

5 September 2012, Volume 19

Economic Indicators

	USD	Euro	Move
Rand	8.38	10.6	-1.54%
Pula	7.64	9.6	-1.34%
Kenya	83.0	104	-0.54%
Kwacha	4928	6198	-1.15%
Naira	156	197	3.03%

	Jul	Aug	Move
Gold (\$)	1615	1691	4.71%
Oil (\$)	106	115	8.70%

Move is % change monthly against USD

Top 10 JSE Equity Buys

	Share Code	Entry Price	Target Price
1	ABL	3940	5386
2	ADR	2745	3161
3	ASA	15497	17628
4	CLH	7914	9348
5	DTC	4400	5382
6	NED	16948	20401
7	OML	1920	2367
8	SAB	31000	38612
9	SBK	11034	13741
10	SOL	36915	58128

Prices in SA cents

JM BUSHUA Funds Returns

Fund Name	3 Years
CashPlus	7.06%
BondPlus	12.14%
Real Return	11.68%
Absolute AllClass	13.66%
Absolute Aggressive	13.25%
Diversified Equity	N/A
Communities Fund	N/A
Global Investor	N/A
Afro Fund	11.32%

Research Team

Chief Investment Officer
Joseph M Busha

Economic Research
Limakatso Lehobo

Investment Research
Joseph M Busha
Patrick Serere

Contact Details

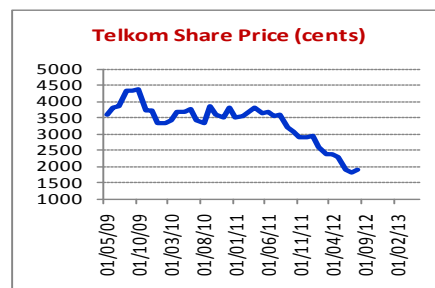
Tel: +0027 11 325-2027/8
Fax: +0027 11 325-2047
invest@jmbusha.com
www.jmbusha.com

Falling Inflation – might be temporary

South African inflation reduced further in July year-on-year to 4.9% from 5.5% and PPI was recorded at 5.4%. The good trend is sure to slow due to petrol / diesel prices that rocketed up by almost R1 per litre in August. Food prices, in particular that of maize has increased a lot pushing up living costs. **These factors and falling production are likely to bring negativity into the investment market.**

Telkom- tough times

Following the exit of partner Vodafone, the scrapping of talks with the South Korean company and the R449 million fine imposed by the South African Competition Tribunal for anti-competitive behaviour, business is getting tough for Telkom. The share price has lost more than 33% so far this year. **Avoid the stock, no turn around in sight soon.**



Economic Activities: Mining troubles

Mining is the major contributor to GDP in most SADC countries – mainly so in South Africa (platinum, gold and diamonds), Zimbabwe (platinum, gold and now diamonds from Marange), Botswana (diamonds), Zambia (copper- Africa's largest producer of the metal). There have been some disturbances at Zambian copper mines and South African platinum mines. Platinum price has risen due to fall in production. **Unless mining production returns to normality, nothing will drive short-term economic growth.**

The state and outlook of the sector is reflected in the platinum companies' (Lonmin, Anglo Platinum and Implats) share prices. It will take time for the prices to recover to the highs reached in 2008. **The best is to hold hoping to receive dividends, but it might be long 4-5 years before getting full price recovery (if any). The worst case scenario is to sell, take the loss (and sleep for two days).**

Social and Political Developments: Leadership Vacuum

Leaders are born and nurtured, and not created by someone on earth or some motivational speaker. Progressive leadership is a personal gift, an internal evolution process that requires little external influence (i.e., development). **There is a global leadership vacuum.** The recent unrest events in South Africa and elsewhere in Africa and the EU (current financial crisis) are enough empirical evidence.

Mr. Tony Blair still defends the sad Iraq destruction. Recently, he ignored the chorus of opposition to his visit to South Africa to speak at the Discovery Invest Leadership Summit. The organisers of the event and Mr. Blair cared less about the opposition; even the withdrawal of Archbishop Desmond Tutu could bring no shame to them. Such is leadership!

In SA, it seems the focus of those entrusted with solving the social challenges of the country and in managing the economy for the betterment of all South Africans is somewhere else. Could it be an elective conference in December 2012?

We are used to Footballers' Wives taking centre stage during soccer tournaments. Now we have Presidents' Wives on campaign trails in the United States of America. Mrs. Obama and Mrs. Romney are doing their bits to remain in, or get a foot into, the White House, telling the world how their husbands are good for you and the world.

Parting Words of Wisdom

"You don't get what you deserve, but what you negotiate" – Joseph M Busha.

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

Authorised Financial Services Provider. Unauthorised reproduction of this document in any form without JM BUSHUA's consent is prohibited and may lead to prosecution.