

## TRADER TALK

### Global Markets

Sub prime issues, liquidity and credit crunch concerns continued to dog the markets as just two days after the Fed cut interest rates by 25 basis points to 4.25% , The Fed, ECB, BoE, BoC (Bank of Canada) and the SNB (Swiss National Bank) announced that they would make coordinated liquidity injections to ease pressures in short-term funding markets. Against this backdrop, Wachovia, BoA (Bank of America) and Citi Bank, rolled out bad news about write downs and results. Wachovia doubled its estimates of loan losses to about \$1 billion for the fourth quarter, while BoA warned of bigger than expected write downs and disappointing fourth quarter results.

Moreover, Citi Bank announced that it would absorb \$49 billion worth of SIV assets damaged by the sub prime mortgage meltdown into its balance sheet – a move that could significantly cut into the bank's capital base. The global equity markets traded mixed through out the week as investors and analysts alike tried to digest the somewhat conflicting market data regarding the outlook of the US economy - increasing the volatility of the markets.

### SA Markets

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A volatile week for the local bourse despite a significant slow down in market activity as the holiday season draws near. The ALSI Dec futures experienced a huge slump during Thursday trade, dropping about 870 points. The fall was on the back of worse than expected U.S. PPI figures, concerns about a slowing U.S. economy, as well as the unwinding of hedge positions by local and international fund managers as the December futures contracts near expiry.

However, during Friday's morning trading session the ALSI Dec contract had recovered by 175 points. Local economic data to look out for next week include CPIX data for November and Retail Sales figures, to be released on the 19th of December and PPI data out on the 20th.

Kind Regards,  
**The Global Trader Team**

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