

Outlook for the day

Despite the modest support from the weaker Rand the combination of a touch of overnight weakness in the US, inconsistency in early morning US futures trading action and a slightly downbeat tonality in the Asia-Pacific region will conspire to create marginal weakness at the commencement of today's session. The improvement in the Tencent share price will provide a degree of cushioning but this could well be insufficient to hold the domestic market in the green. Short-term technical metrics on several indices remained much overbought diminishing the current risk reward scenario for adding short term trading exposure

- Tesla's \$199 billion drop,
- Supply chain bottlenecks,
- Macron's potential candidacy and
- U.S. sees oil prices falling.

Here's what's moving markets.

Exchange rates

Latest Rates	Spot	Move
USD/ZAR	15.09	v
GBP/ZAR	20.46	v
EUR/ZAR	17.52	v
CHF/ZAR	16.53	v

Wild Ride

Tesla lost about \$199 billion in value during its biggest back-to-back selloff since September 2020. That was amid a host of negative news like Elon Musk's Twitter poll and his brother selling shares a day just before the tweet. The Tesla CEO has lost \$50 billion so far this week in the biggest two-day decline in the history of the Bloomberg Billionaires Index.

Managing Bottlenecks

President Joe Biden spoke with the chief executive officers of Walmart, UPS, FedEx, and Target to discuss easing supply chain bottlenecks. Biden and the executives talked about potential moves to speed up deliveries and lower prices. The executives told the president that store shelves will be well stocked for the holiday season.

Macron's Candidacy

Emmanuel Macron sought to rally the French and encourage them to get vaccinated while presenting a bright outlook for the economy in a national address five months before the presidential election. Macron still hasn't confirmed he'll be running again in April, but his teams are working on the campaign and his statements about French unity during the appearance suggests he's getting ready to announce his candidacy.

No Release

The U.S. government projected that the global oil market will become oversupplied, and prices will fall by early next year, cooling expectations that the White House may tap the nation's emergency reserves. Separately, an industry report showed a decline in U.S. inventories last week. Oil gained.

General Electric to Split into Three Public Companies

General Electric Co. said it would split into three public companies, breaking apart the more than century-old company that was once a symbol of American manufacturing might and has struggled in recent years. The plan is being unveiled three years after Larry Culp took over the troubled company and tried to stabilize its operations by selling off business units and paying down the company's debt load. But GE's stock price, despite a 1-for-8 reverse split, has lagged the S&P 500 and rivals.

South Africa

De Ruyter tells it like it is

The Eskom CEO faced a hostile media yesterday and said he didn't think changing the jockey on a dead horse was a good idea and would not resign as demanded by some politicians and trade unionists but would only do so if the board asked him to. He related all the well-known problems such as shortages of experienced engineers and other skills, poor quality of work by contractors plus the more recent cheating by municipalities including Joburg ahead of the elections.

\$8.5bn COP26 details to be finalised within 6 months

Barbara Creecy says SA the joint negotiating team to be set up between SA and the US, UK, France, Germany, and the EU will finalise the financing modalities within 6 months. (Let's diarise to see if this is a minister who keeps her promises). The RMB CEO, James Formby, says private sector funding usually makes up 75% of such deals so up to 3 times the R130bn could be provided by pension funds and other investors could be obtained.

Coming Up

- European's stocks are pointing lower, following a drop in Asia where Chinese producer price data added to global inflationary concerns.
- The big earnings keep coming, with Allianz, Adidas, Credit Agricole, Continental, ABN AMRO.
- Marks & Spencer and Infineon reporting in the U.K. and across Europe. Tencent will also update, providing insight into the impact of China's tech crackdown.
- Disney is the highlight of the U.S. reports. Elsewhere in the U.S., CPI, initial jobless claims, and the official tally of crude inventories will be closely watched.



The content is for general information purposes only

Any information herein is not intended, nor does it constitute financial, tax, legal or investment advice.

The material is considered marketing communication and does not contain and should not be construed as containing guidance or recommendations, or an offer of solicitation for any transactions in financial instruments.

All rates quoted are the interbank rates at the time of publishing and are shown for indicative purposes only.

Important to note that rates will vary depending on the amount and product bought and sold.

<http://pmkgroup.co.za>