

Monthly News Letter

Investment & Economic Matters



Economic Indicators

	USD	Euro	Move
Rand	15.79	17.58	10.98%
Pula	11.24	12.53	5.98%
Kenya	100.88	112.47	-0.13%
Kwacha	10.41	11.60	8.44%
Naira	199.05	221.92	0.68%

	April	May	Move
Gold (\$)	1293.53	1210.29	-6.44%
Oil (\$)	48.13	49.55	2.95%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2016

	Share Code	Entry Price	Target Price
1	BGA	144	160
2	OML	38	46
3	SLM	58	70
4	IPL	121	180
5	CPI	481	565
6	TSH	23	35
7	NED	187	211
8	MDC	121	135
9	INL	103	129
10	FSR	42	51

Prices in SA Rands

JM BUSH A Funds Returns

Fund Name	5 Years
CashPlus	6.33%
BondPlus	7.41%
Real Return	8.86%
Absolute AllClass	11.35%
Absolute Aggressive	10.54%
Diversified Equity	15.43% **
Communities Fund	8.50%
Global Investor	N/A
Afro Fund	8.86%*

* Same as Real Return

** 4 years return

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SA not junk "yet"

As May came to an end, the most anticipated day on SA's financial calendar drew closer. On the 3rd of June, rating agency Standard & Poor affirmed SA's credit rating at BBB-, only one notch above junk status and it maintained a negative outlook. A downgrade to junk status will have severe consequences on investment inflows as most professional investor's i.e. hedge funds, asset managers, and pension funds are prohibited from investing in junk rated countries. Avoiding a downgrade has given the government a new lease on life to adopt policies that will attract investment, create jobs and re-ignite growth. The question is, will 6 months be enough to salvage the little bit of Investor confidence left, ease off political tensions and implement key policy reforms that will stave off a potential downgrade come December.

Investment Markets- Industrials on the up

For the fourth straight month, the JSE All Share ended in the green, up 1.8%. Industrials led the gains with the Indi 25 ending the month up 5.9%. Financials were 2.2% lower and the rally from resources last month ended with the Resi Index retreating 2.7%. From a company perspective, Famous Brands (FBR) reported a strong set of results, with headline earnings rising by 16%. FBR also confirmed that it will be looking for acquisition opportunities in the UK to counter the impact of a weak domestic currency. PPC was the worst performer for the month as the share fell by more than 30% in May. The cement maker announced plans to raise capital of up to R 4bn to reduce debt levels and fund existing projects. A disappointing trading statement followed by a downgrade by Standard and Poor saw PPC ending the month at 13 year lows.

Regional Economic Updates- Zimbabwe's Banks run is inevitable

A run on the banks is inevitable in Zimbabwe despite ceiling placed by banks on how much clients can withdraw daily. Following approximately 7 years of abandoning the Zimbabwean Dollar, the RBZ will be circulating bond notes possibly by the end of August as national currency. This comes at a time when the Zimbabwe's political future is still uncertain and economic performance is crippled by corruption and barely recovering from prior economic collapse. Full EU-SADC Economic Partnership Agreement (EPA) to be finally signed in June after 12 years of deliberations by the respective countries. The imbalanced power dimensions in the negotiations given that EU is a donor of several SADC countries fuelled scepticism that among other challenges the partnership would complicate regional integration as well as development policy framework as the partnership locks the countries to standardised neoliberal development model. On a positive note the trade partnership could help to boost both international and domestic investment in the respective countries due to clear regulatory framework.

Social and Political Updates- The Vuwani saga

In the month of May, we saw a lot of hostility coming from the people of Vuwani in Limpopo, as they displayed their frustrations with the government. The residents in and around Vuwani, a Venda village, are refusing to have their area fall under the Malamulele municipality (which is a Tsonga Municipality). They resorted into a violent protest, with more than 20 schools being either torched or vandalised by protesters. This has been rumoured to be influenced by tribalism. The Vhavenda King has condemned the violent acts, but he however supports the residents' opposition to join the Malamulele municipality. The spokesperson of the Limpopo government Phuti Seloba said traditional leaders are willing to help the authorities to bring stability to Vuwani and other surrounding villages.

Parting Words of Wisdom

"He who is not courageous enough to take risks will accomplish nothing in life."

Muhammad Ali

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

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