

TRADER TALK

Global Markets

Commodity prices dominated the week's markets with gold beginning the final ascent to the looming psychologically important level of \$1,000 per troy ounce. Gold April futures are currently trading at all time highs of \$970. There is the often reported tale used to demonstrate the utility of gold against inflation. It tells of Roman gentry being able to buy a fine toga for the price of an ounce of gold when being Roman was something of consequence. Fast forward to today and a fine suit can still be bought for an ounce of gold. Oil is bouncing around the \$100 level with only the approaching North American summer being a possible respite from these levels. Softs are also climbing as the Bull Run continues across all the commodities.

Given the negative news and economic releases (especially from the all important USA) the international equity markets have been surprisingly resilient. As of writing, the DOW and S&P look to close out the week at similar levels to the way they opened it. The days in between saw attempts by most equity markets to battle to the upside, ultimately to no success. US initial jobless claims rose significantly, 375k vs a predicted 354k. Currency markets saw the greenback slide all week against a wide basket of currencies. The EURO gained 4 cents while cable gained 1.5 pence. Given the FED's more aggressive nature in cutting rates, this trend is likely to continue over the medium term unless a string of reasonable economic releases can be strung together.

SA Markets

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The ALSI continued to hold gains in spite of retracements globally. This strength has been driven by large cap resource companies such as Anglo American that breached the R500 per share level for the second time this year. Sasol looks to have settled above the R400 per share level with Brent Crude pushing towards the \$100 a barrel.

Earnings season has well and truly kicked off with Old Mutual, Liberty Group, Mvela, Mondi and Massmart all releasing results. The star of the show was undoubtedly Massmart with 16% increase in profits, with the Cashbuild business performing exceptionally well. The stock price is down 31% year on year and is well placed to pull back to R80 in the short term.

Encouragingly, French president Nicolas Sarkozy has pledged to assist SA with the development of new power stations accompanied by a hoard of CEOs in the infrastructure field.

Kind Regards,
The Global Trader Team

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