

Outlook for the day

The inconsistent overnight US performance with a modest downside bias, rather lacklustre tone in the Asian Pacific region and a touch of softness in early morning US futures activity will create a modest downside bias for the JSE at the commencement of today's session. The inconsistent tone materialises at levels which are overbought on the JSE with indices such as the JSE TOPI, JSE RESI and JSE PREM (precious metals) trading at technically stretched levels. Short term profit taking would in fact represent a healthy initial development given the current technical structure of the market. Heightened alertness is appropriate regarding risk control on very short-term trading exposure.

- Shelling near a Ukraine nuclear power plant
- Surge in commodities continue
- Wall Street pounces on cheap corporate debt, and car manufacturers in Russia.
- Lufthansa upbeat about recovery

Here's what's moving markets.

Nuclear Plant

Europe's largest nuclear power plant, located in eastern Ukraine, came under attack from Russian shelling early Friday, Ukrainian officials said, raising the stakes in Vladimir Putin's invasion as his forces bombarded cities across the nation. Emergency services said a fire that broke out in a training complex at the Zaporizhzhia plant had been extinguished and there were no injuries. Ukraine told the International Atomic Energy Agency the blaze had "not affected 'essential' equipment," and that there had been no change reported in radiation levels.

Massive Rally

Commodities extended their massive rally as Russia's invasion continues to roil global markets and fuel fears of supply crunches. Prices from crude to aluminium and wheat have soared. A commodity gauge is staging its most stunning weekly surge since 1974 and the days of the oil crisis. Meanwhile, stocks fell along with European and U.S. equity futures, while havens including sovereign bonds rose, due to the nuclear plant drama.

But the worst of the selloff in risk assets abated.

Buying opportunity

As the U.S. and allies tighten sanctions on Russia and choke off investor demand for its assets, parts of Wall Street are jumping on the buying opportunity that's creating. Goldman Sachs and JPMorgan have been purchasing beaten-down company bonds tied to Russia in recent days, as hedge funds that specialize in buying cheap credit look to load up on the assets, according to people with knowledge of the private transactions.

Autos in Russia

Volkswagen, BMW, and Toyota Motor have idled Russian plants and suspended shipments to the country as part of a broader retreat by global corporate giants. The one automaker with the most to lose, Renault, has remained conspicuously silent. Among other firms rethinking ties with the country, Airbnb will suspend its operations in Russia and Belarus.

Lufthansa Expects Strong Traffic Recovery This Year After 4Q Losses Narrowed

Deutsche Lufthansa AG said Thursday that it expects air travel to improve this year after narrowing its earnings losses in its fourth quarter. "We are very certain that air traffic will experience a strong upswing this year," Lufthansa's Chief Executive Carsten Spohr said. The German group expects average capacity to be above 70% of 2019 levels in 2022 and said bookings for the coming Easter and summer vacations almost reached pre-pandemic levels. The company, however, warned of current uncertainties, especially regarding the crisis in Ukraine, that prevent it from giving detailed targets for 2022.

Exchange rate

Latest Rates	Spot	Move
USD/ZAR	15.23	▼
GBP/ZAR	20.31	▼
EUR/ZAR	16.76	▼
CHF/ZAR	16.63	▼

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South Africa

SA Fact check. It's that time of year

What's going on? We've been through the holidays, Lindiwe Sisulu outburst, Sona, Budget, Zondo report delivery, more promises of prosecution, and SA mia Ukraine to mention a few things. So, it's time to take stock and we're thinking it's time for a JP Landman report, which we anticipate soon, to save us the trouble!

SA decision to abstain from UN vote against Russia unlikely to harm trade relations

A US diplomat commented that SA's decision to withhold from the UN vote against Russia is unlikely to harm trade relations between it and the US. SA which has close economic ties to Russia through the Brics union abstained from voting. US chargé d'affaires to SA Todd Haskell said "Our trade decisions are made based on our trade interests. This is a separate issue; there is no conditionality involved". (BD). This comes as a relief as trade restrictions on SA could have detrimental consequences for an economy that has just begun to recover from the impacts of Covid.

KZN ANC branch pushing for Zweli Mkize to be next president

The KZN ANC branch will campaign for the former minister of Health Zweli Mkize to be elected as the next president at the party's upcoming 55th conference. The gathering was an ANC Women's League event, where chair of the branch, Mbongi Hlonga, endorsed Zweli Mkize in the following speech: "So comrades, we agree that in all the work that Khabazela [Mkhize] has done for KwaXimba as provincial chair, he is capable of being president of this country, of the ANC as we go to the 2022 conference." (BD).

Coming Up

- European stocks are set to tumble at the open, with futures gyrating as traders react to the attack on the nuclear plant.
- Later Friday, the U.S. employment report will be front and centre, expected to show 400,000 jobs added in February.
- France publishes its final list of presidential candidates with Emmanuel Macron announcing he'll seek another term.
- Apple holds its annual shareholders' meeting.
- It's a quiet day for earnings, with Chinese artificial intelligence giant SenseTime, which went public late last year, among the notable reports.

Coming Up

- Geopolitical concerns look set to overshadow European stocks today despite gains in Asia after Powell's less hawkish comments.
- Powell speaks again today, this time before the Senate Banking Committee, while New York Fed President John Williams also takes part in a panel discussion.
- Norway's sovereign wealth fund publishes its annual report as the country seeks to offload its Russian investments.
- In earnings, Broadcom and Costco are the big names reporting in the U.S.
- In Europe, Lukoil, Lufthansa, and London Stock Exchange will report.
- In economic data, the U.S. reports factory orders, and initial jobless claims.

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References: PMK Investment committee, exchange4 free, Momentum Investment consulting, Momentum securities, RMB Global markets Swissquote, eToro, Currency Partners

