

Outlook for the day

The downdraught in US market on Friday coupled with a downbeat tone in early morning futures trading action naturally creates a backdrop in which selling pressure looks set to remain a key theme of the market. The JSE will receive a degree of cushioning due to the exceptional advances being witnessed in the commodity space with marginal short term upside a possibility at the commencement of today's session given Fridays significant bout of profit taking. From a structural perspective the JSE continues to outperform global markets as the resources space remains a clearly supportive pillar for the domestic market. An on-balance assessment however still indicates that "chasing performance" at current levels should be avoided as weekly metrics remain elevated.

- Russian oil ban mulled
- U.K. could freeze Russian oligarchs' assets
- Firms reevaluate Russian presence
- Iran paves way for sanctions relief.
- Tesla Gets Nod to Begin Production in Germany

Here's what's moving markets

Tesla Inc

Tesla Inc. has secured local approvals in Germany to formally begin electric-vehicle productions at its new plant outside Berlin, a key pillar of Chief Executive Elon Musk's push to rapidly boost output and sales. Tesla's plant challenges Europe's established auto makers, who have invested billions over the past few years to develop electric cars and catch up with the U.S. powerhouse.

Brent at highest levels since 2008 as US talks of banning oil purchases from Russia which steps up shelling of civilian areas

The FT headline underlines the likelihood of further hikes in commodity prices with ensuing inflationary and other damage to the global recovery albeit more so in Europe. The Economist says the bravery of the Ukrainians (which matches that of the Hungarian people in the 1956 uprising) has led to Putin threatening escalation so that "whatever the world does, Mr Putin threatens to be more violent and destructive even, he growls, if that means resorting to a nuclear weapon. And so, he insists that the world back off while he sharpens his knife and sets about his slaughter. Such a retreat must not happen only because to abandon Ukraine to its fate would be wrong but because Putin will not stop there. ... his next fix will be Georgia, Moldova, or the Baltic states".

As Russia's invasion of Ukraine heads toward the two-week mark, President Vladimir Putin reiterated that the war would continue until Ukraine accepts his demands and halts resistance, dimming hopes for a negotiated settlement. The United Nations said more than 1.5 million people have already fled the country since hostilities began.

Meanwhile, TikTok and Netflix are the latest companies to halt operations in Russia; the U.S. and Poland are working on a way to provide Ukraine with warplanes; and Russia says sanctions will determine whether international bondholders get paid.

Mearsheimer says Putin too smart to want all of Ukraine

The Chicago professor who says the West has made, and is making, a colossal blunder in alienating Russia by ignoring the existential threat to Russia that the Ukraine membership of NATO would pose, says the West should instead have encouraged Russia to become part of Europe by acknowledging the need for a neutral Ukraine which would thereby have become highly prosperous. Instead of worrying about a country with a GDP less than that of Texas, the U.S. should, in terms of “great power politics”, have focussed much earlier on coping with China whose rising economic power was clearly destined to enable it to challenge America as global hegemon. Putin was notably not attacking the intensely nationalistic western part of Ukraine and could well go for mainly the Donbass region and some other Russian speaking or strategic regions. His interest in Kiev was more directed at regime change than occupation. In other words, he wanted a government that would not threaten or provoke Russia by insisting on NATO membership.

New Yorker. <https://www.newyorker.com/news/q-and-a/why-john-mearsheimer-blames-the-us-for-the-crisis-in-ukraine>

US in discussions with Europe about banning Russian oil imports

Blinken confirmed US is in active discussions with Europe about banning Russian oil imports (NBC News). Bloomberg noted US weighing whether to go it alone on a Russian ban as well. Biden administration has come under pressure from US lawmakers to ban Russian oil imports though officials have expressed concern about impact on gas, which topped \$4 to the highest since Jul-2008. White House also wary of Russia simply finding other markets for its crude such as China or India (Bloomberg). Near-term reprieve may rest with securing more supply from other countries. Iran nuclear deal moved step closer after Tehran agreed to expedite an end to an IAEA investigation (Bloomberg). Axios noted Biden advisers discussing visit to Saudi Arabia this spring to convince Kingdom to pump more oil. Senior US officials also travelled to Venezuela on Saturday to discuss possible easing of oil sanctions (WSJ).

Stocks face a challenging open after the U.S. raised the prospect of working with allies to ban imports of Russian oil, a step that could stoke the rally in crude and intensify inflationary pressures. Secretary of State Antony Blinken said the U.S. and its allies were looking at a coordinated embargo, while ensuring appropriate global supply.

Equity futures earlier were already pointing to declines in Japan and Hong Kong and a muted start in Australia.

The dollar was mixed against key peers in early trading.

Russian oligarchs face sanctions

Russian oligarchs in line to be sanctioned by the U.K. government could have their assets frozen, even before the measures are formally introduced, under a plan tabled by British lawmakers. The measure reflects concern that Prime Minister Boris Johnson has been too slow to hit oligarchs with wealth in London to pressure Russian President Vladimir Putin to end his invasion of Ukraine. Johnson has also been criticized for giving potential targets too much time to move their assets abroad before any restrictions are imposed.

US considering ways to supply fighter jets to Ukraine as Russia intensifies its attacks

Secretary of State Blinken told US is actively looking ways to supply Ukraine with fighter jets from NATO nations, including providing jets to Poland should it agree to hand over its soviet-era plans to Kyiv (WSJ). Poland PM office dismissed the report, but other Polish officials said government would consider it. US rejected Ukraine's no-fly zone request amid fears it would drag NATO into war with Russia. Putin also threatened Ukraine's statehood and warned he would consider no-fly zone as a declaration of war (Politico) European governments also wary donating jets to Poland could still provoke retaliation from Russia and drag Poland - and NATO - into the war. Ukraine and Russia may hold third round of talks Monday or in coming days, but prospects of meaningful breakthrough are slim as heavy fighting continues with Russia striking civilian areas and trying to push into Kyiv and Kharkiv (WSJ). Ukraine President Zelensky also warned Russia preparing to bomb strategically important port city of Odessa (CNN).

Commodities scale fresh highs amid latest threat to global supplies

While prospect of a Russian oil embargo has captured most of the attention, broader uncertainty around commodity supply and further sanctions have corresponded with big gains in metals prices on Monday. London copper, aluminium and palladium rallied to record highs while nickel spiked more than 16%. Russia accounts for ~6% of global aluminium production, 7% of global nickel and ~3.5% of copper (Reuter). China also emphasized commodity security at National People's Congress, vowing to boost reserves of key inputs and said energy and raw materials supplies remain inadequate (Reuters). Agricultural commodities another focus with Chicago wheat futures rising another 5% to fresh 14-year high. Supply concerns remain a widely cited driver given Russia and Ukraine account for almost 30% of global wheat exports, China also raised concerns about its domestic wheat supply after its agriculture minister said winter wheat conditions could be worst in history (Reuters).

Russian banks may issue cards with China's UnionPay after Visa, Mastercard suspend Russian operations

Visa (V-US) and Mastercard (MA-US) the latest western companies to announce they are suspending operations in Russia (WSJ).

While the cards will not be able to be used abroad, Russian-issued Visa and Mastercard cards can still be used inside the country because transactions will occur on its domestic payments system, Mir. Additionally, Russia's central bank said some local lenders will look to use China's state-owned UnionPay system, which is enabled in 180 countries, to sidestep boycotts by western banks (Reuters, WSJ). Few articles have discussed how western sanctions will accelerate closer Russia-China financial ties. China's banking and insurance watchdog last week said it would not participate in western sanctions on Russia. Chinese banks also rushing to ensure they can maintain close ties with Russian business clients and are exploring alternative payment systems (Reuters).

Exchange rate

Latest Rates	Spot	Move
USD/ZAR	15.29	▲
GBP/ZAR	20.21	▼
EUR/ZAR	16.66	▼
CHF/ZAR	16.69	▲

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South Africa

Solidarity with Ukraine should not come at expense of other struggles

Suraya Daidoo is one of many in the media over the weekend pointing to the double standards of the West as, over years it, or entities supported by it, unleashed devastation on Libyans, Somalians, Syrians, Palestinians, Afghans, Malians, and Iraqis. Others point to the racism of officials dealing with African refugees from Ukraine. While many have used this to justify SA's abstention at the UN ("whataboutism") others, such as Lindiwe Mazibukwe, have taken a similar line to Daidoo. Sunday Times. To cut to the chase, it seems SA is missing a glorious opportunity to evoke the respect it enjoyed in the Mandela era simply by standing on principle: it should now condemn this invasion and at the same time demand sanctions against other breaches of international law. Mandela understood the power of simply standing on principle.

Bruce takes up Dirco spokesperson on "consistency in diplomatic endeavours"

Peter Bruce asked Clayson Monyela of the Department of International relations and Co-operation why if SA had withdrawn its ambassador to Israel after one particularly savage attack on Palestinians it had not now withdrawn its ambassador to Russia. Monyela, who had tweeted a taunt in response to the EU ambassador's querying the SA vote at the UN, did not respond. Bruce points out that the Russia the ANC exiles once knew has turned into a giant kleptocracy where the people who were sold state assets for next nothing turned them on for vast fortunes. He then says " Russia is a minor economic partner to SA. The Europeans and Americans are huge, and our UN

explanation is not worth the paper it is written on." Sunday Times.

"Ramaphosa makes sweeping changes "

The City Press banner headlines are followed by a report that "with an eye on a second term, President Ramaphosa's faction boots out old blood and packs the ANC's key committees with loyalists ahead of the national elective conference". The national Working Committee (NWC) adopted a proposal to include non-members of the national executive committee (NEC) as members of the disciplinary committee, a move which saw non-supporters of the president being dropped. Names of Mbeki-era figures are cited as returning to the fray. While the City Press goes on to cite names and this move will be a welcome sign for many of more energy generally from the president, there are many battles at branch and provincial level to be fought. In other reports over the weekend Mpumalanga leaders were unapologetic about their support for the Ret faction.

"For the sake of the ANC Gwede Mantashe must go"

In the lead article in the Sunday Times Comment and Analysis page, Mcebisi Ndletyana, professor of politics at the University of Johannesburg, focuses on Mantashe's disregard of ANC organisational procedures in his recent statement that he would challenge the Zondo findings.

He also deals with Mantashe's obfuscation regarding the testimony he gave around his dealings with Bosasa. Some years ago, in the IDC auditorium in Sandton, Ramaphosa addressed a meeting packed with intellectuals and professionals and appealed for their support, but the mood was clearly sceptical.

Are we now seeing signs that they are beginning to emerge from their ivory towers and speak up?

Coming Up

- With the prospect of a ban on Russian crude keeping oil prices high
- Stocks in Europe are set to join a global selloff that has Asia's equity benchmark poised to enter a bear market.
- The CERA Week energy conference is well-timed, kicking off today with speakers including the CEOs of Shell and Saudi Aramco.
- The World Defence Show continues in Saudi Arabia. It's a quiet day for earnings globally, with Belimo and Clarkson among firms reporting.
- The Swiss National Bank publishes its annual results.

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