

### Outlook for the day

Despite the additional traction in the US in overnight trade the slightly inconsistent tone in the Asian Pacific region, a marginally firmer Rand from a tonality perspective and short-term technical considerations will conspire to inhibit initial support for the JSE. The very short-term trading position remains overbought indicating that the vulnerability to profit taking hinges almost entirely on the US market's interpretation of today's non-farm payroll data. Given the elevated short term position any bearish sentiment in this regard would contribute to further profit taking on the JSE. Heightened levels of risk control are now appropriate

### Exchange rates

Latest Rates	Spot	Move
USD/ZAR	15.25	v
GBP/ZAR	20.52	v
EUR/ZAR	17.62	v
CHF/ZAR	16.73	v

- Bonds boost
- Peloton rout
- Asia property drama and oil edges up
- Google invests in exchange giant
- Municipal elections

Here's what's moving markets.

## South Africa

### Municipal elections

For a general overview and commentary one can look at JP Landman's Election Results <http://www.jplandman.co.za/Home/Read/585>.

### Google Invests \$1 Billion in Exchange Giant CME, Strikes Cloud Deal

Alphabet Inc.'s Google has invested \$1 billion in futures-exchange giant CME Group Inc. and struck a deal to move the company's core trading systems to the cloud. The companies said Thursday that their 10-year partnership would allow CME to bring on new users faster, streamline operations and develop new tools with Google technology, such as artificial-intelligence software for monitoring market risks. The CME deal gives Google Cloud a prize client in the sector. With a market capitalization of \$79.2 billion, CME is the world's most valuable exchange operator, a title it recently reclaimed from Hong Kong Exchanges & Clearing Ltd.

### **Bond Boost**

Global bond markets extended a rally that kicked off after the Bank of England's surprise decision to keep interest rates on hold (though the real surprise was the 7-2 vote split). Short-duration securities were impacted most, with Australia's three-year yield tumbling. The U.S. five-year yield dropped to near a three-week low, as yields on similar-maturity U.K. gilts sank the most since the Brexit vote. Central bank policy is looking like a minefield.

### **Peloton's Plunge**

Peloton Interactive, the fitness company best known for its exercise bikes and remote classes tumbled as much as 30% in afterhours U.S. trading as it cut its annual revenue forecast by as much as \$1 billion and lowered its projections for subscribers and profit margins. People heading back to gyms is hurting demand for the company's equipment, while it faces the same supply-chain constraints as everyone else. Even before the update, the stock was down about 40% this year.

### **Kaisa's Woes**

There was more drama in Asian property debt markets as Kaisa Group and its Hong Kong-listed units were suspended from trading, a day after the Chinese developer flagged liquidity pressure and said it missed payments on wealth products it guaranteed. The sector is facing a cash crunch following a government campaign to reduce leverage. That's been made worse by a slump in home sales. Kaisa's woes come about two months after China Evergrande faced protests from investors demanding overdue payment.

### **OPEC+ Reaction**

Oil pared a recent decline as investors assessed a potential supply response from the U.S — which may include the release of strategic reserves — to a gradual hike in production from OPEC+. Futures in New York rose near \$80 a barrel after losing more than 6% over the past three sessions. After a brief meeting, the alliance agreed to boost output by 400,000 barrels a day in December, maintaining its modest pace of monthly increases. Oil volatility will probably rise, according to Goldman Sachs.

### **Coming Up**

- European stocks look set to open steady, after declines in Asia.
- It's a quieter day for big earnings, though airline group IAG and renewables giant Siemens Gamesa report from Europe.
- Carmaker Honda cut its forecast in Asia earlier. Meanwhile, the U.S. employment report is expected to show job growth accelerated in October, while investors will also be watching comings and goings at the Fed, with Chair Jerome Powell reportedly seen visiting the White House and a decision expected soon on whether he'll be offered another term.



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