

Markets start the new week on a positive note

By  Andre Cilliers

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Currency, equity, and commodities have started the new week on a positive note after the dollar closed strongly on Friday.



Source: Reuters.

The pound is 0.9% stronger at 1.1270 this morning after the government abandoned plans not to raise corporate tax.

Instead, taxes will rise to 25% from 19% as of April next year. Markets will be looking out for new finance minister, Jeremy Hunt's planned policy announcements later today.

The euro is up at 0.9755, but the yen remains on the back foot at 148.70 with no sign of any intervention from the Bank of Japan. The rand briefly pulled back to R18.10 on Friday before closing sharply weaker at R18.35.

Local headwinds are also weighing on the local currency, with unions rejecting the CCMA wage-increase proposal, and the national strike now heading into the third week. We are, however, currently trading firmer at R18.25 on the back of the softer dollar.

Gold and Palladium closed 1.4% and 5.8% weaker, respectively, on Friday, while Platinum was flat. This morning we have Gold up at \$1,652, Platinum higher at \$906, and Palladium stronger at \$2,031 as risk sentiment improves slightly.

The price of Brent crude has edged up to \$92.40 this morning after the People's Bank of China injected liquidity into Chinese markets in an effort to support the economy, raising hopes for higher oil demand.

ABOUT ANDRE CILLIERS

Andre is the Currency Risk Strategist at TreasuryONE. Andre's career in treasury spans more than 30 years. He has gained his extensive currency risk experience in both the banking and corporate arena. Before joining TreasuryONE, Andre headed up the treasury department for a Tier One German international bank in South Africa.

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