

Outlook for the day

The downbeat tone in early morning US futures trading, clear weakness in the Asia Pacific region which has witnessed several key indices breaking down below short-term support areas and an erosion near term indicators on the JSE will conspire to create a drawdown at the commencement of today's session. In the very short-term early bargain hunting should be avoided and greater alertness is required regarding short term trading positions which have enjoyed particularly brisk upside. Partial profit taking is warranted as a profit taking exercise primarily as a risk control action.

- The risk of a cut off from Russian oil supplies have created additional worries of inflationary pressures with rising oil, and subsequently fuel prices.
- Whilst the rand's losses have been somewhat muted (comparatively), the slow yet consistently rising tensions in Eastern Europe are playing havoc with risk sentiment.

We've begun to, once again, see a shift towards safe haven currencies (USD, EUR, GBP) as the situation looks likely to deteriorate further.

Exchange rate

Latest Rates	Spot	Move
USD/ZAR	15.17	▲
GBP/ZAR	20.65	▲
EUR/ZAR	17.18	▲
CHF/ZAR	16.53	▲

Sourced from IRESS - 2022/02/17 09:05:49

Global central banks will need to be extremely careful, going forward, with how much they increase interest rates for fear of compounding an already recession leaning economic position.

Putin recognizes separatists in eastern Ukraine and sends army

During the night, the events rolled over. At the opening of the stock markets in Europe, a slide in prices is expected. Russia has recognized the separatist areas in eastern Ukraine and is sending troops. This move is tantamount to a breach of international law and a formal denunciation of the Minsk peace agreement. With the U.S., relations are likely to deteriorate even further as a result.

President Vladimir Putin announced he's recognizing two self-proclaimed separatist republics in eastern Ukraine, a dramatic escalation in Russia's standoff with the West as the U.S. and its allies continue to warn it could soon invade its neighbour. The decrees signed by Putin included an order to send what he called "peacekeeping forces" to the breakaway regions of Donetsk and Luhansk. The move generated condemnation from the U.S. and European Union. Russia has repeatedly denied it plans an invasion.

The U.S. and the U.K. said they would place additional sanctions.

Murders during strike at Clover and the social compact

The President again referred in his Sona to the need for (yet another) a social compact to get the economy going. Yet on Thursday Clover spokesperson Steven Velthuysen said about 150 striking workers arrived in three buses, tried to gain access to the Clayville property, and attacked security with guns, rocks, batons, and other weapons. The union distanced itself from the latest murder. The fact is, however, that violence and intimidation occur so often during strikes as to beg the question when is, as Barney Mthombothi said on Sunday, sufficient “reality going to intrude on those who wield power ...to realise that the fairy tales that propelled them into power won’t do in government” - especially as regards the usefulness of violent strikes in creating jobs and property. News24.

Sweeping reforms or BIG brings poverty

Isaah Mhlanga is one of many economists pointing to the dangers of regarding a basic universal income grant as a necessary and immediate solution on the assumption that despite the inability to create a conducive environment for a thriving business sector the government can somehow guarantee the sustainability of what is now close to a Scandinavian welfare state. He says the population pyramid numbers to 2050, which he shows, suggest a need to prioritise job creation through the private sector and an enabling state. BD. This would no doubt include labour committing to peaceful strikes and police getting to the factory gates in time to prevent murder. BD.

Aaron Motsoaledi says curbing employment of migrants will ensure SA’s high unemployment levels are reversed.

Aah! Now why we didn’t we think of that before! We could have afforded BIG long ago. We nearly missed this piece of economic wisdom and must thank Tony Leon for pointing it out in his piece highlighting the flaws of anti-foreign worker sentiment. Inter alia he recounts the job creating successes of immigrants to the US, including the likes of Elon Musk, Peter Thiel (Paypal), Rolf Botha (ex-Paypal CFO and now Sequoia partner). Leon says the “job reservation headline is on the cards” headline must have tricked readers into imagining they had stumbled into a pre-Jurassic political age. BD.

Markets Turmoil

Stocks slid Tuesday on intensifying tensions between the West and Russia over Ukraine. An Asia-Pacific share gauge fell to its lowest level this month, including sharp declines in Hong Kong. U.S. futures pointed to a lower Wall Street open when trading resumes after a holiday while European futures hinted the region’s a three-day decline will extend. Meanwhile, the standoff is bolstering oil prices and leading investors to seek the relative safety of sovereign bonds and bullion. The rubble tumbled the most in about two years.

Turning the Page

Boris Johnson said the U.K. must learn to live with coronavirus as he ended pandemic rules in England, becoming the first major Western government to do so even as his scientific advisers warned infections will rise. Johnson laid out a plan to lift all legal curbs, to be replaced with an emphasis on “common sense” and personal responsibility in the next phase of the pandemic.

People with Covid-19 will no longer have to self-isolate from Thursday, while access to free tests will end on April 1.

EU Crackdown

Global firms from mining to fashion risk massive compensation pay-outs in a proposed European Union crackdown on human-rights abuses and environmental breaches set to be unveiled this week. The ethical supply-chain rules, which target some 4,000 international businesses and 13,000 inside the 27-nation bloc, would allow victims to sue for compensation if companies or their suppliers don't halt violations, according to draft EU documents seen by Bloomberg News.

Today's Mentionables

RSA Unemployment numbers, ECB's McCaul speech, US Markit Manufacturing, Manufacturing, and Composite data, and 2's day. It's never 2 late 2 do that thing you've wanted 2 do. No better day than the 22nd day of the 2nd month of 2022.

Coming Up

- Home Depot, Medtronic and Palo Alto Networks are the biggest firms reporting in the U.S.
- Across Europe, Hargreaves Lansdown, ASMI, Antofagasta, Endesa and Worldline are set to report.
- HSBC's numbers are already out.
- Bank of England Member Dave Ramsden speaks at the National Farmers' Union Conference, while in the U.S., there's data on consumer confidence and PMI.

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>