

3 June 2013, Volume 27

Economic Indicators

	USD	Euro	Move
Rand	10.08	13.1	7.73%
Pula	8.56	10.9	5.16%
Kenya	83.9	108.3	-0.00%
Kwacha	5176	6722	0.00%
Naira	156	203	0.06%

	Apr	May	Move
Gold (\$)	1606	1397	-13.0%
Oil (\$)	111	101	-9.01%

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	6.68%
BondPlus	12.46%
Real Return	13.18%
Absolute AllClass	15.84%
Absolute Aggressive	14.65%
Diversified Equity	19.56% *
Communities Fund	N/A
Global Investor	N/A
Afro Fund	13.18%

* 23 months returns

Research Team

Chief Investment Officer
Joseph M Busha

Economic Research
Limakatso Lehobo

Investment Research
Joseph M Busha
Patrick Serere

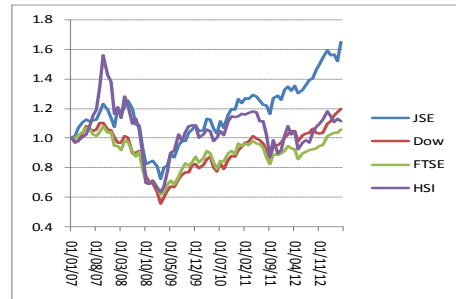
Contact Details
Tel: +0027 11 325-2027/8
Fax: +0027 11 325-2047
invest@jmbusha.com
www.jmbusha.com

Rand volatility

The Rand / US Dollar exchange rate took a knock to R10.28/US\$ on 31 May 2013 from R9.04/US\$ on 30 April 2013 – a four year low. This is not good news for petrol prices and inflation containment, but good news for exports. The currency weakness might slow down imports and correct the trade deficit in the months ahead. Brazil cuts its lending rate to 8.00% and SA keeps its on hold. Last month Israel, the EU, Australia and Brics member India cut their rates. It's a mixed bag and so will individual countries recovery paths.

Dow Jones & JSE: New highs

The month of May records the second time some world equity market indices reach new highs. The Dow Jones reached new highs returning about 8.51% since 31 October 2007, and the JSE is 34.09% up. FTSE100 is -2.06%, and Hang Seng (HSI) -28.58% down. Does this signal return of confidence? Or is it "Sell in May, go on holiday" time?



Economic Activities: SA trade deficit widens

SA trade deficit ballooned 80.96% to R15.02 billion from R8.3bn in March, which might widen the current account deficit (currently about 6.2% of GDP). Imports increased by about 22% and exports by 3%. Subdued demand for commodities and stagnant (low) commodity prices are not helping. GDP was at 0.90% quarter-on-quarter, less than expected. This is attributed to 7.90%, 4.90 and 3.00% decline in manufacturing, agriculture and utilities respectively.

Tobacco, one of Zimbabwe's cash crops has sold 58.80% of its target sales to date. The country may import 430,000 tonnes of wheat. Given Botswana and Zambia's successes in restricting mineral products sales and creating value-add services in the industry, Zimbabwean is considering having the State as the only seller of mineral commodities it deems strategic.

Discovery of more natural resources continue in Africa – in particular oil and gas. The list includes Ghana, Namibia, Mozambique and South Africa as new comers. In Namibia, gas reserves of two trillion cubic feet has been discovered, while in Mozambique, gas reserves and its extraction, if successful, will make it the second largest liquefied natural gas exporter (LNG) after Qatar overtaking Australia. For this to benefit the countries' millions starving people, there must be political will for total transparency and accountability going forward.

Social and Political Developments

The side shows aside, Zimbabwe will have the much awaited elections within 90 days after parliament is closed at the end of this June. Mozambique will hold local elections in November before presidential in 2014, and so will SA. Madagascar continues to have its government leadership legitimacy problems. **I hope the AU can develop processes to manage member states instabilities and assist little countries like Madagascar - if it is to have real relevance in the next 50 years.** Otherwise Africa will continue to the pay the price of foreign interference as recently experienced in Ivory Cost, Libya, Mali and Sudan, and the cost will be immeasurable.

Parting Words of Wisdom

"The price of excellence is discipline, the cost of mediocrity is disappointment" – William Arthur Ward.