

1 November, Volume 32

Economic Indicators

	USD	Euro	Move
Rand	10.1	13.53	0.01%
Pula	8.43	11.52	0.00%
Kenya	3.94	115.4	-1.76%
Kwacha	5.18	7.01	-1.52%
Naira	157	215	-1.25%

	Sept	Oct	Move
Gold (\$)	1324	1325	0.00%
Oil (\$)	108	108	0.00%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2013

	Share Code	Entry Price	Target Price
1	Datatec	4905	6760
2	Discovery	6219	8450
3	JD Group	4500	5941
4	Old Mutual	2449	3147
5	Naspers	54320	69268
6	Growthpoint	2450	3074
7	Aveng	3066	3835
8	MTN Group	17760	21689
9	Momentum	2217	2637
10	Nedbank	18800	22304

Prices in SA cents

JM BUSHUA Funds Returns

Fund Name	3 Years
CashPlus	6.30%
BondPlus	8.79%
Real Return	12.90%
Absolute AllClass	14.98%
Absolute Aggressive	13.52%
Diversified Equity ⁽¹⁾	22.13%
Risk Averse Fund	11.15
Global Investor	N/A
Afro Fund	12.90%

Returns are annualised
(1) 31 months returns

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Banking bully

Standard Chartered (Zimbabwe) has been ordered to reimburse client (China Shougang International) funds, which was used by the Reserve Bank of Zimbabwe (RBZ) during the “lost” decade of 200-2009. During that period RBZ took clients funds willy-nilly and became a commercial bank offering loans to individuals. It might be time to face the music and pay up. It’s a case of chickens coming home to roost for the RBZ.

Year-on-year inflation in Zimbabwe dropped to 0.86% from 1.28% (in August). Food inflation and non-alcohol beverages recorded -0.32% while non-food inflation was at 1.45%. A good agricultural season in 2014, which is expected, will keep inflation lower for the rest of 2014. South African inflation remains high at 6.0% and PPI at 6.7%. The Rand/USD dollar exchange rate volatility remains a key factor in prices and inflation stability in SA.

Investment markets – news highs for equities

The JSE equity market and other global equities continue to climb higher. In SA, Naspers has been a star performer returning about 73.05% year to date but all is mainly driven by China’s Tencent performance expectations. Other shares that have lifted the overall equity market are Richemont, Aspen, Mondi and MTN.

Bond yields remain on the back foot given the Rand/US\$ and inflation levels.

Economic Activities: - Zimbabwe imports maize

SA’s trade deficit marginally improved to 18.9 billion in September from R19.1 billion. For the 3Q13, imports were 23.8% up versus exports increase of 17.7%. The cumulative deficit is R126.4 billion compared to R83.6 billion for the same period in 2012 – a 51.19% rise. This has a filter-through effect on current account deficit, which is currently at 6.5%. All this put pressure on the economy.

Zambian government finances have deteriorated sharply with Fitch Ratings downgrading the long term foreign and local currency rating Issuer Default Rating to “B+” from “B”. Budget deficit is expected to be 8.5-9.0% of GDP in 2013. However, since January trade surplus has remained positive at ZMK53 million.

Zambia is reportedly demanding cash upfront from Zimbabwe for the 150,000 tonnes of maize it requested to avert famine. The country is using 6 million tonnes of wood energy per year for domestic, agricultural and individual use because of electricity power shortage and erratic supply. Indiscriminate cutting of trees will be disastrous if not curbed and managed. Many rural and small scale farmers are farming cash product –tobacco and use wood for its treatment.

On the mining front, Zimbabwe, whose platinum reserves are much bigger than that of Russia intends to launch a mining bond to raise money for the sector. It needs about \$5 billion to unlock value, it is reported. To gain meaningfully and reduce poverty on the continent through resources beneficiation, African governments must allocate more financial resources to research and development (R&D) and challenge local scientists to produce new products and ignite sustainable growth.

Social and Political Developments: College for SA civil servants

When one does not understand one’s environment, strengths and weaknesses and is stuck in a “*cul-de-sac*”, then anything is possible. With so many top-ranking universities and business schools, the South African government have decided to launch a special school to train its public servants. What a long shot! This will be a waste of public money. Mr. Trevor Manuel surely can get another job after championing the National Development Plan (NDP). The solution to SA problems lies with good governance, progressive leadership and full commitment to all these.

Parting Words of Wisdom

“Giving money and power to government is like giving whisky and car keys to teenage boys”. P.J. O’Rourke.

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

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