

1 December 2015, Volume 53

Economic Indicators

	USD	Euro	Move
Rand	14.45	15.28	4.53%
Pula	10.89	11.51	3.27%
Kenya	102.30	108.15	0.24%
Kwacha	10.35	10.95	-17%
Naira	198.95	210.64	-0.1%

	October	November	Move
Gold (\$)	1142.11	1064.77	-6.8%
Oil (\$)	49.56	44.61	-10%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2015

	Share Code	Entry Price	Target Price
1	MDC	10065	13481
2	SNT	21500	27837
3	DCT	350	447
4	OML	3470	4290
5	NED	24900	30319
6	AGL	21533	25961
7	SHF	5940	7126
8	ILV	2450	2893
9	LBH	12269	14419
10	LHC	2450	2893

Prices in SA cents

JM BUSHUA Funds Returns

Fund Name	3 Years
CashPlus	6.24%
BondPlus	6.24%
Real Return	8.17%
Absolute AllClass	11.42%
Absolute Aggressive	10.01%
Diversified Equity	15.36%
Communities Fund	N/A
Global Investor	N/A
Afro Fund	8.17%*

* Same as Real Return

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Resources- In a Pit of Misery

November saw a continuation of the commodity slump, with resource counters dropping to multi-year lows. This comes as commodity prices have fallen in the wake of a global slowdown, with investors still on edge as the 'bottom' of the cycle has yet to reveal itself. The RESI10 ended the month 22.52% down, the biggest monthly decline since September 2008. Commodity powerhouses such as BHP Billiton and Anglo American saw declines in excess of 20% while a former star performer of the industry, Lonmin, saw a collapse of 86% as the company obtained approval for a heavily discounted rights issue. Lonmin, the world's third largest platinum producer, requires \$407mn which will be used to finance a debt payment due next year as well as restructuring of business operations that have been severely hurt by strikes and platinum prices. The demise of mining counters is evident from the JSE Top 40, which in 2009 constituted 43.8% of the index. In contrast, only 4 mining companies remain in the Top 40, making up just 11.6% of the 'blue-chip' index. Once the darlings of the industry, resources are now on the cusp of slipping into oblivion. A harsh lesson of how all good things come to end.

Investment Markets- The Rule of Volatility

The JSE ALSI pulled back in November, ending 4.06% lower as global markets lost steam and ended largely flat. Commodities were the primary force behind the slump, whilst the FINI15 also weakened, ending 3.96% lower. A lack of consumer driven demand weighed in as the INDI25 fell 1.23%, with tough conditions in the local economy coupled by global volatility. There were a number of companies that reported, with the likes of Naspers producing a healthy set of interim results. The media giant has earmarked various opportunities while also proposing a capital raise to fund its expansions. The share price reached all-time highs of R2270, highlighting the bullish sentiment that is prevalent within the industrial space.

Economic Activities- A Drought beyond Water

The South African Reserve Bank (SARB) raised interest rates in November, adding 25 basis points to the repo rate in response to a weakening rand and inflationary pressure that is poised to mount in early 2016. This comes as the US Fed looks in all probability of hiking this month, with the FOMC set to meet on Dec 16. The health of the local economy improved marginally as GDP data for Q3 indicated growth of 0.7%, rebounding from the contraction of the previous period. South Africa therefore avoided the much daunted 'technical recession' but few would argue against the prospect of such occurring in 2016. The commodity slump has shown no signs of abating and there is increasing pressure on the agricultural sector, as El Nino has presented the worst drought in over 30 years. These difficult conditions have crippled much of the SADC region, with little respite coming through from the global economy. The US and China have not presented much hope for the region while the ECB stimulus in Europe is somewhat of a positive, albeit a laggardly process that may never really bare the desired fruit.

Social and Political Developments- A Human Divide

Terrorism prevailed in the month gone by, as attacks in France, Mali, and Tunisia highlighted the rising force of terrorist groups. ISIS took responsibility for the Friday the 13th massacre in Paris, which saw 130 people mercilessly lose their lives. This prompted the French to unleash air strikes in Syria, while other western nations have taken steps to improve security and tighten migration policy. The reality is that greed and oppression breed's a revolution, one that ultimately costs humanity. There are no winners; just a human race crying for unity and peace.

Parting Words of Wisdom

"What is tolerance? It is the consequence of humanity. We are all formed of frailty and error; let us pardon reciprocally each other's folly - that is the first law of nature." – **Voltaire**