

Monthly News Letter

Investment & Economic Matters



05 October 2018, Volume 71

Economic Indicators

	USD	Euro	Move
Rand	14.14	16.41	-3.73%
Pula	10.59	12.29	-1.75%
Kenya	100.80	116.98	0.17%
Kwacha	12.38	13.93	17.63%
Naira	362.79	423.11	0.06%
	Aug	Aug	Move
Gold (\$)	1201.15	1190	-0.86%
Oil (\$)	77	82.72	6.85%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2017

	Share Code	Entry Price	Target Price
1	TKG	74	82
2	EXX	91	130
3	FSR	54	59
4	OML	35	43
5	BIL	223	290
6	SOL	407	450
7	BAW	118	118
8	BVT	180	182
9	IPL	185	192
10	INL	91	107

Prices in SA Rands

JM BUSH A Funds Returns

Fund Name	5 years
CashPlus	7.46%
BondPlus	7.78%
Real Return	6.33%
Absolute AllClass	6.53%
Absolute Aggressive	7.27%
Diversified Equity	5.83%**
Communities Fund	8.94%
Global Investor	
Afro Fund	6.33%*

* Same as Real Return
** 4 years return

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South African Economy

South African economy slipped into recession as the month of September began. The rating agency Moody came out with a brief commentary on the latest GDP figures that indicated this recession. Stats SA also came out with South African economy numbers having declined by 0.75% in the second quarter of 2018. This marked a technical recession following a first quarter declined of 2.2%. Moody continued to say that this weak economic performance was weaker than expected and was a credit negative for the country, adding that put further pressure on the country's standing fiscal and monetary challenges. "The Reserve Bank faces increasingly challenging decisions from an acceleration in inflation, driven in part by petroleum prices and rand depreciation," Moody's said. Many international Banking groups such as Goldman Sachs and Merrill Lynch cut down its South African forecast from 2.0% to 0.8% and 1.6% to 0.9% respectively. Moody followed these banking groups and forecasts South Africa's growth from 1.5% to 0.7%.

Investment Markets – Major indices on the down

The market ended negative with major indices including the JSE All Share ending in the red at -5.05%. Financials decreasing with the FINI 15 ending the month at -3.19%. Industrials decreased with the INDI25 closing the month at -8.57% and resources decreased as well for the month of September with the RESI Index at -1.13%. On company side Capitec reported an 18% jump in headline earnings from R3.8bn in 2017 to R4.5bn, boosted by client growth and fee income. Pick n Pay sales growth for 1H19E is at +6.4%, with LFL sales growth of 3.8% on 0.3% inflation, driving volume growth of +3.5%. Aspen reported 10% growth in FY18 normalised diluted HEPS to ZAc1, finished dose manufacturing in SA declined by 48% due to a tender lost by a major customer, net debt increased by ZAR9.6bn to ZAR46.8bn reaching a net debt/EBITDA level of 3.9x.

Regional Economic Updates – Zambia

Zambia is back in focus barely a month after a double credit downgrade, western donors have cut off budgetary support and confirmed ongoing fraud investigations in several government departments. In an environment of low copper prices, exacerbated by the US-China trade war, increasing investor scepticism towards the Zambian economy will trigger further considerable weakness in the kwacha. Latest data available show reserves more than halving from 5.5 months of import cover in January 2018 to 2.0 months cover. This limits the BoZ's options to stabilize the unit in future interventions. Across the Zambezi, Zimbabwe is taxing itself to prosperity with a recently introduced massive 2% tax levied on all electronic fund transfers. All in an effort to reduce the widening budget deficit. The high deficit has ignited expansion of domestic debt from US\$275.8 million in 2012 to current levels of US\$9.5 billion against US\$7.4 billion external debt. This brings total public debt to US\$16.9 billion equal to its GDP of US\$16.2 billion.

Social and Political Updates- Ramaphosa's stimulus package

Ramaphosa's unveiled an economic stimulus package in the month of September, to which the market had little excitement over, in efforts to respond to the announced recession. The package is geared at injecting capital to labour intensive, that have over the years contributed towards low growth indicators and loss in jobs. The stimulus plan will immediately address these focus areas: Agricultural sector, which has a massive job creation potential. Infrastructure development being one of these focus areas with an injection of a R400bn Infrastructure Fund which will be used to reduce "the current fragmentation of infrastructure spend", lowering of data costs which hinders on communication for small business as well as the Tourism sector which has, in recent years, been one of the sectors showing growth in SA.

Parting Words of Wisdom

"An investment in knowledge pays the best interest." - Benjamin Franklin

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

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