

Johannesburg Stock Exchange hits all-time high, rand firms

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The Johannesburg Stock Exchange hit an all-time high on Monday morning as South African technology and mining stocks gained on enthusiasm about China reopening its borders and hopes the US Federal Reserve may slow the pace of interest rate hikes.



Source: Reuters.

The all-share index rose as high as 78,450 points and at 8.55 GMT was trading at 78,342 points, about 2% higher than the previous close. The blue-chip index of top 40 companies also reached an all-time high, of 72,411 points.

Mining companies were among the big winners, with the mining index up 2.35% to 61,707 points, as the prices of basic materials rose on the hope that China's economy will rebound after Covid-19 policies dampened demand and a weaker dollar boosted gold prices.

"The market is expecting that US, UK and Europe will enter a mild recession and that will lead to a cut in interest rates in the second half," said Wayne McCurrie, a portfolio manager at First National Bank.

"Another factor that is helping the South African market is China just abandoning its zero Covid policy over the weekend

and that impact is seen in the mining stock on the market, as well as Naspers."

Tech investor and market heavyweight Naspers Ltd, through its subsidiary Prosus, holds a 27% stake in Chinese tech and gaming giant Tencent and is its biggest investor. Naspers jumped 3.92%, while Prosus climbed 3.86%.

Improved risk sentiment also boosted the rand, which at 8.55 GMT traded at 17.00 against the dollar, 0.69% stronger than its previous close.

ETM Analytics attributed the rand's recovery to last week's strong US labour market data and more measured views of indications that the government may try to change the South African Reserve Bank's (Sarb) mandate.

"Talk of changing the Sarb's mandate is not necessarily something to fear," ETM said in a note.

Gwede Mantashe, chairman of the governing African National Congress (ANC), said on Friday that it wanted to expand the Sarb's mandate to do more to support the economy, prompting the rand to fall during the session.

The central bank's focus, spelled out in the constitution, is "to protect the value of the currency in the interest of balanced and sustainable economic growth".

The government's benchmark 2030 bond was stronger in early deals, with the yield down 15 basis points to 9.85%.

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