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Mixed inflation bag in SADC

Zimbabwe and Zambia inflation rates reduced to 2.9% and 7.0% respectively, and SA's core inflation marginally increased to 5.7% in December 2012, and is expected to top 6.1% this year. Botswana's inflation is at 7.4% and Namibia, 6.3%.

Investment markets

After posting negative returns in 2012, Zimbabwe's mining and industrial indices returned 29.1% and 17.68% in January. The mining index is coming from a low base, and has been stagnant due to the uneasiness brought about by the Indigenisation process. SA equity markets continue to scale new highs, but this is likely to slow as most shares in the industrial, retail and banking sectors have reached expensive levels. Our Top 10 BUY list is out (see table on the left). The pricing is as at 31 December 2012. Three shares, **Discovery (DSY)**, **JD Group (JDG)** and **MTN Group (MTN)** have remained on our buy list.

Economic Activities

From an unemployment point of view, 2013 does not look good. With SA's unemployment rate estimated at 25.5%, Anglo Platinum's proposed 14,000 workers' retrenchment, Harmony Gold 6,000 and Denel's 500 people layoffs will worsen the unemployment situation. The effects of the agricultural strikes in the Western Cape will be felt this year in terms of production.

In Zimbabwe, an outbreak of army worms and flooding in some parts of the country threatens food production for the 2013 season. Trade statistics indicate that Zambia collected \$830.19 million in mining taxes in 2012 from \$600 million in 2011 as a result of Government's new tax guidelines for mineral exports. Zambia may benefit from a deal to create the North-South corridor facilitating the export of copper from DRC and Zambia via the Durban Harbour in SA (which is 2,531 km from the Copperbelt in Zambia). **We believe transport via Beira in Mozambique could be cheaper (1,417km) option, and will help in regional development.**

Social and Political Developments: Mr. Obama's second chance

Mr. Obama was inaugurated for a 2nd term on 21 January 2013. He is a great orator, and if he does not help deliver a better America he will be remembered just as that - a "good rhetoric talker" after his time in the White House. His, and sometimes meaningless rhetoric was well captured in the statement "...**We cannot mistake absolutism for principle, or substitute spectacle for politics, or treat name-calling as reasoned debate...**" **Did the Republicans understand that?** Well, he is becoming a political showman. With the so-called "celebrities" including Jay Z, Ms. Beyonce Knowles and Mrs. Michelle Obama all smiles next to him, **he has made "politics" a "spectacle"**.

This takes us to Kenya, where his half-brother, Mr. Malik Obama is hoping to ride on the USA President's fortunes by entering the presidential race in Kenya. Get the free ride to riches. After all, Kenya has among the most highly tax-payer-paid politicians in the world. It pays to be a politician.

Unrest continues to spring in some parts of Africa. The French army is quelling the civil war in Mali, and Eritrea is brewing some dissent within. Some renegade soldiers are demanding the release of all "political prisoners". Despite its small population of about 6 million people, it is believed that Eritrea has Africa's second biggest army. There is no peace and stability in sight in Egypt. **It is sad that the world political leaders have failed to find a solution to stop the loss of life and destruction in Syria.**

The draft Constitution in Zimbabwe might go for referendum in March. The so-called three principals to the Global Political Agreement (GPA) - Zanu PF (President Mugabe), MDC-T (Mr. Tsvangirai) and MDC-M (Prof Mutambara) are all happy, and hence it's a YES vote for them. **They, and the world, are forgetting that there are other 20 or more political parties in Zimbabwe and some civil society groups who may not agree to this.** Surprise, surprise!

Economic Indicators			
	USD	Euro	Move
Rand	8.98	11.2	6.40%
Pula	7.91	10.7	1.67%
Kenya	86.2	116	1.75%
Kwacha	5179	7022	0.03%
Naira	156	211	0.00%

	Dec	Dec	Move
Gold (\$)	1715	1665	-2.92%
Oil (\$)	109	111	1.83%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2013

	Share Code	Entry Price	Target Price
1	DTC	4905	6760
2	DSY	6219	8450
3	JDG	4500	5941
4	OML	2449	3147
5	NPN	54320	69268
6	GRT	2450	3074
7	AEG	3066	3835
8	MTN	17760	21689
9	MMI	2217	2637
10	NED	18800	22304

Prices in SA cents

JM BUSHUA Funds Returns

Fund Name	3 Years
CashPlus	6.78%
BondPlus	12.91%
Real Return	12.79%
Absolute AllClass	15.47%
Absolute Aggressive	14.54%
Diversified Equity ⁽¹⁾	19.90%
Communities Fund	N/A
Global Investor	N/A
Afro Fund	12.79%

Returns are annualised
(1) 21 months returns

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