

**Monthly News Letter**  
Investment & Economic Matters



**Economic Indicators**

	USD	Euro	Move
Rand	14.08	16.02	6.27%
Pula	10.57	12.02	2.75%
Kenya	99.99	113.68	-0.74%
Kwacha	12.03	13.69	0.69%
Naira	359.82	410.20	-0.74%
	Jan	Feb	Move
Gold (\$)	1321.25	1313.32	-0.60%
Oil (\$)	61.89	66.03	6.69%

*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 BUSHUA Funds Returns**

Fund Name	5 years
CashPlus	7.70%
BondPlus	9.04%
Real Return	6.90%
Absolute AllClass	7.46%
Absolute Aggressive	7.16%
Diversified Equity	5.37%
Communities Fund	8.94%
Global Investor	
Afro Fund	6.90%*

\* Same as Real Return

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**South African Economy**

The newly elected minister of finance Tito Mboweni presented the Budget speech for the year in 2019 in the month of February. Some of the highlights was that the medium-term economic outlook has been revised down, the real GDP growth for 2019 is expected to rise to 1.5% and rise to 2.1% in 2021. The expenditure ceiling has been revised up by R14bn in 2019/20, R1.3bn in 2020/21 and R732mn in 2021/2022. Government expenditure is set to increase from R1.67tr in 2018/2019 to R2.09trn in 2021/2022. The budget proposes total non-interest spending over the next three years of R5.87 trillion. The largest allocations are R1.2 trillion for learning and culture, R717 billion for health services and nearly R900 billion for social development. One of the big stories was on the SOEs where SAA, SABCO, Denel, Eskom and other financially challenged state-owned enterprises have increased funding request from the government. The minister had this to say about Eskom over and above providing the SOE with R23bn per year to fund its utility bill, "In the State of the Nation Address, the President announced a clear and executable plan for electricity. At the core of this plan is the subdivision of Eskom into three independent components."

**Investment Markets – Major indices end on the green**

The market ended positive with major indices including the JSE All Share ending on the green at 3.41%. Financials going down with the FINI 15 ending the month at -2.06%. Industrials increased with the INDI25 closing the month at 4.10% and resources went up as well for the month of February with the RESI20 Index ending at 8.04%. On company news, Impala Platinum (Implats) reported a pleasing 1H19 result with cash generation of ZAR4.4bn for the period, headline earnings per share of ZAR3.10 was in line with their trading statement guidance on the 4th of February. WBHO released their 1H19, with Diluted HEPS declined 80% to ZAc145.5 and more importantly the group has not declared a dividend. The group generated an operating loss (before non-trading items) of ZAR3mn compared with a profit of ZAR509mn in the comparative period. Building & Civils and Roads & Earthworks marginally grew operating profits and encouragingly the UK generated an operating profit of ZAR104mn.

**Regional Economic Updates – Zimbabwe**

According to the IMF Zimbabwe's currency reform is a step in the right direction. This of course will depend on the implementation of an effective overall monetary policy framework supported by market-determined interest and exchange rates, together with prudent fiscal policies. Last month, the central bank established an Interbank Foreign Currency Exchange meant to formalise forex exchange among banks and the Bureau de Changes. Government then pegged the RTGS dollar at 1:2.5 during the debutant floating of the local currency. The RTGS dollar is now part of the multi-currency basket in the southern African nation. While gold deliveries have plummeted to as low as 20kgs per month from small scale miners as they embark on a go slow following the central bank's decision to give the miners 55% retention in forex. It is estimated that Zimbabwe mines at least 100 tonnes of gold annually but only a third is sold through official channels.

**Social and Political Updates- SONA**

Mr Ramaphosa gave the SONA speech during the month of February, to which he tabled five tasks he says will underpin everything Government does this year: Accelerate inclusive economic growth and create jobs, improve the education system and develop the skills that we need now and into the future, improve the conditions of life for all South Africans, especially the poor, step up the fight against corruption and state capture and strengthen the capacity of the state to address the needs of the people.

**Parting Words of Wisdom**

"Never depend on a single income, make an investment to create a second source." Warren Buffet

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

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