

5 March 2013, Volume 24

Economic Indicators

| | USD | Euro | Move |
|--------|------|------|-------|
| Rand | 8.98 | 12.0 | 0.00% |
| Pula | 7.88 | 10.6 | 0.40% |
| Kenya | 86.1 | 116 | 0.10% |
| Kwacha | 5179 | 6968 | 0.00% |
| Naira | 154 | 211 | 1.30% |

| | Jan | Feb | Move |
|-----------|------|------|--------|
| Gold (\$) | 1665 | 1576 | -5.30% |
| Oil (\$) | 111 | 110 | 0.90% |

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 | 6.78% |
| BondPlus | 12.91% |
| Real Return | 12.79% |
| Absolute AllClass | 15.47% |
| Absolute Aggressive | 14.54% |
| Diversified Equity ⁽¹⁾ | 19.90% |
| Communities Fund | N/A |
| Global Investor | N/A |
| Afro Fund | 12.79% |

Returns are annualised
(1) 21 months returns

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Petrol Price hikes in SA

South African petrol price increases to above R13/litre (US\$1.4 / litre) for the first time, and will increase again in April. This will have negative impact on retail goods prices in SADC. **So transport costs, food and other will go up and keeping inflation below 5.00% will be tough unless the reversal is almost immediate in SA.**

Investment markets

The equity investment market was jittery in February and lost above 1% on average. Bonds have remained strong due to offshore demand. Mining stocks have not benefited from the weakening Rand/US dollar exchange rate. **We believe 2013 will be a difficult year for the mining sector shares, and most are on the sell list in our investment research report.**

Economic Activities: The African new look East not working for some

China is seen by many African countries as the saviour, new source of aid funds and Foreign Direct Investment (FDI). But the workmanship and way of doing business is not really liked by many. *Beggars cannot be choosers!*

Botswana and Zambia are the first African countries (we know) to explicitly and publicly show dissatisfaction with the way Chinese companies conduct business. President Khama of Botswana sends the warning shots by decreeing poor quality of Chinese work. Zambia has taken over a Chinese coal mine citing poor safety and non-compliance with regulations (taxes, labour, human rights, etc). This might be the beginning of the end of the "Look East Policy" for assistance by African leaders.

China has a policy of non-interference in other nations' domestic affairs as long as its economic interests are not affected. This has worked for some governments that do not want to be accountable. They look the other side even if things are not okay.

South African Finance Minister, Mr. Pravin Gordhan delivered his budget speech on 27 February. The youth wage subsidy was confirmed as a way of creating employment, but COSATU, the labour movement is opposed to that means of creating employment – because the policy might be exploited at the expense of job-seekers and the tax-payers. This involves the government paying part of the cost.

Major highlights of the budget included on increase in personal taxes (there were reductions for lower income groups and senior citizens) and an increase in fuel levy by 30 cents / litre. Eskom got an 8% pa over 5 years electricity increases approved instead of 16% it had requested. This is above the upper target inflation level of 6%. **Unless the infrastructure development programs are fully implemented in line with the 30-year National Development Plan (NDP) produced by the SA government, economic growth will remain subdued for at least 2-3 years.**

Social and Political Developments: Mr. Obama's second chance

Kenyan elections have started, and the counting is on. Will we get a clear winner? We hope all will go well during the elections period. **Good luck to all the candidates and may the winners celebrate responsibly with all Kenyans and lead in building the nation.**

Parting Words of Wisdom

"Winners know when to stop". A known saying