

## TRADER TALK

### Global Markets

The decision by the US Federal Reserve to cut another 50 basis points (bps) on top of the 75 bps cut a week ago dominated global headlines and provided brief respite to laggard US indices. This decision further illustrated the tenuous position the US economy finds itself in, and post decision commentary by Bernanke concerned many analysts as rising inflation appears inevitable. Subprime related write downs continue to grab headlines with MBIA (mortgage provider) and UBS (Swiss Investment Bank) the latest to post losses with both companies looking to shore up balance sheets by attracting foreign investment and will no doubt be courting the Middle Eastern sovereign funds that have come to the rescue of institutions like Merrill Lynch.

Turning to Europe, embattled Sogen CEO, Daniel Bouton has been given a vote of confidence by the board and employees following the Jerome Kerviel (rogue trader) saga that has dominated the front pages of financials. French president Nicolas Sarkozy has made it clear that foreign bids for the bank are not welcome, and it has been widely speculated that BNP Paribas is looking at SocGen with some interest. A merger of these entities would provide marked synergies but would result in massive job cuts outside France. Uncertain times lie ahead for SocGen's 400,000 staff.

### SA Markets

In a decision widely applauded by the market, the South African Reserve Bank held rates amidst slowing growth (attributed to power shortages) and easing inflation concerns. Although CPI and

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PPI figures came out above predictions, the governor stated that these figures would be inside the prescribed targets by year end.

The resource sector continues to buoy the ALSI with Exxaro up over 30% over the week as coal supplies dwindle. Kumba Iron Ore, Sasol, Arcelormittal and Implats are the other gainers for the week - all up over 15%.

Kind Regards,  
**The Global Trader Team**

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