

6 December 2012, Volume 21

Economic Indicators

	USD	Euro	Move
Rand	8.89	11.5	-3.37%
Pula	7.81	10.3	1.26%
Kenya	84.7	111	1.17%
Kwacha	5140	6675	-26.5%
Naira	155	204	0.00%

	Oct	Nov	Move
Gold (\$)	1720	1715	0.29%
Oil (\$)	108	111	2.78%

Move is % change monthly against USD

Top 10 JSE Equity Buys

	Share Code	Entry Price	Target Price
1	ABL	3878	4588
2	ADR	2745	3145
3	AFX	1860	2357
4	ASR	24400	35583
5	DSY	5020	5874
6	JDG	4825	6118
7	MTN	13740	17095
8	NTC	1425	1757
9	SAB	31000	35676
10	SBK	11034	13741

Prices in SA cents

JM BUSHUA Funds Returns

Fund Name	3 Years
CashPlus	6.85%
BondPlus	12.52%
Real Return	12.28%
Absolute AllClass	14.85%
Absolute Aggressive	14.26%
Diversified Equity	16.72%
Communities Fund	N/A
Global Investor	N/A
Afro Fund	12.28%

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Where is the growth?

Zimbabwe's GDP for 2012 is estimated at 4.40%, and 5.00% for 2013 driven mainly by mining and agricultural sectors' performance. South Africa's GDP declined to 1.2% this quarter following a 3.40% growth in 2Q12. The drop is attributed to decrease in mining activities and production due to the recent strikes. Interest rates have been kept on hold, but inflation rose to 5.6% from 5.00% previously. Zimbabwe's inflation is at 3.38%, while Zambia's is 6.90%.

Investment markets: Equity market highs

The South Africa equity market, measured by the Johannesburg Stock Exchange (JSE) All Share Index, has recorded new highs in most months since mid-year. On one hand, this is surprising given the problems in the mining (which is a 10% contributor to GDP) and agricultural sectors. On the other hand, it is not surprising since the resources sector is no longer dominant in terms of market capitalisation weighting in the equity indices.

Industrial, general retail and banking shares are taking over. The JSE equity market has returned about 26.00% YTD driven by industrial shares. Bonds have returned about 11.71% and cash 5.10% year-to-date.

Economic Activities

Zimbabwe has introduced a 25% surtax on selected products such as soap, cooking oil, dairy products and other consumables which may boost local products consumption, and therefore employment.

The magnitude of pay increases has been a major challenge for many businesses in SADC, in particular SA and Zambia. Some mining workers in SA have been demanding up to 16% increases this year. In Zambia, the Mineworkers Union of Zambia got between 16-18% for this year, and they are contemplating tabling a 50% hike for negotiations in 2013. That is tough, even if the settlement is close to middle values, say of 25%. **High salary increases, food and petrol prices will be blamed for inflation increases in 2013, which will happen and affect real returns on investment portfolios negatively.**

Social and Political Developments

The Democratic Alliance (DA) had their conference and Ms. Helen Zille, the party leader, was retained unopposed. The ANC is having their turn in a few weeks from now. It's likely President Zuma will retain his post.

The ANC's and country's President, Mr. Zuma has not had it easy this year. He still does not know if his current deputy (Mr. Kgalema Motlanthe) will challenge him for the position of presidency. Mr. Zuma would be looking forward to a quiet holiday – and may I say, Christmas holidays, which was up for debate (whether to permanently remove it on from our calendar or not!) in South Africa. What a democracy we have in SA! **We have all the time to talk about, and debate on, everything, but the poverty facing the majority. What are the priorities?**

How far are we in achieving the Millennium Goals we committed ourselves too? **This is not shown by the percentage Expenditure to GDP (roughly 30%), but by how much is actually spent on required services' delivery outcomes versus what is spend executive benefits – the luxuries.**

Parting Words of Wisdom

"The gratification of wealth is not found in mere possessions or lavish expenditure, but in its wise application" – Miguel de Cervantes.