declined sharply in December and that the unemployment rate rose from 6.8 to 7.2%. Specifically, payroll employment fell by 524,000 over the month of December and since the start of the recession in December 2007, the number of unemployed persons has grown by 2.6 million and the unemployment rate has risen by 2.3 percentage points. Furthermore, job losses have been widespread across most major industry sectors. Specifically in December, large job losses continued in manufacturing, construction, and employment services while health care continued to add jobs. The graphic below highlights the severity of the latest US recession as the unemployment rate has reached a 16 year high and the job losses in 2008 are at levels not seen since the mid forties.

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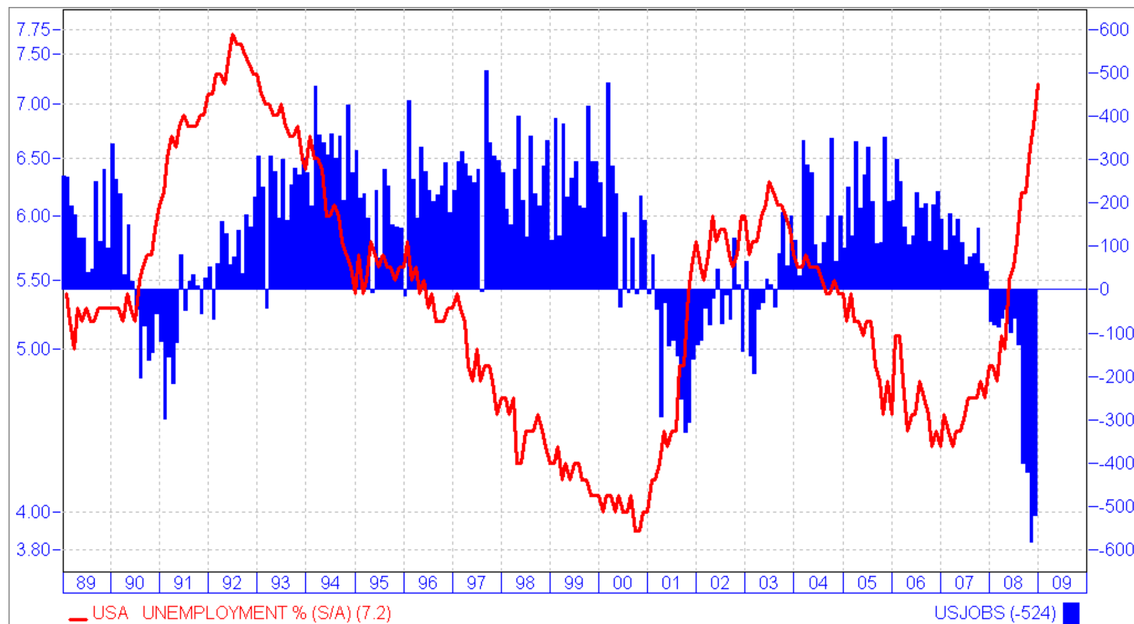
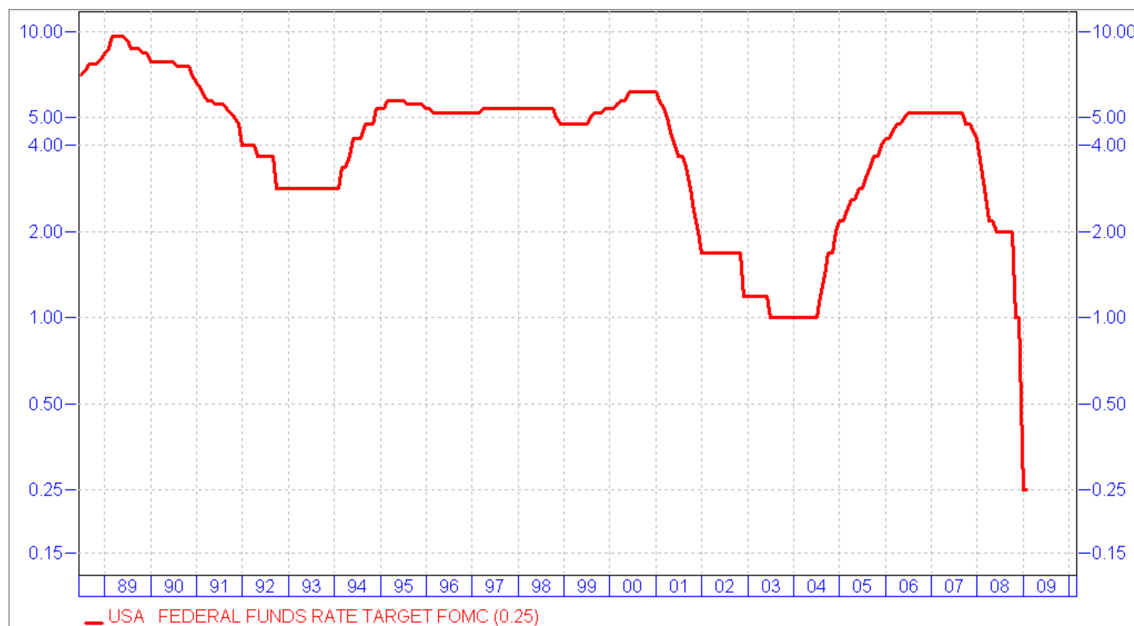
[1] www.nber.org



With respect to US domestic production, real gross domestic product decreased at an annual rate of 0.5% in the third quarter of 2008. According to the Bureau of Economic Analysis (BEA), most of the major components GDP contributed to the downturn, with personal consumption expenditures falling sharply and exports decelerating.

At the final meeting of the Federal Open Market Committee (FOMC) for 2008, a decision was taken to establish a target range for the federal funds rate of 0 to 0.25%. Over the course of 2008, the FOMC has cut the fed rate by a staggering 4%. At the December 2008 meeting, the FOMC stated that labour market conditions had deteriorated, and that the available data indicated that consumer spending, business investment, and industrial production had declined. The Committee's outlook for economic activity had weakened further while they believed financial markets remained quite strained and credit conditions tight. On a more positive note, the Committee highlighted that inflationary pressures had diminished appreciably. Specifically that in light of the declines in the prices of energy and other commodities and the weaker prospects for economic activity, they expected inflation to moderate further in coming quarters. The FOMC further emphasized their commitment to the economy by stating that they would employ all available tools to promote the resumption of sustainable economic growth and to preserve price stability. Given their expectation of weak economic conditions, the federal funds rate will likely remain at exceptionally low levels for some time.

The statement revealed that going forward; the focus of the Committee's policy will be to support the functioning of financial markets and stimulate the economy through open market operations and other measures that sustain the size of the Federal Reserve's balance sheet at a high level. Over the next few quarters the Fed will purchase large quantities of agency debt and mortgage-backed securities to provide support to the mortgage and housing markets, and it stands ready to expand its purchases of agency debt and mortgage-backed securities as conditions warrant. The Committee is also evaluating the potential benefits of purchasing longer-term Treasury securities. Furthermore, the Fed will also implement the Term Asset-Backed Securities Loan Facility to facilitate the extension of credit to households and small businesses. Below is a graphic representation of FOMC's aggressive policy response to the credit crisis and the current recession.



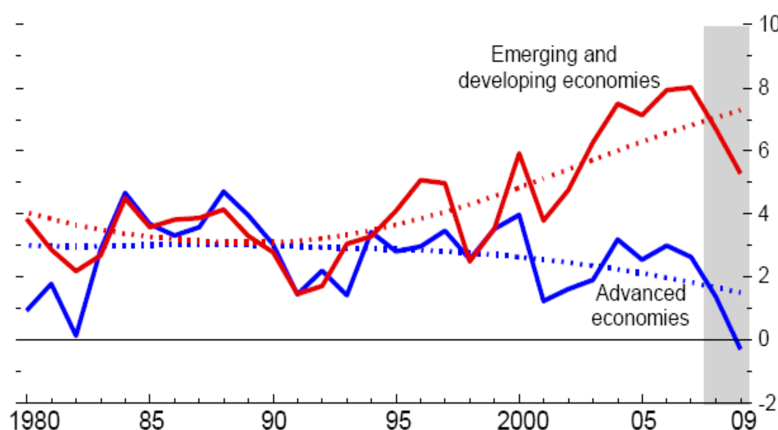
Beyond the US, central banks across the globe have been on an aggressive rate cutting cycle. Latest actions include the European Central Bank cutting interest rates by 75 basis points to 2.5%. This was the biggest reduction in its 10-year history precipitated by falling inflation and fears of deep recession. In the final month of the year, the Bank of England also cut its key rate by 100 basis points to 2% while Sweden's Riksbank sliced 175 basis points off its main rate, taking it to 2%. Furthermore, in New Zealand rates were cut by150 basis points and Indonesia unexpectedly lowered their borrowing costs for the first time in twelve months.

The President of the ECB, Jean-Claude Trichet stated on 4 December that the Governing Council had decided to reduce the key ECB interest rates by a further 75 basis points to 2.5%. This followed two 50-basis point reductions in the key ECB interest rates announced on 8 October and 6 November 2008. The President stated that overall, since the last meeting, the evidence that inflationary pressures were diminishing further had increased and, looking forward, inflation rates were expected to be in line with price stability over the policy-relevant horizon, supporting the purchasing power of incomes and savings. The decline in inflation rates was mainly attributed to the fall in commodity prices and the significant slowdown in economic activity. Furthermore that this was largely related to the effects of the intensification and broadening of the financial turmoil, where both global demand and euro area demand were likely to be dampened for a protracted period of time. The President concluded by stating that the level of uncertainty remained exceptionally high.

Similarly, the Bank of England reduced the Bank Rate paid on commercial bank reserves by 1% to 2% citing that business surveys in the UK had weakened further and suggested that the downturn had gathered pace. Also that consumer spending and business investment had stalled, while residential investment had continued to fall. The Monetary Policy Committee (MPC) highlighted that activity indicators in the rest of the world had also weakened, though the further depreciation in sterling would moderate the impact of weaker global growth on the UK. Furthermore, a number of fiscal measures to boost near-term demand were in train, both in the UK and overseas. The MPC conceded that despite the actions taken to raise bank capital, ease funding and improve liquidity, conditions in money and credit markets remained extremely difficult. The Committee noted that it was unlikely that a normal volume of lending would be restored without further measures. On the inflation front, the Committee's projection for inflation showed a substantial risk of undershooting the 2% CPI inflation target in the medium term.

The International Monetary Fund's (IMF) November 2008 update of the World Economic Outlook (WEO) paints a bleak picture for 2009. Specifically, world growth is projected to slow from 5% in 2007 to 3.7% 2008 and to 2.2% in 2009, with the downturn led by advanced economies. Activity in the advanced economies is now expected to contract by 0.3% on an annual basis in 2009, this would be the first annual contraction during the postwar period. A recovery is projected to begin late in 2009.

Figure 1. Real GDP Growth and Trend
(Percent change)



Source: IMF staff estimates.

The IMF's WEO states that the U.S. economy will suffer, as households respond to depreciating real and financial assets and tightening financial conditions. Growth in the euro area will be hard hit by tightening financial conditions and falling confidence. In Japan, the support to growth from net exports is expected to decline. Below is a tabular representation of IMF projections for output in 2009:

	2007 (%)	2008 (%)	2009 (%)
World Output	**5**	**3.7**	**2.2**
Advanced Economies	**2.6**	**1.4**	**-0.3**
United States	2	1.4	-0.7
Euro area	2.6	1.2	-0.5
United Kingdom	3	0.8	-1.3
Japan	2.1	0.5	-0.2
Emerging Economies	**8**	**6.6**	**5.1**
China	11.9	9.7	8.5

The IMF believes that stronger macroeconomic policy response could limit the damage to the economies. Currently, comprehensive policy actions are being implemented to address the root causes of financial stress and to support demand, but it will take time to reap their full benefits. The initiatives include programs to purchase distressed assets, use of public funds to recapitalize banks and provide comprehensive guarantees, and a coordinated reduction in policy rates by major central banks. The IMF believes that market conditions are starting to respond to these policy actions, but even with their rapid implementation, financial stress is likely to be deep and protracted.

LOCAL:

In tandem with the global economy, domestic output in South Africa has stalled. Specifically, real economic growth slowed noticeably in the third quarter of 2008, to a mere 0, 2%. The sluggish growth in real output was visible in all the major goods-producing sectors of the economy.

Real gross domestic product
Percentage change at seasonally adjusted annualised rates

Sectors	2007					2008		
	1st qr	2nd qr	3rd qr	4th qr	Year	1st qr	2nd qr	3rd qr
Primary sector	0,4	-2,5	1,7	1,2	0,8	-14,5	19,2	-0,5
Agriculture................	9,5	11,4	7,1	15,5	2,9	16,2	19,4	16,1
Mining	-2,8	-7,5	-0,4	-4,4	0,0	-25,8	19,2	-8,0
Secondary sector	7,4	3,6	1,6	9,4	6,1	1,2	11,8	-2,6
Manufacturing	5,8	1,4	-1,4	9,0	4,5	-0,6	14,3	-6,9
Tertiary sector	5,6	4,9	6,1	4,7	5,4	3,7	1,6	1,5
Non-agricultural sector ..	*5,5*	*3,7*	*4,5*	*5,3*	*5,2*	*1,1*	*5,0*	*-0,1*
Total	**5,5**	**3,7**	**4,5**	**5,4**	**5,1**	**1,6**	**5,1**	**0,2**

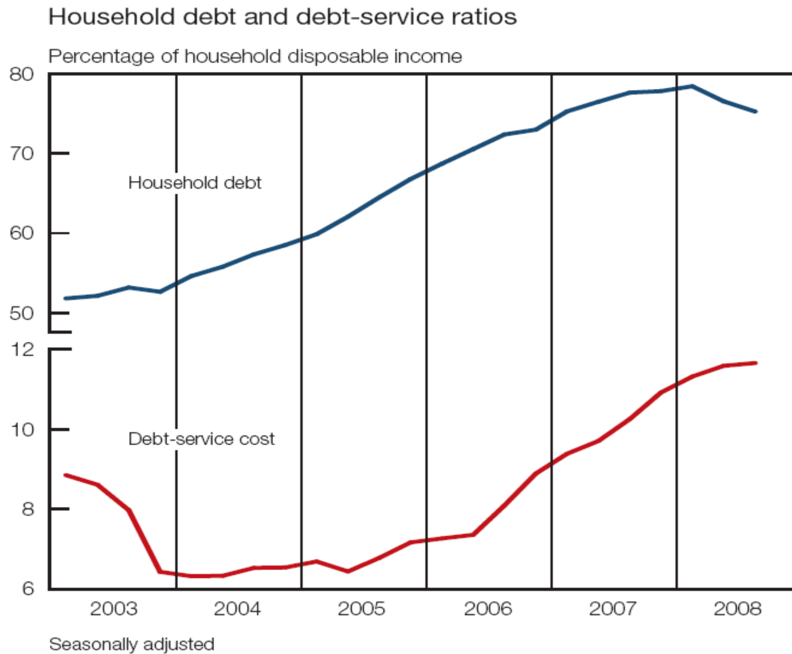
Source: Reserve Bank Quarterly Bulletin, December 2008

Declining mining production in the third quarter of 2008, pulled down the real value added by the primary sector, which declined at a rate of 0.5% while the agricultural sector made a positive contribution. This sector contributed 16.1% in real value but having lost some momentum from the second quarter outcome of 19.4%. The Reserve Bank noted that output in the agricultural sector benefited from increased production of field crops where a bumper maize crop was harvested, bolstered by favourable weather conditions. Furthermore that the decline in mining output was evident in most of the major sub-sectors; particularly the production of platinum-group metals, gold, diamonds and coal contracted over this period. The December 2008 Quarterly Bulletin noted that lower mining production reflected the statistical effect of the high base established in the second quarter, exacerbated by weaker international demand and falling commodity prices. Platinum output was also adversely affected by extensive maintenance programmes usually conducted in February, safety-related shutdowns and one-day strikes.

Real value added by the secondary sector also disappointed as is declined by 2.6% in the third quarter. The contraction is mainly attributed to a decline in manufacturing output, while growth in real value added by the construction sector maintained its momentum. This decline in real output in the manufacturing sector is largely ascribed to slowing domestic demand, falling commodity prices and decelerating global economic growth. The bulletin highlights that notably slower growth was observed in especially the manufacturing sub-sectors for motor vehicles, parts and accessories; textiles, clothing, leather and footwear; and food and beverages. The domestic demand for these products was likely affected by the sluggish growth in real income, higher interest rates and already high debt levels, which inhibited the take up of more credit. In addition, the supply of repossessed vehicles increased, which may have dampened the demand for new vehicles.

With respect to gross domestic expenditure, the picture remained bleak highlighting the plight of the consumer. Specifically, this has lost considerable momentum over the preceding seven quarters and for the third quarter of 2008, consumption expenditure by households

declined at an annualised rate of 0.8%. This was the first contraction since the fourth quarter of 1998. The bulletin highlights that the contraction in consumer spending was particularly evident in expenditure on durable and non-durable goods. Furthermore that the real disposable income of the household sector moved sideways whilst growth in credit extension to households moderated further. Although still high, the ratio of household debt to disposable income of households showed some signs of moderation, edging lower to a level of 75.3% in the third quarter of 2008. Slower growth in household indebtedness was more than fully offset by higher interest rates, resulting in a further slight increase in debt-service cost relative to disposable income of households over the period as shown below.



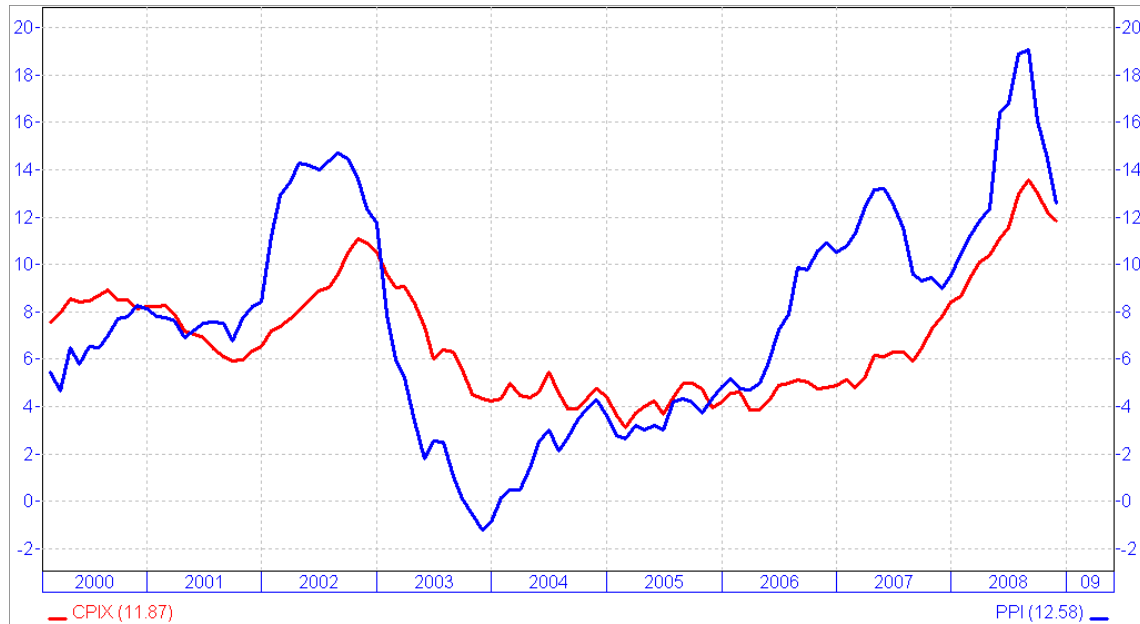
Source: Reserve Bank Quarterly Bulletin, December 2008

The Rand was under significant pressure during 2008; it started the year around R6.8/$ and approached R12/$ in October to end the year just below R10/$. Global risk aversion due to the credit crunch has been the chief contributor to this severe weakness. The local economy's widening deficit on the current account of SA's balance of payments has also applied pressure to the local unit. The current account deficit moved from 7.3% of gross domestic product in the second quarter of 2008 to 7,9% in the third quarter. A further slowdown in global economic activity and the substantial decline in international commodity prices all contributed to this widening deficit. The bulletin notes that the decline in global demand in the third quarter of 2008 affected both the volume and prices of merchandise exports adversely. Over the same period, the rate of increase in the value of merchandise imports also slowed alongside the moderation in domestic economic activity and more stringent international credit conditions.

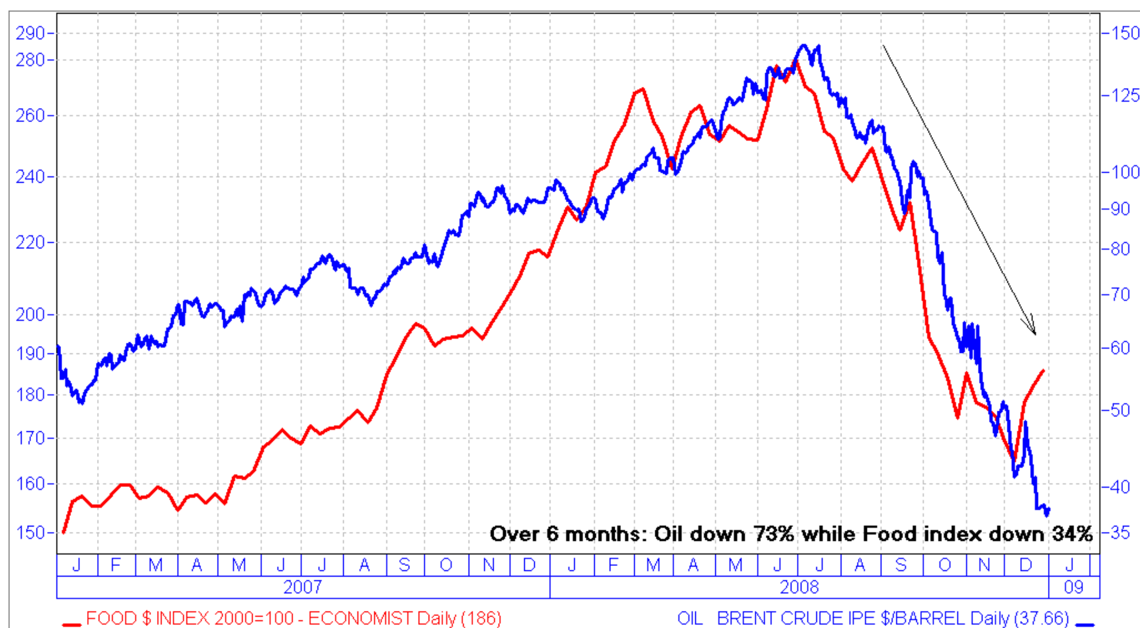
The final Monetary Policy Committee meeting of the year was highly anticipated as market participants hoped for some reprieve in the form of lowered interest rates. The MPC did not disappoint. The statement released conceded that domestic inflation had steadily moderated having peaked at 13.6% in August 2008 and was expected to decline further over the coming months. Specifically that the most recent central forecast of the Bank reflected that inflation is to return to within the inflation target range in the third quarter of 2009. Inflation is expected then marginally to breach the upper end of the target range in the first quarter of 2010 as a result of technical base effects associated with the decline in petrol prices at the end of 2008. However, the downward inflation trend is forecast to continue

thereafter.

Specifically, the Bank expects inflation to average 6.2% and 5.6% in 2009 and 2010 respectively and to average 5.3% in the final quarter of 2010. The statement stated that the forecasts are subject to a greater degree of uncertainty than usual, given the highly volatile global environment, and the uncertainty related to the impact of the rebasing and reweighting of the CPI basket to be introduced by Statistics South Africa in January 2009. The Bank considers the exchange rate as the biggest risk to this view.



What has boosted the inflation outlook is the price of international crude oil which ended the year below $40 a barrel having peaked in July at levels higher than $140 per barrel. This steep fall has sent petrol prices lower benefiting consumers and the domestic economy as a whole. Furthermore the trend in international food prices as reflected by the Economist Food Price Index reveal a substantial decline in excess of 30%.



OUTLOOK:

Global financial markets remain particularly fragile, with even the historic inauguration of Barack Obama as US President failing to convincingly buoy the markets. Instead, a horrific earnings reporting season is taking center stage and pulling markets deeper into the red.

JP Morgan revealed a further $2.9 billion hit on its investment banking division, where it had been forced to mark down leveraged lending exposures. It also reported a $680 million write down on some of its private equity investments, part of which were related to the purchase of Bear Stearns in March 2008.

In the United Kingdom, the Royal Bank of Scotland (RBS) unveiled the biggest loss in British corporate history; a loss of £28 billion for 2008. Financial stocks have plummeted despite the UK government announcing a new rescue package for banks that included taking up direct stakes in these troubled businesses. Investors have been spooked by fears that the substantial losses at RBS would set a precedent for the rest of the sector and that further significant write downs were looming. Furthermore, investors are increasingly considering the likely nationalization of large parts of this sector.

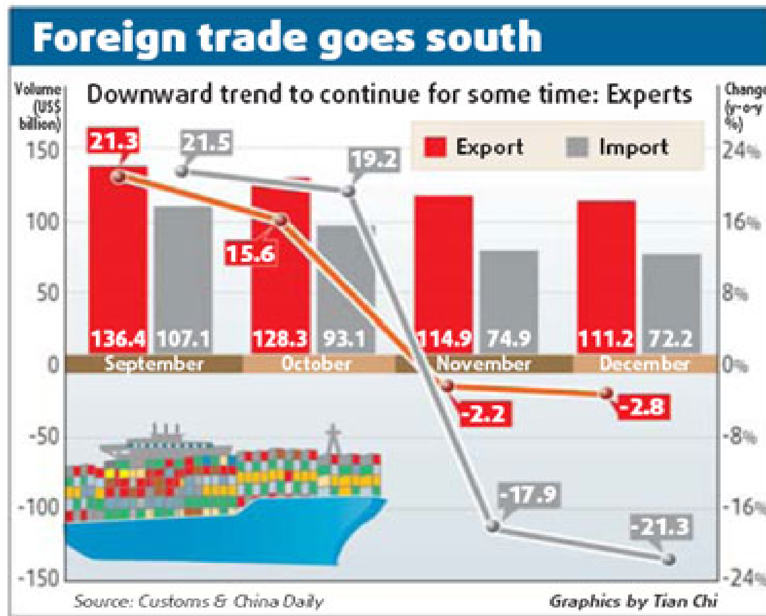
Financial market pain has not been limited to financial stocks but also to resource stocks that have been pounded by plummeting commodity prices. Mining giants are slashing production in an effort to survive the worst economic slowdown post the World Wars. BHP Billiton, the world's largest mining group, has recently announced that it would fire 6000 employees and contractors globally. The drastic action is as a key outcome of the slowdown in global growth as well as the weakening outlook in China. Furthermore, group has added that it would shelve operations at its Ravensthorpe nickel mine in Western Australia and cut production at its Mount Keith nickel mine, also in Western Australia, as a result of the sharp fall in the price of the metal. The group also plans to cut its production of coal production by about 15%.

Other mining houses are also furiously cutting jobs, closing higher cost mines and shelving expansion plans. The world's third largest platinum producer, Lonmin, also recently announced its plans to cut over 4000 jobs in South Africa due to the worsening global economic climate. Rio Tinto, also one of the largest global miners, has recently stated that they will cut 14 000 jobs and scale back its spending plans by $5 billion. Anglo American has also confirmed that it will cut its 2009 capital expenditure plans by half, moving the forecast expenditure to below $5 billion from previous estimates of $10 billion.

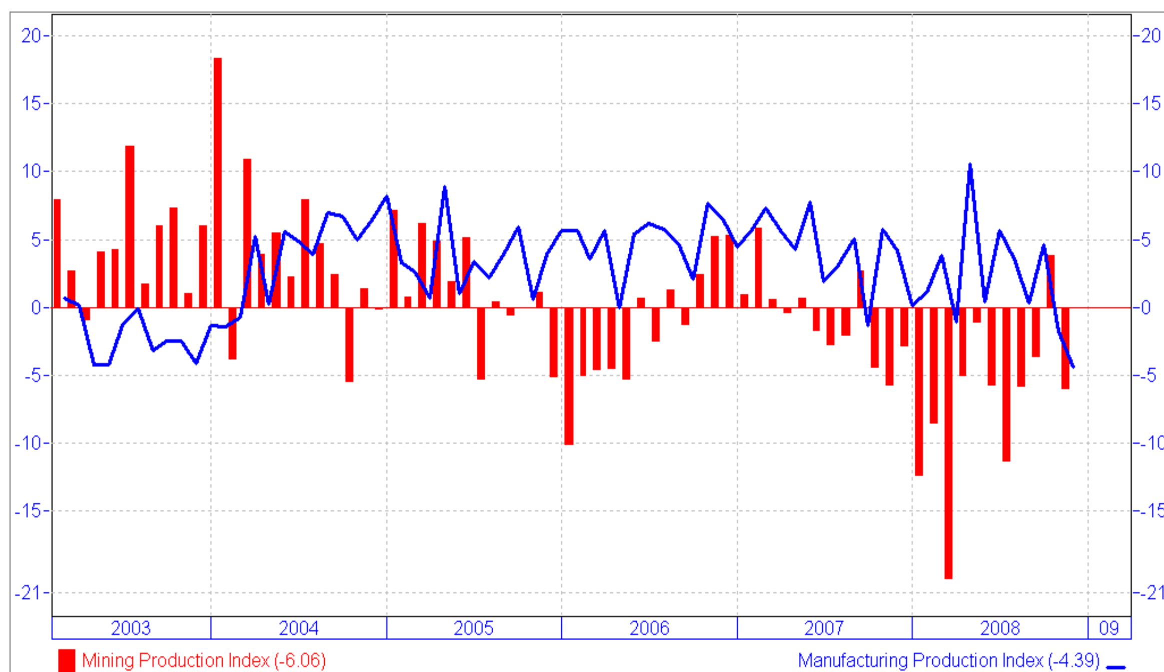
The Chinese economy that has fuelled the demand for commodities, sending them to stratospheric levels is inevitably coming under strain. Chinese exports, which make up about 18% of total GDP, recently fell for the first time in a decade. China's top two trade partners are the European Union and the United States and both are in the throes of a deep recession.

The sharp slowdown in exports has sent millions home as thousands of factories have closed down. UBS economist, Tao Wang, has stated that the slowdown in exports will have a significant impact on the Chinese economy, especially because it could lead to lower investment in export-related areas such as ports, storage facilities and machinery. Furthermore that as many as 10 million export-related jobs could be lost in the first half of 2009 due to the highly flexible nature of the Chinese labour market is highly flexible. Specifically, when factories have export orders, they hire migrant workers and start production; and in many facilities, especially the small and medium ones, when orders stop,

production stops and people are let go[2]. The graphic below highlights the shrinking Chinese export market.



The domestic economy is also not immune to the global slowdown. Exports of manufacturing and mining products account for over a third of SA GDP growth and out top five trading partners are the US, Germany, Japan, the UK and China. The IMF foresees that these advanced nations are to record negative growth for 2009 and that the Chinese economy will also slow markedly. It is therefore not surprising that the latest manufacturing and mining productions statistics in South Africa paint a miserly picture:



Manufacturing production for November 2008 decreased by 4,4% compared with the same month a year ago. The decrease was driven mainly by lower production in three divisions;

[2] www.financialpost.com

basic iron and steel, petroleum and motor vehicle parts and equipment. Mining production for November 2008 also decreased by 6,1% compared with November 2007, which is largely attributable to negative contributions from diamonds, coal and gold production.

According to JP Morgan research, despite the resilience of public spending and public sector infrastructure construction, GDP for the final quarter of 2008 is likely to contract by 0.7%. They estimate that the contraction will deepen to 0.8% in the first quarter of 2009, marking South Africa's first recession of the post-apartheid era. They offset this gloomy prediction with optimistic expectations for the second half of 2009. Specifically that they expect a modest recovery in the second half of the year, as external demand gathers steam under the impetus of G3 fiscal and monetary stimulus, and the purchasing power of households benefits from slowing inflation and lower local interest rates. Finally, they anticipate GDP growth of just 0.4% in 2009.

JP Morgan's view is also shared by another reputable research house in South Africa, Rand Merchant Bank (RMB). They also believe that South African GDP will slowdown markedly in 2009, to average 0.7% for the year and that in the latter months, a recovery will begin. This recovery will push GDP in 2010 to 3.3%. They state that the recovery expected in the second half of the year is predicated on five conditions:

1) the rand remaining relatively weak;
2) growth in developed countries turning positive again (as significant monetary and fiscal policy stimulus ultimately gets traction);
3) export commodity prices bottoming (given the mix of production cutbacks and prospective recovery in global demand);
4) CPI inflation continuing to moderate, so boosting local households' real purchasing power and;
5) Domestic interest rates falling further.

What is clear is that a number of factors need to come into play for the recovery to manifest in the second part of the year. What economists seem most clear about though is that inflation is headed on a steady downward fall, likely to come in lower than 6% by mid year. This implies that the Monetary Policy Committee (MPC) will engage in an aggressive interest rate cutting cycle throughout the year. Given the likely dramatic fall in inflation, it seems that the MPC may in fact be already behind the curve. Despite this, it is likely that they will maintain a steady rate cutting pace because of the volatile exchange rate risk.

The forward rate agreement (FRA) curve is an indication of what the market expects with respect to interest rates. What is clear from the table below is that the market expects the MPC to have shaved off 400 basis points by about mid-year which we believe is highly unlikely. Such action would likely spook investors as they would sense that the MPC is panicking about the state of the economy. This leads us to believe that bond yields may weaken in months to come as the scenario that is currently priced in does not unfold.

FRA Rates											
	JIBAR	**1X4**	**2X5**	**3X6**	**4X7**	**5X8**	**6X9**	**7X10**	**8X11**	**9X12**	**12X15**
Present	11.38	10.58	10.09	9.30	8.75	8.30	7.80	7.50	7.35	7.30	7.36
B-o-m	11.43	11.05	10.13	9.59	9.00	8.51	7.90	7.41	7.26	7.12	7.16
1 Year Ago	11.37	11.35	11.35	11.35	11.30	11.25	11.20	11.13	11.05	10.96	10.62

We believe that financial markets will struggle in 2009 but that equity markets will stage a mild comeback as the economic recovery comes within sight. Earnings are likely to remain under pressure but some rerating may provide the sweetener. Currently we maintain our under weight position in this asset class with the intention of boosting exposure as we anticipate the recovery.

We maintain our on weight exposure to bonds but are likely to trim this as the pace of the rate cutting cycle becomes more apparent. Property and cash remain attractive asset classes at this stage.

On the international side, we remain weary of equity markets and prefer to remain sidelined for a period. Bonds have done well and given the continued global uncertainty, we are comfortable to remain invested here.

NOVARE HOUSE VIEW: JAN/FEB 2009				
	Balanced Fund	Relative	Present Month	Previous Month
RSA	**85%**	**ON**	**85%**	**85%**
RSA Equities	50%	UNDER	46%	46%
RSA Bonds	15%	ON	15%	15%
RSA Property	5%	OVER	6%	6%
RSA Alternatives	10%	ON	10%	10%
RSA Cash	5%	OVER	8%	8%
International	**15%**	**ON**	**15%**	**15%**
Int Equity	9%	UNDER	7%	7%
Int Bonds	3%	OVER	6%	6%
Int Alternatives	3%	UNDER	2%	0%
Int Cash	0%	ON	0%	2%

ASSET CLASS RETURNS

	3 Months	6 Months	12 Months
Headlines Indices			
Africa All Share	-9.17%	-27.84%	-23.23%
Africa Top 40	-10.00%	-30.94%	-23.58%
Africa Mid Cap	-2.49%	1.06%	-18.70%
Africa Small Cap	-9.61%	-11.00%	-31.20%
Africa Fledgling	-17.13%	-26.11%	-43.31%
Africa Resource 20	-12.93%	-46.29%	-28.41%
Africa Industrial 25	-4.40%	-10.04%	-15.69%
Africa Financial 15	-11.60%	-1.06%	-25.72%
Africa Financial and Industrial 30	-7.79%	-8.70%	-19.54%
Africa Capped All Share	-8.92%	-24.31%	-21.65%
Africa Shareholder Weighted	-8.51%	-21.27%	-21.67%
All Share Economic Group Indices			
Africa Oil & Gas Index	-17.5%	-37.4%	-14.0%
Africa Basic Materials Index	-13.5%	-47.4%	-30.6%
Africa Industrials Index	-13.5%	-10.9%	-26.2%
Africa Consumer Goods Index	11.2%	2.5%	-5.9%
Africa Health Care Index	-1.8%	12.3%	-17.0%
Africa Consumer Services Index	-2.6%	6.9%	-10.4%
Africa Telecommunications Index	-4.0%	-13.7%	-14.5%
Africa Financials Index	-11.4%	-0.9%	-26.2%
Africa Technology Index	-14.8%	-22.0%	-35.5%
All Share Sector Indices			
Africa Chemicals	-17.3%	-16.8%	-29.9%
Africa Electronic & Electrical Equipment Index	-18.2%	-16.9%	-35.4%
Africa Industrial Engineering Index	-21.5%	-34.3%	-44.9%
Africa Automobiles & Parts Index	-25.6%	-38.8%	-49.4%
Africa Beverages Index	2.6%	-5.9%	-11.8%
Africa Food Producers Index	6.6%	21.9%	3.1%
Africa Health Care Equipment & Services Index	5.6%	14.7%	-19.8%
Africa Pharmaceuticals & Biotechnology Index	-8.5%	14.4%	-7.4%
Africa General Retailers Index	-9.3%	15.0%	-15.7%
Africa Travel & Leisure Index	4.4%	8.2%	-29.8%
Africa Media Index	2.8%	-1.4%	-1.8%
Africa Support Services Index	-1.2%	6.9%	-15.2%
Africa Industrial Transportation Index	-7.3%	-15.2%	-36.6%
Africa Food & Drug Retailers Index	16.2%	32.7%	15.2%
Africa Fixed Line Telecommunications Index	8.9%	-19.1%	-13.2%
Africa Banks Index	-6.1%	17.8%	-10.3%
Africa Non-life Insurance Index	-10.9%	2.7%	-20.1%

Africa Life Insurance Index	-15.9%	-23.6%	-46.9%
Africa Equity Investment Instruments Index	-14.7%	-1.9%	-22.3%
Africa Real Estate Index	-7.0%	-4.6%	-31.3%
Africa General Financial Index	-5.5%	-16.5%	-28.3%
Africa Software & Computer Services Index	-14.8%	-22.0%	-35.5%
Africa Gold Mining	22.0%	-5.5%	-1.6%
Africa Platinum & Precious Metals	-25.8%	-56.8%	-43.3%
Africa Property Unit Trusts - (PUT)	9.0%	29.8%	-9.7%
Africa SA Listed Property - (SAPY)	8.5%	33.5%	-4.5%
Bonds, Cash & Inflation			
All Bond Index	11.3%	25.3%	17.0%
Stefi Composite	2.9%	6.0%	11.7%
CPI (Previous Month)	0.2%	4.4%	11.8%
CPIX (Previous Month)	0.5%	5.0%	12.1%
Currencies			
Rand Dollar Exchange Rate	15.60%	21.70%	39.84%
Rand Pound Exchange Rate	-7.01%	-12.10%	0.61%
Rand Euro Exchange Rate	12.68%	6.72%	32.06%
Dollar Euro Exchange Rate	#DIV/0!	#DIV/0!	-100.00%
Dollar Yen Exchange Rate	#DIV/0!	#DIV/0!	-100.00%
Commodity Prices			
Brent Oil (USD/Barrel)	-61.8%	-73.4%	-60.6%
Gold (USD/oz)	0.9%	-4.9%	5.5%
Platinum (USD/oz)	-8.6%	-55.2%	-39.3%
Copper ($/Ton)	-54.8%	-66.9%	-56.5%
CRB Index	-33.6%	-50.4%	-36.0%
Global Bonds & Equity			
Global Bonds (R)	26.8%	30.1%	56.6%
MSCI Global Equity (R)	-10.0%	-20.1%	-19.0%
Global Bonds	9.7%	6.9%	12.0%
S&P 500	-22.6%	-29.4%	-38.5%
Nasdaq	-24.3%	-31.2%	-40.5%
MSCI Global Equity	-22.2%	-34.4%	-42.1%
MSCI Emerging Mkt	-27.9%	-47.8%	-54.5%
FTSE	-11.0%	-22.6%	-32.8%
DAX	-19.8%	-29.1%	-42.6%
Global Hedge Funds			
HFRI Composite FoF (R) (Previous Month)	12.3%	8.1%	19.8%

HFRI Equity Hedge Index (R) (Previous Month)	5.7%	-0.7%	10.3%

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