

Monday, 06 August 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
ArcelorMittal South Africa Ltd	425	41,67
Sibanye Gold Ltd	871	17,54
Clover Industries Ltd	1797	11,27
African Oxygen Ltd	2969	9,56
Lonmin PLC	725	9,19
AfroCentric Investment Corp Ltd	556	8,59
Brimstone Investment Corp Ltd	1000	6,95
Assore Ltd	29273	6,87
Mondi PLC	38390	6,64
Mondi Ltd	38348	6,43

TOP 10 LOSERS		
Share Name	Closing price	% change
African Rainbow Capital Investments	562	-9,35
Peregrine Holdings Ltd	1955	-7,52
Tradehold Ltd	1300	-6,14
Imperial Holdings Ltd	20600	-4,52
Invicta Holdings Ltd	3200	-4,48
Coronation Fund Managers Ltd	5700	-4,43
Brait SE	4144	-4,18
Distell Group Holdings Ltd	13000	-3,70
Naspers Ltd	323599	-3,63
South32 Ltd	3426	-3,57

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	-2,03	24 581
S & P 500	-0,89	2 755
Nasdaq	-0,69	7 693
FTSE 100	0,63	7 682
Nikkei 225	-1,47	22 517
Hang Seng	-3,62	29 339
S & P ASX 200	2,15	6 225

COMMODITIES*		
Name	% Change	Price
Gold	-0,51	\$1 215,21
Platinum	0,64	\$833,80
Brent Crude Oil	-2,94	\$73,33

CURRENCIES*		
Indices	% Change	Price
\$ / R	-1,47	R 13,35
£ / R	-0,40	R 17,35
€ / R	-0,16	R 15,43

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COMMENTS FOR TOP 40 STOCK MOVEMENTS

South African markets were volatile for the greater part of the week as escalating trade war concerns resulted in overall emerging markets sell-off. JSE saw a slight rally in the later half of Friday's session, with the All share making gains of 1.15% while the Top 40 was up 1.29% for the day. This rally was however not enough to translate into positive gains for the week as local markets ended the first week of August lower, making marginal losses of 0.08% while the top 40 lost 0.27%.

Positive local economic data yielded a relatively muted reaction from markets. There was a substantial growth in balance of trade figures with R12bn surplus recorded for June this surge was attributable to the rise in exports coupled with the simultaneous decline of imports. ABSA manufacturing PMI numbers also showed a significant increase, the indicator was up to 51.5 points from previous reading of 47.9, indicative of expansion in factory activity, this has been the highest reading since May 2017.

The rand experienced a volatile week, which was primarily driven by foreign investor sentiment toward emerging market currencies. ZAR was unable to hold its ground against the dollar and lost 1.47% for the week. A late rally came in on Friday on the back of disappointing US payroll data which resulted in a weaker dollar giving the rand a chance to rebound and finish the week off at R13.29 to the dollar.

KEY EVENTS & COMPANY RESULTS

ARCELORMITTAL SOUTH AFRICA LTD

Reviewed condensed consolidated financial results for the six months ended 30 June 2018

The group released a positive set of interim results as higher than expected international steel prices in conjunction with higher sales volumes saw 19.4% increase in revenue. Local steel market remains constrained as a result of overall subdued economic growth, there was a 3% decline in local consumption. Operating profit grew from a loss of R983m to a profit of R1.3bn as exports were up 26% for the period. The group has set forth on implementing a strategy which will create various initiatives to return this profitability to relevant stakeholders and sustain positive cash flows while furthering its sustainability initiatives. The group managed to reduce its operating expenses by 6% for the period while also increasing their capacity utilization to 85% compared to 79% from the previous year. There have been no dividends declared for the six months ended June 2018. The group expects demand to remain stable for the remaining six months apart from three seasonal slowdown expected during December. They have however warned that the volatility of the rand/dollar exchange rate will have an impact on their final results.

Mondi Group

Half-yearly results for the six months ended 30 June 2018

The group was pleased to announce a strong set of financials for the six months ended 30 June 2018 stating that they have continued to make good progress in securing future growth and ensuring ongoing cost competitiveness for their operations. Their trading environment is expected to remain positive going into the second half of the year. The group is uniquely positioned to develop sustainable fibre and plastic based packaging solutions using their robust business model to leverage on key industry trends. Underlying EBITDA was EUR852m, up 17% from the comparable period as stable production volumes and higher pricing helped offset rising costs and any negative currency effects. Improvement in logistics and packaging value chain were the main contributors for cost management. During the period, international credit rating agency Standard & Poor's upgraded the group's

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

credit rating to a BBB+ score from BBB. The board aims to offer shareholders long-term dividend growth and as such they have declared an interim dividend of 21.45 euro cents which will be paid on the 14th of Sep 2018 to all the registered shareholders as at 24 Aug 2018.

Massmart Holdings Limited

Trading Statement for the six months ended 30 June 2018

In addition to the group's six-month sales update released on the 19th July 2018, Massmart has amended this sales update and they have issued their trading statement. The group has since gained a reasonable degree of certainty for their expected interim figures due to higher sales and favourable consumer trends recorded in the last two months. Due to restructuring cost there are still significant decreases in these figures but the group is confident that these incurred costs will result in significant revenue generation. After taking these costs into account an expected decline of between 47%-37% is expected in HEPS, investors can expect an amount anywhere between 89.3 cents to 106.2 cents per share for the period. Earnings are expected to decrease by as much as 50%, with the expected figure to come in between R184.7m to R221.6m. The final audited results will be released on the 23rd of Aug 2018.

Impala Platinum Holdings

Strategic Update - Impala Rustenburg review

The group has completed its review of their Rustenburg operations and will undertake several remedial steps to optimize operations at this plant. They expect once off restructuring costs that will amount to approximately R2.7bn and these are expected to be incurred in the 2019-2020 financial years. The restructuring plan will be funded from internal cash, current financing facilities and the monetisation of some inventory stock. In order to improve their competitive position, profitability and financial returns, Implats have committed to a value-focused strategy. This will be done by way of reducing their exposure to the higher costs and inflexibility associated with their labour intensive workforce. This process will result in the loss of 9000 direct jobs and 4000 contractor positions over the 2 year implementation period. The group claims that labour rationalization is an inevitable part of this process, they have however pledged to take due care throughout the period and will be in constant consultation with all its social partners.

GLOBAL MARKET DEVELOPMENTS

US technology stocks continued to trade under pressure as sell-off from the previous week carried over, however Apple's upbeat results ended the downward trend for the sector with a strong set of earnings released on Tuesday. The tech giant made history becoming the first company to reach the \$1 trillion market cap milestone as the stock gained over 8% in the two days. This boosted weekly gains for both the NASDAQ and S&P, the indices were up 0.96% and 0.76% for the week while the Dow mostly traded flat, ending the week off with marginal gains of 0.05%. The 10-year treasury yield note hit 3% for the first time since late May as news of increased borrowing by the U.S dimmed investor sentiment towards treasuries. The yield however managed to come back to below 3% by the end of the week. Analysts predict that it will be unlikely for the Federal Reserve Bank to adopt a more hawkish stance for the rest of 2018. With inflation approaching desired levels, the Fed is expected to adopt a neutral approach.

Most European markets ended lower as escalating trade wars between the US and China took a toll on markets in that region. Basic resources stocks, automobile and oil shares were hit the hardest however resources and oil stocks made slight recoveries by the end of the week. The German DAX lead losses across Europe, losing 1.9% for the week, due to the fact that Germany is a major exporter, they will remain extremely sensitive to trade war tensions. Aside from trade war tensions, European markets struggled to gain any direction for movement due to mixed economic data coupled with mixed corporate earnings results. Investors seem to have gravitated towards banking stocks following the relatively positive earnings out of that sector. Bank of England raised its key short-term rate from 0.5% to 0.75% at the end of the week despite the recent weak economic data out of the UK.

Asian stocks lost some ground for the week as most of the major indices finished in the red with both the Hang Seng and Nikkei losing 3.15% and 0.8% respectively. Flat economic data out of Japan struggled to provide any relief for the market as it was speculated there is a possibility that the Bank of Japan would make adjustments to their monetary policy this week due to the erratic bond yields movements. However no major reforms were announced. In China, the yuan posted its eighth weekly loss as the US showed no signs of easing their imposed tariffs on Chinese goods, confirming fears that this will weigh heavily on the Chinese economy.

THE WEEK AHEAD

Earnings releases for JSE listed companies

Company	Date
Absa Group Ltd	06-Aug-18
Royal Bafokeng Platinum Ltd	06-Aug-18
Nedbank Group Ltd	07-Aug-18
Liberty Two Degrees	07-Aug-18
MTN Group Ltd	08-Aug-18
Glencore PLC	08-Aug-18
Greenbay Properties Ltd	10-Aug-18

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