

Monthly News Letter

Investment & Economic Matters



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Economic Indicators

	USD	Euro	Move
Rand	14.08	16.02	-3.38%
Pula	10.65	12.11	-1.65%
Kenya	102.30	116.38	1.06%
Kwacha	12.85	14.59	-2.73%
Naira	360.24	409.88	0.01%
	Apr	May	Move
Gold (\$)	1305.58	1409.55	7.96%
Oil (\$)	64.49	66.55	3.19%

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 BUSH A Funds Returns

Fund Name	5 years
CashPlus	7.88%
BondPlus	9.30%
Real Return	6.30%
Absolute AllClass	6.62%
Absolute Aggressive	6.49%
Diversified Equity	3.57%
Communities Fund	8.94%
Global Investor	
Afro Fund	6.30%*

* Same as Real Return

Research Team

Quants Research
Justice Ndou

Investment Research
Farai Mapfinya
Patrick Serere
Cleopatra Mtembu
Simba Chimanzi

Contact Details

Tel: +0027 11 325-2027/8
Fax: +0027 11 325-2047
invest@jmbusha.com
www.jmbusha.com

South African and Global Economy

In the State of the Nation Address president Ramaphosa announced five urgent tasks to be implemented in the next 12 months. Firstly, accelerating inclusive economic growth and creating jobs, the President said that massive new investments are needed to make significant gains in job creation. Government thus aims to raise even more investment by again hosting the Investment Conference which last year resulted in concrete agreements between organised labour, business, the community and government. These agreements aim to create 275 000 additional direct jobs every year. Secondly, improving the education system, the responsibility for early childhood development (ECD) programmes will be migrated from social development to basic education and two years of mandatory ECD will become compulsory. Thirdly, improving living conditions, government will continue to build human settlements in well-located areas that bring together economic opportunities and services. Fourthly, fighting corruption, the Presidential SOE Council – which will provide political oversight and strategic management to reform, reposition and revitalise SOEs – has also been established. Lastly, strengthening capacity, to improve public servants' capabilities and strengthen service delivery, the National School of Government is introducing compulsory courses that will cover ethics and anti-corruption, senior management and supply chain management.

Investment Markets – Major indices end positive

The market ended down with major indices including the JSE All Share ending on the red at 4.59%. Financials ended up with the FINI 15 ending the month at 1.38%. Industrials firmed up with the INDI25 closing the month at 4.15% and resources went up for the month of May with the RESI20 Index ending at 10.28%. On company news, Sygnia released its interim results with revenue up 10.6%. Operating profit up 13.3%, Profit after tax up 19.5%, basic earnings per share up 19.5%, HEPS of 31.74cents up 25.3% and total dividend per share of 25cents. MultiChoice also reported its maiden results with revenue up 6%, 2% increase in its subscriber base to 15.1 million, while trading profit climbed 11% (or 27% organically) to R7 billion, its core headline earnings, was up 10% to R1.8 billion and consolidated free cash flow doubled to R3.3 billion.

Regional Economic Updates – Zimbabwe

The Zimbabwe Stock Exchange lost 16.1% in 1 week from the announcement of the new ZimDollar but remains 33.1% up YTD. The imposition of the 90-day vesting period for dual listed shares is expected to noticeably depress market activity, having seen rising trade in the Old Mutual share as foreign investors exited the market while speculators exploited exchange rate arbitrages. The interest rate hike to 50% per annum is also expected to dampen trading activity as the government looks to mop up excess liquidity. Despite the new policies the market is expected to continue making gains with the real interest rates still negative. (Official inflation at 98%). On the currency front we expect conditions to settle over time, with the selloff and exchange rate depreciations expected to create some attractive prices. The RBZ interbank midrate is at 6.5432 although Banks are quoting higher at 8.6-9.2 as they seek to mop up the dollars which are normally destined for the parallel market.

Social and Political Updates – Reserve bank debate

The ongoing factions within the ANC played themselves out where Magashule at a Lekgotla media briefing, announced that the party has resolved to expand the mandate beyond price stability to include employment and growth. The ANC secretary-general Magashule once again went on to Cyril Ramaphosa. Minutes after Ramaphosa issued a statement reaffirming the mandate of the reserve bank as per the constitution, Magashule posted on Twitter that the party's NEC lekgotla had resolved on the expansion of the mandate.

Parting Words of Wisdom

"Price is what you pay. Value is what you get." – Warren Buffet

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

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