

"Gold Futures and Gold CFD edged higher last week on the back of a soft US dollar, and some safe haven buying as investors focused on the financial ramifications of escalating Ukraine political turmoil."

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[BOURSE AFRICA MARKET RECAP (19 - 25 FEBRUARY, 2014)

Gold clings to gains, hovering near \$1,345/oz level

Sentiment in global markets was subdued last week as investors continued to absorb contrasting evidence on the health of global economy;

1. In the US, economic data releases continued to show that the world's largest economy has shifted to a lower gear at the start of 2014. Signs that the housing market recovery is stalling grew last week - US housing starts fell by 16% to an annual rate of 880K units in January, while existing home sales fell by 5.1% to an annual rate of 4.62 million, the slowest pace since July 2012.

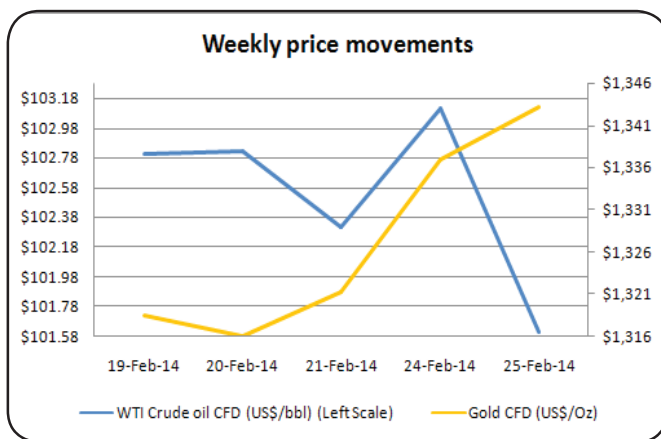
2. Nevertheless, the US Federal Reserve appeared relatively confident about the health of the US economy in the minutes of its January open market committee meeting. These showed continued support for more scaling down of the central bank's monthly asset purchases.

3. In the Eurozone, Markit Economics reported that the factory gauge for the Euro region unexpectedly slipped in February. In Germany, the manufacturing index fell more than economists' forecast, while in France both manufacturing and services gauges unexpectedly declined. However, this Monday, sentiment was underpinned by Moody's Investors Service raising Spain's government-bond rating by one notch to Baa2 and better than expected Ifo survey of German business sentiment.

This global sentiment was reflected in Bourse Africa's product prices in the past week.

COMMODITIES

Gold Futures and Gold CFD edged higher last week on the back of a soft US dollar, and some safe haven buying as investors focused on the financial ramifications of



Source: Bourse Africa

escalating Ukraine political turmoil. Furthermore, the G20 communiqué purport that monetary policy in developed economies should remain supportive.

WTI Crude Oil managed to reclaim the \$103/bbl level last Monday as the latest reports called for more cold weather conditions in the US, world's largest oil consuming nation, bolstering energy demand outlook. But, oil price dropped below \$102/bbl subsequently on concerns that an economic slowdown in China may hurt demand and data showed further rise in US crude inventories.

CURRENCIES

EUR/USD Futures and EUR/USD CFD traded above the \$1.37 level in the past week. The shared currency initially weakened after downbeat Eurozone PMI data - the monthly gauge of activity across the manufacturing and services sectors of region fell in February. But, the single currency bounced back taking cues from reports that the Eurozone construction output recovered in December and German business confidence unexpectedly climbed to the strongest level in 2 1/2 years in February, according to

"Investors' focus will be on the release of GDP data from the US, UK, and major economies in the Eurozone."

Bourse Africa Currency Futures Contract and CFDs	Denomination	Contract Expiry	Closing Prices*					Weekly Change (%)
			Wednesday	Thursday	Friday	Monday	Tuesday	
EUR/USD	USD per Euro	17-Mar-14	1.3756	1.3702	1.3736	1.3738	1.3751	↓ -0.04
GBP/USD	USD per British pound	17-Mar-14	1.6687	1.6650	1.6643	1.6642	1.6693	↑ 0.04
USD/MUR	MUR per US dollar	17-Mar-14	30.18	30.16	30.22	30.19	30.16	↓ -0.07
USD/MURW	MUR per US dollar	26-Feb-14	30.14	30.13	30.18	30.15	30.13	↓ -0.03
JPY/USD	USD cents/100 Yen	17-Mar-14	97.86	97.70	97.43	97.54	97.89	↑ 0.03
EURUSDCFD	USD per Euro	No expiry date for CFDs	1.3752	1.3701	1.3735	1.3736	1.3751	↓ -0.01
GBPUSDCFD	USD per British pound		1.6690	1.6652	1.6640	1.6647	1.6696	↑ 0.04

Source: Bourse Africa Website

the Ifo institute's business climate index. Also, German exports surged the most in three years in Q4 2013, bolstering an expansion in Europe's largest economy by 0.4%.

GBP/USD Futures and GBP/USD CFD tumbled below \$1.67 last week. Data showed that UK unemployment rose to 7.2% in the three months to December from 7.1% in the three months to November, signs the improvement in the labour market could be slowing. Furthermore, retail sales fell by 1.5% in January. A separate report also showed that UK consumer inflation rate slowed to 1.9% in January, below the Bank of England's 2% target. The deceleration will support Mark Carney's message that the policy rate is likely to remain on hold

at a record low of 0.5% this year.

USD/MUR Futures settled lower last week. According to Statistics Mauritius, balance of visible trade showed a deficit of Rs 8,485 million in December 2013, higher by 6.2% compared to the previous month.

This week, investors' focus will be on the release of GDP data from the US, UK, and major economies in the Eurozone. This will provide investors with hints for further direction in the price movements of EUR/USD, GBP/USD Gold, Silver and WTI Crude oil. ■



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