

## TRADER TALK

### Global Markets

This week's financial headlines were dominated by the European Central Bank (ECB) and Bank of England (BOE) rate decisions and further data illustrating a slow down in the US economy. European rates were held and the BOE cut rates 25 bps both in line with market expectations. Rate cuts (used as a mechanism to prop up the economy) will be carefully monitored as inflation becomes more of an issue.

Jobless Claims and Vehicle Sales data out of the US tended to the downside but the market was propped up on Thursday by pending home sales that gave the market brief respite. These home sales numbers were still negative although less than last month's numbers.

### SA Markets

The Rand continues to weaken against major crosses reaching R7.83 against the US dollar and R15.02 against the pound. This, coupled with high resource prices, resulted in the ALSI trading higher by 5% on Wednesday after giving up 8% during the first two days of the week in line with global markets. Power concerns continue to trouble resource companies as supply is impossible to predict and AngloGold fears a R2.8 billion drop in production.

Platinum mines surged in line with reduced supply and the recent record platinum highs driving the major counters with Implats up 20% for the month and Lonmin and AngloPlats up 3.5 and 7% respectively. BHP Biliton's increased offer (3.4 shs) for London based Rio Tinto

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resulted in the stock falling 8.5%. This deal has been met with the opposition of Chinalco, a Chinese state funded aluminium producer that recently purchased a stake in Rio Tinto.

SA banks have traded to the downside over the past week with Standard Bank off 7%. With the Industrial and Commercial Bank of China's purchase of 20% of Standard bank going ex on the 25th of Feb, it will be interesting to monitor this stock next week.

Kind Regards,  
**The Global Trader Team**

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