

Monday, 26 March 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
HAMMERSON PLC	9114	25.85
GOLD FIELDS LTD	4843	10.19
CASHBUILD LTD	50477	9.62
TRUWORTHS INTERNATIONAL LTD	11012	9.57
MONTAUK ENERGY HOLDINGS LTD	5790	7.22
DELTA PROPERTY FUND LTD	600	7.14
CLICKS GROUP LTD	18201	7.06
LONG4LIFE LTD	604	6.90
ANGLOGOLD ASHANTI LTD	11501	6.27
THE FOSCHINI GROUP LTD	23056	6.00
TOP 10 LOSERS		
Share Name	Closing price	% change
STEINHOFF INTERNATIONAL H NV	309	-25.54
STADIO HOLDINGS PTY LTD	479	-25.16
FORTRESS REIT LTD-B	1261	-19.17
RESILIENT REIT LTD	5549	-15.98
ASCENDIS HEALTH LTD	932	-11.32
NASPERS LTD-N SHS	315000	-9.10
ARCELORMITTAL SOUTH AFRICA	240	-9.09
INVESTEC PLC	9272	-9.00
GROWTHPOINT PROPERTIES LTD	2729	-8.91
INVESTEC LTD	9250	-8.42
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	-5.67	23 533
S & P 500	-5.95	2 588
Nasdaq	-6.54	6 993
FTSE 100	-3.38	6 922
Nikkei 225	-4.20	20 766
Hang Seng	-4.03	30 244
S & P ASX 200	-2.84	5 790
COMMODITIES*		
Name	% Change	Price
Gold	2.06	\$1 343.98
Platinum	-0.63	\$947.90
Brent Crude Oil	6.40	\$70.28
CURRENCIES*		
Indices	% Change	Price
\$ / R	3.49	R 11.61
£ / R	2.52	R 16.44
€ / R	3.24	R 14.36

Updated:08:42 26/03/2018

## COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All share ended the week lower as it fell by 3.59% led by declines in heavy-weights such as British American Tobacco(-6.22%), Naspers (-9.10%) and BHP Billiton (-1.72%). EOH slumped by 8.1% despite making a meaningful recovery on Friday. The stock has been sold heavily this past month, down 34.26%. Banks declined by 2.36% ahead of the SARB MPC meeting this week. Expectations are for the SARB to cut rates by 25 basis points. Resources lost 1.61% as the rand strengthened over the course of the week. Retailers bucked the trend as they ended the week positive, climbing by 4.18%. This was partly on the back of CPI figures that came out during the week that revealed a decline in y/y CPI to 4% in February from 4.4% in January. Moody's also gave South Africa a reprieve late on Friday by not downgrading the country's long term foreign and local currency debt ratings. They also revised their outlook from negative to stable.

## KEY EVENTS & COMPANY RESULTS

### Naspers Limited

#### Local tech giant disposes of a 2% stake in Tencent and considers listing of Multichoice

The most valuable technology company on the continent declined by 9.1% for the week, the most in 3 weeks, as the group announced its intention to sell 2% of Tencent. The group reported that it would use the funds to reinforce its balance sheet and it will also be invested over time in other group business and growth opportunities. On Friday, the group announced that it raised \$9.8 billion from the sale.

The group is also set to be considering listing some of its businesses to try and reduce the valuation gap in its shares. Investors have highlighted this in recent times. Naspers CEO, Bob van Dijk, has said Multichoice is one of the companies Naspers is considering.

### Glencore

#### Mining giant on the acquisition trail

Glencore is set to acquire 82% of Rio Tinto's Hail Creek coal mine as well as a 71.2% interest in the Valeria coal resource in central Queensland (Australia) for a total cash consideration of \$1.7 billion. The remaining 18% in Hail Creek is owned by joint venture partners which have a right to sell their shares to Glencore through a "tag-along" right with respect to the transaction. The acquisition is still subject to regulatory approval and will only be completed in the 2nd half of 2018. The market hardly reacted to the news as the stock declined marginally by 0.14%.

### Grindrod Limited

#### Disappointing total operational performance amid plans to dispose and separately list the Grindrod shipping business on the Nasdaq and JSE

The group released two important forms of communication to the market on Friday. The first, was the release of their provisional audited results for the year ended 31 December 2017. The group's performance from total operations was poor as it reported a loss per share of 77.6 cents with no dividend declared for the period. However, this was mainly due to losses from discontinued operations. Performance from the group's continuing operations (freight and financial services) revealed a positive picture, with revenue (inclusive of joint ventures) up 14%. EBITDA, inclusive of joint ventures, rose by 45%. The group's net asset value per share fell by 10.81% y/y.

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In a separate statement the group also reported that it would dispose of its shipping business held via wholly-owned subsidiaries, Grindrod Shipping Pte and Grindrod Shipping Proprietary Limited to a newly formed company, Grindrod Shipping Holdings Ltd (GRIN). The new company will settle the purchase consideration of \$320 683 000 through the issue of non-interest bearing GRIN compulsorily convertible notes of equivalent value to Grindrod. GRIN has applied to list the GRIN Ordinary Shares on the NASDAQ and will have a secondary inward listing on the main board of the JSE.

### Rhodes Food Group Holdings Limited

#### Trading update for the 5 months ended February 2018 and trading statement for the 6 months ending March 2018

Group turnover for the five month period ended February 2018 increased by 16.2%, with turnover for the regional segment (South Africa and the rest of Africa) increasing by 19.5% in the same period. Regional organic growth totalled 6.5%. The international segment increased turnover by 0.5% and the group reported that margins were affected by the increased costs of canned fruit, due to the drought in the Western Cape. Management expects headline earnings for the 6 months to 1 April 2018 to be between 33% and 43% lower than the comparable prior period. It expects EPS to be between 37% and 47% lower.

### GLOBAL MARKET DEVELOPMENT

The threats of a U.S-China trade war sent markets reeling last week. The Dow, S&P and Nasdaq declined by 5.7%, 5.95% and 6.54%, respectively. The U.S president, Donald Trump, signed a presidential memorandum on Thursday that could impose tariffs as high as \$60 billion of imports from China. Chinese state media have reported that the Chinese have warned the U.S that it would defend its interests. Facebook fell by 13.91% for the week as the Cambridge Analytica data scandal gripped the world's attention. A whistle-blower alleges that user's data was sold to Cambridge Analytica to psychologically profile them and deliver pro-Trump material to them during the 2016 election campaign. The company's CEO Mark Zuckerberg has since apologised for the scandal.

European markets fell in line with U.S markets this week, as investors feared a trade war. The FTSE 100 fell by 3.38% in the week. The Bank of England kept rates unchanged as expected, but hinted at a May rate hike. U.K retail sales were also released during the week. The retail sales (m/m figures) including and excluding auto fuel figures increased significantly. The data was gathered before the snowstorms that occurred in February that hampered transport in the country.

Asian markets felt the brunt of Trump's proposed tariffs with the Hang Seng and Nikkei sent tumbling. Tencent fell 9.72% for the week, on the back of their fourth quarter results. Operating margin decreased to 34% from 38% last year, while the net margin decreased to 28% from 30% last year. The yen has strengthened over the course of the week as investors are seeking safe havens after the tariff announcement. Gold has risen as well, reaching a high of \$1350.25/0z.

### THE WEEK AHEAD

#### Earnings releases for JSE listed companies

Company	Date
Capitec Bank Holdings Ltd	27-Apr-18
EOH Holdings Ltd	28-Apr-18
Group Five Ltd	29-Apr-18

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