



**KGORI CAPITAL**  
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# KGORI CAPITAL MARKET WATCH

20 March 2023

## LOCAL

### COMPANY ANNOUNCEMENTS



#### Cautionary Announcement

- StanChart announced that its profit before tax (PBT) for the 31 Dec 22 year end will be P172mn-P180mn (224%-234%) higher than the P77mn PBT reported for 31 Dec 21 year end.
- Results will be published before 31 Mar 23.
- P3.16 (YTD: +10.10%) PE: 15.9 PB: 0.9 D/Y: 6.40% Mkt Cap: P942.8mn



#### Gas Production Well and Core-hole Drilling

- Tlou announced the commencement of work on the next phase of their Lesedi Gas-to-Power project, which will be followed by drilling of the next gas production well.
- P0.50 (YTD: 0.00%) PE: N/A PB: 0.9 D/Y: 0.00% Mkt Cap: P415.4mn



#### Change of Company Secretary

- FAR announced the appointment BP Consulting Services as its Company Secretary, effective 15 Mar 23
- P2.40 (YTD: 0.00%) PE: 9.5 PB: 1.0 D/Y: 7.67% Mkt Cap: P1,137.8.0mn



#### Cautionary Announcement

- Minergy announced that its loss before tax (LBT) for the 31 Dec 22 interim period will be P25mn-P43mn (27%-47%) lower than the P91mn LBT reported for the 31 Dec 21 interim period.
- Results will be published during the week of 20 Mar 23.
- P0.40 (YTD: 0.00%) PE: N/A PB: N/A D/Y: 0.00% Mkt Cap: P188.0mn



#### Cautionary Announcement

- Absa announced that its profit before tax (PBT) for the 31 Dec 22 year end will be P198mn-P264mn (30%-40%) higher than the P659mn PBT reported for 31 Dec 21 year end.
- Results will be published 30 Mar 23.
- P5.56 (YTD: +7.75%) PE: 8.0 PB: 1.8 D/Y: 7.15% Mkt Cap: P4,738.0mn



#### Cautionary Announcement

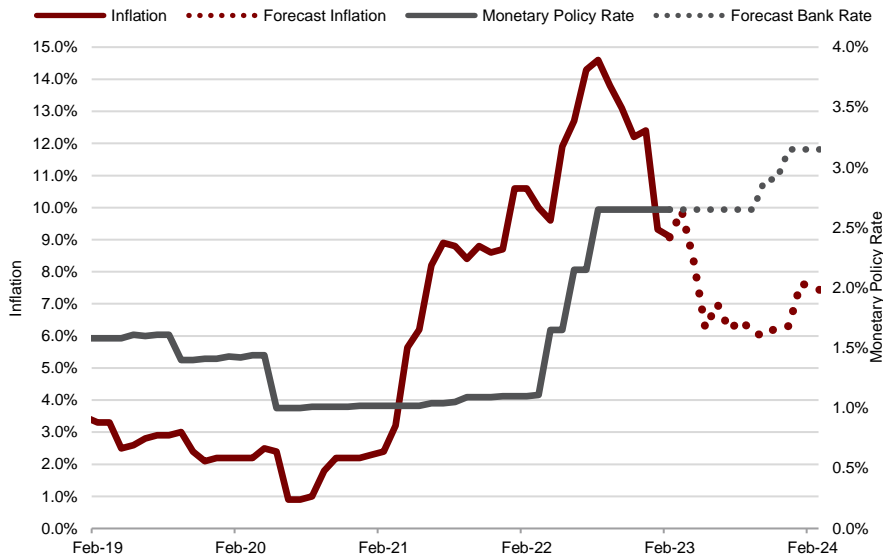
- Olympia announced that its profit before tax (PBT) for the 31 Dec 22 year end will be P3.4mn (10x) higher than the P300.7k PBT reported for 31 Dec 21 year end.
- Results will be published before 31 Mar 23.
- P0.26 (YTD: 0.00%) PE: 20.7 PB: 0.3 D/Y: 0.00% Mkt Cap: P16.7mn



## Cautionary Announcement

- Stanbic announced that its profit before tax (PBT) for the 31 Dec 22 year end will be P309mn- P337mn (110%-120%) higher than the P281mn PBT reported for 31 Dec 21 year end.
- Results will be published by 31 Mar 23.

## FEB23 INFLATION – INFLATION DECLINES marginally



- Feb23 inflation 9.1% v 9.2% (Kgori) v 9.3% (Jan23)
- Inflation came in lower than expected on the back of Transport inflation which was down 0.3% m/m, largely driven by a reduction in retail pump prices effected in mid Jan23.
- Transport inflation continues to trend lower at 14.3% y/y in Feb23, however we expect this trend to reverse given the recent petrol retail pump prices effected on 1 Mar 23. Food inflation also continues to remain at elevated levels on the back of an increase in grain foods.
- We continue to expect inflation to remain elevated but gradually reduce and sustainably trend within the BoB's objective range from 2Q24.
- We do not expect any rate hikes in the near term as the BoB continues to monitor improving inflation levels.

## REGIONAL

### SOUTH AFRICA

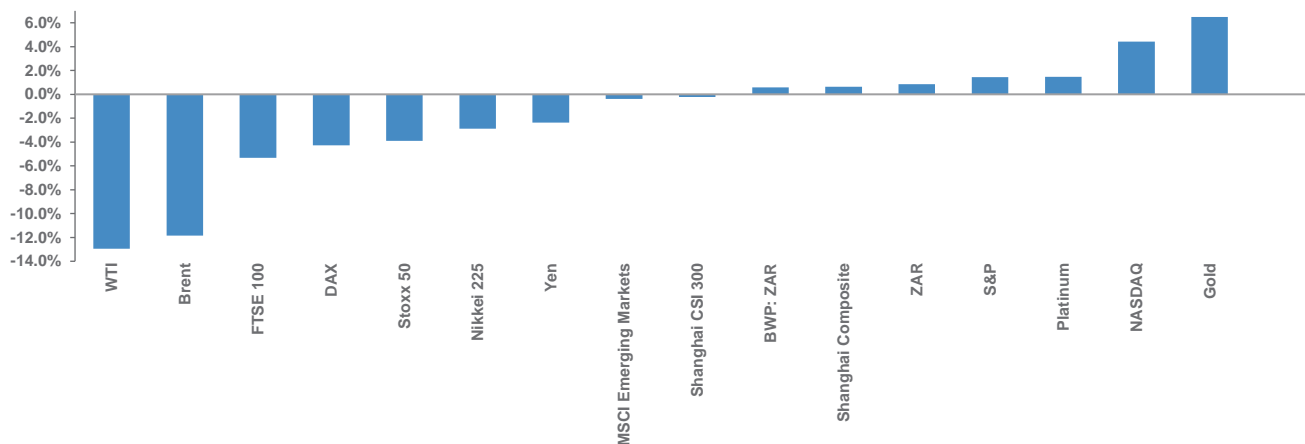
- Jan23 Retail Sales m/m 1.5% v -0.2% (e) v -0.5% (Dec22)
- Jan23 Manufacturing Production m/m 1.1% v -0.4% (e) v 0.5% (Dec22)
- Jan23 Mining Production m/m 4.4% v -0.3% (e) v 1.3% (Dec22)

### ZAR PERFORMANCE

- The South African rand fell against the USD as concerns over Monday's national shutdown mount.
- ZAR 18.47 (WTD: +0.86%) v 18.32 (10 Mar 23)

# The South African rand weakens against the USD.

## INTERNATIONAL SNAPSHOT – 17 MAR 23 WEEKLY PERFORMANCE



- Jan23 Final Industrial Production m/m -5.3% v 0.3% (Dec22)
- Jan23 Core Machine Orders m/m 9.5% v 1.4% (e) v 0.3% (Dec22)
- Japanese equities closed lower for the week amid investor fears of further fallout from the collapse of two major US banks.
- Nikkei 225: 27,334 (WTD: -2.88%), Yen: 131.85 (WTD: -2.36%)



- Eurozone Feb23 Final CPI y/y 8.5% v 8.5% (e) v 8.6% (Jan23)
- France Feb23 Final CPI y/y 6.3% v 6.2% (e) v 6.0% (Jan23)
- The European Central Bank (ECB) Governing Council (GC) met during the week and decided on the following:
  - To increase the main refinancing operations rate, the marginal lending facility rate, and the deposit facility rate by 50bps to 3.50%, 3.75% and 3.00% respectively.
  - To not reinvest all principal payments from maturing securities under its asset purchase program until end of Feb23. The decline will amount to €15bn/month on average until the end of Jun23 and its subsequent pace will be determined over time.
  - To continue reinvesting principal repayments under its pandemic emergency purchase program to at least the end of 2024.
- European markets declined over the week following the ECB's rate hike decision and concerns over a spiraling global banking crisis.
- DAX: 14,768 (WTD: -4.28%) Stoxx50: 4,065 (WTD: -3.89%), FTSE100: 7,335 (WTD: -5.33%)



- Feb23 Industrial Production YTD y/y 2.4% v 2.6% (e) v 3.6% (Dec22)
- The People's Bank of China maintained the rate on the one-year medium-term lending facility loans at 2.75%.
- Chinese markets closed mixed over continued recovery of the economy on one hand and concerns over a global banking crisis on the other.
- SHSZ300: 3,959 (WTD: -0.21%), SHCOMP: 3,251 (WTD: +0.63%)



- 11 Mar 23 Initial Jobless Claims 192k v 205k (e) v 212k (4 Mar 23)
- Feb23 CPI y/y 6.0% v 6.0% (e) v 6.4% (Jan22)
- Feb23 Industrial Production m/m 0.0% v 0.2% (e) v 0.3% (Jan22)
- Feb23 Advance Retail Sales m/m -0.4% v -0.4% (e) v 3.2% (Jan22)
- Mar23 Preliminary UoM Sentiment 63.4 v 67.0 (e) v 67.0 (Feb23)
- US equities ended the week in the green as the world's central banks calmed investors with promises to maintain financial stability as well as expectations that the Fed would pause interest rate hikes following the release of cooled inflation figures.
- NASDAQ: 11,631 (WTD: +4.41%), S&P 500: 3,917 (WTD: +1.43%)



- $\Delta$ US Crude Inventories 1,550k bbl. (10 Mar 23) v 417k bbl. (e) v -1,694 bbl. (3 Mar 23)
- $\Delta$ US Oil Rigs +8; 754 (17 Mar 23) v 746 (10 Feb 23)
- $\Delta$ North American Oil Rigs -8; 961 (17 Mar 23) v 969 (10 Mar 23)
- Oil prices decline, on worries that future US interest rate hikes could weigh on demand as well as larger than expected build up in crude inventories.
  - WTI: \$66.74 (WTD: -12.96%)
  - Brent Crude: \$72.97 (WTD: -11.85%)



- Precious metals closed in the green for the week as investors turned to safe-haven assets amid the stress in the banking sector as well as falling US treasury yields.
  - Gold: \$1,989 (WTD: +6.48%)
  - Platinum: \$979 (WTD: +1.46%)

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# Oil prices tumble on the back of a surprise build up in inventories

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