



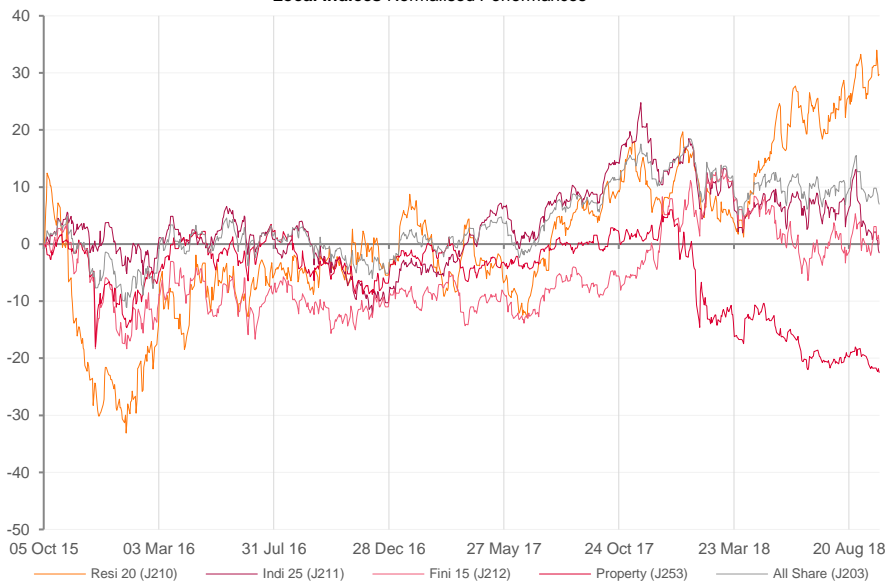
Monthly Insights

Monday | 01 October 2018

equities@absa.co.za | www.absastockbrokers.co.za

South African Markets

Local Indices Normalised Performances



Total Return Indices Cumulative Return January 2003 - September 2018

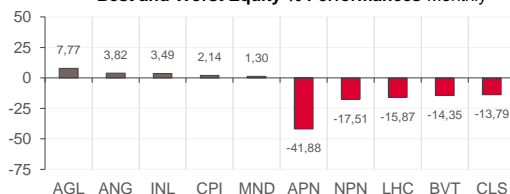


Commentary

The JSE endured an extremely tough month during September. By the close of trade on Friday afternoon, the All Share index had fallen 5.05% over the course of the month to settle at 55,708.50 index points. Furthermore, the Top 40 lost 5.61%, while all major sectors also ended in negative territory following some broad-based declines. Aspen Pharmacare led the month's losses after it slumped 41.88%, dragged down by the release of its latest results and after it announced the sale of its infant formula business. Naspers also weighed on the overall market, with the share dropping 17.51% to close the month off at just above the R3,000 level, tracking a similar decline in Hong Kong-listed Tencent. Life Healthcare rounded off the top-three worst performers after it lost 15.87%. In contrast, resource shares featured among the month's top performers, with Anglo American adding 7.77% and AngloGold Ashanti gaining 3.82%.

South African Indices	Close	1M%	12M%	YTD%
Top 40	49520,70	-5,61	0,29	-5,73
All Share	55708,50	-5,05	0,23	-6,38
Resource 10	43204,60	-1,13	23,39	19,04
Industrial 25	68661,80	-8,57	-9,33	-13,18
Financial 15	16575,80	-3,19	9,71	-7,26
Mid Cap	68509,60	-4,47	-5,18	-14,62
Small Cap	54626,50	-2,01	-8,51	-10,41

Best and Worst Equity % Performances Monthly



South African Indices - Total Return Performances

Timeframe	J200T	J210T	J211T	J212T	J253T
1M %	-4,70	0,34	-8,07	-1,96	-2,60
3M %	-2,72	4,60	-8,25	4,20	-1,01
6M %	3,30	27,34	-3,40	-2,70	-3,18
12M %	3,27	28,48	-7,70	14,76	-15,68
2Y % *	7,48	19,66	2,27	11,14	-3,91
3Y % *	6,31	14,42	2,78	6,24	-1,42
4Y % *	5,95	-1,21	6,33	8,44	4,78
5Y % *	7,75	0,69	8,41	11,43	6,78
7Y % *	12,70	2,04	17,23	16,42	11,18
10Y % *	11,71	2,82	17,17	13,82	13,46

* Annualised Performance

International Markets

International Indices Normalised Performances



Commentary

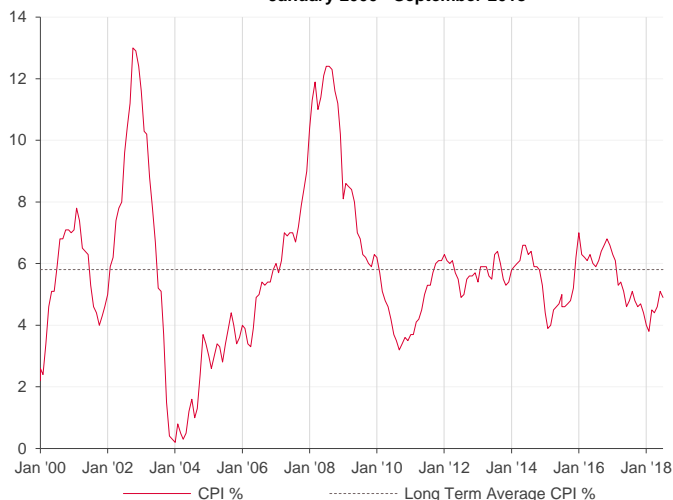
International markets ended mostly higher during September. This was in spite of increased fears over a trade war between the US and China. In the US, the Dow Jones led the region's gains, up 1.9%. In Europe, the month ended off with renewed concerns regarding Italy's future in the EU. The French CAC 40 added 1.6%, followed by a 1.05% increase in the FTSE 100. Lastly, Asian indices were led by a 5.49% surge in the Japanese Nikkei, while the Shanghai Composite gained 3.53%.

American Indices	Close	1M%	12M%	YTD%
Dow Jones	26458,31	1,90	18,09	7,04
S&P 500	2913,98	0,43	15,66	8,99
Nasdaq	8046,35	-0,78	23,87	16,56
European Indices	Close	1M%	12M%	YTD%
FTSE	7510,20	1,05	1,86	-2,31
DAX 30	12246,73	-0,95	-4,54	-5,19
CAC 40	5493,49	1,60	3,07	3,41
Asian Indices	Close	1M%	12M%	YTD%
Nikkei 225	24120,04	5,49	18,49	5,95
Hang Seng	27788,52	-0,36	0,85	-7,12
Shanghai	2821,35	3,53	-15,75	-14,69
ASX200	6207,56	-1,77	9,26	2,35

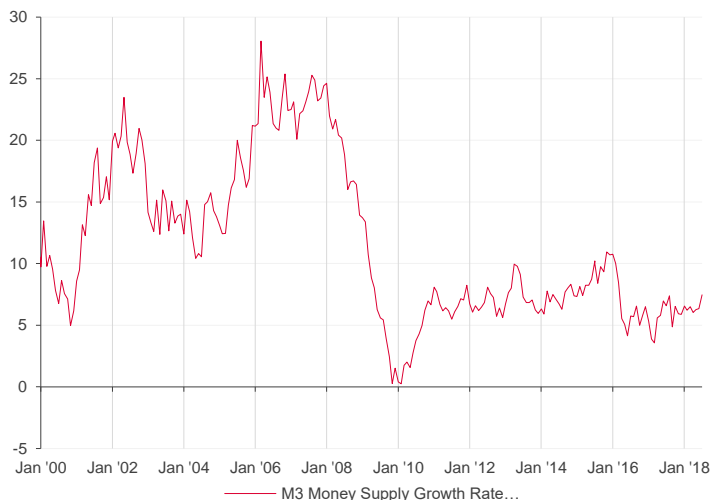
Economic Data

Consumer Price Index & M3 Money Supply

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



M3 Money Supply Growth Rate %
January 2000 - September 2018



CPI Commentary

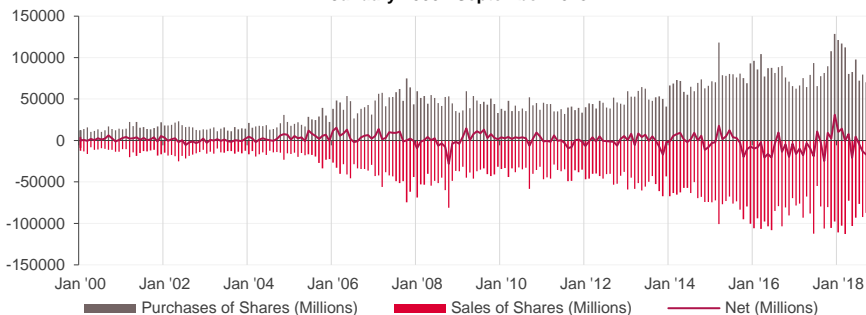
On the 19th of September, data released by Stats SA showed that CPI had eased to 4.9% in August compared to a year ago. This release was slightly lower than the 5.1% increase recorded in July and better than expectations of an uptick to 5.2%. The decline was partly due to subdued administered price inflation following lower transport inflation. In addition, core inflation, which excludes the prices of food, non-alcoholic beverages, petrol, and energy, fell to 4.2% in August, down from the 4.3% increase recorded in July.

M3 Money Supply Commentary

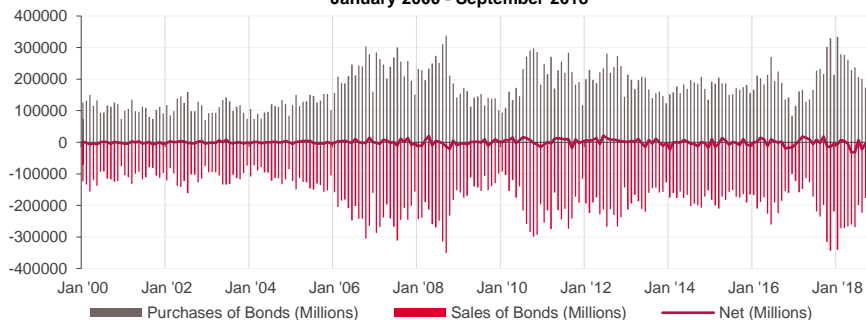
On the 28th of September, data released by the South African Reserve Bank showed that the M3 Money Supply measure increased by 6.95% during August compared to a year ago. This was marginally higher than the 6% uptick recorded in July. The M3 Money Supply measure is the broadest measure available. In addition, private sector credit demand grew by 6.74% in August, compared to a 5.41% increase reported previously.

Foreign Portfolio Flows

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



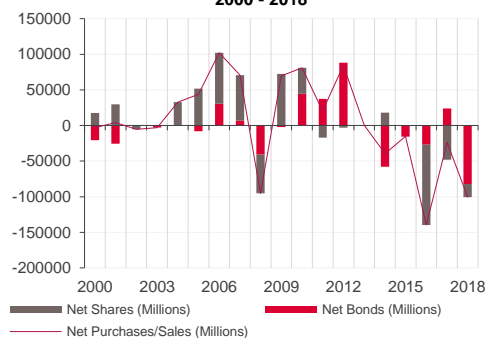
Purchases and Sales of Bonds by Non-Residents
January 2000 - September 2018



Foreign Portfolio Flows Commentary

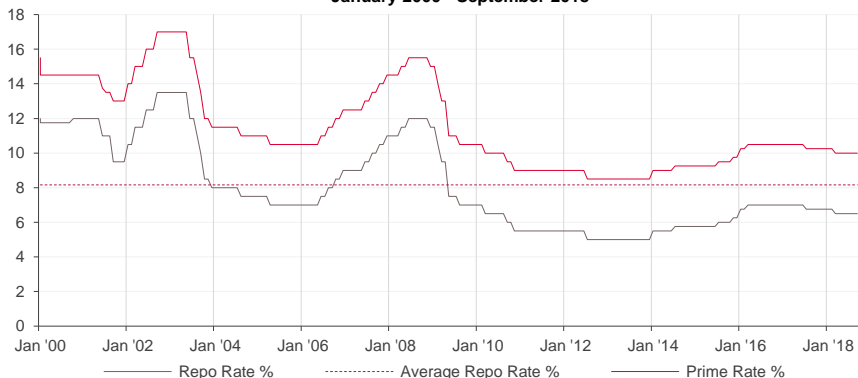
The rand endured a choppy month in September, with the local currency slumping to a low of R15.57/\$ on the 5th, after starting the month off at around the R14.7/\$ level. The rand managed to offset all of its losses near the end of the month to close at R14.10/\$. Meanwhile, during August, South Africa recorded a trade surplus of R8.79bn. This was much better than expectations of a trade deficit of R1.8bn and up from a revised deficit of R0.64bn in July.

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



South African Interest Rates

Repo Rate vs Prime Rate
January 2000 - September 2018



Commentary

On the 20th of September, the SARB opted to keep interest rates unchanged for the time being. As a result, the repo rate will stay at 6.5%, with the prime rate remaining at 10%. However, it was not a unanimous vote, with four votes in favour of rates remaining unchanged, while three members voted for a 25 basis point increase. Governor Kganyago delivered a less hawkish statement but noted that upside risks have started to materialise as a result of the weaker rand and higher oil prices. Meanwhile, on the 26th of September, the US Federal Reserve hiked interest rates by 25 basis points to between 2% and 2.25%. Looking forward, the Fed still expects one more rate hike this year and another three increases next year. Finally, on the 13th of September, both the European Central Bank and the Bank of England opted to keep interest rates unchanged.

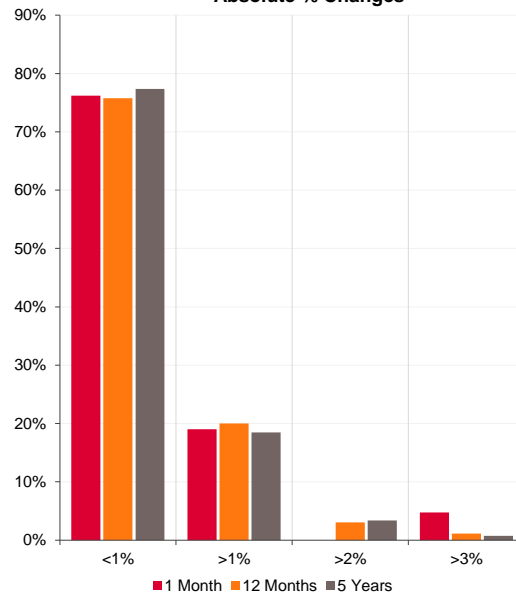
Fundamental Data

Market Volatility

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

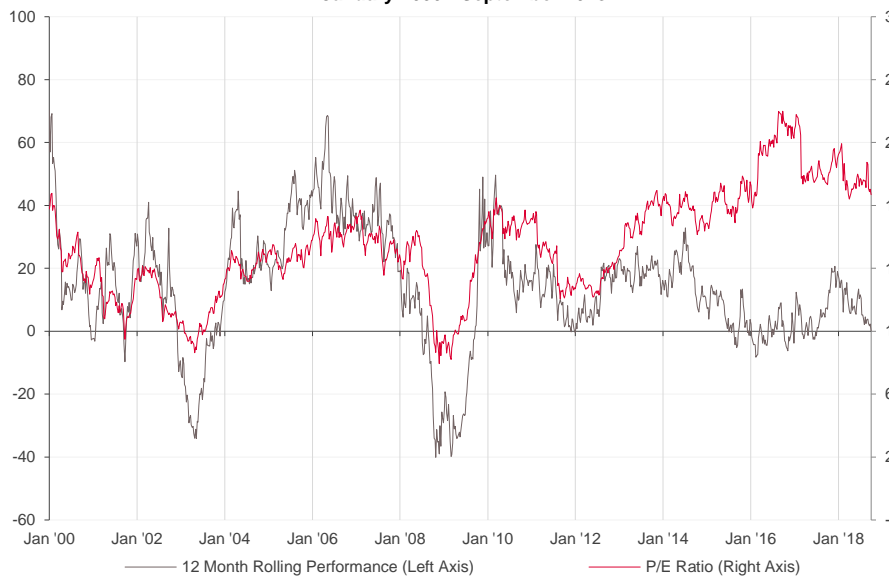


Absolute % Changes

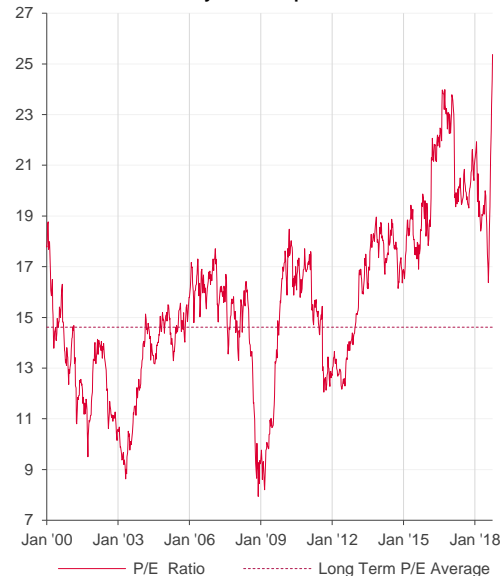


All Share Price/Earnings Ratio Data

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



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

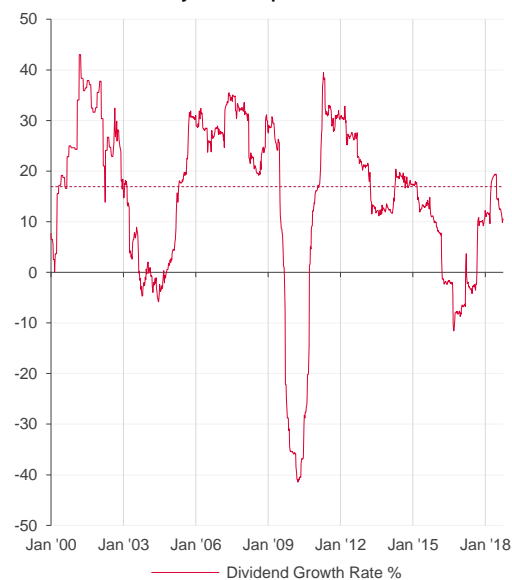


JSE All Share Dividend Yield Data

All Share Index vs Dividend Index
January 2000 - September 2018



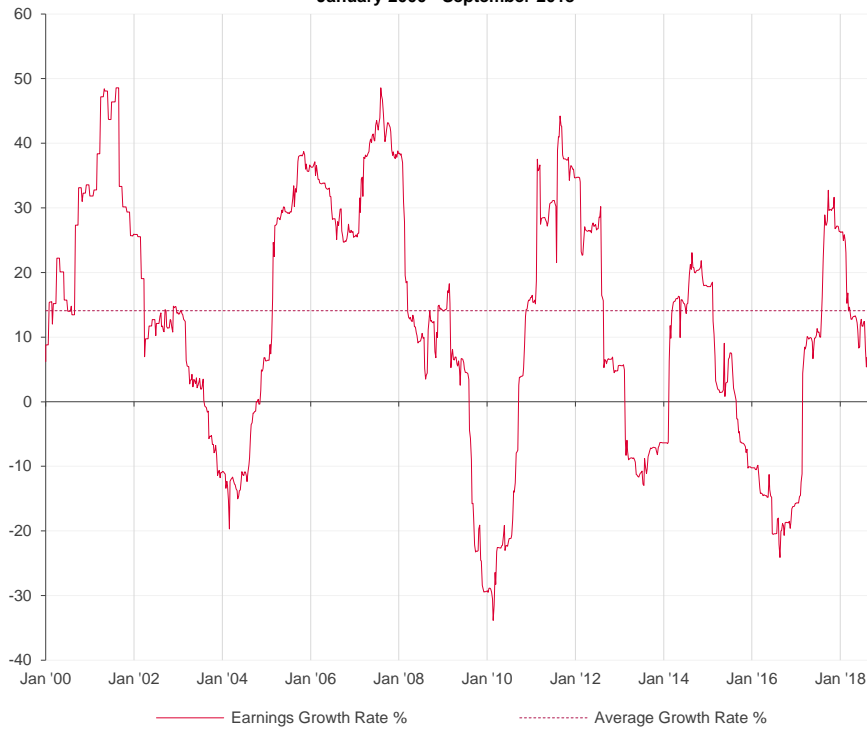
All Share Dividend Growth vs Average Growth
January 2000 - September 2018



Fundamental Data Continued

JSE All Share Earnings Yield Data

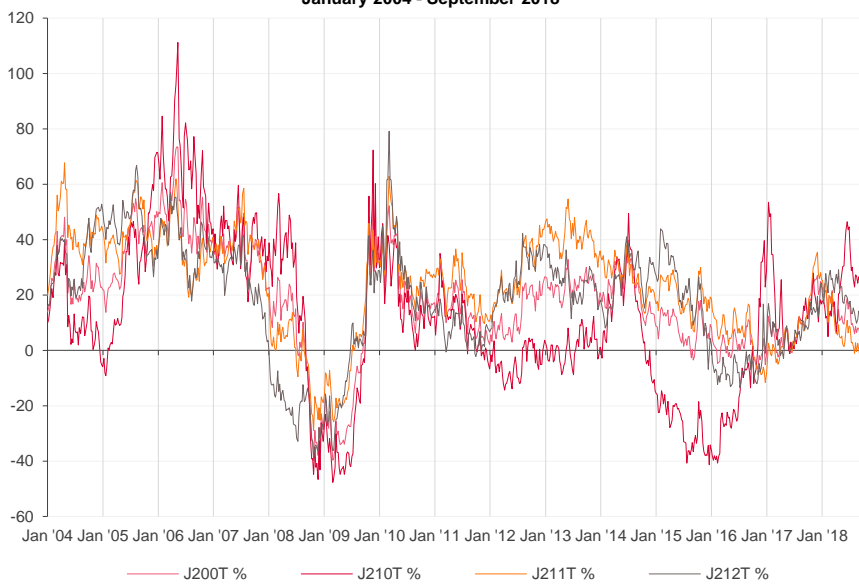
**All Share Earnings Growth Rate vs Average Growth Rate
January 2000 - September 2018**



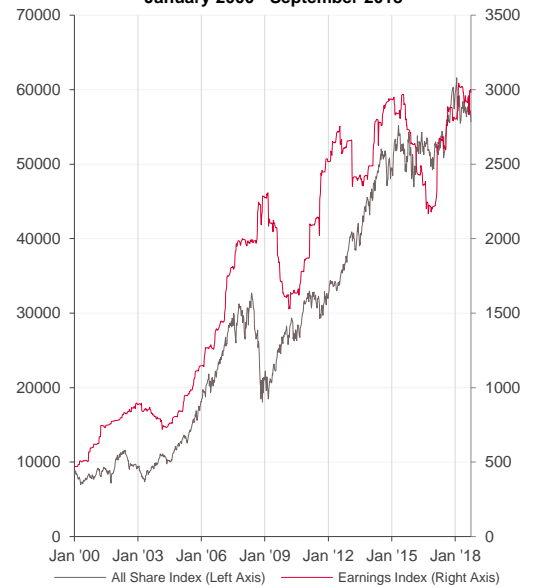
Year	Equities	Properties	Bonds	Cash
1991	31%	21%	14%	14%
1992	2%	1%	28%	12%
1993	55%	16%	32%	11%
1994	23%	17%	-9%	10%
1995	9%	10%	30%	11%
1996	9%	-9%	7%	12%
1997	-5%	13%	29%	17%
1998	-10%	-4%	5%	17%
1999	61%	44%	30%	16%
2000	0%	26%	20%	11%
2001	29%	6%	18%	11%
2002	-8%	18%	16%	12%
2003	16%	37%	18%	12%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



**All Share Index vs Earnings Index
January 2000 - September 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 - Divident Yield** - Is the dividend per instrument divided the price of the corresponding instrument. **Divident 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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