

BOURSE AFRICA MARKET RECAP (JANUARY 16-22, 2014)

Markets weighed encouraging data against earnings reports

Global markets witnessed yet another mixed performance last week. Market participants weighed signs of global economic recovery against concern about equity valuations;

1. Robust figures on US retail sales, business inventories and a couple of optimistic regional Fed surveys helped soothed jittery in the markets. Manufacturing activity picked up steam in the New York region while Initial jobless claims fell in the week ending Jan. 11;

2. This bullish momentum was reinforced by the World Bank's forecast that global GDP will grow by 3.2% in 2014, up from 2.4% in 2013, with much of the pick-up coming from developed economies.

However, the positive thrust took a hit amid some poorly-received corporate earnings;

3. Citigroup, the third-biggest US bank by assets, missed earnings' estimates as mortgage banking and fixed-income trading slumped.

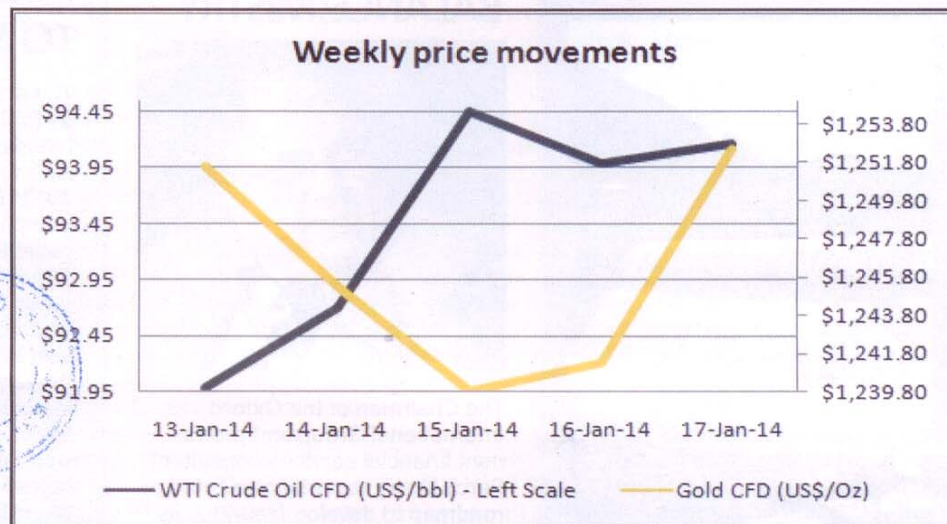
4. Overall profits of Goldman Sachs fell by 19% to \$2.3 billion in Q4. Revenue came in at \$8.8bn in Q4, 5% lower than the same period last year.

This global sentiment was reflected in Bourse Africa's prices last week.

COMMODITIES

Gold Futures and Gold CFD see-sawed between gains and losses last week; the precious metal tumbled below \$1,240/oz on Wednesday after US data underscored a recovery in the manufacturing sector which further dulls the metal's appeal. Additionally, in its Beige Book report, the Fed said two-thirds of the 12 districts reported increases in hiring.

But, the yellow metal bounced



back on the last two days of the week amid some poorly-received corporate earnings and a decline in US consumer sentiment bolstered gold's investment appeal. The correlation between gold and WTI crude oil last week is depicted in the graph above.

WTI Crude Oil prices gathered pace netting a weekly gain of 2.1%. The rally was led by a bigger-than-expected decline in US crude inventories for the week ended January 10 – crude supplies fell by 7.66 million barrels to 350.234 million.

CURRENCIES

The US dollar extended recent gains and settled broadly higher against the Euro currency last week. The greenback advanced amid buoyant figures on US retail sales, industrial production, and manufacturing activity in the New York region expanded this month. The Euro suffered losses as Germany's economy expanded less than forecast in 2013 - Gross domestic product increased by 0.4% from 2012

Bourse Africa currency Futures Contract and CFDs	Denomination	Contract Expiry	Closing Prices*					Weekly Change (%)
			Monday	Tuesday	Wednesday	Thursday	Friday	
EUR/USD	USD per Euro	17-Mar-14	1.3649	1.3683	1.3592	1.3592	1.3532	↓ -0.86
GBP/USD	USD per British pound	17-Mar-14	1.6360	1.6443	1.6349	1.6336	1.6404	↑ 0.27
USD/MUR	MUR per US dollar	17-Feb-14	30.27	30.27	30.31	30.37	30.36	↑ 0.30
USD/MURW	MUR per US dollar	23-Jan-14	30.21	30.20	30.24	30.3	30.29	↑ 0.26
JPY/USD	USD cents/100 Yen	17-Mar-14	96.97	96.22	95.63	95.82	95.90	↓ -1.11
EURUSD CFD	USD per Euro	No expiry date for CFDs	1.3654	1.3683	1.3592	1.3593	1.3532	↓ -0.90
GBPUSDCFD	USD per British pound		1.6368	1.6450	1.6357	1.6338	1.6411	↑ 0.26

when it gained 0.7%, according to the Federal Statistics Office. EUR/USD Futures and EUR/USD CFD price movements reflected this trend ending 0.9% lower.

CURRENCIES

GBP/USD Futures and GBP/USD CFD logged weekly gains. The British Pound bounced back after UK inflation consumer-price growth slowed to 2% in December from 2.1% in November. In addition, retail sales rose by 5.3% in December from a year earlier, marking the fastest annual pace in

more than nine years.

USD/MUR Futures settled 0.3% higher last week amid the momentum in the US dollar. In addition, the Bank of Mauritius also reported that Year-on-Year inflation rate rose to 4% in the month of December.

A raft of major market-moving news, including US weekly initial jobless claims, Euro-area manufacturing, services PMIs (Jan), UK CBI Retail Sales (Jan) will influence price movements this Friday. ■

Source: Bourse Africa.

BOURSE AFRICA LIMITED (Bourse Africa) is the first international multi-asset class exchange from Mauritius that currently offers trading on three market segments viz., commodities, currencies and equities. Bourse Africa endeavours to provide African and International market participants with an efficient market for risk management, trading, investing and capital raising needs. The exchange offers a state-of-the-art electronic trading platform with efficient clearing and settlement systems.