

Monday, 9 October 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
LONMIN PLC	1515	20,81
EXXARO RESOURCES LTD	13800	12,33
CURRO HOLDINGS LTD	3610	9,24
ASSORE LTD	30208	9,01
ANGLO AMERICAN PLC	26411	8,95
NASPERS LTD-N SHS	316469	8,38
LIFE HEALTHCARE GROUP HOLDIN	2545	7,38
AFRICAN RAINBOW MINERALS LTD	10927	7,10
STADIO HOLDINGS PTY LTD	620	6,90
GLENCORE PLC	6614	6,71
TOP 10 LOSERS		
Share Name	Closing price	% change
CLOVER INDUSTRIES LTD	1216	-9,93
LIBERTY TWO DEGREES	825	-6,67
LEWIS GROUP LTD	2824	-5,87
TELKOM SA SOC LTD	5615	-5,30
HOSKEN CONS INVESTMENTS LTD	12400	-5,21
TRUWORTHS INTERNATIONAL LTD	7330	-5,11
RAUBEX GROUP LTD	1882	-4,95
ROYAL BAFOKENG PLATINUM LTD	3040	-4,79
MASSMART HOLDINGS LTD	10689	-4,19
VODACOM GROUP LTD	15447	-4,14
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	1,51	22 743
S & P 500	0,99	2 544
Nasdaq	1,27	6 578
FTSE 100	2,04	7 523
Nikkei 225	1,64	20 691
Hang Seng	2,95	28 458
S & P ASX 200	0,51	5 711
COMMODITIES*		
Name	% Change	Price
Gold	-0,42	\$1 274,36
Platinum	0,34	\$915,16
Brent Crude Oil	-2,43	\$55,41
CURRENCIES*		
Indices	% Change	Price
\$ / R	-1,27	R 13,73
£ / R	1,24	R 17,94
€ / R	-0,58	R 16,11

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## COMMENTS FOR TOP 40 STOCK MOVEMENTS

The local market ended the week higher lifted by rand hedges, as the rand lost ground to the dollar. The rand weakened 0.45% trading at R13.74 against the dollar on Friday. The dollar was firmer despite the September US jobs report, with non-farm payrolls coming in significantly lower than expected. The dollar was however supported by the strong wage growth, which could result in higher consumer inflation and so support further rate hikes by the US Federal Reserve in December. All the major indices closed in the green, as the larger dual-listed shares benefited from the weaker Rand. The All-share index was up 0.41% on Friday, with an overall weekly gain of 2.97%, whilst the Top40 gained 3.31% for the week.

Resources were up 4.61% for the week, with Lonmin leading the gains. Lonmin gained 20.81% for the week, after an announcement that it had fulfilled the last requirement to buy out its partners, Anglo American Platinum, in its Pandora project. Anglo American Platinum had agreed to sell its 42.5% stake in Pandora for R400m cash and a share of profit for six years. Glencore also closed 0.11% higher on Friday, with a weekly gain of 6.71%, after Friday's announcement that it had secured a 75% interest in Chevron SA, and acquired the whole of Chevron Botswana in a \$973 million deal that it will settle in cash. Industrials gained 3.46%, followed by Financials up 0.96%. Amongst banks, Capitec gained 3.95% for the week, followed by Barclays Africa up 2.86% and Standard Bank up 1.46%.

## KEY EVENTS & COMPANY RESULTS

### PSG Group Limited

#### Trading Statement

The group reported that Headline Earnings per Share (HEPS) will be between 360 cents and 365 cents for the six-months ended 31 August 2017, lower than the 470.5 cents reported in the previous comparable period. This was due to Zeder's lower contribution and marked-to-market losses incurred on Dipeo's investment portfolio, as opposed to marked-to-market profits achieved in the previous comparative period.

Attributable Earnings per Share (EPS) will be between 384 cents and 390 cents, lower than the 477.8 cents reported in the previous comparable period. The performance of the group was mainly impacted by Zeder's weaker performance, where investments in food and related sectors were negatively affected by particularly tough trading conditions.

### Pick n Pay Stores Limited

#### Updated trading statement for the 26 weeks ended 27 August 2017

The group expects HEPS to increase between 10% and 15% on a normalised basis, excluding the impact of the Voluntary Severance Programme (VSP). The VSP was initiated as a means to improve efficiency and productivity by reducing roles and functions across the company. HEPS is expected to decrease between 20% and 25%, including the impact of the VSP.

The Group delivered turnover growth of 5.1% in the period, despite a challenging trading environment. The selling price inflation was 3.6%, which is below the CPI food inflation at 6.9%. On a normalised basis, basic EPS will increase between 90.49 cents to 94.43 cents, compared to 78.69 cents in the previous comparable period. Including the net cost of the VSP, basic EPS will decrease between 59.02 cents to 62.95 cents, compared to 78.69 cents reported in the previous comparable period.

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**Datatec Limited****Trading statement**

The group expected underlying EPS for the six months ended 31 August to fall as much as 92% to between 1 and 2 US cents from 12.5c in the previous comparable period. Headline loss per share is expected to be between 5 and 6 US cents, compared to 9.1 US cents in the previous period. Consolidated revenue will fall to \$2.99bn from \$3.04bn with a gross margin of 13.3% from 13.8% previously. The decline in earnings was primarily attributable to poor performance from the Group's Westcon Subsidiary, which continued to experience disruption to the business as a result of the final SAP implementation in Europe, Middle East and Africa (EMEA). Trading conditions in EMEA were weak, particularly in South Africa.

Asia Pacific revenues decreased \$17 million due to lower China sales, however gross profit was \$1.6 million better than H1 FY17. North America revenues were up \$24 million due to increased security sales, however gross profit was down \$6.1m year over year due to product mix and lower volume. Latin America revenues were up \$67 million compared to H1 FY17, mainly due to growth in Brazil. The board mentioned that it is considering returning as much as \$500m to shareholders by way of share repurchases or a specific dividend. The money is from the sale of its subsidiary Westcon-Comstor to US-based Synnex for \$830m, which was completed in September 2017. The board further mentioned that it intends to retain US\$130 million for various operational and working capital and expansion funding requirements.

**NEPI ROCKCASTLE PLC****Results of the accelerated book build and issue of equity**

The group announced an equity raising of approximately R3 billion on 3 October 2017, through the issue of new ordinary shares. The equity placement was going to be completed as part of a vendor consideration placing. The vendor consideration placing was to be utilised partly to refinance the acquisition of the Serdika Center and Office in Sofia, Bulgaria and Arena Plaza shopping centre in Budapest, Hungary, announced on 13 June 2017 and 18 September 2017, respectively. On 5 October the group released results of the book build. A total of 29 541 215 new NEPI Rockcastle ordinary shares are expected to be issued and listed on Monday, 16 October 2017.

**GLOBAL AND WORLD MARKET DEVELOPMENTS**

US stocks retreated from record highs on Friday after data showed US payrolls contracted for the first time in seven years last month. However, other elements of the job report were positive supporting the dollar on the expectation of a US interest rate hike. The S&P 500 index closed 0.31% lower on Friday, but registered a weekly rise of 0.98%. The Dow Jones Industrial Average ended 0.15% lower but still gained 1.5% for the five days. Non-farm payrolls fell 33,000 in September, compared with forecasts that ranged from a 150,000 rise to a 45,000 decline. The decline was due to the impact of the recent hurricanes. The unemployment rate dropped another two tenths of a percent to 4.2%, its lowest level since February 2001. Average hourly earnings rose 0.5% beating expectations of 0.3%, pushing the year-on-year rate of increase up to 2.9%. The odds of the December Fed rate hike moved up to 87% probability from 77%. The mounting expectations that the Fed would raise rates for the third time this year reflected recent US data strength, including robust reports on manufacturing and service sector activity from the Institute for Supply Management this week.

Treasury prices fell as signs that wage growth might finally be taking hold in the US heightened expectations that the Federal Reserve could raise interest rates in December. The 10-year US Treasury yield was at 2.40% up 4bp on the week. The Euro struggled for much of the week due to Spain's ongoing crisis over Catalonia seeking independence. Euro ended the previous week at \$1.1729 and dollar/yen trading at ¥112.77. Political uncertainty in the UK weighed on sterling, down another 0.4% against the dollar to \$1.3064. The weaker pound lifted the FTSE 100 index, gaining 2.04% for the week. The Euro Stoxx 600 index ended 0.4% down, paring its weekly rise to 0.3%. Madrid's Ibex 35 index lost 1.9% for the week, following events around the Catalonia independence vote. Italian stocks shed 1.3% over the week amid uncertainty over elections next year. The yield on Spain's 10-year government bond ended the week at 1.68%, up 7 basis points. Brent crude settled 2.43% lower for the week trading at \$ 55.41 a barrel, as Russia clarified that President Vladimir Putin had not, as suggested, proposed extending the production cut agreement. It was further impacted by the growing US crude exports and the statement that was made by the Saudi energy minister who mentioned that they are flexible about prolonging the production-curb pact until the end of 2018. Gold was down 0.42% for the week, trading at \$1274.36. Copper was up 2.9% for the week, its biggest weekly rise since August.

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

<b>Company</b>	<b>Date</b>
Verimark Holdings Ltd	11-Oct-17
PSG Group Ltd	11-Oct-17
GAIA Infrastructure Capital Ltd	11-Oct-17
Cartrack Holdings Ltd	11-Oct-17
Central Rand Gold Ltd	12-Oct-17
Vunani Ltd	12-Oct-17
Taste Holdings Ltd	12-Oct-17
Equites Property Fund Ltd	12-Oct-17
AH-Vest Ltd	12-Oct-17
Combined Motor Holdings Ltd	12-Oct-17

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