



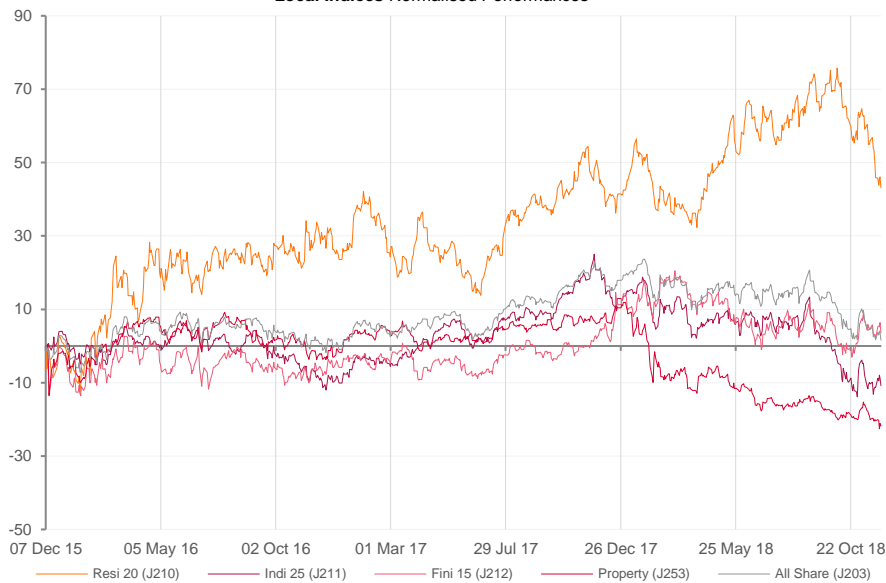
Monthly Insights

Monday | 03 December 2018

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South African Markets

Local Indices Normalised Performances



Total Return Indices Cumulative Return January 2003 - November 2018

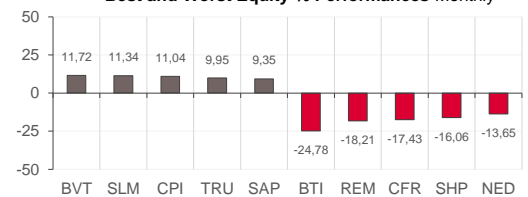


Commentary

The JSE endured yet another tough month during November. Overall, the All Share shed 3.29% to close the month off at 50,663.90 index points, underperforming a 3.22% decline in the Top 40. The resource index led the region's losses after it slumped a massive 11.88% over the course of the month. However, British American Tobacco dropped 24.78% to feature as the Top 40's worst performer, impacted by reports that the US FDA was looking to ban the use of menthol cigarettes. Remgro ended 18.21% lower, followed closely by a 17.43% drop in Richemont. Despite a stronger rand, Shoprite and Nedbank lost 16.06% and 13.65% respectively. Although not in the Top 40, Intu Properties plunged 45% after it confirmed that a consortium had withdrawn a possible takeover offer for the group. In contrast, Bidvest added 11.72% during November, while the financial index received a boost from an 11.34% rally in Sanlam and a 11.04% increase in Capitec.

South African Indices	Close	1M%	12M%	YTD%
Top 40	44656,90	-3,22	-15,56	-14,99
All Share	50663,90	-3,29	-14,78	-14,86
Resource 10	36456,60	-11,88	-0,63	0,45
Industrial 25	62089,70	-1,10	-24,37	-21,49
Financial 15	16201,80	2,38	-1,00	-9,35
Mid Cap	67810,50	-1,45	-12,26	-15,50
Small Cap	50676,70	-3,54	-14,34	-16,88

Best and Worst Equity % Performances Monthly



South African Indices - Total Return Performances

Timeframe	J200T	J210T	J211T	J212T	J253T
1M %	-3,10	-11,88	-0,97	2,59	-1,29
3M %	-13,81	-15,34	-16,64	-3,51	-5,48
6M %	-8,84	-6,08	-12,74	-0,35	-7,25
12M %	-13,62	3,49	-23,81	3,99	-21,28
2Y % *	4,06	8,44	1,03	10,29	-3,96
3Y % *	1,58	15,60	-2,86	4,63	-2,90
4Y % *	3,19	-1,26	2,27	5,42	1,58
5Y % *	5,16	-2,82	5,75	10,15	6,14
7Y % *	9,31	-2,20	13,79	14,95	10,45
10Y % *	11,83	2,48	17,00	14,77	12,74

* Annualised Performance

International Markets

International Indices Normalised Performances



Commentary

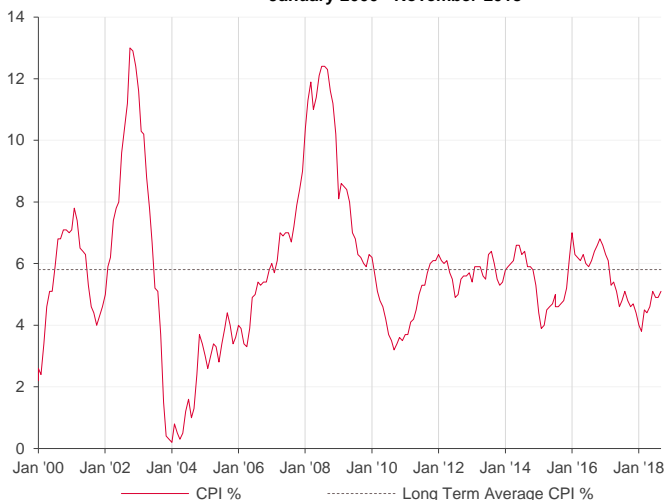
November proved to be a mixed month for global markets, with investor's mainly focused on continuing trade tensions between the US and China. On Wall Street, the S&P 500 and Dow Jones added 1.79% and 1.68% respectively. Asian markets were mixed however, as a 6.11% surge in the Hang Seng was partially offset by a 0.56% decline in the Shanghai Composite. On the downside, European indices were weighed down by sustained concerns over Brexit developments.

American Indices	Close	1M%	12M%	YTD%
Dow Jones	25538,46	1,68	5,39	3,31
S&P 500	2760,16	1,79	4,46	3,24
Nasdaq	7330,54	0,34	7,05	6,19
European Indices	Close	1M%	12M%	YTD%
FTSE	6980,24	-2,07	-4,39	-9,20
DAX 30	11257,24	-1,66	-12,47	-12,85
CAC 40	5003,92	-1,76	-5,89	-5,81
Asian Indices	Close	1M%	12M%	YTD%
Nikkei 225	22351,06	1,96	-2,05	-1,82
Hang Seng	26506,75	6,11	-8,83	-11,41
Shanghai	2588,19	-0,56	-21,99	-21,74
ASX200	5667,16	-2,80	-5,39	-6,56

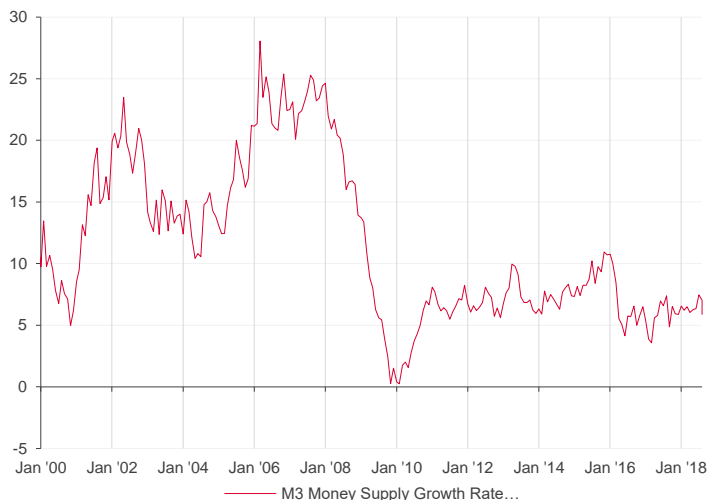
Economic Data

Consumer Price Index & M3 Money Supply

Consumer Price Index (CPI) vs Long Term Average CPI
January 2000 - November 2018



M3 Money Supply Growth Rate %
January 2000 - November 2018



CPI Commentary

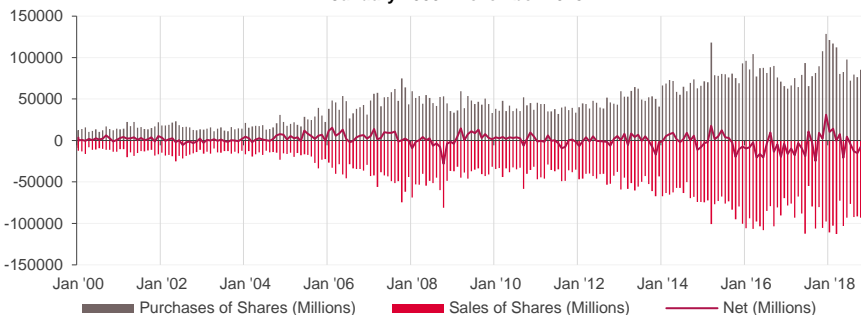
On the 21st of November, Stats SA announced that the inflation rate had increased to 5.1% in October, compared to a year ago, up from the 4.9% recorded in September. However, this was better than expectations of an increase to 5.2%. Meanwhile, core inflation remained unchanged at 4.2%, which reflected benign underlying inflationary pressures, subdued demand and a limited pass through from the rand. Higher transport costs remain a key upward driver to CPI, but there is some relief on the horizon for consumers after it was announced that the petrol price will decline by R1.84 per litre.

M3 Money Supply Commentary

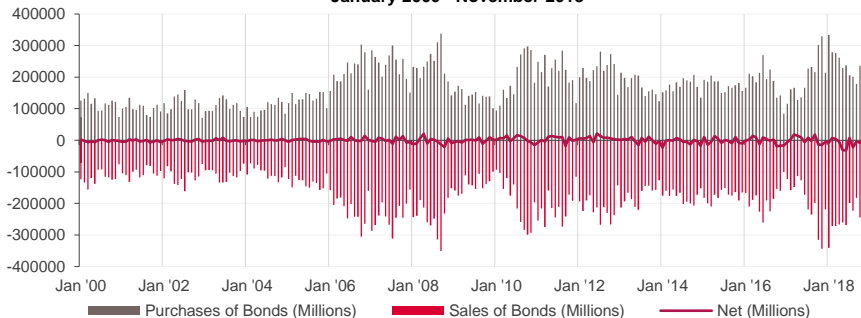
Near the end of the month, data released by the South African Reserve Bank showed that the M3 Money Supply measure only increased by 5.99% in October compared to a year ago. This was sharply lower than the 7% previously recorded and missed expectations of an uptick to 7.05%. In addition, private sector credit demand growth slowed to 5.82% during October, down from a revised figure of 6.27% in September and below estimates of 6.41%.

Foreign Portfolio Flows

Purchases and Sales of Shares by Non-Residents
January 2000 - November 2018



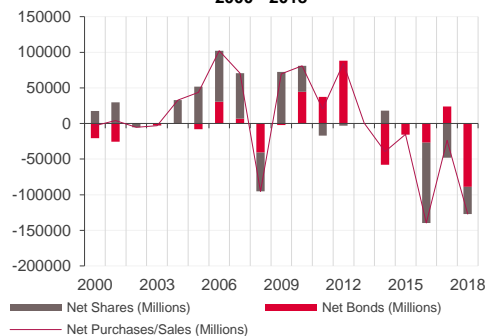
Purchases and Sales of Bonds by Non-Residents
January 2000 - November 2018



Foreign Portfolio Flows Commentary

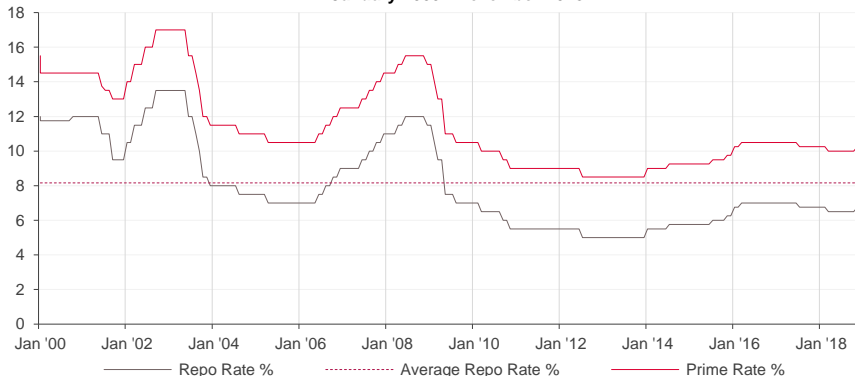
The rand performed extremely well during November, with the local currency breaking below the R14/\$ level and remaining there towards the end of the month. This was partly due to a weaker dollar as well as the South African Reserve Bank's decision to increase interest rates by 25 basis points. The rand started the month off at just above the R14.10/\$ level, before weakening to a low of R14.86/\$ on the 9th of November. From there the local currency erased all of its losses to touch a high of R13.62/\$ on the 29th of November, before trimming some of its gains on the last day of the month.

Net Purchases/Sales of Shares and Bonds by Non-Residents
2000 - 2018



South African Interest Rates

Repo Rate vs Prime Rate
January 2000 - November 2018



Commentary

In the UK, the Bank of England (BOE) decided to keep interest rates unchanged on the 1st of November. In addition, the central bank maintained its asset purchase programme. Meanwhile, on the 7th, the US Federal Reserve opted to keep interest rates unchanged at 2.25%, in-line with expectations. However, its commentary remained fairly hawkish, with expectations of another interest rate increase at its last meeting for the year in December. Finally, the South African Reserve Bank announced on the 22nd of November that it had decided to hike interest rates by 25 basis points. As a result, the repo rate increased to 6.75%, while the prime rate now stands at 10.25%. The MPC was split down the middle, with three members voting for a hike and three members voting to keep rates unchanged. As a result, the final decision fell to SARB Governor, Lesetja Kganyago, who ultimately voted for the increase.

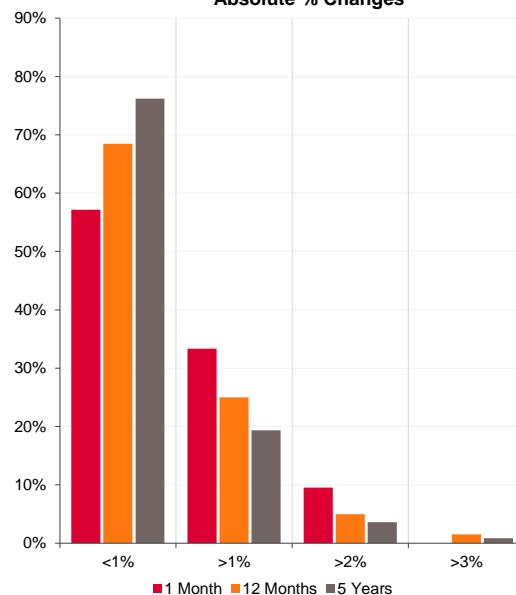
Fundamental Data

Market Volatility

All Share 12-Month Rolling Performance vs Volatility
January 2000 - November 2018

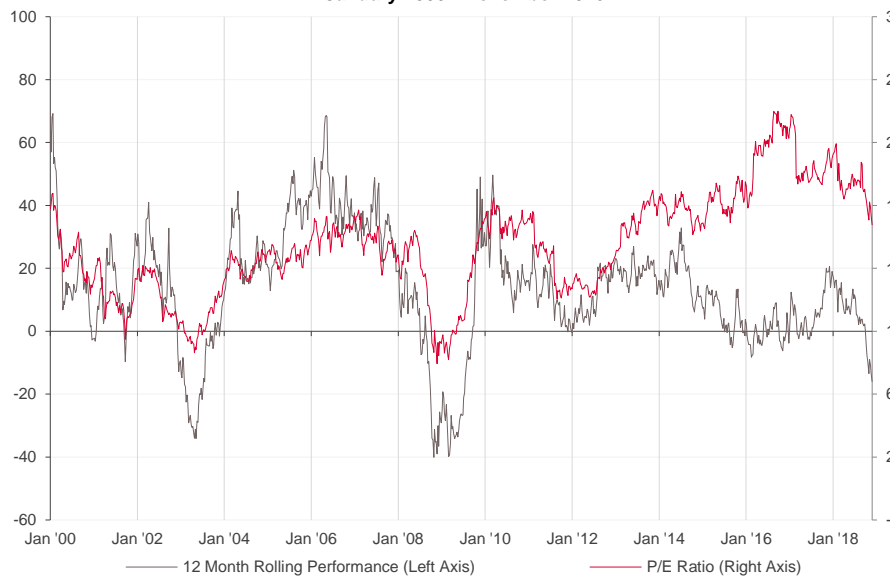


Absolute % Changes

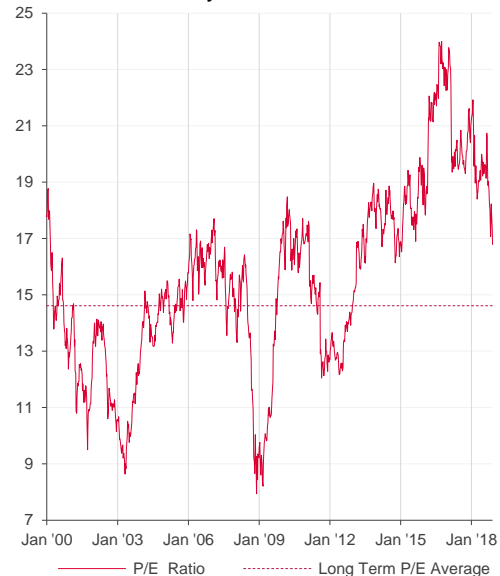


All Share Price/Earnings Ratio Data

All Share 12-Month Rolling Return vs P/E Ratio
January 2000 - November 2018



All Share P/E Ratio vs Long-Term P/E Ratio
January 2000 - November 2018

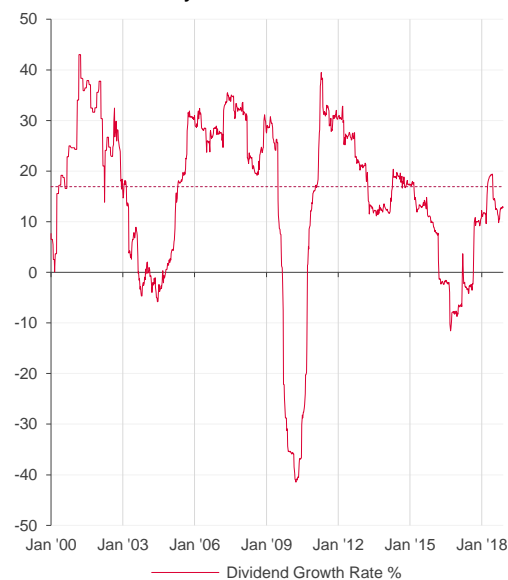


JSE All Share Dividend Yield Data

All Share Index vs Dividend Index
January 2000 - November 2018



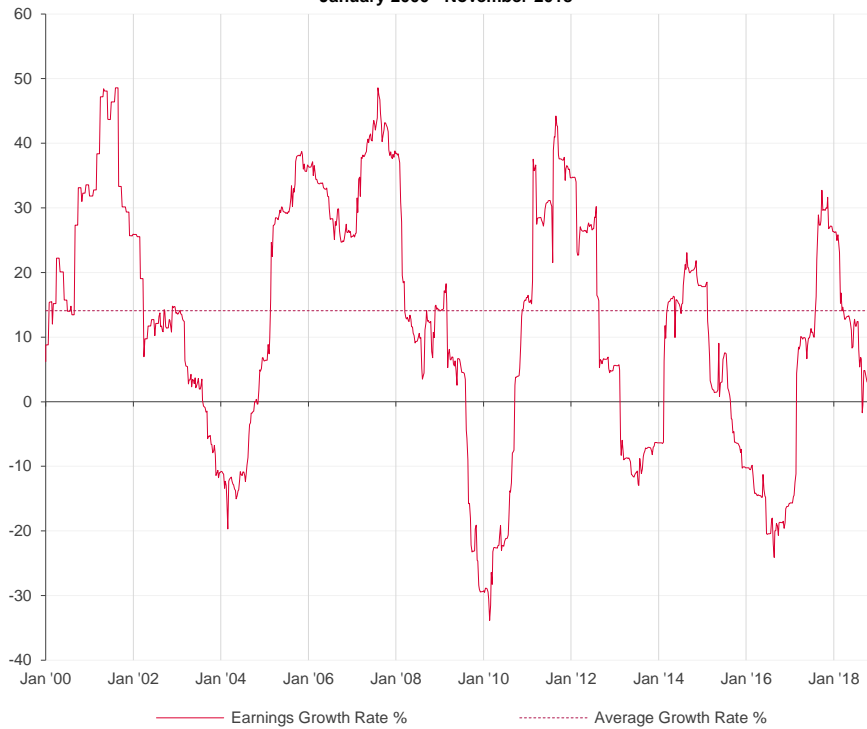
All Share Dividend Growth vs Average Growth
January 2000 - November 2018



Fundamental Data Continued

JSE All Share Earnings Yield Data

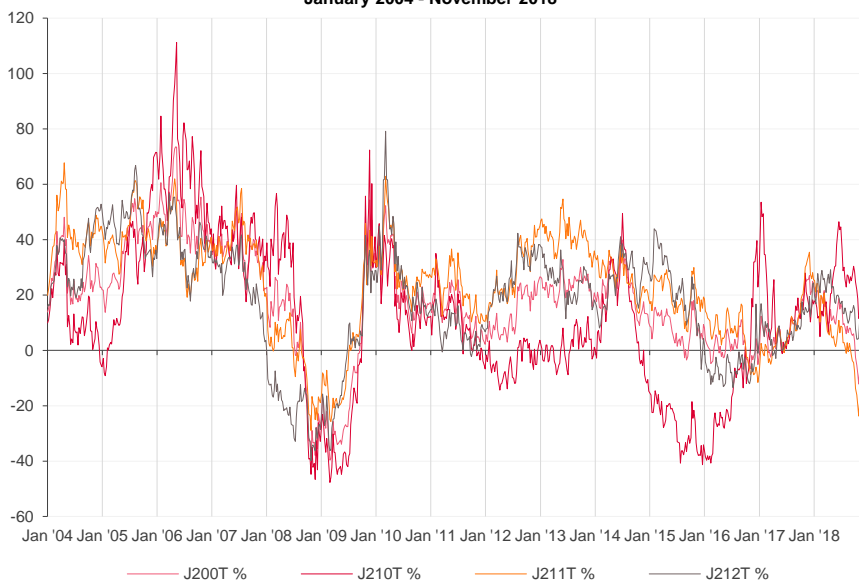
All Share Earnings Growth Rate vs Average Growth Rate
January 2000 - November 2018



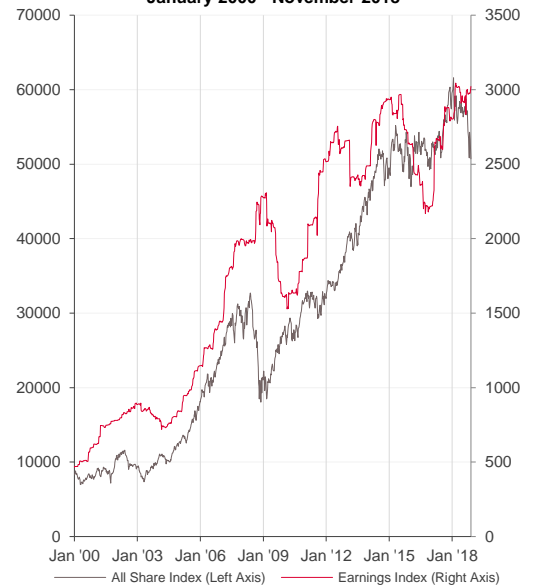
Year	Equities	Properties	Bonds	Cash
1991	31%	21%	14%	14%
1992	2%	1%	28%	12%
1993	55%	16%	32%	11%
1994	23%	17%	-9%	10%
1995	9%	10%	30%	11%
1996	9%	-9%	7%	12%
1997	-5%	13%	29%	17%
1998	-10%	-4%	5%	17%
1999	61%	44%	30%	16%
2000	0%	26%	20%	11%
2001	29%	6%	18%	11%
2002	-8%	18%	16%	12%
2003	16%	37%	18%	12%
2004	25%	41%	14%	8%
2005	47%	50%	11%	8%
2006	41%	28%	5%	8%
2007	19%	27%	4%	9%
2008	-23%	-5%	17%	12%
2009	32%	14%	-1%	9%
2010	19%	30%	15%	7%
2011	3%	9%	9%	6%
2012	26%	36%	16%	5%
2013	21%	8%	1%	5%
2014	11%	27%	10%	5%
2015	5%	8%	-4%	6%
2016	3%	10%	15%	6%

Annualised Return
14,46%
16,96%
13,07%
10,13%

Local Indices 12-Month Rolling Return
January 2004 - November 2018



All Share Index vs Earnings Index
January 2000 - November 2018



Key:

1M% - 1 Month Percentage Change. 3M% - 3 Month Percentage Change. 6M% - 6 Month Percentage Change. 12M% - 12 Month Percentage Change. 2Y% - 2 Year Percentage Change. 3Y% - 3 Year Percentage Change. 4Y% - 4 Year Percentage Change. 5Y% - 5 Year Percentage Change. 7Y% - 7 Year Percentage Change. 10Y% - 10 Year Percentage Change. YTD% - Year-to-Date Percentage Change. Top 40 - J200 - Top 40 shares by market capitalisation. ALSI - J203 - South African All Share index. Resi 20 - J210 - Top 20 resource sector shares by market capitalisation. Fini 15 - J211 - Top 15 financial sector shares by market capitalisation. Indi 25 - J212 - Top 20 industrial sector shares by market capitalisation. Property - J253 - South African Listed Property Sector.

Terminology:

12 Month Rolling Return - The annualized average return for a period. Annualised - Rate of return on an investment recalculated as an annual rate. CPI - Consumer Price Index - A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Cumulative Return - The aggregate amount that an investment has gained or lost over time, independent of the period of time involved. DY - Dividend Yield - Is the dividend per instrument divided the price of the corresponding instrument. Dividend Growth Rate - The percentage rate of growth of an instrument's dividend. EY - Earnings Yield - Is the earnings per instrument divided by the price of the corresponding instrument. Earnings Growth Rate - The percentage rate of growth of an instrument's earnings. Foreign Portfolio Flows - The purchase and selling of shares and bonds by non-residents. This has a direct influence on the direction of the rand and the overall investor sentiment of the JSE. M3 Money Supply - A measure of money supply that includes M2 as well as large time deposits, institutional money market funds, short-term repurchase agreements and other larger liquid assets. P/E Ratio - Is the current share price relative to the historical earnings of the instrument. Prime Rate - The prime overdraft rate or simply prime rate is the lowest rate at which a clearing bank will lend to its clients on overdraft. Repo Rate - The rate at which the central bank of a country (RBI in case of India) lends money to commercial banks in the event of any shortfall of funds. Short Term Volatility - Is calculated by the annualised standard deviation of the daily returns of the JSE All Share Index. T - TRI - Total Return Index - Includes the reinvestment of dividends.

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