

Monthly News Letter

Investment & Economic Matters



06 June 2019, Volume 78

Economic Indicators

	USD	Euro	Move
Rand	14.58	16.29	1.97%
Pula	10.83	12.10	1.19%
Kenya	101.23	113.12	0.11%
Kwacha	13.20	14.84	3.82%
Naira	360.21	401.56	0.14%
	Apr	May	Move
Gold (\$)	1283.53	1305.58	1.72%
Oil (\$)	72.80	64.49	-11.41%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2019

	Share Code	Entry Price	Target Price
1	AECI	83.51	135.41
2	HYP	81.50	127.04
3	ARL	159.93	237.34
4	BAW	115.14	160.54
5	INL	79	108.45
6	ABG	161.82	213.65
7	SUR	22.30	28.62
8	PFG	84.43	106.50
9	MNP	309.57	367.76
10	JSE	165.56	184.83

Prices in SA Rands

JM BUSHUA Funds Returns

Fund Name	5 years
CashPlus	7.85%
BondPlus	9.02%
Real Return	6.07%
Absolute AllClass	6.55%
Absolute Aggressive	6.36%
Diversified Equity	3.64%
Communities Fund	8.94%
Global Investor	
Afro Fund	6.07%*

* Same as Real Return

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South African and Global Economy

Unemployment numbers and inflation numbers came out during the month of May, with Unemployment rising to 27.7%, in the first quarter of 2019 from 27.1 percent in the previous period. It is the highest jobless rate since Q3 2017. Employment decreased in all four of the sectors in Q1 2019, with the formal sector losing the largest jobs of 126,000, followed by the informal sector which lost 68,000, private households lost 31,000 and agriculture (12,000). Inflation numbers came down to 4.4% in the month of April from 4.5% in the previous month, this is just below the mid-point of the central bank's inflation target of 3%-6%.

Investment Markets – Major indices end on the red

The market ended down with major indices including the JSE All Share ending on the red at -4.92%. Financials ended down with the FINI 15 ending the month at -2.13%. Industrials decreased with the INDI25 closing the month at -6.11% and resources went down for the month of May with the RESI20 Index ending at -5.34%. On company news, Netcare released 6 months results with 8.5 %increase in patient days, 1.3% in normalised EBITDA, 1.1% increase in cash generated from SA operations, 2.4% increase in HEPS, Group revenue by 5.6% and interim dividend by 6.8%. Astral foods released interim results with revenue up 3%, EPS down 51%, HEPS 52% and Interim dividend of R4.75 per share. Dischem yearly results revenue up 10%, HE 7.4%, HEPS sitting at 85cents, total income up 14.2% and Dividend per share at 34.2cents.

Regional Economic Updates – Zimbabwe

Zimbabwe Stock Exchange shares closed strong at 628.41 points for the month of May with a YTD performance of +27.61%. The market was spurred on by a flight to safety from investors with fears of a return to the 2008 hyperinflation crisis over the rising inflation and the unstable local currency. The previous all-time high on the Industrials Index was achieved 11-Oct-18 at 699.89 before the new dispensation. The key difference with 2008 scenario is the lack of liquidity although expectations are that the market will continue to make gains, with increasing emphasis on blue chips as investors continue to seek safety and value preservation. The creation of the interbank market has given the RBZ a monetary policy tool for the first time in about 10 years but its creation needed enough foreign currency reserves to kick start. The interbank rate closed the month at 5.26 and the comparable Old Mutual Implied Rate closed at 8.9673 to the US dollar. Gold deliveries in April were down 18.73% to 2 126.35kg after a slow-down in sales from the small scale miners who are unhappy with the current 55% retention of gold proceeds with the remainder liquidated at the interbank market at the prevailing rate.

Social and Political Updates – May the month of elections

The ruling party, the ANC won 57.5% of the votes – though this reflects its worst performance since 1994. This was followed by the DA with 20.8% of the votes and the EFF with 10.8% of the votes. Smaller parties that stood out in the election include the IFP, the Freedom Front Plus, the ACDP and the UDM, all of whom will be returning to parliament this year. There were also a few parties who made their debut in the elections, and managed to secure at least some representation in parliament this includes GOOD, led by former Cape Town mayor Patricia de Lille, as well as the African Transformation Movement, headed up by former government spokesperson Mzwanele Manyi. The ANC secured a two-thirds majority in Limpopo, Mpumalanga and the Eastern Cape, and got over 50% of the vote in the Free State, Northern Cape and KwaZulu Natal. The EFF took over as the official opposition in three provinces, namely Limpopo, Mpumalanga and the North West. The IFP is the official opposition in KwaZulu Natal, and the DA is the official opposition in the rest, excluding the Western Cape, where the DA leads and the ANC is the official opposition.

Parting Words of Wisdom

“Never invest in a business you cannot understand.” – Warren Buffet

Lesotho • Namibia • South Africa • Swaziland • Zambia • Zimbabwe

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