

## Outlook for the day

Despite workmanlike traction in the US yesterday evening the JSE looks set to exhibit a degree of inconsistency at the commencement of today's session as the rather lacklustre and mixed tone in the Asian Pacific region and short term technical conspires to inhibit early trading action. The technical position of short term metrics on the JSE-ALSH, JSE-TOPI and JSE-INDI remains elevated at this juncture with a heightened probability of profit-taking from current levels.

While short term trading exposure may be retained additional exposure at current levels should be avoided primarily from a risk control perspective.

## Exchange rates

| Latest Rates | Spot  | Move |
|--------------|-------|------|
| USD/ZAR      | 15.42 | ^    |
| GBP/ZAR      | 21.96 | ^    |
| EUR/ZAR      | 17.87 | ^    |
| CHF/ZAR      | 16.94 | ^    |

## South Africa

### IEC dashboard at 0710

### Nation-wide % tally

ANC (46.42), DA (22.25), EFF (10.09), IFP (4.5), VF (2.72), PA (1.06), IND (1.58), GOOD (0.82), ATM (0.68), UDM (0.57), OTHER 8.42).

### Councils

Hung 35, Controlled 68, Not yet calculated 110, Total 213

ActionSA only contested in some Gauteng and KZN metros where, especially in Johannesburg and Soweto, it did well enough to be a likely partner in coalitions.

### After Soweto, whither the middle classes?

If you want to see the future, look at Soweto! This may be a rough and ready indicator and, as Gareth van Onselen pointed out, the black middle class is not so dependent on the ANC for patronage and survival handouts so has a different outlook. It remains to be seen whether ActionSA is a permanent home or a passing abode. Maybe its message to Ramaphosa, who actively canvassed them in 2018, is "No New Dawn, no support!"

### ANC and DA lose to smaller regional and cultural groupings

As the DM's Wayne Sussman pointed out the gainers in votes seem to be smaller parties with distinctive identities although, if they were long established, like the UDM, they did not get very far.

### **Watch ANC coalition choices**

Unlike sometimes in the past, the ANC will do coalitions with the governing principle presumably “delivery” as oft emphasized by Ramaphosa recently. This could of course serve as fig leaf for coalitions with the EFF in, for example, Ekurhuleni where RET reigns.

### **Avis Stock Surges on Strong Results, Brightening Rental-Car Outlook**

Avis Budget Group shares gained 108.3% driven in part by third quarter results that beat analysts’ expectations and included a record adjusted pre-tax profit of \$1 billion. Earlier in the day, shares traded as high as \$545 a share, putting pressure on short sellers. Meanwhile, Tesla shares slipped \$36.59, or 3%, to \$1,172 after Chief Executive Elon Musk said on Twitter that the electric car maker hasn’t yet signed a deal for Hertz to buy its vehicles. Tesla’s shares surged last week after Hertz said it had ordered 100,000 cars. Avis also said it was executing on plans to add more electric vehicles to its global rental fleet and will announce those plans when they are ready. Avis has said it plans to reduce the company’s greenhouse-gas emissions by

### **Taper Time**

Federal Reserve policy makers are expected to announce later that they will start scaling back their massive asset-purchase program amid greater concern over inflation. Nearly two-thirds of economists surveyed expect the slowing in bond buying to begin this month, with most of the rest looking for a December kick-off. “I do think it’s time to taper,” Fed Chair Jerome Powell said last month. Officials have said rate hikes won’t be on the table until the bond-buying program ends, although investors are projecting more than two quarter-point increases by early 2023.

### **Li Warning**

China’s economy faces new downward pressures and must cut taxes and fees to address the problems faced by small and medium-sized companies, according to the country’s Premier Li Keqiang. Li did not specify the extent of the new “downward pressure” or its cause, but the phrase is generally used by Chinese officials to refer to a slowing economy. It’s also associated with a more conservative fiscal and monetary approach. Chinese stocks slipped.

### **Oil Slides**

Oil fell as the U.S. increased pressure on OPEC+ to boost supplies. West Texas Intermediate sank 1.6% after easing 0.2% on Tuesday as Brent also dropped. President Joe Biden blamed the alliance for fuelling inflation ahead of its meeting Thursday to set output policy. Separately, Secretary of State Antony Blinken pressed the United Arab Emirates for increased supply. Crude has soared in 2021 as demand rebounded, draining stockpiles, with WTI up about 70%.

### **Ukraine Tensions**

Tension is growing in eastern Ukraine as reports mount of Russia building up its military forces across the border of the former Soviet satellite nation. Satellite photos confirm Russia is again massing troops and military equipment in the region, according to Politico, while the Organization

for Security and Cooperation in Europe says there were almost 1,000 violations of the agreement to cease hostilities in Ukraine's Donetsk between the evenings of Oct. 29 and Oct. 31.

### Coming Up

- COP26 continues after Leonardo DiCaprio stole the show yesterday, while Biden said China made a big mistake by skipping the climate event.  
9High profile earnings come from retailer Next and Italian bank Intesa Sanpaolo.
- In data, look out for services PMIs from several countries in the coming days, as well as U.K. housing price statistics this morning.
- Finally, for currency traders, the Polish central bank is expected to raise rates.

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