

JSE set for another wild ride on Tuesday

The JSE was set for another wild session on Tuesday as the Russia-Ukraine showdown entered its 13th day with no end in sight.

While the local share market has held its own relative to its counterparts in Europe and elsewhere, the sell-off has gathered pace over the last two sessions.

The resource sector continues to be the silver lining, thanks to higher commodity prices such as palladium that hit record highs on Monday above the \$3,000oz mark before cooling off.

Brent crude steadied at the 14-year high of \$125 a barrel, boding ill for consumers and businesses already battling record high fuel prices.

However, the higher oil price has unlocked enormous value for Sasol and MTN, with the latter's stock pushing to record highs of R208 before pulling back

- Russia threatens to cut gas supplies
- Recession fears
- Uniper and Russia, what U.S. spies know.

US stocks tumble as Ukraine conflict rattles investors

S&P 500 falls 3% in worst day since October 2020, Dow drops 2.4% and Nasdaq 100 slips 3.7%
The S&P 500 loss of 3% for the worst day since October 2020, while the Nasdaq 100 dropped 3.7%. The Dow Jones industrial average fell 2.4% and MSCI World index fell 2.8%. The spread between two-year and 10-year Treasuries dipped below 20 basis points, a level not seen since March 2020 and a bearish sign for the economy.

Elsewhere, the Euro Stoxx 50 and Germany's DAX index closed in bear markets.

Exchange rate

| Latest Rates | Spot | Move |
|--------------|-------|------|
| USD/ZAR | 15.39 | ▲ |
| GBP/ZAR | 20.13 | ▼ |
| EUR/ZAR | 16.69 | ▲ |
| CHF/ZAR | 16.60 | ▼ |

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Russian Threat

Russia threatened to cut natural gas supplies to Europe via the Nord Stream 1 pipeline in response to sanctions imposed over the invasion of Ukraine, a move that could heighten the turmoil in energy markets and drive consumer prices even higher. Russia has the right to take actions that “mirror” the penalties imposed on the Russian economy, Deputy Prime Minister Alexander Novak -- who’s also in charge of energy affairs -- said.

Markets Turmoil

The stocks rout showed no sign of easing. Asian stocks and European equity futures fell Tuesday on concerns that commodity costs will fan inflation and choke economic growth.

The S&P 500 sank on Monday in its worst day since October 2020, while the tech-heavy Nasdaq Composite closed in bear market territory. As the yield curve narrows, oil jumps, and stocks fall into a correction, traders are panicking about the threat of a recession. Oil traded higher and nickel extended a record-breaking rally.

Gas Crunch

One of the biggest European buyers of Russia’s natural gas won’t sign any new contracts with the country for long-term supply. Germany’s Uniper will continue to receive fuel under its existing contracts, which play an essential role in Europe’s gas supplies, it said. It also plans to restart the divestment process of Unipro, which operates five power plants in Russia, and will recognize an impairment loss of its loans toward the Nord Stream 2 pipeline of 987 million euros.

Threats to the U.S.

China is developing one of the greatest nuclear weapons forces in history while Russia will exploit every opportunity to undermine the U.S. and its allies, according to the annual threat assessment by the Office of the Director of National Intelligence. The report also says Iran will continue to threaten American interests as it seeks to erode U.S. influence in the Middle East. At the same time, North Korea is committed to expanding its nuclear arsenal and ballistic missile development.

Prosus writes down R12bn investment in Russia

E-commerce giant holds 27% of VK CEO of social network platform hit with sanctions. Prosus, the international e-commerce arm of Naspers, has written down its \$769m (R12bn) stake in a Russian social networking platform and vacated its board seats, joining a host of companies and investors tallying up the losses from Moscow’s invasion of Ukraine.

Prosus, worth R1.9-trillion, holds a minority 27% stake in social media company VK Group — previously known as Mail.ru — which is worth about \$165m. Its platform known as VKontakte is touted as Russia’s answer to Facebook.

Coming Up

- In scheduled news, Apple holds its first product unveiling of 2022, with a new low-cost iPhone and updated Macs with Apple-made chips expected.
- Jeffrey Gundlach, the billionaire money manager, and CIO of DoubleLine Capital, holds a webcast for his DoubleLine Total Return Bond Fund.
- In another quiet day for earnings, Dufry, Ferragamo, Fresnillo, Greggs and Zurich Airport are reporting.

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