

TRADER TALK

Global Markets

The weak dollar saw itself under continued pressure this week. The week that was, witnessed new record lows against the Euro and Sterling. The Sterling breached \$2 for the first time since December 2007 after the ECB and BOE kept their benchmark interest rates on hold. Fueled speculation that the Fed could cut rates again does not bode well for a dollar recovery.

The surge in commodities seems to have lost some momentum this week although they are still within their well defined bull ranges. \$1,000 per troy ounce of gold still occupies the minds of many investors and is deemed more achievable after this week's high of \$992 per ounce. Oil broke to record highs this week on the back of the weaker dollar with near dated Brent Crude future testing \$103.00. Whilst demand for commodities seems unabated, one cannot help but feel like a correction is forthcoming. That said, investors should brace themselves as current conditions certainly bode well for increased volatility.

The international equity markets were negatively influenced with the latest wave of credit market woes. Initial Jobless Claims came out slightly stronger than expected but this wasn't enough to prop up the Dow Jones which is off 2.3% for the week.

SA Markets

Commodity prices continue to prop up the ALSI

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with gold and platinum near all time highs. Harmony and Goldfields lead the gainers this week, both up close to 20%. Financials and construction companies appear to be pulling back from their recent highs as profits are taken and investors rotate their portfolios into resources. This has resulted in Firststrand pulling back 13% this week despite a pleasing set of results. Aveng, Investec and PPC are also among this week's losers.

Delayed PPI figures were inline with forecasts raising inflationary concerns and probably cementing a further rate hike. This did little to quell the market with the big counters leading the way and Anglo American posting an all time high of R554.00 this morning.

Kind Regards,
The Global Trader Team

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