

Outlook for the day

Despite the lacklustre turn in US markets during Friday's session and a degree of inconsistency in the Asian Pacific region, the improved performance of the US futures market in early morning trade is likely to inhibit downside on the domestic market. The JSE remains modestly overbought on weekly charts with the 12-week rate of change indicator on the JSE-TOPI chart holding at the upper end of its parameter as the index exhibits a substantial premium versus the 200-week moving average. At this juncture there is no evidence of decisive selling pressure but heightened alertness regarding race control remains appropriate.

- Bitcoin losses,
- Omicron concerns,
- U.S.-Russia tension,
- And Didi's wild ride.

Here's what's moving markets.

FT notes SA moving slowly to a post ANC future

The FT has not paid much attention to the SA elections but notes that the ANC which has been floundering for years, has seen its support fall below 50% and this may happen again in 2024. The FT editorial board notes that Ramaphosa has tried to stop the rot, but progress has been glacial, and the voters have given him a yellow card. After describing the fractured opposition scene and noting that the DA was in shambles and Malema's hero was Hugo Chavez, the FT says "out of this mess, South Africa needs to conjure a political force capable of performing a near miracle. The country needs radical solutions to gaping inequalities, yet ones that do not frighten business. Its problems cannot be solved with the economy shrinking. It desperately needs private sector growth."

Worst Wounds

Bitcoin has joined a rout in some of the riskiest assets amid the emergence of the omicron variant and a hawkish pivot from the Federal Reserve. The digital currency has slumped over 20% since the beginning of last month, joining losses in speculative corners of the market such as meme stocks, IPO companies and SPACs. Retail dip-buyers -- whose willingness to stand firm amid turmoil has helped power the S&P 500 to a 21% gain in 2021 -- look like they are standing back. Bitcoin is currently trading around \$49,000, down from a high of over \$67,000.

Omicron Concerns

The omicron variant spread among two fully vaccinated travellers across the hallway of a Hong Kong quarantine hotel, underscoring why the highly mutated coronavirus strain is unnerving health authorities. Meanwhile, the scientist behind the Oxford/AstraZeneca Covid-19 vaccine will warn the U.K. should remain cautious until officials know the effects of the new variant because it is so easy to pass on. Goldman Sachs already cut their forecasts for the U.S. economy this year and next after over the variant's effect on growth.

AmEx Global Business Travel Going Public Through Merger with SPAC

American Express Global Business Travel is merging with a blank-check company backed by Apollo Global Management Inc. to go public with a roughly \$5.3 billion valuation, the companies said. A travel-booking services provider for corporate customers, AmEx Global Business Travel is 50% owned by American Express Co. It is combining with the special-purpose acquisition company Apollo Strategic Growth Capital. The Wall Street Journal previously reported the two sides were nearing a deal.

Dinner Tension

U.S. Secretary of State Antony Blinken and Russian Foreign Minister Sergei Lavrov are said to have had a testy exchange over Ukraine at a dinner with dozens of their colleagues this week. The verbal tension erupted as the U.S. and its European allies seek ways -- including possible sanctions -- to counter the threat of a Russian invasion of Ukraine after President Vladimir Putin's troop build-up on the neighbouring country's border.

Perilous Bet

Didi's gut-wrenching ride on Friday -- triggered by its announcement of plans to switch its listing to Hong Kong from New York just five months after going public -- shows how perilous betting on Chinese equities remains more than a year into Xi Jinping's campaign to remake the country's tech sector along with much else in Asia's largest economy. The question remains: How much pain is Xi willing to inflict on investors as he tightens his grip on the data-rich private sector and tries to make China's economy more equitable?

Exchange rates

Latest Rates	Spot	Move
USD/ZAR	16.05	-
GBP/ZAR	21.20	v
EUR/ZAR	18.10	v
CHF/ZAR	17.45	^

South Africa

Colin Coleman: leaders of society should be summoned to design an emergency response

The former Goldman Sachs CSSA CEO returns to the fray with redoubled vigour following the latest unemployment statistics which, he says, echoing Peter Bruce, in almost any other country would have had led government resign or at least call civil society leaders together to formulate a national response.

"those who argue that all we should do...is patiently wait for structural reforms and now idly argue from their echo chambers against stimulus for businesses and the unemployed should hang their heads in shame." Upping the current R350 per month basic income grant to R800 for 12.5million South Africans would cost R120bn annualized and a grant of R5000 to 2 million micro businesses would cost R10bn. Then a hybrid equity loans for small and medium sized businesses would cost around R20bn for a total stimulus of 2.5% of debt to GDP which he says is entirely affordable.BD.

Pomp and ceremony in Cote Ivoire, harsh reality in Nigeria, support from Ghana

Nigerian demands for compensation for damages in xenophobic attacks on its citizens in SA contrasted strongly with the red carpet rolled out for Ramaphosa in the Ivory coast. Ghana supported the SA stance on developed country hoarding of vaccines. News24.

Police blame game at SA Human Rights enquiry while media highlights increased crime

Cele and Sitole did nothing to dispel the impression of dysfunctionality over police inaction in July while City Press headlined the kidnapping epidemic in SA. News24

City Press on why Cronje resigned

More light will be shed at a news conference today but it seems Hermione Cronje resigned because "state capture deployees" in her department were sabotaging her moves to achieve prosecutions.

Second Settlement Idea just a castle in the air but ANC losses release new energy

In a kykNet TV interview with Tim Jooste, Dr Corne Mulder said it was not far-fetched to imagine a scenario where the ANC and its temporarily external wing, the EFF, were kept out of the Union Buildings by coalition politics. Another scenario was sketched in Politicsweb by RW Johnson, who Frederick van Zyl Slabbert had said was "one of the cleverest people I know". The constitution had failed, said Johnson, and another settlement was needed with proper protection for minorities, stronger federal governments, and power sharing.

This was dismissed, however, as even less likely in the current political climate than it was in the early Nineties when FW De Klerk argued for much the same and failed. News24

Coming Up

- European stock futures look set to jump after a gain in U.S. futures, though stocks in Asia were broadly down amid a continued drop in China tech stocks after Didi's wild ride on Friday.
- Major earnings largely take a break across the globe today.
- Russia's President Putin visits New Delhi for a two-day summit
- The Bank of England's Ben Broadbent speaks on the outlook for growth and monetary policy.
- Germany reports factory orders.



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