

Monday, 14 August 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
SIBANYE GOLD LTD	1943	8.67
PAN AFRICAN RESOURCES PLC	257	8.44
ASSORE LTD	22798	7.39
BALWIN PROPERTIES PTY LTD	660	5.60
HARMONY GOLD MINING CO LTD	2445	5.39
MURRAY & ROBERTS HOLDINGS	1453	5.29
NETCARE LTD	2534	5.06
GOLD FIELDS LTD	5492	4.23
IMPERIAL HOLDINGS LTD	18650	4.13
JSE LTD	13601	3.82
TOP 10 LOSERS		
Share Name	Closing price	% change
PPC LTD	376	-23.42
GROUP FIVE LTD	1486	-15.04
LIBERTY HOLDINGS LTD	10300	-8.28
ZEDER INVESTMENTS LTD	655	-7.22
PIONEER FOODS GROUP LTD	13127	-7.18
ASCENDIS HEALTH LTD	1856	-6.97
GRINDROD LTD	1126	-6.32
TRANSACTION CAPITAL	1390	-5.76
RAUBEX GROUP LTD	2240	-5.37
ARCELORMITTAL SOUTH AFRICA	480	-5.33
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	-1.01	21,870
S & P 500	-1.30	2,445
Nasdaq	-1.71	6,243
FTSE 100	-2.69	7,310
Nikkei 225	-1.50	19,730
Hang Seng	-2.46	26,884
S & P ASX 200	-0.48	5,693
COMMODITIES*		
Name	% Change	Price
Gold	2.29	\$1,287.71
Platinum	1.89	\$982.46
Brent Crude Oil	-1.45	\$51.66
CURRENCIES*		
Indices	% Change	Price
\$ / R	-0.22	R 13.48
£ / R	0.09	R 17.50
€ / R	-0.55	R 15.92

Updated: 18:08 11/08/2017

COMMENTS FOR TOP 40 STOCK MOVEMENTS

Top 40 extended losses in late trade on Friday, joining global market amid the global technology stock meltdown. Technology stocks in particular took a hit during the US session. Tencent dropped 4.9% amid investigation by China's online regulator into reports of multiple violations, as the government tightens scrutiny over internet content. The drop in Tencent weighed heavily on Naspers, the largest share by market cap on the JSE. Naspers shed 2.83% to R2,764.53, ending the week 2.14% lower. The All Share Index closed 0.98% lower on Friday and was down 0.95% for the week, whilst the Top 40 went down 1.09% on the day. The Rand was trading 0.22% lower at R13.42 against the US Dollar on Friday, losing 1.43% for the week. The Rand has traded weaker since the announcement that President Jacob Zuma had survived another day after Tuesday's vote of no confidence failed. Rand hedges ended the week in the green assisted by the weaker Rand, whilst the financial index lost 0.82%. Zeder Investments was leading the losses, followed by Standard Bank who shed 1.17% to R161.50.

It was a positive week for Gold, as investors sought refuge from escalating tensions between North Korea and the US. The Gold price climbed to a two-week high of \$1,286.69, gaining 2.29% for the week. Gold received an extra boost after the US reported weaker than expected inflation data, pointing to benign inflation that could make the Federal Reserve cautious about raising interest rates again this year. The Gold Mining index was up 4.82% for the week. Sibanye Gold was leading the gains with an overall five-day gain of 8.67%, followed by Pan African Resources Plc up 8.44%. Brent edged marginally lower to \$51.66 a barrel on Friday, shedding 1.45% for the week, as OPEC announced that production from the group rose further in July. Resources dropped 0.53% for the week, with Lonmin being the biggest loser down 5.19%, followed by Glencore down 4.53%. The industrials index dropped 1.16% for the week, with Anheuser Inbev shedding 3.22%.

KEY EVENTS & COMPANY RESULTS

Exxaro Resources Limited

Trading statement for six months ended 30 June 2017

The company expects attributable earnings for the six-month period ended 30 June 2017 to be between R2 450 million and R2 880 million. This was mainly contributed by the higher net operating profit from the coal business and higher equity-accounted income from investments. Attributable earnings per share are expected to be between 775 Cents per Share (cps) and 912 cps, compared to 362 cps reported for the six-month period ended 30 June 2016. Headline Earnings Per Share (HEPS) are expected to be between 795 cps and 925 cps, compared to 309 cps reported for the period ended 30 June 2016.

Pioneer Food Group Limited

Trading Update

The group turnover declined by 4% for the ten months ended 31 July 2017, compared to a 2% increase reported for the six months ended 31 March 2017. This was mainly due to deflation in the maize price leading to Essential Foods revenue declining in the second half of the financial year. The group has experienced slower growth rate due to a significant slowdown in the economy, aggressive price based competition and the lowest international prices recorded on raisins in 7 years. African export markets also pulled back, with no sign of recovery. The Aero-ton bakery has however been able to deliver positive results. Management stated that it expects greater upside in 2018 and a recovery opportunity for the group at large.

Contact Details

Derick Meintjes
Email: Derickm@legae.co.za
Tel: +27 11 722 7330

Private Clients Enquiries
Email: privateclients@legae.co.za
Tel: +27 11 722 7343

Imperial Holdings Limited**Voluntary trading statement for the year ended 30 June 2017**

The group expects a decrease in Earnings per Share (EPS), HEPS and core EPS for the year ended 30 June 2017. EPS is expected to be between 1350 cents and 1300 cents, compared to 1581 cents reported in previous comparable period. HEPS is expected to be between 1400 cents to 1360 cents, compared to 1579 cents reported in the prior comparable period. The range for the core EPS is expected to be between 1635 cents to 1595 cents, compared to 1747 cents reported in the previous period. The prior period EPS was bolstered by the profit on the sale of Neska, partially offset by impairment of goodwill and other intangible assets. The current period EPS was weighed on by goodwill impairments, losses on the sale and the impairment of businesses, offset by profits on the sale of properties. Higher foreign exchange losses and higher finance costs also adversely affected EPS, HEPS and core EPS.

Old Mutual PLC**Interim dividend for the six months ended 30 June 2017**

The group declared an interim dividend of 3.53p per share up 32%. The weaker pound translated to gains for the investors. The group reduced its debt repayment costs by £35 million. Pre-tax adjusted operating profit went up 37% to GBP969 million. This was mainly contributed by the weaker sterling. Basic EPS rose to 11.0p compared to 5.7p in 2016. Old Mutual Wealth division delivered strong performance with adjusted operating profit up 29% to GBP134 million and the net client cash flow growth rose by 53%. Old Mutual Emerging markets (OMEM) and Nedbank were trading resiliently given the difficult macroeconomic conditions in South Africa. OMEM adjusted operating profit marginally increased by 1% to R6.0 billion. Nedbank adjusted operating profit also marginally increased only up 3% to R7.9 billion. Old mutual Asset Management (OMAM) reported a pre-tax economic income of \$115 million, up 27%. OMAM is now an independent from Old mutual PLC.

Brait SE**Net Asset Value (NAV) update for the first quarter ended 30 June 2017 (Q1 FY2018)**

The group reported NAV per share of R74.14 for the quarter ended 30 June 2017. This represented a 5.1% decline compared to R78.15 NAV per share reported in the prior comparable period. The three year compounded annual growth rate for the reported Rand NAV per share is 30.7% per annum and ordinary dividends per share is 31.8%. Historic EV/EBITDA multiple applied at 30 June 2017 remained unchanged.

Glencore PLC**Media release 2017 half year-report**

Adjusted Earnings Before Interest Depreciation and Tax (EBIDTA) and Earnings Before Interest and Tax (EBIT) rose by 68% and 334% respectively over H1 2016. Net income attributable to equity holders was up to \$2.5 billion, from a loss of \$369 million. This was mainly driven by better commodity prices and favourable cost structures embedded across the portfolio. Marketing reported an increase in adjusted EBIT up 13% to \$1.4 billion, as improving fundamentals created a more supportive marketing environment for commodities. EPS increased to \$0.17 per share from a loss of \$0.03 per share in 2016. The company mentioned that the potential large-scale roll out of electric vehicles and energy storage systems will boost demand for metals such as cobalt, zinc, nickel and copper. Net debt went down \$1.6 billion to \$13.9 billion from the end of 2016. The group mentioned that it will distribute a minimum of \$1 billion.

GLOBAL AND WORLD MARKET DEVELOPMENTS

Global markets came under heavy pressure this week following the US-North Korea tension which hammered the global equity markets. The S&P 500 was down 1.43% over the week to 2445, it's worst-five day since March. The Nasdaq index shed 1.71% for the week to 6243. The CBOE Volatility index remained higher by almost 50% in the week, which was the most since January 2016. The US Dollar index was 0.4% lower, sparked by the latest CPI report, which indicated that inflation will remain tame. The Labor Department reported on Friday that the Consumer Price Index (CPI) edged up 0.1% in July, versus the expectations of 0.2% increase. The US central bank has a 2% inflation target and tracks a measure that has been stuck at 1.5% since May. Low inflation, characterized by sluggish wage growth, suggests that the Federal Reserve could delay raising rates again until December. US producer prices unexpectedly fell in July, recording their biggest drop in nearly a year, weighed down by declining costs for services and energy products. US Producer Price Index slipped 0.1% in July, versus 0.1% increase expected. The Stoxx Europe 600 index was down 1% on Friday, with a weekly loss of 2.6%, the worst weekly drop since November. All the industry groups on the Stoxx 600 index dropped. A gauge of mining shares went down 2.6%, with Rio Tinto and Glencore Plc among the biggest decliners amid drops in iron ore prices and steel prices. Rio Tinto shed 4.08% for the week and Glencore dropped 4.53%. Asian stocks excluding Japan slid the most in 8 months, MSCI Asia Pacific Index lost 1.6% to 155.61 on Friday. The financial and technology stocks were the hardest hit on the index. The Kospi index dropped 1.7% on Friday, down more than 3% for the week.

Traditional safe havens have also been surging amid the geopolitical atmosphere. The Swiss franc gained 1.08% against the U.S. dollar. The 10-year Treasuries fell one basis points to 2.19%. The 10-year German Bund yield slid 3 basis points on Friday to 0.38%, for a five-day drop of 10 basis points. Gold ended the week in the positive territory reaching a two-month high. Gold was 2.29% higher for the week trading at \$1228.37 on Friday. Germany's 10-year yield slid three basis points to 0.38%, which was the lowest in six weeks. The geopolitical tensions did not impact the oil prices much, as the prices were mainly driven by rising production and falling inventories. Brent rallied on Friday up 0.4% to settle at \$51.66 on the day, but down 1.45% for the week. Oil prices were weighed down by the statement on Friday from the International Energy Agency which mentioned that weak OPEC compliance with production cuts was prolonging a rebalancing of the market despite strong demand growth. The weak compliance was by Algeria, Iraq and the United Arab Emirates. OPEC crude output went up 230,000 barrel per day in July to a 2017 high of 32.8m barrels per day. Non-OPEC production is expected to increase by 700,000 barrels per day in 2017, with almost all of this growth driven by US shale.

THE WEEK AHEAD

Earnings releases for JSE listed companies

Company	Date
Clientele Ltd (CLS)	14-Aug-16
Group Five Ltd/South Africa (GRF)	14-Aug-16
KAP Industrial Holdings Ltd (KAP)	14-Aug-16
Stellar Capital Partners Ltd (SCP)	14-Aug-16
Distribution and Warehousing Network Ltd (DAW)	14-Aug-16
South Ocean Holdings Ltd (SOH)	14-Aug-16
African Energy Partners Ltd (AEY)	15-Aug-16
Pembury Lifestyle Group Ltd (PEM)	15-Aug-16
Curro Holdings Ltd (COH)	15-Aug-16
Anchor Group Ltd (ACG)	15-Aug-16
Emira Property Fund Ltd (EMI)	16-Aug-16
Bauba Platinum Ltd (BAU)	16-Aug-16
City Lodge Hotels Ltd (CLH)	16-Aug-16
Italtile Ltd (ITE)	16-Aug-16
AdaptIT Holdings Ltd (ADI)	17-Aug-16
Gold Fields Ltd (GFI)	17-Aug-16
Standard Bank Group Ltd (SBK)	17-Aug-16
Harmony Gold Mining Co Ltd (HAR)	17-Aug-16
Truworths International Ltd (TRU)	17-Aug-16
Metair Investments Ltd (MTA)	17-Aug-16
Exxaro Resources Ltd (EXX)	17-Aug-16

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