

TRADER TALK

Global Markets

Mixed trading characterised the activity in global equity markets as stocks edged to new intraday highs but closed lower on the back of profit taking during trading sessions. U.S. equity markets initially gained in confidence particularly during Thursday afternoon trade as positive economic data was announced (initial jobless claims dropped by 9,000; the trade balance narrowed by \$84.5 billion). U.S. home foreclosures were however reported to have doubled for the month of September as compared to the same period last year, and the U.S. monthly budget increased from \$56.2 billion to \$111.6 billion. The negative news coupled with a statement by an ECB governing council member, that the Bank may need to increase interest rates to control inflation, saw the Dow closing 0.5 percent lower from a new high of 14715.75. The S&P also slid 0.5 percent, while the NASDAQ fell 2.7 percent. European equity markets also fell given the lack of bullish sentiment at the close of the U.S. markets. The FTSE 100 traded 0.77 percent lower during Friday morning trade, the DAX and CAC 40 closed 0.58 and 1.27 percent down respectively. Asian stocks also took direction from the Wall Street reversal, with the Nikkei falling 0.8 percent, the Hang Seng dropped 1.9 percent and Australia's ASX 200 index slid 0.8 percent.

SA Markets

Local news was dominated by The Reserve Bank's decision to increase rates by 50 basis points sparking a 400 point drop in the ALSI on Thursday. The market showed its resilience however, regaining 200 points before the close.

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Although the hike has been met with some criticism (especially from the banking and retail sectors) it was clear that inflationary pressures had spread outside of food and energy sectors and that a final hike was needed to bring inflation in line with targets. As this goes to press the ALSI is down 513 points on the back of a sharp downturn of The Dow at the back-end of the US session and will be looking for direction from this market towards the close with PPI figures coming out of the US.

Kind Regards,
The Global Trader Team

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