

Outlook for the day

The upbeat overnight session in the US, marginal weakness in the Rand and an improved tonality in the Asian Pacific region will allow the JSE to draw improved support at the commencement of today's session after seven or eight days in which generalised selling pressure dominated. A trading rebound is indicated but sustained contraction to the upside on the JSE will only emerge if the domestic market breaks ahead of the 72,160-point area on the chart on the back of high-volume support. An inability to achieve this level over the next 2 to 3 trading days would almost certainly create further residual selling pressure.

- The Fed starts tightening
- U.S. to send Ukraine an expanded arsenal
- Tesla delays bond offering
- Breaking Russia energy reliance.

Here's what markets are watching.

Rates Lift-off

Fed Raises Interest Rates for First Time Since 2018

The Federal Reserve said it would lift interest rates and pencilled in a series of further increases this year aimed at stopping the economy from overheating and reducing inflation that is running at its highest levels in four decades. Fed officials said Wednesday they would raise their benchmark federal-funds rate by a quarter percentage point to a range between 0.25% and 0.5% from near zero, and most of them projected pushing it up to at least the level that prevailed before the pandemic hit the U.S. economy two years ago.

The Fed kicked off a tightening campaign that's set to be the most aggressive in decades, as Chair Jerome Powell assured Americans that the economy won't tip into recession. After raising interest rates by a quarter point and signalling six more increases this year, Powell told reporters that inflation is too high, the labour market is over-heated and price stability is a "pre-condition" for the U.S central bank as it tackles the hottest price pressures in 40 years.

Expanded Arsenal

President Joe Biden said the U.S. would send Ukraine drones and thousands of anti-aircraft and anti-tank missiles to fight Russia's invasion that followed an emotional appeal from the country's leader. Biden accused Russian President Vladimir Putin's forces of committing "atrocities" and attacking civilian areas, contrary to the Kremlin's denials.

For his part, Putin warned he would cleanse Russia of the "scum and traitors" he accuses of working covertly for the U.S. and its allies.

Bond Delay

Tesla delayed a more than \$1 billion offering of bonds backed by leases on its electric vehicles, the third issuer in the past week to halt a sale amid market turbulence. Bankers for the auto manufacturer had already placed a significant portion of the bonds with fund managers before marketing was halted. Issuers are pausing their financing plans until markets have calmed amid surging inflation and worries over the economic fallout from Russia's war in Ukraine.

Hydrogen Pipeline

Germany and Norway are considering building a hydrogen pipeline linking the two nations to reduce Europe's dependence on Russian energy supplies. The countries plan to soon conduct a feasibility study on the project that would eventually transport green hydrogen from Norway to Germany, they said. Germany — which gets more than half of its gas, half of its coal and roughly a third of its oil from Russia — has been pushing to overhaul its energy supply since the Ukraine invasion.

Exchange rate

Latest Rates	Spot	Move
USD/ZAR	14.94	▼
GBP/ZAR	19.66	▼
EUR/ZAR	16.48	▼
CHF/ZAR	15.85	▼

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South Africa

Mantashe panders to new coal miners

Encouraged by government black economic empowerment policy to acquire coal mining assets from exiting coal majors at fire sale prices, many of the new owners are mortgaged to the hilt and dependent for their economic survival on rising share prices and a continued flow of profits and dividends from their coal assets for as long as possible...There is thus intense pressure on government by the politically connected new owners to extend the life of coal...Mantashe panders to these interests through an unwarranted commitment to exploring "clean coal burning technologies" carbon capture, utilization and storage. Chris Yelland. BD.

Questions continue regarding Chief Justice appointment

Zondo may only have less than two years at helm, due to President Ramaphosa's delay, in turn due to his preference for kicking cans down the road rather than making decisions, in finalising the appointment. This means that a decision will again have to be made as regards the successor. Although he does not have to appoint the deputy chief justice, Mandisa Mlambo, many would assume that this will be the case. Peter Bruce, like others, raises the question as to the source of the devastating false rumours regarding Dunstan Mlambo which Adv.

Dali Mpofu raised at the notorious JSC enquiry. AmaBhungane recently ran a curious story to the effect that Maya had been heard to repeat the Mlambo rumour before the JSC hearings. BD.

Coming Up

- While shares in Asia surged as China, the Fed and Russian-Ukraine talks helped ease a slew of concerns, stocks in Europe are set for a more modest open.
- Today it's the turn of the Bank of England to lift rates, with a quarter point increase expected. Central banks in Turkey and Indonesia are expected to hold.
- Elsewhere, Christine Lagarde is among the big European Central Bank names speaking at a conference in Frankfurt.
- The U.S. reports housing starts, jobless numbers and industrial production.
- In earnings, Accenture, Fedex and Dollar General report in the U.S. Chinese insurance giant Ping An, China Telecom and sportswear marker Li Ning report in Asia
- In Europe Enel is the biggest of the day's earnings.

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