

Sharply firmer mining shares carry the day

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THE JSE closed flat yesterday as sharply firmer mining shares carried the day, by a whisker, offsetting retreating industrials.

Higher commodity prices supported mining stocks despite a stronger rand.

At the JSE's close the spot price of gold was 1.47% higher at \$1,257.11 an ounce, while the platinum price had gained 1.98% to \$987.67 an ounce.

European markets were mostly firmer on the day, following on from the better performance on Friday, with mining, banking and energy counters making good gains.

Dovish comments by US Federal Reserve chairwoman Janet Yellen, that is, remarks that are not in favour of raising US interest rates anytime soon, as well as a rebound in crude oil and metal prices spurred the rally, Nedbank CIB analysts said.

At 5pm, the all share closed up a marginal

0.01% with the blue-chip top 40 losing 0.01%. Platinums soared 5.76% and the gold index ended the day 4.86% higher. Resources were up 2.42%. Banks added 0.18% in choppy trade, while industrials dropped 0.71%.

The Dow Jones was 0.42% higher at the JSE's close. The FTSE 100 was flat (-0.08%) after recording marginal gains for most of the day. The Paris CAC 40 was up 0.67% and the German DAX had risen 1.15%.

Stanlib retail investing director Paul Hansen said the gold price's rise on the day — its biggest in a month — followed analysts' recent recommendation to hold gold in a diversified portfolio. "The reasons related to negative interest rates that prevailed in much of the developed world and ongoing quantitative easing as well as the pledge by the US Fed to keep interest rates low," he said.

There is belief among some that the gold price has much further to go, though the gold index amounts to only 2.9% of the all share, while the platinum index is smaller at 1.1%.

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The rand was almost 2%, or 30c, stronger against the dollar in late trade amid market talk of further corporate deals supporting the rand. Higher oil prices and the weaker dollar also supported emerging-market currencies.

At 5.40pm, the rand was trading at R14.7003 to the dollar from R14.9917 at Friday's close. It was at R16.7931 against the euro from R17.1195 previously, and at R20.9631 against the pound from R21.1665 previously.

Rand Merchant Bank (RMB) currency analyst John Cairns said the rand was again doing well following the Associated British Foods takeover offer for Illovo Sugar. "The deal will probably be approved at the Illovo shareholder

meeting in May, followed in turn by inflows."

South African bonds were in positive terrain in late trade as they took their cue from the stronger rand, which was recovering against the dollar. The dollar's bias to weakness against the yen and the euro, and against several emerging market currencies such as the rand, has persisted since last week. At 5.47pm, the benchmark R186 bond was bid at 9.130% and offered at 9.120% from Friday's close of 9.180%. Continuing dollar losses have been spurred partly by talk that the Group of 20 finance ministers reached a dollar accord at their meeting six weeks ago.

This was almost certainly false, but the market was happy to "play the game" that the strong dollar was a global problem and needed to weaken, RMB said.

South African futures were weaker, despite the JSE ending flat. At 5.51pm, the local near-dated Alsi futures market was down 0.23% at 45,670 points. A total of 24,510 contracts were traded from 26,497 previously.