

Monday, 3 September 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
Steinhoff International Holdings NV	280	21,21
Super Group Ltd/South Africa	3940	15,88
Trustco Group Holdings Ltd	1349	13,84
Lonmin PLC	776	9,60
Woolworths Holdings Ltd/South Africa	5422	8,44
Stadio Holdings Ltd	439	7,33
DataTec Ltd	2358	7,18
Reinet Investments SCA	28490	7,17
Adcock Ingram Holdings Ltd	7126	6,64
AngloGold Ashanti Ltd	11790	6,54

TOP 10 LOSERS		
Share Name	Closing price	% change
ArcelorMittal South Africa Ltd	322	-18,07
MTN Group Ltd	8899	-16,56
Net 1 UEPS Technologies Inc	10800	-13,60
EOH Holdings Ltd	4000	-11,03
Naspers Ltd	326577	-7,70
Murray & Roberts Holdings Ltd	1551	-7,18
Shoprite Holdings Ltd	20400	-6,72
Mr Price Group Ltd	22534	-6,56
Grindrod Ltd	847	-4,29
Liberty Two Degrees	750	-3,85

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	0,68	25 965
S & P 500	0,93	2 902
Nasdaq	2,06	8 110
FTSE 100	-1,73	7 432
Nikkei 225	-0,40	22 707
Hang Seng	-2,29	27 624
S & P ASX 200	0,80	6 319

COMMODITIES*		
Name	% Change	Price
Gold	-0,92	\$1 200,21
Platinum	-2,04	\$786,95
Brent Crude Oil	1,22	\$77,43

CURRENCIES*		
Indices	% Change	Price
\$/R	-3,76	R 14,72
£/R	-4,05	R 19,03
€/R	-3,19	R 17,09

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## COMMENTS FOR TOP 40 STOCK MOVEMENTS

The JSE started the week on a positive note carrying through gains from the previous week. Revised trade agreement between the U.S and Mexico helped lift global markets on Monday giving the All Share a much needed boost. This earlier optimism however faded towards the end of the week after the All Share lost over 2% on Thursday on the back of Nigeria's allegations against MTN. This news coupled with a large sell off in Naspers stock saw virtually all reported gains over the previous sessions being wiped out. Mixed local economic data and weakened rand also weighed on local markets. The All Share lost 0.22% for the week while the Top 40 was down 0.53%.

Balance of trade figures for July showed a deficit of R4.66bn after a revision of June's R12bn surplus. This was attributable to an uptick in imports coupled with the simultaneous fall in exports over the period. Producer price inflation decreased by 0.3% for the month of July however the figure rose to 6.1% year-on-year ended July 2018. This was above the forecasted 6% due to the accelerated price increases for essential manufacturing inputs such as petroleum, plastic and rubber products, chemicals, metals and machinery.

Emerging market currencies have been under pressure since the Turkish crisis. Last week saw further pressure added as instabilities in the Argentinian peso filtered through. August has been an extremely volatile month for the rand which reached session highs of R13.18 against the dollar and lows of R15.55, highest one-month historical volatility level since December 2016. Local currency dropped over 9% for the month against the dollar. Analysts say we can expect the rand to remain vulnerable as further emerging market currency sell-off is expected.

## KEY EVENTS & COMPANY RESULTS

### Old Mutual Limited

#### Interim Results for the six months ended 30 June 2018

Old Mutual CEO, Peter Moyo was pleased to announce that the group has delivered a strong set of results for the period and that they are on track to fulfilling commitments made to investors despite the tough operating environment. He continued to say that there is revived momentum and excitement within the group following their successful listing of Old Mutual Limited on five exchanges on the 26th of June 2018. Results from operations saw a 7% increase from the comparable period, while adjusted headline earnings was only up marginally from the prior year's R5.36bn to R5.39bn, resulting in the headline earnings per share figure of 112.3cents remaining little changed from the comparable period. Net client cash flows grew by R7.8bn to R9.4bn while assets under management were up 2% for the period. The group reports that they are still on track with their strategic deliverables and that further steps have been taken to simplify their balance sheet which will effectively reduce their nominal international debt value and will enable them to achieve their cost efficiency target by the end of 2019. The progress of the Nedbank unbundling is also well on track with completion scheduled Q4 2018. The group has declared an interim dividend of 45 cents per share, which represents approx. 40% of their adjusted headline figure which is in line with their dividend policy. A further 100 cents per share has also been declared as a special dividend.

### Mr Price Group Limited

#### Trading update to 25 August 2018

The retail group has provided an upbeat trading report for the first four months of its financial year. Despite the depressed retail sector and overall decreased consumer spending, the group managed to grow its retail sales to R6.4bn which is a

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6.4% growth from the previous comparable period. The retailer cites its low-price model as a reason for outperforming its peers in the stagnant economy which has been put under further pressure due to the depreciating rand. Analyst say that the increased sales could be attributable to consumers shifting to lower-end clothing stores and that the stock will continue to outperform its peers. Management says the retail environment is expected to remain suppressed until more robust economic growth is attained in South Africa and that the team's top priority now will be to navigate the impact of the stagnant economy and weakened rand on the investors.

### **Adcock Ingram Holdings Limited**

#### **Group Annual Results and Cash Dividend Declaration**

The group was pleased to announce a sound set of financial results for the period with excellent earnings growth, improved factory efficiencies and product quality being just a few of the notable highlights of the past financial year. The groups' turnover increased by 10.2% to R6,540mil (2017:R5,936mil) this was driven by an increase in product mix distribution which included revenues from the group's acquisition of Genop. The price regulated environment makes it difficult for the group to realise increased profits from product pricing, they realised a product price increase of 3.8% (in line with industry regulation). The group also reported growth across most of its operations with increased turnovers from OTC to prescription medication as well as increased ARV throughput, translating into higher earnings for the group. Headline earnings per share was up by 25.5% to 387.7 cents per share (2017: 308.9 cents per share). The board has declared a final dividend of 86 cents per share, after taking into account the 20% dividend tax rate, non- exempt shareholders can expect a net dividend of 68.8cents per share which will be payable on the 1st of October 2018.

### **MTN**

#### **Nigerian central bank order**

Nigeria's central bank has ordered MTN, along with four major banks, to participate in a refund of approximately R119bn which they say was illegally expatriated out of the country from 2007 to 2015 in the form of dividends. Nigeria's senate said in 2016 that it was investigating four banks, namely; Stanbic, Standard Chartered, Citigroup and Diamond bank for transferring almost \$14bn for MTN. This, they say, is a breach of the country's foreign exchange rules. The group's share price has dropped a considerable 16.5% on the back of this news. The group vehemently denies these allegations and has since issued a statement saying that it had in fact obtained central bank approvals. They further say that the re-emergence of these issues is indeed regrettable as it damages investor confidence which hinders the growth and development plans intended for the Nigerian region. This of course is not the first time the group has butted heads with Nigerian authorities. Back in 2016 MTN was ordered to settle a \$1bn fine for missing a deadline to disconnect unregistered users. Negotiations for that penalty went on for over a year. MTN intends on engaging with the relevant authorities on this matter and will vigorously defend their position.

### **GLOBAL MARKET DEVELOPMENTS**

The FTSE 100 lost 1.73% for the week as the British pound rally has weighed heavily on the index. There was little reprieve for markets as Brexit talks also sparked volatility, putting further pressure on the index. According to a report by Bank of America Merrill Lynch released last week, European equity funds continue to bleed, making this the 25th straight week of outflows. EU markets still continue to trade under pressure as Italian budget concerns, slow economic growth rate and political unrest in the country persists.

US indices recorded a solid week of gains with the Nasdaq reaching all-time highs of over 8000 points. The index was the best performer for the week, gaining 2.06% while the S&P and Dow were up 0.93% and 0.68% respectively. Trade tapered off towards the end of the week ahead of the Labor Day Holiday on Monday. As the quarterly earnings reporting season draws to a close, the policy environment will be in the forefront of driving sentiment on US markets. We saw this already happen as markets started the week on a high note on the back of the US and Mexico revised trade agreement. Hopes that Canada would join the agreement helped further drive market gains during the course of the week however breakdown in talks with Canada on Friday saw US markets end off the week on a low note.

Asian markets were flat last week as most of the indices battled to find any direction for movement. Japanese markets eased from recent highs, the Nikkei slowed down losing 0.38% for the week. Negative economic data weighed on the markets with the unemployment rate growing to 2.5% for July. While a report released by Japanese cabinet office also showed that exports for August had also slowed down. Over in China, trade war concerns deepen as Trump reportedly prepares to slap tariffs on a further \$200bn worth of Chinese imports by as early as 6 September 2018. The Hang Seng lost 2.34% for week.

**THE WEEK AHEAD**

## Earnings releases for JSE listed companies

Company	Date
Bidvest Group Ltd	03-Sep-18
Sun International Ltd	03-Sep-18
Discovery Ltd	04-Sep-18
Assore Ltd	05-Sep-18
MMI Holdings Ltd	05-Sep-18
Distell Group Holdings Ltd	06-Sep-18
FirstRand Ltd	06-Sep-18
Sanlam Ltd	06-Sep-18
RMB Holdings Ltd	07-Sep-18
African Rainbow Minerals Ltd	07-Sep-18
Northam Platinum Ltd	07-Sep-18

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