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Regional inflation on the rise

Inflation continued on its upward trend with Zambia's inflation edging up to 7.9% from 7.8%, while South Africa's remained above upper target band recording 6.6% in May. Exogenous factors continue to drive inflation with fuel and other energy related products set to increase in the month of July in SA. Zambian authorities have granted a 24.63% electricity tariff increase for retail consumers.

Investment markets

Equity markets continued to edge higher in June with South Africa's JSE SWIX index gaining 2.76% for the month. Resources gained 3.45% while Industrials and Financials returned 2.80% and 2.70% respectively. On a year to date basis, the SWIX has delivered a Total return of 11.88%. We continue to be cautious on the valuation of the equity markets given the lack of an earnings underpin we have seen to date. We believe a retracement in the market is likely given the re-rating driven gains which have pushed the market to record highs.

Economic Activities

Zimbabwe's economic growth rate has been lowered to 2% by the World Bank while the current account deficit is expected to be 16.3% of GDP. Liquidity remains tight with winter wheat hectareage declining due to lack of funding. On a positive note, Tobacco is set to reach all time sales of 200 million kilograms reached 14 years ago while maize harvest is set to double on a year on year basis to 1.4 million metric tonnes.

Swaziland has been removed from the beneficiary list of the Africa Growth and Opportunity Act (AGOA), with the US citing suppression of rights of workers. The move is set to lead to job losses within the Swazi economy.

South Africa's Mining and construction union AMCU, agreed to end a 5 month long strike after agreeing a new wage deals with miners on the platinum belt. Meanwhile, NUMSA is set to embark on its own strike after failing to reach a wage deal with employers after demanding a 15% wage hike.

Social and Political Developments

There has never been much drama in South Africa's parliament since the dawn of democracy in 1994. It was a very formal affair. Fast forward to 2014, with new comers the Economic Freedom Fighters (EFF) headed by its' commander-in-chief, Mr. Julius Malema (former ANC Youth League President), parliament is not and will never be the same if they remain true to themselves and win some more seats henceforth. They raise good points and get ejected from National Parliament and provincial legislatures for wearing overalls (and not suits). They promise other parties support if matters raised are in line with their positions. **That is certainty.**

Zimbabwean politics is now in full circus. The once disciplined ZANU PF party of President Mugabe is divided with factions, gossip, and mistrust and spying of comrades embedded in the organisation. The Baba Jukwa (*and all his relatives*) saga that leaked ZANU PF's activities and internal party discussions to the public through the social media platform will cause irreparable damage if not managed.

Liberation movements in Africa must learn and remember one lesson: **"Identify what united the movement(s) together during the struggles, and stick to that to remain relevant"**. The electorate is getting wiser, and it notices the opulence, arrogance of, and oppression of the majority population by those who replaced the former oppressors. **People see no differences and only get reminded of the bitter past.**

Parting Words of Wisdom

"It's wise to observe, learn and then act in that order". **Joseph Makamba Busha**

Economic Indicators

	USD	Euro	Move
Rand	10.64	14.57	-0.62%
Pula	8.80	12.04	-0.53%
Kenya	87.60	119.9	0.34%
Kwacha	6.30	8.63	8.56%
Naira	163	223	-0.14%

	May	Jun	Move
Gold (\$)	1251	1326	5.9%
Oil (\$)	109	112	2.8%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2014

	Share Code	Entry Price	Target Price
1	Mediclinic	7600	13328
2	A. Rainbow	18900	25936
3	Discovery	8450	11568
4	Crookes Br	6600	8997
5	Old Mutual	3279	4319
6	Anglo	22900	28440
7	Group Five	4054	5010
8	AECI	12500	15130
9	Barclays	13225	15917
10	MTN	21702	25701

Prices in SA cents

JM BUSHHA Funds Returns

Fund Name	3 Years
CashPlus	6.00%
BondPlus	8.88%
Real Return	13.13%
Absolute AllClass	15.98%
Absolute Aggressive	14.88%
Diversified Equity	22.96%
Risk Averse Fund	11.64%
Global Investor	N/A
Afro Fund	13.13%

Returns are annualised

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