

4 September, Volume 30

Economic Indicators

	USD	Euro	Move
Rand	10.2	13.53	3.75%
Pula	8.56	11.52	0.35%
Kenya	87.5	115.4	-1.72%
Kwacha	5.31	7.01	1.53%
Naira	161	215	0.00%

	Jul	Aug	Move
Gold (\$)	1291	1291	9.06%
Oil (\$)	108	114	5.88%

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 BUSHHA Funds Returns

Fund Name	3 Years
CashPlus	6.36%
BondPlus	9.29%
Real Return	12.16%
Absolute AllClass	14.22%
Absolute Aggressive	12.16%
Diversified Equity ⁽¹⁾	18.23%
Risk Averse Fund	12.46%
Global Investor	N/A
Afro Fund	12.16%

Returns are annualised
(1) 28 months returns

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Prices stability in Zimbabwe

Inflation is at 1.25% in Zimbabwe and is expected to decline further if the 2013/14 rainfall level reverts to normal levels received in previous good seasons. This will boost agricultural production as food prices are a significant contributor to inflation figures.

SA's inflation picked up to 6.3% in July from 5.5% year-on-year recorded in June. If the ZAR/US\$ exchange rate volatility persists and oil prices continue to rise – the inflation will remain above the 6.0% upper target until 2Q14. This will not be good for the economy and the bond market.

Investment markets

The Rand volatility is filtering through to the bond market with yields tracking the Rand. The All Bond Index is down -3.24% YTD, which is hurting SA's balanced portfolios' performance. Equities have returned about 8.77% YTD. The recovery in resource shares has helped keep positive returns to some portfolios and the broader JSE equity market to reach a new record high in the month of August.

The threat of US/Europe military intervention in Syria will hamper further equity gains this year. Money market rates have improved with the rising bond yields.

Economic Activities: - Zimbabwe wants its citizens to pay more!

Zimbabwe mobile voice consumers were shocked after the Postal & Telecommunications Regulatory Authority (PTRA) directed Econet Wireless to reverse its 60% cut on voice call tariffs from US 25 cents to 10 cents per minute to add to a host of other promotions designed to counter competition. PTRA ordered Econet to revert back to the old 25c or face a penalty. This is sad as Zimbabweans are getting a raw deal in comparison to other SADC countries' mobile tariffs per minute: Angola (20c), Lesotho (19.2c), Zambia (18.7c), Namibia (12.8c), South Africa (12.57c) and Mozambique (11.35c). **This is a bad intervention. Poor Zimbabweans, they have to pay more when they could pay less.**

SA's real GDP improved to 3.0% in 2Q13 from 0.9% recorded in 1Q13 on the back of an 11.5% quarter-on-quarter growth in the manufacturing sector. However, the strike season is upon us and the higher wages may pose a risk to the growth rate and pull it lower. The National Union of Mineworkers (NUM) has reduced its wage increase demand from 60% to 10% - a welcome move in the mining sector.

Agriculture and tourism are key industries in SADC. African Development Bank (AFDB) will be financing Zimbabwe agro-industrial project in Kariba for tilapia fish production that will see production rise sevenfold to 20 000 tonnes by 2015, creating about 900 jobs. This follows increasing demand for the fish in SADC markets of DRC, Zambia, Malawi and SA which account for a deficit of 100 000 tonnes annually. Similarly, Lesotho is mobilizing its resources towards increased trout fishing production at the Mohale dam. The Katse fish farming project, which employs 150 people, has made significant strides towards producing at least 3000 tonnes annually. With regards to tourism, Zimbabwe plans to create a Disney land in Victoria Falls, which is estimated to cost \$30 million while Lesotho is working on indoor skiing and water sports centre.

Social and Political Developments: Focus on Syria

We have been noting developments in Syria since the start of the so-called "Arab springs". The US, UK, and France do not learn from history. **Wars are never a solution to the problem we face here on earth.** The global problem is the lack of visionary leadership and the focus on regime changes by the superpowers. **This will not create a better world. We have said this many times.**

Parting Words of Wisdom

"A wise person knows that there is something to be learnt from everyone".

Anonymous

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

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