

TRADER TALK

Global Markets

Mixed trading characterised global equity markets this week as investor sentiment, still largely influenced by the uncertainties of the subprime woes, contended with the hopes of another rate cut by the Fed, which would boost stocks off their lows. U.S. economic data releases during the week included a drop in consumer confidence, to its lowest level in two years, while August existing home sales were said to have fallen to a five-year low. Durable goods sales figures also came out poorer than expected. The economic data suggests a possible slow down in the U.S. economy, which strengthens the case for another rate cut by the Fed. On Thursday, the U.S. equity markets traded in positive territory, with the Dow gaining 34.8 points, the S&P advanced 5.96 points and the NASDAQ gained 10.56 points.

Trading was also mixed in Europe, as the European markets straddled in positive and negative territory during the week. On Thursday, European stocks were lifted by news of some M&A activity – Skan Enskild Bank (SEB) is speculated to have bid for Nordea Bank in a reverse takeover transaction. However, by Friday the European equity markets gave up earlier gains as investors took a cautious approach to the last day of trade in the third quarter. The European market was also affected by a report citing that €3.9 billion worth of emergency funding had been accessed by European banks from the ECB. This represented the largest sum borrowed by Europe's private sector banks since October 2004. The increase in demand for the ECB's marginal lending facility indicates that European banks are still facing liquidity issues as a result of the global credit crunch. The FTSE 100 shed 0.2 percent, while the DAX and the CAC eased

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0.1 and 0.3 percent respectively.

Asian equity markets also wavered between positive and negative territories late in the week, after three straight days of gains. Gains were capped by profit taking and fear of further monetary tightening in China, expected before mid-October. At Friday's market close, the Nikkei was unchanged, while the Hang Seng and the ASX gained 0.4 and 0.7 percent respectively.

SA Markets

Earlier in the week the JSE advanced due to the strength in the resources and platinum mining indices, which were boosted by the rumor that BHP Billiton had possibly discovered the world's largest gold deposit to-date, at its Olympic Dam mine in Australia. This was later revised in a BHP statement giving upgraded numbers regarding the reserve/resource position at the copper/uranium/gold Olympic Dam mine.

However, all focus this week was on the SA (CPIX) inflation figure, which was in-line with expectations at 6.3 percent, down from last month's 6.5 percent. The local market seems to have priced in a 50 basis point rise in interest rates, as inflationary expectations persist given the rise in the oil price, as well as local food prices. In early Friday trade the ALSI had gained 0.28 percent, however market sentiment was that the ALSI was looking toppish.

Kind Regards,

The Global Trader Team

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