

Monthly News Letter

Investment & Economic Matters



Economic Indicators

| | USD | Euro | Move |
|-----------|---------|---------|--------|
| Rand | 12.69 | 14.85 | 1.91% |
| Pula | 9.57 | 11.79 | 0.51% |
| Shilling | 101.13 | 124.42 | 1.05% |
| Kwacha | 9.74 | 12.01 | 9.23% |
| Naira | 360. | 443.74 | 11.24% |
| | May | Jun | Move |
| Gold (\$) | 1313.39 | 1298.51 | -1.28% |
| Oil (\$) | 75.17 | 77.59 | 3.22% |

Move is % change monthly against USD
Zambian

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 | 7.24% |
| BondPlus | 7.80% |
| Real Return | 6.77% |
| Absolute AllClass | 7.83% |
| Absolute Aggressive | 7.78% |
| Diversified Equity | 7.36%** |
| Communities Fund | 8.84% |
| Global Investor | |
| Afro Fund | 6.77%* |

* Same as Real Return
** 4 years return

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South African Economy

As per usual numbers every beginning of the year, the unemployment numbers for the first quarter of 2018 was boosted by the seasonal hiring of the festive period in 2017. However there is no certainty over job creation. The unemployment rate dipped to 26.7% in the fourth quarter of 2017 – from 27.7% in the previous quarter and economists do not expect much improvement, especially since the spike in seasonal hiring over the festive period is typically reversed in the following quarter. According to Statistics South Africa, year-on-year manufacturing output fell 1.3% in March, contrasting February's revised 0.5% rise (previously reported: +0.6% year-on-year). March's print reflected sharp contractions in consumer-facing sectors, including textiles and electronics, as well as weaker readings in the energy and steelmaking industries. Automotive manufacturing, on the other hand, was the rare uptick in the month.

Investment Markets – Major indices significantly down

The Market took a knock with major indices including the JSE All Share ending on the downside at -3.57%. Financials went down with the FINI 15 ending the month at -6.86%. Industrials decreased with the INDI25 closing the month at -5.11% and resources went up for the month of May with the RESI Index at 4.53%. On the company side Mediclinic reported 1% growth in adjusted EPS to GBp30.0, revenue growth of 4% and adjusted EBITDA of GBP515mn. Tiger Brands reported a 16% decline in HEPS to ZAc863, The key disappointments in the result were a 15% decline in operating profit from groceries, a 43% decline in operating profit from the home, personal care and baby (HPCB) categories and a ZAR72mn loss from L&A, the deciduous fruit export business.

Regional Economic Updates – Zimbabwe's Inflation

The Zimbabwe Stock Exchange closed the month of May with a record trade of \$60.28 million, the ninth highest monthly total since dollarization in 2009. This comes as the market digests news that Zimbabwe is set to hold harmonized elections on July 30. The industrial index is up 18.14% YTD. While fungible Old Mutual Share is trading at a 116% premium to the JSE price and the Zim Bond note is trading at a 60% discount to the USD dollar. The Confederation of Zimbabwe Industries (CZI) reports that the composite Business Confidence Index (BCI) for the first quarter of 2018 stood at -14.4 for quarter-on-quarter and 20.9 for year-on-year. The decline is due to 2018 being an election year and as we draw closer to elections, weakened performance, low business confidence and reduced expectations in the economy is expected. It was also noted in the CZI report that there is a significant level of hope, belief and anticipation of a new dawn post elections.

Social and Political Updates- the de Lille Saga

In the wake of allegations, according to the Democratic Alliance, of Protecting maladministration, Misconduct, Dereliction of duty, lying to council, Hurting the DA brand and ruining relations in the DA team, the Mayor of Cape town went into disrepute with her political party the DA to which the party claimed to take these allegations seriously and were put through thorough examination and testing, the DA said. Having followed due process in addressing the disciplinary matter between Ms de Lille and the Party, the Federal Executive, on 8 May 2018, confirmed the cessation of Patricia de Lille's membership of the DA. Ms de Lille, then took the party to court to fight against this cessation, to which the court ruled to have Ms de Lille reinstated as the mayor of Cape Town. This is indicative of the factionalism and rift within the DA.

Parting Words of Wisdom

"I will tell you how to become rich. Close the doors. Be fearful when others are greedy. Be greedy when others are fearful." - Warren Buffett

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

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