

Outlook for the day

Yesterday's improved traction on the JSE was insufficient to alter the near term technical picture in a meaningful manner. In spite of the overnight traction in key US indices the slightly inconsistent tone in the Asian Pacific region and relative resilience in the Rand will undermine the early tonality for today's session with some inconsistency and a marginal bias to the downside likely at the outset. Short term metrics on the JSE-ALSH, JSE-TOPI and JSE-INDI remain overbought at this juncture indicating that adding exposure should be avoided at current levels. A degree of circumspection is appropriate and heightened awareness regarding risk control on short term positions remains appropriate.

Exchange rates

Latest Rates	Spot	Move
USD/ZAR	14.92	v
GBP/ZAR	20.26	v
EUR/ZAR	17.32	v
CHF/ZAR	16.33	v

McAfee to Be Acquired by an Investor Group for over \$14 Billion

McAfee Corp., a global leader in online protection, announced it has entered into a definitive agreement to be acquired by an investor group led by Advent International Corporation ("Advent") and Permira Advisers LLC ("Permira"), Crosspoint Capital Partners ("Crosspoint Capital"), Canada Pension Plan Investment Board ("CPP Investments"), GIC Private Limited ("GIC"), and a wholly owned subsidiary of the Abu Dhabi Investment Authority ("ADIA") (collectively, "the Investor Group"). As part of the transaction, the Investor Group will acquire all outstanding shares of McAfee common stock for \$26.00 per share in an all-cash transaction valued at approximately \$12 billion on an equity value basis, and over \$14 billion on an enterprise value basis after giving effect to repayment of McAfee debt.

Bitcoin Record

Bitcoin jumped past \$68,000 for the first time to a new all-time high, part of a wider recent rally in the cryptocurrency sector. The climb in cryptocurrencies overall has taken their combined value above \$3 trillion. Bitcoin hit its October record following the launch of the first Bitcoin-linked exchange-traded fund for U.S. investors.

Perilous Plunges

Meanwhile, the Federal Reserve is warning that prices of risky assets keep rising, making them more susceptible to perilous plunges if the economy takes a turn for the worse. The central bank said stablecoin threats are growing, that fragility in China's commercial real-estate sector could spread to the U.S. if it deteriorated dramatically, and that "difficult-to-predict" volatility similar to this year's meme-stock frenzy could become more frequent as social media increasingly influence trading.

Fed Chair

Also, Federal Reserve Governor Lael Brainard is said to have interviewed for the top job at the U.S. central bank when she visited the White House last week, signalling that Chair Jerome Powell has a serious rival as President Joe Biden considers who will lead the Fed for the next four years. Powell and Brainard are the only people who have publicly surfaced as being in the running for chair.

Recovery Continues

Elsewhere, French economic activity reached a level in August not seen since before the Covid-19 pandemic and has continued rising since, aided by a strong recovery in the service sector. The French economic activity expanded apace in recent months after the removal of Covid-19 restrictions unleashed a boom in consumer spending.

Winning Streak

Asian stocks look set to rise after U.S. equities extended a winning streak on optimism that the economic recovery can weather inflation risks. The dollar and Treasuries declined. Futures for Japan, Australia and Hong Kong climbed. The S&P 500 edged higher for an eighth session, the longest winning streak since 2017. Elsewhere, crude pushed higher, gold was around the highest in two months and Bitcoin traded around \$66,200, not far from the all-time peak set in October.

Global holdings of Chinese stocks rise by \$120bn in 2021

The FT calculates that exposure to renminbi securities exceeds \$1.1tn despite the crackdown and market tumult. It also shows investors are reaching into mainland Chinese markets directly rather than through financial instruments listed in global hubs like New York and Hong Kong.

South Africa

Wild dogs closing in on wounded buffalo and calf

Analysts are outdoing themselves with their descriptions of what's going on and one of the better ones is John Endres and Michael Morris's likening of the party led by someone sometimes nicknamed MacBuffalo to an old buffalo and its little calf the EFF. "It is not a single mighty lion" that will bring them down but "a whole pack of wild dogs who have smelled the weakness and fear and who are on their trail." The pack includes the DA, ActionSA, Freedom Front Plus, ACDP, IFP and other smaller parties which for all their differences... [on] a range of ... issues share a range of centre-right to liberal values." They didn't say wounded, which the ANC certainly is, but the dogs will better able to handle the ambush which has felled many a lone hunter. BD.

Mashaba says DA must drop arrogance if they are to cooperate

No one said coalitions were going to be easy and, judging by Mashaba's complaints about the DA not getting back to him on Monday as it had promised, the wild dogs have yet to learn to hunt as a pack. BD.

Eskom: De Ruyter to stay in post

Cyril Ramaphosa refused to accede to the Black Business Council's demand that he fire the Eskom CEO as it was tired of hearing that its problems were due to state capture and it was clear the management was out of its depth: it had failed on its promise to diminish load shedding. Netwerk24.

Eskom: maintenance would end load shedding in 3 years

Paula Goatley, an Eskom veteran and acting head of maintenance took journalists on a tour of the Lethabo power station and said that comprehensive maintenance would end load shedding. Money would however be required as the spare parts would have to be custom made and would take two years to arrive. Netwerk24. This is what happens with old technology.

Eskom: building on Kusile units stopped

Tenova has the contract to build conveyor belts at Kusile and is in dispute with Eskom and has stopped work as Eskom says it has been overpaid R500m. Netwerk24.

Eskom: disruptions to last at least until end of week

Hopefully load shedding will be downgraded to level 2 on Saturday. BD.

City of Johannesburg: did it get its R280m for prime land above Sandton Gautrain station?

Daily Maverick's Amabhungane is unravelling what happened since 2008. When he was mayor Herman Mashaba said the deal was "not only absurd, but highly suspect".

Coming Up

In Europe, AB Foods, Bayer, Munich Re and Porsche are among the larger firms reporting earnings. Doordash, Nio, Biontech and Palantir among the other names giving results in the U.S.

- Meanwhile, Federal Reserve chair Jerome Powell is among speakers at the Conference on Diversity and Inclusion in Economics, Finance, and Central Banking, with heads of the BOE and Bank of Canada also speaking.
- ECB President Christine Lagarde speaks at a ECB Forum on Banking Supervision event.

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