

### Outlook for the day

Despite the partial support provided by the weaker Rand the JSE look set to encounter modest weakness at the commencement of today's session as the downbeat tone in early morning US futures trading action, inconsistency in the Asian Pacific region and an erosion in short term metrics favours additional residual selling pressure. We remain tethered to the view that tactical profit taking should have been largely executed at this juncture particularly in those counters which have enjoyed exceptionally brisk upside. Market participants will have the opportunity to engage the market at lower levels.

- Ukraine and Russia officials could meet
- Russia sanctions
- BP to dump Rosneft shares
- Markets under pressure.

Here's what's moving markets.

### Let's Talk

Officials from Kyiv and Russia plan to meet, hours after President Vladimir Putin put his country's nuclear forces on higher alert. Belarus is preparing to send troops into Ukraine as soon as Monday to help its ally Moscow, the Washington Post reported. Ukrainian President Volodymyr Zelenskiy voiced scepticism that talks planned for near the Belarus border would yield results but said he was willing to try if it meant any chance of peace.

### Unleashing Sanctions

Western nations agreed to unleash new sanctions to further isolate Russia's economy and financial system, penalizing the central bank and excluding some Russian banks from the SWIFT messaging system. Western nations also put Russia's elite on notice. Russia's central bank has banned brokers from selling securities by non-residents starting today in a bid to shield the nation's assets. Meanwhile, Germany also upended years of policy and agreed to supply Kyiv with weapons.

### Selling Rosneft

#### BP to Exit from Stake in Russia's Rosneft Following Pressure from U.K.

British energy giant BP PLC said it will exit its nearly 20% stake in Russian government-controlled oil producer Rosneft, days after it was pressured to unload the holding by U.K. officials amid Russia's invasion of Ukraine. The British company faces a potential loss of as much as \$25 billion - encompassing the maximum possible impact of selling the Rosneft stake, valued at \$14 billion, plus, a big, expected charge related to foreign-exchange losses. Currently, BP relies on Rosneft for roughly one-third of its oil-and-gas production.

BP moved to dump its shares in oil giant Rosneft, taking a financial hit of as much as \$25 billion by joining the campaign to isolate Russia's economy. The surprise move from the British company is the

latest sign of how far Western powers are willing to go to punish President Putin for his invasion of Ukraine. BP was coming under growing pressure from the U.K. government over the alliance with Rosneft and Chairman Helge Lund said that the firm “simply cannot continue” its involvement.

### King Dollar

The dollar is rising against virtually every peer as fallout from the sanctions levied against Russia supercharges demand for the world’s reserve currency. Treasuries also rallied. The ruble was indicated 26% lower in offshore trading. European and U.S. stock futures tumbled. Energy and commodity markets were thrown into disarray with Brent crude soaring over \$105 a barrel and wheat and gold also rallying. Meanwhile, liquidity across Russian assets is vanishing as sanctions bite.

### Exchange rate

Latest Rates	Spot	Move
USD/ZAR	15.36	▲
GBP/ZAR	20.57	▲
EUR/ZAR	17.16	▼
CHF/ZAR	16.63	▲

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## South Africa

### SA Foreign Policy Confusion

The Sunday Times headlines that Ramaphosa is unhappy with “SA’s Russia’s flip-flop.” The initial statement called for mediation and dialogue to resolve the crisis but after a public uproar at the soft stance a second stronger statement called on Putin to withdraw Russian forces from the Ukraine. The newspaper says a “source within the presidency confirmed that Ramaphosa wasn’t consulted and was unhappy with its tone which gave the impression that SA and Russia were at loggerheads.” Another insider said, “we are managing it from all fronts, fortunately we have a good relationship with Russia so when we explained to them what had transpired, they understood.” The ANC head of international relations, Lindiwe Zulu, is drafting the party’ own response which is expected to contradict Pandor’s second statement.

### Kenyan response to Ukraine crisis puts SA to shame

Tony Leon says Kenya’s condemnation of Russia’s breach of international law at the UN Security Council was clear, concise, coherent, and legally correct. Despite Naledi Pandor’s belated tougher line he castigates her contribution to the debate as being “a stupefying concoction of vague cliches untethered from even a vague appreciation of the crisis.” Peter Bruce says Ramaphosa should watch his back with David Mabuza having spent more than a month in Moscow “it is inconceivable that he did not meet with Putin... who would clearly prefer to have him than Ramaphosa running the country”. Sunday Times.

### **ANC leadership race heats up**

The City Press headline story is that despite Thabo Mbeki's warning that ANC leaders should focus on serving communities rather than on who gets elected as a leader, fierce battles are being fought ahead of provincial conferences. These are essentially proxy battles for the December gathering in Durban as the contest between Ramaphosa and his challengers gets under way. Many of the contenders assert that they are being lobbied to stand for this or that position. City Press and other media will be discussing these contests in the months and at this stage, but it is too early to call it with both Presidents Ramaphosa's and RET faction supporters active.

### **Zweli Mkhize has big KZN branch support**

Mbongi Hlongwa heads a branch between Pietermaritzburg and Durban with 4000 members which is way above many branches which struggle to get 100 members. He unapologetically backs Mkhize for ANC leadership in December. City Press.

### **BD reads today**

The Business Day has an article by Kyle Herbert, a Canadian based analyst, who explains why the Islamic State is a threat to Africa's growth prospects. After seeing its Middle East stronghold crushed by western backed forces in 2019 it has evolved into managing a decentralised network that inspires, sponsors, and advises local Islamist insurgencies in the developing world. In another article Hans Pienaar analyses, some of the issues highlighted by the Malema- AfriForum "Kill the Boer" court case where the lack of state law enforcement constitutes a life and death threat to farmers and may lead to continued emigration and loss of expertise.

### **Coming Up**

- Russia will continue to dominate the headlines today.
- Major earnings include EV maker Lucid, pandemic-era favourite Zoom
- Workday and HP in the U.S. In Europe, Erste Group Bank is among the largest to report.
- Dutch, Swedish, and Swiss retail sales along with Spanish and Portuguese inflation make up some of the macro highlights.
- Atlanta Fed President Raphael Bostic discusses the economy
- European Central Bank's Fabio Panetta gives a speech

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