

"Sounding like a broken record?!" Greece continues to hug the news headlines as it is trying to secure its €130bn bailout funds. Political bickering has prevented the conclusion of the bailout as European leaders remain unconvinced that Greece will stick to the harsh austerity conditions attached to receiving the funds and demand more oversight. But it seems as if Greece is getting one step closer to securing the bailout by next Monday that will be followed by a €200bn debt restructuring – all allowing the ailing country to pay its bond of close to €15bn that is coming due on 20 March.

Europe entered its first quarter of contraction since two and a half years ago. Eurozone GDP shrank by 0.3% during the final quarter of last year, which was somewhat better than expected. France surprised by experiencing positive growth, while the demise in the peripheral countries' economies continued. Should the Eurozone economy contract this quarter, then it will be in a technical recession.

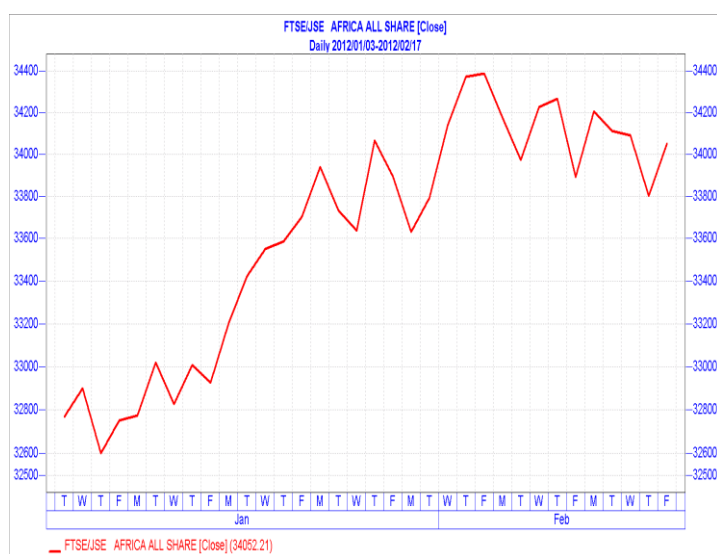
While Europe has been struggling, US data and its economic outlook keep on improving. US housing data, retail sales, jobless claims at a 4 year low and manufacturing indicators all indicate to an economy that is recovering instead of deteriorating. Austerity also doesn't yet seem to be in the cards for the US as the President is talking about growing the country out of its debt problems instead of tackling the size of the debt load head on.

Domestic economic data also surprised positively this past week. Retail sales grew by 8.7% in December from a year earlier as consumers tapped the credit market for spending purposes and displayed their resilience to the economic slowdown. Wholesale trade figures were also strong.

Next week, all eyes will be on the Finance Minister when he delivers his Budget Speech. He will be under pressure to reign in the budget deficit as the global credit rating agencies are looming in the background and slower economic growth will potentially reduce revenues. But he will also have to concur with the President who announced that 2012 will be the year of infrastructure spending.

"THE FUNDAMENTALS"	CURRENT	WEEK CHANGE	YTD CHANGE
ALL BOND INDEX	380.28	0.18%	1.68%
3 MONTH NCD YIELD	5.68		
R/DOLLAR	7.74	-0.04%	-4.07%
R/EURO	10.18	-0.27%	-2.71%
R/POUND	12.25	0.47%	-2.25%
GOLD	1,731.42	1.16%	13.09%
OIL (BRENT)	120.16	2.92%	11.90%

"THE REALITY"	INDEX	WEEK CHANGE	YTD CHANGE
JSE ALL SHARE	34,069.87	0.52%	6.52%
JSE FIN 15	9,142.19	0.73%	9.31%
JSE IND 25	30,504.43	1.38%	6.07%
JSE RES 20	54,356.99	-0.41%	6.00%
JSE GOLD	2,836.63	-3.04%	-0.37%
JSE ALL SHARE 40	30,366.76	0.52%	6.66%
DOW JONES (USA)	12,904.08	0.80%	5.62%
NASDAQ (TECH USA)	2,959.85	1.93%	13.62%
FTSE (LONDON)	5,918.04	1.12%	6.21%
NIKKEI (TOKYO)	9,384.17	4.88%	10.98%
GLOBAL EQUITY	1,280.16	0.83%	8.25%
EMERGING MARKET EQUITY	1,049.24	0.68%	14.50%



Global equity markets have been making mild swings on a daily basis as a result of developments surrounding the Greek bailout deal, but strong economic data resulted in equity markets trending higher nonetheless. The FTSE/JSE All Share Index closed 0.5% higher. Industrial shares led the gains with a 1.4% run. The Japanese Nikkei Index jumped by 4.9%, supported by the Bank of Japan's announcement of further support to the economy. The rand struggled to hold on to gains during the week and the price of oil rose by nearly 3% due to supply disruption concerns.

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