JOHANNESBURG STOCK EXCHANGE YEAR END REVIEW

JOHANNESBURG, 29 January 2010 – Final Johannesburg Stock Exchange market statistics for 2009 indicate that the number of trades on the spot equity market was up 20.4% year on year (2009: 21 million trades; 2008: 17.4 million).

Foreign investors were net buyers of R75 billion of equities during 2009, a swing of R130 billion on 2008 when investors worldwide liquidated equity positions to alleviate the liquidity squeeze caused by the global crisis. The positive trend was partly due to increased interest in certain emerging markets perceived to have been less affected by the global financial crisis than developed economies. This is also higher than the pre financial crisis levels of 2007 (foreigners were net buyers of R63.7 billion in 2007).

"Increased foreign inflows for 2009 indicated a confidence in South Africa's economic prospects," comments Russell Loubser, CEO of the JSE. Loubser says that emerging markets are likely to continue to have a more prominent role within global portfolios.

Despite increased trading volumes in the cash equity market, 2009 was a tough year for the JSE's equity and commodity derivatives markets due to the impact of the global financial crisis. On the equity derivatives market, 64% fewer contracts were traded due to investor uncertainty in the aftermath of the crisis and because Lehmans Brothers, previously a large player in the JSE's equity derivatives market, did not survive the fallout.

However the crisis also created opportunities for the JSE's equity derivatives market. As market regulators and participants worldwide recognised the role that risk management of over the counter (OTC) derivatives played in the crisis, trade in the JSE's non-standardised derivative instruments – called Can Do derivatives – jumped by 25%. Can Do contracts give institutional investors the risk-management advantages of listed derivatives with the flexibility of OTC contracts. Interest in Can Do products indicate that the growing use of these instruments may continue.

"The rise in demand for Can-Do futures is due to the JSE's ability to respond to specific client needs. The market will always require innovative products, but due to the aftermath of the global financial crisis they also require additional regulation, oversight and security which these on-exchange instruments give them," says Loubser.

The currency derivatives market continued to grow in 2009, with volumes of contracts traded climbing 29% over the previous year. Currency futures are a small contributor to total revenue.

The economic conditions of 2009 resulted in fewer listings and more delistings across most exchanges and the JSE was no exception. In 2009, 10 new companies listed on the JSE compared to 23 in 2009. AltX, started in 2003 to list young, fast-growing companies, contained 76 listed companies at end-2009 (end-2008: 77). This market remains a strong ongoing focus for the JSE.

"Though 2009 was a challenging year, South Africa's ranking in the World Economic Forum's 2009/2010 Global Competitiveness Review – as the sixth most sophisticated financial market –bodes well for offshore interest in our capital markets," says Loubser.

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About JSE Limited

As South Africa's only full service securities exchange, the JSE connects buyers and sellers in four different financial markets, namely equities, equity derivatives, commodity derivatives and interest rate products. The JSE Ltd offers the investor a truly first world trading environment, with world class technology, surveillance and settlement in an emerging market context. It is amongst the top 20 largest equities exchanges in terms of market capitalisation in the world.

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