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Economic Indicators			
	USD	Euro	Move
Rand	15.89	17.22	2.73%
Pula	11.44	12.39	1.94%
Kenya	102.40	110.9	0.1%
Kwacha	11.26	12.20	2.32%
Naira	198.96	215.5	-0.2%
	December	January	Move
Gold (\$)	1061.10	1118.2	5.4%
Oil (\$)	37.28	34.74	-7%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2016			
	Share Code	Entry Price	Target Price
1	TSH	2300	3500
2	IPL	12100	18000
3	INL	10300	12900
4	FSR	4200	5100
5	SLM	5800	7000
6	OML	3800	4600
7	CPI	48100	56500
8	NED	18700	21100
9	MDC	12100	13500
10	BGA	14400	16000

Prices in SA cents

JM BUSHHA Funds Returns	
Fund Name	3 Years
CashPlus	6.32%
BondPlus	2.78%
Real Return	3.80%
Absolute AllClass	7.32%
Absolute Aggressive	6.05%
Diversified Equity	9.08%
Communities Fund	N/A
Global Investor	N/A
Afro Fund	3.80%*

\* Same as Real Return

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#### Rates Rise as Economy Falls!

The start of every year is usually marked with renewed belief, ambitious resolutions and a pure sense of optimism that things will be better. Unfortunately, the South African economy has failed to produce such hope, with a weakening currency, rising inflation and muted growth. The Rand dipped to all-time lows in January while inflation edged toward the upper-end of the target band in December. This deteriorating outlook meant that the SARB was obliged to step in, pushing rates up by 50b.p, with the repo rate now at 6.75%. Despite the rate hike, the inflation outlook remains ominous, with CPI expected to rise to 6.8% this year and 7% in 2017. The growth outlook is just as alarming, with the SARB predicting 0.9% in 2016 while the IMF has slashed forecasts down to 0.7%. There is also a growing concern that if the underlying fundamentals were to deteriorate further, a recession may well be on the cards. The rising rate environment does not bode well for the cash strapped consumer, who will now seek to take on more risky short-term debt to merely finance basic living expenditures, and the increased costs of debt. This debt trap could prove to have crippling effects on the economy.

#### Investment Markets- A Rocky Start!

The JSE ALSI ended January in the red, falling 3.1% as effects of the slowdown in China continued. Resources were once again the hardest hit, falling 4.5% as manufacturing in China slowed for the 11<sup>th</sup> consecutive month. Financials initially trended downward (over 10% in first 2 weeks of 2016) as the Rand touched new lows, but recovered somewhat on the back of the rate hike, ending down 3.5%. The weakness in equity markets were felt across the world as fears of an economic slowdown and tepid inflation spread. In the USA, markets saw the worst opening month since 2009, with all indices down over 5%. A tough start to equities markets that isn't expected to offer any respite in the year ahead.

#### Economic Activities- Ripple Effects

January saw the Rand weaken to all-time lows (intraday low of R17.91), as pressure mounted from political instability at home coupled with growing evidence of a slowdown in China. Oil prices slumped on the back of excess supply and slowing demand, dropping 25.2% at one stage, followed by a late rally in the month. Chinese growth for 2015 was reported at 6.9% (although independent forecasts range as low as 3-5%) and is estimated to remain within 6.5-7% in 2016. The anaemia in China has resulted in its neighbours bearing the brunt of declining exports and subsequently depressing GDP growth. This has prompted monetary policy easing with the Bank of Japan lowering interest rates to -0.1% in an effort to spur an economy that is still struggling to find momentum and counter deflationary pressure.

#### Social and Political Developments- Another Industrial Revolution?

A major talking point in January was the World Economic Forum in Davos, where business leaders, politicians and celebrities attended in a bid to find solutions to the economic and social issues at hand. The event, which focused on technological innovation, climate change and water shortages, left many questioning the credibility of proposed policies and their effects on a world still submerged in inequality and poverty. Adding to the debate of the vast gulf in social status, research by Oxfam showed that the richest 62 people in the world now own as much as the poor half of the world's population. These studies highlight the struggles that are prevalent in emerging economies and the change that is drastically needed to improve the lives of people. The growing need for leadership has never been more evident.

#### Parting Words of Wisdom

"It is the mark of an educated mind to be able to entertain a thought without accepting it." – Aristotle