

TRADER TALK

Global Markets

The global equity markets started the week on a fairly quiet note as investors awaited the US Feds decision on interest rates. A 25 basis point cut in rates was announced, changing the rate from 4.75 to 4.5 percent. Although the cut was widely anticipated by the market and a 3.9 percent growth in US GDP had been reported for the third quarter, fresh concerns about the sub prime market surfaced, sending all bullish sentiment through the window.

The Dow fell 300 points on Thursday (the most in 2 weeks) on the back of negative foreclosure data, the CIBC World Markets downgrading of Citigroup from sector performer to underperformer and Exxon Mobil's 10 percent fall in profits as higher oil prices failed to offset lower natural gas prices and refining and chemical margins.

In other markets, gold fell from the highest price since 1980 as the Dollar rebounded, reducing the appeal of the precious metal as an alternative investment. Gold generally moves in the opposite direction of the Dollar which rose from Wednesday's record against the Euro on speculation the Fed won't cut rates again this year. Crude oil came off its US\$96 per barrel highs, but still traded above \$93.

SA Markets

The ALSI was fairly range bound for the first 3 days of the week but was sparked into action on Thursdays open as markets took relief from the Fed's 25 bps rate cut. The gains were short lived however as negative sentiment reigned in the bulls and the market pulled back more than a 1000 points taking queues from the US market

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that was negatively impacted by sub prime concerns and poor Exxon Mobil results.

On a negative note, South Africa slipped out of the top 30 on the IMD survey of the world's most competitive nations for the 1st time in 5 years with trade barriers, Tuberculosis and a lack of higher education causing concern. The US regained the top spot edging out Switzerland. Steinhoff was the top gainer for the week climbing 5.67 percent and Harmony's sale of 2 assets was positively received and gained 4.85 percent. On the downside Murray and Roberts was the biggest loser as funds re-weighted the construction sector and banks took a knock as profits were taken following the gains made last week.

Kind Regards,
The Global Trader Team

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