

4 June 2012, Volume 16

### Economic Indicators

	USD	Euro	Move
Rand	8.5	10.5	-8.9%
Pula	7.7	9.6	-5.9%
Kenya	85.3	105	-2.7%
Kwacha	5219	6536	-1.3%
Naira	159	198	-2.3%

	April	May	Move
Gold (\$)	1656	1561	-5.74%
Oil (\$)	119	102	-14.29%

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%

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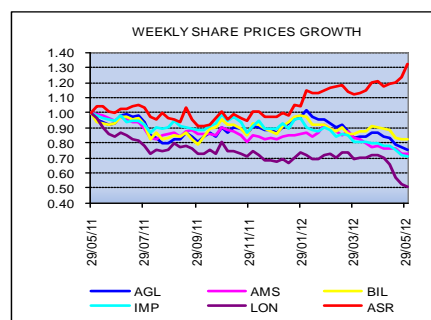
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### The global economy

The economic slowdown triggered by the Eurozone debt crisis continues to weigh on the global economy with China now included. This will surely have a negative effect to SA and SADC regional growth prospects. China and Europe are Africa's biggest trading partners. Declining mining output and rising unemployment will put pressure on growth rates in the next two years still.

### Mining shares not shining

Mining shares took the lead in an equity share prices' losing month. Platinum shares have been on a downward trend for the last 12 months. Lonmin has lost about 50% in value during the past year. Only ASR has gained.



While diversified AGL is on hold, **BIL** and **ASR** are on our buy list. See Top 10 Equity Buys list table.

### Economic Activities: Zambia and Zimbabwe focus

Economic activity in Africa depends on China and other developed countries' interests and not on the continent's capacity. The base has been mining and infrastructure development. Infrastructure development, which has been mainly roads construction is short-term and does not create long-term productive employment opportunities. African governments must take note of this. Agricultural and mining production with certain levels of beneficiation must be the axis of economic development and growth. SA is doing better in the energy sector.

Zimbabwe's Grain Marketing Board increased the floor price of maize from US\$285 to US\$295 per tonne. A long winter awaits many Zimbabweans as the country's sole electricity supplier, Zimbabwe Electricity Supply Authority (ZESA) introduces a 9-hour power cut system to manage the supply, but this may compound the problem of industrial output. Due to the erratic electricity supply and failure by government to settle US\$59 million owed to local manufacturers for inputs from previous seasons, there is wheat deficit amounting to 80% of annual requirement.

Zambia Sugar's wage negotiations have gone to court with employees demanding a 35% increase compared to a 15% management offer. Zambia Electricity Supply Corporation Limited (ZESCO) has embarked on a US100 million World Bank funded upgrade of the 341km transmission line from Kafue to Livingstone, which constitutes part of a new regional north-south connection linking Zambia and Namibia bypassing the unreliable network of Zimbabwe.

**Zimbabwe needs to get its act together now to avoid being excluded from many positive regional developments that could affect its long-term economic revival, competitiveness and job creation opportunities.**

### Social and Political Developments

Lesotho's new Prime Minister, Ntate Thomas Thabane formed a new coalition government with small minority parties. This "coalition" trend is dangerous for democracy, social development and economic advancement because it might lead to inter-party patronage. The leading party might be forced to satisfy the needs of minority party leaders. Minorities will ride onto their new bargaining power, enjoy new benefits and forget about national interests. It happened in Kenya and Zimbabwe. We suggest run-offs between the two leading parties are the best way to go and get **clear winners** so they can **implement their policies and deliver**.

### Parting Words of Wisdom

"Winners know when to stop" – A known saying.

Lesotho • Namibia • South Africa • Swaziland • Zambia • Zimbabwe

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