

Top Stories

[SA apparel retailers](#) (Stephen Carrott)

Store-credit offering attractive value on a 12-18m view

We update our views on the pure-play SA apparel retailers, focusing on EPS quality and growth. We continue to consider MPC to be best in class, but maintain our Neutral recommendation on valuation (31% premium to EM discretionary retailers). We maintain our Overweight recommendations on Foschini and Truworths, as we continue to expect a gradual credit-cycle improvement. Truworths looks particularly attractive vs. Foschini given that it is trading at an extreme level vs. its historical relative PE trading range.

[Russian Transportation](#) (Sergey V Arinin)

Aeroflot u/g to OW on traffic stabilization and less consumer risk; Globaltrans is still our top-pick

Transport stocks underperformed the market over the last month. We believe that weak macro data has contributed to the underperformance. However, we believe that the nascent signs of macro stabilization should be supportive for the sector. We upgrade Aeroflot to Overweight on a better outlook for traffic (even though we see risks to international yields). Globaltrans remains our top-pick on free cash flow generation and low leverage, although we have noticed deterioration in gondola rates. We also update our Global Ports model for IFRS 11 implementation and new capex guidance.

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[Key Rating, Price Target & EPS Changes](#)

Recommendation Changes

[Aeroflot](#) (AFLT RX – Overweight)

(Sergey V Arinin)

Russian Transportation: Aeroflot u/g to OW on traffic stabilization and less consumer risk; Globaltrans is still our top-pick

Price Target and Estimate Changes

[Aeroflot](#) (AFLT RX – Overweight)

(Sergey V Arinin)

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[Foschini](#) (TFG SJ – Overweight)

(Stephen Carrott)

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[Global Ports](#) (GLPR LI – Neutral)

(Sergey V Arinin)

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Price Target and Estimate Changes, *continued*

[Truworths](#) (TRU SJ – Overweight)

(Stephen Carrott)

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Results and Company Views

[NCSP](#) (NCSP LI – Neutral)

(Sergey V Arinin)

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Strategy

[Global Developed Markets Strategy Dashboards](#)

(Adrian Mowat)

Key economic and equity market data for developed markets

Economics

[Middle East and North Africa Today](#)

(Brahim Razgallah)

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Globaltrans (GLTR LI – Overweight)

(Sergey V Arinin)

Russian Transportation: Aeroflot u/g to OW on traffic stabilization and less consumer risk; Globaltrans is still our top-pick

Medi-Clinic (MDC SJ – Overweight)

(Alex Comer)

Alpine Shopping - Still the right hospitals for the wrong Macro

Mr Price (MPC SJ – Neutral)

(Stephen Carrott)

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Turkey

(Yarkin Cebeci)

external rebalancing continued at high speed in May

Sector Research

J.P. Morgan Platinum Week

(Steve Shepherd)

News, Earnings & Valuation Metrics & Commodity price trends (featuring monthly global auto stats update)

Potash Round-up

(Roman M Gorokhov)

Birds Eye View (June 23 - June 27)



Appendix

Key Rating, Price Target & EPS Changes

Rating Changes

| Company | New Rating | Old Rating |
|------------------|------------|------------|
| Increases | | |
| Aeroflot | OW | N |

Price Target Changes

| Company | Rating | Price Target | |
|------------------|--------|--------------|----------|
| | | New | Old |
| Increases | | | |
| Aeroflot | OW | R 82.92 | R 72.42 |
| Global Ports | N | \$10.07 | \$9.04 |
| Medi-Clinic | OW | R 8,900 | R 7,900 |
| Mr Price | N | R 18,800 | R 16,700 |
| Foschini | OW | R 13,100 | R 11,700 |
| Truworths | OW | R 8,900 | R 8,200 |
| Decreases | | | |
| Globaltrans | OW | \$14.20 | \$14.52 |

Source: J.P. Morgan estimates.

J.P. Morgan EPS Estimate Changes

| Company | Current FY | Next FY |
|------------------|------------|---------|
| Increases | | |
| Aeroflot | +11.7% | +9.3% |
| Global Ports | +2.2% | +6.1% |
| Mr Price | +1.2% | +1.5% |
| Decreases | | |
| Foschini | -5.0% | -2.1% |
| Globaltrans | -8.8% | -10.0% |
| Medi-Clinic | -8.2% | -7.9% |

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