

Monthly News Letter
Investment & Economic Matters



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Economic Indicators

	USD	Euro	Move
Rand	13.25	15.17	-7.61%
Pula	10.89	12.33	-3.96%
Kenya	102.03	115.43	-1.02%
Kwacha	11.85	13.33	0.61%
Naira	363.49	410.63	-0.04%
	Dec	Jan	Move
Gold (\$)	1282.49	1321.25	3.02%
Oil (\$)	53.80	61.89	15.04%

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	7.63%
BondPlus	9.61%
Real Return	7.99%
Absolute AllClass	7.09%
Absolute Aggressive	7.77%
Diversified Equity	5.93%
Communities Fund	8.94%
Global Investor	
Afro Fund	7.99%*

* Same as Real Return

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South African Economy

The International Monetary Fund (IMF) forecast South Africa's economy to grow 1.4 percent this year from 0.8 percent previously, as the lender painted a bleak picture of global growth. The IMF further expected South Africa's economy to grow by 1.7 percent next year. The Washington-based lender said the outlook for emerging markets and developing economies reflected the continued headwinds from weaker capital flows following higher US policy rates and exchange rate depreciations. "After two years of solid expansion, the world economy is growing more slowly than expected and risks are rising," said IMF managing director Christine Lagarde on the eve of the World Economic Forum in Davos, Switzerland.

Investment Markets – Major indices end on the green

The market ended positive with major indices including the JSE All Share ending in the green at 2.69%. Financials going up with the FINI 15 ending the month at 6.75%. Industrials increased with the INDI25 closing the month at 0.85% and resources went up as well for the month of January with the RESI20 Index ending at 2.70%. On company news, retailers came out with their largely disappointing trading updates. Mr Price group reported their 3Q19 sales update the group grew sales by 1.9% with Apparel segments growing by 1.4% and its Home business growing by 3.7%. Woolworths group sales growing a meagre 1.9%, SA clothing sales growth of -2%, SA Food grew sales by 6.3%, David Jones increased sales by 1% and Country Road grew sales 2.3%. Foschini has reported their 9 month sales update and reported 22.7% sales growth, with TFG Africa growing by 9.5%, TFG London by 45% (3.5% comparable) and TFG Australia by 78.7% (15.6% comparable). Itatile reported 6 months trading update with total retail store turnover growing 6.3%, Like-on-like increased by 4.6% price inflation estimated at 2.4%, including manufacturing sales included in the consolidated results for the review period grew by 106%, with expected HEPS to be between 11%- 14% higher.

Regional Economic Updates – Zimbabwe

Zimbabwe's annual inflation ended the year at 42.09%, a gain of 11.08 percentage points from the November rate of 31.01% putting further pressure on the Government austerity budget. The inflation rate is expected to further rise after the 150% increase of fuel to USD3.30 per litre of petrol. The rising inflation and anticipated price increases has seen the country go on all-out strikes and could further fuel wage inflation as workers demand inflation-busting salary hikes. This is amid fears that the country might not be able to cope with higher wage inflation given its low productivity. In Zambia the fiscal stress remains notable but the bearish sentiment in 2019 will be less pronounced for as long as the global liquidity conditions remain broadly accommodative.

Social and Political Updates- Towards the 2019 elections

One would argue that going into the 2019 elections, expropriation of land without compensation has been the main theme. Political parties, at least 2 within the main ones, namely EFF and ANC have used this land question for political expediency. The populist rhetoric was not short in any of the Political Parties' election manifestos. Mr Ramaphosa stated "From its formation, the African National Congress has fought to undo a grave historical injustice and give effect to the injunction in the Freedom Charter that the land shall be shared among those who work it In this Manifesto, we outline the elements of a plan to accelerate land reform, making use of a range of complementary measures, including, where appropriate, expropriation without compensation." The EFF promises that 50% of the land shall be owned by women and the youth, while at least half of the country's resources would benefit locals.

Parting Words of Wisdom

"Bottoms in the investment world don't end with four-year lows; they end with 10- or 15-year lows." - Jim Rogers

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

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