



**KGORI CAPITAL**  
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# KGORI CAPITAL MARKET WATCH

17 April 2023

## LOCAL

### COMPANY ANNOUNCEMENTS

#### Notice of Annual General Meeting (AGM) And Special Meeting



- Lucara will hold its AGM at the office of Blake, Cassels & Graydon LLP, Suite 2600, 595 Burrard St., Vancouver, British Columbia V7X 1L3 on 12 May 23. Shareholders will vote on:
  - Approving audited consolidated financial statements for the 31 Dec 22 year end, and the auditor's report thereon.
  - Approving the reappointment of the auditor for the upcoming year and authorising directors to fix their remuneration.
  - Approving Director appointments for the upcoming year.
  - Passing an ordinary resolution to approve certain amendments to the share unit plan.
  - Passing an ordinary resolution to approve certain amendments to the company's stock option plan.
  - Adopting an advisory resolution on executive compensation.
- P5.65 (YTD: -13.08%) PE: 4.9 PB: 0.7 D/Y: 0.00% Mkt Cap: P2,568.4mn

#### Trading Statement



- Turnstar announced that its profit before tax (PBT) for the 31 Jan 23 period will be P27.7mn (24%) higher than the P114.4mn PBT reported for 31 Jan 22 period.
- Results will be announced on or about 30 Apr 23.
- P1.81 (YTD: +2.26%) PE: 9.3 PB: 0.6 D/Y: 9.94% Mkt Cap: P1,035.6mn



#### Lesedi 6 Production Well Drilling

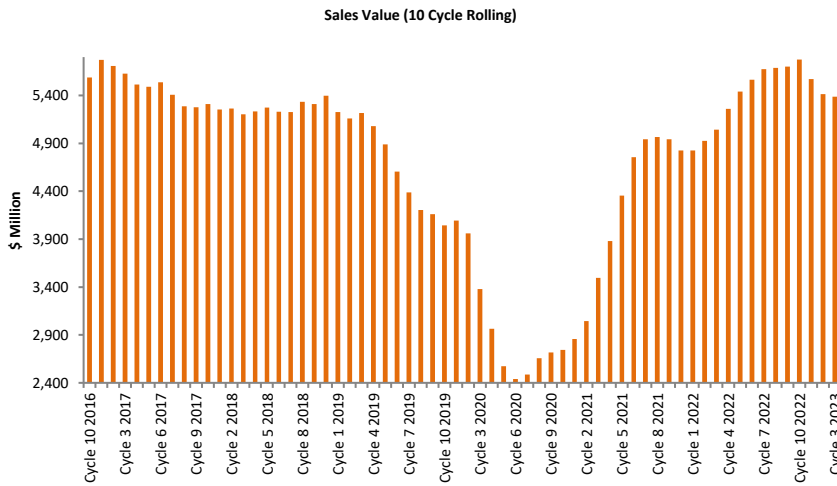
- Tlou announced the commencement of work on the next phase of their drilling at Lesedi Gas-to-Power project, which started on 10 Apr 23.
- P0.50 (YTD: 0.00%) PE: N/A PB: 0.9 D/Y: 0.00% Mkt Cap: P418.2mn



#### Appointment of Acting Managing Director

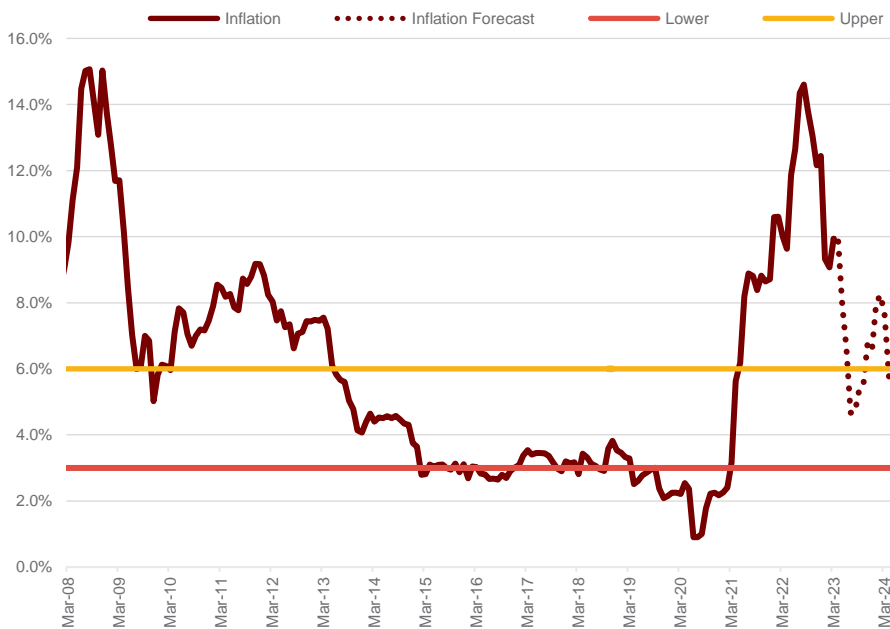
- Access announced the appointment of M Musakanya as its Acting Managing Director, effective 18 Mar 23.
- P2.05 (YTD: +1.49%) PE: 181.1 PB: 1.4 D/Y: 11.17% Mkt Cap: P1,486.3mn

## DE BEERS' (DB) CYCLE 3 SALES 2023 – DIAMOND SALES SLOW DOWN



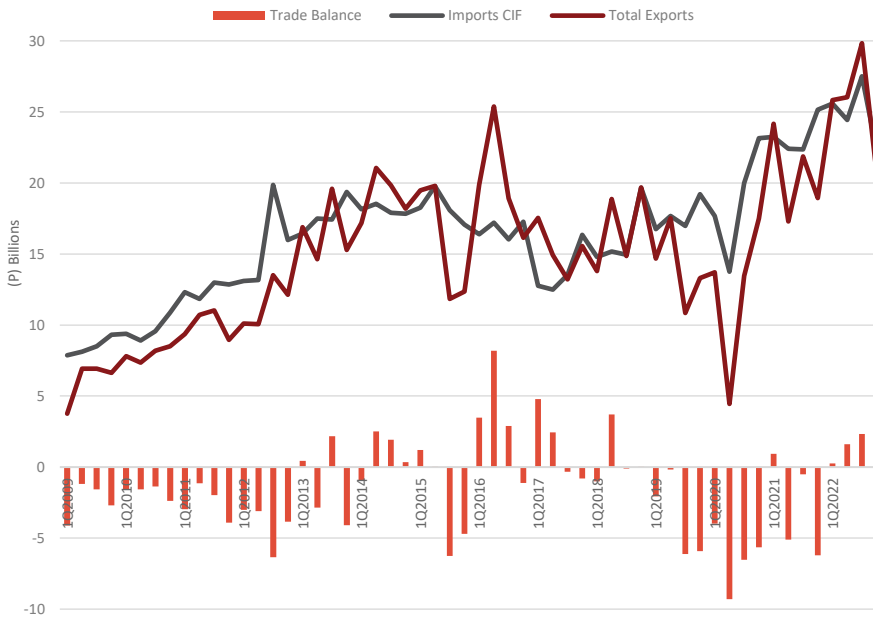
- DB Cycle 3 2023 Sales \$540mn v \$566mn (Cycle 3 2022) v \$497mn (Cycle 2 2023)
- DB sales 1Q23 \$1.491bn v 1Q22 \$1.87bn, a reduction of 20.6%.
- Lower sales during the quarter were expected due to cautionary buying from sight holders amid recession fears as well as uncertainty in the global banking sector.
- However, demand for diamond jewellery is increasing in China driven by an improvement in consumer confidence.

## MAR23 INFLATION – INFLATION RISES



- Mar23 Inflation was 9.9% v 10.2% (Kgori) v 9.1% (Feb23)
- The main driver of inflation was Transport inflation which rose by 2.6% m/m, due to the upward adjustment in fuel prices that were effected at the end of Feb23.
- We continue to expect inflation to remain elevated but gradually reduce and sustainably trend within the BoB's objective range from 4Q24.
- We do not expect any changes to the MoPR until 2H23, however, the increases in inflation felt over Mar23 and Apr23 may force the central bank to raise interest rates ahead of our expected schedule.

## JAN23 TRADE BALANCE (TB) – SLIGHT IMPROVEMENT IN TRADE BALANCE



- Jan23 TB P0.62bn v -P0.06bn(Dec22) v P1.22bn (Jan22)
- Jan23 Imports were valued at P5.8bn v P7.9bn (Dec22) v P7.3bn (Jan22). Representing a y/y contraction of 20.0%.
- Jan23 Exports were valued at P6.4bn v P7.9bn (Dec22) v P8.4bn (Jan22). Resulting in a y/y contraction of 23.7%.
- Trade activity was general depressed during Jan23. This was mainly due to rising interest rates reducing global economic activity.

## REGIONAL

### SOUTH AFRICA

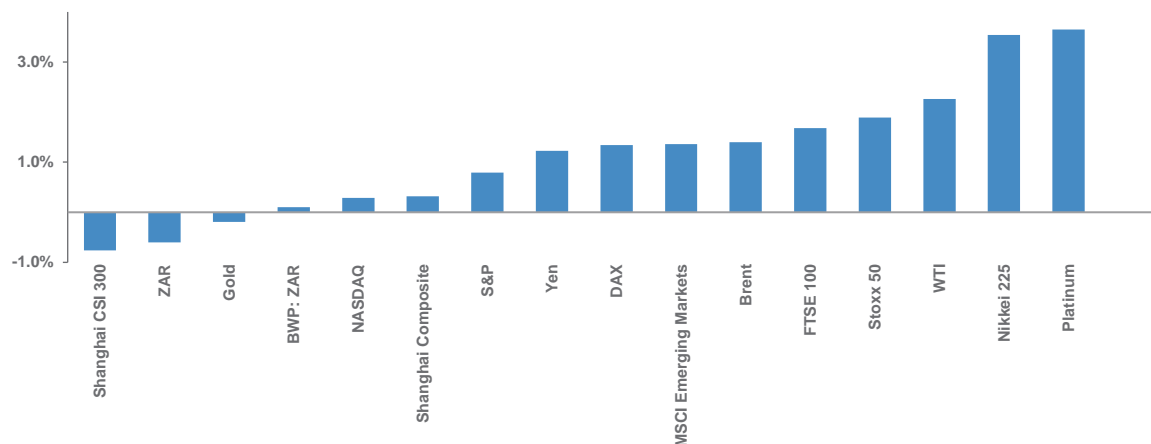
- Feb23 Manufacturing Production m/m -1.3% v -0.5% (e) v 0.5% (Jan23)
- Feb23 Mining Production m/m -4.9% v -1.2% (e) v 3.3% (Jan23)
- During the week, Eskom implemented open-ended Stage 6 load shedding for the first time since early Jan23 due to breakdowns of multiple generation units.

### ZAR PERFORMANCE

- The ZAR strengthened against USD on higher platinum prices.
- ZAR 18.09 (WTD: -0.60%) v 18.20 (7 Apr 23)

# Rand strengthens against the greenback.

## INTERNATIONAL SNAPSHOT – 14 APR 23 WEEKLY PERFORMANCE



- Feb23 Core Machine orders m/m -4.5% v -6.3% (e) 9.5% (Jan23)
- Mar23 PPI y/y 7.2% v 7.1% v (e) v 8.3% (Feb23)
- Japanese equities closed higher for the week on boosted investor sentiment following the release of better-than-expected US inflation data, pointing to a slowdown in the rate hike cycle by the Fed.
- Nikkei 225: 28,493 (WTD: +3.54%), Yen: 133.79 (WTD: +1.23%)



- Eurozone Feb23 Industrial Production m/m 1.5% v 1.0% (e) v 1.0% (Jan23)
- France Mar23 Final CPI y/y 5.7% v 5.6% (e) v 6.3% (Feb23)
- Germany Mar23 CPI y/y 7.4% v 7.4% (e) v 8.7% (Feb23)
- UK Feb23 Industrial Production -0.2% v 0.2% (e) v -0.5% (Jan23)
- European markets closed in the green as optimism that the US Fed rate hiking cycle is concluding, following the release of lower inflation figures.
- DAX: 15,808 (WTD: +1.34%) Stoxx50: 4,391 (WTD: +1.89%), FTSE100: 7,872 (WTD: +1.62%)



- Mar23 CPI y/y 0.7% v 1.0% (e) v 1.0% (Feb23)
- Mar23 PPI y/y -2.5% v -2.5% (e) v -1.4% (Feb23)
- Mar23 Trade Balance \$88.2bn v \$ 40.0bn v (e) \$16.82bn (Feb23)
- Mar23 Exports y/y 14.8% v -7.1% v (e) v -1.3% (Feb23)
- Mar23 Imports y/y -1.4% v -6.4% v (e) v 4.2% (Feb23)
- Chinese equities closed the week mixed on investor optimism following the release of strong trade data on one hand and investor worries over disinflationary pressures on the other.
- SHSZ300: 4,092 (WTD: -0.76%), SHCOMP: 3,338 (WTD: +0.32%)



- 8 Apr 23 Initial Jobless Claims 239k v 235k (e) v 228k (1 Apr 23)
- Apr23 Preliminary UoM Sentiment 63.5 v 62.1 (e) v 62.0 (Feb23)
- Mar23 CPI y/y 5.0% v 5.1% v (e) 6.0% (Feb23)
- Mar23 PPI Final Demand y/y 2.7% v 3.0% (e) v 4.9% (Feb23)
- US equities ended the week in the green following better than expected corporate earnings surprise from the banking sector and an expected slowdown in rate hikes by the Fed.
- NASDAQ: 12,123 (WTD: +0.29%), S&P 500: 4,138 (WTD: +0.79%)



- $\Delta$ US Crude Inventories 597k bbl. (7 Apr 23) v -1,039k bbl. (e) v -3,739k bbl. (31 Mar 23)
- $\Delta$ US Oil Rigs -3; 748 (14 Apr 23) v 751 (7 Apr 23)
- $\Delta$ North American Oil Rigs -19; 859 (14 Apr 23) v 878 (7 Apr 23)
- Oil prices rose on the back of a recovery in Chinese consumption and tight supply fears.
  - WTI: \$82.52 (WTD: +2.26%)
  - Brent Crude: \$86.31 (WTD: +1.40%)



- Precious metals were mixed for the week as the US Dollar weakened and optimism over central banks pausing interest rate hikes.
  - Gold: \$2,040 (WTD: -0.19%)
  - Platinum: \$1,049 (WTD: +3.65%)

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# Oil prices rise over tight supply fears.

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