

10 Worst performers tell tale of SA economy

Jan Cronje of Fin24 mentions in one of his latest articles, that it is not even near the end of the first quarter, and already there is a plethora of once-significant South African companies that have either collapsed or had their share prices hit the wall.

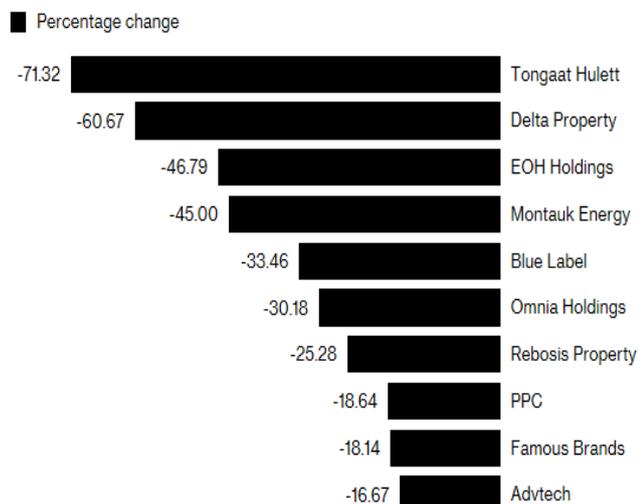
The likes of Tongaat Hulett, EOH, Blue Label and Aspen Pharmacare have lost billions in value, sending tremors through a South African market that was still reeling from the shock of Steinhoff International's more than 90% plunge since December 2017.

Cronje states that the other areas affected, include property firms and construction companies. The latest to have a fall is Group Five, which went into administration after running out of funding. With property, there is deep uncertainty about land rights, as President Cyril Ramaphosa moves toward changing the law to clarify when the state can expropriate land. With construction, years of mismanagement, corruption and under-spending on state infrastructure has left builders without enough building projects. In the background, there is also the issue of consumers shopping less and straining under increased taxes. South Africa's economy is forecast to expand 1.7% this year, according to the central bank and National Treasury, but that figure was produced before higher-than-estimated tariff increases were announced for cash-strapped power utility, Eskom.

While property and construction have suffered some of the worst declines this year, the malaise isn't limited to those industries. From technology to telecommunications, retailers, consumer goods, agriculture, education and financial services, South African companies are battling with crimping unemployment levels, plummeting business confidence, instances of corporate wrongdoing, and a lifeless economy that expanded by just 0.8% last year.

Bottom 10

The 10 worst-performing stocks on the JSE's benchmark index YTD



Companies that recently took a dip

- Shoprite's headline earnings plunged by 24% per share
- Woolworths' operating profit fell by 9.2%
- Discovery repeats an 11% drop in net income
- RMI's consolidated normalised earnings fell by 8% in the 6 months ended - December
- AVI operating profit fell by 24%
- Blue Label shares closed 25% lower, due to the R105 million headline loss for the 6 months to end - November
- Massmart dividends dropped by 40.1%
- Kraft Heinz share price dropped by 27% in just one day

THIS AND THAT

- UBS, the largest wealth manager in the world, has been fined 4.5 bn Euros for illegally soliciting French clients and helping them evade taxes by shifting their accounts to Switzerland.
- Nike continues to hold onto the top spot as the world's most valuable apparel brand, despite a significant drop in brand value. According to a recent Forbes report, a list released by Brand Finance (the world's leading independent brand valuation and strategy consultancy) has valued the US sportswear giant at a whopping US\$32.4 billion.
- The Kouga Municipality is set to trial South Africa's first 'plastic road'. The local authority has entered into a partnership with Scottish company, MacRebur, which has already tested plastic roads in the UK and other countries across the globe. The firm will work with PE-based civil engineering and construction companies, SP Excel and Scribante Construction to build a 1km-stretch of plastic road in Jeffreys Bay.
- At a Citi Global Property CEO Conference (held in the US this month), data was released from a survey, showing that 39% of people who visited a mall went for entertainment, 24% to shop, 15% to eat and 14% to pick up or return goods, while 8% said malls would not exist in 10 years.
- Scoring poorly on all measures, including drinking, obesity and life expectancy, South Africa has been ranked the unhealthiest country on earth, according to Business Insider.

2019 This Is What Happens In An Internet Minute



THE GLOBAL RISK OUTLOOK FOR 2019

Types of Risks: ENVIRONMENTAL (Green), GEOPOLITICAL (Red), SOCIETAL (Pink), TECHNOLOGICAL (Purple), ECONOMIC (Blue)

Top 5 Global Risks in Terms of Impact

- 1 Weapons of mass destruction
- 2 Failure of climate-change mitigation and adaptation
- 3 Extreme weather events
- 4 Water crises
- 5 Natural disasters

Top 5 Global Risks in Terms of Likelihood

- 1 Extreme weather events
- 2 Failure of climate-change mitigation and adaptation
- 3 Natural disasters
- 4 Data fraud or theft
- 5 Cyber-attacks

SOURCE: World Economic Forum - Global Risks Report 2019

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