

## Monthly News Letter

Investment & Economic Matters



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### Economic Indicators

	USD	Euro	Move
Rand	13.28	15.52	-3.28%
Pula	10.21	12.09	-1.59%
Kenya	103.94	123.15	-0.42%
Kwacha	8.87	10.52	-0.35%
Naira	310.50	3737.34	0.17%

  

	Jun	Jul	Move
Gold (\$)	1252.1	1224.2	-2.27%
Oil (\$)	79.44	74.25	-6.53%

*Move is % change monthly against USD*

### 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	7.34%
BondPlus	8.53%
Real Return	8.15%
Absolute AllClass	7.39%
Absolute Aggressive	8.41%
Diversified Equity	7.75%**
Communities Fund	8.94%
Global Investor	
Afro Fund	8.15%*

\* Same as Real Return  
\*\* 4 years return

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### South African Economy

The 10th BRICS summit was held in Johannesburg on the 25<sup>th</sup>-27<sup>th</sup> of July where the leaders of the participating parties unanimously reaffirmed their commitment to the principles of mutual respect, sovereign equality, democracy, inclusiveness and strengthened collaboration. The leaders agreed on a number of key points including sustainable development, climate change where progress towards finalising work programmes under the Paris agreement was welcomed, Energy, Agriculture, Environment, Population, terrorism, International Peace and Security, Israel-Palestine Crisis, Arms Race in Outer Space, Economy where the leaders advocated continued use of fiscal, monetary and structural policies in concert, to forge strong, sustainable, balanced and inclusive growth, On trade the leaders stated that recognising that the multilateral trading system is facing unprecedented challenges, the leaders underscored the importance of an open world economy, enabling all countries and peoples to share the benefits of globalisation, which should be inclusive and support sustainable development and prosperity of all countries.

### Investment Markets – Major indices on the up

The market ended in negative with major indices including the JSE All Share ending in the red at -0.31%. Financials being the only increase with the FINI 15 ending the month at 6.4%. Industrials decreased with the INDI25 closing the month at -2.26% and resources decreased as well for the month of July with the RESI Index at -1.43%. On company side Kumba Iron Ore reported a 35% decline in 1H18 headline earnings per share to ZAR9.31, the interim cash dividend per share of ZAR14.5. Anglo American Platinum (Amplats) reported a pleasing 1H18 result with ZAR1.83bn in cash generation, Amplats declared an interim dividend of ZAR3.74, (30% payout ratio). Massmart has reported a stronger sales performance in their 1H18 sales update 1.9% sales growth and 0.2% comparable sales growth.

### Regional Economic Updates – Zimbabwe's Inflation

An eventful first half of 2018 resulted in the industrial index closing the period with a solid +15.01% return. Meanwhile the parallel market rates for the bond note to the USD dollar have gone back up to the 65%-68% range. The central bank governor is expected to present the mid-year monetary policy statement early this month and the monetary policy is expected to shed more light on the level of government borrowing, currency path and, most importantly, interventions to control rising inflation. The key issue to be addressed is of fiscal discipline; Government borrowings and issuance of Treasury bills that has resulted in the government breaching the statutory limit. The Ministry of Finance and Economic Planning is also in the process of crafting a short term economic policy document, which will be implemented by the incoming cabinet. The outlook for the market generally remains bullish given the likely bias towards expansionary policies amidst a shortage of blue-chip investment scrip.

### Social and Political Updates- the US budget deficit

Information from the white house indicated that tax revenues are worsening and would cause budget the deficit to jump to \$702 billion for the year. That's a \$99 billion spike from what was predicted less than two months ago. The report from the Office of Management and Budget came on the heels of a rival Congressional Budget Office analysis that scuttled White House claims that its May budget, if implemented to the letter, would balance the federal ledger within 10 years. The budget office from the white house stipulated that the deficit for the 2018 budget year, which starts on October 1, would increase by \$149 billion to \$589 billion.

### Parting Words of Wisdom

**"Games are won by players who focus on the playing field – not by those whose eyes are glued to the scoreboard." — Warren Buffett**

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

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