

9 July 2012, Volume 17

Economic Indicators

	USD	Euro	Move
Rand	8.14	10.33	-4.25%
Pula	7.51	9.45	-2.79%
Kenya	83.3	103	-2.34%
Kwacha	5051	6397	-4.51%
Naira	159	204	0.06%

	April	May	Move
Gold (\$)	1561	1597	2.37%
Oil (\$)	102	97	-5.60%

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 BUSHHA Funds Returns

Fund Name	3 Years
CashPlus	7.52%
BondPlus	10.27%
Real Return	11.48%
Absolute AllClass	14.26%
Absolute Aggressive	14.65%
Diversified Equity	N/A
Communities Fund	N/A
Global Investor	N/A
Afro Fund	11.48%

Research Team

Chief Investment Officer
Joseph M Busha

Economic Research
Limakatso Lehobo

Investment Research
Joseph M Busha
Patrick Serere

Contact Details
Tel: +0027 11 325-2027/8
Fax: +0027 11 325-2047
invest@jmbusha.com
www.jmbusha.com

Money, Money

In 1982, a high school colleague of mine chose the topic “**Money is the source of evil**” at a public speaking competition, which he won. Fast forward to 2012, thirty years later, I ask the question – *was he right?* Well, given the deceit and scandals rocking the financial services sectors, it is difficult to dismiss the claim that money could be the source of all our problems. The housing crisis in the USA, the traders’ scandals that involved Mr. Nick Leeson and many other past events demonstrate that the greediness for money is the cause of many financial and social crises.

Barclays is being accused in manipulating interest rates (the London Interbank Offered Rate – LIBOR) in the UK, MTN is accused of bribery in Iran, Greece is broke and the EU cannot find solutions to sort out the sovereign debt problems of member states. At the centre of this is money. **Governments have been printing money to solve moral matters. The EU never learnt from Zimbabwe. The global solution is to cleanse the world of dishonest people in positions of power, and make them earn the financial or moral power at least.**

Mining revenues

It is believed mining companies are evading tax globally, and there is an agreement to share tax information through the initiative of AEI. Developing countries have incurred a global net loss of \$400 to \$440 million on average per year over the past ten years.

In Zambia, although mining contributes 80% of export income it contributes at most 2% of government revenue and this is attributed to tax evasion. Australia has been talking about higher taxes. South Africa is also debating about introducing other forms of tax (e.g., super profits tax) to obtain more benefits from minerals. Because of global unemployment problems, governments will try and find ways of collecting money to replace dwindling employees’ tax collections.

I believe Africa should move to agricultural production for new sources of income. Mining revenue will continue to dwindle as extraction costs increase and selling prices move lower.

Social and Political Developments

Round 2 of the battle to be the Chair of the African Union happens in a week’s time between the current head Mr. Jean Ping of Gabon, and SA’s Dr. Nkosazana Dlamini-Zuma. **A lot has been said, much has been done and the campaign is hot. If only the same efforts would be shown in solving Africa’s problems and save millions of children starving and lives lost due to senseless wars, Africans would be happy. Leadership will change, but nothing will change in the remote villages of rural Africa, and in the cities’ townships.**

The ANC Policy Conference has come and gone. From practical steps point of view, **nothing new came out.** The same policy positions taken before have been reworded and put forward.

I trust that the comrades in the ANC will start ticking some of the Freedom Charter objectives as successfully completed. For now the country’ hopes and future lies in the hands of the ANC. Comrades, stand up and get counted for making the right moves. *Aluta continua!*

Parting Words of Wisdom

“Winners know when to stop” – A known saying.