

The Morning Update

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A Liberty Life Franchise

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Liberty Group Ltd – an Authorised Financial Services Provider in terms of the FAIS Act (licence no. 2409) Liberty Group Limited – Reg. No. 1957/002788/06

with compliments

Markets as at 03/08/2007 (Stock Market Indices reflect the last close)

JSE Indices					
Index	Value/ Price	Daily Movement		YTD Movement	
		Change	% Change	Change	% Change
All Share	27,582	-277.22	-1.00%	+2425.30	+9.64%
Oil and Gas	2,554	-14.00	-0.55%	+245.00	+10.61%
Financials	3,267	-60.00	-1.80%	+121.00	+3.85%
Basic Materials	2,605	-37.00	-1.40%	+526.00	+25.30%

International Indices					
Index	Value/ Price	Daily Movement		YTD Movement	
		Change	% Change	Change	% Change
Dow Jones	13,182	-281.42	-2.09%	+718.76	+5.77%
S&P500	1,433	-39.14	-2.66%	+14.76	+1.04%
Nasdaq	2,511	-64.73	-2.51%	+95.96	+3.97%
FTSE100	6,214	-86.20	-1.37%	-78.90	-1.25%
Xetra Dax	7,436	-98.46	-1.31%	+760.73	+11.40%
Cac-40	5,598	-84.18	-1.48%	-8.50	-0.15%
Nikkei	16,980	-4.25	-0.03%	-245.97	-1.43%
Hang Seng	22,538	+105.19	+0.47%	+2228.26	+10.97%

Currencies*					
Currency	Value/ Price	Daily Movement		YTD Movement	
		Change	% Change	Change	% Change
Rand/USD	7.1240	+0.05	+0.66%	+0.24	+3.55%
Rand/Pound	14.4890	+0.08	+0.55%	+0.91	+6.68%
Rand/Euro	9.7860	+0.07	+0.75%	+0.65	+7.16%

* Please note that a negative movement and a negative percentage change represent a strengthening of the Rand

Other					
Item	Value/ Price	Daily Movement		YTD Movement	
		Change	% Change	Change	% Change
Repo Rate	9.50	+0.00	+0.00%	+0.50	+5.56%
Prime Rate	13.00	+0.00	+0.00%	+0.50	+4.00%
Gold	674.9	+9.22	+1.39%	+34.12	+5.33%
Platinum	1,286.0	-1.00	-0.08%	+151.00	+13.30%
Oil Brent Spot	74.75	-1.20	-1.58%	+14.31	+23.68%
R153 Bond	9.34	+0.07	+0.81%	+1.17	+14.25%

Latest Inflation Releases			
June 2007	Month on Month (Non Seasonally Adjusted)	Year on Year Average	5-Year Average
CPI	0.85%	7.04%	4.51%
CPIX	0.54%	6.40%	5.22%
Core CPI	0.34%	5.73%	4.89%

Share Prices					
Share	Value/ Price	Daily Movement		YTD Movement	
		Change	% Change	Change	% Change
Liberty Group	85.50	-2.95	-3.34%	+2.49	+3.00%
Liberty International	148.05	-0.80	-0.54%	-42.28	-22.21%
Old Mutual	22.51	-0.99	-4.21%	-1.39	-5.82%
Sanlam	22.75	+0.27	+1.20%	+4.45	+24.32%
Alexander Forbes	17.11	+0.00	+0.00%	+1.51	+9.68%
Investec Limited	86.00	-0.74	-0.85%	-1.74	-1.98%
Standard Bank	98.20	-2.40	-2.39%	+3.70	+3.92%
ABSA	131.48	+0.48	+0.37%	+6.38	+5.10%
Anglo American	398.00	-1.81	-0.45%	+56.00	+16.37%
Sasol	261.00	-1.50	-0.57%	+2.21	+0.85%
Telkom	163.00	+1.50	+0.93%	+21.51	+15.20%
SAB	182.00	+0.30	+0.17%	+21.56	+13.44%

Market Report

Friday, 3 August 2007: Some more stories on the US sub prime. Only in the US could they make a more punitive debt obligation actually sound like a huge gift to all those that took them up.

Sub prime has been getting all the press. It's been blamed for all world's current economic problems.

Newswires have been on this topic for a while now and there is no doubt that it's causing major downside to global financial markets.

So where did it all start?

I think back in 2001, when US Federal Reserve chairman was "forced" to reduce short term rates from 7% in 2001 to a low of 1% in 2003. He did this because of the post 1999 tech bubble.

This act produced banks to create substantial liquidity. This was the very reason that rates were reduced and it worked very well.

Lenders do what they do best – they lend money and when it pays them to give debt away, that is what they did. The low interest rate environment literally paid them to give debt away to anyone who asked for no collateral whatsoever.

It got to the point where borrowers merely had to ask and they received.

They were known by their various names as low doc loans, or no doc loans, or no ration loans (for those not disclosing income).

Loans were at a more punitive rate, but there is naturally no shortage of borrowers.

These more punitive are known as sub prime.

Jim Rogers, partly speaking his own book because he is short US builders, reported to Bloomberg, *"This was one of the biggest bubbles we've ever had in credit,"*. Jim Rogers was one of George Soros first partners on his Quantum hedge fund.

Rogers is an astute long term investor who has been long of commodities since 1999.

Investors are hoping for the famous Greenspan Put to bail them out, except now its Bernanke in charge. What is this?

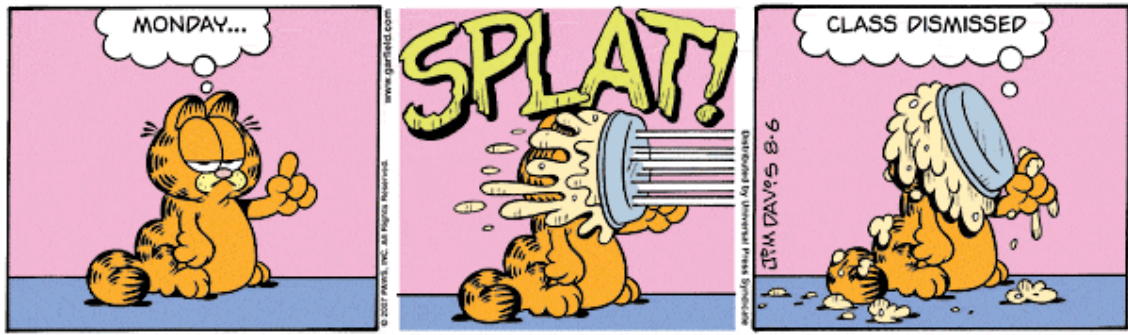
Well Greenspan was always quick to reduce interest rates and so prop up asset valuations.

Investors are hoping that this will happen again – rates were boosted back up 17 times to 5,25% where they have been held. No indication yet of whether they will fall.

Hmm, it's going to be a tough period for equities as liquidity is squeezed back. Great opportunity for patient investors looking for opportunities to buy assets at lower prices.

Source: Sharenet & Business Day

Garfield



Kind Regards

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