

Monday, 25 June 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
TRUSTCO GROUP HOLDINGS LTD	970	12,66
BRAITSE	4220	11,73
SIBANYE GOLD LTD	958	11,40
ARCELORMITTAL SOUTH AFRICA	262	9,17
NET 1 UEPS TECHNOLOGIES INC	11857	8,97
HARMONY GOLD MINING CO LTD	2135	7,83
PEREGRINE HOLDINGS LTD	2212	5,33
LONMIN PLC	820	5,13
ALEXANDER FORBES GROUP HOLDI	580	5,07
HUDACO INDUSTRIES LTD	15200	4,83

TOP 10 LOSERS		
Share Name	Closing price	% change
CARTRACK HOLDINGS LTD	1550	-11,43
RAUBEX GROUP LTD	2059	-10,05
VUKILE PROPERTY FUND LTD	1966	-9,82
ARROWHEAD PROPERTIES LTD	555	-9,76
TELKOM SA SOC LTD	4850	-9,65
TRADEHOLD LTD	1325	-8,62
HOSKEN CONS INVESTMENTS LTD	13020	-8,31
IMPALA PLATINUM HOLDINGS LTD	2112	-8,17
INVESTEC PROPERTY FUND LTD	1523	-6,85
LIFE HEALTHCARE GROUP HOLDIN	2478	-6,70

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	-0,66	\$1 270,56
Platinum	-1,22	\$877,37
Brent Crude Oil	2,87	\$75,55

CURRENCIES*		
Indices	% Change	Price
\$/R	-0,05	R 13,44
£/R	-0,01	R 17,83
€/R	-0,39	R 15,66

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## COMMENTS FOR TOP 40 STOCK MOVEMENTS

JSE started the week on a back foot with three consecutive session losses recorded at the beginning of the week. This was due to Chinese retaliation against US tariffs as negative global market sentiment filtered through, the brunt of which was felt by emerging markets. The local bourse recouped some losses on Thursday and Friday however it was too little too late as the All Share lost 1.39% for the week while Top 40 was down 1.37%. The weak rand added strain to most of the major indices as many stocks were unable to withstand the pressure. Resources lost the most for the week down 1.71% followed closely by industrials and financials losing 1.26% and 1.06% respectively.

Domestic data provided little reprieve for the markets with our current account deficit increasing by more than 65% for the quarter. The deficit widened to R229bn in the first quarter from R137bn for the previous period. This has been the biggest gap since Q2 2014. Core inflation numbers however were lower than forecasted with YOY core inflation going up 4.4%, a 0.1% contraction from the previous periods' figure while MOM inflation was up 0.2% for the month of May, down 0.6% from April.

The rand managed to close the week firmer against the dollar after reaching session lows that were close to the R14 to the dollar mark. The rand rebounded against all major currencies last week despite somewhat choppy trade against the euro and sterling. Rand managed close at R13.52 to the dollar on Friday.

## KEY EVENTS & COMPANY RESULTS

### NASPERS LIMITED

#### Summarised financial results for the year ended 31 March 2018

As expected, NASPERS delivered a good set of results for their financial year ended 31 March 2018. Group revenue was up 38% to \$20.1bn (adjusted for acquisitions and disposals) this indicated robust and meaningful growth for the Group. Operating profit rose by 47% to \$43.4bn with EPS and HEPS both increasing by over 100% to 2631 US cents (2017: 542 US cents) and 416 US cents (2017:44 US cents) respectively. This accelerated growth was driven by improved ecommerce business and Tecent's strong performance. NASPERS operates in over 120 countries and markets which makes the Group particularly vulnerable to foreign-exchange volatility, to mitigate these exposures the Group has vigorously pursued growth opportunities in online business where forex exposure has a more muted impact as both revenues and costs are generally denominated in whatever the prevailing local currency is. Board recommended that annual gross dividend be increased by 12% to 650 cents per listed ordinary share.

### PPC Ltd

#### Audited provisional financial results for the year ended 31 March 2018

PPC share price saw a slight tumble ahead of its results release, following their trading statement update which indicated that they would be expecting a significant decrease in earnings. However the Group made significant progress in improving its liquidity by restructuring their South African debt to a maturity profile of between 3 – 4 years and seeking out more favourable interest rates, this helped the group reduce its interest costs. Revenue increased by 7% to R10.2bn (2017: R9.4bn) however earnings before tax saw a 9% decline to R1.9bn (2017: R2.06bn) due to non-recurring costs and first time inclusion of the DRC operation in Group figures, operations in that region reported a R105mil loss. Overall Group performance was up as headline earnings and headline earnings per share increased by 117% and 114% respectively 2018 figures increased to R231mil (2017: R85mil)

## Contact Details

Derick Meintjes  
Email: [Derickm@legae.co.za](mailto:Derickm@legae.co.za)  
Tel: +27 11 722 7330

Private Clients Enquiries  
Email: [privateclients@legae.co.za](mailto:privateclients@legae.co.za)  
Tel: +27 11 722 7343

and HEPS of 15 cents (2017: 7 cents). There were no dividends declared and paid for the year. Johan Classen, CEO, commented on the results saying that the Group had been impacted by a number of significant abnormal items but they had however managed to achieve key milestones in delivering on their strategic priorities, this amidst operating in challenging economic and political environments.

### **Liberty Holdings Limited**

#### **Illegal and unauthorised access to Liberty's IT Infrastructure**

The financial services company which offers an extensive product range aimed at building and protecting client's wealth and lifestyle was, ironically, recently under scrutiny for a data breach which compromised confidential client details. Liberty was first alerted of the network intrusion late on the evening of 14th June 2018. Specialist teams were immediately assembled and began investigating the incident, authorities and clients were subsequently informed of the breach on Saturday the 16th of June. David Munro, Liberty CEO, says the safety and security of client information still remains the company's top priority and that dedicated teams have devoted all their efforts to ensuring the safety of client's details. Munro further goes on to say that an investigation has been launched and it would appear that the intentions behind this infiltration was an attempt of extortion however the Company refuses to make any concessions in the face of this act of criminality. At this stage there is no evidence that clients or the Company have suffered any financial losses. Liberty staff will proactively inform any clients individually if and when it is discovered that they may have been impacted.

### **Grindrod Limited**

#### **NASDAQ listing**

Primary Nasdaq listing of Grindrod Shipping (GSH) was implemented on the 18th of June 2018, all existing Grindrod Limited (GND) shareholders were rewarded with one GSH share for every forty GND held. The secondary listing of GSH occurred on Tuesday the 19th of June 2018 with no reduction in the number of ordinary shares held in Grindrod Limited. Martyn Wade, CEO of Grindrod Shipping says that this Nasdaq listing will allow the company to pursue a growth strategy that allows for it to focus solely on the shipping business to maintain in and enhance the Company's position as owners and operators of dry bulk carrier and tanker vessels. Parent company, Grindrod Limited's share price took a 6.8% knock after implementation of listing but seems to be making a steady recovery as optimism of growth filters through to investors.

## **GLOBAL MARKET DEVELOPMENTS**

Bank of England (BoE) monetary policy committee met on Wednesday the 20th of June 2018 and in line with expectations, kept rates unchanged as a result of recently mixed economic data. Majority of stocks across the Eurozone closed higher on Friday despite overall losses for the week. There was also renewed positive sentiment on the back of data released that showed that economic activity had picked up throughout the region after suffering from recent slumps. In addition to this, a Eurozone agreement on the debt-relief plan for Greece has been finalised as the country's bailout ends in August, Greece will have 10 years to payback almost \$116bn in loans. Energy sector also got a boost from a rally in oil prices. Despite most stocks recording gains on Friday, broader indices such as the DAX and CAC 40 ended the week down, losing 3.31% and 0.62% respectively. UK's FTSE 100 made marginal gains of 0.63%.

US markets continue their spring/summer rally as the economy is back on track for a robust year of growth which many analysts believe could come close to that seen in 2005. Forecasts revealed that the economy is likely to grow close to 4% for the second quarter after a 2.2% gain recorded for quarter one. The driver behind this growth is believed to be corporate America investing more money, this in conjunction with increased household expenditure is believed to be bringing about a revival in the economy. However, trade war tensions persist as Trump has requested his administration to identify a further \$200bn in Chinese goods for tariffs. The re-ignition of these tensions has caused the three main indices to finish the week in red with the Dow recording the biggest drop, losing 2.03% while S&P and Nasdaq lost 0.89% and 0.69% respectively.

China has retaliated to US tariff threats and has said they would implement tariffs on US soybean imports commencing on the 6th of July 2018. The US is reportedly the world's largest soybean buyer and is expected to be hit hard, according to experts at the US Agricultural Department. Major Asian markets had a difficult week as the Hang Seng, Nikkei and BSE Sensex, all finished weaker, the indices lost 3.9%, 1.3% and 0.25% respectively. Technical analysts have picked up that many investors are now selling primarily defensive stocks in order to limit impact of the exporter stocks. There is also added concern that Japan's export-reliant economy might suffer from the global trade tensions. We are seeing an overall pullback in Asia as investors proceed with trepidation.

**THE WEEK AHEAD****Earnings releases for JSE listed companies**

<b>Company</b>	<b>Date</b>
Omnia Holdings Ltd	26-Jun-18
Steinhoff International Holdings NV	29-Jun-18
Trustco Group Holdings Ltd	30-Jun-18

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