

Monthly News Letter
Investment & Economic Matters



07 November 2019

Economic Indicators

	USD	Move	
Rand	15.10	-0.23%	
Pula	10.99	-0.82%	
Kenya	103.05	-0.77%	
Kwacha	13.30	1.21%	
Naira	361	-0.4%	
	Sept	Oct	Move
Gold (\$)	1472.49	1512.99	2.75%
Oil (\$)	60.78	60.23	-0.90%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2019

	Share Code	Entry Price	Target Price
1	AECI	84	135
2	HYPROP	82	127
3	ASTRAL	160	237
4	BARLOWORLD	115	161
5	INVESTEC	79	108
6	ABSA	162	214
7	SPUR	22	29
8	PIONEER	84	107
9	STANDARD	179	225
10	JSE	166	185

Prices in SA Rands

JM BUSHUA Funds Returns

Fund Name	5 years
CashPlus	7.98%
BondPlus	8.53%
Real Return	5.74%
Absolute AllClass	5.52%
Absolute Aggressive	5.19%
Diversified Equity	2.78%**
Global Investor	
Afro Fund	5.74%*

* Same as Real Return
** 4 years return

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SA Economics

On the local economic data front, consumer price inflation (CPI) came in 20 basis points softer than the previous month at 4.1% YoY. The September trade surplus widened to R5.2bn against a revised R4.5bn that came through in the previous month mainly contributed by the weaker charge of oil imports. The most concerning data stat was the unemployment figure which showed that SA's unemployment rate worsened to 29.1%, its highest level in more than 11 years. Commodities had a mixed performance with Brent crude oil ending 1% weaker in October owing to higher than expected US crude inventories. The yellow metal remains strong, up 2.8% in October and almost up 20% for the year largely supported by US-China trade battles. Iron ore prices dropped 3.6% MoM, whilst platinum was relatively flat.

Investment Markets –SA Market Looking UP!

The SA equity market made a remarkable comeback in October closing up to 3% in the green after 3 straight months in the red. Resources were the best performers for the month (up 7.1% MOM) mainly driven by the platinum and gold players. The financials also bucked the trend with the Fini-15 up by 2.8% MoM but still in the red (-3.2%) YTD. The Indi-25 remained subdued, but was also in the green by about 0.2% MoM rise and remains strong for the year up (+9.6%).

Best and Worst JSE Performance

Sibanye Still Water- As mentioned above, the gold players have performed brilliantly this calendar year as shown by Sibanye which was up by over 38% in October. The gold miner came through with a remarkable 3Q19 operating update indicating a stellar operational and financial performance recovery. Group (EBITDA) stood at R5.50bn up 243%. The net debt/EBITDA declined from 2.5x at 1H19 (30 June 2019) to 1.7x at 3Q19 (30 September 2019). Sibanye also guided for the potential to reinstate dividends in the second half of 2020. We hope that they are prudent with capital allocation heading into the future.

ArcelorMittal South Africa- On the flip side, we have a former steel giant that continues to bleed loss after loss on the local bourse. With no significant company news coming out in October. ArcelorMittal seems to be dying a slow but painful death on the JSE.

Regional Updates-Botswana Decides

On the 23rd of October, Botswana headed to the polls to decide who their next leader would be. Botswana Democratic Party (BDP) led by Mokgweetsi Masisi had a landslide victory as the BPF which was now supported by Ian Khama and led by Biggie Butale a former BDP member of parliament only managed to secure three seats in parliament. The 58-year-old Masisi has vowed to transform Botswana's economy and is a strong advocate for peace within the region.

SA Political Corner- DA (reset to factory settings)

The ruling party took a back seat in October as all attention was on the country's main opposition party. Helen Zille made a dramatic comeback to the DA leadership structures with her being elected as DA's Federal Council Chair(a powerful position with the DA's constitution. This meant the end of Mmusi Maimane, Herman Mashaba and Athol Trollip as the trio resigned suggesting the madam's return was more than just a return.

Parting Words of Wisdom

"The results you achieve will be in direct proportion to the effort you put."- Denis Waitely