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# Investors Leaving S. Africa

## Australia and Canada Gain

By Sten Stovall  
Reuters

LONDON — Foreign investors, unnerved by the unrest in South Africa, have begun pulling their money out of the country and putting it in other financial centers, especially those offering alternative gold investments, analysts and stockbrokers say.

Australia and Canada particularly have seen strong inflows of funds after the imposition of a state of emergency in South Africa and the resulting ban by France on new investments there. The effects were most pronounced in Australia, where gold stocks soared to record highs.

And although analysts are reluctant to estimate the flow — believed to be coming mainly from the United States and Europe — they can see no immediate end to it.

A divestment of South African securities by foreigners was reflected in hefty increases in turnover on the Johannesburg Stock Exchange. An analyst with the London brokerage firm James Capel & Co. said: "What initially seemed a moderate stream apparently turned into a flood, as bargains rose from some 3.5 million per day at the start of the week to over 5 million on Thursday and Friday."

The end of the week brought a slight recovery for South African gold shares, but that was seen as a technical correction backed by bargain hunting at the lower levels.

Worries also spilled onto foreign exchanges last week, putting intense selling pressure on the rand and prompting currency dealers in London to wonder whether a devaluation of the currency is imminent.

The rand finished a volatile day of trading in Johannesburg on Friday at around 49 cents, down more than a cent from the previous finish. The battered unit had earlier fallen to nearly 47 cents, but then climbed back, apparently with the help of the South African central bank.

"The weakness of the rand suggests that nonresidents were heavily selling stock holdings back to South Africans, then exchanging

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# Investors Pulling Out Of S. Africa

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rands received for other currencies," one London analyst said.

That may help explain why Randfontein, a major South African gold share, saw its London price end the week \$16 below the previous Friday's level.

In Australia, incoming funds from foreigners have inspired resident investors. "Together they have helped spark an overall stock market rally, which sent the Sydney All Ordinaries Index to record peaks," said a London analyst specializing in Australian stocks.

Canada, the world's third-largest gold producer behind South Africa and the Soviet Union, should also continue reaping gains from South Africa's loss of investor confidence.

David James, a Winnipeg-based analyst of Richardson Green-shields of Canada Ltd., believed that to be true, not least because Canadian gold stocks are well known overseas and are an excellent alternative for South African gold investors.

The gold index on the Toronto Stock Exchange, Canada's largest, last week rose to its highest levels since June 1984, despite a softer tone in bullion that, unlike gold shares, has been trading in a narrow range recently of between 316 and 319 dollars (about \$236).

Analysts said European institutional gold investors are now especially nervous about South Africa and want to reduce their holdings there.

