



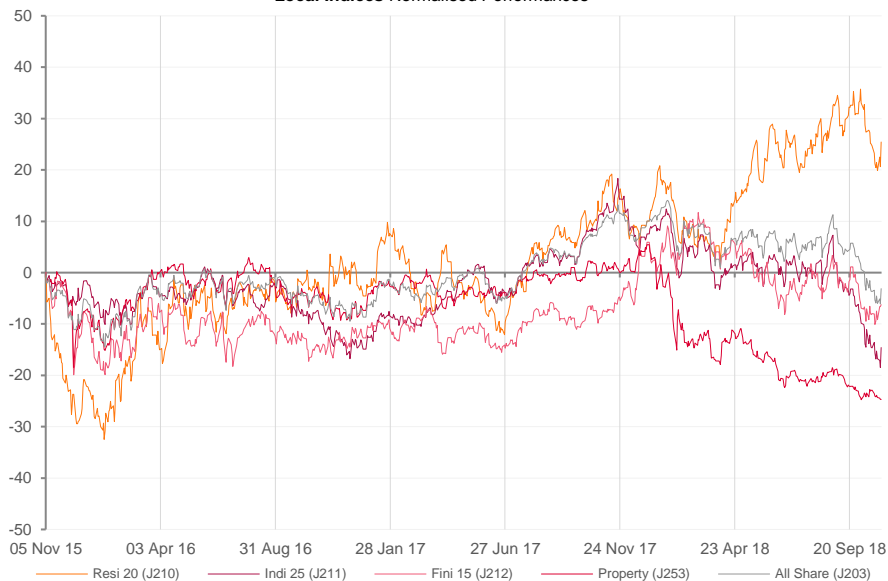
Monthly Insights

Monday | 01 October 2018

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South African Markets

Local Indices Normalised Performances



Total Return Indices Cumulative Return January 2003 - October 2018

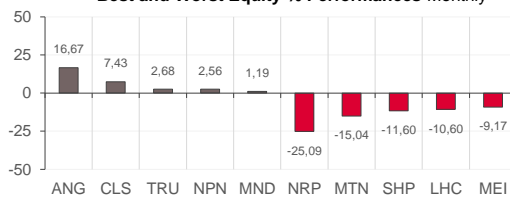


Commentary

The JSE ended sharply lower during October, impacted by risk-off sentiment. By the close of trade on Wednesday, the All Share had fallen 5.96% over the course of the month to settle at 52,388.87 index points, outperforming a 6.82% decline on the Top 40. The industrial index featured among the region's worst performers, down 8.56%, with MTN ending 15.04% lower. However, NEPI Rockcastle led the Top 40's losses, with the share slumping a massive 25.09% over the course of the month. Shoprite shed 11.6%, followed by a 10.6% drop in Life Healthcare. In contrast, only a few shares managed to end in positive territory, with a 16.67% increase in Anglo American leading the gains. Clicks added 7.43% following the release of its latest results, while Truworths International rose 2.68%. Finally, despite trading in negative territory for most of the month, Naspers managed to add 2.56%, buoyed by a near 10% surge during the last day of October.

South African Indices	Close	1M%	12M%	YTD%
Top 40	46141,22	-6,82	-13,03	-12,17
All Share	52388,87	-5,96	-11,97	-11,96
Resource 10	41373,26	-4,24	8,19	14,00
Industrial 25	62782,24	-8,56	-23,51	-20,61
Financial 15	15824,90	-4,53	1,54	-11,46
Mid Cap	68808,75	0,44	-9,18	-14,25
Small Cap	52534,24	-3,83	-14,06	-13,84

Best and Worst Equity % Performances Monthly



South African Indices - Total Return Performances

Timeframe	J200T	J210T	J211T	J212T	J253T
1M %	-6,67	-4,24	-8,44	-4,07	-1,69
3M %	-8,90	1,62	-14,09	-6,19	-2,19
6M %	-8,83	11,49	-16,39	-9,39	-11,60
12M %	-9,59	15,67	-21,85	7,33	-18,72
2Y % *	5,42	19,41	-0,60	9,61	-4,96
3Y % *	1,29	10,75	-2,87	2,35	-2,64
4Y % *	3,95	0,27	3,01	5,52	2,63
5Y % *	5,58	-0,74	5,97	8,91	5,78
7Y % *	10,04	-0,15	14,13	14,72	10,51
10Y % *	12,36	4,30	16,48	15,01	14,04

* Annualised Performance

International Markets

International Indices Normalised Performances



Commentary

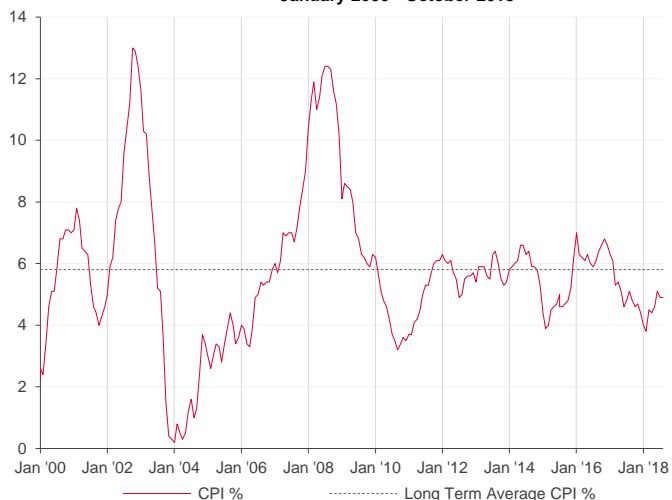
During October, some indices recorded their worst monthly performances since the global financial crisis. The sharp declines were mainly attributable to fears over rising bond yields, expectations that the US Federal Reserve will continue to increase interest rates as well as sustained concerns about an escalation in the trade war between China and the US. Among others, the Hang Seng slumped 9.96%, while the NASDAQ and French CAC 40 lost 9.2% and 7.28% respectively.

American Indices	Close	1M%	12M%	YTD%
Dow Jones	25115,76	-5,07	7,17	1,60
S&P 500	2711,74	-6,94	5,13	1,43
Nasdaq	7305,90	-9,20	8,77	5,83
European Indices	Close	1M%	12M%	YTD%
FTSE	7128,10	-5,09	-4,81	-7,28
DAX 30	11447,51	-6,53	-14,99	-11,38
CAC 40	5093,44	-7,28	-7,63	-4,12
Asian Indices	Close	1M%	12M%	YTD%
Nikkei 225	21920,46	-9,12	-2,23	-3,71
Hang Seng	24979,69	-10,11	-12,64	-16,51
Shanghai	2602,78	-7,75	-23,36	-21,30
ASX200	5830,31	-6,08	-1,81	-3,87

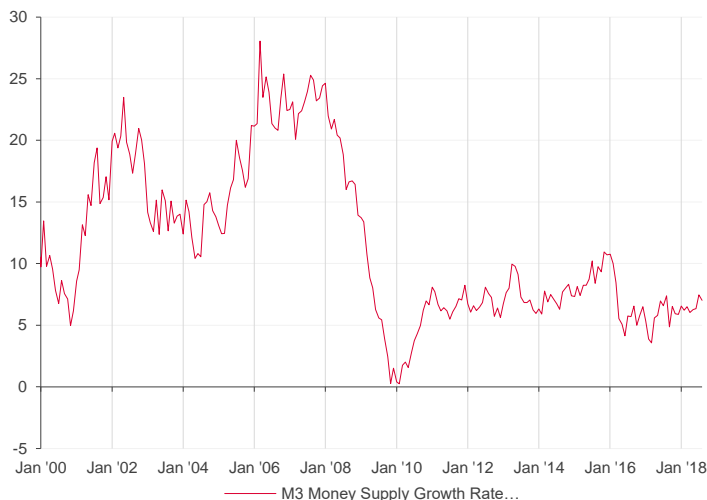
Economic Data

Consumer Price Index & M3 Money Supply

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



M3 Money Supply Growth Rate %
January 2000 - October 2018



CPI Commentary

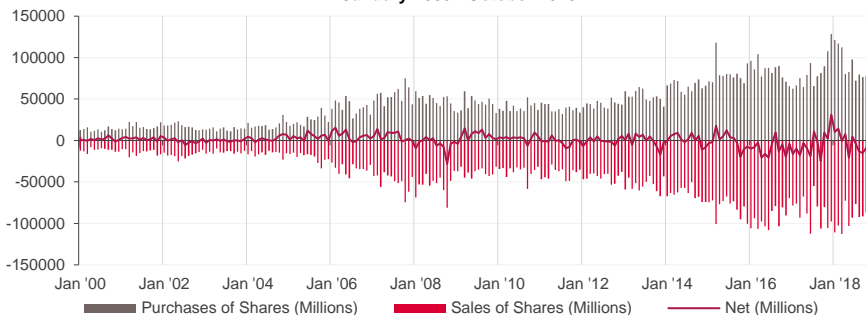
On the 24th of October, Stats SA released the latest inflation data. During September, CPI remained unchanged at 4.9% compared to a year ago and in-line with estimates. In addition, core inflation came in at 4.2%, also unchanged from that reported in August. On a quarterly basis, core inflation remained muted during the third quarter at 4.2%, slightly lower than the South African Reserve Bank's forecast of 4.4%. Finally, CPI stood at 5% during the quarter, marginally lower than the SARB's estimate of 5.2%.

M3 Money Supply Commentary

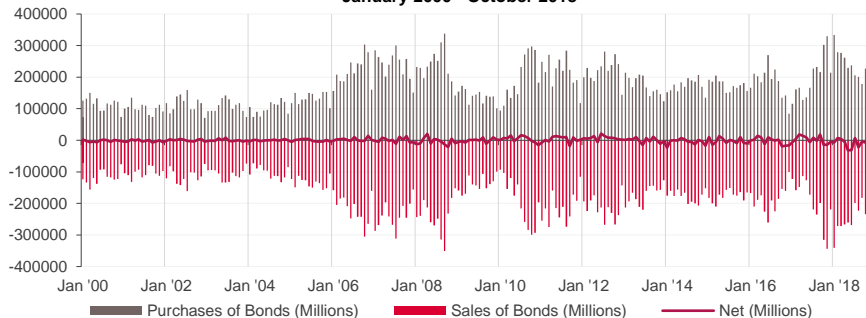
The 30th of October saw the South African Reserve Bank release the latest money supply data. During September, the M3 Money Supply measure widened to 7% compared to that reported a year ago. This was marginally higher than the 6.95% increase recorded in August and surpassed forecasts of a decline to 5.9%. In contrast, private sector credit demand slowed to 6.26% in September, down from the 6.74% reported previously but higher than expectations of 5.5%.

Foreign Portfolio Flows

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



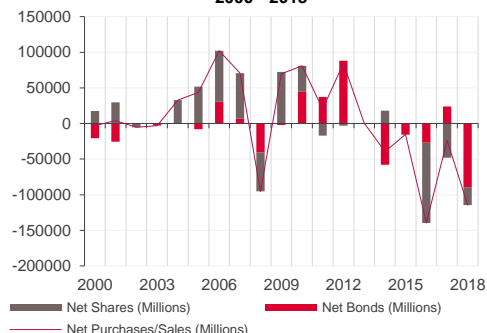
Purchases and Sales of Bonds by Non-Residents
January 2000 - October 2018



Foreign Portfolio Flows Commentary

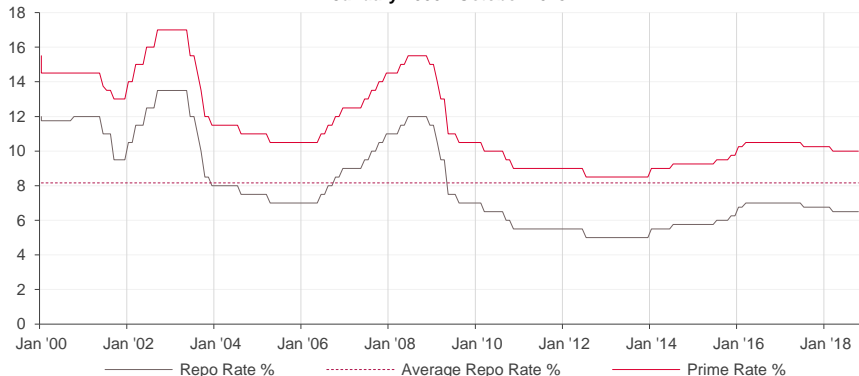
During October, the rand weakened in what turned out to be a volatile month of trade. After starting the month off at just below the R14.20/\$ level, the local currency plunged to a low of R15/\$ following reports that Nhlhla Nene had resigned from his position as Finance Minister. However, the rand recovered all its losses over the next few weeks to touch a high of R14.11/\$ on the 17th of October. Finally, the rand weakened near the end of October, impacted by Finance Minister Tito Mboweni's Medium-Term Budget Policy Statement as well as a rebound in the dollar.

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



South African Interest Rates

Repo Rate vs Prime Rate
January 2000 - October 2018



Commentary

October proved to be a quiet month for central banks, with only the European Central Bank holding a meeting. On the 25th of October, the ECB announced that it had decided to keep interest rates unchanged at 0% while also remaining committed to bringing an end to its quantitative easing programme by the end of this year. In addition, the central bank also confirmed that it is likely to keep interest rates on hold until at least the third quarter of 2019. Looking forward, the Bank of England will announce the outcome of its latest meeting today. Lastly, the South African Reserve Bank's MPC will announce its latest decision on the 22nd of November, with the US Federal Reserve set to start its two-day meeting on the 7th of November.

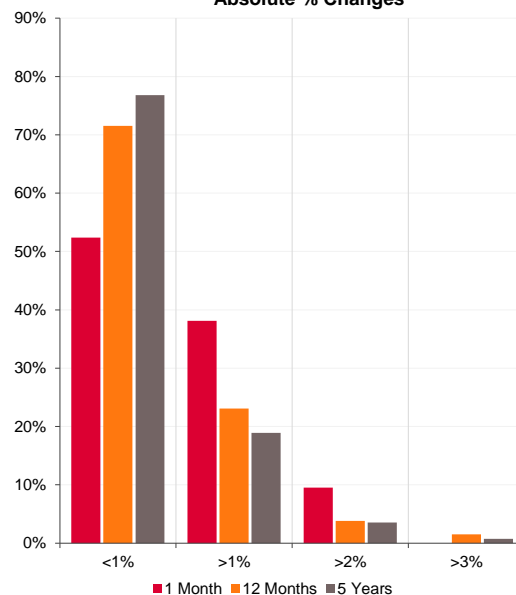
Fundamental Data

Market Volatility

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

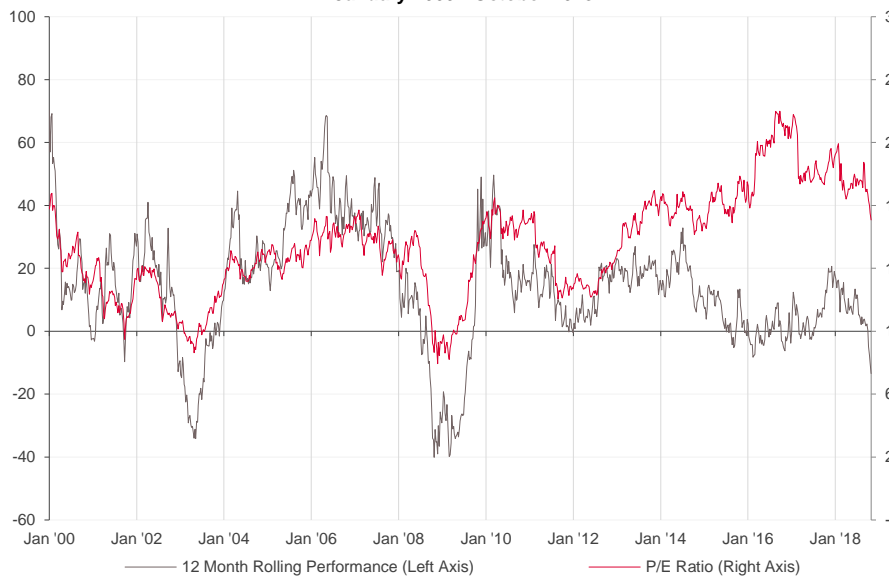


Absolute % Changes

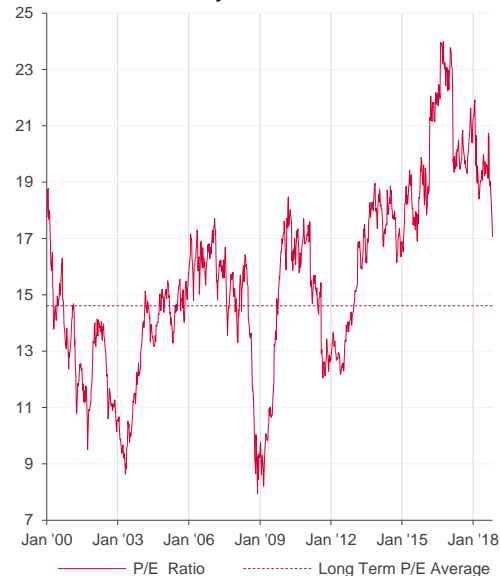


All Share Price/Earnings Ratio Data

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



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

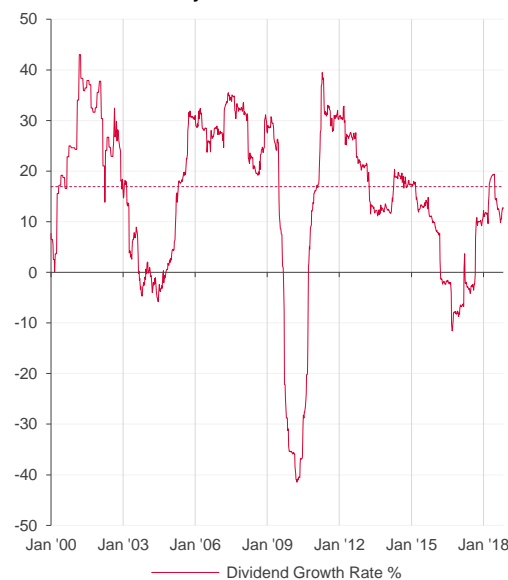


JSE All Share Dividend Yield Data

All Share Index vs Dividend Index
January 2000 - October 2018



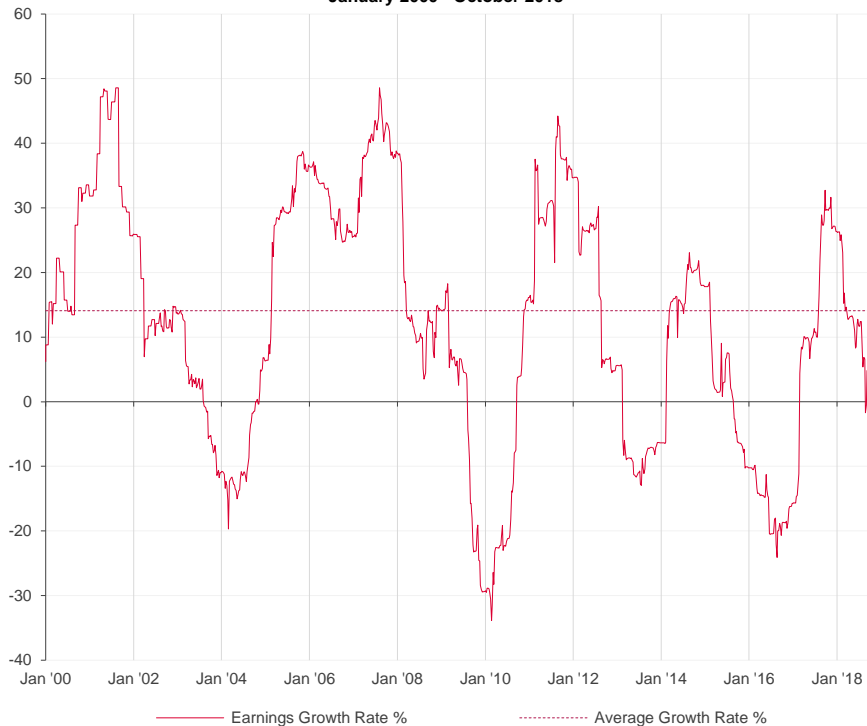
All Share Dividend Growth vs Average Growth
January 2000 - October 2018



Fundamental Data Continued

JSE All Share Earnings Yield Data

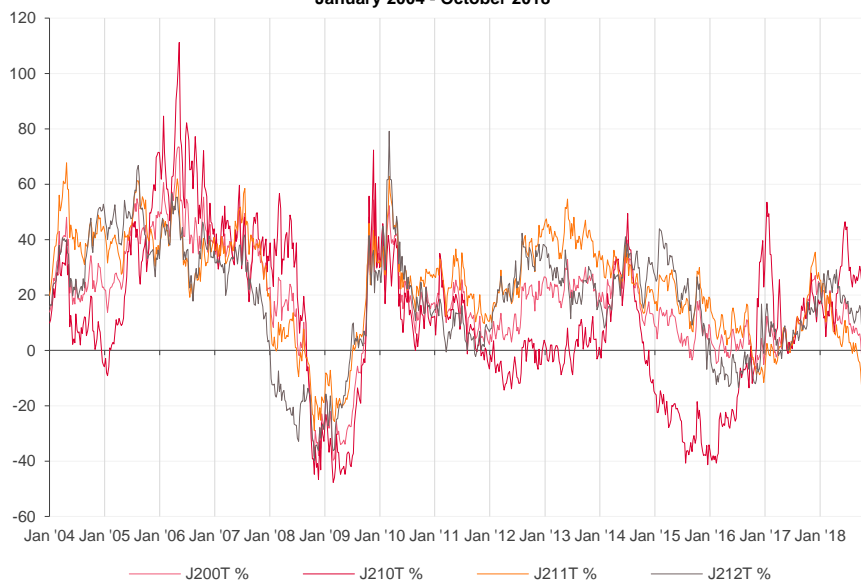
All Share Earnings Growth Rate vs Average Growth Rate
January 2000 - October 2018



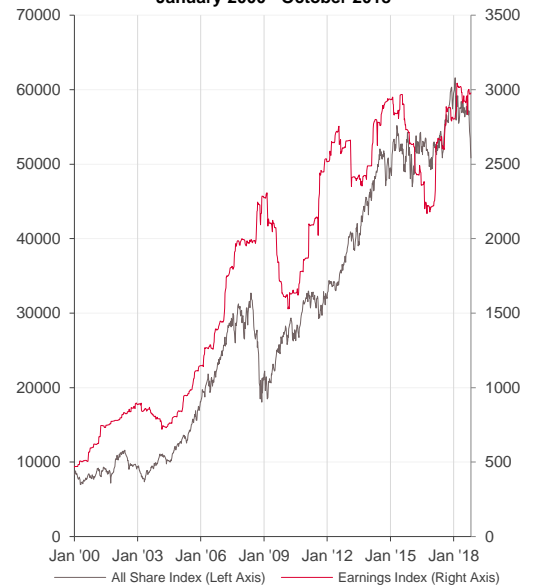
Year	Equities	Properties	Bonds	Cash
1991	31%	21%	14%	14%
1992	2%	1%	28%	12%
1993	55%	16%	32%	11%
1994	23%	17%	-9%	10%
1995	9%	10%	30%	11%
1996	9%	-9%	7%	12%
1997	-5%	13%	29%	17%
1998	-10%	-4%	5%	17%
1999	61%	44%	30%	16%
2000	0%	26%	20%	11%
2001	29%	6%	18%	11%
2002	-8%	18%	16%	12%
2003	16%	37%	18%	12%
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 - October 2018



All Share Index vs Earnings Index
January 2000 - October 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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