

WHY INVESTORS SHOULD IGNORE STOCK MARKET NOISE

By Uma Shashikant

Investors worry about making money decisions when the noise around them makes them wary. A few successful IPOs, a string of higher closes on the market index and a few unexpected mergers or takeovers are enough to get the equity markets buzzing.

Soon enough some investors are left wondering if they would be left behind in the next big bull market if they are too cautious.



Some others worry that they might choose wrongly and regret their decisions. What could the investor do about the relentless market buzz relayed to their unprepared minds?

First, those who offer tips and tricks about making a quick buck in the equity markets are not financial advisers. They do not have the investor's interest in mind. Anyone who does not work with the specifics of the financial situation of the investor is not an adviser. These operators are merely broadcasters of information. They serve a useful economic purpose.

They enable dissemination of news and updates about stocks they track, and they contribute to the low-cost analysis of prospects of a stock, an activity indulged in various levels of intensity by many people. It is important to see that the one-sided recommendations about which stock to buy, whether broadcast on television, printed in media, discussed online, or disseminated as text messages, are all noisy transmission of opinion. They do not constitute advice, and making investment decisions on the basis such information is risky.

"Noise" can do an about turn in a matter of days as the two headlines depict below.

Naspers shares hit 4-week lows after China launches cyber investigation

Reuters / 11 August 2017 15:23

Shares of Hong Kong-listed Tencent fall almost 5%.

Shares of Naspers fell more than 3% to four-week lows on Friday after China launched an investigation into its top social media sites, including the South African media company's subsidiary Tencent's WeChat.

The Cyberspace Administration's investigation is the latest step in China's push to secure the internet and maintain strict Communist Party control over content.

Tencent's mix of games, WeChat drives fastest growth in seven years

Lulu Yilun Chen, Bloomberg / 16 August 2017 12:06

Tech firm reports a 70% surge in net income to a record 18.2 billion yuan.

Tencent Holdings is reaping the rewards of marrying social media with mobile gaming.

China's largest corporation posted its fastest revenue growth in seven years and a record profit that surpassed estimates by 35%, thanks to its marquee hack-and-slash title Honour of Kings. Tencent's shares have gained 70% this year.



In 1980, China's economy was smaller than Pakistan's. After growing by more than 10% annually over the past 30 years, China's economy is expected to surpass the United States by the year 2028.

THIS AND THAT

- **Amazon** joins **Tencent** in bid to launch new smartphone.
- **London home rentals fall** for fourth month in a row – the average monthly rent paid for new listings in July was £1564.
- **Barclays to close more UK branches** – Barclay’s plans to close about 54 branches by the end of 2017 in an effort to cut costs, further reducing access to banking services in parts of London.
- **Israel recycles 87% of its wastewater**, more than four times that of any other country. Spain is in second place and recycles 20% of its wastewater.
- **Bill Gates makes largest donation** since 2000 with a \$4.6bn pledge. Bill and Belinda Gates have given away about \$35bn of stock and cash since 1994, based on the value of the shares at the time of the gifts.
- As at June 2017, **Capitec** hits the 9 million customer mark making it the second biggest bank by customers (after Standard Bank). The number of active Capitec customers has almost doubled in 5 years from 4.7 million customers in 2012.
- R 2.1 billion, what **Famous Brands** paid for UK business Gourmet Burger Kitchen.
- 3% is the contribution **Massmart** makes to Walmart’s international divisions operating profit
- 55.5% - The percentage of the **South African** population that lives below the poverty line
- 80%, the average the percentage of Advtech students who find employment within six months of graduating, according to the company.
- R 105 million, the payoff **Net1 CEO Serge Belamant** received to leave the company.

NEW VENTURE MAY SHAKE UP SHOPPING MALLS

Article: Sunday Times Business Section

Steinhoff and Shoprite could combine to open centres for their own brands.

Steinhoff Retail Africa, along with partner Shoprite, is set to disrupt the retail market, if they implement plans to acquire shopping centres.

Shoprite CEO Pieter Engelbrecht said this week: “If you look at all the brands that are currently in the company (Steinhoff) and you add ours, there could be opportunities in real estate where we could open shopping centres just with these brands on their own.

“Once we’ve combined we’ll make such a decision. But it could be a possibility because the combined value of real estate is huge between Shoprite and all these brands within Steinhoff Africa,” said Engelbrecht.

The creation of Steinhoff Africa Retail, known as STAR, will include Steinhoff’s African assets such as Ackermans, Poco South Africa, JD Group, Timbercity and men’s apparel retailers Dunns and John Craig, Pepkor South Africa and rest of Africa, and Tekkie Town, to name a few, and will result in Steinhoff acquiring a 22.7% stake in Shoprite.

Given the close relationship between Shoprite and Steinhoff, a move to combine the two groups’ shopping centres could also mean Shoprite grocery brands, such as Checkers, Usave, Liquorshop and fast food brand Hungry Lion, taking up space in these shopping centres. Engelbrecht added that because there was quite a big mix across the two groups, including furniture, food, liquor, pharmacies and electronics, this could be “quite a lucrative opportunity to explore”.

2017 This Is What Happens In An Internet Minute



LARGEST SHOPPING CENTRES IN SA

SHOPPING CENTRE	SIZE(sq.m)	OWNER(S)
Menlyn (after 50 000sqm extension)	175 000	Pareto
Sandton City & Nelson Mandela Square	170 000	Liberty, Liberty 2 Degrees, Pareto
Canal Walk	158 000	Hyprop
Gateway	155 000	Old Mutual
Fourways Mall (after redevelopment)	150 000	Accelerate
Eastgate	135 000	Liberty, Liberty 2 Degrees, Pareto
Mall of Africa	130 000	Attacq
Centurion Mall	120 202	Redefine
The Pavilion	120 000	Pareto
East Rand Mall & East Point	110 000	Redefine, SA Corporate, Vukile

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