

Monday, 24 July 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
LONMIN PLC	1514	35,18
NORTHAM PLATINUM LTD	4170	9,31
MURRAY & ROBERTS HOLDINGS	1573	8,86
THE FOSCHINI GROUP LTD	15402	7,43
MASSMART HOLDINGS LTD	11309	7,42
IMPERIAL HOLDINGS LTD	17896	7,13
TRUWORTHS INTERNATIONAL LTD	7751	7,04
BLUE LABEL TELECOMS LTD	1610	6,20
MR PRICE GROUP LTD	17700	5,36
ASTRAL FOODS LTD	14690	5,30

TOP 10 LOSERS		
Share Name	Closing price	% change
EOH HOLDINGS LTD	11479	-12,14
TRADEHOLD LTD	1752	-5,30
PALLINGHURST RESOURCES LTD	303	-4,72
CHOPPIES ENTERPRISES LTD	310	-4,62
ASSORE LTD	19851	-4,56
TRUSTCO GROUP HOLDINGS LTD	411	-4,42
AFRIMAT LTD	2700	-4,26
ARCELORMITTAL SOUTH AFRICA	491	-4,10
ANGLO AMERICAN PLC	18450	-4,09
ADVTECH LTD	1723	-3,96

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	-0,27	21 580
S & P 500	0,54	2 473
Nasdaq	1,19	6 388
FTSE 100	1,01	7 453
Nikkei 225	-0,87	19 944
Hang Seng	1,35	26 829
S & P ASX 200	-1,29	5 682

COMMODITIES*		
Name	% Change	Price
Gold	1,61	\$1 254,03
Platinum	0,76	\$933,84
Brent Crude Oil	-0,52	\$48,17

CURRENCIES*		
Indices	% Change	Price
\$ / R	0,33	R 12,91
£ / R	0,63	R 16,80
€ / R	-1,34	R 15,06

Updated: 07:30 24/07/2017

COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All Share ended the week 1.25% higher, firming for the fifth consecutive week, fuelled by local and international factors. Platinum and gold stocks enjoyed relatively decent support, as did some industrial stocks, including MTN and Vodacom who released trading and operational updates respectively. Momentum was built in the retail sector, following an interest rate cut by the Reserve Bank's monetary policy committee on Thursday. The Bank cut the repurchase rate by 25 basis points to 6.75%, surprising a market that had widely expected rates to be kept on hold until September. The rand fell 0.9% following the news but recovered most of its losses after it strengthened to R12.96/\$ on Friday. The inflation rate fell to its lowest level in 19 months in June, dipping to 5.1% YoY, from 5.4% recorded in May as the cost of transport, clothing and footwear, restaurants and hotels rose at a slower pace. On a monthly basis, inflation fell to 0.2%.

KEY EVENTS & COMPANY RESULTS

Lonmin PLC

Third quarter production report and business update

Lonmin cut more costs and improved its mining performance in its third quarter, but falling metal prices continued to weigh. Unit costs fell 4.7% compared to the previous quarter, but costs rose 6.4% from the same period a year ago. Total tonnes mined rose 3.8% to 2.7 million tonnes compared with the previous financial period, and up 13.2% from the previous quarter. Net cash improved to \$86m from \$75m. Sales of platinum ounces increased by 10.8% on prior year period.

Massmart Holdings Limited

Sales update for the 26 weeks to 25 June 2017

Massmart recorded R42.5bn in sales, representing an increase of 0.5% compared with the year earlier. Comparable store sales fell 1.6%. Product inflation was estimated at 3.2%. Massmart's share price initially dipped 2% after the announcement but bounced back into marginally positive territory on the day. Comparable store sales fell at most of the company's trading divisions. Like-for-like sales fell 3.5% at Massdiscounters, by 0.2% at Massbuild and 3.3% at Masscash. Masswarehouse grew comparable sales by 1.5% with inflation of 3.9%.

Anglo American Platinum Limited

Updated trading statement for the six months ended 30 June 2017

HEPS are forecasted to decrease between 210c and 335c (47% to 67% lower). EPS are likely to be between a loss of 405c and a loss of 520c. These declines are a result of attributable post-tax impairments totalling R2.2bn impacting basic earnings of which R0.3bn impacts both basic and headline earnings. Additionally, the declines were due the strengthening of the rand in the first half of 2017, as well as lower sales volumes.

Shoprite Holdings Limited

Operational update

The South African supermarket operation increased sales by 10.1%, or 6.9% on a like-for-like basis for the 12 months to June. Total turnover had increased 10.4% to about R140.7bn for the 12 month period. Like for like turnover was up just

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

5.8%. Non-South African supermarkets recorded sales growth for 52 weeks of 11.7%. The poor results have been driven by the effect of lower commodity prices and currency devaluations. This had a material impact on prices of imported products during the latter part of the year. On a like for like basis, sales for the year rose 1%.

BHP Billiton PLC

Operational review for the year ended 30 June 2017

Total iron ore production for the financial year rose 4% to 231 million tonnes after record output from its Western Australia operations. Copper output eased 16% for the year to 1.3 million tonnes, hurt by a strike in Chile, with industrial action also costing BHP Billiton (BIL) \$546m. Energy coal increased 7% to 29 million tonnes. Copper is expected to rebound strongly in the 2018 financial year. BIL had increased the rig count to five during the April-June quarter. The group plans to double the number of onshore US shale rigs, despite a major shareholder pushing for the BIL to divest its US oil and gas assets.

Anglo American PLC

Production report for the second quarter ended 30 June 2017

The group reported an 8% increase in copper equivalent production in the second quarter. For the half year as a whole, copper equivalent production increased by 9%. Copper production decreased by 2% to 140 000 tonnes. This was impacted by the temporary mine stoppage at El Soldado, but this was partially offset by higher production at Los Bronces. At De Beers, the ramp-up of Gahcho Kue diamond mine in Canada supported a 36% increase in rough diamond production to 8.7m carats in the three months to the end of June. Anglo affirmed its full-year diamond production to guidance at 31 million to 33 million carats. In the group's other core areas, output from the Mogalakwena platinum deposit in South Africa increased by 15% to 617 000 ounces due to higher grades and increased throughput. Iron ore volumes from Sishen increased by 38% due to operational improvements. Anglo is scheduled to report half year results on Thursday, 27 July 2017.

Vodacom Group Limited

Trading update for the quarter ended 30 June 2017

Group revenue grew 3.9% to R20.7bn, normalised growth was 7.7%. Group service revenue grew 1.7% to R1.7bn. South African revenue growth accelerated 7.8% driven by stronger device sales. Service revenue growth was sustained at 5.6%. This was underpinned by the consistent and significant investment in the network infrastructure and IT systems, aimed at further enhancing the customer experience. International revenue declined 8.2% and service revenue declined 8%. Group data revenue increased 15.1%, to R6.7bn. Vodacom added 2.5 million customers during the quarter, 2.3 million in SA and 280 000 in the international operations, to reach almost 70 million customers across the group.

South32 Limited

Quarterly report June 2017

South32 showed declines in nearly all of the minerals it produces. The group reported a 27% drop in silver production, a 24% drop in lead production, a 19% drop in metallurgical coal production and an 11% drop in zinc production from the prior financial year. Feed grades did not recover to the extent expected in the June quarter, and run-of-mine stocks were consumed to support processing rates following an underground fire in April. The only two minerals with increased production were manganese ore at 5% and aluminium at 2%. A record performance of its aluminium smelters in Mozambique was reported as one of the highlights of its financial year. Its South African manganese mines ramped up production by 19% to 2 million tonnes, compensating for a 3% decline to 3 million tonnes from its Australian operations, which were badly affected by heavy rainfall and tropical cyclone Alfred. The South African coal production fell 8% due to delays at its Wolvekrans-Middelburg Complex operations. The share fell 3.4% to R28.57 on the morning after it released the production report.

Kumba Iron Ore Limited

Limited production and sales report for the quarter ended 30 June 2017

The group reported a 28% increase in the Sishen production as a result of improved mining productivity, driven by fleet efficiency and higher plant yields. Kolomela production increased by 11% to 3.5 million tons, underpinned by productivity improvements. Waste material increased by 22% to 15 million tons. Export sales increased by 8% to 9.4 million tonnes. Total finished product stocks were 4.5 million tons as a result of higher production at Sishen and sales volumes delayed to the second half of the financial year due to unfavourable weather conditions at Saldanha port.

GLOBAL AND WORLD MARKET DEVELOPMENTS

Global markets ended the week mostly in positive territory with the Hang Seng leading the gains. It was a busy week in terms of earnings in the US with about 68 S&P 500 companies reporting quarterly results. Out of the 505 companies that have reported for the quarter so far, only 35% have a latest quarterly revenue greater than the current quarterly consensus, and only 32% of com-

panies beat consensus for EPS. Additionally, earnings on the index are tracking an estimated 7.2% growth for the second quarter, according to analysts. On the commodities side, crude oil inventories fell by 4.73 million barrels in the week ended 14 July, higher than market expectations of a 3.214 million decline. Gasoline stocks decreased by 4445k compared to expectations of a 655k decline. In Europe, the ECB kept the interest rate unchanged at 0%. ECB President Mario Draghi said there's been an improvement in the Eurozone economy. A substantial degree of monetary accommodation was still needed and that the bank will continue buying government bonds at a pace of €60bn a month until December, as previously planned. The market declined despite the dovish news. The Euro leapt to its highest in more than a year against the U.S dollar rising to \$1.165. UK inflation slowed to 2.6% on an annual basis in June, and to 0% on the month. This was the first fall since October 2016, driven by lower petrol and diesel prices. Retail sales rebounded in June, boosted by the summer weather. Sales rose 0.6% , beating expectations of a 0.4% increase. In Greece, plans have been set to issue bonds for the first time in three years, this coming week to avoid higher borrowing costs. Bond prices in Greece have risen as investors hope the plan will strengthen the country's finances. China's GDP growth expanded at an annual rate of 6.9% in the second quarter, beating the government's target and giving policymakers room to tackle big economic challenge ahead of the key leadership changes later this year. The boost to growth was in part driven by firmer exports and industrial production. Retail sales rose 11% from a year earlier. It is the fastest increase since December 2015, as automobiles, buildings materials and furniture rose between 9.8% and 15.2%. Japan's exports rose 9.7%, helped by steady demand overseas as well as a weaker yen. This was the seventh straight monthly gain, with exports of automobiles and steel also increasing. Japan's trade balance for June was a surplus of ¥439.9bn, down 36% from a year ago, and below forecasts of ¥488bn. The trade surplus with the US fell 4.9% due to a jump in imports of 15.5% in the year to June, led by crude oil and coal. The Bank of Japan kept its monetary policy steady but cut its inflation forecasts for the fiscal years 2017/2018 and 2018/2019. The bank now expects inflation to hit 1.8% instead of 1.9%, and the bank believes the timing of the achievement of targeted 2% YoY inflation will likely be in the 2019 fiscal year. The BOJ reported that domestic demand is likely to follow an upward trend, with a virtuous cycle from income to spending being maintained in both the corporate and household sectors, on the back of increased fiscal stimulus.

THE WEEK AHEAD

Earnings releases for JSE listed companies

Company	Date
Anglo American Platinum Ltd (AMS)	24-Jul-17
Kumba Iron Ore Ltd (KIO)	25-Jul-17
AECI Ltd (AFE)	26-Jul-17
British American Tobacco (BTI)	27-Jul-17
Anglo American PLC (AGL)	27-Jul-17
Intu Properties PLC (ITU)	27-Jul-17
ArcelorMittal South Africa Ltd (ACL)	27-Jul-17

Disclaimer:

Legae Securities (Pty) Ltd is a member of the JSE Limited and all investment management services as provided are regulated by the provisions of the Securities Services Act, No 36 of 2004 or any replacement act or acts and that all dealings are subject to the Rules, Directives, practice and usage of the JSE Ltd. This information is not advice as defined and contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended. Past investment returns are not indicative of future returns. Legae Securities (Pty) Ltd shall not be liable for any actions taken by any person based on the correctness of this information.