

Monthly News Letter
Investment & Economic Matters



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Economic Indicators

| | USD | Euro | Move |
|-----------|---------|---------|---------|
| Rand | 13.86 | 15.69 | -6.20% |
| Pula | 10.56 | 11.95 | -3.11% |
| Kenya | 102.52 | 116.07 | 0.48% |
| Kwacha | 11.97 | 13.56 | 1.08% |
| Naira | 365.73 | 412.03 | 0.62% |
| | Oct | Nov | Move |
| Gold (\$) | 1214.76 | 1220.57 | 0.47% |
| Oil (\$) | 75.47 | 58.71 | -22.21% |

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 BUSHHA Funds Returns

| Fund Name | 5 years |
|---------------------|---------|
| CashPlus | 7.54% |
| BondPlus | 8.43% |
| Real Return | 5.74% |
| Absolute AllClass | 6.41% |
| Absolute Aggressive | 6.54% |
| Diversified Equity | 4.52% |
| Communities Fund | 8.94% |
| Global Investor | |
| Afro Fund | 6.41%* |

* Same as Real Return

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South African Economy

The South African Reserve Bank governor, Lesetja Kganyago, announced the first interest rate hike since March 2016, at the November MPC meeting on the 22nd. The interest rate has now increased by 25 basis points, resulting to the repo rate coming to 6.75%, while the prime lending rate will be 10.25%. The Governor reported that inflation since March 2018 was influenced by weaker exchange rate and the impact of higher oil prices, at the same time the domestic growth index (CPI) for all urban areas was 5.1% in October (up from 4.9% in September). Inflation for goods was 5.1% up from 4.8% in September), while services price inflation decreased slightly from 5.2% in September to 5.1% in October. The Bank's measure of core inflation, which excludes food, fuel and electricity was 4.2% in October. Producer price inflation for final manufactured goods slowed to 6.2% in September from 6.3% in August.

Investment Markets – Major indices end on the negative

The market ended negative with major indices including the JSE All Share ending in the red at -3.29%. Financials being the only one ending the month on a positive with FINI15 up 2.38%. Industrials decreased with the INDI25 closing the month at -1.10% and resources decreased as well for the month of November with the RESI Index at -11.88%. On company news Tiger Brands reported a 25% decline in diluted HEPS to ZAc1580, domestic revenue declined by 9% while operating income declined by 28%, the operating margin declined from 14.5% to 11.4% and also reported the unbundling of Oceana to which the market responded positively too. Naspers reported a 29% increase in revenue in rand terms to \$11bn for the six months ended September 30, trading profit grew 34% in rand terms year-on-year to \$2bn, while its core headline earnings grew 39% to \$1.7bn. Life Healthcare reported 17% growth in diluted normalised EPS to 109.8c, Revenue growth of 13% and EBITDA growth of 11% for their FY18 results.

Regional Economic Updates – Zimbabwe

Zimbabweans lived on US\$4.45 a day in October while the Food poverty line rallied to US\$46.42 per person per month. The increase is in line with October annual inflation figure of 20.85% which was a 15.5 percentage point's gain from the September rate of 5.39%. In response Zimbabwe's newly appointed Finance Minister Mthuli Ncube launched the Transitional Stabilisation Programme (TSP). The 15-month plan, that includes reform initiatives to revive sluggish economic growth, restore order to the public finances after years of fiscal slippage and address chronic external imbalances that have left Zimbabwe with extreme foreign-currency shortages. The TSP's growth projections target an acceleration to 6.3 percent in 2018 and to 9.7 percent by 2020, starkly more optimistic than the International Monetary Fund's (IMF) latest projections that have growth decelerating marginally to 3.6 percent this year and rebounding to only 4.2 percent in 2019.

Social and Political Updates- State capture inquiry.

The Gupta commission inquiry has been going on since August, Manyi was one of the notable ones to be questioned in front of the judicial commission. Manyi responding to the testimony by GCIS acting Director-General Phumla Williams, who claimed that Manyi irregularly changed the tender processes at the GCIS, placing all final decisions under him, accused Williams of presiding over multi-million rand tender irregularities at government's information department. Another moment was when Gwede Mantashe gave a testimony that Gupta-linked Oakbay Investments wanted the ANC to put pressure on South Africa's banks to reopen the company's accounts.

Parting Words of Wisdom

"If you aren't thinking about owning a stock for ten years, don't even think about owning it for ten minutes." ---- Warren Buffett

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

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