

Monday, 18 December 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
LONMIN PLC	1510	44,64
TRADEHOLD LTD	2135	37,92
STEINHOFF INTERNATIONAL H NV	803	33,83
EOH HOLDINGS LTD	6190	30,26
AFRICAN OXYGEN LTD	2879	15,16
TRUSTCO GROUP HOLDINGS LTD	820	13,89
NORTHAM PLATINUM LTD	5104	10,26
CONSOLIDATED INFRASTRUCTURE	380	9,83
METAIR INVESTMENTS LTD	2204	9,11
TRENCOR LTD	5210	8,86

TOP 10 LOSERS		
Share Name	Closing price	% change
STADIO HOLDINGS PTY LTD	646	-22,07
ARCELORMITTAL SOUTH AFRICA	379	-15,78
ALLIED ELECTRONICS COR-A SHR	1070	-10,83
BLUE LABEL TELECOMS LTD	1247	-10,03
MURRAY & ROBERTS HOLDINGS	1116	-8,90
NASPERS LTD-N SHS	331000	-8,54
DIS-CHEM PHARMACIES PTY LTD	3476	-8,53
PPC LTD	605	-8,19
HUDACO INDUSTRIES LTD	12650	-7,99
SIBANYE GOLD LTD	1549	-7,80

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	1,33	24 652
S & P 500	0,92	2 676
Nasdaq	1,41	6 937
FTSE 100	1,31	7 491
Nikkei 225	-1,13	22 553
Hang Seng	0,73	28 848
S & P ASX 200	0,04	5 997

COMMODITIES*		
Name	% Change	Price
Gold	0,64	\$1 256,44
Platinum	0,60	\$893,65
Brent Crude Oil	-0,27	\$63,23

CURRENCIES*		
Indices	% Change	Price
\$ / R	4,33	R 13,10
£ / R	4,64	R 17,45
€ / R	4,52	R 15,39

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COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All Share closed off a disappointing week, with the index shedding 1.03%. A firmer rand weighed down heavily on rand hedges, as it strengthened by 4.33% for the week against the dollar. Resources were up 1.15% for the week on the back of higher commodity prices. Financials were up 1.26% while Industrials dipped 3.19% for the week, mainly due to Naspers trading lower for the week on the back a disappointing week in Asia for Tencent. Better than expected inflation numbers helped the rand and SA bonds stay resilient despite recent political events. Core CPI y/y for November came in at 4.6% compared to market expectations of 4.7%. The inflation figures spurred some optimism that South Africa's inflation outlook could be more benign in the coming months. Retail sales m/m for October came in at 3.2%, which was below market expectation of an increase of 5.3%.

ANC 54th Conference

The much anticipated ANC 54th national elective conference got under way on the 16th December, with delegates hoping to elect the new ANC leadership on Sunday morning. The party completed the process of nominating new leaders on Sunday, with the Deputy President Cyril Ramaphosa and former African Union chairwoman Nkosazana Dlamini-Zuma competing for the top job. Ramaphosa was nominated by five provinces while Dlamini-Zuma was backed by four provinces. David Mabuza, the premier of Mpumalanga province and Human Settlements Minister Lindiwe Sisulu will square off in the contest for the deputy presidency position. The general secretary job will be contested between Senzo Mchunu, the former premier of Kwa-Zulu-Natal and Ace Magashule, the premier of the Free State. The outgoing ANC chairperson Baleka Mbete has announced that she will be backing Cyril Ramaphosa to become the next party president citing that Ramaphosa ticks the right boxes on what the party needs moving forward. Also Lindiwe Sisulu has placed her weight behind Ramaphosa for the presidency job. The election results are set to be released later today.

KEY EVENTS & COMPANY RESULTS

Sibanye-Stillwater

Proposed offer to buy Lomin

Sibanye has proposed to buy Lomin through a scrip offer, resulting in Lomin shareholders owning 11.3% of Sibanye Gold once the offer has been accepted. Lomin in this deal will save 20 000 jobs and offers shareholders welcome relief. The transaction will see Sibanye Gold move ahead of Impala Platinum to become the second largest platinum producer. Lomin has in recent years been struggling with low platinum prices, forcing it into a highly dilutive rights issue and bringing it closer to breaching its debt covenants. The news was well received by the market, helping the stock surge higher by 44.64% for the week to trade at R15.10. The deal still has to be approved by both company shareholders and certain competition and regulatory authorities. The Sibanye shares were down 7.8% as investors were concerned about the dilutionary effect of the all share offer and the outstanding debt on the Stillwater transaction.

Steinhoff International NV

Chairman of the board resigns

Steinhoff International chairman Christo Wiese stepped down from the supervisory board following the accounting scandal that has engulfed the retail giant. The board has accepted Wiese's resignation citing questions of conflict of interest. The resignation comes after the company said that the accounting irregularities dates back to 2016, highlighting the extent of wrongdoing. The share managed to stand off the negative news, increasing by 33.83% for the week to trade at R8.03.

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GLOBAL MARKETS

Global markets recorded gains during the week, bringing US large-cap benchmarks and the technology heavy Nasdaq Composite Index to new highs, with weekly gains of 1.17%. The S&P 500 posted weekly gains of 0.92% as consumer discretionary and consumer staples stocks led the gains. News of Disney’s purchase of 21st Century Fox gave consumer discretionary stocks further support. Materials and utilities stocks lagged and energy stocks were weak despite Brent crude trading above the \$65 level during the week. During the week trading volumes were subdued as investors were awaiting the outcome of the Federal Reserve’s monetary policy meeting. The Fed raised rates by 25 basis points to 1.5% from 1.25% citing that the labour market has continued to strengthen and that economic activity has been rising at a solid rate. They have given guidance of three rate hikes in 2018.

The US CPI excluding food and energy y/y for November came in at 1.7% which was below market expectations of 1.8%, the softer inflation number had little effect on the rate hike as it continued to be sticky below the Fed’s 2% target. Retail sales m/m for November increased to 0.8% beating market expectations of a 0.3% increase, supported by the black Friday purchases. The unemployment rate remained unchanged at 4.1% which was in line with market expectations. The Republicans in Congress have released their final tax bill. A joint House-Senate legislation was released later in the week, which includes a cut in the corporate tax rate, increased deductions for capital spending and lower levies on repatriating overseas profits. It is expected to be voted on this week.

Major European stock indices traded lower for the week, although FTSE 100 recorded gains. Investors during the week were focusing on the European Central Bank’s rate decision and on any clues around the reduction of the stimulus package. The ECB held interests rates unchanged at 0%, which was expected by the market. The bank confirmed that from January 2018 net asset purchases will run at a monthly pace of €30bn until September next year. The banks raised its inflation forecast for 2018 to 1.4% from 1.2%. The FTSE 100 posted weekly gains of 1.31% supported BoE’s rate decision. The Bank of England left rates unchanged at 0.5% despite UK inflation y/y for November rising to 3.1%, which was higher than expected. UK retail sales m/m for November came in at 0.2%, which was lower than market expectations of 0.3%.

Asian markets were mixed, with the Nikkei shedding 1.13% for the week and the Hang Seng posted weekly gains of 0.73%. Japan’s annualised GDP q/q for the third quarter came in at 2.5%, beating market expectations of 1.5%, which was boosted by business spending. China released positive economic data which supported the Hang Seng to trade higher for the week. Chinese imports for November grew by 12.3%, beating market expectations of 5.3%, showing good signs of improved global demand. Imports for November grew by 17.7%, beating market expectations of a 13% increase as all imports for base metals and coal were higher supporting global diversified miners.

THE WEEK AHEAD

Earnings releases for JSE listed companies

Company	Date
Lonmin Plc	19-Dec-17
Illovo Sugar Limited	22-Dec-17
RBA Holdings Limited	22-Dec-17

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