

2 November 2015, Volume 52

Economic Indicators			
	USD	Euro	Move
Rand	13.77	15.19	-0.4%
Pula	10.53	11.62	0.1%
Kenya	102.07	112.46	-2.8%
Kwacha	12.58	13.87	3.4%
Naira	198.35	217.65	-0.3%
	August	September	Move
Gold (\$)	1123.5	1138.9	1.4%
Oil (\$)	48.1	49.1	2.1%

Move is % change monthly against USD

Nigeria leaving MTN high and dry

The final week of October saw MTN slapped with a mammoth fine of \$5.2bn by the Nigerian Communications Commission (NCC), pushing the stock more than 15% lower in the week and wiping out almost R70bn in market value. The NCC has stated that MTN failed to disconnect unregistered SIM cards in the required timeframe, resulting in the regulator having to forcefully disconnect 5.1mn unregistered SIM cards. The size of the fine has left the market in shock and remains a subject of major debate, especially considering the tight deadline of 16 November. Many have questioned if this is not a move by the Nigerian government to improve a depleted balance sheet still suffering from lower oil prices. If MTN, which is Nigeria's largest mobile operator, does indeed cough up the cash, it will see profits of the past 2 years wiped out, while JSE investigations pertaining to the release of information could present further punishment. The situation certainly indicates that doing business in Nigeria can prove difficult and government would be wary in forcing such an important service provider into a 'difficult' compromise.

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

Investment Markets- Back on track

The South African market produced its best return of the year in October as the major indices rallied on the back of stronger global markets, with the JSE ALSI rising 7.4%. The RES10 gained 5.6% while the FINI15 ticked up 6.76%. The INDI25 climbed 8.3%, fuelled by the performance of index heavy weights Naspers and SABMiller. Naspers reached an all-time high of R2095, buoyed by the strong performance of Tencent and M&A activity, which included an agreement to purchase a majority stake in Avito, Russia's largest online advertiser. SABMiller continued to rise as the likelihood of the \$100bn takeover by Anheuser-Busch InBev increases, this despite opposition from various parties. The deadline for a formal offer has been extended from October 28 to 4 November, indicating that all efforts are being made to tie up loose ends and get this deal locked in.

JM BUSHHA Funds Returns	
Fund Name	3 Years
CashPlus	6.23%
BondPlus	5.5%
Real Return	7.04%
Absolute AllClass	10.82%
Absolute Aggressive	9.3%
Diversified Equity	14.76%
Communities Fund	N/A
Global Investor	N/A
Afro Fund	7.04%*

* Same as Real Return

Economic Activities- In need of more activity

South African employment data for the 3rd quarter indicated that unemployment had increased by 0.5% QoQ to 25.5%. The formal sector continues to provide the most jobs while agriculture struggles to meet the needs of a country that has 5.4mn of the labour force in search of work, while another 15mn are economically inactive. In Zimbabwe the weak demand continues to haemorrhage the economy with the annual rate of inflation dropping to -3.11% as tight liquidity and low disposable income sustain the deflation streak. To spur demand the central bank has mandated a drastic drop in lending rates from levels of 35%p.a to below 18%p.a. In Zambia and Malawi inflation remained high at 14.3% and 24.1% respectively, with pressure to increase from the weakening currencies. Outlook for the region remains bleak as the power crisis deepens.

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Social and Political Developments- Taking a stand for change

During the last two weeks of October 2015, we saw three large public protests and marches in South Africa. The first was led by students, who were protesting against high university fees and increases – and justifiably so. The second was by the Economic Freedom Fighters (EFF), the third largest political party (about 6%) in SA, marching for economic transformation, and empowerment of the majority of SA people. Lastly, there was the ANC Women-led march in support off and in solidarity with President Zuma, who they believe is being attacked by artists. All these follow the anti-corruption march to the Union Buildings a month or two before. Is SA and its government managing to live up to expectations? The answer is apparent!

Parting Words of Wisdom

"Too often we hold fast to the clichés of our forebears. We subject all facts to a prefabricated set of interpretations. We enjoy the comfort of opinion without the discomfort of thought." - **John F. Kennedy**