

Monthly News Letter

Investment & Economic Matters



Economic Indicators

	USD	Euro	Move
Rand	15.19	16.68	5.94%
Pula	11.07	12.17	3.48%
Kenya	103.63	113.82	-0.53%
Kwacha	13.08	14.37	1.35%
Naira	30.76	398.90	0.01%
	Jul	Aug	Move
Gold (\$)	1413.78	1520.20	7.54%
Oil (\$)	65.17	60.43	-7.27%

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 BUSHHA Funds Returns

Fund Name	5 years
CashPlus	7.94%
BondPlus	8.94%
Real Return	5.68%
Absolute AllClass	6.12%
Absolute Aggressive	5.71%
Diversified Equity	2.82%
Communities Fund	8.94%
Global Investor	
Afro Fund	5.68%*

* Same as Real Return

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South African and Global Economy

The GDP numbers came out for Q2:2019 with a growth of 3.1% coming to the nominal R1.26 trillion, because of the drop in Q1:2019 GDP by 3.1% it means these numbers put us back exactly where we were at the beginning of the year. A numbers of factors contributed towards this performance. The mining industry was boosted by a record of 14.4% growth, secondary sectors, collectively contributed 1.5% towards the growth of the GDP, with manufacturing accounting for 2.1% of the rise. The financial sector, as well as real estate and business services, which is, in essence, the largest industry in South Africa, grew by 4.1% and that growth can be attributed to the positive performance of the banking and insurance sectors and ultimately contributed positively towards the GDP number. Industries which are in crisis and have become a huge concern are those that suffered losses, Transport: -0.3%, Construction: -1.6%, Agriculture: -4.2%.

Investment Markets – Major indices ended in the red

The market was red by the end of July with major indices including the JSE All Share ending on the red at -2.69%. Financials ended down with the FINI 15 being hammered at -4.04%. Industrials firmed with the INDI25 closing the month at -2.93% and resources were down for the month as RESI20 Index ended at -1.69%. On company news, Bidcorp released their FY19 results with HEPS increased 12.5% to ZAc1444. In constant currency terms HEPS increased 7.7%. DPS increased 14% to ZAc640. Motus released their FY19 results this where HEPS increased by 2% to ZAc1009, compared with our estimated 1% growth. On a normalized basis, which excludes share based equity costs, HEPS would have increased 11% yoy. Dividend for the period increased 10% to ZAc490. Nepi Rockcastle Property delivered 9.6% DPS growth to 29.02 euro cents, Distributable earnings grew 11.1% to EUR170mn, LTV has remained fairly stable at 32.5% and remains below the group's long-term target of 35%.

Regional Economic Updates – Zimbabwe

The ZSE continued its bearish run with losses in highly capitalized counters dragging the market 12.94% lower for the month. Albeit on a YTD basis the market is still up +10.93%. The month has seen the bearish turn drag the market below the US\$2 billion mark in market cap, which is a new post dollarization all-time low. Looking ahead, the upcoming reporting season is expected to provide some cues for the market. Consumer stocks in particular will be a source of interest as a gauge for the practical implications of the current economic policy regime with massive volume declines expected. On the currency front the new RTGS dollar has lost 20.37% of value for the month closing at 10.7139 due to a weakening trade and current account balance. It seems puzzling why the government chose to implement the new currency now given that plenty of foreign exchange is required to stabilise the introduction of a new currency and leaven its inevitable inflation. Yet the monetary authorities insist that with the US dollar strengthening over the years against the currencies of Zimbabwe's major trading partners, exports were continually losing competitiveness and a fresh tranche of foreign exchange in the required volume and timeframe was improbable. Therefore the introduction of the new currency was the only option on the table.

Social and Political Updates – The Scourge of Gender Based Violence

South Africa has had the problem of gender based violence for years, in the month of August we were painfully reminded of this scourge in our society through the death of a UCT student Uyinene Mrwetyana. This was followed by a march in Capetown during the sitting of World Economic Forum in which president Ramaphosa had to come out and address the protesters. The government has promised to look into the matter with much more urgency. As JM Busha we send our condolences to those who have lost a loved one because of this scourge.

"For women, financial independence is a matter of necessity." Carrie Schwab-Pomerantz

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

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