

Shoprite jumps 10% on trading update

Investors jostled to get hold of Shoprite shares on Wednesday, boosting the market value of Africa's biggest grocery retailer R10bn, making it the top performer on the JSE on the day.



Picture: [Bloomberg/Waldo Swiegers](#)

Shoprite shares jumped up to 10% to their highest level since July 2013 following the trading update, extending the rally that began in mid-January, when the stock was at R126.

Other stocks have similarly taken off in recent months despite continuing worries about tepid growth outlook.

Shoprite expects total turnover in the year to June to climb 14.4% to R130.03bn from a year ago. On a like-for-like basis, turnover is expected to have grown just 5.5%.

"Over the past few days we've also seen Woolworths, Truworths and Massmart release similar updates," said Casparus Treurnicht, portfolio manager at Gryphon Asset Management.

"I will only look at like-for-like numbers here as all topline revenue numbers were very satisfactory, but I am questioning the sustainability with our local economic growth heading for a perfect zero, and ongoing store roll-outs becoming less viable."

The local economy is expected to grow less than 2% in 2016, according to earlier forecasts by the Treasury and the Reserve Bank.

Shoprite's outperformance also rubbed off on other retailers, which provided a stark contrast to the deep sell-off in the resources sector.

Shoprite was up 9.65% to R192 in late afternoon trade, valuing the company at R110bn. The all share index was, at the same time, 0.54% lower.

Source: Business Day

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