UNIVERSITY OF THE WITWATERSRAND
School of Electrical & Information Engineering
ELEN3018 (2020) – Economics of Design

MACROECONOMICS: Group Exercise

The world is still experiencing the effects of the 2008 economic crisis one of which was a recession of a depth probably not seen since the Great Depression of the Thirties. Talk continues of a possible 'double dip' in overseas economies. China growth is significantly reduced. The South African economy is being rocked with inordinate energy price increases, additional taxes (eTolls), widespread unemployment (especially among the youth), labour unrest, and most recently the on-going effects of COVID-19.

The JSE has remained *reasonably* consistent between 50 000 and 60 000 points over the last 5 years after growing more than 20 000 points over the 5 years before that.

Your Group has been given **R100 000** to invest in the stock market in South Africa. Select a maximum of 1 sector **from the JSE sectors that you consider would be least likely to be impacted by the current economic conditions to invest this R100 000,** and that, in your opinion, will maximise your **dividend yield** over the following twelve months. Your task is to review the appropriate shares on the South African stock market over the past twelve months and use this review as a basis for your selection of a one or two shares (max) from your sector that you feel will maximise capital growth. *Hint: Use the current shares in the JSE's "All-Share Index (ALSI)" to help you select the appropriate sector.*

In your review you should explain the movements of your selected shares over the past twelve months against what you know occurred from the behaviour of various influencing macroeconomic factors; e.g. the actual impact of the current events locally and internationally, the movement of the Rand against other currencies, the change in interest rates, the change in the gold and other commodity prices, and the weekly movement of the JSE "ALSI", the changes in the published monthly inflation figures, etc. Also note any changes reported in the companies e.g. departure or suspension of CEO, etc., that could have affected the share price over the past twelve months.

The marks for this project (total 40 **marks)** will be allocated in accordance with the following schema:

1. A comprehensive **report** on the exercise covering the following:
   - ✓ An **introduction,** explaining the purpose of the project and what you expect to learn from it.

      [2 marks]

   - ✓ A **full description** of the project, covering the reasons behind your selection of a JSE sector and the shares (max two) within that sector.

      [7 marks]

✓ A **quarterly description**, in your own words, of why you believe your sector and the shares you have selected from this sector, moved upwards or downwards during the past twelve months. For example, did the shares move with the SA Rand exchange rate movement at any particular point in time, did they move because of speeches by prominent local politicians, industrialists, etc.?

[7 marks]

✓ A forecast of why you think that your share(s) will yield good dividends in the next 12 months and what major factors, both positive and negative, there are that may affect this yield.

[7 marks]

✓ A **summary and conclusion**.

[4 marks]

✓ An **appendix** showing **all relevant charts.**

[6 marks]

✓ **Group Peer Assessment**
In addition, each group must submit a group member assessment sheet that assesses each group member's performance for this project (rated from 1 to 10, with 10 being the best). This sheet must be signed by all group members.

Parameters relevant to this project to be assessed for each member include:
- o Group Leadership
- o Volume and Quality of work done
- o Depth of Knowledge and Understanding
- o Participation in and Contribution to Discussions
- o Other

Assessments that rate all members equally without sufficient motivation will be discarded and any marks attributed to this section will be discarded. (i.e. no group member will receive any Group Peer Assessment marks)

NOTE: If there is a member that does not contribute at all or, in the judgement of the rest of the group, has not been effective, the group can decide to submit the report without that person's name as a contributor! (this implies that the non-participating person will get zero for the assignment)

[7 marks]

This is to be submitted using the University's eLearning system (Sakai) by
07:50 on Monday 7 September 2020.