

6 March 2015, Volume 45

Economic Indicators			
	USD	Euro	Move
Rand	11.65	13.05	0.00%
Pula	9.47	10.76	-0.01%
Kenya	91.30	102.27	-0.00%
Kwacha	6.90	7.72	6.15%
Naira	200.0	227	6.45%
	Jan	Feb	Move
Gold (\$)	1260	1214	-
			3.65%
Oil (\$)	49.5	62.6	26.5%
Move is % change monthly against USD			

Top 10 JSE Equity Buys 2015			
	Share Code	Entry Price	Target Price
1	MDC	10065	13481
2	SNT	21500	27837
3	DCT	350	447
4	OML	3470	4290
5	NED	24900	30319
6	AGL	21533	25961
7	SHF	5940	7126
8	ILV	2450	2893
9	LBH	12269	14419
10	LHC	2450	2893

Prices in SA cents	
JM BUSHHA Funds Returns	
Fund Name	3 Years
CashPlus	6.10%
BondPlus	9.30%
Real Return	11.59%
Absolute AllClass	15.46%
Absolute Aggressive	13.61%
Diversified Equity	21.26%
Communities Fund	N/A
Global Investor	N/A
Afro Fund	11.59%*
* Same as Real Return	

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Currency volatility

The US dollar has strengthened against most major trading currencies – buoyed by the GDP growth and employment numbers. Unemployment in the US is falling and estimated to be around 5.5%. The Zambian Kwacha and Nigerian Naira all lost above 6.5% to the dollar. Whilst the South African rand was flat month-on-month, volatility was very high and by close of business day on the 6th, it had weakened by 3.5% to R12.03/\$. The expectation of interest rates rising in the US introduces economic growth and food price risks to many African countries. SA fuel prices which had come down by at least R4/litre cumulatively have now increased by more than 90c/litre in response to oil price rising by 26.5% during the month of February.

Investment markets – Higher and higher

Investment markets, in particular equity have done well for the past 12 months producing positive returns in all but one month (September 2014). Bonds pulled back in February after a sharp rise in January. As mentioned above, the recovery of oil prices and possible increase of the US policy rate pose an upside risk for vanilla bonds. Another increase in fuel prices in SA will cause inflationary pressure going forward.

Bond yields have gone up by at least 110 basis points since the beginning of the year. We believe the bond market provides buying opportunity and we recommend duration neutral to slightly long as yields pick up.

Economic Activities- Trade surplus in SA

Some part of South Africa and Zimbabwe are receiving no rains and crops are drying up. In SA, the main areas experiencing drought are Free State and North West provinces. Zimbabwe is unlikely to meet the target of 222 million kilograms of tobacco owing to late rains and a mid-season dry spell. Late rains affected planting while the mid-season dry spell impacted heavily on yields. Last year, farmers pocketed over \$685 million out of 216 million kilograms that went under the hammer. Also, falling yields in maize crop have cast doubt on whether farmers will be able to harvest the two million tonnes of maize needed to meet internal demand.

Troubled AfrAsia Bank Zimbabwe with total assets of \$200 million and a staff compliment of around 400 surrendered its banking licence after its Mauritian shareholder gave up on turning around the bank's fortunes.

Social and Political Developments- No EU-Africa for Zim

Lesotho elections have come and gone –again a coalition government might be formed now or later. At some stage in its history, the Basotho political leaders must do what is right for the betterment of the country and its people. **We urge them to work in peace without dividing state organs along partisan lines – as was the case when there was a stand-off between the police and the army that paralysed the work of the executive before the elections.**

Elsewhere in Africa, Nigeria's elections are in the limbo as the threat of Boko Haram continues to cause administrative headaches for the government and electoral commission. Villagers live in fear of being kidnapped or killed. The situation is even more dangerous as the militants want an alliance with the Islamic State group.

What are all these fights and killings for? Power! These fights are not to govern responsibly, but to gain political power for abuse. Demands by the different groups - whether in Lesotho, Nigeria or Ukraine are too many and varied, which sometimes become difficult to meet and govern.

Parting Words of Wisdom

"How can anyone govern a nation that has 246 different kinds of cheese?" Charlie de Gaulle, French statesman (1890-1970)

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

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