

## TRADER TALK

### Global Markets

Yet another volatile week for the global financial markets with the U.S. equity markets registering significant lows at the beginning of the week and then recording the largest percentage leap so far this year. U.S. stocks tumbled on Monday despite upbeat holiday sales during the Thanksgiving period as credit worries continued to dog the markets. Questions around the Fed's involvement in the ailing mortgage-lender Countrywide Financial led the Dow 237 points (1.8 percent) lower, while the S&P and NASDAQ slid 2.3 and 2.1 percent.

On Wednesday, market sentiment changed after the Fed's Deputy Chairman bolstered hopes for an additional interest rate cut in December. The Dow climbed 2.5 percent, its largest percentage leap this year. A quote that best described investor sentiment during the rally, read: "Bad news from the financials is no longer a catalyst for fear, panic and indiscriminate selling". This euphoric feeling was somewhat sustained; with the markets making tepid gains from Thursday close into Friday morning trade against non-committal remarks on the interest rate outlook by the Fed Chairman, Ben Bernanke.

In Europe, the FTSE edged up 0.1 percent, the DAX rose 0.3 percent and the CAC inched 0.2

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percent higher as the markets interpreted Bernanke's remarks as not ruling out a December rate cut in the U.S. The Asian equity markets also took direction from the Bernanke's speech, closing higher on Friday trade. The Heng Seng rose 0.6 percent, while the Nikkei and S&P/ASX also closed 0.9 and 1.3 percent higher.

### **SA Markets**

Perceived political instability saw a mass exodus of foreign investment during the first half of the week with the TOP40 giving away 1200 points. PPI and CPI figures, coupled with Private Credit Extension did little to assuage investors, exceeding forecasts and cementing in a further rate hike next week.

The story of the week however, was that talks between Telkom and MTN have fallen apart. MTN gained over 13% on the news with foreign players re-entering the market, while Telkom contrastingly gave up 10%. Resource stocks also rallied towards the end of the week with Anglo and BHP Biliton leading the way. Platinum miner Lonmin after a strong rally pulled back to settle around the R460 mark.

Kind Regards,  
**The Global Trader Team**

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