

Monday, 20 August 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
Trustco Group Holdings Ltd	1000	12,36
Investec Australia Property Fund	1169	9,25
Fortress REIT Ltd	1680	7,49
Clientele Ltd	1980	6,74
Resilient REIT Ltd	5790	6,51
Sirius Real Estate Ltd	1063	6,41
British American Tobacco PLC	78821	5,97
Reinet Investments SCA	26600	5,74
MAS Real Estate Inc	2145	5,67
Steinhoff International Holdings NV	234	5,41

TOP 10 LOSERS		
Share Name	Closing price	% change
Gold Fields Ltd	3566	-26,47
Tiger Brands Ltd	27500	-19,93
ArcelorMittal South Africa Ltd	395	-15,78
Royal Bafokeng Platinum Ltd	2100	-13,40
Pioneer Foods Group Ltd	10072	-12,42
Lonmin PLC	660	-11,88
Sibanye Gold Ltd	765	-11,66
AngloGold Ashanti Ltd	10770	-10,61
Zeder Investments Ltd	485	-9,35
Blue Label Telecoms Ltd	835	-9,04

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	1,41	25 669
S & P 500	0,59	2 850
Nasdaq	-0,29	7 816
FTSE 100	-1,41	7 559
Nikkei 225	1,61	22 209
Hang Seng	-1,83	27 427
S & P ASX 200	1,41	6 341

COMMODITIES*		
Name	% Change	Price
Gold	-0,61	\$1 186,19
Platinum	-1,67	\$789,89
Brent Crude Oil	-1,46	\$71,55

CURRENCIES*		
Indices	% Change	Price
\$ / R	-1,60	R 14,65
£ / R	-1,45	R 18,69
€ / R	-1,81	R 16,76

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COMMENTS FOR TOP 40 STOCK MOVEMENTS

The JSE saw one of its most volatile weeks this year, with the local market plagued by negative investor sentiment, disappointing economic data and a weakened rand. The Turkish currency crisis led to bearish outlook on emerging market equities and mass sell-off in their assets. Despite the index managing to record a few positive days, which were mostly boosted by rand hedge stocks, it was unable to erase losses recorded earlier on in the week. This resulted in overall losses for the week with the All Share down 1.83% while the Top 40 lost 1.89%, making this the worst performance since March 2018.

Local data was disappointing as it revealed a decrease in gold production. YoY figures for June showed a 19.2% decrease in production, which was over triple the forecasted -5%. Retail sales figures also indicated slow economic activity with sales down 1.2% for the month of June 2018 and only rising 0.7% YoY ended June 2018.

The rand had its fair share of volatility this week mainly spurred by the emerging market assets sell off. The rand breached the R15/\$ mark last week. Analysts predict that the ZAR will remain vulnerable for the greater part of this week.

KEY EVENTS & COMPANY RESULTS

Standard Bank Group Limited

Unaudited consolidated interim results for the six months ended 30 June 2018

The group released an upbeat set of interim results with a 5% increase in headline earnings. The group is pleased to announce that their capital position remains strong, therefore a 430 cents per share interim dividend has been declared. This is an increase of 8% from the prior period. Banking activities for the group showed a 4% increase, this figure is somewhat subdued due to the stronger rand adversely impacting on the group's results. The group says that this negative impact, combined with other global market variables made for a tough operating environment. Comments made by the executives reaffirm stakeholders that the group's strategy is unchanged as they are taking the necessary actions in positioning themselves to remain relevant in the market and to grow their client base and business ventures in a sustainable way. Shareholders are advised that the last day of trade to participate in the dividend is 11 Sep 2018 with the dividend payment being made on 17 Sep 2018.

SAPPI LIMITED

Third quarter results for the period ended June 2018

The group released a lukewarm set of results which showed an increase in sales across their major operating regions but an overall decrease in profits for the quarter. EBITDA remained unchanged at \$155mn from the comparable period, which excluded special line item transactions. The group says that figures have come in line with previous analyst forecasts and the strong performance in European regions helped off set a number of irregular costs in their South African and North American businesses. The group expects to reduce net debt in their final quarter which will result in them having a similar overall performance to last year which will help offset the profit decline of \$7m for the period. EPS decreased by a cent from, 11 US cents per share down to 10 US cents a share.

Gold Fields Limited

Reviewed results six months ended 30 June 2018

Goldfields confirmed losses were made by the group for the six month period ended June 2018. A total loss of \$367m was incurred for the period, compared to a profit of \$54m in the previous period. The company had previously indicated that this negative outflow was to be expected for at least the next two financial periods due to the construction of two new mines. The company is pleased to announce that there were no fatalities in the six month period and safety remains their top

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

priority. In their most recent trading statement they had indicated that gold production at the South African South Deep operation was down 19% with just 3 003kg of gold being mined in the last six months. As a result of these decreased volumes and increased overhead costs, the group says they have no choice but to implement labour restructuring at the plant. This would directly impact 1100 of the 3614 permanent employees and an additional 460 contract employees. Management intends to commence with consultations with the respective representative unions, this consultation process is expected to run for 60 days and will be facilitated by the CCMA. An interim dividend of 20 cents per share has been declared and will be payable on 10 Sep 2018.

Steinhoff International Holdings N.V.

Nomination to the Steinhoff Supervisory Board

The group has announced that its supervisory board has nominated Paul Copley for appointment onto the Board. Until his formal appointment, he is entitled to attend the board's meetings in an advisory capacity. If appointed, Paul will serve as an independent supervisory director. He is a duly qualified candidate as he is a former partner at PwC and is a UK chartered accountant and licensed insolvency practitioner. He is currently the CEO and board member of Kaupthing which is a restructured successor of the Icelandic Bank. The current chair of the Supervisory Board, Heather Sonn, is delighted to announce the nomination and the board looks forward to his contribution. The nomination will be submitted to the General Meeting for appointment in due course.

GLOBAL MARKET DEVELOPMENTS

US markets saw a positive week with most of the indices finishing in the green. The Dow led gains up 1.41% while the S&P gained 0.59% for the week. The tech heavy NASDAQ composite lagged slightly losing 0.29%. Consumer goods, real estate and utility stocks led gains in the US for the week with energy stocks retreating as a result of the lower oil prices. Economic data out of the US was positive with retail sales up 0.5% for July, the strength of the sector was further confirmed by Walmart's earnings report which showed the best sales growth for the mass retailer in over 10 years. Economist note the spending fundamentals of US consumers remains sound with wage growth coming in steady at an annualised pace of around 5% while the strong US dollar keeps inflation at a minimum.

Key indices across the Eurozone traded in the red for the greater part of last week amid concerns about the health of Italian Banks and Turkey's currency crisis, these factors coupled with uncertainty around global trade policies made for a tough week of trading. The German DAX was down 1.72% while the London FTSE was down 1.41%. Analysts believe that despite the volatile conditions in Europe, the economic fundamentals continue to develop positively in most of the countries in that region albeit at a slow pace. The region is still highly vulnerable to political risks which may hinder its short-term growth.

There were mixed indications from Asian markets as Japanese markets saw a positive week while Chinese markets continue to lag. The Nikkei was up 1.57% and the Hang Seng lost 1.9% for the week. The Chinese yuan declined for the 10th consecutive week however news that China and the US are set to rekindle trade talks lifted markets slightly. The yuan still remains an issue of concern for China as the People's Bank of China has stepped up efforts to stabilise the currency and continues to monitor its movements. Japanese corporate earnings releases helped boost stocks in that region with 24% of the companies on the Nikkei reporting record-breaking earnings while 56% recorded profits. Revenues expanded by an average of 8% making this the best quarter Japanese companies have had in 5 years.

THE WEEK AHEAD

EARNINGS RELEASES FOR JSE LISTED COMPANIES

Company	Date
AngloGold Ashanti Ltd	20-Aug-18
Shoprite Holdings Ltd	20-Aug-18
Sasol Ltd	20-Aug-18
BHP Billiton PLC	20-Aug-18
Fortress REIT Ltd	21-Aug-18
Imperial Holdings Ltd	21-Aug-18
Harmony Gold Mining Co Ltd	21-Aug-18
Bid Corp Ltd	22-Aug-18
Blue Label Telecoms Ltd	22-Aug-18
Woolworths Holdings Ltd/South Africa	23-Aug-18
Massmart Holdings Ltd	23-Aug-18
Sibanye Gold Ltd	23-Aug-18

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