

3 December, Volume 33

### Economic Indicators

	USD	Euro	Move
Rand	10.2	13.82	0.49%
Pula	8.82	11.73	1.06%
Kenya	86.6	117.4	3.16%
Kwacha	5.18	7.51	0.00%
Naira	158	215	0.06%

	Sept	Oct	Move
Gold (\$)	1324	1325	0.00%
Oil (\$)	108	108	0.00%

Move is % change monthly against USD

### Top 10 JSE Equity Buys 2013

	Share Code	Entry Price	Target Price
1	Datatec	4905	6760
2	Discovery	6219	8450
3	JD Group	4500	5941
4	Old Mutual	2449	3147
5	Naspers	54320	69268
6	Growthpoint	2450	3074
7	Aveng	3066	3835
8	MTN Group	17760	21689
9	Momentum	2217	2637
10	Nedbank	18800	22304

### Prices in SA cents

### JM BUSHUA Funds Returns

Fund Name	3 Years
CashPlus	6.17%
BondPlus	8.96%
Real Return	12.60%
Absolute AllClass	14.72%
Absolute Aggressive	13.11%
Diversified Equity <sup>(1)</sup>	20.34%
Risk Averse Fund	11.20%
Global Investor	N/A
Afro Fund	12.60%

Returns are annualised  
(1) 31 months returns

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### Inflation sticky

South Africa (SA) inflation dropped slightly to 5.50% from 5.60% previously. And PPI was at 6.30%. With petrol prices increasing by 17c per litre and E-tolls having kicked into operation, transport costs, as a major contributor to inflation will reverse the gains in the next 3-6 months.

Zambia inflation increased marginally to 7.00% in November from October levels of 6.90%. Zimbabwe inflation remains low at 0.59%. The stability in inflation in Zimbabwe is helped by the fact that the country now trades in United States dollars – which removes price shocks introduced by currency volatility in SA and Zambia for example.

### Investment markets – Policy uncertainty keeps bonds on back foot

The overall bond market performance continues to lag both the cash and equity markets in SA. Year to date, the benchmark bond index is -0.46% down compared to 5.18% and 16.27% up for cash and equities markets respectively.

For the calendar year 2013, we still expect equity returns to produce between 13%-15%, which will lift balanced mandate portfolios' performance.

### Economic Activities: - Credit crunch

As the Zimbabwean economy continues to suffer from some liquidity crisis, its commercial banks have started to put daily limits on individual accounts withdrawals. In the industrial sector, some companies are now outsourcing production and only brand or re-package their products. The problems will remain if solutions are not presented. We believe the solution is policy certainty.

The government of Zimbabwe is taking over the \$1.35 billion the Reserve Bank debt. This will pave the way for the bank re-capitalisation. Current account deficit is US\$4.3 billion – about 43.00% of GDP. SA's current account deficit is 6.80%.

### Social and Political Developments- Leadership vacuum

South Africa is a place of plenty. Leaders set the moral, social and behavioural standards or benchmarks for most people to emulate. Moral and political leadership has everything to do with the success of any country. Zimbabwe is a good case study. So what is the political landscape in SA, the country where its provincial highways “**are not some national roads in Malawi**” and where the Africans in that country are not encouraged “**to think like Africans in Africa**” by its President, Mr. Jacob Zuma?

In his address at the 11<sup>th</sup> Nelson Mandela Annual Conference, Dr. Mo Ibrahim said this of South Africa – “**We have a serious deficit in leadership. Leadership is not about securing a seat on the Security Council on behalf of Africa or chairing the African Union**”. South Africa is one of the African countries with a seat on the UN Security Council and Dr. Nkosazana Dlamini-Zuma is the chairperson of the African Union (AU). That was a mouthful from Dr. Mo Ibrahim. Those who listened or heard may have understood. The political landscape in SA is free for all.

Now the newest party in South Africa, the **Patriotic Alliance**, launched on 30 November 2013, **is founded and led by convicted bank robbers and other jail convicts**. They see an opportunity in the politics of SA. **Imagine, a party where the entire leadership could be ex-convicts, convicted of all sorts of crimes**. What kind of leadership will they provide? Could there be a vacuum of leadership that allows such developments to evolve? What future is there for SA innocent children? **Significant or insignificant, we must be worried that such formations should emerge in any country. Oh, cry the beloved country!**

### Parting Words of Wisdom

“Giving money and power to government is like giving whisky and car keys to teenage boys”. **P.J. O'Rourke**.

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