

Monthly News Letter

Investment & Economic Matters



05 August 2019, Volume 80

Economic Indicators

	USD	Euro	Move
Rand	14.34	15.88	1.82%
Pula	10.69	11.84	0.37%
Kenya	104.18	115.48	1.84%
Kwacha	12.91	14.31	0.51%
Naira	360.71	401.25	0.13%
	Jun	Jul	Move
Gold (\$)	1409.55	1413.78	0.3%
Oil (\$)	66.55	65.17	-2.07%

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

Some of the important economic data was released in the month of July. The much anticipated Monetary Policy Committee meeting sat as the South African Reserve bank governor announced a rate cut by 25 basis points to 6.5% of the repo rate. The rate cut was broadly anticipated by various economists. The cut is also expected to help reignite some activity in the market, and starting a series of cuts that economists forecast could total as much as 75 basis points over six months. The governor also noted that GDP contracted by 3.2% in the first quarter, reflecting weakness in most sectors of the economy. He mentioned how the sharp quarterly decline was primarily caused by electricity shortages and strikes that fed into broader weakness in investment, and that household consumption and employment growth was also a factor. However, based on recent short term indicators for the mining and manufacturing sectors, a rebound in GDP is expected in the second quarter of 2019, he said. The SARB cut South Africa's growth forecast, and now expects GDP growth for 2019 to average 0.6% (down from 1.0% in May).

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 -2.44%. Financials ended down with the FINI 15 being hammered at -7.38%. Industrials firmed with the INDI25 closing the month at 1.44% and resources were down for the month as RESI20 Index ended at -5.93%. On company news, Vodacom published its 1Q20 trading update showing group revenue up 4.2% to R21.5bn with group service revenue up 3.9%. South Africa (SA) service revenue decreased by 1.2% to R12.6bn, while international service revenue was up 19.6% to R5.1bn (reported) and 8.1% local revenue growth. AVI has guided for a decline in headline EPS of between 4-6% for the year ended 30 June 2019, the trading environment remained challenging throughout the year with weak consumer spending limiting sales volumes in many categories.

Regional Economic Updates – Zimbabwe

After official annual Inflation touched 175.66%, Zimbabwe Government decided to ban the publication of Year on Year inflation for the next 12 months by rebasing the consumer price index. Additional pressure on inflation came through the 2019 Supplementary Budget which proposed an electricity tariff increase of 356% from an average of ZWL9.86c/kWh to an average of ZWL45c/kWh (approximately US\$5/kWh). The revised 2019 Budget Framework will result in a reduced budget deficit of Z\$4.56 Billion about 4% of GDP. The monthly trade deficit increased to US\$217 million in July as exports fell by 30% to US\$240 million and imports rose by 4.6% to US\$457 million to leave the cumulative trade deficit for 2019 so far at US\$617 million. The Zimbabwe stock exchange remains weak and directionless as the market contemplates the impact of 18 hour electricity load shedding and declining access to foreign Currency.

Social and Political Updates – “Rogue unit” and Zuma’s testimony

July was an eventful month on the political front. The public protector, Busisiwe Mkhwebane made a number of findings in her report, including that an investigating unit of SARS established in 2007, known as the “rogue unit”, was unlawfully formed and had conducted illegal intelligence gathering operations. Another major news was what Zuma revealed as he agreed to testify at Zondo's commission, he revealed that Ngoako Ramatlodi and Siphwe Nyanda were Spies of the apartheid government. He also made claims that his life and that of his family has been under threat. Zuma said that the Arms Deal saga in which he is implicated and facing multiple corruption charges, was also part of the smear campaign against him, claiming that his removal as deputy president in 2005 and the subsequent institution of the charges were proof of this.

Parting Words of Wisdom

“Risk comes from not knowing what you are doing.” – Warren Buffet

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

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