

### Outlook for the day

The workmanlike traction in US markets, a marginally improved early morning tone in US futures trading activity and further traction in the Asian Pacific region will combine with short term technical factors to drive the JSE back within range of its all-time highs. Credit must be given to the Bulls for driving trading action within range of all-time highs as technical metrics on medium term weekly charts of the JSE-ALSH, JSE-TOPI and JSE-RESI remain elevated thus diminishing the likelihood of sustainable brisk upside from current levels. The overall medium term technical structure continues to hint at the fact that current levels do not represent a generally favourable entry point into the upbeat trend. Structurally the market is once again overbought at current levels.

- Google's earnings beat estimates
- Fed officials are saying not so fast
- U.S. dangles an offer to Russia and Johnson promises full "partygate" report.
- UPS Raises Dividend 49% as Fourth-Quarter Profit and Revenue Surge

Here's what's moving markets.

### Exchange rates

Latest Rates	Spot	Move
USD/ZAR	15.27	▼
GBP/ZAR	20.68	▼
EUR/ZAR	17.20	▼
CHF/ZAR	16.55	▼

The rand extended its gains against the dollar on Tuesday, strengthening along with other emerging-market currencies, while the JSE recorded a positive start to February after Monday's gains. The local currency touched an intraday best of R15.1987/\$ after weakening R15.7 on Friday.

### Google's Results

Google parent Alphabet's fourth-quarter sales and profit topped analysts' projections, showing the resilience of its advertising business as the pandemic persists. The shares soared in late trading. The company also announced a 20-for-1 stock split in the form of a one-time special stock dividend, aiming to draw a wider audience for its shares. Meanwhile, CEO Sundar Pichai made his first public comment on web3, saying he is watching the blockchain space and looking at how the company can add value to the development of the technology.

### UPS Raises Dividend 49% as Fourth-Quarter Profit and Revenue Surge

United Parcel Service Inc. is making more money shipping fewer packages and rewarding investors with a meatier dividend pay-out. The delivery company on Tuesday boosted its quarterly dividend by 49%, or 50 cents a share, the largest increase since the company's public-markets debut in 1999. The planned per-share pay-out of \$1.52 reflects the company's new policy under Chief Executive Carol Tomé to return half of earnings to shareholders through its dividend. UPS's dividend is payable March 10 to shareholders of record on Feb. 22. With the higher rates, UPS is generating profit margins not

seen in years. In its domestic segment, the adjusted operating margin of 12.2% was the highest for the fourth quarter since 2013, according to BMO Capital Markets. Excluding charges including those tied to restructuring efforts, per-share earnings were \$3.59, compared with \$2.66 a year earlier.

### **Yet more calls for prosecution from Zondo**

The avalanche of work Batochi predicted is under way. The Commission has recommended former Transnet executives Brian Molefe, Anoj Singh and Siyabonga Gama should be prosecuted for their role in the corrupt procurement of locomotives for the state-owned logistics company. Among other things, a kickback of R925m was paid to one of Gupta lieutenant Salim Essa's companies. News 24.

### **Zondo lashed at Gwede Mantashe**

Zondo has lashed Gwede Mantashe, then ANC secretary-general, for pushing Siyabonga Gama for the post of Transnet CEO when the board had twice found him to be unsuitable. He also lashed Lynne Brown for shedding three executives of Denel to go, which then had a full order book and was pumping cash, for participating "in state capture by using her power of her office to install as members of the Denel board of directors' persons whom she believed, probably because she was told so, would facilitate, or at least not oppose, the Gupta's state capture scheme." BD.

### **What if half of SA wants military rule?**

In the FT, quoted above, Gideon Rachman worries that the thugs in many parts of the world are competing with democracy and will be strengthened if Putin gets away with a chunk or two of Ukraine. In today's BD Yacob Abba Omar extends that concern to SA where, according to an earlier Pew survey, almost half the population would support "a system where the military rules the country." Also in this morning's BD, Yolisa Pokie, former SARS employee and adviser to Pravin Gordhan, argues that it's up to civil society, which includes investors, to ensure government integrity is restored.

### **Not So Fast**

None of six Federal Reserve officials speaking so far this week have backed the idea of a half-point rate increase in March, and the most aggressive, James Bullard, president of the St. Louis Fed, said five hikes -- one more than every quarter -- is "not too bad a bet." Ideally, the Fed prefers to go gradually, said Kansas City Fed chief Esther George, who's another hawk. The measured calls contrast with Wall Street forecasts for as many as seven 2022 hikes, or even a half-point adjustment.

### **Willing to Talk**

The Biden administration is said to have informed the Kremlin it is willing to discuss giving Russia a way to verify there aren't offensive Tomahawk cruise missiles stationed at sensitive NATO missile-defence bases in Romania and Poland. The U.S. proposal is aimed at allaying Moscow's concerns the launchers could be used to target Russia. One person added any agreement would only happen after discussion with allies, especially Poland and Romania, and would need to be reciprocated with several Russian bases housing ground-launched weapons.

## Partygate Report

Boris Johnson said he'll publish the full civil service investigation into allegations of rule-breaking parties at Downing Street during Covid-19 lockdowns over the past two years. His office also vowed to divulge details of any future fines potentially levied on the U.K. prime minister over his involvement. The steady flow of allegations of rule-breaking gatherings, dubbed "Partygate" by the U.K. media, has damaged Johnson's standing within his own Conservative Party, with several of his lawmakers calling for him to go.

## South Africa

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## Coming Up

- The recovery in European stocks looks set to continue today as equities rose in the U.S. and Asia.
- In a busy earnings day worldwide, the standout is Meta, the company formerly known as Facebook, reporting in the U.S. along with Abbvie, Thermo Fisher, Qualcomm, T-Mobile, and the in-the-spotlight firm Spotify, facing backlash from musicians over podcaster Joe Rogan.
- In Europe, there's results from Novartis, Banco Santander, TeamViewer, Swedbank, Ferrari and Julius Baer, along with trading statements from Glencore and Vodafone.
- Meanwhile in Japan it's the turn of Sony and banking giant MUFG.
- OPEC+ is expected to rubber-stamp another boost to output though production barely increased last month.
- And finally, there's inflation data for the Eurozone and Italy.



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