



# Morning Market Commentary

## **Friday 8th May, 2015**

The S&P 500 bounced by +0.4% last night as bond yields calmed down and buyers re-emerged for shares. The Nasdaq gained +0.5% to 4,945. The monthly jobs report comes out this afternoon, with approximately 230,000 new jobs for April expected. Last month's number was very disappointing at 126,000, so there is heightened interest in today's number.

Europe fell -0.05% yesterday while London was -0.7% ahead of the general election, which has seemingly gone much better than expected for the Conservatives, with Cameron looking set to remain Prime Minister. They may win 325 seats, about half. The pound jumped 1.5% versus the dollar. It was meant to be the closest election since WWII, so the polls have been very wrong. The result is good for the market.

Asian markets are mostly up, following the US, with Aussie +0.1% (BHP -1.2%), Shanghai is -0.3% after China reported imports in April fell by 16.2% yoy. The Hang Seng is +0.4% (Tencent +1.5% after its biggest rival Alibaba reported much higher sales), the "H" Index of Chinese shares that trade in HK +0.6%. India is +1.4% and Japan +0.6% at 19,412.

The JSE ALSI fell 610 points or -1.1% yesterday to 53,238 (-3.5% from its recent record high above 55,000) as Resources tumbled by -4.3%. New highs included Eastplats, Conduit, Net1UEPS and CMH, while new lows were CML, Pioneer Foods, Lifecare and Keaton. The JSE Mining Index had gained almost 17% in the past 3 weeks and has now retraced by 6%. At this stage the dollar's correction seems to be still in place, so the mining share bounce is probably also still intact.

The US 10-year yield fell 9 basis points to 2.15%, its first drop in a while. The German 10-year yield fell 5 basis points to 0.57%, while our SA government R186 bond yield due in 11/12 years fell 8 basis points to 8.12% (prices up).

The dollar gained about 1% to \$1.120 to the euro from \$1.133 (from a recent peak of \$1.045), but lost vs the pound at \$1.547 from \$1.522 after the election results. The rand is flat since Monday at 12.04 to the dollar, but down sharply overnight v the pound at 18.62 from 18.33, up at 13.49 to the euro from 13.68 and...up

versus the Aussie at 9.51 from 9.62.

S&P 500 futures are +0.10% this morning. Oil is down \$2.1 at \$65.30, while Gold is down \$5 at \$1183, with Platinum down \$9 at \$1133.



comic courtesy of Avior Capital  
Paul Hansen

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