

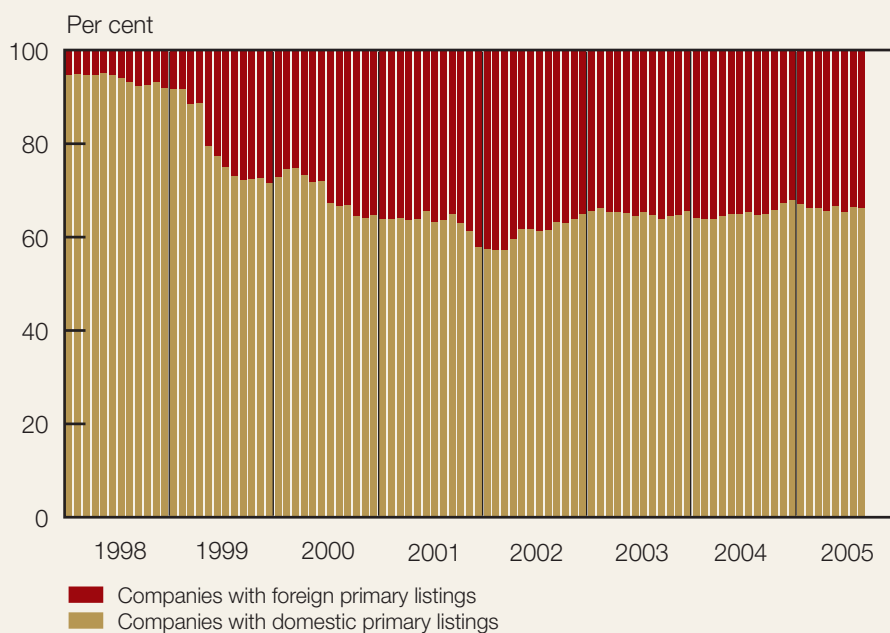
The impact of dual-listed¹ companies with primary listings on foreign bourses on domestic share prices

Price movements of companies with *primary listings on foreign stock exchanges* and secondary listings on the JSE were separated from companies with *primary listings on the JSE*. Price indices for the two categories were compiled and then compared to the movements in the all-share price index.

From January 1998 to July 2000 the number of companies with secondary listings on the JSE and primary listings on foreign bourses increased steadily from fourteen to twenty as these companies sought the financial, marketing and public relations benefits associated with off-shore listings. Since July 2000 the number of companies with foreign primary listings remained fairly steady and amounted to nineteen companies² at the end of August 2005.

The contribution of companies with foreign primary listings to the total market capitalisation of the JSE increased significantly from 5 per cent in January 1998 to 43 per cent in February 2002, receding to 34 per cent by the end of August 2005.

Contribution to market capitalisation of the JSE

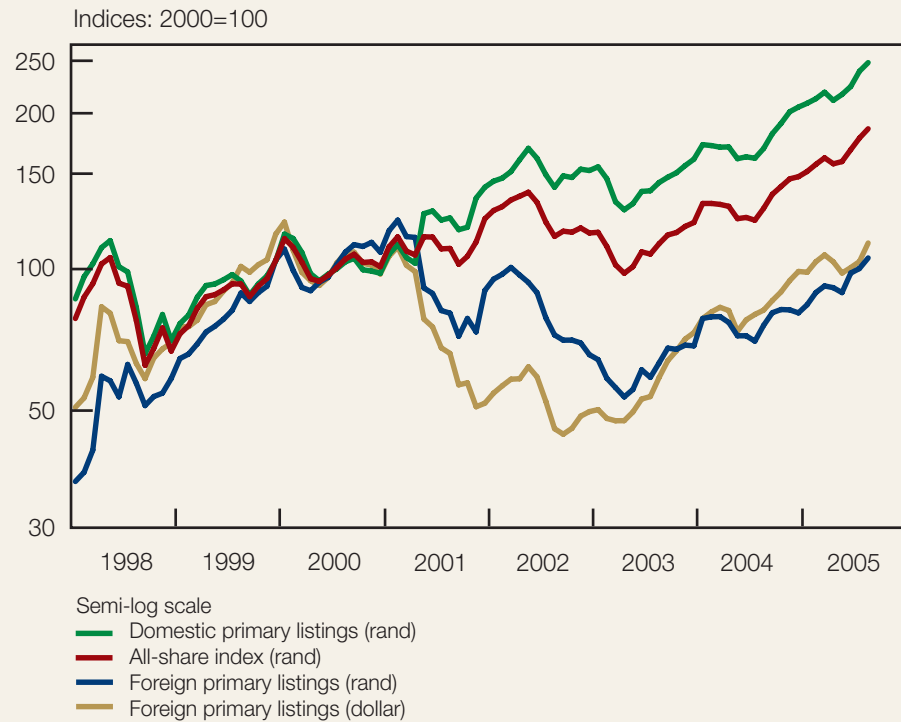


In recent years the share prices of companies with domestic primary listings benefited from declining interest rates, slowing inflation and accelerating growth in South Africa. The share prices of companies with foreign primary listings are generally influenced by earnings generated from business operations outside South Africa and reflect more closely the fundamental economic and market conditions in those economies, as well as the exchange rate effect of price conversion into rand.

The extent to which the share prices of companies with foreign primary listings influenced the all-share price index of the JSE varied over time. The share prices in rand of the foreign primary listed companies initially lent support to the domestic share market from January 1998 to February 2001, benefiting from, among other things, the depreciating exchange value of the rand. However, the rand-denominated share prices of the foreign primary listed companies subsequently fell from February 2001 to April 2003, initially accompanied by weaker share prices on foreign bourses and later largely in response to the appreciation of the exchange value of the rand. Since April 2003 the

recovery in the all-share price index was occasioned by broadly similar price increases recorded by companies with domestic primary listings and the price movements of companies with foreign primary listings. From April 2003 to August 2005 the monthly average all-share price index recorded an increase of 93 per cent as the share prices of domestic primary listed companies increased by 95 per cent, appreciably more than the 88-per-cent increase in the share prices of foreign primary listed companies.

Share prices



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- 1 Companies listed on more than one exchange. A primary listing is the official quotation of a company's share price on its home exchange whereas a secondary listing is the quotation of such share prices on an exchange other than the company's home exchange.
- 2 The list includes ten plc companies, such as Anglo American and Old Mutual, listed on the London Stock Exchange. The nine non-plc companies with foreign primary listings include Richemont Securities listed on the Schweizer Borse Swiss Exchange, Wankie Colliery and Bicc Cafca on the Zimbabwe Stock Exchange, Namibian Sea Products on the Namibian Stock Exchange, Brait SA, Conafex Holdings, Halogen Holdings and Monteagle Holdings on the Luxembourg Stock Exchange and Aquarius Platinum on the Australian Stock Exchange.