

Monday, 05 December 2016

TOP 10 GAINERS		
Share Name	Closing price	% change
ALEXANDER FORBES GROUP HOLDI	680	16.64
TRUSTCO GROUP HOLDINGS LTD	320	12.28
INVICTA HOLDINGS LTD	7000	11.11
LEWIS GROUP LTD	3800	8.57
PALLINGHURST RESOURCES LTD	430	7.50
CAPITAL & COUNTIES PROPRTIE	4941	6.56
DELTA PROPERTY FUND LTD	755	6.34
RCL FOODS LTD/SOUTH AFRICA	1279	6.14
OCEANA GROUP LTD	12449	4.61
DISTELL GROUP LTD	15690	4.03

TOP 10 LOSERS		
Share Name	Closing price	% change
EXXARO RESOURCES LTD	8200	-21.90
LONMIN PLC	2506	-15.76
ASSORE LTD	21487	-12.75
NETCARE LTD	3038	-9.26
IMPALA PLATINUM HOLDINGS LTD	4283	-8.99
NIVEUS INVESTMENTS LTD	3600	-8.86
KUMBA IRON ORE LTD	15800	-8.06
CHOPPIES ENTERPRISES LTD	290	-7.94
DATATEC LTD	4300	-7.73
STEINHOFF INTERNATIONAL H NV	6328	-7.62

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	0.10	19 170
S & P 500	-0.97	2 192
Nasdaq	-2.65	5 256
FTSE 100	-1.61	6 731
Nikkei 225	-1.09	3 015
Hang Seng	0.24	18 426
S & P ASX 200	-1.16	5 444

COMMODITIES*		
Name	% Change	Price
Gold	-0.52	\$1 177.43
Platinum	2.31	\$929.24
Brent Crude Oil	12.89	\$54.46

CURRENCIES*		
Indices	% Change	Price
\$ / R	-1.11	R 13.88
£ / R	-3.28	R 17.62
€ / R	-0.64	R 14.67

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COMMENTS FOR TOP 40 STOCK MOVEMENTS

The ALSI was 2.84% lower over a five day period, while the Top 40 was 3.14% lower. The local market was driven by speculation of a possible downgrade by rating agency Standard & Poor's, a turbulent US Bond Market, uncertainty over the key deployments that US President elect Donald Trump will make, as well as how he seeks to change US trade policies.

Rating agency Standard & Poor's affirmed South Africa's sovereign credit rating at one notch above a non investment grade rating, with a negative outlook. The rating agency is concerned about the country's low GDP growth, as well as political instability that threaten the strength of the countries institutions. Standard & Poor's did however downgrade South Africa's long-term local currency ratings by one notch to BBB, two levels above junk status. The bulk of South Africa's debt is held in local currency.

Brent Crude continued its rally, trading at a 16 month high after OPEC and Russia agreed to restrict output. The agreement is OPEC's first oil output reduction since 2008 and its first coordinated action in 15 years with non-member Russia. Gold traded slightly lower on the back of a stronger dollar and rising bond yields.

KEY EVENTS & COMPANY RESULTS

ALEXANDER FORBES GROUP HOLDINGS LIMITED

Unaudited interim results and cash dividend announcement for the six months ended 30 September 2016

Operating income net of direct expenses increased by 5% to R2.695 billion (2015: R2.563 billion). Normalised EPS increased by 13% to 30.8 cents (2015: 27.3 cents). HEPS increased by 4% to 27 cents (2015: 26 cents).

The group announced that it will embark on a "refreshed" strategy with the intention of unlocking upside potential and improve its share price relative to its peers. The group confirmed that it is engaged in discussions to dispose off its operations outside Africa and announced that it anticipates market activity to be influenced by geopolitical and macroeconomic uncertainty over next several reporting periods.

The group declared an interim dividend of 17 cents per share.

KUMBA IRON ORE LIMITED

Trading statement for the year ending 31 December 2016

The group anticipates that headline earnings, basic earnings, HEPS and EPS are likely to be 20% higher than the comparative period. Headline earnings is expected to increase by R758 million, while basic earnings are expected to increase by R94 million. HEPS is likely to increase by R2.36 and EPS by 30 cents.

The expected increases are attributable to an increase in iron ore exports and a weaker than average ZAR/US\$ exchange rate.

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GLENCORE PLC**Disposal programme completion.**

The group announced that it has completed the sale of its Grail business for AUD1.4 billion and 49.99% of Glencore Agriculture for \$3.124 billion. The group also disposed of an economic interest in the Ernest Henry Copper-gold operation for AUD 880 million. The proceeds from these transactions totalled \$4.7 billion.

The group is on track for \$16.5 billion to \$17.5 billion net debt by the end of 2016. The disinvestment process was successfully completed and sales amounted to \$6.3 billion vs an expected \$1-2 billion. The company is targeting a maximum 2x Net debt/EBITDA through the commodity cycle.

CAPITAL & COUNTIES PROPERTIES PLC**Trading update for the period 1 July 2016 to 28 November 2016.**

Covent Garden is set to achieve an Estimated Rental Value (ERV) of GBP100 million by December 2017. The group made alterations to the Royal Opera House Arcade and expanded its estate further down Southampton Street.

The group continues to diversify its land holdings at Earls Court, and completed the first phase of a demolition of the former Earls Court Exhibition Centres, while construction of Phase 1 at Lillie Square nears completion.

Capital & Counties has a Loan To Value (LTV) of 20% and GBP528 million in cash as at 30 September 2016.

NAMPAK LIMITED**Declaration of cumulative preference dividend.**

The group declared a preference dividend at the rate of 6.5% per annum (equivalent to a gross amount of 6.5 cents per share per annum)

EXXARO RESOURCES LTD**Sale of shares by Anglo American PLC and Main Street 333.**

Anglo American PLC sold 35 million shares in Exxaro Resources Ltd for R87 a share, or a sum total of R3 billion. The shares represent 9.7% of Exxaro's issued share capital and was Anglo American PLC's entire stake in Exxaro Resources Ltd. Anglo intends to use the proceeds to reduce debt. BEE shareholder, Main Street 333, sold 17 million shares, reducing its stake from 50.19% to 45.34%.

STEINHOFF INTERNATIONAL**Temporary suspension of shares on the Frankfurt Stock Exchange.**

Steinhoff International shares were temporarily suspended on the Frankfurt Stock Exchange (FSE) after the company released divergent information on an ex-entitlement date for shares that trade on the FSE. The FSE's system incorrectly reflected 30 November 2016 as the first ex-entitlement date, the correct date is 01 December 2016.

RCL Foods Limited**Retrenchment of more than half the workforce.**

Packaged goods and milling company RCL Foods Limited announced that it will lay off more than half of its workforce after cheaper poultry imports reduced its sales. The company will retrench 1350 workers at its Hammersdale factory in KZN.

GLOBAL AND WORLD MARKET DEVELOPMENTS

Global markets took their cue from a rise in oil prices and interest rates. On Wednesday, OPEC announced that it would cut production to 32.5 million barrels per day, a reduction of 1.2 million barrels. Non OPEC members agreed that they would cut oil production by 600 000 barrels per day, this saw the price of Brent increase by 12.89% in five days.

The yields on the US 10 year treasury note edged higher spurred by concerns about possible inflation. The yield rose to 2.4%, having yielded 2.37% a week ago, this is after reaching a high of 2.45% on Friday. The US November jobs numbers were in line with market expectations and saw the unemployment rate drop to 4.6%, the lowest rate in almost a decade. The American labour force grew by 178 000 workers in November, however, hourly wages declined by 0.1% in November, after increasing by 0.4% in October. The US revised GDP numbers for the third quarter upwards to an annual rate of 3.2%, and the country's corporate profits increased to 5.2%, the first increase in almost 2 years. US President Elect Donald Trump said that he will nominate former Goldman Sachs executive Steven Mnuchin as treasury secretary. Trump has speculated about reforming the tax codes as well as reducing financial regulation. He also nominated well known investor Wilbur Ross to serve as commerce secretary and lead the agenda to renegotiate trade agreements in favour of US trade.

Manufacturing Purchasing Managers Indexes in the US, China and the Eurozone have all exceeded market expectations, indicating a recovery in the global economy. Unemployment in the Eurozone fell 9.8%, the lowest level in seven years, suggesting that the Eurozone is recovering from slow economic growth.

THE WEEK AHEAD

Key Earnings and releases for JSE listed companies

Company	Date
PPC Ltd (PPC)	6-Dec-16
AngloGold Ashanti Ltd (ANG)	6-Dec-16
Steinhoff International Holdings NV (SNH)	7-Dec-16
Rockcastle Global Real Estate Co. Ltd (ROC)	7-Dec-16
Harmony Gold Mining Co. Ltd (HAR)	9-Dec-16
Mediclinic International Ltd (MEI)	9-Dec-16
Dis-Chem Pharmacies Ltd (DCP)	9-Dec-16

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